

## AGENDA



Thursday, December 17, 2009

## Aviation

Item No. 17

## RECOMMENDATION FOR COUNCIL ACTION

---

**Subject:** Authorize negotiation and execution of an amendment to the airport retail concession lease agreement with Delaware North Companies Travel Hospitality Services, Inc./ JMP Enterprises, Inc. and The Robena Jackson Agency, J.V. to grant the concessionaire an option to extend the term for up to five additional years, to increase the concession fees, to refurbish and to modify the concession venues, 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.

**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, increase the percentage rent paid to the City, and require the concessionaire to renovate and make improvements.

---

Delaware North Companies Travel Hospitality Services, Inc./ JMP Enterprises, Inc. and The Robena Jackson Agency, J.V. (DNC) operates several retail concessions at the Barbara Jordan Terminal including Book People, Austin Warehouse District, Longhorn Store, and Austin City Limits/Waterloo Records. The term of the concession lease agreement, as previously amended, expires at the end of May 2012.

Under the proposed amendment, the Concessionaire would be granted an options to extend the term of the lease for up to five years ending May 31, 2017 provided certain performance measures related to contract compliance, customer service, financial goals and DBE compliance are met. The Concessionaire will also be required to renovate its existing retail concessions and make improvements.

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 options, the Concessionaire has agreed to increase the percentage concession fees payable under this lease by one percentage point across the board effective June 1, 2012. Other provisions of the lease will be updated and revised, including such provisions as performance measures, default and remedies.

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, a national airport concessions company and the Robena Jackson Agency. The Concessionaire is in compliance with the Airport Concession DBE plan and meets the goals under that plan for a retail concession.