



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting October 14, 2025
Second Reading Ordinance for the City Council Meeting November 11, 2025

DATE: September 26, 2025

TO: Peter Zaroni, City Manager

FROM: Jeremy Valgardson, Interim Director of Aviation
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Ordinance authorizing a forty-year lease agreement with The Texan Stores to construct and operate a convenience store and fueling station at the Corpus Christi International Airport (CCIA).

CAPTION:

Ordinance authorizing execution of a 40-year lease agreement with Dlugosch III, LLC, DBA The Texan Stores, with one additional 10-year option to renew, for eight acres at the Corpus Christi International Airport to construct and operate a convenience store and fueling station; and providing for publication and an effective date. (28-day delay required between readings)

SUMMARY:

The proposed lease agreement is between the City of Corpus Christi and The Texan Stores for premises located at the front of Corpus Christi International Airport for an initial term of forty years with one option to extend the term for an additional ten years. The monthly rent for the unimproved land will be \$2,264.85 for a total annual rent of \$27,178.16 during which The Texan Stores will begin construction. Following the issuance of the certificate of occupancy or twelve months after the effective date, whichever comes first, rent will increase to a monthly total of \$4,355.45 for a total annual rent of \$52,265.70.

Rental rates will be adjusted every five years based off the most current appraisal report conducted by a third-party entity to ensure the airport receives fair market value. The base raw land lease rate was determined through a market appraisal report completed by *Aviation Management Consulting Group* in 2023 and negotiated to meet fair market value per FAA standards.

The proposed 8-acre unimproved land will include a convenience store of 11,978 SF, gas canopies comprised of 28 pumps, and diesel canopies with 4 pumps.

The lease is also structured to account for fuel flowage fees. Per The Texan calculations, the expected fuel flowage revenue for the first operating year is \$108,888.00.

Construction is projected to span 8 months following issuance of the construction permit.

The Airport Board recommended approval on April 30, 2025.

BACKGROUND AND FINDINGS:

"The Texan" is a chain of convenience stores and gas stations primarily operating in Texas. They are known for offering "one-stop shop" experience with fresh, made-to-order food, clean restrooms, and spacious dining areas with a customer-centric approach.

The Texan Stores was founded by Pete and Patricia Dlugosch of Yorktown, Texas. The first store was built from the ground up in Yorktown and opened in February 2008. The company has steadily expanded across Texas, with locations in towns like Cuero, Victoria, Goliad, Port Aransas, Schulenburg, La Vernia, Monahans, Gillett, Port O'Connor, and Port Lavaca.

Their business model and offerings are centered around:

- "One Stop Shop": The Texan aims to be a comprehensive stop for travelers and locals.
- Fresh Food: They emphasize made-to-order food, including gourmet sandwiches, salads, homemade burgers, and daily specials. This is a key differentiator from many traditional gas station convenience stores.
- Cleanliness and Amenities: The Texan stores are known for their clean restrooms and spacious dining areas, catering to families and groups.
- Customer Service: The company prides itself on consistent and friendly customer service.

While CCIA offers some dining and retail options within its terminal, a significant gap exists for a comprehensive, easily accessible, and quality one-stop-shop for fuel, fresh food, and essential travel needs outside of security.

ALTERNATIVES:

The alternative would require another party to construct additional facilities that will generate the most jobs, tax revenue, and overall economic benefit to the region. Any development would depend on securing funding, either through public investment or private partnerships. We would also need to account for compatibility with airport security requirements and not interfere with flight operations. Currently, CCIA is in the fortunate position of owning a substantial number of acres. This vast acreage provides an immense canvas for diverse development, and critically, it means that the space allocated for a Texan gas station near the airport entrance does not inherently compete with or necessitate an 'alternative' in the sense of a mutually exclusive choice.

FISCAL IMPACT:

The proposed new lease agreement will provide CCIA with additional rent revenue of \$27,178.16 for the first 12 months or until a certificate of occupancy is issued and

approximately \$52, 265.70 per year after the first year. These figures do not include inflationary adjustments that will occur every five years. In addition, CCIA will also receive an annual fuel flowage fee revenue of approximately \$108,888.00.

FUNDING DETAIL:

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|------------------------|--------------------------------|
| Fund: | 4610 |
| Organization/Activity: | 35000 – Airport Administration |
| Department: | 53 |
| Project # (CIP Only): | N/A |
| Account: | 320230 |

RECOMMENDATION:

City staff and the Airport Board recommend approval of this item.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Lease Agreement