



# City of Austin

## Recommendation for Action

File #: 25-0808, Agenda Item #:

5/22/2025

### Posting Language

Authorize negotiation and execution of a lease with Menzies Aviation for certain premises consisting of approximately 2,500 square feet of building space and related improvements for its ground handling operations at Austin-Bergstrom International Airport, for a term of five years, with a renewal option for an additional one-year term. Funding: This item is projected to result in approximately \$10,938 in additional revenue for the Fiscal Year 2024-2025 Aviation Department's Operating Budget.

### Lead Department

Aviation

### Fiscal Note

This item is projected to result in approximately \$10,938 in additional revenue for the Fiscal Year 2024-2025 Aviation Department's Operating Budget.

### Prior Council Action:

June 14, 2018 - Council authorized negotiation and execution of a purchase and sale agreement with Lynxs Austin Cargoport, LLC, for the purchase of its leasehold interest in approximately 731,822 square feet of land and its improvements, including three buildings located at the Austin-Bergstrom International Airport for a total amount not to exceed \$25,000,000 for the purchase, estimated closing costs for the acquisition, and additional improvements to the property after acquisition.

### For More Information:

Inquiries should be directed to Tracy Thompson, Airport Chief Officer - Business & External Affairs at [tracy.thompson@flyaustin.com](mailto:tracy.thompson@flyaustin.com) <<mailto:tracy.thompson@flyaustin.com>>, 512-530-5023.

### Council Committee, Boards and Commission Action:

To be reviewed by the Austin Airport Advisory Commission on May 14, 2025.

### Additional Backup Information:

In 2018, the City purchased the interest of Lynxs Austin Cargoport, LLC, (Lynx), and assumed the Sublease between Lynxs and Menzies Aviation (Menzies). For purposes of convenience, the City and Menzies continued the landlord/tenant relationship established under the Sublease, which is currently on a month-to-month term. Menzies desires to secure leased premises for a longer term. Menzies provides ground handling customer service and ramp service for airlines at Austin-Bergstrom International Airport and is currently authorized to use this space under the Sublease for the support of its operations and services.

The Department of Aviation seeks to lease Suite 200 of its air cargoport facility located at 9401 Cargo Avenue, to Menzies. Under the proposed terms for the new lease, Menzies would lease for its exclusive use, approximately 2,500 square feet of building space applying the current AUS-established cargo building base rental rate of \$14.00 per square foot per annum. This will generate an estimated annual base rent total of \$35,000. In addition to this base rate, there will be an O&M recovery fee calculated as 25% of the base rent

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total, which is \$8,750. The base rent is subject to escalation annually based on the higher of CPI or 3%. The proposed lease will generate an estimated \$232,276 during the five-year term, or \$282,994 if a one-year option renewal is exercised.