



City of Austin

Recommendation for Action

File #: 25-0809, **Agenda Item #:** 6.

5/22/2025

Posting Language

Authorize negotiation and execution of a lease with Amazon.com Services LLC for certain premises consisting of approximately 50,919 square feet of building space, 37,051 square feet of cargo handling space, 134,629 square feet of aircraft parking area, and related improvements for its air freight and mail handling operations at Austin-Bergstrom International Airport, for a term of five years, commencing after the date of beneficial occupancy, and with an opportunity for an extension term. Funding: This item is projected to result in \$16,634.00 of additional revenue for the Fiscal Year 2024-2025 Operating Budget of the Department of Aviation.

Lead Department

Aviation

Fiscal Note

This item is projected to result in additional revenue of \$16,634.00 in the Fiscal Year 2024-2025 Department of Aviation Operating Budget, which includes four months of ground rent during the build out term. Upon completion of the build out term, this item is projected to result in annual revenue of \$1,367,323.00 plus annual contractual escalation amounts to the Department of Aviation's Operating Budget. The full rental rate will begin in Fiscal Year 2025-2026 to allow time for construction of tenant improvements to support their operation.

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>>, 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:

The Department of Aviation seeks to lease and provide use of certain premises of its air cargo port facility located at 9402 Freight Lane to Amazon.com Services LLC (Amazon). Under the proposed terms for this new lease, Amazon would lease for exclusive use approximately 50,919 square feet of building space at a rental rate calculated based on a cost recovery model related to the construction of the facility, including debt service coverage, and ground rent. Tenant improvement costs are not considered, as Amazon would be responsible for any approved improvements. Amazon would also have preferential use of approximately 37,051 square feet of cargo handling space and approximately 134,629 square feet of aircraft parking area. Once the build out term has expired, Amazon will pay \$1,367,323.00 in the first full year of the operations term of lease agreement.

The lease will include an extension term opportunity. The cost recovery model and cargo apron rental rate methodology applied for the initial term will be applied for the renewal term. Amazon's packages have been handled at AUS by its third-party handling provider, IAS Logistics DFW, LLC (d/b/a WFS Express), which operates from an existing facility under a sublease with Realterm, a third-party cargo facility provider.