



City of San Antonio

Agenda Memorandum

File Number: 15-4148

Agenda Item Number: 13.

Agenda Date: 8/6/2015

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations Department

DEPARTMENT HEAD: Lori Houston

COUNCIL DISTRICTS IMPACTED: Council District 1

SUBJECT:

Pilot Program for Downtown Pop Up Shops

SUMMARY:

This ordinance authorizes a pilot program for leasing vacant City-owned space, located at 531 Navarro in City Council District 1, to temporary retail tenants.

BACKGROUND INFORMATION:

OPEN is an initiative of the Center City Development and Operations Department (CCDO) in partnership with property owners and retailers to offer local entrepreneurs a no-cost, short-term lease in vacant downtown properties. The program activates vacant properties by introducing new, creative, and temporary retail locations to serve as a catalyst for downtown development opportunities. OPEN creates an environment that engages customers and authenticates downtown as a vibrant urban space, ready for long-term investment. Since its beginning in 2013, OPEN has activated 12 spaces with 58 vendors along Houston Street and in the St. Paul Square area.

The OPEN program has partnered with private entities to activate vacant spaces on private property. The City of San Antonio has vacant spaces on City-owned property that would benefit from participation in the program. After researching programs in other cities, staff proposes a one year pilot program for leasing vacant City-owned space to temporary retail tenants. Programs to activate vacant spaces exist in several major cities throughout the United States and Texas and allow potential investors to view downtown as viable for long-term investment.

This ordinance authorizes a one year pilot program to allow for retail tenants to temporarily occupy a vacant space located at 531 Navarro on the first floor of the Houston Street Garage. The space was formerly occupied by the San Antonio Police Department's Downtown Bike Patrol unit and has been vacant since July 2013. Staff recommends the ordinance is effective immediately to allow a temporary vendor to move in as soon as possible.

Through the pilot program, the City will identify retail tenants to occupy the space for a maximum of 90 days on a rotating basis. Tenants will be responsible for utilities and cross promotion of the OPEN and Downtown Tuesday programs. In addition, tenants must provide monthly sales figures and customer counts to assist the City with marketing the space to potential long-term tenants. In exchange for participating in the pilot program, tenants will receive waived lease payments for 531 Navarro. Per the lease agreement, either party can terminate the lease with 30 days written notice.

Upon completion of the one-year pilot program, CCDO will return to City Council and recommend whether to continue or expand the program based on evaluation of cost and effectiveness. The pilot program will be discontinued if a long-term retail tenant is secured in the space at market rent.

ISSUE:

This action creates a pilot program for leasing vacant City-owned space to temporary retail tenants. At the conclusion of the one-year test and evaluation period, a recommendation on whether to continue the program will be brought before City Council.

ALTERNATIVES:

The City may elect not to approve the pilot program, which would result in the City property remaining vacant until a long-term paying tenant is identified.

FISCAL IMPACT:

Lease payments will be waived, however, tenants will be responsible for all utilities. These funds will be deposited into the Parking Fund.

RECOMMENDATION:

Staff recommends approval of a one year pilot program to allow for retail tenants to temporarily occupy a vacant space located at 531 Navarro for a one year evaluation period, and provides for an immediate effective date.