



City of San Antonio

Agenda Memorandum

File Number: 17-6075

Agenda Item Number: 19.

Agenda Date: 12/14/2017

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT:

Amendment to River Walk patio lease with 155 E. Commerce Hotel LLC

SUMMARY:

This ordinance authorizes an amendment to a River Walk Patio Lease with 155 E Commerce Street and revises the lease start date for the use of the patio to January 1, 2021.

BACKGROUND INFORMATION:

155 E. Commerce Hotel LLC is redeveloping the properties at 155 and 161 E. Commerce Street into an 18 story hotel. On June 18, 2015, City Council approved a five year lease with four renewal options to allow the hotel to use of 1,361 square feet of River Walk patio space. The term of the lease was to begin upon completion of the hotel but no later than January 1, 2018.

Site work began in late 2016 and demolition was completed in 2017; however, vertical construction has been delayed due to re-engineering of the foundation. As a result, the original completion date of December 31, 2017 will not be met; therefore, the use of the River Walk patio will not begin January 1, 2018. The proposed amendment will revise the construction completion date to December 31, 2020, and revise the start date for use of the River Walk patio to January 1, 2021.

ISSUE:

Re-engineering of the proposed hotel's foundation has delayed construction, postponing the start date for the hotel's use of River Walk patio space.

ALTERNATIVES:

The City may elect not to extend the River Walk patio lease, resulting in lessee’s default and termination of lease.

FISCAL IMPACT:

As a result of construction delays, lease payments to the River Walk Capital Improvement Fund will begin January 1, 2021.

Lease Period	Monthly Rent	Annual Total
1/1/2021-12/31/2021	\$2,558.68	\$30,704.16
1/2/2022-12/31/2022	\$2,613.12	\$31,357.44
1/2/2023-12/31/2023	\$2,667.56	\$32,010.72
1/2/2024-12/31/2024	\$2,722.00	\$32,664.00
1/2/2025-12/31/2025	\$2,776.44	\$33,317.28

RECOMMENDATION:

Staff recommends approval of the proposed amendment to extend the construction phase of the lease through December 31, 2020 and revise the start date for use of the River Walk patio to January 1, 2021.