TO: Mayor Shaun Sipma
Members of the City Council
FROM: Rick Feltner, Airport Director
DATE: April 19, 2020
SUBJECT: AMENDMENT TO AIRPORT CONCESSIONAIRE AGREEMENT

I. RECOMMENDED ACTION
   1. Recommend that the City Council approve the amendment to the agreement between the Airport and Oakwells allowing a temporary hold of the Minimum Annual Guarantee (MAG) annual increase for 2021.

II. DEPARTMENT CONTACT PERSONS
    Rick Feltner, Airport Director 857-4724

III. DESCRIPTION
   1. Background
      The current COVID-19 pandemic has resulted in a dramatic decrease in the number of flights and passengers on both a national and local level. These decreases in turn have had a negative financial effect on the Airport’s business partners as well. At the Minot International Airport, food and beverage services are provided through a contractual agreement with Oakwells Commuter Rail (dba The Trestle Tap House). The Airport is paid by a percentage of sales, or a minimum annual guarantee (MAG), whichever is greater. Per the lease agreement, “The MAG for each succeeding year shall be the greater of the previous year’s MAG escalated at three percent (3%) or ninety percent (90%) of the previous year’s commission payments to the City, whichever is greater.” By amending the agreement, the Airport would allow Oakwells to remain at the 2020 calculated MAG for 2021.

   2. Proposed Project
      N/A

   3. Consultant Selection
      N/A

IV. IMPACT:
   1. Strategic Impact:
      As a small business, Oakwells will be able to use this amendment to help shore up their financial position during an unprecedented downturn in business that was not contemplated in their original agreement. In return, the Airport is able to help ensure that when the crisis passes and passenger and flight levels return to normal, the Trestle Tap House will be open for business. If Oakwells were forced to close at MOT, the Airport would be in the difficult position of contracting for a new food and beverage provider on short-notice and during an uncertain business environment.
B. **Service/Delivery Impact:**
   This plan helps to ensure the long-term viability of the food and beverage service at the Airport beyond the current national health emergency.

C. **Fiscal Impact:**
   Currently the MAG is set at $11,317 per month. Oakwells will continue to pay the MAG or a percentage of revenue, whichever is greater. This percentage ranges from 12% to 15% dependent on the product.

V. **ALTERNATIVES**
   If Council chooses not to amend the lease agreement, then the original terms of the contract will remain in force.

VI. **TIME CONSTRAINTS**
   This amendment will cover the 2021 calendar year. If not approved, any adjustment to the MAG will be backdated to January 2021.

VII. **LIST OF ATTACHMENTS**
   A. Oakwells Commuter Rail Concession Agreement
   B. Concession Agreement Renewal Request
   C. Concession Agreement Amendment