



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 12

Agenda Date: December 9, 2021

In Control: City Council A Session

DEPARTMENT: Aviation Department

DEPARTMENT HEAD: Jesus H. Saenz Jr.

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Amendment to the lease agreement with Ocotillo Aviation, LLC at Stinson Municipal Airport

SUMMARY:

This Ordinance approves the amendment to the lease agreement with Ocotillo Aviation, LLC (Ocotillo) for its leasehold located at 8619 Mission Road at Stinson Municipal Airport to extend the term for one year through June 30, 2033. This action is anticipated to generate \$123,397.56 in annual revenue which will be deposited in the Airport Maintenance and Operating Fund.

BACKGROUND INFORMATION:

Ocotillo provides T-Hangar space for general aviation aircraft at Stinson and has been a tenant at Stinson since 2007, when the City Council authorized an assignment of a lease agreement with Check-Six Aviation, Inc. to Ocotillo. In 2018, City Council authorized an amendment to the lease agreement that extended the lease agreement to June 30, 2032 in exchange for providing capital improvements into the leasehold. Specifically, Ocotillo will provide a minimum capital investment of at least \$300,000.00 to the lease property, including but not limited to, the construction of a new 8,500 square foot hangar facility which must begin within 12 months of the execution of the amendment. In exchange, the City extended the term and allowed Ocotillo to

retain the titles of Building 673, Hangar 11 and Hangar 12 through June 30, 2032 and add an additional 24,308 square feet of ground space.

ISSUE:

Ocotillo began construction of the box hangars but was delayed by the requirement to perform a National Environmental Policy Act Archeological Survey which caused Ocotillo to incur unexpected costs such as loss of ground rents, loss of potential income and increased costs for materials and services. The City and Ocotillo agreed to extend the term of the agreement and allow Ocotillo to retain the titles of Hangars 11, 12, 13 and 673 and all fixtures until June 30, 2033.

ALTERNATIVES:

City Council could elect to not authorize the amendment to the lease agreement which would result in the contract terms remaining as described in the current agreement.

FISCAL IMPACT:

This amendment will authorize the extension of the term of the agreement for one year which is anticipated to generate \$123,397.56 in airport revenue and will be deposited into the Airport Operating and Maintenance Fund.

RECOMMENDATION:

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