



AGENDA MEMORANDUM

First Reading for the City Council Meeting of June 24, 2014
Second Reading for the City Council Meeting of July 22, 2014

DATE: June 9, 2014
TO: Ronald L. Olson, City Manager
FROM: Fred Segundo, Director of Aviation
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Authorize ratification of amendment of current lease agreement with Host International, Inc. ("HMS Host") by assignment to WDFG North America, LLC and inclusion of additional office space at the Corpus Christi International Airport.

CAPTION:

Ratifying lease assignment to WDFG North America, LLC ("WDFG"), and authorizing the City Manager to execute a first amendment to the long-term lease agreement with WDFG to provide additional space for the operation of a news and gift concession at the Corpus Christi International Airport; providing for publication; providing for severance.

PURPOSE:

Amend agreement by assignment from HMS Host to World Duty Free Group (WDFG) and addition of 130 sq. ft. of office space to the lease.

BACKGROUND AND FINDINGS:

On April 30, 2013, the City Council approved Ordinance No. 029776 authorizing a five-year lease agreement with HMS Host for operation of a news and gift shop at Corpus Christi International Airport. HMS Host is the world's largest provider of food, beverage and retail services for travelers, currently operating in 76 US Airports and 36 International locations. Subsequently, HMS Host embarked on a restructuring of its operations and sold its United States airport operations to World Duty Free Group (WDFG). The terms and conditions remain unchanged at the greater of an annual minimum guarantee of \$110,000 or a sum equal to ten percent (10%) of the HMS Host's gross receipts, for a term of five (5) years. WDFG has requested an additional 130 sq. ft of office space which will generate an additional \$6,215.88 annually.

ALTERNATIVES:

No viable alternative exists.

OTHER CONSIDERATIONS:

This amendment requires a 28-day delay between readings per City Charter.

CONFORMITY TO CITY POLICY:

The afore complies with the overall proposed concessionaire plan development of the Airport

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Legal
Budget and Strategic Management

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2013-2014	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget		\$110,000.00	\$440,000.00	\$550,000.00
Encumbered / Expended Amount				
This item		\$6,215.88	\$24,863.52	\$31,079.40
BALANCE		\$116,215.88	\$464,863.52	\$581,079.40

Fund(s): Airport Fund 4610

Comments:

RECOMMENDATION:

Staff requests approval of Ordinance.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Assignment and Assumption Agreement
First Amendment to Long Term Lease Agreement