



City of San Antonio

Agenda Memorandum

File Number: 16-5869

Agenda Item Number: 13.

Agenda Date: 12/15/2016

In Control: City Council A Session

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.