



# City of San Antonio

## Agenda Memorandum

**File Number:**18-3551

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**Agenda Item Number:** 17.

**Agenda Date:** 6/14/2018

**In Control:** City Council A Session

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

**DEPARTMENT HEAD:** John Jacks

**COUNCIL DISTRICTS IMPACTED:** 1

### **SUBJECT:**

Second Amendment to the Sub-Surface and River Walk Lease Agreement with Rio Plaza L.P.

### **SUMMARY:**

This ordinance authorizes a Second Amendment to the Sub-Surface and River Walk Patio Lease Agreement between the City of San Antonio and Rio Plaza L.P. to extend the lease term through June 30, 2023.

### **BACKGROUND INFORMATION:**

Ordinance 79744 passed by City Council on March 3, 1994, approved the lease of 7,754 square feet of City-owned sub-surface space under Crockett Street to Pat Malony Development Partnership, Ltd. On November 26, 2003 this lease was assigned to Rio Plaza L.P. via administrative approval.

Ordinance 2008-06-12-0530 amended the sub-surface Lease Agreement by reducing the square footage to 6,884 and combining the sub-surface Lease Agreement with the River Walk Patio Lease agreement which authorized the use of 665.31 square feet of River Walk patio space adjacent to the sub-surface space. The term of this amended and combined agreement will expire on June 30, 2018. Rio Plaza L.P. consists of Rita's on the River, Justin's Ice Cream, and Mercado Rita's.

This ordinance will authorize the Second Amendment to the Agreement with Rio Plaza L.P. to extend the Agreement's term through June 30, 2023. The Amendment also provides Rio Plaza an additional five-year renewal option.

**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 the Agreement, which would result in Rio Plaza's occupancy becoming at will or terminating; leaving River Walk space vacant and underutilized.

**FISCAL IMPACT:**

Rio Plaza L.P. will pay a rate of \$0.23 per square foot per month for the sub-surface space and \$2.19 per square foot per month for the River Walk patio space with an annual rate increase of 2.5%. The total amounts to be received from Rio Plaza L.P. through June 30, 2023 are summarized by fiscal year below. The FY 2018 Adopted Revenue Budget for this lease is \$9,087; the Second Amendment to the lease will take effect in July of 2018, at which point the increased rental rates will generate an additional \$9,121.05 in revenue (reflected in FY 2018 in the table below).

<b>Fiscal Year</b>	<b>Total</b>
2018	\$9,121.05
2019	\$36,790.50
2020	\$38,035.73
2021	\$39,340.83
2022	\$40,645.94
2023	\$31,218.57
<b>Total</b>	<b>\$195,152.62</b>

Funds received for the sub-surface space will be deposited into the General Fund and funds received for the River Walk Patio space will be deposited into the River Walk Capital Improvement Fund.

**RECOMMENDATION:**

Staff recommends approval of the Second Amendment to the Sub-Surface and River Walk Patio Lease Agreement between the City of San Antonio and Rio Plaza L.P. to extend the lease term through June 30, 2023.