



# City of San Antonio

## Agenda Memorandum

**File Number:**19-6891

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**Agenda Item Number:** 13A.

**Agenda Date:** 9/19/2019

**In Control:** City Council A Session

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**DEPARTMENT:** Aviation

**DEPARTMENT HEAD:** Russell J. Handy

**COUNCIL DISTRICTS IMPACTED:** Citywide

### **SUBJECT:**

Lease Agreements with Sky Safety, Inc.at the Stinson Municipal Airport

### **SUMMARY:**

City Council consideration of the following ordinances related to the lease agreements with Sky Safety, Inc., DBA Sky Safety Flight Academy (Sky Safety) at Stinson Municipal Airport (Stinson), which will commence on October 17, 2019 for an initial term of five years with the option to extend for two, one-year periods:

- A. Ordinance approving a lease agreement for Suite 206 within the Terminal Building. The 4,476 square feet of office space will generate \$52,413.96 annually for the Airport Operating and Maintenance Fund. Valbridge Property Advisors completed the Market Rent Study for Stinson Terminal Building in July 2018.
- B. Ordinance approving a lease agreement for 140,972 square feet of ground space; 9,998 square feet in Hangar 9; and 9,645 square feet in Hangar 10. The agreement will generate \$58,257.64 annually for the Airport Operating and Maintenance Fund.

### **BACKGROUND INFORMATION:**

Sky Safety has operated at Stinson Municipal Airport since 1999. The firm provides all the required training for private pilot, instrument rating and commercial pilot certificates. Their program is approved and conducted under Federal Aviation Regulations (FAR) Part 141.

Sky Safety leases from the City Hangars 9 and 10 at Stinson for aircraft sales, maintenance, storage, rental, charter and flight instruction. The firm requested a lease renewal to continue operation. The current lease

agreement will expire on October 16, 2019.

Sky Safety recently received a contract that requires more classroom space and has requested a separate lease agreement for the additional space within the Terminal Building at Stinson for aviation flight training and administrative activities.

#### **ISSUE:**

City Council authorization is required for lease agreements with terms more than six months. These two ordinances will allow Sky Safety to continue its operations at Stinson and expand its business into the Terminal Building.

#### **ALTERNATIVES:**

City Council could elect to not approve these two lease agreements with Sky Safety. However, if these agreements are not approved, Sky Safety will have to find another location for its operations and Stinson will lose a tenant.

#### **FISCAL IMPACT:**

- A. This lease agreement for Terminal space will generate \$52,413.96 annually, which will be deposited into the Airport Operating and Maintenance Fund. The rental rate was determined by the Market Rent Study for Stinson Terminal Building completed by Valbridge Property Advisors in July 2018. Upon the expiration of the primary lease term of five years, the rental amount will be increased by 15%.

	Area (Sq Ft)	Annual Rate / Sq. Ft	Annual Rental
Suite 206	4,476	\$10.00	\$44,760.00
Common Area Maintenance	4,476	\$1.71	\$7,653.96
<b>Total</b>			<b>\$52,413.96</b>

- B. The lease agreement for Hangars 9 and 10 will generate \$58,257.64 annually, which will be deposited into the Airport Operating and Maintenance Fund. The appraisal for both hangars was completed in November 2018 by Eckmann & Groll. Unlike Hangar 10, Hangar 9 has restrooms, classroom and office area, which is reflected in the higher rental rate. Upon the expiration of the primary lease term of five years, the rental amount will be increased by 15%.

Area (Sq Ft)			
Annual Rate / Sq. Ft			
Annual Rental			
Ground space	140,972	\$0.20	\$28,194.40
Hangar 9	9,998	\$1.83	\$18,296.34
Hangar 10	9,645	\$1.22	\$11,766.90

<b>Total</b>			<b>\$58,257.64</b>
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**RECOMMENDATION:**

Staff recommends approval of both lease agreements with Sky Safety at Stinson Municipal Airport.