



City of San Antonio

Agenda Memorandum

File Number:18-4613

Agenda Item Number: 13.

Agenda Date: 8/30/2018

In Control: City Council A Session

DEPARTMENT: Aviation

DEPARTMENT HEAD: Russell J. Handy

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Master Lease Agreement for the West Air Cargo Facility at San Antonio International Airport

SUMMARY:

This ordinance authorizes a standard lease agreement for the West Air Cargo Facility at the San Antonio International Airport. The agreement sets rental rates for the facility and the use of the agreement will commence on November 1, 2018 and will be automatically renewed for one-year periods through October 31, 2023.

BACKGROUND INFORMATION:

The West Air Cargo Facility is located at 10000 John Saunders Road. The city utilizes a standard lease agreement for this facility as it is comprised of 32 cargo bays that are the same size with same amenities. These leases are essentially uniform for all users of the cargo building. The agreement will be substantially in the same form for existing tenants renewing their agreements as well as new prospective tenants. A master lease agreement has been in place for the West Cargo Facility since January 2009.

Under the agreement, the following uses of the premises are allowed:

- ground support equipment maintenance;
- parking and maintenance of ground service equipment and ground vehicles;
- aircraft maintenance;
- cargo operations and warehousing, including handling, processing, loading, unloading, sorting, warehousing and central distribution of air freight and air cargo; and,

- general office uses related to and necessarily incidental to air freight and cargo operations.

Any other uses will require the advance written approval of the Aviation Director.

The current standard agreement expires on October 31, 2018. The use of the new agreement and rates will commence on November 1, 2018. A copy of the lease agreement is attached.

ISSUE:

This ordinance authorizes a standard lease agreement for the West Air Cargo Facility. The agreement sets rental rates for the facility and the use of the agreement will commence on November 1, 2018 and is effective through October 31, 2023.

The continuation of air cargo operations facilitates aviation-related commerce and assists in the flow of goods in and out of San Antonio. Approval of the lease agreement is consistent with city policy to generate revenue by leasing city-owned property.

ALTERNATIVES:

City Council could elect not to approve this item and direct that each cargo bay be negotiated separately and presented individually for City Council consideration. The Master Lease Agreement method has been a proven method to efficiently and effectively to approve lease agreements for the West Cargo Facility.

FISCAL IMPACT:

Rental rates were developed through an appraisal performed by Valbridge Property Advisors in May 2018. The effective annual rental rate of this lease is \$9.07 per square foot. The rate is comprised of a market-value component of \$6.11 per square foot, based on an appraisal conducted in May 2018; Operations and Maintenance Fee of \$1.53 per square foot, which is 25% of the appraised rate; and a utility charge of \$1.43 per square foot, based on an average of last year's utility usage. The utility charge will be adjusted annually based on actual utility billing from the utility provider and includes any environmental fees that CPS Energy fees may impose.

If all bays are leased during the first year, the annual revenue generated for the 65,280 square foot facility is \$594,992.00.

Rental Terms	Amount
Monthly	\$49,582.67
Annual	\$594,992.00

RECOMMENDATION:

Staff recommends the authorization of a standard lease agreement commencing on November 1, 2018 through October 31, 2023 for the West Air Cargo Facility at San Antonio International Airport.