

AGENDA



Thursday, December 17, 2009

Aviation**Item No. 18****RECOMMENDATION FOR COUNCIL ACTION**

Subject: Authorize negotiation and execution of an amendment to the airport retail concession lease agreement with News and Gift Shops International-Austin Joint Venture to grant the concessionaire options 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 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.

News and Gift shops International-Austin Joint Venture (NGSI) operates several news and gift concessions at the Barbara Jordan Terminal including Austin Article, Stars of Austin and Barton Springs Dry Goods. 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 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.

NGSI also operated Sierra News, another news and gift concession near Gate 5 under a subcontract with Harlon's Bar-B-Que. With the expiration of the Harlon's concession agreement, Sierra News will be incorporated into NGSI's retail concession under the proposed amendment.

Two of NGSI's concessions, In Celebration of Golf and Barton Springs Boutique, have underperformed. NGSI's concession agreement will be amended to delete the In Celebration of Golf venue from this retail concession, which will be converted to a food and beverage concession featuring Thundercloud Subs and Ruta Maya Coffee. In July 2008 Council authorized granting an affiliate of NGSI an airport food and beverage concession for this purpose. The Barton Springs Boutique will be renovated and converted into a new retail concession featuring Virgin Books and Records and Brookstone merchandise.

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 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 News and Gift Shops International, a national airport concession company, and Rosalind Oliphant. The Concessionaire is in compliance with the Airport Concession DBE plan and meets the goals under that plan for a retail concession.