



# City of San Antonio

## Agenda Memorandum

**File Number:** 14-1670

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**Agenda Item Number:** 17A.

**Agenda Date:** 8/7/2014

**In Control:** City Council A Session

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**DEPARTMENT:** Aviation

**DEPARTMENT HEAD:** Frank Miller

**COUNCIL DISTRICTS IMPACTED:** Citywide

### **SUBJECT:**

Lease Agreements at San Antonio International Airport

### **SUMMARY:**

Consideration of the following items related to lease agreements at the San Antonio International Airport:

- A. An Ordinance authorizing an amendment to a lease agreement with AM Hangar to redraw the boundaries of the leasehold while maintaining the same square footage.
- B. An Ordinance authorizing a five-year lease agreement with DAL Global Services, LLC for a total of 184 square feet of space generating \$17,371.44 in annual revenue.
- C. An Ordinance authorizing a five-year lease agreement with Air Serv Corporation for a total of 141 square feet of space generating \$13,311.81 in annual revenue.
- D. An Ordinance authorizing a five-year lease agreement with Primeflight Aviation Services, Inc for a total of 272 square feet of space generating \$21,906.88 in annual revenue.

### **BACKGROUND INFORMATION:**

- A. Air Medical (AM Hangar, LLC) has operated as a locally based fixed-wing air ambulance service in South Texas since 2001. The company has been located at the San Antonio International Airport since 2007. In January 2009, City Council approved a three-year lease agreement with two one-year options with

AM Hanger for 23,311 square feet of ground space and 16,356 square feet of hangar space within Hangar 6 through Ordinance No. 2009-01-15-0017. In June 2012, City Council authorized an amendment to the lease agreement for a five-year extension for the premises through Ordinance 2012-06-14-0431. Currently, AM Hangar shares a parking lot with another tenant and would like to modify the boundaries of its leasehold in order to have a dedicated parking lot. The new boundaries will not affect the total square footage of the leasehold.

- B. DAL Global Services, LLC (DGS) provides aircraft ground handling and customer service operations for various tenants since 1997. They require office space and common area for their operations.

The lease agreement is for five years and includes Room 2039 at 163 square feet and 21 square feet of common use in Terminal A. The lease agreement will generate \$17,371.44 in annual revenue.

- C. Air Serv Corporation (Air Serv) provides wheelchair assistance service to airline passengers of Southwest Airlines, Interjet Airlines and Alaska Airlines. The firm has been a tenant since 2002.

The lease agreement is for five years and includes Room 2048 at 124 square feet and 17 square feet of common use in Terminal A. The lease agreement will generate \$13,311.81 in annual revenue.

- D. Primeflight Aviation Services, Inc. (Primeflight) provides wheelchair assistance service to airline passengers for the airlines not served by Air Serv. The firm has been a tenant since 2011.

The lease agreement is for five years and includes 272 square feet of office space, Room B1A-034, located in Terminal B.

## **ISSUE:**

City Council authorization is required for lease agreements and their amendments.

## **ALTERNATIVES:**

- A. City Council could elect to not authorize the amendment. However, the redrawn boundaries provide a new location for a parking lot for the tenant and reduce conflicts with other tenants over parking.

- B.-D. City Council could elect to not authorize these lease agreements for space in Terminals A and B. These services are necessary to support the operations for the airlines serving the San Antonio International Airport.

## **FISCAL IMPACT:**

- A. There is no fiscal impact with the amendment as the total square footage and other terms remain the same.
- B. The DGS lease agreement generates \$17,371.44 in annual revenue and will be deposited into the Airport Operating and Maintenance Fund. The annual rate per square foot is \$94.41.

	<u>Area (Sq. Ft)</u>	<u>Annual Rate per Sq. Ft (Term. A)</u>	<u>Annual Rental</u>
Room 2039	163	\$94.41	\$15,388.83
Common Use	21	\$94.41	\$ 1,982.61
<b>Total</b>			<b>\$17,371.44</b>

C. The Air Serv lease agreement generates \$13,311.81 in annual revenue and will be deposited into the Airport Operating and Maintenance Fund. The annual rate per square foot is \$94.41.

	<u>Area (Sq. Ft)</u>	<u>Annual Rate per Sq. Ft (Term. A)</u>	<u>Annual Rental</u>
Room 2048	124	\$94.41	\$11,706.84
Common Use	17	\$94.41	\$ 1,604.97
<b>Total</b>			<b>\$13,311.81</b>

D. Primeflight lease agreement generates \$21,906.88 in annual revenue and will be deposited into the Airport Operating and Maintenance Fund. The annual rate per square foot is \$80.54.

	<u>Area (Sq. Ft)</u>	<u>Annual Rate per Sq. Ft (Term. B)</u>	<u>Annual Rental</u>
Room B1A-034	272	\$80.54	\$21,906.88

**RECOMMENDATION:**

Staff recommends authorization of an amendment to a lease agreement with AM Hangar, LLC. Staff also recommends authorization of five year lease agreements with DGS, Air Serv and Primeflight.