CITY COUNCIL MEMORANDUM

AGENDA ITEM **Killeen-Fort Hood Regional Airport Concession Lease Agreement Renewals**

ORIGINATING DEPARTMENT **Aviation**

BACKGROUND INFORMATION

The Killeen-Fort Hood Regional Airport leases retail facilities in the terminal building to various businesses to provide appropriate services to the public as well as to provide revenue sources for the airport enterprise fund. Concession lease agreements with Fort Hood National Bank, B & G Enterprises (d/b/a Airport Gift Shop), and Green Beans Coffee Company, Inc. are set to expire on September 30, 2015.

DISCUSSION/CONCLUSION

Renewal options in the original lease agreements allowed the respective tenants to extend their agreements under terms and fees as set by the Council. Staff has negotiated proposed terms of extensions with representatives of each of the businesses. A small increase in basic or minimum rental rates consistent with the Consumer Price Index (CPI) rate of change since the last renewal was applied to the bank and gift shop lease agreements. A change in the method of calculating the additional retail concession fee based upon a percentage of gross receipts in the Green Beans Coffee Company agreement will increase the tenant's total fees due to the airport by approximately 20%.

FISCAL IMPACT

Total annual revenue to the Killeen-Fort Hood Regional Airport Enterprise Fund represented by these lease agreements is approximately $26,000 in account number 525-0000-324.05-00 (Airport Rent & Concession).

RECOMMENDATION

City Council approve Addendum No. 6 to the Fort Hood National Bank, Inc. ATM Lease agreement extending the term for a period of two years beginning October 1, 2015 and ending September 30, 2017; Addendum No. 4 to the B & G Enterprises Retail Lease Agreement extending the term for a period of four years beginning October 1, 2015 and ending September 30, 2019; and Addendum No. 2 to the Green Beans Coffee Company, Inc. Lease Agreement extending the term for a period of five years beginning October 1, 2015 and ending September 30, 2020; and to authorize the City Manager to execute same.