



City of San Antonio

Agenda Memorandum

File Number:17-4102

Agenda Item Number: 9.

Agenda Date: 8/3/2017

In Control: City Council A Session

DEPARTMENT: Aviation

DEPARTMENT HEAD: Russell J. Handy

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

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

SUMMARY:

This Ordinance authorizes an amendment to a lease agreement with M7 Aerospace, LLC (M7) to add 31,737 square feet of ramp space and 3,078 square feet for additional vehicle space to the premises located at 1440 John Cape Road at the San Antonio International Airport. The additional space will generate \$13,926.00 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 purchased by Elbit Systems of America in 2010. The firm currently has two lease agreements at the San Antonio International Airport: a lease agreement for 901,530 square feet of ground space and 437,940 square feet of building spaces at 10823 NE Entrance Road through Ordinance 2010-11-18-0980; and 40,814 square feet of ground space of Hangar 4 and 972 square feet of parking space at 10440 John Cape Road approved by City Council on March 9, 2017.

M7 would like to add 31,737 square feet of ramp space and 3,078 square feet for additional vehicle space to the March 9, 2017 lease agreement amendment for the John Cape Road property. The additional space will allow the firm to park their aircraft on the ramp. The term of the agreement expired in March 2018 and the amendment will not change the term of the agreement. There is an option for a one-year extension renewal at

the City's discretion.

ISSUE:

City Council authorization is required for lease agreements over six months for the San Antonio Airport System. Approval of the agreement is consistent with City policy to lease City-owned property to generate revenue.

ALTERNATIVES:

City Council could elect to not authorize the amendment to the lease agreement with M7. However, this would cause M7 to not utilize the ramp space and parking spaces the firm needs.

FISCAL IMPACT:

Under the terms of the amendment to the lease agreement, the City will receive an additional \$13,926.00 annually in revenue 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</u> <u>Sq. Ft.</u>	<u>Annual Rental</u>
Ground Lease	31,737	\$0.40	\$ 12,694.80
Parking Spaces	3,078	\$0.40	\$ 1,231.20
Total			\$ 13,926.00

RECOMMENDATION:

Staff recommends the approval of the amendment to the lease agreement with M7 at the San Antonio International Airport.