



City of San Antonio

Legislation Details (With Text)

File #: 19-3650
Type: Real Property Lease
In control: City Council A Session

On agenda: 5/16/2019

Title: Ordinance approving a lease agreement with PHI Air Medical, L.L.C. for the rental of Suite 111 in the terminal building at the Stinson Municipal Airport with an initial term of one year with the option to extend for three, one-year periods. The agreement will generate \$16,001.89 in annual revenue for the Aviation Operating and Maintenance Fund. [Carlos Contreras, Assistant City Manager; Russell Handy, Director, Aviation]

Sponsors:

Indexes: Aviation Lease Agreements, Aviation Stinson, Stinson

Code sections:

Attachments: 1. Lease Agreement with PHI, 2. Contracts Disclosure Form, 3. Draft Ordinance, 4. Ordinance 2019-05-16-0400

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

DEPARTMENT: Aviation

DEPARTMENT HEAD: Russell J. Handy

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Authorization of Lease Agreement with PHI Air Medical, L.L.C. at Stinson Municipal Airport

SUMMARY:

Council consideration for an ordinance authorizing a lease agreement with PHI Air Medical, L.L.C. (PHI) for the rental of Suite 111 in the terminal building at the Stinson Municipal Airport (Stinson). PHI intends to use the suite for general office space and aircraft operations in support of the Children’s Hospital of San Antonio (CHRISTUS Health). Annual revenue to the City will total \$16,001.89.

BACKGROUND INFORMATION:

PHI Air Medical is a leading air ambulance provider across the country, providing air medical services and

outreach education to local communities and leading healthcare systems. The firm transports more than 30,000 patients each year and operates out of more than 65 bases across the United States.

PHI intends to lease out Suite 111, which has 1,259 square feet of space located on the first floor of Stinson. PHI will use the space for general office space and aircraft operations.

The rented space will generate \$16,001.89 in annual revenue. Eckmann Groll performed the Stinson Terminal Appraisal in 2010 to determine the annual rental rate.

ISSUE:

The firm has operated at Stinson since January 2019 under a six-month lease agreement in Suite 111 of the terminal building while the proposed long-term lease agreement was developed. The long-term agreement term is for one year with the option to renew for three, one-year periods, and will commence on July 1, 2019.

The Aviation department is requesting Council approval for a long-term agreement to align with the expiration of the six-month agreement.

ALTERNATIVES:

City Council could elect to not approve this lease agreement with PHI. However, if this lease agreement is not approved, PHI will have to find another location for its operations and Stinson will lose a tenant.

FISCAL IMPACT:

This lease agreement will generate \$16,001.89 annually, which will be deposited in the Airport Operating and Maintenance Fund. The rental rate was determined by the Stinson Terminal Appraisal completed by Eckmann Groll in 2010. The annual rental rate includes a Common Area Maintenance (CAM) Fee that all tenants of the terminal building contribute to for custodial and similar services. The annual CAM fee is subject to adjustment each October 1.

| | Area (Sq Ft) | Annual Rate/ Sq. Ft | Annual Rental |
|-------------------------|--------------|------------------------|--------------------|
| Suite 111 | 1,259 | \$11.00 | \$13,849.00 |
| Common Area Maintenance | 1,259 | \$1.71 | \$ 2,152.89 |
| | | | \$16,001.89 |

RECOMMENDATION:

Staff recommends Council authorization of the lease agreement with PHI for Suite 111 in the terminal building at Stinson Municipal Airport.