



STAFF REPORT

DATE: June 1, 2017

TO: Ronald L. Olson, City Manager

FROM: Matthew Van Valkenburgh A.A.E., Executive Director of Aviation

SUBJECT: CENTRAL TEXAS COLLEGE (CTC) LEASE ADDENDUM NO. 1

BACKGROUND AND FINDINGS:

Central Texas College (CTC) has been a major tenant at Skylark Field (formerly known as Killeen Municipal Airport) since 1970. The college leases 60,030 square feet of land on which it has built and owns two large hangars to support its flight operations. The college operates an associate degree career pilot training program with full-time staff and a fleet of fourteen aircraft.

The current land lease agreement was approved by Council on July 8, 2014, with an effective date of August 1, 2014 and an expiration date of July 31, 2017. The lease provisions included an option for up to two additional three-years with terms. It also provides that the City would review the base rental rate prior to the term extensions and reserve the right to adjust the rate up to the percentage of change in the Consumer Price Index for the most recently published three-year period.

Staff has negotiated a lease addendum to extend the lease by three years, through July 31, 2020. Rental rates for this renewal option are proposed to increase the ground rental rate from \$0.045 to \$0.046 per square foot per month. This will increase the total rent by \$60.03 per month to a total of \$2,761.38.

THE ALTERNATIVES CONSIDERED:

No alternatives have been considered. Central Texas College is executing its contractual option to extend the lease agreement.

Which alternative is recommended? Why?

N/A

CONFORMITY TO CITY POLICY:

This lease aligns with airport land use plans indicated in the recently adopted Skylark Field Airport Master Plan.

This lease supports City of Killeen Vision 2030 Goal #6: Preserve and Promote a Positive City Image Goal and #9: Quality Educational Opportunities by supporting Central Texas College as a valued resource for training a highly qualified labor force.

FINANCIAL IMPACT:

The lease agreement, as revised by the terms of this addendum, is expected to generate \$33,136 in annual revenue to the Skylark Field airport enterprise fund account #527-0000-324.15-00 (Hangars & Tiedowns).

What is the amount of the expenditure in the current fiscal year? For future years?

N/A

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

City Council approve the attached Lease Addendum No. 1 with CTC to be effective August 1, 2017, and to authorize the City Manager to execute same.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Lease Addendum No. 1