



City of San Antonio

Agenda Memorandum

File Number:20-5637

Agenda Item Number: 19.

Agenda Date: 12/10/2020

In Control: City Council A Session

DEPARTMENT: Aviation

DEPARTMENT HEAD: Jesus H. Saenz, Jr., IAP

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Lease Agreement with Imperial Aviation, LLC, dba Gateone for Hangar 7 at Stinson Municipal Airport

SUMMARY:

This Ordinance authorizes a lease agreement with Imperial Aviation, LLC, dba Gateone (Gateone) for Hangar 7 and 20,068 square feet of ground space at the Stinson Municipal Airport (Stinson). The term of the agreement will commence effective December 1, 2020 for an initial term of three years with the option to extend for two, one-year periods. The leasehold is located at 8523 Mission Road. The lease agreement will generate \$10,352.15 in annual revenue to be deposited in the Airport Operating and Maintenance Fund. The rental rate is based on an appraisal performed by Valbridge Property Advisors on June 23, 2020.

BACKGROUND INFORMATION:

Pursuant to a separate lease agreement approved by City Council in April 2015, GateOne serves as the Fixed-Based Operator (FBO) at Stinson and provides aircraft fueling, aircraft parking (ramp or tiedown), aircraft maintenance, aircraft parts, and hangars services as well as courtesy services such as rental cars that are free for pilots to use in the local area. The company also has a pilot's lounge in the terminal and provides for catering, rental cars, computerized weather and internet access, showers and public telephone.

In 2017, the tenant identified the need for additional hangar and ground space to support its operations. The City identified Hangar 7 and negotiated a lease agreement with GateOne. In May 2017, City Council authorized a three-year lease agreement for Hangar 7 and ground space to GateOne.

ISSUE:

The current lease agreement for Hangar 7 and ground space will expire on November 30, 2020. Gateone requires the 9,161 square feet of hangar and office space and 20,068 square feet of ground space to support its FBO activities. The proposed initial term for three years will commence effective December 1, 2020 with the option to extend for two, one-year periods.

City Council is required to approve lease agreements with terms over six months.

ALTERNATIVES:

City Council could choose not to authorize the lease agreement with Gateone which would result in the loss of annual revenue in the amount of \$10,352.15 and may impact Gateone's ability to provide its advertised services to its customers.

FISCAL IMPACT:

The agreement will generate annual revenue in the amount of \$10,352.15 to be deposited in the Airport Operating and Maintenance Fund. The rental rate is based on an appraisal performed by Valbridge Property Advisors on June 23, 2020. The rental rate will increase by 15 percent upon the expiration of the initial three-year term.

Leased Premises	Sq. Ft.	Rental Rate	Annual Rental
Hangar 7	9,161	\$0.67	\$6,137.87
Ground Space (Hangar 7)	20,068	\$0.21	\$4,214.28
Total			\$10,352.15

RECOMMENDATION:

Staff recommends the approval of a lease agreement with Imperial Aviation, LLC, dba Gateone at Stinson Municipal Airport.