



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting July 18, 2023
 Second Reading Ordinance for the City Council Meeting July 25, 2023

DATE: June 27, 2023
TO: Peter Zaroni, City Manager
FROM: Kevin Smith, Director of Aviation
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Ordinance authorizing a five-year lease agreement with automatic renewal of three additional one-year terms with Berry Contracting, LP

CAPTION:

Ordinance authorizing a five-year lease agreement with Berry Contracting, LP for an airport hangar, aviation office space, apron area and vehicular parking area at the Corpus Christi International Airport.

SUMMARY:

The proposed lease agreement will be between the City of Corpus Christi and Berry Contracting, for premises located at the Corpus Christi International Airport (CCIA) for an initial term of sixty months and three extension periods of one year each.

The lease agreement is for space at West Hangar #4, a 13,000 square foot metal frame hangar with associated office space. The lessee will occupy two office spaces, aircraft hangar storage space, 30,000 square feet of aircraft apron, and 10,500 square feet of vehicle parking space.

Category	Square Feet	Annual Market Per Square Feet	Monthly Cost	Annual Cost
Apron	30,000	\$.60	\$1,500.00	\$18,000.00
Office West OF-3	2,500	\$6.20	\$2,234.38	\$26,812.50
Storage West OF-4	2,500	\$3.00	\$625.00	\$7,500.00
Vehicle Area	10,500	\$.50	\$437.50	\$5,250.00
West Hangar #4	13,750	\$1.95	\$2,234.38	\$26,812.50
Totals			\$6,088.54	\$73,062.50

BACKGROUND AND FINDINGS:

Berry Contracting currently operates inside Hangar 4 and half of the associated office space. The building is currently on a month-to-month management agreement with Atlantic Aviation, another airport tenant that provides management services for the hangar in exchange for a share of revenues. Upon execution of this lease agreement, the Airport will discontinue the month-to-month management agreement with Atlantic Aviation and lease the hangar to Berry Contracting directly.

Berry Contracting plans to remodel the space known as OF-4 and desires to sublease it to a future tenant, which is allowable under the lease agreement with approval from the Airport Director.

The tenant operates numerous aircraft at the airport and conducts aeronautical and non-aeronautical business from the offices associated with the hangar. Berry has been a long-term airport tenant and this lease agreement solidifies the airport's partnership in a more formal arrangement.

ALTERNATIVES:

Alternatives include allowing Atlantic Aviation to manage Hangar 4 on the airport's behalf for a portion of revenue, and for Berry Contracting to continue occupying only a portion of the space. Alternatives also include leasing the space to a different tenant for the same or different services, requiring Berry Contracting to vacate the space they have occupied for many years.

FISCAL IMPACT:

The proposed new lease agreement will provide CCIA with a total annual rent revenue of \$73,062.50 per year, for a total revenue of \$584,500 over the total term of the lease agreement.

FUNDING DETAIL:

Fund:	4610
Organization/Activity:	35000
Mission Element:	271
Project # (CIP Only):	N/A
Account:	320460 (Terminal Space Rental)

RECOMMENDATION:

City staff recommends approval of this action item. The Airport Board recommended approval of this action item at their regularly scheduled meeting.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Lease Agreement