



City of San Antonio

Agenda Memorandum

File Number:14-804

Agenda Item Number: 5.

Agenda Date: 4/1/2014

In Control: Economic and Community Development Committee

**CITY OF SAN ANTONIO
CENTER CITY DEVELOPMENT OFFICE
ECONOMIC & COMMUNITY DEVELOPMENT COUNCIL COMMITTEE**

TO: Sheryl Sculley, City Manager

FROM: Lori Houston, Director, Center City Development Office

COPY: Mayor & City Council; Carlos Contreras, Assistant City Manager; Colleen Swain, Assistant Director, Center City Development Office

SUBJECT: Lease Agreement for Office Space with the San Antonio Parks Foundation

DATE: March 28, 2014

SUMMARY:

City staff will present to the Economic & Community Development Council Committee terms of a lease agreement with the San Antonio Parks Foundation for office space within the St. Mary's Garage.

BACKGROUND:

Due to the redevelopment of Hemisfair Park, the Parks Foundation will relocate from their current office within Hemisfair to approx. 1,200 sq. ft. of office space located in the first floor of the St. Mary's Garage.

The first phase of redevelopment for Hemisfair Park is the construction of the Play Escape located at the Southwest corner of the park, the area where the Park Foundation's offices are currently located. The Play Escape is an active play and recreation area that will bring people from throughout the community to Hemisfair and it will cost \$3.6 million to construct. Construction of the Play Escape will begin this summer and the park will open in Spring 2015. Due to the approaching construction start, City staff worked with the Parks Foundation to identify an appropriate downtown office location.

City staff negotiated a flexible five-year lease agreement with the Parks Foundation. The estimated annual rent of \$35,140.00 to be paid by the Parks Foundation is based upon a rate of \$20 per sq. ft., the amortization of an

estimated \$50,000 in tenant finish out and a small annual payment for common area maintenance. Alternatively, the Parks Foundation can provide consideration for the office space through fundraising contributions for Travis Park, Christopher Columbus Park, Milam Park, Maverick Park, Madison Park or the Arneson Theatre. However, the fundraising requirement would be equal to 250% of the annual rent payment of \$35,140.00 (est.). This would result in an estimated fundraising goal of \$87,850.00 per year. The final annual rent, and the associated fundraising goal, will depend on the final sq. footage of the office space and the actual cost of finish out.

The City in consultation with the Parks Foundation will create a list of recommended park improvements for each park mentioned above. This list of identified park improvements will assist the Parks Foundation in their fundraising efforts. The City's Parks & Recreation Department Director will have final approval on all proposed projects. Funds raised for the Arneson River Theatre Trust Fund and the Travis Park Redevelopment will count toward fundraising contributions associated with this agreement.

ISSUE:

City staff recommend that the City enter a lease agreement with the Parks Foundation for 1,200 sq. ft. of office space in the St. Mary's Garage. The Parks Foundation offices need to be relocated due to the redevelopment of Hemisfair and the impending construction start of the Play Escape.

FISCAL IMPACT:

This lease agreement is structured so that the Parks Foundation may either pay an annual negotiated rent or fundraise to benefit specific parks located in the downtown. The total annual rent for the 1,200 sq. ft. space is estimated at \$35,140.00 (subject to the actual cost of tenant improvements). In the alternative, the Parks Foundation will have the option to successfully fundraise at least 250% of the negotiated rent amount and contribute those funds to identified projects within Travis Park, Christopher Columbus Park, Milam Park, Maverick Park, Madison Park or the Arneson Theatre

RECOMMENDATION:

This item is for briefing purposes only.