

**CITY OF EL PASO, TEXAS  
AGENDA ITEM  
DEPARTMENT HEAD'S SUMMARY FORM**

**DEPARTMENT:** Aviation

**AGENDA DATE:** December 8, 2009

**CONTACT PERSON/PHONE:** Monica Lombraña, A.A.E. -780-4793

**DISTRICT(S) AFFECTED:** All

**SUBJECT:**

Resolution authorizing the City Manager to sign a First Amendment to the Lease and Concession Agreement for the Development and Operation of Food & Beverage Concessions at El Paso International Airport by and between the City of El Paso and Host International, Inc.

**BACKGROUND / DISCUSSION:**

The City and Host International entered into a Lease and Concession Agreement for the Development and Operation of Food & Beverage Concessions (Agreement) effective November 22, 2006 to provide food and beverage concession services at El Paso International Airport. The First Amendment addresses the following items:

- Defines and clarifies rental rates for General and Patio Seating.
- Modifies concession concepts as follows:
  - Deletes juice bar concept in lower level and allows for quick service restaurant (Burger King) to utilize space.
  - Deletes the small food and beverage concept in Concourse A and adds a sports themed bar and restaurant (Varsity Grill) in Concourse A. The capital investment for the juice bar and small food and beverage concept will be allocated to the sports themed bar and restaurant.
  - Substitutes Carlos and Mickey's Express for El Taco Tote
  - Substitutes Fresquez Concessions, Inc. (Quizno's Subs) as the ACDBE operator instead of PACI LTD dba Taco Tote.
- Amends the square footage of the Leased Premises to reflect actual build out drawings of leased space.

**PRIOR COUNCIL ACTION:**

Lease and Concession Agreement for the Development and Operation of Food & Beverage Concessions awarded to Host International, Inc. on October 31, 2006.

**AMOUNT AND SOURCE OF FUNDING:**

N/A - Revenue Generating

**BOARD / COMMISSION ACTION:**

N/A

\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

**DEPARTMENT HEAD:**



Monica Lombraña, A.A.E., Director of Aviation

*Information copy to appropriate Deputy City Manager*

# RESOLUTION

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:**

That the City Manager be authorized to sign the First Amendment to Lease and Concession Agreement for the Development and Operation of Food & Beverage Concessions at El Paso International Airport by and between the City of El Paso ("Lessor") and Host International, Inc. ("Concessionaire") to amend the description of the Leased Premises and to allow for re-concepting of concessions and reallocation of square footage based upon the new uses.

**ADOPTED THIS \_\_\_\_\_ DAY OF DECEMBER 2009.**

**THE CITY OF EL PASO**

\_\_\_\_\_  
John F. Cook  
Mayor

**ATTEST:**

\_\_\_\_\_  
Richarda Duffy Momsen  
City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Theresa Cullen  
Deputy City Attorney

**APPROVED AS TO CONTENT:**

  
\_\_\_\_\_  
Monica Lombraña, A.A.E.  
Director of Aviation

CITY CLERK DEPT.  
09 DEC -4 PM 3:07

**El Paso International Airport  
Capital Improvement Costs Comparison  
Food and Beverage Concession Agreement  
Host International, Inc. (HMS)**

As originally proposed and current projected/certified status

Host International (HMS) Original Proposal		Host International (HMS) Certified Costs and Current Projections	
Proposed Concepts	Proposed Capital Investment	Current Concepts	Certified/ Proposed Capital Investment
<b>Landside</b>		<b>Landside</b>	
Burger King	\$ 565,215	Burger King*	\$ 558,278.78
Keva Juice	\$ 230,429	Keva Juice (Deleted)	\$ -
Carlos & Mickey's	\$ 1,125,450	Carlos & Mickey's*	\$ 1,038,619.06
El Paso Vineyard	\$ 137,500	El Paso Vineyard*	\$ 167,534.70
Starbucks	\$ 439,675	Starbucks*	\$ 320,490.00
<b>Concourse A</b>		<b>Concourse A</b>	
El Paso Market	\$ 165,345	El Paso Market (Deleted)	\$ -
		Varsity Grill	\$ 578,692.00
<b>Concourse B</b>		<b>Concourse B</b>	
Dewar's Clubhouse	\$ 1,176,500	12th Fairway	\$ 1,176,500.00
Starbucks	\$ 415,800	Starbucks	\$ 415,800.00
Pizza Hut	\$ 297,800	Pizza Hut	\$ 297,800.00
El Taco Tote	\$ 245,700	Carlos and Mickey's Express	\$ 245,700.00
Quizno's	\$ 542,499	Quizno's	\$ 542,499.00
<b>Subtotal</b>	<b>\$ 5,341,913</b>	<b>Subtotal</b>	<b>\$ 5,341,913.54</b>
Food Court Seating	\$ 503,000	Food Court Seating	\$ 503,000.00
Other	\$ 210,000	Other	\$ 210,000.00
<b>Total Host Projected</b>	<b>\$ 6,054,913</b>	<b>Total Host Certified/Projected</b>	<b>\$ 6,054,913.54</b>
		*Construction complete and costs certified	

STATE OF TEXAS            )  
  )  
COUNTY OF EL PASO        )       **FIRST AMENDMENT TO THE LEASE AND  
CONCESSION AGREEMENT FOR THE  
DEVELOPMENT AND OPERATION OF  
FOOD & BEVERAGE CONCESSIONS AT  
EL PASO INTERNATIONAL AIRPORT**

This First Amendment to the Lease and Concession Agreement for the Development and Operation of Food & Beverage Concessions (the "First Amendment") is made by and between the City of El Paso, a municipal corporation existing under the laws of the State of Texas (the "Lessor"), and Host International, Inc., a corporation organized under the laws of the State of Delaware (the "Concessionaire").

**WHEREAS**, Lessor and Concessionaire entered into a Lease and Concession Agreement for the Development and Operation of Food & Beverage Concessions (the "Concession Agreement"), with an effective date of November 22, 2006, to provide food and beverage concession services at the El Paso International Airport (the "Airport") on a non-exclusive basis;

**WHEREAS**, the Concession Agreement anticipated the consolidation of airlines into Concourse B but the plans for such consolidation have been revised; and Concourse A will be renovated to include additional amenities which will allow the Lessor to continue to serve the traveling public;

**WHEREAS**, the Concession Agreement expressly provides for the addition and deletion of space as well as re-concepting of concessions due to changes in Airport usage;

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to amend the Concession Agreement as follows:

1. Section 1.1, Definitions, of the Concession Agreement is amended to include the following:

**"General Seating or Patio Seating"** means (i) a location or locations at the Airport that are identified in Exhibits A-1 or A-2 of this Agreement for use primarily by concessions patrons in the immediate or nearby vicinity of concessions areas, for consumption of food and beverage, and (ii) any temporary or permanent locations intended for like purposes added to this Agreement by the Director pursuant to the terms of this Agreement, as may be modified from time to time throughout the Term.

2. Section 1.2, Incorporation of Concessionaire's Proposal, of the Concession Agreement is amended to read as follows:

## Section 1.2 Incorporation of Concessionaire's Proposal

Portions of Concessionaire's timely response to Lessor's "Request for Proposals to Lease, Develop and Operate Food and Beverage Concessions at El Paso International Airport," issued August 15, 2006, and supplemental information thereto including, without limitation, Concessionaire's written proposal is attached hereto as Exhibit B, and is incorporated and made of part of this Agreement by reference (said portions of which are hereinafter referred to as the "Concessionaire's Proposal").

In addition, Concessionaire and Lessor acknowledge the following modifications to the Concessionaire's Proposal:

1. Concessionaire's Proposal to include a second quick service restaurant (juice bar) concept on the lower level of the Airport terminal with a minimum capital investment requirement of \$230,429.00 is modified. The quick service restaurant currently in operation on the lower level of the terminal shall utilize the entire space originally planned for the juice bar concept. Further, Concessionaire's Proposal to include a small food and beverage concept in Concourse A of the Airport with a minimum capital investment of \$165,345.00 is revised.

In consideration for these two identified modified and revised concepts and respective capital investments, the Lessor and the Concessionaire agree to the addition of a sports themed bar and restaurant concept in Concourse A with a minimum capital investment of \$578,692.00. The new concept and related plan documents shall be reviewed and approved in accordance with all requirements of the Concession Agreement, including but not limited to the processes outlined in Article 8 of the Concession Agreement.

2. In addition, Lessor and Concessionaire agree that Carlos & Mickey's Express is substituted for El Taco Tote in the Concessionaire's Proposal as one of the food court concepts for Concourse B of the Airport terminal with a minimum capital investment requirement of \$245,700.00.
3. Also, Lessor and Concessionaire agree that Concessionaire is substituting Fresquez Concessions, Inc. instead of Paci LTD DBA El Taco Tote as the ACDBE operator which is required to be identified in Concessionaire's Proposal.

Concessionaire and the Lessor acknowledge that Concessionaire's Proposal was a valuable consideration in the award of this Agreement to Concessionaire, and is an authoritative reference for understanding the intention of the parties to this Agreement. Accordingly, Concessionaire shall be obligated to meet all specifications described in Concessionaire's Proposal and this First Amendment; provided, however, that where an express provision of the Concession Agreement and any subsequent amendments conflict with any provision of Concessionaire's Proposal, the Concession Agreement and any subsequent amendments shall control.

3. Section 2.1, Description of Lease Premises, of the Concession Agreement is amended to read as follows:

**Section 2.1 Description of Leased Premises**

For and in consideration of the mutual covenants hereof, Lessor hereby leases to Concessionaire and Concessionaire hereby agrees to lease from Lessor approximately 14,029 square feet, more or less, of concession space comprising the Facilities and 10,053, more or less, of support space comprising the Storage and Support Space, and 2,247 square feet of General Seating and Patio Seating in several locations in the Terminal, the locations being specifically described in Revised Exhibits A-1 and A-2 and described in Exhibit A-3, attached hereto and by this reference made a part hereof.

4. Section 6.1, Rentals, Paragraph B. iii) a) Minimum Annual Guaranteed Rent, of the Concession Agreement is amended to read as follows:

**Section 6.1 Rentals**

B. iii) Minimum Annual Guaranteed Rent.

- a) During the first Lease Year of the Primary Term, the Minimum Annual Guaranteed Rent shall equal the product of THIRTY and 00/100 DOLLARS (\$30.00) per square foot multiplied by the floor area of the Facilities plus the product of FIFTEEN and 00/100 DOLLARS (\$15.00) per square foot multiplied by the floor area of the General Seating and Patio Seating.

5. **Ratification.** Except as herein amended, all other terms and conditions of the Concession Agreement not specifically modified by this First Amendment shall remain unchanged and in full force and effect.

6. **Effective Date.** This First Amendment shall be effective upon the date it is fully executed by the City Manager of the City of El Paso.

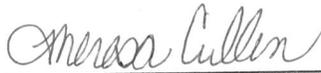
(SIGNATURES BEGIN ON THE FOLLOWING PAGE)

APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2009.

LESSOR: CITY OF EL PASO

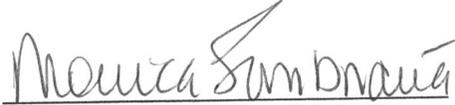
\_\_\_\_\_  
Joyce A. Wilson  
City Manager

APPROVED AS TO FORM:



\_\_\_\_\_  
Theresa Cullen  
Deputy City Attorney

APPROVED AS TO CONTENT:



\_\_\_\_\_  
Monica Lombraña  
Director of Aviation

ACKNOWLEDGMENT

THE STATE OF TEXAS    )  
  )  
COUNTY OF EL PASO    )

This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2009, by **Joyce A. Wilson** as **City Manager** of the City of El Paso, Texas (Lessor).

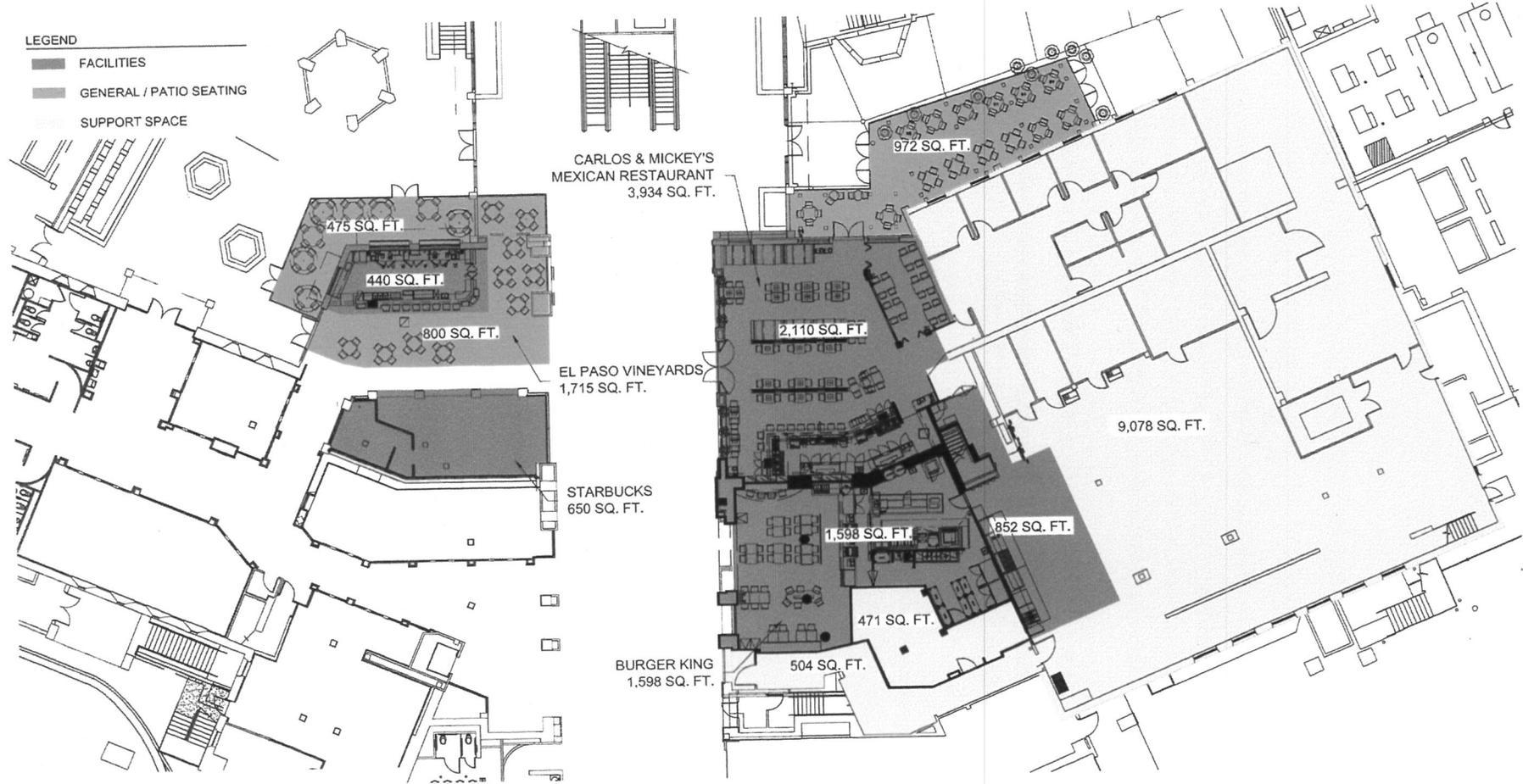
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Notary Public, State of Texas

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]



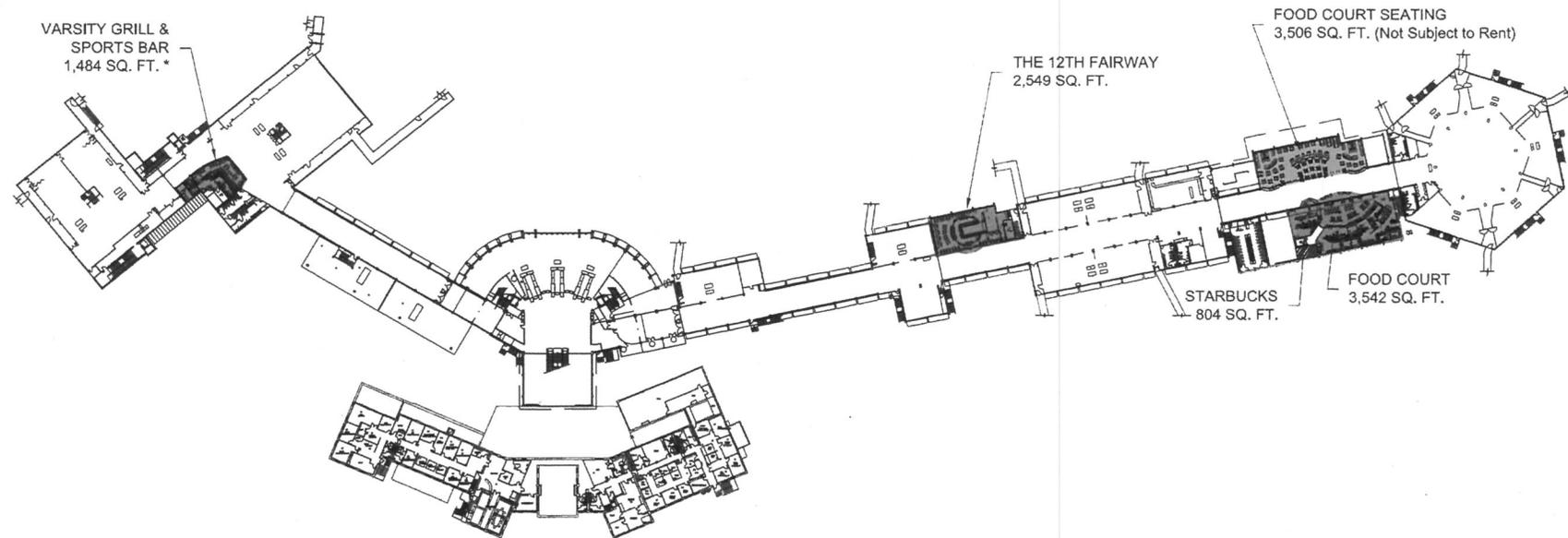
LEGEND

- FACILITIES
- GENERAL / PATIO SEATING
- SUPPORT SPACE



LEGEND

- FACILITIES
- GENERAL / PATIO SEATING



\* Square Footage is per Carrell Poole and Yost Architecture estimates.

Source: Ricondo & Associates, Inc., July 2009, based on El Paso International Airport, July 10, 2009 (staff input), and Carrell Poole and Yost Architecture, March 2009 (facilities areas).  
Prepared by: Ricondo & Associates, Inc., July 2009.



Drawing: P:\ELP\2009 On-Call\01 - General Services\Concessions\Competition\Drawings and pdfs\Ex-A-2\UpperLevelLeasedPremises\A-2-UpperLevelLeasedPremises\_v3.dwg, Layout: Layout1, Jul 15, 2009, 4:03pm

Revised Exhibit A-2

**Upper Level  
Leased Premises**

July 2009

**Exhibit A-3****El Paso International Airport - Food & Beverage Concessions Distribution**

	Space Allocation (square feet)
<u>Storage &amp; Support (Yellow on Exhibits)</u>	
Lower Level	
Food & Beverage Support <sup>1/</sup>	10,053
Total Storage & Support	10,053
 <u>General / Patio Seating (Green on Exhibits)</u>	
Lower Level	
Food & Beverage Seating (El Paso Vineyards)	800
Food & Beverage Patio (El Paso Vineyards)	475
Food & Beverage Patio (Carlos & Mickey's)	972
Total General / Patio Seating	2,247
 <u>Facilities (Blue on Exhibits)</u>	
Upper Level (Concourse B)	
Starbucks	804
Food Court (south side of concourse)	3,542
12th Fairway	2,549
Upper Level (Concourse A)	
Varsity Grill	1,484
Lower Level	
Starbucks	650
El Paso Vineyards	440
Carlos & Mickey's	2,962
Burger King	1,598
Total Facilities	14,029
Total Food & Beverage Concession Space	26,329

## Notes:

1/ Includes administrative, storage and support area for Concessionaire and Carlos & Mickey's.

## **EXHIBIT B**

**CONCESSIONAIRE'S RESPONSE TO "REQUEST FOR PROPOSALS TO LEASE, DEVELOP AND OPERATE FOOD AND BEVERAGE CONCESSIONS AT EL PASO INTERNATIONAL AIRPORT" IS ON FILE IN THE EL PASO CITY CLERK'S OFFICE AND IS ATTACHED TO THE LEASE AND CONCESSION AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF FOOD & BEVERAGE CONCESSIONS, WITH AN EFFECTIVE DATE OF NOVEMBER 22, 2006. A COPY OF THE FIRST PAGE OF EXHIBIT "B" WHICH IS ON FILE IS ATTACHED AS A REFERENCE.**

October 8, 2006

The City of El Paso  
Patrick T. Abeln, A.A.E.  
Director of Aviation  
City Hall, 7<sup>th</sup> Floor – Purchasing Department  
2 Civic Center Plaza  
P.O. Box 1919  
El Paso, Texas 79901

Dear Patrick:

Host International, Inc. ("HMSHost") is pleased to submit this proposal in response to the Request for Proposals to Lease, Develop and Operate Food and Beverage Concessions at El Paso International Airport (ELP).

HMSHost is world-renowned for developing customized concession solutions for airports that include bringing in the most recognized national and regional brands; especially those that drive high capture and customer satisfaction. Our ability to deliver on what we propose is backed by over 100 years of travel industry experience and our position as the leading food and beverage concessionaire in the world today. No matter what the size of the concession program, from Atlanta to Wichita, you will always receive first class attentive service from HMSHost.

The customer experience is always in the forefront of our minds. Today's consumers are more sophisticated and demanding than ever before. We understand that it is up to our associates and our leadership to provide our customers with a lasting memory of exceptional service that will bring them back time and again. We call this Five Star service. This signature training and reward program will be delivered to every HMSHost associate who works at El Paso International Airport.

Furthermore, our design and construction department is the most experienced in the industry and we are committed to providing you best-in-class designs and high quality finishes. Please see the attached Executive Summary for additional highlights of our proposal. Also, our return address, contact person, telephone/fax number and e-mail address are listed below.

We are excited about the possibilities, and have worked hard to bring you a proposal that meets the established goals for your new concession program. Thank you for the opportunity and we ask for your endorsement to bring our proposal to life at El Paso International Airport.

Sincerely,



Stephen E. Douglas  
Senior Director, Business Development