



City of San Antonio

Legislation Details (With Text)

File #:	19-2598
Type:	Real Property Lease
In control:	City Council A Session
On agenda:	4/4/2019
Title:	Ordinance extending the lease agreement with Cutter Aviation San Antonio, Inc. at 367 Sandau Road at the San Antonio International Airport for an additional year to March 31, 2020, for the annual rate of \$121,614.60 in rental revenue for the Airport Operating and Maintenance Fund. [Carlos Contreras, Assistant City Manager; Russell Handy, Director, Aviation]
Sponsors:	
Indexes:	Aviation Lease Agreements
Code sections:	
Attachments:	1. Cutter Aviation Disclosure Form, 2. Cutter Aviation Lease Amendment, 3. Draft Ordinance, 4. Ordinance 2019-04-04-0271

Date	Ver.	Action By	Action	Result
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DEPARTMENT: Aviation

DEPARTMENT HEAD: Russell J. Handy

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Amendment to Lease Agreement with Cutter Aviation, Inc. at San Antonio International Airport

SUMMARY:

This ordinance will authorize an amendment to the lease agreement with Cutter Aviation, Inc. (Cutter) at 367 Sandau Road at the San Antonio International Airport to extend the term for one year, commencing on April 1, 2019. The original term was for five years and the leasehold includes 26,902 square feet of building space in two hangars and 108,769 square feet of ground space. The rental rate will generate \$121,614.40 in annual revenue. The rental rate is 15% over the current rental rate and follows the department policy to apply a 15% rate increase every five years.

BACKGROUND INFORMATION:

Cutter has been a tenant at the airport since 1998 and provides aircraft sales and maintenance at 367 Sandau Rd.

In March 2014, City Council authorized a five-year lease agreement for 16,054 square feet for Hangar 1, 10,848 square feet for Hangar 2 and 108,769 square feet of ground space.

ISSUE:

This ordinance will authorize an amendment to the lease agreement with Cutter at the airport to extend the term for one year, commencing on April 1, 2019. The rental rate will generate \$121,614.40 in annual revenue. City Council authorization is required for amendments to lease agreements that extend the term for more than six months.

ALTERNATIVES:

City Council could elect to not authorize the amendment with Cutter. The tenant has asked for an additional year to the term and the Aviation Department has reviewed the request and supports it. This amendment will generate \$121,614.40 in revenue for the Aviation Operating and Maintenance Fund.

FISCAL IMPACT:

This ordinance will authorize an amendment to the lease agreement with Cutter at the airport to extend the term for one year, commencing on April 1, 2019. This amendment will generate \$121,614.40 in revenue for the Aviation Operating and Maintenance Fund. The rental rate is 15% over the current rental rate following the standard policy of lease agreements to increase the rental rate 15% every five years.

RECOMMENDATION:

Staff recommends approval of the amendment to the lease agreement with Cutter at the San Antonio International Airport.