



City of San Antonio

Agenda Memorandum

File Number: 15-3469

Agenda Item Number: 29.

Agenda Date: 6/18/2015

In Control: City Council A Session

DEPARTMENT: Center City Development and Operations

DEPARTMENT HEAD: Lori Houston

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT:

River Walk Lease

SUMMARY:

This ordinance authorizes a lease with Chilton Restoration, LLC for River Walk patio space for food and beverage service adjacent to their proposed hotel at 161 E. Commerce.

BACKGROUND INFORMATION:

In 2013, Chilton Restoration purchased the properties at 155 and 161 E. Commerce Street. The two buildings have been vacant for over 20 years. The properties are located at the northwest corner of Commerce and St. Mary's Street, and the north edge of both properties abuts the River Walk. Chilton has plans to demolish the building at 161 E. Commerce and construct an 18 story hotel on the site. The Historic Design & Review Commission granted conceptual approval for Chilton's proposal on January 21, 2015.

Chilton is seeking to lease 1,361 square feet of City-owned patio space on the River Walk for outdoor food and beverage service. The proposed patio space is adjacent to their properties and under the St. Mary's Street bridge on the south side of the river. The proposed operating term shall be five years with four renewal options, and the lease term will begin January 1, 2018 or the first date of commercial operations. The monthly rent shall be \$2,408.97, based on a rate of \$1.77 per square foot, and increase 2% annually. Chilton must secure financing within 12 months to complete the proposed hotel; if they fail to do so, the City may terminate the lease.

ISSUE:

Chilton Restoration is seeking a River Walk patio lease in order to enhance their proposed hotel development through the ability to offer riverside food and beverage service.

ALTERNATIVES:

The City may elect not to lease River Walk patio space to Chilton Restoration or may choose to postpone leasing River Walk patio space until the proposed hotel is built.

FISCAL IMPACT:

There is no fiscal impact until 2018. All revenue collected from this lease will be deposited into the River Walk Capital Improvement Fund.

Lease Period	Monthly Rent	Annual Total
1/1/2018-12/31/2018	\$2,408.97	\$28,907.64
1/1/2019-12/31/2019	\$2,463.41	\$29,560.92
1/1/2020-12/31/2020	\$2,504.24	\$30,050.88
1/1/2021-12/31/2021	\$2,558.68	\$30,704.16
1/1/2022-12/31/2022	\$2,613.12	\$31,357.44

RECOMMENDATION:

Staff recommends approval of the proposed lease with Chilton Restoration, LLC for River Walk patio space for food and beverage service adjacent to their proposed hotel.