



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 8.

Agenda Date: 1/16/2014

In Control: City Council A Session

DEPARTMENT: San Antonio Metropolitan Health District

DEPARTMENT HEAD: Dr. Thomas L. Schlenker

COUNCIL DISTRICTS IMPACTED: 3

SUBJECT:

San Antonio Metropolitan Health District Lease Agreement with State of Texas Department of State Health Services for up to 5,000 square feet of clinic space located at 2303 SE Military Drive.

SUMMARY:

This ordinance authorizes the negotiation and execution of a lease with the State of Texas Department of State Health Services and the City of San Antonio for use by the San Antonio Metropolitan Health District (SAMHD) of up to 5,000 square feet of property located at 2303 SE Military Drive in Council District 3 for a twenty-year term, effective upon completion of required building improvements at the annual rental amount of \$1.00 plus operating expenses. The estimated \$200,000.00 cost of renovation is funded by utilizing dollars presently appropriated in the FY 2014 Budget.

BACKGROUND INFORMATION:

Since 1997, through SAMHD's Tuberculosis (TB) Control Program the City provides clinical and health prevention services from a leased facility at 814 McCullough Street. The TB Control Program, funded primarily through grants from the Texas Department of Health, provides clinical facilities 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. The subject facility is located at the State operated Texas Center for Infectious Disease (TCID) and the State has offered the property to the City at a reduced rental with

the City only responsible for reimbursing the costs required to build out the space for TB Clinic needs and the monthly operating expenses associated with the City's occupancy for electricity, air conditioning and other building services that will be provided by the State.

The new clinic will be up to 5,000 square feet in size and the State will complete all of the required renovations to outfit the space for TB Clinic needs at an estimated cost of \$200,000.00 including onetime expenses associated with relocating medical equipment and installing telephone systems. Upon completion of the renovations, SAMHD will relocate the TB Clinic from McCullough to these facilities.

ISSUE:

The City has occupied the existing TB Clinic since 1997 and in an effort to enhance delivery of services for these clinical functions; SAMHD has pursued several alternatives for service delivery including the renovation of a City-owned space. After careful consideration and reflecting the fact that the State is offering a clinic building surplus to their needs at a reduced rental rate, coupled with the fact that the TCID location is in the part of San Antonio most in need of these services, it has been determined that leasing property in this instance is the most cost effective means to deliver TB services to the citizens of San Antonio.

The existing clinic lease provides the City the option to terminate at anytime on 60-days notice without penalty, so the transition from one leased facility to another can be accomplished with minimal impact. Occupancy will commence upon completion of required improvements to the facility which will be funded by utilizing dollars presently appropriated in the FY 2014 Budget.

This action is consistent with the City's policy to support the mission of SAMHD's Tuberculosis Control Program and to utilize leased space to augment City-owned facilities.

ALTERNATIVES:

The City could remain in the present leased TB Clinic facility at the annual cost of \$81,000.00 plus operating expenses. Given that the subject facility is being offered at a reduced rental rate, can be renovated for a competitive cost and is located in an area that has a demonstrated need for these services, the alternative of remaining in the existing facility or searching for a more favorable occupancy situation is not expected to yield a more favorable option.

FISCAL IMPACT:

Under the terms of the lease the annual rent will be \$1.00 over the twenty-year occupancy. The City would be responsible for its share of operating expenses which are estimated to be less than \$30,000.00 annually, subject to annual increases of 1.5 percent. Provisions within the lease provide that the City will reimburse the State the entire cost to renovate the space for TB Clinic purposes which is estimated to be \$200,000.00 to complete the required construction of interior improvements and fund onetime expenses including telephone systems. Funds are available for this work and are included in the adopted FY 2014 Budget.

The SAMHD has sufficient funds in its FY 2014 Budget to support the lease related expenses and cost of constructing the required facilities.

RECOMMENDATION:

Staff recommends approval of authority to negotiate and execute a lease with the State of Texas Department of State Health Services for twenty-years for space located at 2303 SE Military Drive, Building 528 at an annual initial cost of occupancy of not more than \$30,001.00.