

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
AVIATION DEPARTMENT**

TO: Mayor and City Council

FROM: Kevin C. Dolliole, Aviation Director

THROUGH: Terry M. Brechtel, City Manager

COPIES TO: J. Rolando Bono, Deputy City Manager, Asset Management, Budget, Legal, Finance and File

SUBJECT: Cancellation of a Concession Contract with DFSA/NGSI San Antonio Partnership at San Antonio International Airport

DATE: June 24, 2004

SUMMARY & RECOMMENDATION

This ordinance authorizes the cancellation of the existing concession agreements of Duty Free of San Antonio-News and Gifts Shops International San Antonio Partnership (DFSA/NGSI - San Antonio) under Ordinance Number 95351, passed and approved by City Council on February 22, 2002.

Staff recommends the approval of this ordinance.

BACKGROUND INFORMATION

Ordinance Number 95351, passed and approved by City Council on February 22, 2002, awarded a concession contract to DFSA/NGSI - San Antonio for the concession spaces 204, 260, 262 and an option for space 238, San Antonio International Airport, Terminal Two. The Concession Agreement for DFSA/NGSI - San Antonio provided for the expansion of the news and gift concession in Terminal Two, with the Concessionaire exercising the option to open Space 238. As a result of decreased enplanements in Terminal Two, opening the location will cause the partnership increased difficulty in generating revenue due to the reduced sales from the three existing DFSA/NGSI locations.

In 2003 the DFSA/NGSI - San Antonio achieved an average of 70% of the sales projections for all locations in Terminal Two.

The cancellation of the agreement will eliminate the current encumbrance on the space and allow for the opening of a second business center in Terminal Two.

POLICY ANALYSIS

This ordinance is consistent with prior policy, as evidenced by the City Council approved Concession Procedures Manual and Policy Statement of January 11, 2001.

FISCAL IMPACT

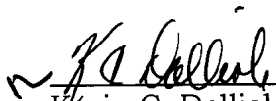
The financial impact to the City as a result of the cancellation of the DFSA/NGSI- San Antonio lease for space 238, would be the elimination of Minimum Annual Guaranteed rent of \$68,000. The cancellation of the agreement will be mitigated by increase sales generated by the existing DFSA/NGSI San Antonio Partnership locations.

COORDINATION

This item has been coordinated with the City Attorney's Office.

SUPPLEMENTARY COMMENTS

The Discretionary Contracts Disclosure form completed by the Concessionaires are attached.




Kevin C. Dolliole
Aviation Director



J. Rolando Bono
Deputy City Manager

APPROVED:



Terry M. Brechtel
City Manager

City of San Antonio

Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2
Attach additional sheets if space provided is not sufficient.
State "Not Applicable" for questions that do not apply.

* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the city in the enforcement of provisions contained in the City Charter and the code of ethics, an individual or business entity seeking a discretionary contract from the city is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract,

Not Applicable

(2) the identity of any business entity¹ that would be a party to the discretionary contract:
DPSA/NGA1 - SAN ANTONIO PARTNERSHIP
and the name of

(A) any individual or business entity that would be a subcontractor on the discretionary contract,

Not Applicable

(B) any individual or business entity that is known to be a partner, or a parent or subsidiary business entity, of any individual or business entity who would be a party to the discretionary contract,

Duty FREE OF SAN ANTONIO, INC
NEWS & GIFT SHOPS INTERNATIONAL, LLC

(3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract

Jane Macan
Bill Kaufman

¹ A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

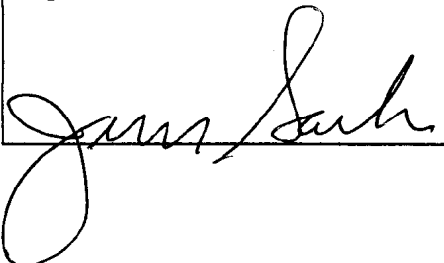
Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any current or former member of City Council, any candidate for City Council, or to any political action committee that contributes to City Council elections by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
N/A	N/A	N/A

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

NOT Applicable		
Signature: 	Title: Company: DFSA/NGSI - San Antonio Partnership.	Date: 6.4.04

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.