



City of San Antonio

Agenda Memorandum

File Number:13-870

Agenda Item Number: 14.

Agenda Date: 11/21/2013

In Control: City Council A Session

DEPARTMENT: Aviation

DEPARTMENT HEAD: Frank Miller

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Amendment to a Lease Agreement with Atherton Properties at San Antonio International Airport

SUMMARY:

This Ordinance authorizes an amendment to a lease agreement with Atherton Properties, Inc. dba HH Aviation (HH Aviation) to exercise the option to extend the term for five years with the option of an additional five years at the San Antonio International Airport. The leasehold consists of 14,311 square feet of hangar space and 34,249 square feet of ground space for an annual rental of \$73,502.53.

BACKGROUND INFORMATION:

HH Aviation is affiliated with HOLT CAT, a Caterpillar dealership, which maintains its corporate offices in San Antonio. HOLT CAT is the largest Caterpillar tractor dealership in the United States. HH Aviation has operated at San Antonio International Airport for 26 consecutive years.

In November 2008, City Council authorized a lease agreement with HH Aviation through Ordinance 2008-11-06-0972 for 14,311 square feet of hangar space and 34,249 square feet of ground space. The term for the agreement was for five years with an option to renew for one ten-year period. The option to renew the lease agreement for the ten years was dependent on HH Aviation meeting certain conditions.

The original five year term expires on November 30, 2013. The Aviation Department and HH Aviation would like to amend the lease agreement to extend the contract term for an additional five years with an option of an additional five years. The leasehold will remain the same.

ISSUE:

City Council authorization is necessary for amendments to lease agreements.

ALTERNATIVES:

City Council could elect to not authorize the amendment with HH Aviation, which would require the tenant to relocate their operations to another location.

FISCAL IMPACT:

Under terms of the amendment, HH Aviation will pay \$3.76 per square foot per year for hangar space and \$0.575 per square foot per year for ground space. These funds will be deposited into the Airport Operating and Maintenance Fund.

Leased Premises	Sq. Ft.	Annual Rate per Sq. Ft	Annual Rental
Hangar	14,311	\$3.76	\$53,809.36
Ground	34,249	\$0.575	\$19,693.17
Total			\$73,502.53

RECOMMENDATION:

Staff recommends approval of an amendment to the lease agreement with Atherton Properties, Inc. dba HH Aviation at the San Antonio International Airport.