



City of San Antonio

Agenda Memorandum

File Number: 17-5883

Agenda Item Number: 21.

Agenda Date: 11/9/2017

In Control: City Council A Session

DEPARTMENT: Convention & Sports Facilities

DEPARTMENT HEAD: Michael J. Sawaya

COUNCIL DISTRICTS IMPACTED: District 1

SUBJECT:

An Extension to the of Henry B. Gonzalez Convention Center (Business Center) Lease Agreement.

SUMMARY:

An Ordinance authorizing an extension to the Henry B. Gonzalez Convention Center (Business Center) Lease Agreement with Texas Badger Developments-1, LLC (d/b/a The UPS Store) for leased space, for a five-year Renewal Term from January 1, 2018 through December 31, 2022, with estimated annual revenue of \$30,000.00 and \$150,000.00 over the five-year Renewal Term.

BACKGROUND INFORMATION:

The UPS Store provides a full range of exclusive and non-exclusive products and services to visitors of the Henry B. Gonzalez Convention Center. The services include packing and shipping services, document services, typing/word processing services, mailbox rental, computer services, passport and photo ID services, notary services, fax services, and a variety of office and mailing supplies, as well as sundries, to clients and visitors of the Henry B. Gonzalez Convention Center.

The UPS store has been a tenant of the Convention Center since 2003. The Amendment and Restatement of the Henry B. Gonzalez Convention Center (Business Center) Lease Agreement was last approved by the passage of Ordinance 2013-11-21-0787, approved on November 21, 2013 and runs through December 31, 2017. This item, subject to Council approval, will provide an additional five-year renewal through December 31, 2022.

In exchange for the right to provide these services, The UPS Store shall pay the City a Minimum Monthly Rent, the greater of (i) a reduced Monthly Base Rent of \$2,500.00, based on 1,184 square feet, or (ii) a Percentage Rent ("Percentage Rent") equal to eleven percent (11%) on monthly Gross Sales of Exclusive Products and

Services of \$40,000.00 or less, or twelve percent (12%) on monthly Gross Sales of Exclusive Products and Services of \$40,000.01. Currently, the average gross sales are \$14,000.00 per month; therefore, the City receives the Monthly Base Rent of \$2,500.00. In effort to increase gross sales, the City has committed to provide The UPS Store with additional interior signage to be placed on the Center's digital sign network. The UPS Store has committed to provide additional customer service training to its employees to achieve the highest level of exceptional customer service to visitors of the Henry B. Gonzalez Convention Center and implementation of a Secret Shopper Program with reporting the results to the City at least two (2) times annually under terms and conditions of the Renewal Term.

ISSUE:

The current lease agreement expires on December 31, 2017 with a five-year Renewal Term subject to City Council approval. The UPS Store expressed an interest to renew the contract term and committed to provide additional customer service training to achieve the highest level of exceptional customer service to visitors of the Henry B. Gonzalez Convention Center. The City and The UPS Store, both desire to exercise the five-year Renewal Term.

ALTERNATIVES:

Alternatives include not authorizing the five-year Renewal Term, and/or directing staff to revise the terms and conditions of the Extension Agreement. The Agreement expires December 31, 2017.

FISCAL IMPACT:

The current Monthly Base Rent is \$2,500.00 which would generate \$30,000.00 annually and \$150,000.00 over the five-year Renewal Term. The base rent revenue of \$30,000.00 is budgeted in the FY 2018 Adopted Budget for the Community and Visitor Facilities Fund.

RECOMMENDATION:

Staff recommends approval of exercising the five-year Renewal Term to the Henry B. Gonzalez Convention Center (Business Center) Lease Agreement with The UPS Store.