

## A G E N D A



## Recommendation for Council Action

Austin City Council	Item ID	25734	Agenda Number	8.
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Meeting Date:	8/22/2013	Department:	Aviation
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## Subject

Authorize execution of a lease with ABIA Retail, LLC for a tract of approximately 13 acres of land at Austin-Bergstrom International Airport to develop for commercial retail uses.

## Amount and Source of Funding

This is a revenue generating agreement.

## Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

<b>Purchasing Language:</b>	
<b>Prior Council Action:</b>	August 20, 2009 - Council authorized the negotiation of a lease with ABIA Retail Development Venture, LLC for a tract of approximately 13 acres of land at Austin-Bergstrom International Airport to develop for commercial retail uses.
<b>For More Information:</b>	Shane Harbinson, Aviation Department, 512-530-6652.
<b>Boards and Commission Action:</b>	July 9, 2013 – Approved by the Austin Airport Advisory Commission on a 6-0 vote with Commissioner Johnson absent.
<b>Related Items:</b>	
<b>MBE / WBE:</b>	This contract will be awarded in compliance with the Third Party Resolution No. 20120112-058 and requirements of Chapter 2-9(A-B) of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program).

## Additional Backup Information

There is no other commercial retail development on airport property other than the Austin Airport Hilton (Hotel) and the terminal concessions. There is also scant commercial retail activity in the immediate vicinity. The land located to the north of the airport terminal near the Hotel and Cell Phone Lot is not currently being utilized and has little or no potential for aeronautical use due to its location away from the airport's runways and taxiways (Air Operations Area). Accordingly, in March 2009, the Department of Aviation (Aviation) issued a Request for Proposals (RFP) seeking proposals from experienced persons to develop, build, and operate a retail commercial center on airport property. Aviation's goals are to increase non-airline revenue by generating rental income from under-utilized land and to improve the products and services available to airport customers, employees, and other users of the airport. The RFP required that, at minimum, proposals include a convenience store/gas station and at least one

restaurant. Proposers were encouraged to consider retail establishments that reflect the nature and character of Austin.

Aviation received two proposals of which one was subsequently withdrawn. Aviation received Council authorization in August 2009 to negotiate the lease terms with the sole remaining proposer – ABIA Retail Development Venture, LLC.

ABIA Retail Development Venture, LLC shortened its name to ABIA Retail, LLC (ABIA Retail) for convenience.

The lease allows ABIA Retail to acquire the land in up to four phases for commercial development. The first phase shall include a convenience store/gas station and at least one restaurant. The following phases will include additional commercial activities based on market research to determine the highest and best use of the land. The term of the lease will not exceed forty (40) years from when ABIA Retail exercises its right to lease and develop the final phase. During the operation period, the ground rent rate shall be forty (\$0.40) cents per square foot per annum for each square foot of land contained within the phase leased by ABIA Retail. The City will also be paid one cent (\$0.01) per gallon on fuel delivered to the gas station. The ground rent will be adjusted at five (5) year intervals throughout the term of the lease. Additionally, the City will receive 25% of excess net operating income generated from all revenues paid to ABIA Retail from the rental and/or operation of the retail businesses throughout the phases.

ABIA Retail will comply fully with the City's M/WBE procurement program for third party contracts related to the design and construction of all phases of the commercial retail development including active public outreach programs to identify and solicit M/WBE subcontractors.