



CITY COUNCIL STAFF REPORT

DATE: December 4, 2013 CONSENT AGENDA
SUBJECT: LEASE AMENDMENT NO. 3 TO ANTON AIRFOOD INC. FOR
EXPANDED CONCESSIONS AT AIRPORT
FROM: David H. Ready, City Manager
BY: AIRPORT

SUMMARY

The City Council will consider approval of a contract amendment with the Palm Springs International Airport concessionaire Palm Springs AAI Inc., (d.b.a. HMS Host) for the purpose of expanding food and beverage services.

RECOMMENDATION:

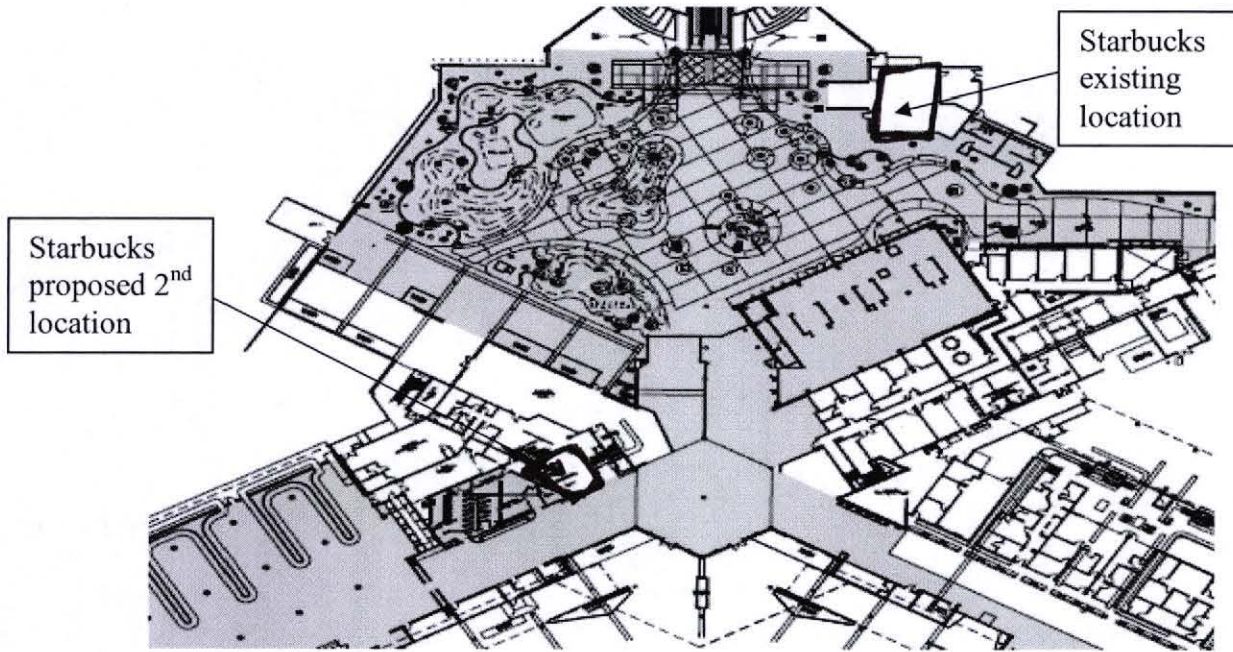
1. Approve lease amendment No. 3 to Agreement No. A4158 with Palm Springs Anton Airfood, Inc. (d.b.a. HMS Host.)
2. Authorize the City Manager to execute all necessary documents.

STAFF ANALYSIS

In August of 2008, Council approved the Airport's food and beverage concession modernization and upgrade program which included the addition of three new national brands, Starbucks, Zia, and LaBrea Bakery. This program not only improved the repertoire of choices for PSP travelers, it also provided about fifty percent more total square feet of dedicated concession space to comfortably address increased numbers of passengers during peak season/peak hour periods.


A notable improvement to the 2008 improvement program was the introduction of a new freestanding building located in the post-security courtyard to house a Starbucks. This renowned brand has been successful to a level that HMS Host desires to open a second Starbucks concession in the pre-security area of the Airport lobby. The location is adjacent to the other full service HMS Host restaurant, Celebrity Bistro, and therefore provides ready access to utilities.


Staff recommends that City Council approve the amended HMS Host License Agreement to include the new Starbucks concession. The contract term for all concessions expires Oct. 31, 2019.



FISCAL IMPACT

HMS Host will be responsible for all capital expenditures affiliated with completing the build-out and ongoing maintenance. Additionally, the Airport will receive revenue equal to seven percent of gross sales generated from the new Starbucks - consistent with obligations contained in the base lease agreement - estimated to be in the range \$40,000 to \$50,000 annually. Currently, the Airport receives no revenue from this location.


Thomas Nolan,
Executive Director, Airport


David H. Ready, City Manager

AMENDMENT NO. 3 TO LEASE AGREEMENT FOR CONCESSIONS AT THE PALM SPRINGS INTERNATIONAL AIRPORT AGREEMENT NO. A4158

THIS AMENDMENT NO. 3 TO LEASE NO. A4158 ("Amendment") is made and entered into this fourth day of December 2013, by and between the CITY OF PALM SPRINGS, a charter city and California municipal corporation ("Lessor"), and the Palm Springs Anton Airfood Inc. (tenant).

RECITALS

WHEREAS, Lessor and Lessee entered into Lease Agreement No. A4158 ("Agreement"), effective November 1, 1999; and

WHEREAS, the parties wish to amend the Agreement pursuant to the terms of Amendment No. 3 as follows;

WHEREAS, Lessor owns and operates an airport known as the Palm Springs International Airport, located in the City of Palm Springs, County of Riverside, State of California ("Airport"); and

WHEREAS, to further its food and beverage concession Lessee is desirous of leasing certain real property consisting of 508 square feet in the airport terminal. The attached Exhibit 1 identifying the 508 square foot, attached hereto and incorporated herein; and

WHEREAS, Lessor is desirous of leasing the area to Lessee and granting Lessee certain rights to access the Airport to allow Lessee to design, construct and operate a second Starbucks Coffee facility and perform its business thereon.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable considerations, Lessor does hereby lease to Lessee, and Lessee does lease from Lessor, the parcel within the airport terminal building containing the 508 square feet of area identified as attached hereto and incorporated herein; for all purposes, together with those rights and privileges stated elsewhere in this agreement upon the following terms and conditions, to become effective December 4, 2013:

AGREEMENT

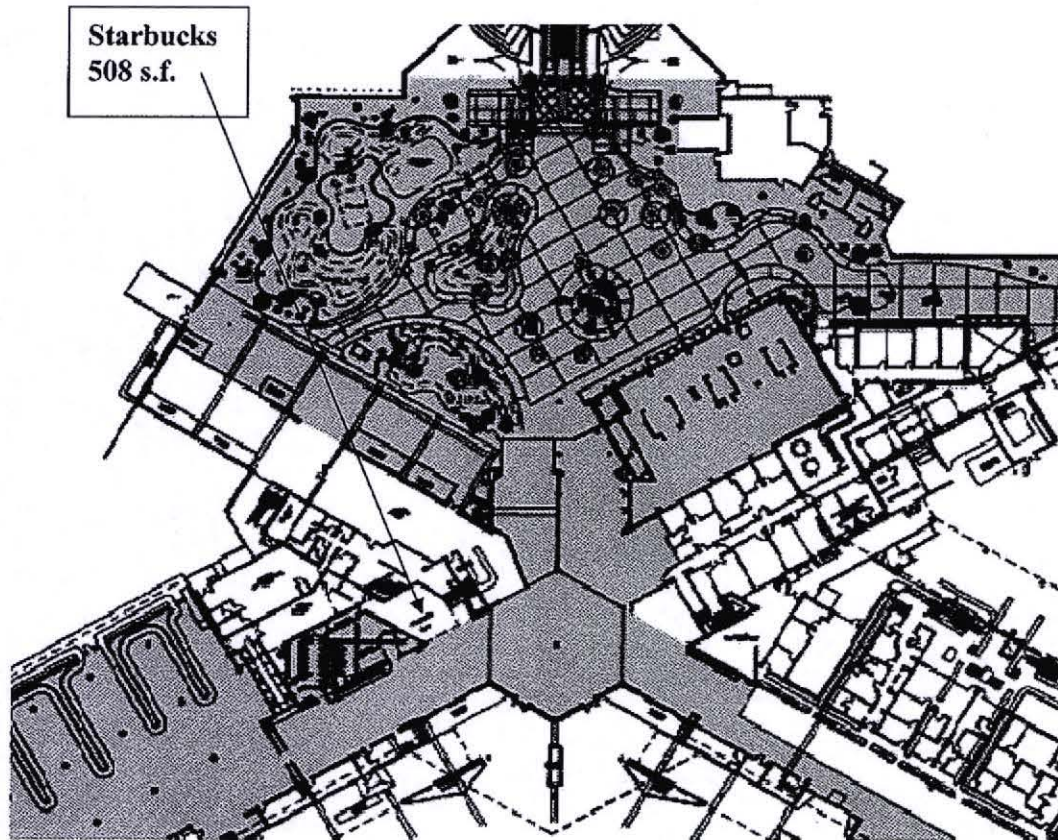
Section 1. The ending date of the term of this Amendment No. 3 shall be the same as that described in Agreement No. A4158, October 31, 2019.

Section 2 Tenant shall pay a percentage of rent of all gross sales as defined in Amendment No. 2, Section 2.2 remaining unchanged and in full force and effect.

Section 3 All other conditions of Lease Agreement No. A4158 not in conflict with this Amendment shall remain in full force and effect and shall apply to the amended 508 square feet of terminal space as identified.

Section 4 The total capital investment to design and construct the Starbucks facility shall be applied toward the Mid-Term Refurbishment as provided in section 8.9 of the lease as amended.

EXHIBIT 1



(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date first written above.

ATTEST:

CITY OF PALM SPRING
a municipal corporation

By: _____
City Clerk

By: _____ *JAN*
City Manager

APPROVED AS TO FORM:

By: *[Signature]*
City Attorney

CONTRACTOR: Check one: ___ Individual ___ Partnership ___ Corporation

Corporations require two notarized signatures: One from each of the following: A. Chairman of Board, President, or any Vice President: AND B. Secretary, Assistant Secretary, Treasurer, Assistant Treasurer, or Chief Financial Officer.

By: _____
Signature (notarized)

By: _____
Signature (notarized)

Name: _____

Name: _____

Title: _____

Title: _____

State of _____

State of _____

County of _____

County of _____

On _____ before me, _____

On _____ before me, _____

personally appeared _____
who proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument
and acknowledged to me that he/she/they
executed the same in his/her/their authorized
capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s),
or the entity upon behalf of which the
person(s) acted, executed the instrument.

personally appeared _____
who proved to me on basis of satisfactory
evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument
and acknowledged to me that he/she/they
executed the same in his/her/their authorized
capacity(ies), and that by his/her/their
signatures(s) on the instrument the person(s)
or the entity upon behalf of which the
person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY
under the laws of the State of California that
the foregoing paragraph is true and correct.

I certify under PENALTY OF PERJURY
under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

WITNESS my hand and official seal.

Notary Signature: _____

Notary Signature: _____

Notary Seal:

Notary Seal: