



City of San Antonio

Agenda Memorandum

File Number: 18-3311

Agenda Item Number: 15.

Agenda Date: 5/31/2018

In Control: City Council A Session

DEPARTMENT: Center City Development and Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT:

Amendment to existing lease to assign to another entity and reduce the square footage occupied.

SUMMARY:

This ordinance authorizes the amendment of an existing lease in the City-owned International Center Building with Free Trade Alliance San Antonio and assigns that lease to the San Antonio Economic Development Foundation (EDF) along with a reduction of space occupied from 6,100 square feet to 2,824 square feet for a term ending September 30, 2019 at an initial annual rent of \$36,846.96 increasing to an annual rent of \$37,581.00 during the final year of the term.

BACKGROUND INFORMATION:

In response to the constantly evolving development of policies and programs aimed at building upon San Antonio's long standing support of international trade, the City recently formulated a strategy that designates the EDF as the primary partner for fostering trading relationships between the local community, Mexico and Latin America. To avoid redundancy in the funding of various non-profit entities that have traditionally lent their support to these efforts the Free Trade Alliance agreed to merge their efforts with those of the EDF. As a result of this streamline and focus of efforts, staff formerly employed by Free Trade Alliance have been absorbed into the EDF and have relocated into space already occupied by EDF. Therefore, a portion of the space formerly occupied by Free Trade Alliance is now surplus to the needs of the reconfigured EDF. As part of this merger, EDF will continue to promote the development of trade through the business incubator program which was previously managed by Free Trade Alliance and will continue to be housed in the space they will retain in the building.

ISSUE:

The City has developed a streamlined strategy for promoting international trade which resulted in the recent merger of Free Trade Alliance and EDF. As the entity charged with implementing this restructured strategy, EDF no longer has a need for a portion of the office space formerly occupied by Free Trade Alliance in the International Center Building. This action reduces the occupancy to a size appropriate for the EDF effort and recognizes that EDF is the tenant in possession of the office space retained.

The remaining 3,276 square feet of vacant space will be occupied by the Arts & Culture department during the renovation of City Hall. Once renovations is complete, the City will seek to rent the vacant space.

ALTERNATIVES:

The City could choose not to release EDF from its obligation inherited through its assumption of activities previously managed by the Free Trade Alliance but that would create an undue financial burden on the organization which could result in allocating resources to fund a lease payment which are better used to implement EDF’s mission of promoting development of business opportunities in San Antonio.

FISCAL IMPACT:

Effective June 1, 2018 the monthly rent will decrease from \$6,633.87 to \$3,070.58 reflecting the commensurate reduction of square feet occupied.

In addition, the City will provide EDF a monthly credit in the amount of \$1,428.57 from June 1, 2018 - December 31, 2018 as a payment for the use to purchase of audiovisual equipment, a Smartboard, refrigerator, dishwasher, icemaker, conference room table and 18 chairs.

For the remainder of the term which ends September 30, 2019, the chart below represents the rent to be collected annually:

Fiscal Year	Total Annual Rent
2018	\$6,568.04
2019	\$33,295.29

The rental rate per square foot is at the same rate established by Council action when the existing Free Trade Alliance lease was approved on September 18, 2014.

Due to the reduction in leased space, the General Fund will forgo \$19,967.44 in revenue.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing the assignment of an existing lease to the Economic Development Foundation for a reduced occupancy in the Intentional Center Building effective June 1, 2018.