



# City of San Antonio

## Agenda Memorandum

**File Number:**

---

**Agenda Item Number:** 12

**Agenda Date:** November 9, 2023

**In Control:** City Council A Session

---

**DEPARTMENT:** Aviation Department

**DEPARTMENT HEAD:** Jesus H. Saenz Jr.

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

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

**SUMMARY:**

This ordinance authorizes a master lease agreement for the West Air Cargo Facility at the San Antonio International Airport. The agreement sets rental rates for the facility for a five-year period and the use of the agreement will commence on November 1, 2023 through October 31, 2028. Each bay will generate \$23,750.40 annually which will be deposited into the Airport Operating and Maintenance Fund.

**BACKGROUND INFORMATION:**

The West Air Cargo Facility is located at 10000 John Saunders Road with access to the Air Operations Area (AOA). The city utilizes a standard lease agreement for this facility as it is comprised of 34 cargo bays that are the same size with cross docking capabilities and 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.

Tenants may use these premises for ground support equipment maintenance, aircraft maintenance, and cargo operations and warehousing, including handling, processing, loading, unloading, sorting, warehousing and central distribution of air freight and air cargo; the parking and maintenance of ground service equipment and ground vehicles as well as general office uses related to and necessarily incidental to air freight and cargo operations.

#### **ISSUE:**

This ordinance authorizes a master 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, 2023 through October 31, 2028.

This action supports the City's policy to generate non-airline 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:**

This ordinance authorizes a master lease agreement for the West Air Cargo Facility at the San Antonio International Airport. The agreement sets rental rates for the facility for a five-year period and the use of the agreement will commence on November 1, 2023 through October 31, 2028. The rental rates were developed through an appraisal performed by JLL in September 2023. The effective annual rental rate for the first year of this lease agreement is \$12.37 per square foot. The rate is comprised of a market-value component of \$9.59 per square foot, based on the appraisal, Operations and Maintenance Fee of \$1.33 per square foot; and, a utility charge of \$1.45 per square foot. The utility charge will be adjusted annually on October 1, based on actual utility billing from the Utility provider and includes any environmental fees CPS Energy may impose. Each bay will generate \$23,750.40 annually which will be deposited into the Airport Operating and Maintenance Fund. If all bays are leased during the first year, the annual revenue generated for the West Air Cargo Facility is \$807,513.60.

#### **RECOMMENDATION:**

Staff recommends the approval of the master lease agreement for the West Cargo Facility at the San Antonio International Airport.