



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting February 13, 2024
Second Reading Ordinance for the City Council Meeting February 20, 2024

DATE: February 13, 2024
TO: Peter Zaroni, City Manager
FROM: Kevin Smith, Director of Aviation
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Ordinance authorizing a five-year lease agreement with Driscoll Children's Hospital for hangar and office space at Corpus Christi International Airport.

CAPTION:

Ordinance authorizing the City Manager to execute a five-year lease agreement with Driscoll Children's Hospital for hangar, office, storage, and parking space at Corpus Christi International Airport, with four one-year options to renew, in consideration of monthly lease payments of \$4,164.48 in the first year and annual rate increases.

SUMMARY:

The proposed lease agreement is between the City of Corpus Christi and Driscoll Children's Hospital (DCH) for premises located at 320 International Drive at the Corpus Christi International Airport for a term of five years with four one-year renewal options. Lessee will occupy 180 square feet of storage, 3,000 square feet of office space, 3,120 square feet of hangar, 8,952 square feet of parking, 87,260 square feet of land, and 6,488 square feet of the apron.

The leased premises will continue to serve as the hospital's on-airport base of operations for ambulance operations using ground vehicles, fixed-wing aircraft, and helicopters. The premises also includes training facilities, storage areas, and living quarters for staff who are on duty twenty-four hours per day.

BACKGROUND AND FINDINGS:

Driscoll Children's Hospital (DCH) was built in 1953 and serves as a primary hospital for children in Corpus Christi and surrounding areas such as Rio Grande Valle, Victoria, and Laredo. DCH has been an existing tenant at CCIA since 2017 and is in good standing. The current leased facility provides critical life-saving ground and air ambulance services for patients and their families. Driscoll uses its based ground ambulance and helicopter teams, and CCIA tenant Sterling Air Service provides contracted air ambulance services.

The facility provides services across the state of Texas and will occasionally serve further locations including the Mayo Clinic in Rochester, Minnesota or the Children’s Hospital and Medical Center in Omaha, Nebraska.

The proposed rent is based on an expanded footprint and reclassification of improved space with a fixed annual escalation in rent. Total rent revenue is listed below.

YEARLY BREAKDOWN OF RATE INCREASES			
TERM	FISCAL YEAR	MONTHLY COST	ANNUAL COST
Years 1-5	2023-24	\$ 4,164.48	\$ 49,973.76
	2024-25	\$ 4,800.84	\$ 57,610.12
	2025-26	\$ 5,437.21	\$ 65,246.48
	2026-27	\$ 6,073.57	\$ 72,882.84
	2027-28	\$ 6,709.93	\$ 80,519.20
Year 6	2028-29	\$ 6,844.13	\$ 82,129.58
Year 7	2029-30	\$ 6,981.01	\$ 83,772.18
Year 8	2030-31	\$ 7,120.63	\$ 85,447.62
Year 9	2031-32	\$ 7,263.05	\$ 87,156.57

ALTERNATIVES:

The alternative includes leasing the facility to a different tenant or allowing Driscoll Children’s Hospital to occupy the space on a month-to-month basis without a lease.

FISCAL IMPACT:

The proposed new lease agreement will provide CCIA with a total annual rent revenue of \$49,973.76 for the first year and fixed escalations throughout the term of the lease.

FUNDING DETAIL:

Fund: 4610
 Organization/Activity: 35000 – Airport Administration
 Department: 53
 Project # (CIP Only): N/A
 Account: 320230

RECOMMENDATION:

City staff recommends approval of this action item.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
 Lease Agreement with Exhibits