



**Lease Agreement/Renewal
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 17
AGENDA DATE: Thu 07/29/2004
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SUBJECT: Authorize negotiation and execution of a lease with IRON ROCK MOTORSPORTS, INC., Austin, TX, for 20,928 square feet of space in Building 7390 and approximately 8.1 acres of land at Austin-Bergstrom International Airport, for \$80,668 per year less rent credits of \$17,000 per year, for a net rental of \$63,668 per year.

AMOUNT & SOURCE OF FUNDING: Revenue generating contract.

FISCAL NOTE: N/A

REQUESTING Aviation
DEPARTMENT:

**DIRECTOR'S
AUTHORIZATION:** Jim Smith

FOR MORE INFORMATION CONTACT: Charles W. Gates, Director of Finance & Administration / (512) 530-7526

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: Recommended by the Austin Airport Advisory Commission.

Iron Rock Motorsports, Inc. proposes to lease a portion of Bldg. 7390 and the Department of Aviation's temporary employee parking lot adjacent to Bldg. 7390 to establish a KART racing venue/club at the Airport. Iron Rock's use of the parking lot will be restricted for the months of March, November and December when the employee lot may be needed for parking of Airport employees.

Iron Rock Motorsports, Inc. proposes to make an estimated \$300,000.00 in improvements to the building and the parking lot surfaces. The City will participate in the cost of the improvements through rent credits for 50% in part of the building improvements estimated at \$47,500.00 or \$9,500.00 per year in credits, plus 25% of the improvements to the parking surface, estimated at \$37,500.00 or \$7,500.00 per year in credit. Total rental credits to be granted Iron Rock equal \$17,000.00 per year, yielding annual net rental revenue to the City of \$63,668.00 per year.

The facilities proposed to be leased to Iron Rock are currently not in use and will be demolished whenever the East terminal ramp and terminal expansion construction occurs. The term of the Lease will be for 5 years, subject to the right of the City to terminate earlier if the Airport needs the leased premises for the terminal expansion. Iron Rock Motorsports, Inc. intends to build permanent facilities elsewhere on the airport.