



# City of San Antonio

## Agenda Memorandum

**File Number:**16-1936

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**Agenda Item Number:** 11.

**Agenda Date:** 3/31/2016

**In Control:** City Council A Session

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**DEPARTMENT:** Center City Development & Operations

**DEPARTMENT HEAD:** John Jacks

**COUNCIL DISTRICTS IMPACTED:** Council District 4

### **SUBJECT:**

Lease Agreement with John and Marlene Crespo for property located at 4802 Morey Rd.

### **SUMMARY:**

This ordinance authorizes the execution of a lease agreement with John H. and Marlene T. Crespo for a five-year term for the property located at 4802 Morey Rd. located in Council District 4.

### **BACKGROUND INFORMATION:**

The property, located at 4802 Morey Rd., is part of several hundred acres acquired by the City of San Antonio in 1996 as part of a negotiated settlement with the Van de Walle family. Providence Commercial Real Estate Services has listed the property for lease since 2012 with no viable interest. As a result of the listing, John H. and Marlene T. Crespo will lease the property, which includes a 4,770 square foot warehouse building, for a five-year lease term. The proposed tenant will operate a vehicle repair facility with a primary focus on the repair and maintenance of food trucks. The tenant, at its sole cost and expense, will be responsible for repairing the property to ensure code compliance to include obtaining a Certificate of Occupancy. The necessary improvements and ongoing maintenance costs will be the responsibility of the tenant. In consideration for the tenant's initial renovation expenditure, the City will not require the payment of rent for the first 7.5 months of the lease term. Additionally, the City has agreed to facilitate the process to rezone the property from its current zoning of Industrial (I-1) to Light Industrial (L) in order to accommodate the proposed use, which is currently not permitted by I-1 zoning. The proposed Light Industrial zoning provides for a more restrictive, less intense use of the property than the current I-1 zoning. Due to the property's close proximity to the Kelly Field runway, the United States Air Force was consulted and has provided approval and support of the proposed use

of the property.

## **ISSUE:**

The property located at 4802 Morey Rd. is currently vacant and requires maintenance. This lease agreement will provide the City the opportunity to have the building and surrounding grounds improved as well as maintained for the next five years at no cost to the City. Additionally, the proposed lease agreement will provide a repair service to the surrounding community. In the event the City identifies a future City use for the property, the lease agreement may be terminated after the third year of the lease term.

## **ALTERNATIVES:**

City Council could choose not to approve this lease agreement, however, that action would result in further deterioration of the property and the continued City expenditure for the ongoing maintenance and repair costs. In addition, if this lease was not approved, the City would not collect \$117,000.00 in revenue over the five-year lease term.

## **FISCAL IMPACT:**

Under the terms of the lease agreement the City will collect monthly rent for the property as follows:

<b>Rent Period</b>	<b>Monthly Rent</b>	<b>Total Rent</b>
Months 1 through 7.5	\$0.00	\$0.00
Months 7.5 through 36	\$2,000.00	\$57,000.00
Months 37 through 60	\$2,500.00	\$60,000.00
Total Revenue During Lease Term:		<b>\$117,000.00</b>

In addition to the payment of the monthly rent, the tenant will pay all utility expenses related to the property.

The City will also pay real estate broker's fees in the amount of \$4,680.00 to Providence Commercial Real Estate Services representing four percent of the term rent in accordance with the real estate brokerage contract with Providence. Funds for the real estate broker's fees are available in the Center City Development and Operations FY 2016 Adopted General Fund budget.

## **RECOMMENDATION:**

Staff recommends approval of this lease agreement with John H. and Marlene T. Crespo for the property located at 4802 Morey Rd. for a term of five years.