



# City of San Antonio

## Agenda Memorandum

**File Number:** 15-5128

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**Agenda Item Number:** 10.

**Agenda Date:** 10/15/2015

**In Control:** City Council A Session

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

**DEPARTMENT HEAD:** Lori Houston

**COUNCIL DISTRICTS IMPACTED:** 1

### **SUBJECT:**

Second Amendment to River Walk Lease Agreement with Riverton Suites, Ltd., d/b/a Hotel Contessa

### **SUMMARY:**

This ordinance authorizes a Second Amendment to the River Walk Lease Agreement (Agreement) between the City of San Antonio and Riverton Suites, Ltd., d/b/a Hotel Contessa (Hotel Contessa), to extend the lease term, revise the lease rate calculation, and include a late fee provision.

### **BACKGROUND INFORMATION:**

Ordinance 98951 authorized an amended and restated Agreement with Hotel Contessa for use of 562 square feet of River Walk Patio Space for a five-year term commencing December 1, 2005. The Agreement also provided for three five-year renewal options, each subject to City Council approval. The first renewal option, authorized by Ordinance 2010-11-18-0984, extended the Agreement's term through November 31, 2015. In July 2015, the Hotel Contessa notified the City of its intent to exercise its second renewal option.

This ordinance will authorize the Second Amendment to the Agreement with Hotel Contessa, which will extend the Agreement's term through November 31, 2020. Additionally, the Second Amendment will revise the Agreement's lease rate calculation from an annual CPI adjustment to a fixed annual increase. The Hotel Contessa will pay a rate of \$1.67 per square foot per month for the first year of the renewal term with the rate increasing 2.5% annually. Lastly, the Second Amendment adds a late fee provision of \$50.00 to the Agreement.

### **ISSUE:**

Approval of this ordinance is consistent with the City’s policy of leasing River Walk patio space to adjacent businesses for outdoor dining alongside the San Antonio River.

**ALTERNATIVES:**

The City may elect not to amend and extend the Agreement, which would result in the Hotel Contessa’s occupancy becoming at will or terminating.

**FISCAL IMPACT:**

The Hotel Contessa will pay an initial rate of \$1.67 per square foot per month beginning on December 1, 2015 and will increase 2.5% annually. The total amount to be received by the Hotel Contessa through the renewal term is shown below.

<b>Lease Year</b>	<b>Rate</b>	<b>Monthly</b>	<b>Annual</b>
December 1, 2015 - November 31, 2016	\$1.67	\$938.54	\$11,262.48
December 1, 2016 - November 31, 2017	\$1.71	\$961.02	\$11,532.24
December 1, 2017 - November 31, 2018	\$1.75	\$983.50	\$11,802.00
December 1, 2018 - November 31, 2019	\$1.79	\$1,005.98	\$12,071.76
December 1, 2019 - November 31, 2020	\$1.83	\$1,028.46	\$12,341.52
<b>Total</b>			<b>\$59,010.00</b>

All funds received will be deposited into the River Walk Capital Improvements Fund.

**RECOMMENDATION:**

Staff recommends approval of the Second Amendment to the River Walk Lease Agreement between the City of San Antonio and Riverton Suites, Ltd., d/b/a Hotel Contessa, to extend the lease term, revise the lease rate calculation, and include a late fee provision.