



City of San Antonio

Agenda Memorandum

File Number:16-1486

Agenda Item Number: 15.

Agenda Date: 2/18/2016

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations Department

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT:

River Walk Patio Lease Amendment

SUMMARY:

This ordinance authorizes the first amendment to the River Walk patio lease agreement with Aztec Family Group, LLC. The amendment increases the leased premises from 1,409 to 1,653.93 square feet as a result of improvements completed by Aztec in December 2015.

BACKGROUND INFORMATION:

Ordinance 90983 passed by City Council on December 9, 1999 authorized the lease of 1,409 square feet of River Walk patio space to Aztec on the River, Ltd., owner of the adjacent Aztec Theatre Building. On August 25, 2005 through Ordinance 101302, City Council authorized the sub-lease of the River Walk patio space to Iron Cactus San Antonio. Most recently in February 19, 2015 City Council approved Ordinance 2015-02-19-0113, which authorized the assignment of the River Walk patio lease from Aztec on the River, Ltd. to Aztec Family Group, LLC. as a result of the sale of the Aztec Theatre Building to Aztec Family Group, LLC.

On November 30, 2015, Aztec Family Group, LLC. (Aztec) completed construction of an access ramp and additional patio dining space adjacent to their leased premises. The improvements, which were reviewed and approved by the Office of Historic Preservation and the Center City Development and Operations Department (CCDO), were made to provide a direct entrance and exit to the leased premises from the River Walk. To immediately allow Aztec use of the additional space during the 2015 holiday season, a three-month temporary use agreement was executed with an effective date of December 1, 2015. The temporary use agreement

required Aztec to pay \$1.64 per square foot per month for use of the additional patio dining space (194.94 square feet), which resulted in an increase to the monthly rental due from \$2,310.76 to \$2,630.46. The temporary use agreement did not require payment for use of the access ramp (55.99 square feet). This ordinance will amend the River Walk patio lease with Aztec to formally increase the leased premises from 1,409 to 1,653.93 square feet.

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 amend the lease, which will result in Aztec not being able to use the additional space. Furthermore should the City elect not to amend the lease, the City may require Aztec to restore the altered premises to the original state at Aztec's expense.

FISCAL IMPACT:

The City began charging Aztec for use of the additional dining space in December 2015 at a rate of \$1.64 per square foot per month. Use of the additional dining space increased the monthly amount due from \$2,310.76 to \$2,630.46. The City will not require payment for use of the access ramp. Lastly, Aztec's rate will continue to be adjusted annually by CPI as provided for in the lease agreement; the next rate increase is scheduled for July 2016. This lease will generate approximately \$31,083.95 in FY 2016 revenue, to be deposited into the River Walk Capital Improvement Fund.

RECOMMENDATION:

Staff recommends approval of the first amendment to the River Walk patio lease agreement with Aztec Family Group, LLC., to increase the leased premises from 1,409 to 1,653.93 square feet.