



# City of San Antonio

## Agenda Memorandum

**File Number:**16-5389

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**Agenda Item Number:** 12.

**Agenda Date:** 11/3/2016

**In Control:** City Council A Session

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**DEPARTMENT:** Aviation

**DEPARTMENT HEAD:** Noel T. Jones

**COUNCIL DISTRICTS IMPACTED:** Citywide

### **SUBJECT:**

Lease Agreement with Imperial Aviation, LLC

### **SUMMARY:**

This Ordinance authorizes a lease agreement with Imperial Aviation, LLC dba Gateone (Imperial Aviation) at Stinson Municipal Airport for fixed-based operations. The new lease agreement will consolidated the two lease agreements with Imperial Aviation by City Council on April 30, 2015. The lease agreement will include an office within the Stinson Terminal Building that will allow the tenant to sublease to a charter business and reduces the ground that was incorporated into a Texas Department of Transportation (TXDOT) project.

The term of the new agreement is eight years with the option to extend for an additional five years. The agreement is expected to generate revenue in the amount of \$119,003.19 annually.

### **BACKGROUND INFORMATION:**

On April 30, 2015, City Council consented to two assignment and assumption agreements for Imperial Aviation with Stinson Jet Center, LLC and San Antonio Aviation, LLC which allowed Imperial Aviation to begin their fixed-based operations in June 2015 at Stinson Municipal Airport.

In June 2016, the City authorized a six-month lease agreement with Imperial Aviation for an office (Suite 101) within the Stinson Terminal Building to sublease to Texas Air Shuttle. The short-term lease agreement will expire on December 1, 2016. Imperial Aviation would like to incorporate this space within the lease agreement. In addition, approximately 7,400 square feet of ground spaces needs to be removed from the leasehold as it was

incorporated into a TXDOT project. With these modifications, the leasehold within this lease agreement will include:

- 49,054 square feet of Hangar Space
  - 21,222 square feet of hangar space (Hangar 1)
  - 21,222 square feet of hangar space (Hangar 2)
  - 6,610 square feet of hangar space (Hangar 3)
- 220,192 square feet of Ground Space
  - 96,014 square feet of ground space (Hangar 1)
  - 124,178 square feet of ground space (Hangar 2 and Hangar 3)
- 18,657 square feet of Parking Space
  - 9,337 square feet of parking space (Hangar 1)
  - 9,320 square feet of parking space (Hangar 2 and Hangar 3)
- 2,811 square feet of Building/Terminal Space
  - 689 square feet of building space (Building 659)
  - 2,122 square feet of office space within Terminal Building (Suites 101, 108 and 109)

The original term of both lease agreements was set to expire on January 31, 2024 with the option to extend for an additional five years. Under the new lease agreement the lease agreement will expire on April 30, 2024 and has the option to be extended for an additional five years.

As the fixed-based operator at Stinson, Imperial Aviation provides aircraft fueling, aircraft parking (ramp or tiedown), aircraft maintenance, aircraft parts, and hangars. The company also has a pilot's lounge and passenger terminal and provides for catering, courtesy cars (free for pilots to use in the local area), rental cars, computerized weather and internet access, showers and public telephone.

#### **ISSUE:**

City Council is required to approve lease agreements with terms over six months.

#### **ALTERNATIVES:**

City Council can choose not to authorize to the authorization of a new lease agreement with Imperial Aviation. However, approval of this Ordinance will allow the City and Imperial Aviation to utilize a single lease agreement rather than two separate agreements, providing simplicity and consistency.

#### **FISCAL IMPACT:**

The agreement will generate an annual revenue amount of \$119,003.19. The rental amounts will increase 15 percent at the beginning of the sixth lease year and every five years thereafter during the term.

Leased Premises	Sq. Ft.	Rental Rate	Annual Rental
Hangar 1	21,222	\$0.0828	\$21,087.24

<b>Ground Space (Hangar 1)</b>	96,014	\$0.0142	\$16,322.40
<b>Parking Space (Hangar 1)</b>	9,337	\$0.0116	\$1,294.56
<b>Building 659</b>	689	\$0.1608	\$1,329.48
<b>Hangar 2</b>	21,222	\$0.0847	\$21,577.32
<b>Hangar 3</b>	6,610	\$0.1011	\$8,019.12
<b>Ground Space (Hangar 2 and Hangar 3)</b>	124,178	\$0.0142	\$21,110.28
<b>Parking Space (Hangar 2 and Hangar 3)</b>	9,320	\$0.0116	\$1,292.16
<b>Suite 101</b>	141	\$0.9167	\$1,551.00
<b>Suite 108</b>	1,477	\$0.9167	\$16,247.04
<b>Suite 109</b>	504	\$0.9167	\$5,544.00
<b>Common Area Maintenance for Suites 101, 108 and 109</b>	2,122	\$0.1425	\$3,628.59
<b>Total</b>			<b>\$119,003.19</b>

#### **RECOMMENDATION:**

Staff recommends the authorization of a lease agreement with Imperial Aviation for fixed-based operations at the Stinson Municipal Airport.