



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 22

Agenda Date: March 2, 2023

In Control: City Council A Session

DEPARTMENT: Aviation Department

DEPARTMENT HEAD: Jesus H. Saenz Jr.

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Amendment to the Fly-Away Valet Concessions Agreement at the San Antonio International Airport

SUMMARY:

This ordinance authorizes an amendment to the concessions agreement with Jacobsen/Daniels Associates, LLC dba Fly-Away Valet (Fly-Away Valet) to modify their concessions agreement for valet services operations at the San Antonio International Airport. Fly-Away Valet opened in February 2020 and then, as with most commercial operations at the airport, closed the following month due to the on-set of COVID. The firm re-commenced operations in January 2022. The proposed changes will authorize additional space for their operations in the short-term parking garage, modifies the percentage fee in a post-COVID environment and other condition changes.

The minimum annual guarantee remains \$200,000.00 and all revenues from the contract will be deposited into the Airport Operating and Maintenance Fund.

BACKGROUND INFORMATION:

City Council authorized a five-year concessions agreement with Fly-Away Valet on December 6, 2018 to operate curbside valet services for the San Antonio International Airport. The agreement

included a minimum annual guarantee in the amount of \$200,000.00 with a 10% commission on the cost for all value-added services and customer amenities. The generated revenue is deposited into the Airport Operating and Maintenance Fund.

As part of the agreement, the pick-up and drop-off location was identified along the curbside in front of Terminal A with vehicle storage in the short-term garage. The services were initiated in February 2020. The on-set of the COVID-19 pandemic caused a cessation of most commercial activities at the San Antonio International Airport, including valet services. In November 2021, the City and Fly-Away agreed to the abatement of the payment of the Minimum Annual Guaranteed Rental payments from April 1, 2021 through January 2, 2022. The term of the agreement was not ceased, and the operator is now in the fifth year of its agreement.

ISSUE:

The Aviation Department and Fly-Away Valet have worked to maximize opportunities to enhance the passenger experience and generate additional non-airline revenue for the San Antonio Airport System. Fly-Away Valet and the City wish to update certain provisions of the concessions agreement that will affect the percentage rent and leased premises. This amendment will:

- Remove reference to the Fly-Away Valet's responsibility related to a project that was cancelled by the City
- Update the required limit of coverage for Garage-Keepers Liability Insurance from \$2 million per occurrence to \$1 million per occurrence to reflect current industry standards.
- Establish the late payment interest rate at 18%
- Update the premises exhibit to expand the receiving areas to two including the original curbside location and the new short-term garage location. It also expands the space allocation for the valet service operations.
- Revise the holding over clause to establish that after the termination of the agreement it will not be renewed and extended but will operate as a tenancy from month-to-month
- Update the percentage fee for the parking revenue to reflect the recovery post-COVID from 37% in Year 4 to 25% and from 39% in Year 5 to 30%. However, the minimum annual guarantee will remain in the amount of \$200,000.

ALTERNATIVES:

City Council may elect not to amend the concessions agreement, which would result in the potential impact to non-airline revenue generation as the concessionaire would not be able to maximize available space.

FISCAL IMPACT:

This Ordinance authorizes an amendment to the concessions agreement with Jacobsen/Daniels Associates, LLC dba Fly-Away Valet to update certain provisions of the agreement concerning adjustments to the lease premises and applicable percentage fees for their operations at the San Antonio International Airport. The minimum annual guarantee will remain in the amount of \$200,000.00 with a 10% commission on the cost for all value-added services and customer

amenities. Revenues generated under this agreement will be deposited into the Airport Operating and Maintenance Fund.

RECOMMENDATION:

Staff recommends the approval of an amendment to the concessions agreement with Jacobsen/Daniels Associates, LLC dba Fly-Away Valet at the San Antonio International Airport.