



City of San Antonio

Agenda Memorandum

File Number:21-1564

Agenda Item Number: 8.

Agenda Date: 4/8/2021

In Control: City Council A Session

DEPARTMENT: Aviation

DEPARTMENT HEAD: Jesus H. Saenz, Jr., IAP

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Concession Agreement for Vending Machines at the San Antonio International Airport

SUMMARY:

This ordinance approves a five-year concession agreement with Prepango, LLC for vending machines and/or kiosks at the San Antonio International Airport for a term of five years. Prepango will install a personal protective equipment and sound machine vending machine/kiosk in each terminal, generating either 15% or 20% of gross sales in revenue for the Airport Operating and Maintenance Fund. The agreement allows additional vending machines to be added to the agreement with the written consent of the Director. The agreement became effective on February 1, 2021.

BACKGROUND INFORMATION:

The Aviation Department has utilized vending machines for more than five years to provide passengers additional options for the purchase of items ranging from audio to cosmetics that they may or may not find within retail stores at the airport.

In July 2020, the City entered into a short-term lease agreement with Prepango, LLC to install a personal protective equipment (PPE) vending machines in each terminal at the San Antonio International Airport. These vending machines sell item such as facial masks and hand sanitizers and are located pre-security. The Aviation Department would like to continue utilizing vending machine throughout the terminal facilities. The Aviation Department would also like to utilize the sound machines - vending machines that sell headphones and other audio equipment-that Prepango offers.

Prepango also offers vending machines and/or kiosks that sell KYLIE cosmetics, LEGO toys, and pharmacy items. The concession agreement will allow the Aviation Director to approve additional vending machines or kiosks to be installed at the San Antonio International Airport as passenger levels grow.

ISSUE:

This agreement will authorize a concession agreement with Prepango to install vending machines and/or kiosks in the terminal facilities at the San Antonio International Airport for a five-year term commencing on February 1, 2021.

ALTERNATIVES:

City Council could choose to not approve this agreement, which would mean passengers and visitors would have fewer retail choices and the Aviation Department would lose an opportunity to offer these products to passengers and the revenue that it could generate for the Airport Operating and Maintenance Fund.

FISCAL IMPACT:

This ordinance authorizes a concession agreement with Prepango to install at least two vending machines in each terminal for a five-year term that became effective on February 1, 2021. The concessionaire agrees to pay the Aviation Department 15% of the gross sales from the PPE machines and 20% of the gross sales from the sound machines, annually, which will be deposited into the Airport Operating and Maintenance Fund.

If additional vending machines and/or kiosks are added under this contract, the Aviation Department will receive a percentage of gross sales from 10 to 25% annually depending on the type of machine. These funds will be deposited into the Airport Operating and Maintenance Fund.

RECOMMENDATION:

Staff recommends the approval of a concession agreement for vending machines and/or kiosks at the San Antonio International Airport.