

AGENDA



Thursday, July 29, 2010

**Aviation
RECOMMENDATION FOR COUNCIL ACTION****Item No. 4**

Subject: Authorize negotiation and execution of an amendment to the airport retail concession lease agreement with Manny Farahani, d/b/a FaraCafe to grant the concessionaire an option to extend the term for two additional years, to increase the concession fees, to refurbish and to modify the concession venue, and update other lease terms.

Amount and Source of Funding: Revenue Generating Lease.

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

For More Information: David Petersen, General Counsel, 530-7526.

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

Manny Farahani, d/b/a FaraCafe ("FaraCafe") operates a coffee shop at the Barbara Jordan Terminal near the Southwest Airlines ticket counters. The term of the concession lease agreement expires at the end of November 2014.

Under the proposed amendment, the concessionaire would be granted an option to extend the term of the lease for two years ending November 30, 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 options, the concessionaire has agreed to increase the percentage concession fees payable under this lease on food and beverage sales from 10% of gross receipts to 15% of gross receipts and to increase the concession fees payable on sales of alcoholic beverages by one percentage point effective January 1, 2012. Other provisions of the lease will be updated and revised, including such provisions as performance measures, default and remedies. The extension and percentage concession fees to be paid by FaraCafe are consistent with those authorized to be granted to other airport food and beverage concessionaires.

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 in compliance with the Airport Concession DBE plan.