



# City of San Antonio

## Agenda Memorandum

**File Number:** 14-1952

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**Agenda Item Number:** 11.

**Agenda Date:** 9/18/2014

**In Control:** City Council A Session

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**DEPARTMENT:** Center City Development & Operations Department

**DEPARTMENT HEAD:** Jim Mery, Deputy Director

**COUNCIL DISTRICTS IMPACTED:** 1

### **SUBJECT:**

This ordinance authorizes a five-year agreement with Nation Tours, Inc. d/b/a Segway Nation to lease 773 square feet at 260 E. Houston, located at street level within the Houston Street Parking Garage.

### **SUMMARY:**

This ordinance authorizes a five-year lease agreement with Segway Nation to operate Segway tours, bike rentals, retail, and tour ticket sales from 260 E. Houston, located at street level within the Houston Street Parking Garage effective October 1, 2014, which will generate \$89,899.90 in rent payments to the City over the five-year term.

### **BACKGROUND INFORMATION:**

On August 18, 2011, City Council authorized a three-year agreement with Segway Nation to lease 260 E. Houston, located at street level within the Houston Street Parking Garage. This agreement expires September 30, 2014, and a new five-year agreement is proposed.

The lease area will remain at 773 square feet and the initial term of the agreement will be for five years commencing October 1, 2014 through September 30, 2019. The agreement provides for one five-year renewal option. Segway Nation will pay an initial annual lease rate of \$20.00 per square foot as well as \$1.26 per square foot annually in Common Area Maintenance (CAM) fees. Under this agreement, Segway Nation will assume payment of electrical utilities while the City remains responsible for payment of water and sewer charges.

**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 Segway Nation and seek an alternate lessee.

**FISCAL IMPACT:**

Segway Nation will pay an initial annual lease rate of \$20.00 per square foot which will escalate by \$1.00 annually. In addition, Segway Nation will pay \$1.26 per square foot annually in CAM fees. Rent totals for the initial term of the agreement are as follows:

	<b>Lease Rate/psf (Annual)</b>	<b>CAM/psf (Annual)</b>	<b>Annual/Monthly Totals Due</b>
October 1, 2014 - September 30, 2015	\$20.00	\$1.26	\$16,433.98/\$1,369.50
October 1, 2015 - September 30, 2016	\$21.00	\$1.26	\$17,206.98/\$1,433.92
October 1, 2016 - September 30, 2017	\$22.00	\$1.26	\$17,979.98/\$1,498.33
October 1, 2017 - September 30, 2018	\$23.00	\$1.26	\$18,752.98/\$1,562.75
October 1, 2018 - September 30, 2019	\$24.00	\$1.26	\$19,525.98/\$1,627.17

All funds received will be deposited into the Parking Fund.

**RECOMMENDATION:**

Staff recommends approval of this ordinance authorizing a five-year agreement with Segway Nation to lease 773 square feet at 260 E. Houston, located at street level within the Houston Street Parking Garage.