



City of San Antonio

Agenda Memorandum

File Number: 16-5361

Agenda Item Number: 10.

Agenda Date: 11/3/2016

In Control: City Council A Session

DEPARTMENT: Aviation

DEPARTMENT HEAD: Noel T. Jones

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Assignment and Assumption of the Lease Agreement from Brown Bag Sandwich Shop, Inc. to The Big Bib, LLC at the Stinson Municipal Airport

SUMMARY:

This Ordinance consents to the assignment and assumption of the lease agreement from Brown Bag Sandwich Shop, Inc. (Brown Bag) to The Big Bib, LLC (Big Bib) at Stinson Municipal Airport (Stinson). The agreement will allow Big Bib to operate at Stinson and provide a menu similar to other San Antonio location, which will include Texas-style, slow-cooked barbecue.

BACKGROUND INFORMATION:

In June 2015, City Council authorized a lease agreement with Brown Bag to operate Brown Bag Touch 'N Go Sandwich Shop at Stinson at the café space within the terminal building. The term of the agreement was for one year with the option of four, one-year renewals. In June 2016, the City exercised the option to extend the term of the agreement for four additional one-year terms which commenced on June 17, 2016 and will expire on June 16, 2020.

Brown Bag has requested the City consent to the assignment of their rights and obligations under the original agreement to Big Bib. With approval of City Council, Brown Bag will convey, transfer, assign and deliver to Big Bib and its successors and assign all of Brown Bag's rights, title and interest in and to the lease agreement as amended. Big Bib accepts, assumes, takes over and succeeds to all of the rights, duties, interests, liabilities and obligations of the lease agreement of Brown Bag, as amended.

Big Bib will provide lunch service Mondays through Saturdays from 11 a.m. to 2 p.m. The café will also provide catering service.

ISSUE:

The assignment and assumption of lease agreements require the approval of City Council.

ALTERNATIVES:

City Council can choose not to consent to the assumption and assignment of the lease agreement. However, this would be inconsistent with the City policy to consent to the assignment of lease agreements when the current lessee is in good standing and the prospective tenant is qualified.

FISCAL IMPACT:

Under the agreement with Big Bib, the term of the agreement will be for four years. The Minimum Annual Guarantee (MAG) will be \$0.00 for the first year. For lease years two, three and four, the concessionaire will pay the City a minimal guaranteed rent in the total amount of \$1,200.00.

During the balance of the term of the agreement, the concessionaire will pay the City each month 2.7% of gross sales after the first \$5,000.00 in monthly gross sales. The concessionaire will not pay utilities for the first year of the agreement as its lease payment. Beginning in June of 2017, the concessionaire will pay one-third of the gas and electricity utility bill. In June of 2018, the concessionaire will pay two-thirds of the gas and electricity utility bill. For the last year of the term, beginning in June of 2019, the concessionaire will pay 100% of the utility bill.

RECOMMENDATION:

Staff recommends consent to the assignment and assumption of the lease agreement from Brown Bag Sandwich Shop, Inc. to The Big Bib, LLC at Stinson Municipal Airport.