



City of San Antonio

Agenda Memorandum

File Number:21-3686

Agenda Item Number: 11.

Agenda Date: 6/3/2021

In Control: City Council A Session

DEPARTMENT: Center City Development and Operations Department

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT:

La Villita Lease Renewals

SUMMARY:

This ordinance authorizes the renewal of five La Villita Lease Agreements with DBHO, Inc. d/b/a Guadalajara Grill, Orthodox Ecumenical Church, Inc. d/b/a Little Church of La Villita, Bobby J. and Claudia I. Brown d/b/a Villa Tesoros, Bird and Pear, LLC, and Karla Benavides d/b/a Huipil Market.

BACKGROUND INFORMATION:

Since 1994, DBHO Inc. d/b/a Guadalajara Grill (Guadalajara Grill) has operated a successful restaurant in Building 16 of La Villita. In December 2015, City Council authorized a five-year lease agreement, with two, two-year renewals for Guadalajara Grill's continued use of Building 16. The agreement with the City includes 4,096 square feet of interior restaurant and special event space and 700 square feet of outdoor patio space, facing South Alamo Street.

The Orthodox Ecumenical Church, Inc. d/b/a Little Church of La Villita (Little Church) has been a tenant within La Villita for over 50 years. City Council, in June 2016, authorized a five-year lease agreement, with two, two-year renewals for Little Church's continued use of Buildings 12 and 13. The square footage of the lease agreement includes 642 square feet of artist gallery space and 3,611 square feet of sanctuary, food pantry, and church administrative space.

In August 2016, City Council awarded a five-year lease agreement with two, two-year renewals to Villa Tesoros for Building 8 in La Villita. Villa Tesoros was the successful respondent of a February 2016 RFP for building

8. The total square footage of Building 8 is 1,547 square feet.

City Council, in June 2017 awarded a three-year lease agreement, with two, one-year renewals to Bird and Pear, LLC for Building 10 in La Villita. Building 10 includes a total of 1,441 square feet. In June 2020, City Council authorized the first renewal option for Bird and Pear’s continued use of Building 10.

In June 2019, City Council awarded a one-year lease agreement, with two, one-year renewal options for Building 7 to Karla Benavides d/b/a Huipil Market (Huipil Market). Building 7 in La Villita include 659.42 square feet. In June 2020, City Council authorized the first renewal option for Huipil Market’s continued use of Building 7.

ISSUE:

Approval of this ordinance will extend Guadalajara Grill’s, Little Church’s, and Villa Tesoros’ lease agreements through June 30, 2023. The agreements with Bird and Pear and Huipil Market will be extended through June 30, 2022. Additionally, approval of this ordinance is consistent with the City’s practice of leasing City-owned property in support of downtown retail activity.

ALTERNATIVES:

The City may elect not to approve the lease renewals, which would result in tenants becoming month-to-month or vacating.

FISCAL IMPACT:

In consideration of the economic uncertainty created by the COVID-19 pandemic, staff recommends keeping rent, common area maintenance (CAM), and utilities’ rates flat for year one of the renewals. Rates for year two of the renewals (if applicable) will increase 2% for rent and 2.5% for CAM and utilities.

The total amount to be received by the renewals is summarized below:

Term	Monthly	Annual¹
7/1/2021 - 6/30/2022	\$16,229.71	\$189,205.18
7/1/2022 - 6/30/2023	\$13,297.46	\$155,046.75
Total		\$344,251.93

¹ The annual amounts shown above include a 16-day abatement in April due NIOSA. The abatement amount for April-2021 is \$5,551.28 and for April-2022 is \$4,522.77

All funds received by the lease renewals will be deposited into the General Fund.

RECOMMENDATION:

Staff recommends the renewal of five La Villita Lease Agreements with DBHO, Inc. d/b/a Guadalajara Grill, Orthodox Ecumenical Church, Inc. d/b/a Little Church of La Villita, Bobby J. and Claudia I. Brown d/b/a Villa Tesoros, Bird and Pear, LLC, and Karla Benavides d/b/a Huipil Market, which will expire on June 30, 2021.