



REPORT TO THE CITY COUNCIL

AGENDA ITEM NO.	1D
COUNCIL MEETING	04/19/2012
APPROVED BY	
DEPARTMENT DIRECTOR	<i>[Signature]</i>
CITY MANAGER	<i>[Signature]</i>

April 19, 2012

FROM: RUSSELL C. WIDMAR, AAE
Director of Aviation

SUBJECT: ADOPT A FINDING OF CATEGORICAL EXEMPTION PURSUANT TO ARTICLE 19, SECTION 15301, CLASS 1 (EXISTING FACILITIES) OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT GUIDELINES FOR MINOR ALTERATIONS TO VARIOUS LEASED CONCESSION SPACES AT FRESNO YOSEMITE INTERNATIONAL AIRPORT BY FRESNO, AAI, INC., DBA ANTON AIRFOODS (ANTON).

1. AUTHORIZE DIRECTOR OF AVIATION TO EXECUTE THE SECOND AMENDMENT TO CONCESSION AGREEMENT BETWEEN FRESNO AAI, INC. DBA ANTON AIRFOODS (ANTON) AND THE CITY OF FRESNO FOR THE CONVERSION OF RAPIDOS TO STARBUCKS AND IMPROVEMENTS TO OTHER LEASEHOLD AREAS AT FRESNO YOSEMITE INTERNATIONAL AIRPORT, AND EXTEND THE LEASE TERM.

RECOMMENDATION

That the Council Adopt a finding of Categorical Exemption pursuant to Article 19, Section 15301, Class 1 (Existing Facilities) of the California Environmental Quality Act (CEQA) Guidelines for minor alterations to various leased concession spaces at Fresno Yosemite International Airport by Fresno, AAI, Inc., dba Anton Airfoods (Anton).

1. Authorize the Director of Aviation to execute the Second Amendment to Concession Agreement between Fresno, AAI, Inc., dba Anton Airfoods (Anton) and the City of Fresno for the conversion of Rapidos to Starbucks, improvements to other leased areas at Fresno Yosemite International Airport (FYI), and to extend the lease term.

EXECUTIVE SUMMARY

The Second Amendment to the Concession Agreement will provide for a \$650,000 investment by Anton to (i) convert the Rapidos Coffee Bar (located adjacent to the lower level gate area) to a Starbucks franchise, and, (ii) make improvements in other leased locations at FYI. Consistent with industry standards for this type of investment, the Second Amendment will also add four (4) years to the original Concession Agreement term, extending it to April 1, 2022.

BACKGROUND

Anton has been operating food and beverage concession services within the Terminal since April 2003. The initial development and operation includes, (i) Home Team Sports Bar & Grill, (ii) Rapidos Coffee Bar, and, (iii) J Muir Tavern. Under the First Amendment to the Concession Agreement (January 2006), Anton opened a Starbucks in the main terminal/ticketing area. Anton has been meeting their obligation under the Concession Agreement to keep the facilities updated by making annual investments to the facilities. They are providing staffing levels and hours of operation to effectively accommodate FYI's flight schedules. Most recently Anton adjusted the operating hours to

accommodate the new international flights at FYI. However, the most common question received from the public is why there isn't a Starbucks beyond the security check point. Converting RapiDOS Coffee Bar to a Starbucks is a direct response to this question, will be a significant customer service enhancement, and is expected to increase the Department's revenues.

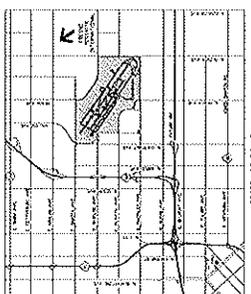
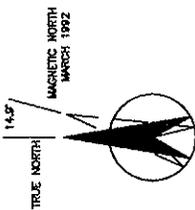
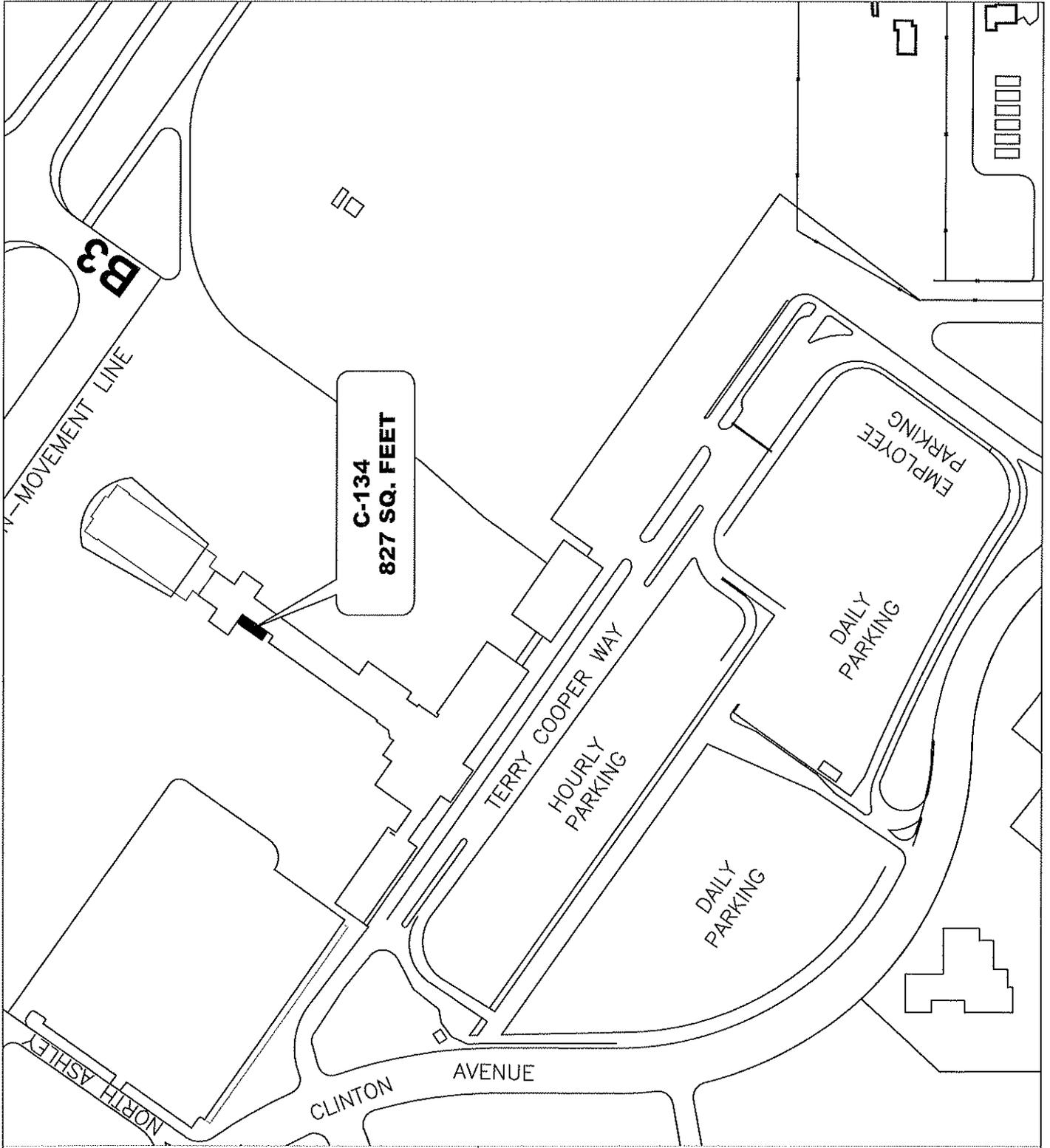
Anton intends to invest six hundred and fifty thousand dollars (\$650,000) for the construction of the Starbucks location and improvements to other existing facilities. This is in addition to the annual one-half (1/2) of one percent (1%) of total Gross Revenue refurbishment investment obligation under the Concession Agreement.

Artist renderings of the improvements are attached as is a site map.

FISCAL IMPACT

The concession fees from this agreement will be deposited into the FYI Enterprise Fund. The Department will continue to receive 5% of non-alcoholic gross sales from all three Anton facilities. There was an immediate positive revenue impact when the first Starbucks opened in 2006, and we expect a similar impact when the second opens later this year. There is no impact to the General Fund from this item.

Attached: Site Map
Artist Renderings
Draft – Second Amendment to Concession Agreement

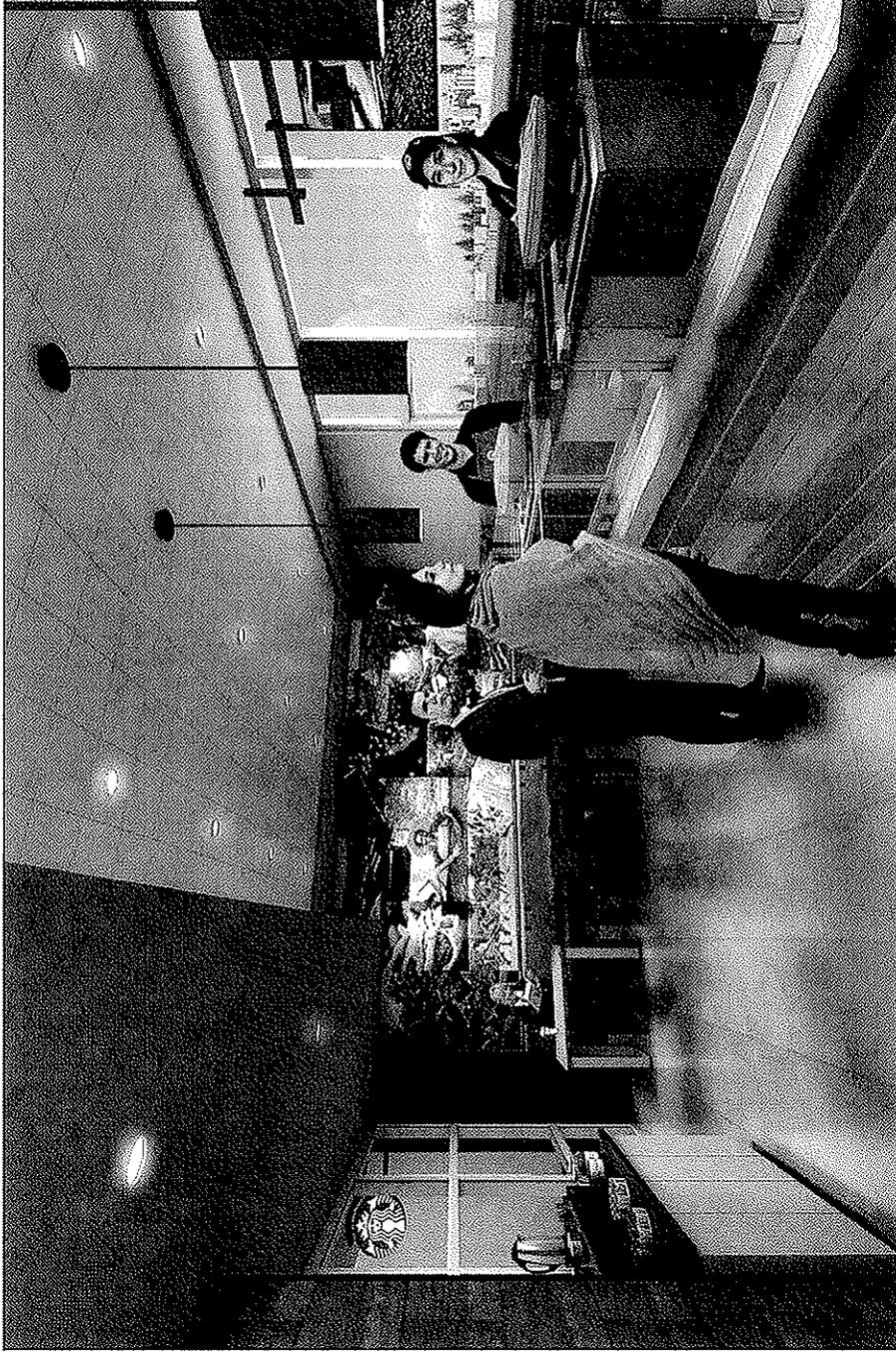


**STARBUCKS
LEASE
SPACE**



**FRESNO YOSEMITE
INTERNATIONAL AIRPORT**

FRESNO INTERNATIONAL C134



A R T I S A N
i n t e r i o r r e n d e r i n g 2

THIS DOCUMENT CONTAINS CONFIDENTIAL & PROPRIETARY STARBUCKS COFFEE COMPANY INFORMATION. DO NOT COPY, DISTRIBUTE OR DISCLOSE WITHOUT PRIOR WRITTEN PERMISSION.

SECOND AMENDMENT TO THE FOOD & BEVERAGE CONCESSION AGREEMENT

By and Between

CITY OF FRESNO,
A MUNICIPAL CORPORATION

And

FRESNO, AAI, INC.,
A CALIFORNIA CORPORATION

THIS SECOND AMENDMENT is made this _____ day of _____, 2012 by and between the City of Fresno California, ("City") and Fresno AAI, Inc., ("Concessionaire").

W I T N E S S E T H

WHEREAS, the City and Concessionaire have entered into a Food & Beverage Concession Agreement dated January 3, 2003 ("Original Agreement"); and

WHEREAS, the City and Concessionaire have entered into a First Amendment to the Food & Beverage Concession Agreement dated January 24, 2006 ("First Amendment"); and

WHEREAS, the parties desire to modify the Agreement to provide for addition of a Starbucks Coffee retail outlet in the existing Rapido's location ("Rapido's") and modification of the Term of the agreement, upon the terms and conditions herein.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises herein, the parties agree to amend the Agreement as follows:

1. Concessionaire, at its sole cost and expense shall, by no later than one hundred eighty (180) days after this Second Amendment is fully executed, purchase and commence operation of a fully improved, equipped and franchised Starbucks Coffee retail outlet within space C-134, formerly known as Rapido's, encompassing an approximately 827 square foot area. Without limitation, Concessionaire as the Starbucks franchisee shall be responsible for all franchise procurement, training, staffing, improvements to assigned premises, fixtures, fitting out, operation and maintenance of the Starbucks location, in a manner consistent with the Agreement and subject to all City approval processes therein.

Upon receipt of the certified construction costs as defined in the Agreement, City will determine the actual amounts for Fixed Improvements. These calculations will be used as the basis for determining Concessionaire's Net Book Value as also defined in the Agreement.

2. Concessionaire shall be required to make a minimum investment of Six Hundred Fifty Thousand Dollars (\$650,000) for the new Starbucks location and for improvements to existing facilities.

3. Section 4.2 of the original agreement shall be replaced with the following:

The Term of the Agreement is extended to 11:59 PM local time ending on April 1, 2022. The Term is subject to termination provisions set forth in the Original Agreement.

4. In the event of any conflict between the body of this Second Amendment and any Exhibit or Attachment hereto or document referenced herein, the terms and conditions of the body of this Second Amendment shall control and take precedence over the terms and conditions expressed within the Exhibit, Attachment or document referenced. Furthermore, any terms or conditions contained within any Exhibit, Attachment hereto or document referenced herein which purport to modify the allocation of risk between the parties, provided for within the body of this Second Amendment, shall be null and void.

5. All capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Agreement.

6. In all other regards, the Agreement shall be and remain in full force and effect.

IN WITNESS WHEREOF, Concessionaire has caused this Second Amendment to be executed by its duly authorized officer, and City has caused the same to be executed by its duly authorized person(s)/officer(s), all as of the day and year first above written.

CITY OF FRESNO, CALIFORNIA
A Municipal Corporation

Fresno AAI, Inc.
A California Corporation

By: _____
Russell C. Widmar, AAE
Director of Aviation

By: _____

Title: _____

Address for Notice:
City of Fresno
Airports Department
4995 E. Clinton Way
Fresno, CA 93727

Address for Notice:
Fresno AAI, Inc.
6905 Rockledge Drive
Bethesda, MD 20817

ATTEST:
Yvonne Spence, CMC
City Clerk

Phone (240) 694-4100

By: _____
Deputy

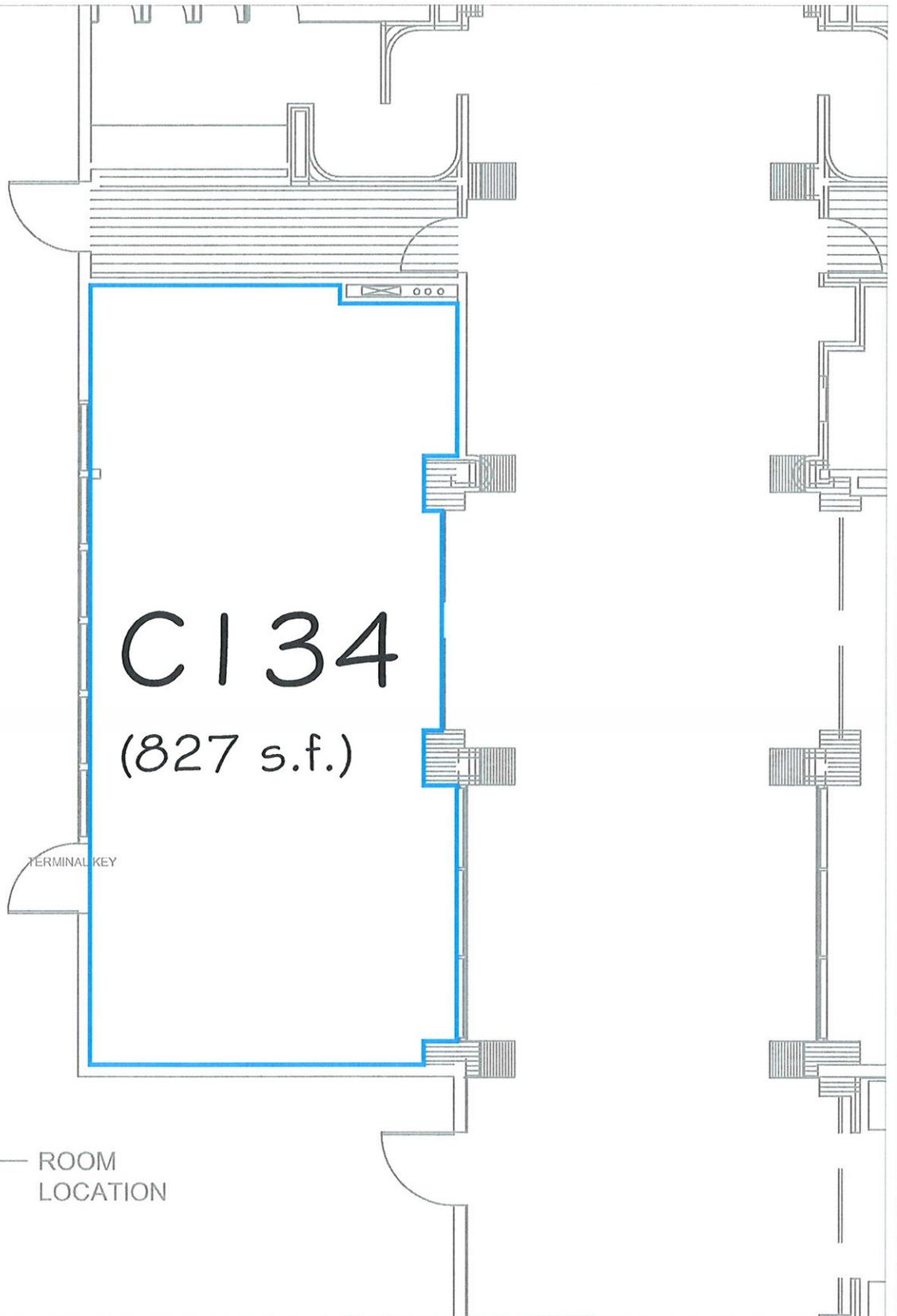
APPROVED AS TO FORM:
James C. Sanchez
City Attorney

By: _____
Deputy

Attachment: Space C-134

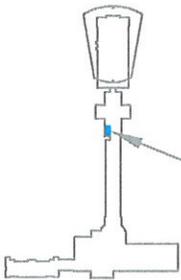


SCALE 1/8" = 1'



C134
(827 s.f.)

TERMINAL KEY



ROOM
LOCATION

TERMINAL KEY

DEPARTMENT
OF AIRPORTS

DIRECTOR OF AVIATION
RUSSELL C. WIDMAR, AAE



CITY OF FRESNO
DEPARTMENT OF AIRPORTS
4995 EAST CLINTON WAY
FRESNO, CALIFORNIA 93727
PHONE: 559-621-4500

FRESNO YOSEMITE INTERNATIONAL AIRPORT

TERMINAL SPINE
LEASE AREA C-134

J:\ARCHIVE\25AA\25a0346B.DWG

KRA NO. _____
FUND NO. _____
ORG NO. _____
ACTIVITY _____
PROJECT I.D. _____

REVISIONS/REFERENCE
REV NO.

CONST. ENG. _____
CITY DESIGN ENG. _____

APPROVED
OFFICE ENG. _____

DR. BY: LNS
CH. BY: DJY
DATE: 1-25-07
SCALE: 1/8" = 1'

CITY DRAWING NO.
SHEET NO.

1

OF 1 SHEETS