



# City of San Antonio

## Agenda Memorandum

### File Number:

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**Agenda Item Number:** 10

**Agenda Date:** November 21, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Aviation Department

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

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Lease Agreement with Ocotillo Aviation, LLC. at the Stinson Municipal Airport

**SUMMARY:**

This ordinance approves a lease agreement with Ocotillo Aviation, LLC. at Stinson Municipal Airport. The agreement includes ground space and four buildings at 8619 Mission Road and four future box hangars at 1226 99<sup>th</sup> Street. Ocotillo Aviation, LLC will construct four new box hangars during the 30-year term of the agreement.

The lease agreement will generate an estimated annual revenue of \$81,600.64 during the first five years of the agreement, which commences upon approval of the lease agreement, which will automatically increase 15% every five years. Once the new box hangars are constructed, their rental rates will be included in the rental rate. Revenues from this agreement will be deposited into the Airport Operating and Maintenance Fund.

**BACKGROUND INFORMATION:**

Ocotillo Aviation, LLC has been a tenant at Stinson Municipal Airport when it was assigned the lease agreement held by Check-Six. Currently, the tenant leases 214,356 square feet of ground

space which includes four buildings (616A, 616B, 616C and 673). Octotillo Aviation uses the leasehold for aircraft storage and various aeronautical activities.

Ocotillo Aviation would like to grow their leasehold to include the construction of four new box hangars. The lease agreement includes an additional 135,300 square feet which Ocotillo will construct four new box hangars on it. After seven years and six months of the issuance of a Certificate of Occupancy, Ocotillo will start paying rent on the new buildings.

#### **ISSUE:**

This ordinance approves a lease agreement with Ocotillo Aviation, LLC. at Stinson Municipal Airport. The agreement includes ground space and four buildings at 8619 Mission Road and four future box hangars at 1226 99th Street. Ocotillio Aviation, LLC will construct four new box hangars during the 30-year term of the agreement.

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#### **ALTERNATIVES:**

City Council can elect to decline approval of the agreement with Ocotillo Aviation, LLC. However, such a decision could negatively impact Stinson Municipal Airport growth, potentially resulting in the loss of a long-standing tenant and the associated revenue it generates and impeding the continued development.

#### **FISCAL IMPACT:**

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#### **RECOMMENDATION:**

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