



# City of San Antonio

## Agenda Memorandum

**File Number:**17-1413

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**Agenda Item Number:** 19.

**Agenda Date:** 9/21/2017

**In Control:** City Council A Session

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**DEPARTMENT:** Aviation

**DEPARTMENT HEAD:** Russell J. Handy

**COUNCIL DISTRICTS IMPACTED:** Citywide

### **SUBJECT:**

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

### **SUMMARY:**

This Ordinance authorizes a lease agreement with DHL Express (USA), Inc 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 three-year lease agreement will generate \$185,094.63 in revenue annually.

### **BACKGROUND INFORMATION:**

DHL Express (USA), Inc. (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 February 2014 through Ordinance 2014-02-06-0073 and expired on February 28, 2017. The lease agreement utilized the holdover provision in the lease 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 three years.

### **ISSUE:**

Approval of this lease Agreement is consistent with City policy to lease City-owned property to generate revenue.

#### **ALTERNATIVES:**

City Council could direct Aviation staff to seek a new tenant for this leasehold; however, this could result in the loss of \$185,094.63 in annual revenue until a new tenant is identified and would require DHL to relocate to another location, potentially away from the San Antonio area.

#### **FISCAL IMPACT:**

Under the terms of this lease agreement, DHL will pay an annual rate per square foot for of: \$0.48 for ground space, \$7.14 for building space and \$1.084 for ramp space. The annual amount of \$185,094.63 will be deposited into the Airport Operating and Maintenance fund.

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

#### **RECOMMENDATION:**

Staff recommends approval of the three-year lease agreement with DHL Express (USA), Inc. at the San Antonio International Airport.