

Agenda item #59

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

TO: Sheryl Sculley, City Manager
FROM: Mark H. Webb, Aviation Director
SUBJECT: Lease Agreement with San Antonio Aviation
DATE: June 29, 2006

SUMMARY AND RECOMMENDATIONS

An ordinance authorizing the execution of a Lease Agreement with San Antonio Aviation, Inc. for 27,832 square feet of hangar/office space and 137,445 square feet of ground, preferential ramp and parking space located at Stinson Municipal Airport, for a term of ten (10) years for an annual rental of \$42,109.26 until September 30, 2006 and thereafter at an annual rate of \$45,935.01 through expiration of the Lease.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

San Antonio Aviation, a company employing five (5) individuals, has operated at Stinson as a Fixed-Base Operator since 1981 originally occupying Building No. 602, Building No. 604 and the associated 95,571 square feet of ground space. Subsequently, San Antonio Aviation expanded their Leased Premises to 128,125 square feet of ground/ramp space and 9,320 square feet of parking space. The existing Lease Agreements expired and have continued on a month to month basis, as allowed by the Lease Agreements, as the new business points were being negotiated.

The proposed ten (10) year lease allows adequate time to amortize planned improvements by San Antonio Aviation and replaces the existing month to month Agreements. Under the proposed Lease, San Antonio Aviation has the option of installing two (2) aircraft hangar doors, one provided by San Antonio Aviation and one that the City owns but is not using, on Building 604. They will also be responsible for all associated costs for installing the doors, estimated to be approximately \$12,000 - \$15,000. If this work is completed within nine months of the commencement date of the lease, a rental credit of \$8,500 will be provided (total estimated value to the City for the doors and installation costs is \$30,000). In addition, San Antonio Aviation is required by law to construct a secondary containment system for their fuel truck. If this work is not completed within one hundred and twenty (120) days from approval of this Lease by City Council, the Lease Agreement will automatically terminate.

Permitted uses of the premises include aircraft sales, maintenance, storage, rental, charter, flight instruction and fuel/oil dispensing services.

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

Currently the annual revenue under the existing San Antonio Aviation leases is \$38,087.88. Under the terms of this Lease Agreement, San Antonio Aviation will pay an additional \$4,021.38 thru September 2006 and an additional \$7,865.13 above the current rate beginning October 2006. The ground and parking rates are based on a market rate appraisal and are the same for all leases at Stinson. The projected total annual revenue to the City is outlined below.

From the Commencement Date through September 30, 2006:

<u>Premises</u>	<u>Sq. Ft. Area</u>	<u>Annual Rate Per Sq. Ft.</u>	<u>Annual Rental</u>
Ground Space/Ramp	128,125 ± sq. ft.	\$0.12	\$15,375.00
Parking Lot	9,320 ± sq. ft.	\$0.12	\$1,118.40
Building 602	21,222 ± sq. ft.	\$0.88	\$18,675.36
Building 604	6,610 ± sq. ft.	\$1.05	\$6,940.50
Total			\$42,109.26

Beginning October 1, 2006:

<u>Premises</u>	<u>Sq. Ft. Area</u>	<u>Annual Rate Per Sq. Ft.</u>	<u>Annual Rental</u>
Ground Space/Ramp	128,125 ± sq. ft.	\$0.15	\$19,218.75
Parking Lot	9,320 ± sq. ft.	\$0.12	\$1,118.40
Building 602	21,222 ± sq. ft.	\$0.88	\$18,675.36
Building 604	6,610 ± sq. ft.	\$1.05	\$6,940.50
Total			\$45,953.01

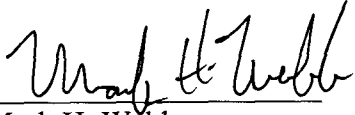
Commencing in 2009, the rental rates will be subject to an adjustment at five-year intervals based upon the Producer Price Index.

COORDINATION

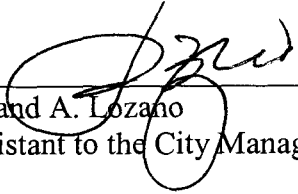
This item has been coordinated with the following departments: Asset Management, Management and Budget, Finance, and the City Attorney's Office.

SUPPLEMENTAL COMMENTS

The required Discretionary Contracts Disclosure Form is attached.

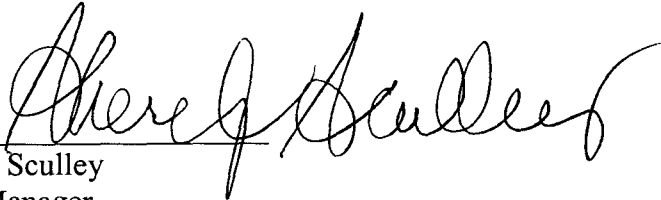


Mark H. Webb
Aviation Director



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.*

(1) Identify any individual or business entity¹ that is a **party** to the discretionary contract:

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

<p><input type="checkbox"/> No subcontractor(s); or</p> <p>List subcontractors:</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><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:

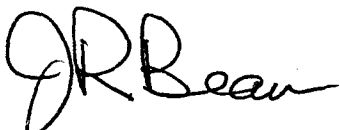
(6) Disclosures in Proposals

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: 	Title: General Manager Company or D/B/A: San Antonio Aviation.	Date: 5-15-06
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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.