



City of San Antonio

Agenda Memorandum

File Number: 16-6197

Agenda Item Number: 15.

Agenda Date: 3/9/2017

In Control: City Council A Session

DEPARTMENT: Aviation

DEPARTMENT HEAD: Russell Handy

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Lease Agreement with M7 Aerospace, LLC at the San Antonio International Airport

SUMMARY:

This Ordinance authorizes a lease agreement with M7 Aerospace, LLC (M7) for Hangar 4 at 10440 John Cape Road and 40,814 square feet for ground space and six parking spaces. The term of the agreement will be for one year with the option for the City to extend for an additional year. The agreement will generate \$142,013.38 in annual revenue.

BACKGROUND INFORMATION:

M7 began operations at the San Antonio International Airport in 2003 as a Maintenance, Repair and Overhaul service facility with airframe, avionics, electrical, power plant, and interior capabilities. M7 also provides custom corporate interiors for regional airliners, business aircraft and helicopters. It was bought by Elbit Systems of America in 2010. The firm currently has a lease agreement for 901,530 square feet of ground space and 437,940 square feet of building spaces on the north side of the airfield.

M7 would like to lease Hangar 4 at 10440 John Cape Road, which is located east of the terminal buildings, for the storage and maintenance of two aircraft and related office functions. M7 will occupy 40,814 square feet of Hangar 4 and ground space as well as 972 square feet of parking space. The term of the agreement is one-year with the option at the City's discretion for a one-year renewal.

ISSUE:

City Council authorization is required for lease agreements.

ALTERNATIVES:

City Council could elect to not authorize the lease agreement. However, with the lease agreement, M7 will be able to store and maintain two aircraft for up to two years, given the City’s approval, and the City will receive revenue for space not being utilized.

FISCAL IMPACT:

Under the terms of the lease agreement, the City will receive \$142,013.38 annually which will be deposited into the Operating and Maintenance Fund of the Aviation Department.

<u>Leased Premises</u>	<u>Sq. Ft.</u>	<u>Annual Rate Per Sq. Ft.</u>	<u>Annual Rental</u>
Ground Lease	40,814	\$0.40	\$ 16,325.60
Hangar 4	40,814	\$3.07	\$125,298.98
Parking Spaces	972	\$0.40	\$ 388.80
Total			\$142,013.38

RECOMMENDATION:

Staff recommends the authorization of a lease agreement with M7 Aerospace, LLC for Hangar 4 at 10440 John Cape Road at the San Antonio International Airport.