

ORDINANCE 2019-05-30-0434

AUTHORIZING AN AMENDMENT TO THE LEASE AGREEMENT WITH USAA TO SHARE COSTS RELATED TO ROOF REPAIRS TO THE HANGAR AND COVERED PARKING STRUCTURE AT 10500 JOHN CAPE ROAD AND UPDATE THE MAINTENANCE AND REPAIR PROVISIONS AND RENTAL RATE PROCESS.

* * * * *

WHEREAS, the City and United Services Automobile Association entered into a San Antonio International Airport Lease on December 1, 2005, authorized by Ordinance Number 101766, for the property located at 10500 John Cape Road, San Antonio, Texas 78216; and

WHEREAS, the lease contains conflicting provisions regarding responsibility for roof repairs to the Leased Premises; and

WHEREAS, the hangar building and covered parking structure roofs within the Leased Premises suffered hail damage during an April, 2016 weather event; and

WHEREAS, the City and USAA have reached an agreement to share equally in the costs associated with making necessary repairs to the roofs; and

WHEREAS, the total cost of the repairs is \$183,778.00 with the City's share totaling \$91,889.00; and

WHEREAS, the lease is set to expire on February 28, 2020; and

WHEREAS, the City and USAA wish to clarify the conflicting lease provisions, exercise available lease extensions, change certain lease provisions, and enter into a Memorandum of Agreement concerning repairs to the Leased Premises; **NOW THEREFORE**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Manager or designee is authorized to execute an amendment to the Lease Agreement with USAA and a Memorandum of Agreement regarding roof repairs for the property located at 10500 John Cape Road at the San Antonio International Airport, copies of which are set out in **EXHIBIT 1**.

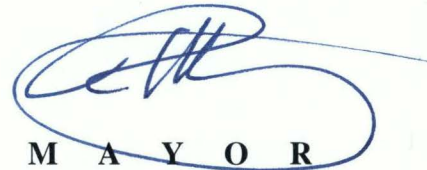
SECTION 2. Funding in the amount of \$91,889.00 for this work is available in Fund 51001000, Cost Center 3305030006 and General Ledger 5204050 as part of the Fiscal Year 2019 budget.

SECTION 3. Payment not to exceed the budgeted amount is authorized to USAA to share costs related to roof repairs to the hangar and covered parking structure roof at 10500 John Cape Road.

SECTION 4. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance, may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

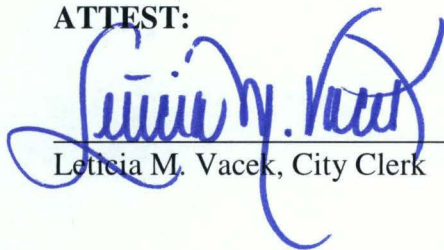
SECTION 5. This Ordinance is effective immediately upon the receipt of eight affirmative votes; otherwise it is effective ten days after passage.

PASSED and APPROVED this 30th day of May, 2019.




M A Y O R
Ron Nirenberg

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



for Andrew Segovia, City Attorney

| | | | | | | | |
|---------------------|---|--------------------|------------|------------|----------------|---------------|---------------|
| Agenda Item: | 12 (in consent vote: 5, 6, 7, 8, 9, 10, 11, 12, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27A, 27B, 27C) | | | | | | |
| Date: | 05/30/2019 | | | | | | |
| Time: | 09:35:28 AM | | | | | | |
| Vote Type: | Motion to Approve | | | | | | |
| Description: | Ordinance amending the lease agreement with the United Services Automobile Association (USAA) to share costs related to roof repairs to the hangar and covered parking structure roof at 10500 John Cape Road at a cost to the City of \$91,889.00 from the Aviation Department Operating and Maintenance Fund; update the maintenance and repair provisions; and update the rental rate process. [Carlos Contreras, Assistant City Manager; Russell Handy, Director, Aviation] | | | | | | |
| Result: | Passed | | | | | | |
| Voter | Group | Not Present | Yea | Nay | Abstain | Motion | Second |
| Ron Nirenberg | Mayor | | x | | | | |
| Roberto C. Treviño | District 1 | | x | | | | |
| Art A. Hall | District 2 | | x | | | | x |
| Rebecca Viagran | District 3 | | x | | | x | |
| Rey Saldaña | District 4 | | x | | | | |
| Shirley Gonzales | District 5 | x | | | | | |
| Greg Brockhouse | District 6 | | x | | | | |
| Ana E. Sandoval | District 7 | | x | | | | |
| Manny Pelaez | District 8 | | x | | | | |
| John Courage | District 9 | | x | | | | |
| Clayton H. Perry | District 10 | | x | | | | |

MAT
05/30/19
Item No. 12

EXHIBIT 1
USAA LEASE AMENDMENT AND MEMORANDUM OF AGREEMENT

**SAN ANTONIO INTERNATIONAL AIRPORT
LEASE AMENDMENT NO. 1**

THIS LEASE AMENDMENT NO. 1 ("Amendment") is entered into by and between the **CITY OF SAN ANTONIO**, a Texas Municipal Corporation (hereinafter "City" or "Lessor") acting by and through its Aviation Director and **UNITED SERVICES AUTOMOBILE ASSOCIATION (USAA)**, a reciprocal interinsurance exchange (hereinafter "Lessee") acting by and through its duly authorized officer.

WHEREAS, City and Lessee entered into a San Antonio International Airport ("SAT") Lease dated December 1, 2005, as authorized by Ordinance Number 101766, for the property located at 10500 John Cape Road, San Antonio, Texas 78216; and

WHEREAS, the lease contains conflicting provisions regarding responsibility for roof repairs to the Leased Premises; and

WHEREAS, the hangar building roof and covered parking structure roof within the Leased Premises suffered hail damage during an April, 2016 weather event; and

WHEREAS, Lessor and Lessee have reached an agreement to share equally in the costs associated with making necessary repairs to the hangar roof and parking structure roof ("Roof Repairs"); and

WHEREAS, the lease is set to expire on February 28, 2020; and

WHEREAS, Lessor and Lessee wish to clarify the conflicting lease provisions, exercise available lease extensions, change certain lease provisions, and enter into a Memorandum of Agreement concerning repairs to the Leased Premises; **NOW THEREFORE**,

In consideration of the terms covenants, agreements and demises herein contained and for other good and valuable consideration, each to the other given, the receipt and sufficiency of which is hereby mutually acknowledged, City and Lessee confirm the provisions concerning roof repairs listed below, and amend the Lease as follows:

I. Roof Repairs Associated With April, 2016 Hail Damage.

Lessee shall effectuate and supervise all necessary Roof Repair to the Leased Premises as set forth in the Memorandum of Agreement that is attached hereto as Exhibit I to this Amendment, including the proposal and estimates that are attached as Exhibit I to the Memorandum of Agreement. The City Manager or designee is authorized to execute the Memorandum of Agreement.

II. Maintenance And Repair Responsibilities.

Lease Section XI, Standard Provisions and Covenants, Provision D, appearing on page 8 of the Lease, and Standard Provision 7, Maintenance and Repair, appearing in Exhibit 2 of the Lease, are hereby removed in their entirety, and replaced with new MAINTENANCE AND REPAIR PROVISIONS, attached hereto as **Exhibit 2**.

III. Rent Escalation.

The Appraisal Adjustment method, contained in Standard Provision 1.2, beginning on page 2 of the Standard Provisions contained in Exhibit No. 2 of the Lease Agreement is hereby removed and replaced with a flat fifteen percent (15%) rental escalation, applied at the beginning of any term extension, and every five (5) years thereafter.

IV. Term Extension.

Lessee and City hereby elect to exercise both of the available five (5) year extension terms. The expiration date of the Lease is hereby established as February 28, 2030.

This Amendment sets forth the entire agreement between the parties. Except as amended herein, all of the terms and provisions of the Agreement between the parties shall remain in full force and effect. In case of any inconsistency between the provisions of the Agreement and this Amendment, the later provisions shall govern and control.

EXECUTED by City and Lessee as indicated below:

**UNITED SERVICES AUTOMOBILE
ASSOCIATION**

CITY OF SAN ANTONIO

By: Scott D. Spanken

By: _____

Erik J. Walsh, City Manager

SCOTT D. SPANKEN

Print Name

Date: _____

Its: VP CORPORATE REAL ESTATE
AND WORKPLACE SERVICES

APPROVED AS TO FORM:

Date: 2 May 2019

City Attorney

EXHIBIT 1

MEMORANDUM OF AGREEMENT

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT is entered into by and between the **City of San Antonio**, a Texas Municipal Corporation (hereinafter "City" or "Lessor") acting by and through its Aviation Director and **UNITED SERVICES AUTOMOBILE ASSOCIATION (USAA)**, a reciprocal interinsurance exchange (hereinafter "Lessee") acting by and through its duly authorized officer.

WHEREAS, City and Lessee entered into a San Antonio International Airport ("SAT") Lease dated December 1, 2005, as authorized by Ordinance Number 101766, for the property located at 10500 John Cape Road, San Antonio, Texas 78216; and

WHEREAS, the lease contains conflicting provisions regarding responsibility for roof repairs to the Leased Premises; and

WHEREAS, the hangar building roof and covered parking structure roof within the Leased Premises suffered hail damage during an April, 2016 weather event; and

WHEREAS, Lessor and Lessee have reached an agreement to share equally in the costs associated with making necessary repairs to the hangar roof and parking structure roof ("Roof Repairs"); **NOW THEREFORE**,

In consideration of the terms covenants, agreements and demises herein contained and for other good and valuable consideration, each to the other given, the receipt and sufficiency of which is hereby mutually acknowledged, City and Lessee agree as follows:

1. Lessee shall effectuate and supervise all necessary Roof Repairs to the Leased Premises, pursuant to the proposal and estimate attached hereto as Exhibit 1.
2. Lessee and City agree that the amount of \$183,778.00 is the final amount required for completion of Roof Repairs.
3. City agrees to pay, and Lessee agrees to accept, the sum of \$91,889.00 according to the following schedule:
 - a. Upon execution of this Agreement, City shall make to Lessee a payment in the amount of \$70,000.00 by electronic funds transfer (eft) to the account

information provided in writing by Lessee to City, which amount is appropriated and available in the Properties Facilities Maintenance Fund.

- b. The remaining \$21,889.00 will be provided through the issuance of three monthly rental credits, each in the amount of \$7,296.33. These rental credits shall be applied to the Lessee by the first day of the three calendar months immediately following the date of authorization of this Agreement by the City Council of the City of San Antonio.

5. Lessor and Lessee acknowledge and agree that all indemnification and insurance provisions contained in the Lease Agreement, referenced above, shall apply to any and all activities associated with the Roof Repairs performed pursuant to this Memorandum of Agreement.

6. Lessee shall submit a set of plans (digital and hard copy) of all Roof Repairs to be completed for review and approval by City. Such approval shall not be unreasonable conditioned, withheld, or delayed by City. Once the Roof Repairs are completed, Lessee will submit the itemized contractor's invoices detailing the costs incurred by Lessee for the Roof Repair. Lessee shall submit a certified statement and sworn affidavit from Lessee's contractors specifying the total costs incurred, and stating that all applicable Roof Repairs were performed in accordance with the approved plans and specifications and in strict compliance with all applicable building codes, laws, rules, ordinances and regulations.

EXECUTED by City and Lessee as indicated below:

**UNITED SERVICES AUTOMOBILE
ASSOCIATION**

CITY OF SAN ANTONIO

By: _____

By: _____
Erik J. Walsh, City Manager

Print Name

Date: _____

Its: _____

APPROVED AS TO FORM:

Date: _____

City Attorney

EXHIBIT 1

Proposal and Estimate

| | | | | | | | | | | | |
|--|------------------------|--------------|---------------|--------------|--------------|--------------|--------------------------------|--------------|--------------|---------------|---------------|
| SATHG - 2017 - ROOF REPLACEMENT - 6825477 | | | | | | | | | | | |
| USAA RFP # 5042895 Bid Form | | | | | | | | | | | |
| Building Area: | 24,000.00 | Sq.Ft. | | | | | | | | | |
| Bidding Contractor | Port Enterprises, Ltd. | | | | | | | | | | |
| Construction Phase | Main Hangar Roof | | | Carport Roof | | | Totals (Main Hangar & Carport) | Skylights | | | Totals (ALL) |
| Schedule of Values | Labor | Material | Total | Labor | Material | Total | Total | Labor | Material | Total | Total |
| DIVISION 01 - General Requirements | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 02 - Existing Conditions | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 03 - Concrete | | | \$ - | \$ 20,000.00 | \$ 20,860.00 | \$ 40,860.00 | \$ 40,860.00 | | | \$ - | \$ 40,860.00 |
| DIVISION 04 - Masonry | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 05 - Metals | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 06 - Wood, Plastics, & Composites | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 07 - Thermal & Moisture Protection | \$ 59,152.00 | \$ 69,759.00 | \$ 128,911.00 | | | \$ - | \$ 128,911.00 | | | \$ - | \$ 128,911.00 |
| DIVISION 08 - Openings | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 09 - Finishes | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 10A - Specialties - Skylights (Kaiwall) | | | \$ - | | | \$ - | \$ - | \$ 20,000.00 | \$ 89,914.00 | \$ 109,914.00 | \$ 109,914.00 |
| DIVISION 11 - Equipment | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 12 - Furnishings | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 13 - Special Construction | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 14 - Conveying Systems | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 21 - Fire Suppression | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 22 - Plumbing | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 23 - HVAC | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 26 - Electrical | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| DIVISION 27 - Communications | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| | | | \$ - | | | \$ - | \$ - | | | \$ - | \$ - |
| Sub-Total | \$59,152.00 | \$69,759.00 | \$128,911.00 | \$20,000.00 | \$20,860.00 | \$40,860.00 | \$169,771.00 | \$20,000.00 | \$89,914.00 | \$109,914.00 | \$279,685.00 |
| Total Taxes | | | \$10,636.00 | | | \$3,371.00 | \$14,007.00 | | | \$9,068.00 | \$23,075.00 |
| Total including Tax | | | | | | | \$183,778.00 | | | | \$302,760.00 |
| City Portion | | | | | | | \$91,889.00 | | | | \$91,889.00 |
| USAA Portion | | | | | | | \$91,889.00 | | | \$118,982.00 | \$210,871.00 |

EXHIBIT 2

MAINTENANCE AND REPAIR PROVISIONS

7. MAINTENANCE AND REPAIR

7.1 Lessee shall pay or cause to be paid, any and all charges for water, heat, gas, electricity, sewer and any and all other utilities used on the Leased Premises, throughout the term of, or any extension of, this Lease, including, but not limited to, any connection fees and any and all additional costs related to utility connection, metering, maintenance, repair and usage.

7.2 Lessee shall, throughout the term of this Lease and any extension hereof, assume the entire responsibility, cost and expense, for all repair and maintenance of the Leased Premises and all buildings and improvements thereon, whether caused by wind, hail, water or any other casualty, and whether such repair or maintenance be ordinary, extraordinary, structural or otherwise. Additionally, without limiting the foregoing, Lessee shall:

7.2.1 at all times maintain the buildings and improvements in a good state of repair and preservation, excepting ordinary wear and tear and obsolescence in spite of repair; and

7.2.2 replace or substitute any fixtures and equipment which have become inadequate, obsolete, worn out, unsuitable or undesirable, with replacement or substitute fixtures and equipment, free of all liens and encumbrances, which shall automatically become a part of the buildings and improvements; and

7.2.3 at all times keep the Leased Premises, its buildings, improvements, fixtures, equipment and personal property, in a clean and orderly condition and appearance; and

7.2.4 provide, and maintain in good working order, all obstruction lights and similar devices, fire protection and safety equipment, and all other equipment of every kind and nature required by applicable laws, rules, orders, ordinances, resolutions or regulations of any competent authority, including Lessor and Aviation Director; and

7.2.5 observe all insurance regulations and requirements concerning the use and condition of the Leased Premises, for the purpose of reducing fire hazards and insurance rates on the Airport; and

7.2.6 repair any damage caused by Lessee to paving or other surfaces of the Leased Premises or the Airport, in connection with the scope of the Lease, caused by any oil, gasoline, grease, lubricants, flammable liquids and/or substances having a corrosive or detrimental effect thereon, or by any other reason whatsoever; and

7.2.7 take measures to prevent erosion, including, but not limited to, the planting and replanting of grass on all unpaved or undeveloped portions of the Leased Premises; the planting, maintaining and replanting of any landscaped areas; the designing and constructing of improvements on the Leased Premises; and the preservation of as many trees as possible, consistent with Lessee's construction and operations; and

7.2.8 be responsible for the maintenance and repair of all utility services lines upon the Leased Premises that service Lessee's facilities, including, but not limited to, water and gas lines, electrical power and telephone conduits and lines, sanitary sewers and storm sewers; and

7.2.9 keep and maintain all vehicles and equipment operated by Lessee on the Airport in safe condition, good repair and insured, as required by this Lease; and

7.2.10 replace broken or cracked plate glass, paint/repaint structures upon the Leased Premises and, where applicable, mow the grass; and

7.2.11 provide and use suitable covered metal receptacles for all garbage, trash and other refuse; assure that boxes, cartons, barrels or similar items are not piled in an unsightly, unsafe manner, on or about the Leased Premises; provide a complete and proper arrangement, satisfactory to the Aviation Director, for the adequate sanitary handling and disposal away from the Airport, of all trash, garbage and refuse caused as a result of the operation of Lessee's business.

7.3 The adequacy of the performance of the foregoing maintenance and repair by Lessee shall be determined by the Aviation Director, whose reasonably exercised judgment shall be conclusive. Should Lessee refuse or neglect to undertake any such maintenance or repair, or if Lessor is required to perform any maintenance or repair necessitated by the negligent acts or omissions of Lessee, its employees, agents, assignees, subtenants or licensees, then Lessor shall have the right, but not the obligation, to perform such maintenance or repair on behalf of and for Lessee. The costs of such maintenance or repair, plus any associated overhead reasonably determined by Lessor, shall be reimbursed by Lessee to Lessor no later than ten (10) days following receipt by Lessee of written demand from Lessor for same. In cases not involving maintenance or repair requiring exigent action, Lessor shall provide Lessee a written request that Lessee perform such maintenance or repair, at least thirty (30) days before Lessor undertakes such maintenance or repair on behalf of Lessee.