



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 15

Agenda Date: April 6, 2023

In Control: City Council A Session

DEPARTMENT: Aviation Department

DEPARTMENT HEAD: Jesus H. Saenz Jr.

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Lease Agreement with Rocking M Hangar Services, LLC at the San Antonio International Airport

SUMMARY:

This ordinance approves a lease agreement with Rocking M Hangar Services, LLC for a 26,896 square foot hangar building and 108,900 square feet of ground space located at 347 Sandau Road at the San Antonio International Airport with an annual rental rate of \$272,176.00 which will be deposited into the Airport Operating and Maintenance Fund as non-aeronautical revenue.

The primary term of the agreement is for 10 years and may be extended for an additional term of five years subject to a minimum capital investment of the premises, approved in advanced by the Aviation Director, in the amount of \$1,000,000.00. This lease can be extended for a second period in the amount of five years subject to a minim capital investment of \$500,000.00, approved in advance by the Aviation Director.

BACKGROUND INFORMATION:

Rocking M Hangar Services has leased a hangar at 347 Sandau Road at the San Antonio International Airport since 2002. The firm uses the 26,896 square foot hangar building for office space and for the operation, maintenance and repair of noncommercial aircraft. The hangar building was constructed in 2003. The current lease agreement expired on March 1, 2023 and has continued operations under the holdover provisions while the new lease agreement was negotiated.

ISSUE:

As a requirement to extend the term of the lease beyond the initial 10 years, Rocking M Hangar Services will be required to perform capital improvements or upgrades as approved by the Aviation Director, in the amount of \$1 million on or before the expiration of the first eight years of the primary term. If the tenant wishes to extend the term for an additional five-year period, the tenant must make a minimum capital investment or upgrades in the amount of \$500,000.00 as approved by the Aviation Director on or before the expiration of the first four years of the first extension (or on or before the expiration of the fourteenth year of the agreement).

ALTERNATIVES:

City Council could elect to not approve the lease agreement with Rocking M Hangar Service which would require the tenant to find a new location and the City to identify a new tenant for the facility.

FISCAL IMPACT:

This ordinance approves a lease agreement with Rocking M Hangar Services, LLC for a 26,896 square foot hangar building and 108,900 square feet of ground space located at 347 Sandau Road at the San Antonio International Airport with annual rental rate of \$272,176.00 which will be deposited into the Airport Operating and Maintenance Fund. The annual rental rates will increase by 15% in year five. At the end of the tenth lease year, a new appraisal of the premises will be performed and the ground and building rental rates will be reset. At the end of the fifteenth lease year, the rental rates will be subject to the 15% increase.

RECOMMENDATION:

Staff recommends approval of a lease agreement with Rocking M Hangar Services, LLC for a hangar building and ground space located at 347 Sandau Road at the San Antonio International Airport