



## Recommendation for Action

**File #:** 23-1886, **Agenda Item #:** 3.

6/1/2023

### **Posting Language**

Authorize negotiation and execution of amendments to six retail food and beverage concession lease agreements with Brazos Concessions Co./Salt Lick Joint Venture; AUS Plus Retail, LLC; DNC AUS Plus F&B, LLC; Paradies Lagardere @ AUS, LLC; News and Gift Shops International-Austin Joint Venture; and Host International, Inc., to extend the term of each agreement by four years, provide additional enhancements to product offerings, and require additional capital investments.

### **Lead Department**

Aviation

### **Fiscal Note**

This item has no fiscal impact.

### **Prior Council Action:**

December 17, 2009 - Council approved the agreement with Brazos Concessions Co./Salt Lick Joint Venture and Austin Retail Group.

December 17, 2009 - Council approved the agreement with News and Gift Shops International-Austin Joint Venture.

December 7, 2017 - Council approved the agreement with DNC AUS Plus F&B, LLC.

December 7, 2017 - Council approved the agreement with AUS Plus Retail, LLC.

December 7, 2017 - Council approved the agreement with Paradies Lagardere @ AUS, LLC.

December 14, 2017 - Council approved the agreement with Host International, Inc.

### **For More Information:**

Mookie Patel, Assistant Director, [mukesh.patel@flyaustin.com](mailto:mukesh.patel@flyaustin.com).

### **Council Committee, Boards and Commission Action:**

Recommended by the Austin Airport Advisory Commission on May 10, 2023, on a 6-0 vote, with Commissioner Brock absent.

### **Additional Backup Information:**

The amendments include provisions to better serve the increased passenger demand resulting from the exceptional growth of air service at AUS. The extension of the term for an additional four years allows concessionaires to offset rising operational costs, higher living wages, and increases in the cost of security logistics expenses associated with product delivery. These issues have stemmed from two years of irregular operations due to the pandemic. Concessionaires are facing additional expenses and inflationary pressure,

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with an average increase of 19.3% in food, alcohol, and retail cost since 2020.

The amendments also include other product and service enhancement provisions, including the addition of value menu products in most of the venues, and an expansion of concessionaires' operational hours at AUS. During the additional term, the rent will continue to increase 0.5% every 3 years, as provided for in the existing agreements.

To account for the extended term, the amendments require concessionaires to make additional capital improvements to the venues in an amount equal to 10% of the initial capital investment for the original improvements, and include provisions related to operational requirements and reasonable accommodations for construction-related impacts connected to the City's Airport Expansion and Development Program. Amendments will be offered to remaining Airport Concession Disadvantaged Business Enterprise (ACDBE) partners at the airport.