



City of San Antonio

Legislation Details (With Text)

File #: 16-5869

Type: Real Property Lease

In control: City Council A Session

On agenda: 12/15/2016

Title: An Ordinance authorizing First Amendments to River Walk Lease Agreements with Macrode Holdings, LLC. d/b/a Tiendas del Rio, MeGusta Fine Cigar Co. d/b/a Spirit of San Antonio, and Silversmith Inc. to extend leases through December 31, 2021. [Lori Houston, Assistant City Manager; John Jacks, Interim Director, Center City Development & Operations Department]

Sponsors:

Indexes: River Walk Lease

Code sections:

Attachments: 1. Macrode dba Tiendas Signed Amendment, 2. MeGusta 2016 Counter Signed Amendment, 3. Silversmith 2016 Countersigned Amendment, 4. Macrode dba Tiendas Disclosure Form, 5. Silversmith 2016 Contract Disclosure Form, 6. Macrode dba Tiendas Certificate of Interested Parties Form 1295, 7. MeGusta 2016 Certificate of Interested Parties Form 1295, 8. Silversmith 2016 Certificate of Interested Parties Form 1295, 9. MeGusta 2016 Contract Disclosure Form, 10. Draft Ordinance, 11. Department Presentation, 12. Ordinance 2016-12-15-0991

Date	Ver.	Action By	Action	Result
12/15/2016	1	City Council A Session	adopted	Pass

DEPARTMENT: Center City Development and Operations Department

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT:

Amending the River Walk Lease Agreements with Macrode Holdings, LLC. d/b/a Tiendas Del Rio, MeGusta Fine Cigar Co. d/b/a Spirit of San Antonio, and Silversmith Inc.

SUMMARY:

This ordinance authorizes amending the lease agreements between the City of San Antonio and Macrode Holdings, LLC. d/b/a Tiendas Del Rio, MeGusta Fine Cigar Co. d/b/a Spirit of San Antonio, and Silversmith Inc. to extend lease terms through December 31, 2021.

BACKGROUND INFORMATION:

Ordinances 2006-11-30-1353 and 2006-12-14-1435 authorized lease agreements for indoor retail space under

the Commerce Street Bridge with Pakal Jewelry LLC (business subsequently changed name to Macrode Holdings, LLC.) d/b/a Tiendas Del Rio (Tiendas), MeGusta Fine Cigar Co. d/b/a Spirit of San Antonio (Spirit of SA), and Silversmith Inc. (Silversmith). These lease agreements were for five-years and included one five-year renewal, which will expire on December 31, 2016.

ISSUE:

This ordinance will authorize amending the lease agreements to extend the terms through December 31, 2021. The amendments will also authorize a 1.5% rate increase in Year 1 of the extension period, a market rate adjustment in Year 2, and 2.5% annual rate increases in Years 3-5. In addition, the amendments establish minimum operating hours and a \$50.00 late payment fee. Approval of this ordinance is consistent with the City's policy of leasing City-owned property in support of downtown economic development.

ALTERNATIVES:

The City may elect not to amend and extend the agreements, which would result in the lessees' occupancy becoming at will or terminating.

FISCAL IMPACT:

The amendments authorize a 1.5% rate increase in Year 1 of the extension period, followed by a market rate adjustment in Year 2. In Years 3-5 rates will increase 2.5% annually. The total amount to be received in Year 1 is shown below:

Lessee	Lease Year 1	Monthly Total Due	Annual Total Due
Tiendas	01/01/17 - 12/31/17	\$7,131.06	\$85,572.72
Spirit of SA	01/01/17 - 12/31/17	4,625.36	55,504.32
Silversmith	01/01/17 - 12/31/17	2,481.27	29,775.24
Total		\$14,237.69	\$170,852.28

All revenue received will be deposited into CDBG Funds.

RECOMMENDATION:

Staff recommends approval of amending the River Walk Lease Agreements between the City of San Antonio and Macrode Holdings, LLC. d/b/a Tiendas Del Rio, MeGusta Fine Cigar Co. d/b/a Spirit of San Antonio, and Silversmith Inc. to extend lease terms through December 31, 2021.