



City of San Antonio

Agenda Memorandum

File Number: 14-1623

Agenda Item Number: 12.

Agenda Date: 8/14/2014

In Control: City Council A Session

DEPARTMENT: Center City Development and Operations

DEPARTMENT HEAD: Lori Houston

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT:

This ordinance authorizes a five-year agreement with Gallery Ventures Limited, L.L.C. d/b/a Gallery Vetro! Creative Artglass (Gallery Vetro) to operate a retail establishment from 250 E. Houston, located at street level within the Houston Street Parking Garage.

SUMMARY:

This ordinance authorizes a five-year agreement with Gallery Vetro to operate a retail establishment from 250 E. Houston located at street level within the Houston Street Parking Garage effective September 1, 2014.

BACKGROUND INFORMATION:

The City of San Antonio owns and operates the Houston Street Parking Garage, located at the southwest corner of Houston and Navarro Streets, which includes office/retail space at street level. On August 31, 2014, 250 E. Houston will be vacated by Foto Center, Inc. d/b/a The Pink Giraffe, a card and gift shop that has occupied this space for thirty-two years.

In order to keep this key retail space active, staff entered into negotiations with Gallery Vetro, currently located at 513 E. Houston, in May 2014 to occupy 250 E. Houston upon The Pink Giraffe's termination. Gallery Vetro has been a successful downtown San Antonio retail establishment for over fourteen years. Gallery Vetro's successful track record and retail mix will further enhance the downtown visitor and resident experience in and around the Houston Street Garage.

The proposed lease area is 2,187 square feet. The initial term of the agreement will be for five years

commencing on September 1, 2014 through August 31, 2019. The agreement provides for one five-year renewal option. Rent payments will begin three months after the lease commencement. Gallery Vetro will be responsible for completing improvements/upgrades to the space and in consideration may be abated up to \$34,248.42 in rent. The actual abatement amount will be determined based on Gallery Vetro’s submission of receipts showing proof of payment for completing improvements/upgrades.

ISSUE:

Approval of this ordinance is consistent with the City’s policy to lease City-owned property and support Downtown economic development.

ALTERNATIVES:

The City may elect not to lease space to Gallery Vetro and seek an alternate lessee.

FISCAL IMPACT:

Gallery Vetro will pay an initial annual lease rate of \$20.88 per square foot which will escalate annually by 3.00%. Rent totals for the initial term of the agreement are as follows:

Term	Lease Rate	Monthly	Lease Total
12/1/2014 - 8/31/2015	\$20.88	\$3,805.38	\$34,248.42
9/1/2015 - 8/31/2016	\$21.51	\$3,920.20	\$47,042.37
9/1/2016 - 8/31/2017	\$22.16	\$4,038.66	\$48,463.92
9/1/2017 - 8/31/2018	\$22.82	\$4,158.95	\$49,907.34
9/1/2018 - 8/31/2019	\$23.50	\$4,282.88	\$51,394.50
Total			\$231,056.55

All funds received will be deposited into the Parking Fund.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing a five-year agreement with Gallery Vetro to operate a retail establishment from 250 E. Houston, located at street level within the Houston Street Parking Garage.