



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 10

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:

Lease Agreement with Paradies Lagardère at SAT, LLC for a Starbucks Concept in Terminal B in San Antonio International Airport

SUMMARY:

This ordinance authorizes a lease agreement with Paradies to operate a Starbucks concept and Costa Coffee Kiosk within Terminal B of the San Antonio International Airport for a term of 10 years commencing on October 1, 2023 with an annual rental rate of \$290,000.00 which will be deposited in the Airport Operating and Maintenance Fund and includes the continued operation of the temporary Starbucks kiosk until the permanent location in the food court area of Terminal B opens.

BACKGROUND INFORMATION:

During the development of the Strategic Development Plan, the need for additional gates to address the current and projected passenger forecast at San Antonio International Airport was identified and the Aviation Department developed, designed and constructed a project that

included two new gates in Terminal B. As a result, additional gate or hold space was required for passengers and two concession concepts, which included Starbucks, were removed. With the two new gates, American Airlines centralized their operations into one terminal, enhancing the customer experience for their passengers.

The Aviation Department worked with Paradies Lagardère, who have an agreement with Starbucks, to develop a new location for Starbucks in the former Bon du Monde location in the main food court of Terminal B. As part of the program, the Department authorized a six-month lease agreement with Paradies in September 2022 to operate a temporary Starbucks and Costa Coffee kiosks in Terminal B to serve passengers. This agreement expires on March 9, 2023. The concession agreement includes the continued operation of the Starbucks kiosk until the permanent location of Starbucks is completed in the Spring or Summer 2023. The Starbucks kiosk will be removed upon the opening of the permanent location but the Costa Coffee kiosk will remain in operation to provide another coffee option to Terminal B passengers.

ISSUE:

This ordinance authorizes a lease agreement with Paradies to operate a Starbucks concept and Costa Coffee Kiosk within Terminal B of the San Antonio International Airport for a term of 10 years commencing on October 1, 2023 with an annual rental rate of \$290,000.00 which will be deposited in the Airport Operating and Maintenance Fund and includes the continued operation of the temporary Starbucks kiosk until the permanent location in the food court area of Terminal B opens.

ALTERNATIVES:

City Council could elect to not authorize the food and beverage concession agreement with Paradies to operate a Starbucks concept and Costa Coffee kiosk in Terminal B, which would result in the removal of both concepts from the San Antonio International Airport.

FISCAL IMPACT:

This ordinance authorizes a food and beverage Concession Agreement with Paradies for a Starbucks concept and Costa Coffee kiosk in Terminal B at the San Antonio International Airport. The minimum annual guarantee (MAG) for first lease year is \$290,000.00, commencing on October 1, 2023 and over the course of the 10 years of the agreement, the agreement will generate at least \$2,900,000.00 for the Aviation Operating and Maintenance Fund. The MAG for the second lease year and each succeeding lease year shall be calculated by multiplying 85% by the total amount of both the MAG and percentage rent. The MAG should not be lower than \$290,000.00 during any lease year.

RECOMMENDATION:

Staff recommends the approval of the food and beverage Concession Agreement with Paradies Lagardère at SAT, LLC (Paradies) for a Starbucks concept and Costa Coffee kiosk in Terminal B of the San Antonio International Airport.