



City of San Antonio

Legislation Details (With Text)

File #: 20-3441

Type: Real Property Lease

In control: City Council A Session

On agenda: 8/6/2020

Title: Ordinance authorizing a five-year lease agreement with DHL Express (USA), Inc. for the leasehold at 10307 Wetmore Road, commencing on March 1, 2020 and generating \$185,094.63 in annual revenue for the Airport Department Operating and Maintenance Fund. [Carlos Contreras, Assistant City Manager; Jesus Saenz, Director, Aviation]

Sponsors:

Indexes: Aviation Lease Agreements

Code sections:

Attachments: 1. Agreement, 2. Map, 3. ContractsDisclosureForm, 4. Ordinance 2020-08-06-0472

| Date | Ver. | Action By | Action | Result |
|----------|------|------------------------|--------|--------|
| 8/6/2020 | 1 | City Council A Session | | |

DEPARTMENT: Aviation

DEPARTMENT HEAD: Jesus H. Saenz, Jr., IAP

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Lease Agreement with DHL Express (USA), Inc. at the San Antonio International Airport

SUMMARY:

This Ordinance authorizes a lease agreement with DHL Express (USA), Inc (DHL) for 7,381 square feet of ground space, 23,700 square feet of building space and 11,378 square feet of ramp space at the San Antonio International Airport. The term will be retroactive to March 1, 2020. The five-year lease agreement will generate \$185,094.63 in revenue annually. Valbridge Property Advisors performed an appraisal of the leasehold in September 2019.

BACKGROUND INFORMATION:

DHL, formerly Airborne Freight, has been a tenant at San Antonio International Airport since 1990 at 10307 Wetmore Road. The company handles and processes air and other cargo. The leasehold includes 7,381 square

feet of ground space, 23,700 square feet of building space and 11,378 square feet of ramp space.

The current three-year lease agreement with DHL was approved by City Council in September 2017 and expired on February 29, 2020. The lease agreement utilized the holdover provision in the agreement to allow negotiations for terms of the new lease agreement to be reached. The terms of the lease agreement have been negotiated and agreed upon by both the City and DHL with a term of five years.

ISSUE:

DHL requires a leasehold with airfield access at the San Antonio International Airport to support its cargo operations.

The term of the five-year agreement will become retroactive to March 1, 2020 and provides DHL with 7,381 square feet of ground space, 23,700 square feet of building space and 11,378 square feet of ramp space at the San Antonio International Airport.

ALTERNATIVES:

City Council could choose not to approve this agreement, which would result in DHL and the Aviation Department having to identify another location on the airport campus.

FISCAL IMPACT:

Under the terms of this lease agreement, DHL will pay an annual amount of \$185,094.63, which will be deposited into the Airport Operating and Maintenance Fund. Valbridge Property Advisors performed an appraisal of the leasehold in September 2019.

| Leased Premises | Area (Square Feet) | Annual Rate per Square Foot | Annual Rental |
|------------------------|---------------------------|------------------------------------|----------------------|
| Ground Space | 7,381 | \$0.48 | \$3,542.88 |
| Building Space | 23,700 | \$7.14 | \$169,218.00 |
| Ramp Space | 11,378 | \$1.084 | \$12,333.75 |
| Total | | | \$185,094.63 |

RECOMMENDATION:

Staff recommends the approval of a lease agreement with DHL at the San Antonio International Airport.