



# City of San Antonio

## Legislation Details (With Text)

**File #:** 13-1177

**Type:** Real Property Lease

**In control:** City Council A Session

**On agenda:** 12/19/2013

**Title:** An Ordinance authorizing the execution of the Fourth Renewal and Extension of Lease Agreement with Schaffer Properties for the continued use by the San Antonio Metropolitan Health District for property located at 814 McCullough Avenue for a one-year term, effective December 1, 2013, at the annual rental amount of \$97,200.00. [Ben Gorzell, Chief Financial Officer; Jorge A. Perez, Director, Building and Equipment Services]

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 4th Renewal and Extension of Lease Agreement, 2. DCD Form, 3. Project Map, 4. Draft Ordinance, 5. Ordinance 2013-12-19-0911

Date	Ver.	Action By	Action	Result
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**DEPARTMENT:** Building and Equipment Services

**DEPARTMENT HEAD:** Jorge A. Perez

**COUNCIL DISTRICTS IMPACTED:** 1

### SUBJECT:

Health Department - 4th Renewal and Extension of Lease Agreement with Schaffer Properties - 814 McCullough

### SUMMARY:

This ordinance authorizes the execution of the Fourth Renewal and Extension of Lease Agreement with Schaffer Properties and the City of San Antonio for the continued use by the San Antonio Metropolitan Health District (SAMHD) for property located at 814 McCullough Avenue for a one-year term, effective December 1, 2013, at the annual rental amount of \$97,200.00. The City will have the option to terminate the lease without cause upon 60-days notice.

### BACKGROUND INFORMATION:

Since 1997 under the auspices of the SAMHD's Tuberculosis (TB) Control Project the City has provided clinical and health prevention services at the subject building. The TB Control Project, funded primarily through grants from the Texas Department of Health, operates a clinic within this 5,400 square foot facility for the diagnosis, treatment and prevention of tuberculosis, and has an active therapy staff that delivers daily doses of prescribed TB medications to patients.

In an effort to enhance service delivery to constituents with TB needs or populations susceptible to TB, SAMHD has been pursuing alternative methods of reaching out to the community most in need of these services. Those efforts have indicated that a clinic located in the south east quadrant of San Antonio would be more suitable for this program. As a result, a facility has been identified at the Texas Center for Infectious Diseases on SE Military Highway that is suitable and discussions are underway with the State to relocate these functions with the expectation that Council consideration of a lease for that facility will be presented in the near future. In the meantime, we have negotiated a short term tenancy to allow SAMHD to operate from the subject building until terms for a new clinic can be settled on.

This lease amendment that is the subject of this Council action will accomplish that objective.

#### **ISSUE:**

The existing lease expired on November 30, 2013 and terms of that agreement required that if the City were to remain an occupant in the property, the rent increase from \$5,400.00 per month to \$10,800.00 per month. The terms proposed in this amendment will extend the lease term, provide the City the ability to terminate anytime upon 60-days notice and lower the rent the owner could charge to \$8,100 per month. This action is consistent with the City's policy to support the mission of SAMHD's Tuberculosis Control Project and to utilize leased space to augment City-owned facilities.

#### **ALTERNATIVES:**

Rejection of the proposed lease extension would result in a 100% increase in rent and subject the lease to be on a month to month basis until a more suitable location can be identified. However, given the favorable terms of this renewal, the central location with bus line access and ample parking, the Health Department would like to continue its tenancy at this location until a better suited alternative is confirmed.

#### **FISCAL IMPACT:**

Under the terms of the amendment the annual rent will be \$97,200.00 effective December 1, 2013 through November 30, 2014, with no increase in rent during the renewal term. The City will have the right to terminate its tenancy without penalty anytime during the extended term upon 60-days prior notice. Under the terms the City will continue to pay increases in taxes and insurance over a base year.

The SAMHD has sufficient funds in its FY 2014 Budget to support the lease related expenses.

#### **RECOMMENDATION:**

Staff recommends approval of this Fourth Renewal and Extension of Lease Agreement for 814 McCullough Avenue for a term of one year with Schaffer Properties.

