TO: Mayor Shaun Sipma
   Members of the City Council

FROM: Jennifer Eckman, Airport Director

DATE: November 1, 2021

SUBJECT: OFFER RENEWAL OPTION OF LEASE TERMS TO OAKWELLS COMMUTER RAIL, LLC, FOR FOOD, BEVERAGE, VENDING, AND RETAIL CONCESSION AGREEMENT AT THE MINOT INTERNATIONAL AIRPORT (MOT)

I. RECOMMENDED ACTION
   1. Approve renewal option of lease terms to Oakwells Commuter Rail, LLC; and
   2. Authorize the Mayor to sign any applicable documentation.

II. DEPARTMENT CONTACT PERSONS
    Jennifer Eckman, Airport Director 857-4724

III. DESCRIPTION
    A. Background
        Oakwells Commuter Rail, LLC has been the sole food and beverage concessionaire at the Minot International Airport (MOT) since the new commercial terminal building opened in February 2016 and is currently in a concession lease agreement with MOT. Oakwells Commuter Rail, LLC has submitted a request to exercise the second one (1) year renewal option, per the terms of the agreement. The renewal option of the original agreement states, “The parties reserve the right to exercise two (2) additional one (1) year Option Terms beyond the Base Term provided that the parties mutually agree to exercise the Option Term a minimum of ninety (90) days prior to the end of the Base Term or any executed Option Term. The Option Term shall be under the same terms and conditions as set forth herein.”

    B. Proposed Project
        City Staff recommends approving the option to renew the concession lease agreement under the terms and conditions of the current concession lease agreement.

    C. Consultant Selection
        N/A

IV. IMPACT:
    A. Strategic Impact:
        N/A

    B. Service/Delivery Impact:
        The renewal of the concession lease agreement will allow for the continuation of a food and beverage provider within the commercial terminal building.
C. Fiscal Impact:
The 2021 monthly minimum annual guarantee (MAG) is $139,880.27, or $11,656.69/month. Per the terms of the current agreement, the 2022 MAG will have a minimum increase of 3%, bringing the total MAG to $144,076.

In addition to the monthly MAG, Oakwells contributes the following for utility usage:
$750.00/month for electricity
$147.50/month for satellite TV

V. ALTERNATIVES

Alt 1. The Council could reject the request to renew and direct City staff to terminate the lease agreement and find an alternative concessionaire to provide services to the Minot International Airport.

Alt. 2. The Council could suggest amendments to the current lease agreement.

VI. TIME CONSTRAINTS

Timely approval of the lease renewal will allow for continuous generation of revenue.

VII. LIST OF ATTACHMENTS

A. Original Lease – Concession Lease Agreement
B. Request for Renewal