

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

TO: Sheryl Sculley, City Manager

FROM: Mark H. Webb, Interim Aviation Director

SUBJECT: San Antonio International Airport Amendment of Lease with Nayak Aviation Corporation dba Nayak Aviation, L. P.

DATE: May 18, 2006

SUMMARY AND RECOMMENDATION

An ordinance authorizing the execution of an amendment to a Lease Agreement with Nayak Aviation Corporation dba Nayak Aviation, L. P. ("Nayak"), located at San Antonio International Airport ("SAIA"), adding an additional 78,610 square feet of ground space and 23,873 square feet of hangar space, to the existing Lease Agreement ending December 31, 2011, resulting in an additional \$51,729.94 in annual rental payments.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

Nayak is one of the oldest continuously operated Aviation businesses on the Airport, having first entered into a Lease Agreement at SAIA in 1961. The Lessee is a full-service Fixed Based Operator (FBO) that provides 24 hour servicing 365 days a year to commercial airlines, charters, and private and corporate business aircraft arriving at SAIA. Services provided by Nayak include fueling, servicing, tying down, storing, repairing, demonstrating and selling of aircraft and aircraft parts, and other aviation related uses. Nayak currently employs 18 individuals at its airport facility with an estimated annual payroll of \$307,000.00.

The Airport Terminal Expansion and Remain Overnight (RON) Projects resulted in the recapture approximately 185,071 square feet of ground space and the recapture and demolition of five hangar buildings totaling 62,963 square feet previously occupied by Nayak. In order to provide space to Nayak to partially compensate for this loss, Nayak will lease an existing hangar measuring 23,873 square feet and the associated 78,610 square feet of ground space. This hangar, known as the Brown Hangar, will house aircraft and vehicle maintenance operations and aircraft storage.

The existing Lease Agreement with Nayak, which will end on December 31, 2011, is for 306,562 square feet of ground space and hangar space totaling 62,315 square feet. The addition of the proposed new space will result in a total leased ground space of 385,172 square feet and hangar space of 86,188 square feet.

POLICY ANALYSIS

The ordinance is consistent with City Council policy to approve amendments to existing leases to add additional space that will facilitate the continued operation of an existing Airport tenant.

FINANCIAL IMPACT

Currently, the annual revenue generated under the existing Nayak Lease is \$150,374.32. Under the terms of this Lease Amendment, Nayak will pay an additional \$26,260.30 annually in hangar rent and \$25,469.64 annually for ground rent based on the appraised value. The approval of this Amendment will result in total annual revenue of \$202,104.26 generated under the amended Nayak lease. Nayak pays the Aviation Department approximately \$38,000 annually in fuel flowage fees. Annual additional revenue is detailed below:

<u>Premises</u>	Sq. Ft.	Rate per Sq. Ft.	Additional Annual Rental	Additional Monthly Rental
Ground	78,610	\$0.324	\$25,469.64	\$2,122.47
Hangar Space	23,873	\$1.10	\$26,260.30	\$2,188.36
Total Rent			\$51,729.94	\$4,310.83

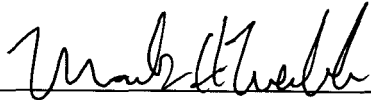
Commencing in 2009, the rental rates will be subject to an economic adjustment based upon the published Bureau of Labor Statistics Indices.

COORDINATION

This item has been coordinated with the following departments: Asset Management, Finance, Management and Budget, and the City Attorney's Office.

SUPPLEMENTARY COMMENTS

The required City of San Antonio Discretionary Contracts Disclosure form completed by the lessee is attached.

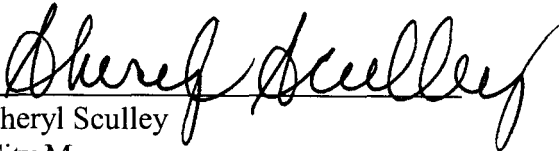


Mark H. Webb
Interim Aviation Director



Roland A. Lozano
Assistant to the City Manager

Approved for Council Consideration:



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.

<p>(1) Identify any individual or business entity that is a party to the discretionary contract:</p> <p align="right">Nayak Aviation, LP</p>
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<p>(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 Box (1):</p> <p><input type="checkbox"/> No partner, parent or subsidiary; or</p> <p>List partner, parent or subsidiary of each party to the contract and identify the corresponding party:</p> <p align="right">Allied Aviation Fueling Company of San Antonio, Inc.</p>
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<p>(3) Identify any individual or business entity that would be a subcontractor on the discretionary contract.</p> <p><input checked="" type="checkbox"/> No subcontractor(s); or</p> <p>List subcontractors:</p>

<p>(4) Identify any lobbyist or public relations firm employed by any party to the discretionary contract for purposes related to seeking the discretionary contract.</p> <p><input checked="" type="checkbox"/> No lobbyist or public relations firm employed; or</p> <p>List lobbyists or public relations firms:</p>

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

(5) Political Contributions

List all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made 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 Box (1), (2), (3) or (4) above, or by the officers, owners of 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:

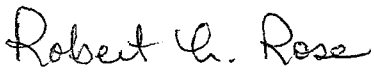
(6) Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city must disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 2-43 of the City Code (Ethics Code), ("conflicts of interest") by participating in official action relating to the 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:

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:  Robert L. Rose	Title: President Company or D/B/A:	Date: 4/6/06
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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.

City of San Antonio
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(1) Identify any individual or business entity¹ that is a party to the discretionary contract:

Nayak Aviation, LP
Allied Aviation Fueling of San Antonio, LP

(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 Box (1).

☐ No partner, parent or subsidiary; or

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

Allied Aviation Fueling Company of San Antonio, Inc.

(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.

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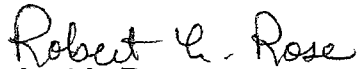
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