

AGENDA



Thursday, December 17, 2009

Aviation

Item No. 16

RECOMMENDATION FOR COUNCIL ACTION

Subject: Authorize negotiation and execution of an amendment to the airport food and beverage concession lease agreement with Brazos Concessions Company/Salt Lick Joint Venture to grant the concessionaire an option to extend the term by two additional years, to increase the concession fees, and to modify and update other lease terms.

Amount and Source of Funding: This is a Revenue Generating Lease.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Jamy Kazanoff, Assistant Director at 530-6681.

MBE/WBE: 25.5% DBE

Boards and Commission Action: Recommended by the Austin Airport Advisory Commission.

Prior Council Action: October 21, 2004 - Approved amendment to Concession Lease Agreement to extend the term for an additional five (5) years, increase the percentage rent paid to the City, and require the concessionaire to renovate and make improvements.

Brazos Concessions Company/Salt Lick Joint Venture operates several food and beverage concessions at the Barbara Jordan Terminal including Schlotsky's Deli, Salt Lick Barbeque, Maudie's Tex-Mex, Amy's Ice Cream, Austin Java, Mangia Pizza, Earl Campbell Sports Bar, and Lefty's Sixth Street Grille. The term of the concession lease agreement, as previously amended, is fifteen years, and expires at the end of May 2014.

Under the proposed amendment, the Concessionaire would be granted an option to extend the term of the lease for an additional two years ending May 31, 2016 provided certain performance measures related to contract compliance, customer service, financial goals, and DBE compliance are met.

Under the concession lease agreement the Concessionaire pays as rent the greater of a minimum annual concession fee or a specified percentage of its gross revenue. In consideration of the lease extension option, the Concessionaire has agreed to increase the percentage concession fees payable under this lease by one-half percentage point across the board effective June 1, 2014, with an additional one-half percentage point increase if annual enplanements exceed 5,000,000 passengers at the Barbara Jordan Terminal. Other provisions of the lease will be updated and revised, including such provisions as performance measures, default, and remedies.

In addition, Brazos Concessions will convert its "Lefty's Bar and Grill on 6th Street" to The Tavern, a well known Austin bar and restaurant owned by Bob Cole and others.

Airport concessions are subject to the Federal Airport Concession Disadvantaged Business Enterprise (ACDBE) regulations (49 CFR Part 23), and the federally approved City of Austin ACDBE plan. The Concessionaire is a joint venture between Delaware North Company, a professional concessions company with operations in airports across the country, and Scott Roberts (Asian-American) owner of

Salt Lick Barbecue. The Concessionaire is in compliance with the Airport Concession DBE plan and meets the goals under that plan for a food and beverage concession.