



City of San Antonio

Agenda Memorandum

File Number:18-3570

Agenda Item Number: 20.

Agenda Date: 6/21/2018

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT:

Third Amendment of Lease Agreement for SAFD Wellness Program

SUMMARY:

This ordinance authorizes the execution of a Third Amendment of Lease Agreement between Burkhart, Shannon and Holmes, a Texas general partnership, and the City of San Antonio, for the continued use of 11,622 square feet of office space and the addition of 795 square feet of office space located at 215 South San Saba, located in Council District 1, for use by the San Antonio Fire Department (SAFD) as a location for its staff Psychologist and Health and Wellness Program, commencing July 1, 2018 for the additional monthly rental amount of \$1,160.70 increasing to \$1,256.10 on the fifth year of the lease term, with the option to renew for one additional five-year term. The City will retain the option to terminate this lease any time after April 30, 2021 with 120 days notice.

BACKGROUND INFORMATION:

Pursuant to Ordinance No. 2010-09-09-0782, dated September 9, 2010, and two subsequent City Council approved renewals, the SAFD - Wellness Program has been a tenant at 215 South San Saba since December 1, 2010. As a result of the FY 2010 budget process, the SAFD was given direction to implement a Health and Wellness Program for uniformed employees. Through coordination with the San Antonio Professional Firefighters Association (SAPFFA), the Human Resources Department, Health Department and Office of Management and Budget, the SAFD determined that an in-house program was the most cost effective and efficient method to provide annual physicals for each firefighter. This location has provided the SAFD the ability to establish a fitness center, and provide fitness evaluations on all uniformed personnel. This action will serve to add 795 square feet of office space to the existing leased premises, as a location in which to

house its staff Psychologist, and based on its central location, provide a more efficient location in which to provide counseling services to SAFD fire fighters.

ISSUE:

The SAFD's current staff Psychologist is retiring and currently operates out of his private office in the Medical Center, where the City pays a portion of the lease. In order for the psychologist to be more centrally located, and near the Wellness Center, staff proposes leasing space at 215 S. San Saba (Washington Place). The additional space will be utilized by the new staff Psychologist to provide counseling services. The recommended course of action, to increase the size of the leased premises, will allow the SAFD to more efficiently provide uninterrupted counseling services to fire fighters. This action is consistent with the City's policy to support the mission and space needs of the San Antonio Fire Department.

ALTERNATIVES:

The alternative to amending the existing lease to increase the size of the leased premises to accommodate SAFD counseling services, would be to search for another centrally located property that offers more fiscally favorable lease terms and provides ample parking, to include parking for Fire Trucks. However, due to the increase in office rental rates in the desired area, and the costs associated with installing I.T. infrastructure in a facility that does not have CoSA I.T. infrastructure, it is unlikely that a more fiscally favorable location can be identified.

FISCAL IMPACT:

The terms of the Third Amendment of Lease Agreement establish the following:

Term	Existing Lease	Amended Lease	Net Change
Term Expiration	April 30, 2023	April 30, 2023	No change
Size of Premises	11,622 SF	12,417 SF	795 SF more
1 st Year Annual Rent	\$221,833.20	\$235,761.60	\$13,928.40 more
Rent July-Sept (FY 2018)	\$55,458.30	\$58,940.40	\$3,482.10 more

Beginning with the July 2018 rent, and for the remainder of the lease term, which ends April 30, 2023, fiscal year rent totals are as follows:

Fiscal Year	Annual Rent
2018	\$175,570.15
2019	\$237,572.45
2020	\$241,970.19
2021	\$246,440.31
2022	\$250,962.13
2023	\$147,957.88

The rental rate for the additional square footage being added by this Third Amendment to Lease Agreement is at the same rate established by the terms of the current Lease Agreement.

In addition to rent, the SAFD will be responsible for the payment of its pro-rata share of increases in property taxes. The SAFD has sufficient funds in the FY 2018 General Fund Budget for these expenses.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing the execution of the Third Amendment of Lease Agreement for the continued use of space by the SAFD, with Burkhart, Shannon and Holmes, a Texas general partnership.