



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 29

Agenda Date: December 16, 2021

In Control: City Council A Session

DEPARTMENT: Aviation Department

DEPARTMENT HEAD: Jesus H. Saenz Jr.

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Amendment to the Food, Beverage and Retail Prime Concession Agreement with Paradies Lagardère @ SAT, LLC at the San Antonio International Airport

SUMMARY:

This ordinance approves the amendment to the Food, Beverage and Retail Prime Concession Agreement with Paradies Lagardère at SAT (Paradies Lagardère), LLC for the San Antonio International Airport which adjusts the construction schedule to accommodate the delays from the COVID-19 pandemic. The overall Minimum Annual Guarantee (MAG) remains \$2,165,000.00. The amendment will revise the abatement language and the percentage rent; update the square footage of the concepts and make other modifications to the contract language.

BACKGROUND INFORMATION:

In March 2019, City Council authorized a Food, Beverage and Retail Prime Concession Agreement with Paradies Lagardère for 10 concepts in over 10,000 square feet in Terminal A at the San Antonio International Airport with a MAG of \$2,165,000.00 for an initial term of seven years with the option to extend for three, one-year extension options.

ISSUE:

COVID-19 impacted both the construction schedule for proposed concepts as well as operations for those that had opened or opened since February 2020 when the pandemic began impacting air travel. The Aviation Department and Paradies Lagardère negotiated the following revisions to the agreement that are proposed in this amendment:

- Memorializing new concepts and associated square footage including Whataburger, BeerCode and City Point 24/7 and including two new kiosks and keeping the MAG at \$2,165,000 but at different amounts per concept in the original contract.
- Updating Rental Abatement Language
 - As long as Paradies Lagardère is in good standing and not in breach of the agreement, the MAG shall abate on a monthly basis if, through no fault of Paradies Lagardère, the following two events occur:
 - For three consecutive months, the number of enplanements fall below 75% of the number of monthly enplanements as compared to the same month of the prior fiscal year (Abatement Triggering Event), and
 - Paradies Lagardère's gross sales do not trigger the payment of percentage rents during the period of the enplanements decrease.
 - Once the Abatement Triggering Event has occurred, the MAG will be abated effective as of the first day of the first of three consecutive months for which the enplanements decreased. Percentage Rents shall never abate.
 - The MAG will be reinstated when, in three consecutive months, the number of enplanements equal to or exceed 75% of the number of enplanements as compared to the same months of the prior Fiscal Year (Reinstatement Triggering Event).
- Revises Percentage Rent
 - Food/Non-Alcoholic Beverages: 14% on all annual gross receipts for all stores except Aldina's Market sandwiches which will be 13% on annual gross receipts.
 - Alcoholic Beverages: 18% on all annual gross receipts
 - Retail items (non-food): 16% on annual gross receipts for all stores except InMotion's Kiosks which will be 13% on annual gross receipts.
- Other Changes
 - Revise definition of Lease Year; replace monthly statement section; updating the floor plans for each concept and the construction phase-in and Ultimate MAG commencement for the individual spaces that have not opened.

ALTERNATIVES:

City Council could elect to not approve this amendment which would result in staff re-entering negotiations with Paradies Lagardère.

FISCAL IMPACT:

This ordinance approves the amendment to the Food, Beverage and Retail Prime Concession Agreement with Paradies Lagardère at SAT (Paradies Lagardère), LLC for the San Antonio

International Airport which adjusts the construction schedule to accommodate the delays from the COVID-19 pandemic. The minimum annual guarantee (MAG) will remain \$2,165,000.00 and funding will be deposited into the Airport Operating and Maintenance Fund.

RECOMMENDATION:

Amendment to the Food, Beverage and Retail Prime Concession Agreement with Paradies Lagardère @ SAT, LLC at the San Antonio International Airport.