

AN ORDINANCE 2008-10-09-0909

**AUTHORIZING THE NEGOTIATION AND EXECUTION OF A STANDARD SAN ANTONIO INTERNATIONAL AIRPORT RETAIL CONCESSION AGREEMENT WITH HOST INTERNATIONAL, INC. D/B/A SIMPLY BOOKS/STARBUCKS FOR A PRIMARY TERM OF FIVE YEARS WITH GUARANTEED ANNUAL RENTALS OF \$300,000.00.**

\* \* \* \* \*

**WHEREAS**, the City issued a Request for Proposals on February 29, 2008 for the operation of three specialty retail and one bookseller/gourmet coffee concession spaces in Terminal 1 of San Antonio International Airport ("SAT"); and the selection committee recommended the Simply Books/Starbucks concept proposed by Host International, Inc. for a concession space at SAT; and

**WHEREAS**, it is now necessary for the City to commence negotiations with Host International, Inc. for a Standard San Antonio International Airport Retail Concession Agreement for a Simply Books/Starbucks store in Space 162 and to authorize execution of a contract if negotiations are successful; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The City Manager or her designee is authorized to negotiate and execute a standard San Antonio International Airport Concession Agreement with Host International, Inc. for the operation of a Simply Books/Starbucks store in Terminal 1 space 162, for a primary term of five years, and guaranteed annual rentals of \$300,000.00.

**SECTION 2.** The revenue from this contract will be deposited in SAP Fund 51001000, Aviation Operations; Internal Order 233000000035, Terminal 1 - Host Simply Books; and General Ledger 4409043, Aviation Retail Space Rental.

**SECTION 3.** The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager or the City Manager's designee, correct allocation to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

**SECTION 4.** This Ordinance shall be effective ten (10) days after its passage.

**PASSED AND APPROVED** this 9th day of October, 2008.

  
M A Y O R  
**PHIL HARDBERGER**

**ATTEST:**   
City Clerk

**APPROVED AS TO FORM:**   
for City Attorney



## Agenda Voting Results - 15D

<b>Name:</b>	6, 7, 8, 11, 12, 13, 14, 15A, 15D, 16, 17, 19, 20, 21, 22, 23, 24, 25A, 25B, 26, 28B, 28C, 29						
<b>Date:</b>	10/09/2008						
<b>Time:</b>	02:51:49 PM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	An Ordinance authorizing the negotiation and execution of a standard retail concession agreement with Host International, Inc. d/b/a Simply Books/Starbucks for a primary term of 5 years with guaranteed annual rentals of \$300,000.00.						
<b>Result:</b>	Passed						
<b>Voter</b>	<b>Group</b>	<b>Not Present</b>	<b>Yea</b>	<b>Nay</b>	<b>Abstain</b>	<b>Motion</b>	<b>Second</b>
Phil Hardberger	Mayor		x				
Mary Alice P. Cisneros	District 1		x				
Sheila D. McNeil	District 2		x				
Jennifer V. Ramos	District 3	x					
Philip A. Cortez	District 4	x					
Lourdes Galvan	District 5		x				
Delicia Herrera	District 6		x			x	
Justin Rodriguez	District 7		x				
Diane G. Cibrian	District 8		x				x
Louis E. Rowe	District 9		x				
John G. Clamp	District 10		x				



## CITY OF SAN ANTONIO Request for Council Action

Agenda Item # 15  
Council Meeting Date: 10/9/2008  
RFCA Tracking No: R-3773

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**DEPARTMENT:** Aviation Department

**DEPARTMENT HEAD:** Mike Sawaya

**COUNCIL DISTRICT(S) IMPACTED:**  
City Wide

**SUBJECT:**  
Standard Concession Agreements at San Antonio International Airport

**SUMMARY:**

Item A of this ordinance authorizes the negotiation and execution of a Standard Retail Concession Agreement with Project Horizon, Inc. at a Minimum Annual Guarantee of \$80,000.00 for a term of five years, with the option for 3 one-year extensions.

Item B of this ordinance authorizes the negotiation and execution of a Standard Retail Concession Agreement with Avila Retail Development & Management, LLC at a Minimum Annual Guarantee of \$63,504.00 for a term of five years, with the option for 3 one-year extensions.

Item C of this ordinance authorizes the negotiation and execution of a Standard Retail Concession Agreement with News & Gifts Shops International, LLC/Duty Free San Antonio (NGSI/DFSA) Joint Venture with a Minimum Annual Guarantee of \$262,500.00 for a term of five years, with the option for 3 one-year extensions.

Item D of this ordinance authorizes the negotiation and execution of a Standard Retail Concession Agreement with Host International, Inc. for a Minimum Annual Guarantee of \$300,000.00 for a term of five years with the option for 3 one-year extensions.

**BACKGROUND INFORMATION:**

The Aviation Department and Unison Consulting, Inc. released a Specialty Retail and Bookseller/Gourmet Coffee Request for Proposals (RFP) on February 29, 2008 for 4 existing and occupied spaces in Terminal 1. The RFP was advertised in the San Antonio Express-News, the American Association of Airport Executives bi-monthly newsletter and online posting, and was posted on the City and Airport websites.

Ten proposals were received. Consideration was given to past experience, recognized ability, proposed rent, financial stability, and Disadvantaged Business Enterprise (DBE) participation. Based on the evaluation of proposals by the selection committee, the following concepts were selected for recommendation: InMotion Entertainment, Earth Spirit, Stars of San Antonio, and Simply Books/Starbucks.

**Item A:**

Project Horizon, Inc. d/b/a InMotion Entertainment will occupy space #110 in Terminal 1 for the operation of a retail concession providing for the sale and/or rental of portable electronics including Music, DVD, and Media players; CDs, movies, headphones, portable video games, portable power devices; and the use of "PlayPoint" stations offering downloads to personal electronic media devices. Space # 110 is

currently occupied by Swatch.

**Item B:**

Avila Retail Development & Management, LLC will occupy space #112 in Terminal 1 and operate "Earth Spirit" retail concession, providing contemporary hand-crafted gifts and jewelry. Products will include home decor, functional pottery, decorative stoneware, delicate ceramics, glass and metal pieces, narrative plaques, prints and sculpture. Pieces will be almost exclusively made in San Antonio by local artisans. Space #112 is currently occupied by In Celebration of Golf. Avila Retail Development & Management is a DBE certified firm.

**Item C:**

NGSI/DFSA Joint Venture will occupy space #114 in Terminal 1 and operate Stars of San Antonio, a Texas-themed retail concession. Merchandise will include accessories, apparel, children's products, gifts, jewelry, and regional foods. Stars of San Antonio is the current tenant in this space. DFSA is a DBE certified firm.

**Item D:**

Host International, Inc. will occupy space #162 in Terminal 1 for the operation of a specialty retail concession for the sale of books and reading accessories, together with a Starbuck's gourmet coffee concession. Book store sales will include audiobooks, maps, music, CDs, bookmarkers, journals, readers, and booklights. In addition to coffee drinks, Starbucks sales will include pastries and desserts, pre-packaged sandwiches, salads, fruit, and bottled beverages. Simply Books/Starbucks is the current tenant in this space. Host International, Inc. will subcontract with Host International/Chelsea's Sandwiches of Texas Joint Venture. Chelsea's Sandwiches of Texas is a DBE certified firm.

**ISSUE:**

Approval of this action is consistent with the City's policy to lease City-owned property to generate revenue.

**ALTERNATIVES:**

City Council could direct staff to re-issue a formal RFP for all spaces. This action will result in a delay of revenue to the City and a risk of lower rentals being proposed by future RFP respondents.

If City Council does not approve the agreement, the spaces become vacant. This would result in a loss of revenue to the City.

**FISCAL IMPACT:**

Below is a breakdown of the agreements for each space:

	Space Number	Concessionaire	Minimum Annual Guarantee (MAG)	Percent Rent	Current MAG	Increase from Current	Term
A	110	In Motion	\$80,000.00	Up to 4% of all sales	\$65,000.00	23%	5 years (3 one-year extensions)
B	112	Earth Spirit	\$63,504.00	12% of all sales	\$32,000.00	98%	5 years (3 one-year extensions)
				21% of			5 years (3

C	114	Stars of San Antonio	\$262,500.00	all sales	\$127,000.00	107%	one-year extensions)
D	162	Host Simply Books/Starbucks	\$300,000.00	15% of Starbuck's sales <u>AND</u> 13% of all bookseller sales	\$135,000.00	122%	5 years (3 one-year extensions)

**RECOMMENDATION:**

Staff recommends approval of these four standard concession agreements, which provides an array of services to Terminal 1 airport patrons. The required discretionary disclosure forms are attached.

**ATTACHMENT(S):**

File Description	File Name
<a href="#">Avila DCDF</a>	DCD Avila.pdf
<a href="#">InMotion DCDF</a>	DCD Project Horizon.pdf
<a href="#">Host Int'l DCDF</a>	DCD Host.pdf
<a href="#">Standard Concessions Contract</a>	concession contract (2).pdf
<a href="#">Score sheets all spaces</a>	score sheet summaries.pdf
<a href="#">RFP</a>	#3773 a2 retail rfp 110-112-114-162.pdf
<a href="#">Voting Results</a>	
<a href="#">Ordinance/Supplemental Documents</a>	200810090906.pdf
<a href="#">Ordinance/Supplemental Documents</a>	200810090909.pdf
<a href="#">Ordinance/Supplemental Documents</a>	200810090908.pdf

**DEPARTMENT HEAD AUTHORIZATIONS:**

Michael J. Sawaya Director Convention Sports and Entertainment Facilities

**APPROVED FOR COUNCIL CONSIDERATION:**

Penny Postoak Ferguson Assistant City Manager