



City of San Antonio

Agenda Memorandum

File Number:16-3585

Agenda Item Number: 15.

Agenda Date: 6/30/2016

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT:

Lease Guarantee Agreement: United Services Organizations, Inc.

SUMMARY:

This ordinance authorizes the execution of a lease guarantee agreement with Riverbend Garage, L.L.C. obligating the City of San Antonio to pay the monthly rent for the United Service Organization, Inc. (USO) for 5,130 square feet of retail space at the privately owned Riverbend Garage Building, located at 203 East Market Street, in Council District 1, for a term ending September 30, 2020.

BACKGROUND INFORMATION:

Located at 210 N. Presa Street with retail frontage on Commerce and Market Street, the Riverbend Garage was built by the City in the 1970's and sold in 2008 to the current owner for \$22,400,000.00. At the time of the sale the USO was the City's tenant in a first level retail space. On September 11, 2008, City Council approved an agreement for the City to continue to pay the USO's monthly rent as a condition of the sale. This agreement has expired and the landlord has requested that the City confirm its intent to continue to pay the USO rent, subject to future budget appropriations, through the end of the USO lease term in September 2020.

USO in San Antonio is unique in its approach to delivery of services to members of the military. Its typical model calls for locations in most major United States airports including San Antonio International, with no other off airport locations in the United States. As a demonstration of its support to military organizations, San Antonio city leaders persuaded USO to open a second location downtown in exchange for the City's agreement to subsidize the cost of occupancy for the USO's downtown location. In turn, USO finances the daily operation of the center including staff, organizational support and development of a network of community leaders to

manage an enhanced system of service delivery for San Antonio's military community.

USO Downtown offers meals for 200 troops every Saturday. In addition, over 100 service members participate each day in the 12 day holiday program, which offers daily activities for service members unable to travel home, such as outings to Sea World, the Zoo and other points of interest in the community. Additionally, the downtown location provides an incentive for service members' families to explore what San Antonio has to offer including the Alamo, River Walk, and USO specific programming such as teen nights and family wellness events. Last year, the USO Downtown programs served 30,160 troops and military family members.

ISSUE:

The agreement to pay the USO's monthly rent, executed by the City in 2008, has expired and the landlord has requested the City enter into a new agreement affirming the City's intent to continue to pay the USO monthly rent.

ALTERNATIVES:

The City could decide not to continue to provide its financial support for the USO. Without this support, USO will have no choice but to close this downtown location and cease to provide services to members of the military that are more social and supportive than what is typically found at their airport locations.

The City, through its Office of Military Affairs, will continue to work with community leaders and USO management to explore fundraising opportunities in an effort to make the organization self sufficient.

FISCAL IMPACT:

USO's monthly rent obligation is presently \$4,666.55. The FY2016 Budget approved an appropriation of \$50,000.00, which is sufficient to pay this rent through September 30, 2016. The lease guarantee agreement has a provision that relieves the City of further financial obligation if City Council decides not to appropriate funding in subsequent fiscal years. The FY2017 funding commitment, if approved by City Council, will amount to \$55,998.60.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing the execution of a lease guaranty agreement with Riverbend Garage L.L.C. for a term ending September 30, 2020.