



# City of San Antonio

## Agenda Memorandum

**File Number:**19-2598

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**Agenda Item Number:** 13.

**Agenda Date:** 4/4/2019

**In Control:** City Council A Session

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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.