

AGENDA



Thursday, April 24, 2008

**Aviation
RECOMMENDATION FOR COUNCIL ACTION****Item No. 5**

Subject: Authorize execution of a Lease and Hangar Facility Development Agreement with Ascend Development AUS, LLC of Hayward, CA to design, construct, and operate a new general aviation facility at Austin-Bergstrom International Airport providing additional hangar facilities for private jet aircraft and for approximately twelve acres of land at Austin-Bergstrom International Airport for a term not to exceed thirty years from the date of beneficial occupancy of the hangar facilities.

Amount and Source of Funding: This is a revenue generating contract.

Fiscal Note: Estimated annual revenue once the facility is operational is approximately \$120,000. A fiscal note is not required.

For More Information: David Petersen, 530-7526.

Boards and Commission Action: Recommended by the Austin Airport Advisory Commission.

This is a request for authorization to enter in a lease with Ascend Development AUS, LLC of Hayward, CA to design, construct, and operate a new general aviation facility at Austin-Bergstrom International Airport providing additional hangar facilities for private jet aircraft. Under the proposed lease, Ascend would build not less than eight hangars providing an aggregate minimum of 100,000 square feet of hangar space. Ascend will also build all necessary infrastructure to support the facility, such as a new taxiway connecting to the east runway system.

The proposed hangar complex will be located on a tract of approximately 19 acres of land south of Signature Flight Support's FBO. The project is intended to be an upscale private hangar development with a level of finish and amenities appropriate to its customer base. Ascend intends to market the hangars to owner/operators of larger private aircraft, such as Gulfstream V class business jets. This development will help fill a void in the business segment of general aviation caused by the closure of Austin Executive Airport several years ago.

Ascend will not be a Fixed Base Operator (FBO). The facility will only serve the hangar owners/lessees, and will not be available for use by transient aircraft.

The term of the lease will be 30 years from the completion of the hangar facilities. Ascend will pay Ground Rent for the premises at the Airport's standard ground rental rates (currently 23¢/sq.ft.), escalated annually by CPI. In addition, Ascend will pay fuel flowage fees for all fuel delivered to the site. The initial development described above will occupy approximately half of the 19 acre tract. If the initial phase is successful, Ascend may seek to enter into a second lease for the remainder of this tract for additional hangar development, subject to availability and agreement on terms.