



City of San Antonio

Agenda Memorandum

File Number: 16-5303

Agenda Item Number: 11B.

Agenda Date: 10/13/2016

In Control: City Council A Session

DEPARTMENT: Aviation

DEPARTMENT HEAD: Noel T. Jones

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

License Agreement and Amendment to the Lease Agreement at the San Antonio International Airport

SUMMARY:

Consideration of two Ordinances related to property agreements at the San Antonio International Airport:

- A. This Ordinance authorizes an amendment to the lease agreement with VT San Antonio Aerospace, Inc. (VT Aerospace) to remove 128,846 square feet of ground space from Tracts A and B of their leasehold and to add 3,946 square feet to Tract B. Of the total ground space removed, 3,559 square feet will go to the City to use as an easement, while the remaining 125,287 square footage will be for use by the Airport System. The ground rental rates will be adjusted accordingly and the amendment will also incorporate new provisions as required by the Federal Aviation Administration.
- B. This Ordinance authorizes a license agreement with Security Service Federal Credit Union (Security Service) for access to Airport-owned easements to provide an ingress and egress to their property at the southeast corner of the intersection of the frontage road of US Highway 281 North and Jones-Maltsberger. The company will pay the City \$11,680.00 for this agreement and will be responsible for all improvements and maintenance to property within the easement.

BACKGROUND INFORMATION:

Security Service would like to develop their property at the southeast corner for US Highway 281 and Jones-Maltsberger Rd. in order for ingress and egress to the property. The firm needs access to easements which require changes to a leasehold held by VT San Antonio Aerospace and a license agreement with the City of San Antonio.

A. Amendment to Lease Agreement with VT Aerospace

The amendment to the lease agreement will remove a total of 128,846 square feet from Tract A and Tract B of the lease premises and increase Tract B by 3,946 square feet. Of the 128,846 square feet, the City will use 3,599 square feet in the license agreement with the Security Service (Part B) and the remaining 125,287 square feet will be returned to the City for use by the Airport System. VT Aerospace had requested the 125,287 square feet be returned to the City as it did not require the space for their operations. Following the deletion and addition to the leased premises, the ground rental for VT Aerospace will be \$476,772.60.

The lease agreement was originally approved by City Council in 1998 with Dee Howard Co. and last amended in September 2008. With the proposed modifications to the leasehold, the amendment also includes the incorporation of federal and local contract provisions:

- General Civil Rights
- Title VI Cause Compliance With Nondiscrimination Requirements
- Title VI List of Pertinent Nondiscrimination Acts and Authorities
- Federal Fair Labor Standards Act
- Occupational Safety and Health Act of 1970
- City of San Antonio Non-Discrimination Ordinance
- Drug-Free Workplace

B. License Agreement

Security Services has requested a license agreement with the City of San Antonio for access to Airport-owned easements to provide an ingress and egress to their property at the southeast corner of the intersection of the frontage road of US Highway 281 North and Jones-Maltsberger. The first easement is 0.0817 acres and the second easement is 0.1045 acres. Security Service will bear all costs for the design, construction, maintenance and repair of the roadway that will be built on the easements. The license has an indefinite duration subject to the rights of revocation and/or termination agreed upon by both parties.

ISSUE:

City Council authorization is required for license agreements and amendments to lease agreements that reduce or increase the size of the leasehold.

ALTERNATIVES:

City Council could elect to not approve the amendment to the lease agreement with VT Aerospace and license agreement. However, this amendment is needed to provide the full easement Security Service needs to provide its customers and employees access to its building once the property is developed.

FISCAL IMPACT:

A. The annual rental rate included in the amendment will generate \$476,772.60 and will be deposited into the Aviation Operating and Maintenance Fund.

Leased Premises	Area (Square Feet)	Annual Rate	Annual Rent
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Ground Lease for Tracts A and B	1,931,160	\$0.0253	\$711,671.04
Abatement of Ground Rental Abatement for Tracts A and B	1,931,160	0.0101	(\$234,898.44)
Total			\$476,772.60

B. The license fee in the amount of \$11,680.00 will be deposited into the Aviation Operating and Maintenance Fund.

RECOMMENDATION:

Staff recommends approval of both Ordinances for property agreements at the San Antonio International Airport.