

**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, Asset Management, Budget, Legal, Finance

SUBJECT: Lease with Check-Six Aviation, Inc. for Building 601; Building 659; 99,415 square feet of ground space; and 9,337 square feet of parking lot at Stinson Municipal Airport

DATE: June 3, 2004

SUMMARY AND RECOMMENDATIONS

The proposed ordinance authorizes the execution of a lease agreement with Check-Six Aviation, Inc. ("Check- Six") for Building 601; Building 659; 99,415 square feet of ground and preferential use ramp space; and 9,337 square feet of parking lot at Stinson Municipal Airport ("Stinson"). The proposed lease will be for a term of twenty (20) years commencing February 1, 2004 and ending on January 31, 2024. The term of the lease is consistent with Stinson leasing policies.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

Check-Six has operated at Stinson as a Fixed-Base Operator and flight school since September 1998 when City Council authorized an Assignment and Assumption Agreement between Excalibur Aviation Company and Check-Six for Building No. 601, Building No. 659 and 67,876 square feet of ground space. The assigned lease expired on May 31, 2001. Since then, Check-Six has held over the premises on a month-to-month basis.

In February 1999, Check-Six obtained a second lease to operate an above-ground, 24-hour aircraft self-fueling facility at Stinson on 14,910 square feet of ground space. The term of this lease commenced on March 1, 1999 and will end on February 28, 2011.

In order to add stability to its operations and to facilitate compliance with lease requirements, Check-Six seeks to combine the above-leased premises into one new lease with a twenty-year term as well as include additional ground space. Check-Six has proposed to install a new 12,500 gallon fuel farm that will contain Jet-A fuel. The infrastructure will cost approximately

\$80,000.00 with an additional \$30,000.00 in the fuel tanks. The tanks will be required to be removed upon the expiration of the lease. For this capital improvement Check-Six has requested a twenty year lease to amortize the cost of the infrastructure. The infrastructure related to the fuel farm becomes an integral part of the ramp and the airport. The proposed twenty (20) year lease is consistent with the leasing policies at Stinson Airport.

Furthermore, Check-Six will construct a parking lot north of Building 601 at an estimated value of \$42,000.00 as well as install two new air conditioning units in Building No. 601 and upgrade the bathroom fixtures at an estimated value of \$8,000.00. Permitted uses of the premises include aircraft sales, maintenance, storage, rental charter, flight instruction, fuel and oil dispensing services, and fuel farm operations.

POLICY ANALYSIS

The proposed ordinance is consistent with City Council policy for granting new leases to the City's airport tenants. Also, it is consistent with the policy to generate revenue through leasing of City-owned property.

FISCAL IMPACT

Under the terms of this agreement, the annual lease rate will be \$0.86 per square foot for Building 601, producing annual building revenues of \$18,250.92 per year. Building 659 will have an annual lease rate of \$1.67, producing annual revenues of \$1,150.63. There will also be a graduated ground rental rate at Stinson Municipal Airport, which will produce escalating annual ground rentals. Annual ground rentals revenue will be as follows: \$5,075.12 for eight months in Fiscal Year 2004; \$9,787.68 for Fiscal Year 2005; \$13,050.24 for Fiscal Year 2006; \$16,032.69 for Fiscal Year 2007 and thereafter.

Combined annual revenues under this lease agreement will be: \$18,009.48 for eight months in Fiscal Year 2004; \$29,189.23 for Fiscal year 2005; \$32,451.79 for Fiscal Year 2006; \$35,434.24 for Fiscal year 2007 and thereafter.

Commencing in August 2009, the rental rates will be subject to an adjustment at five-year intervals based upon the Production-manufacturing and the Producer Price Index. Upon completion of improvements in accordance with the lease agreement, Check-Six may be eligible to receive rental credits totaling \$50,000.00.

COORDINATION

This item has been coordinated with the Asset Management Department and the City Attorney's Office.

SUPPLEMENTAL COMMENTS

The Discretionary Contracts Disclosure Form completed by Lessee is attached hereto.

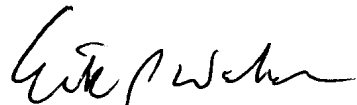


Kevin C. Dolliole
Aviation Director



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:

NA

(2) the identity of any **business entity**¹ that would be a party to the discretionary contract:

Check-Six Aviation Inc

and the name of:

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

NA

and the name of:

(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;

None

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.

- (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.

None

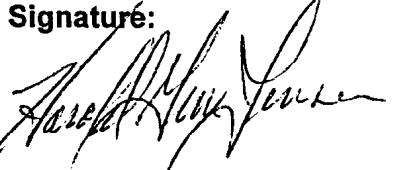
Political Contributions

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:
<i>None</i>	<i>NA</i>	<i>NA</i>

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.

<i>NA</i>		
Signature: 	Title: <i>Vice President</i> Company: <i>Check-Six Aviation Inc</i>	Date: <i>31 MAR 2004</i>

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.