



City of San Antonio

Agenda Memorandum

File Number:20-1351

Agenda Item Number: 18.

Agenda Date: 2/13/2020

In Control: City Council A Session

DEPARTMENT: Aviation

DEPARTMENT HEAD: Jesus Saenz

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Agreement with R&J International Company dba Dunkin Donuts for Food Service Kiosk Concession at the San Antonio International Airport

SUMMARY:

City Council consideration of an agreement with R&J International Company (R&J) dba Dunkin Donuts (Dunkin Donuts) to operate a food service kiosk concession at the San Antonio International Airport (airport). The kiosk will be located on the Terminal B Mezzanine side of the Skybridge to offer airport visitors with the option to purchase coffee or baked goods. The initial term of the agreement is for five years and can be extended for three, one-year periods. For the first year, the rental rate is 10% of gross revenue.

This kiosk will provide passengers and visitors in Terminal B and the Consolidated Rental Car Facility (CONRAC), with an opportunity to purchase coffee and a baked good while they wait. The kiosk is intended to enhance the customer experience as well as generate non-airline revenue.

BACKGROUND INFORMATION:

Surveys of passengers to the airport identify that many would like additional food and beverage concepts in pre-security line areas. Two new concepts, Sip Brew Bar and Market and the Sip kiosk, are pre-security options on the ticketing and baggage claim levels of Terminal A that will open in 2020. The Dunkin Donuts kiosk will be the third option for pre-security food and beverage items.

Currently, there is no pre-security option for Terminal B and CONRAC passengers or visitors who enter and exit the airport through the Skybridge into Terminal B. A local vendor, R&J, is operating a Dunkin Express

kiosk in the main food court in Terminal A through March 8, 2020 and has agreed to operate a kiosk in the Terminal B entrance of the Skybridge from 4 a.m. until 7 p.m. seven days a week. The area of the kiosk will be less than 112 square feet and allow customers to purchase Dunkin' Donuts brand coffee and donuts, among other baked goods.

The City is recommending authorizing the agreement to a current vendor (R&J) who is a certified Airport Concessions Disadvantaged Business Enterprise (ACDBE) and who has experience operating a similar kiosk in Terminal A (which will close in March 2020). Additionally, R&J operated the Dunkin Donuts location in Terminal A before the space was cleared out for the construction of an additional security lane at the Terminal A security checkpoint. A direct agreement with R&J for the kiosk in Terminal B would enable the airport to provide customers with a popular coffee concept provided by a local vendor who has the experience of operating in an airport environment that includes local and federal security requirements as well as areas with space limitations.

ISSUE:

The agreement will allow Dunkin Donuts to operate a kiosk that offers coffee, donuts and other associated products for an initial term of five years with the potential to be extended for three, one-year terms. During the first year, the concessionaire will pay the Aviation Department 10% of its gross revenue.

ALTERNATIVES:

City Council could chose to not approve this agreement, which would mean passengers and visitors would have fewer choices when seeking pre-security coffee or food. Additionally, the Aviation Department would lose an opportunity to offer this concept to passengers and the revenue that it could generate for the Airport Operating and Maintenance Fund.

FISCAL IMPACT:

This ordinance authorizes an agreement with Dunkin Donuts to operate a food service kiosk concession at the San Antonio International Airport for an initial term of five years with the option to extend for three, one-year periods. The concessionaire agrees to pay the Aviation Department a percentage fee annually, which will be deposited into the Airport Operating and Maintenance Fund.

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Revenue	10%	12%	14%	16%	18%

RECOMMENDATION:

Staff recommends the approval of the agreement with Dunkin Donuts to operate a kiosk in Terminal B entrance of the Skybridge at the airport.