



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of July 28, 2015
Second Reading Ordinance for the City Council Meeting of August 11, 2015

DATE: July 7, 2015
TO: Ronald L. Olson, City Manager
FROM: Fred Segundo, Director of Aviation
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Authorize lease agreement with Sterling Air Service for hangar and office space at Corpus Christi International Airport for purposes of air ambulance and charter flight service.

CAPTION:

Ordinance authorizing the City Manager or designee to execute a lease agreement with Sterling Air Service for hangar, office and parking space at Corpus Christi International Airport for a period of 18 months.

PURPOSE:

The agreement sets out the terms and conditions between Corpus Christi International Airport (CCIA) and Sterling Air Service to allow Sterling Air Service to lease hangar, office and parking space at 514 Hangar Lane on airport property.

BACKGROUND AND FINDINGS:

Sterling Air Service, LLC has developed plans to base its air service operations at CCIA. Sterling Air has provided private charter, cargo and medical transport services in the South Texas area for several years. It should be noted that Sterling Air provides air transportation for Driscoll Children's Hospital. In light of this and to allow for a long term development plan, this lease will allow Sterling Air Service, LLC to operate at CCIA for an 18 month period until a more permanent long-range plan is developed. These plans could include expansion of operations and hangar space. Sterling Air Service will pay a fair market monthly rental fee of \$1,929 as determined by the independent appraisal firm, Aviation Management Consulting Group (AMCG).

The subject airport property was previously leased and operated by Signature Flight Services and reverted to the City as part of the new Fixed Based Operator (FBO) Agreement approved by the City Council.

ALTERNATIVES:

No viable alternative exists.

OTHER CONSIDERATIONS:

N/A

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Legal
Financial Services
Management and Budget

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2014-2015	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget		\$8,318,192		\$8,318,192
Encumbered / Expended Amount		0		0
This item (<i>additional revenue</i>)		\$23,147		\$23,147
BALANCE		\$8,341,339		\$8,341,339

Fund(s): Airport Fund

Comments: None

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Lease Agreement
Exhibit A