



City of Killeen

Legislation Details (With Text)

File #: RS-21-006 **Version:** 1 **Name:** Airport Gift Shop Concession Lease Agreement-Tailwinds Concessions, Inc.
Type: Resolution **Status:** Passed
File created: 1/4/2021 **In control:** City Council
On agenda: 1/26/2021 **Final action:** 1/26/2021
Title: Consider a memorandum/resolution approving an airport gift shop concession lease agreement with Tailwinds Concessions, Inc. at Killeen Fort Hood Regional Airport.
Sponsors: Aviation Department
Indexes:
Code sections:

Attachments: 1. Staff Report, 2. Agreement, 3. Certificate of Interested Parties, 4. Presentation

Date	Ver.	Action By	Action	Result
1/26/2021	1	City Council	Approved	Pass
1/19/2021	1	City Council Workshop		

Consider a memorandum/resolution approving an airport gift shop concession lease agreement with Tailwinds Concessions, Inc. at Killeen Fort Hood Regional Airport.

DATE: January 19, 2021

TO: Kent Cagle, City Manager

FROM: Mike Wilson, Executive Director of Aviation

SUBJECT: APPROVAL OF AIRPORT GIFT SHOP CONCESSION LEASE AGREEMENT FOR KILLEEN FORT HOOD REGIONAL AIRPORT

BACKGROUND AND FINDINGS:

The current Airport Gift Shop operator notified airport staff that she did not intend to extend the current lease when it expired on September 30, 2019, but would continue to operate in a month to month status until a new concessionaire could be found. An RFQ was issued in September 2019 to solicit offers to operate the Airport Gift Shop, but there were no responses. Airport staff continued for several months to attempt to recruit interested parties with no success. Finally, in September 2020, staff reached out to a very experienced national concession company, Tailwinds Concessions. Tailwinds Concessions has locations in twenty-five airports in the U.S., primarily in smaller Regional Airports, and have been in business since 2001. Tailwinds indicated an interest, and several meetings and site visits were held.

Staff has negotiated a lease agreement with Tailwinds to operate gift shop concessions at the Killeen-Fort Hood Regional Airport. The term of the lease agreement is for two (2) years, (11) months beginning March 1, 2021 and ending January 1, 2024. The agreement will authorize the tenant to sell authorized products: accessories, apparel, electronics, food-gifts, medicine, media magazines and books, souvenirs, toys, travel

items, tobacco, and other products associated with an airport gift shop operation. Tailwinds Concessions, Inc. supports the Federal Aviation Administration-Airport Concessions/Disadvantaged Business Enterprise (ACDBE) program through sub-vendor opportunities for purchases of goods and services.

THE ALTERNATIVES CONSIDERED:

Alternatives considered: (1) do not approve the agreement, or (2) approve the agreement.

Which alternative is recommended? Why?

Staff recommends alternative 2, approval of the agreement, because (1) Tailwinds is a first-class airport concessions company specializing in regional airports similar to KFHRA, and (2) the agreement would provide for a consistent revenue source for the Airport for the next (2) years, (11) months consisting of basic rent and percentage of gross revenues.

CONFORMITY TO CITY POLICY:

Yes

FINANCIAL IMPACT:

Total annual revenue to the Killeen-Fort Hood Regional Airport Enterprise Fund represented by this lease agreement is approximately \$9,732.00. This includes \$391 per month for rental fee and approximately \$420 per month at 14% of estimated gross sales of \$3,000 per month. Percentage of gross revenues is projected to increase due to sales of improved merchandise-mix and growth in passengers.

What is the amount of the expenditure in the current fiscal year? For future years?

N/A

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

Council approve the Airport Gift Shop concession agreement with Tailwinds Concessions, Inc. and authorize the City Manager or designee to execute same as well as any and all amendments and/or lease actions to the agreement as allowed per federal, state, or local law.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Agreement
Certificate of Interested Parties