



City of San Antonio

Agenda Memorandum

File Number: 13-1127

Agenda Item Number: 18.

Agenda Date: 12/19/2013

In Control: City Council A Session

DEPARTMENT: BES

DEPARTMENT HEAD: Jorge Perez

COUNCIL DISTRICTS IMPACTED: 4

SUBJECT:

A five-year lease agreement for warehouse purposes for the Solid Waste Management Department.

SUMMARY:

An ordinance authorizing a five-year lease agreement between the City of San Antonio and Reyes Properties, Ltd. for 60,000 square feet of office and warehouse space on approximately six acres of land located at 1550 - 1554 Cantrell in Council District 4 for use by the Solid Waste Management Department (SWMD) to house personnel, provide warehouse space for equipment, surface area for vehicles and store containers used in the automated garbage and recycling programs for the annual rental amount of \$201,426.72 with the option to renew for an additional five-year term and an option to terminate after the second year.

BACKGROUND INFORMATION:

In 2007 SWMD implemented a plan to automate garbage and recycling services to City of San Antonio residents. To accommodate this plan a lease agreement was authorized by Ordinance 2007-09-20-1006 for the property located at 5015 Airpark Drive, as increased capacity was added, SWMD used a City-owned property on Zarzamora Street to store equipment associated with the collections program. The sale of the Zarzamora Service Center property has been approved for sale by previous Council action and is expected to transfer to a new owner in the near future. That situation combined with an increase in the scope of services provided by the recycling programs, require space beyond the capacity of the presently leased Airpark facility to efficiently execute these programs, as such, the current location is no longer adequate, and therefore this lease agreement for the property located at 1550 - 1554 Cantrell is being proposed to better accommodate the space needs of

the SWMD recycling programs.

ISSUE:

Presently SWMD is using nearly two acres of land area for equipment storage at the soon to be sold Zarzamora Service Center and the existing two acre leased facility on Airpark is at capacity and cannot accommodate the equipment being stored at Zarzamora. As there is no City-owned space that can accommodate this use and inasmuch as the Airpark facility lease allows termination at anytime, it is prudent to use this opportunity to consolidate into a larger single facility thereby providing SWMD with adequate space to operate from. This action is consistent with the City's policy to support the space needs of the SWMD's recycling programs.

ALTERNATIVES:

Remaining at the Zarzamora Service Center is not an option and the City, despite lengthy negotiations, has been unable to secure a long term right to remain at 5015 Airpark Drive coupled with that fact, the Airpark facility is simply too small to accommodate SWMD's needs. Staff could search for another location, but given the demand for light industrial space generated by drilling companies associated with the Eagle Ford Shale Play, it is unlikely that a property owner offering more favorable lease terms than the recommended facility can be identified timely. Given that no City-owned space is available to accommodate this facility, prolonging the search is not recommended as the services provided by these programs to the citizens of San Antonio could be negatively impacted.

FISCAL IMPACT:

Under the terms of the proposed Lease Agreement, the base rent will be \$201,426.72 annually (\$3.36 square foot) for the entire initial five-year lease term. Additionally, the SWMD will be responsible for the payment of utilities and one-time expenses including relocation (moving), telecommunication and computer expenses estimated at \$134,000.

The SWMD has sufficient funds in the FY 2014 budget for these expenses.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing a five-year lease agreement with Reyes Properties, Ltd. for the property located at 1550 - 1554 Cantrell.