

**CITY OF SAN ANTONIO  
AVIATION DEPARTMENT  
CITY COUNCIL AGENDA MEMORANDUM**

**TO:** Mayor and City Council

**FROM:** Mark H. Webb, Interim Aviation Director

**SUBJECT:** Lease Agreement Texas Air Museum

**DATE:** December 1, 2005

**SUMMARY AND RECOMMENDATIONS**

An ordinance authorizing the execution of a new five (5) year Lease Agreement with Texas Air Museum Inc., including a three (3) year extension upon mutual agreement, for use of ground and office/museum/gift shop space at 1234 99<sup>th</sup> Street at Stinson Municipal Airport, for guaranteed monthly rental amount equal ONE HUNDRED FIFTY & 00/100 DOLLARS (\$150.00) or twenty percent (20%) of gross receipts from operation of the museum and gift shop, whichever is greater and the termination of the Lease Agreements with this same tenant for Buildings 565A, 565B and Hanger 7.

Staff recommends approval of this ordinance.

**BACKGROUND INFORMATION**

Texas Air Museum has been a tenant at Stinson Municipal Airport since March 4, 1999, operating an aviation museum, education resource center, and gift shop. This function was identified as desirable in the Stinson Municipal Airport Master Plan, which was presented to City Council in 2002.

Currently, Texas Air Museum occupies three facilities: Hangar 7, which houses its museum exhibits and accommodates flying condition aircraft, and Buildings 565A and 565B, which house additional museum exhibits. These Lease Agreements are for a term of twenty (20) years on Hangar 7, and fifteen (15) years on Buildings 565 and both have an expiration date of 2014. Under the terms of the existing Leases, Texas Air Museum pays the City 5% percent of gross collections from admission fees and gift shop sales, as well as ground rent for Buildings 565A and Building 565B, resulting in an average payment to the City of \$400 per month. Texas Air Museum has requested to consolidate the three facilities currently leased, and relocate to the facility at 1234 99<sup>th</sup> Street, which will allows the Aviation Department the opportunity to lease the buildings currently occupied to other entities, thereby generating higher total revenue. The terms of the proposed Lease Agreement for 1234 99<sup>th</sup> Street are for payment of the greater of 20% of gross collections from admission fees and gift shop sales or \$150 per month and a Lease Term of five years with one three year renewal option. During the month of December when Texas Air Museum will be making improvements to the Leased Premises, rent will be waived but will be payable on the existing Buildings 565A and 565B. The Aviation Department is

currently negotiating a lease for Hangar 7 at appraised value and anticipates being able to lease Buildings 565A and 565B in the near future, also at appraised value.

Texas Air Museum is responsible for making the necessary improvements to the building to meet ADA standards, and the cost of this work is estimated at approximately \$22,000. The Aviation Department will be responsible for improvements to the upstairs office facility that is related to fire code, if required.

This action is based on the following:

- The three buildings being vacated are expected to appraise at a significantly higher value than the 99<sup>th</sup> Street location. As such, a higher rent will be established, resulting in higher overall revenue generated for the City;
- FAA regulations allows airport sponsors to provide reduced rental rate for aviation museums located at airports and many airports do not collect any revenue from similar functions;
- This service was outlined in the Stinson Municipal Airport Master Plan and provides a benefit to the community, particularly the Southside, enriches the culture of San Antonio, and draws citizens and visitors to Stinson;
- While Texas Air Museum will pay percentage rent only under the terms of the proposed Lease, the value of the improvements to be made to the building by Texas Air Museum of \$22,000, amortized over the five year primary term, are approximately equivalent to the amount currently being paid in ground rent;
- The percentage of gross collections payable to the City would increase from 5% to 20%, with a monthly minimum of \$150;
- This is an appropriate use of the 99<sup>th</sup> Street facility that has been vacant for two years; and
- This action will provide more building space with reduced ground space that will meet their needs and allow them to consolidate their operations into one facility.

The lease agreement contains current airport standard provisions including those concerning security, insurance, indemnification and performance guarantee.

### **POLICY ANALYSIS**

This ordinance is consistent with City Council policy to generate revenue through the leasing of City-owned property.

### **FISCAL IMPACT**

Texas Air Museum will pay the City 20% of their gross collections or \$150 per month, whichever is greater. Based on gross collections for the past year, it is anticipated that revenue to the City will be approximately \$150.00 per month.

### **COORDINATION**

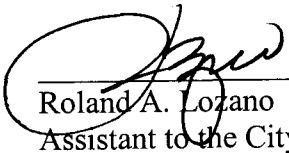
This item has been coordinated with the City Attorney's Office and the Asset Management Department.

**SUPPLEMENTAL COMMENTS**

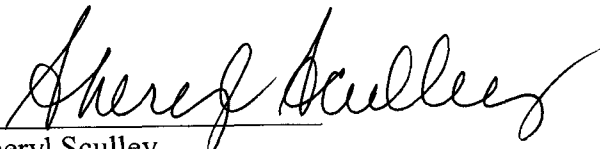
The Discretionary Contracts Disclosure Form completed by Lessee is attached hereto.



Mark H. Webb  
Interim Aviation Director



Roland A. Lozano  
Assistant to the City Manager



Sheryl Sculley  
City Manager

**City of San Antonio**  
**Discretionary Contracts Disclosure**

*For use of this form, see Section 2-59 through 2-61 of the City Code (Ethics Code)  
Attach additional sheets if space provided is not sufficient.*

**1) Identify any individual or business entity which is a party to the discretionary contract.**

NA

**2) Identify any individual or business entity which is a partner, parent or subsidiary business entity of any individual or business entity identified above in item 1).**

☒ No partner, parent or subsidiary; or

List partner, parent or subsidiary of each party to the contract and identify the corresponding party:

**3) Identify any individual or business entity that would be a subcontractor on the discretionary contract.**

☒ No subcontractor(s); or

List subcontractors:

**4) Identify any lobbyist or public relations firm employed by any party to the discretionary contract for purposes related to seeking the discretionary contract.**

☒ No lobbyist or public relations firm employed; or

List lobbyists or public relations firms:

<sup>1</sup> 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. A sole proprietor should list the name of the individual and the d/b/a, if any.

**(b) Political Contributions:**  
 All political contributions totaling one hundred dollars (\$100) or more within the past 12 months (24 months made to any officer or member of City Council, any candidate for City Council, or to any political party committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under box (1), (2), (3) or (4) above, or by the officers, owners or any business entity listed in box (1), (2) or (3).

☒ No contributions made; If contributions made, list below:

By Whom Made:	To Whom Made:	Amount:	Date of Contribution:
NA			

**(c) Disclosures in Proposals:**

Any individual or business entity seeking a discretionary contract with this city must disclose any known facts which reasonably understood raise a question as to whether any city official or employee would violate Section 2-43 of the City Code (Public Code), ("conflicts of interest") by participating in official action relating to a discretionary contract.

☒ Party not aware of facts which would raise a "conflicts-of-interest" issue under Section 2-43 of the City Code; or

Party aware of the following facts:

NA

This form is required to be supplemented in the event there is any change in the information 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, whichever occurs first.

Signature:	Title: <i>Director</i>	Date:
<i>John A. Toth</i>	Company or D/B/A: <i>Texas Air Museum</i>	<i>11-17-05</i>

<sup>2</sup> 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.