



City of San Antonio

Agenda Memorandum

File Number:15-2112

Agenda Item Number: 25.

Agenda Date: 4/2/2015

In Control: City Council A Session

DEPARTMENT: Department of Culture and Creative Development

DEPARTMENT HEAD: Felix N. Padron

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT:

Execution of La Villita Lease Agreements

SUMMARY:

This ordinance authorizes execution of 9 lease agreements with tenants for space in La Villita, a historic arts village.

BACKGROUND INFORMATION:

La Villita is a unique historic and culturally significant facility on the banks of the San Antonio River in downtown San Antonio. In 1939, under the leadership of Mayor Maury Maverick, La Villita was restored. The initial restoration of six houses was dedicated in May 1941 and La Villita became a center for community events and home to artists and art galleries. La Villita continued to expand over the next 40 years, and in 1981, as part of a \$2 million renovation project, City Council approved an ordinance emphasizing that all leased spaces within La Villita be utilized for promoting, creating, and/or the retail sales of arts, crafts, and related skills.

In 2006 the CVB's Destination SA Study cited concerns with La Villita hours of operation, authenticity and mix of merchandise, and recommended completing a Retail Management Study. On September 13, 2007 City Council approved a contract with Urban Marketing Collaborative (UMC) to conduct a Retail Management Study. This study, released in October 2008, cited similar concerns as the Destination SA Study.

In October 2012, the Department for Culture and Creative Development (DCCD) assumed management of La Villita with the intent of increasing cultural tourism opportunities, community utilization, and the artistic and historic aspects of the facilities. On March 18, 2013 DCCD submitted recommendations to the High Profile Contract Council Committee (HPCCC) for the La Villita RFP. DCCD recommendations were to solicit a diverse, innovative, and unique retail mix centered on Art and Craft and delineate twenty-five locations for specialized businesses in the following categories:

- **Working Artist Studio Galleries:** sale of art and/or crafts made on the premises, increasing lease spaces from five to nine;
- **Galleries:** sale of works of art and/or crafts produced off premises, reducing lease spaces from twelve to eight; and
- **Retail Shops** - sale of unique, well designed goods, products, and objects, continuing with five spaces.

On June 10, 2014 DCCD presented revised RFP recommendations to the HPCCC for twenty-three spaces in twenty buildings in two separate RFPs. DCCD recommended releasing two separate RFPs; one for Retail Shops, Galleries and Working Artist Studio Galleries and a second for Restaurants. The Galleries, Working Artist Studio Galleries, and Retail Shops RFP was issued on July 9, 2014. The Restaurant RFP was issued on July 23, 2014. The goal of the RFPs was to re-structure the retail mix and enhance the visitor experience to align La Villita with best practices and continue to advance towards the objectives of the 1939 La Villita Ordinance and the 1981 La Villita Resolution. All current tenants were eligible to respond.

The Gallery, Working Artist Studio Gallery, and Retail Shop RFP closed on November 12, 2014 at which time twenty-two (22) proposals were submitted for twenty-one (21) spaces; three available spaces did not receive proposals for tenancy. Of the proposals submitted, fifteen were from current tenants and seven were from non-tenants; four current tenants did not submit proposals. Proposals submitted included:

- **Working Artist Studios:** six (6) proposals were submitted for nine (9) available spaces;
- **Galleries:** eight (8) proposals were submitted for eight (8) available spaces; and
- **Retail Shops:** eight (8) proposals were submitted for five (5) available spaces.

The Restaurant RFP closed on December 5, 2014, at which time two (2) proposals were submitted. However prior to evaluation, one respondent withdrew from the process.

Four (4) Evaluation Panels comprised of experts in each area and staff evaluated and scored proposals based on published criteria, which included: experience, background and qualifications, proposed plan, proposed return to city, the SBEDA Program's small, minority and women owned business preference points, Local Preference Program criteria, and Veteran Preference Program criteria. After initial review of proposals, the Retail Shops, Galleries and Working Artist Studios panels interviewed all respondents individually.

After their review, the panels recommended executing leases with fifteen (15) respondents for Retail Shops, Galleries and Working Artist Studios and one (1) lease with the Restaurant respondent.

As of March 25th, the following proposed tenants have signed and delivered lease agreements based on that template to City staff for approval by City Council:

<u>Retail</u>	<u>Gallery</u>	<u>Working Artist Studio</u>
• Angelita's	• Casa Clasal	• Equinox
• Plaza Taxco	• River Art Group	• B&C Feathers
	• Little Studio Village	• Rainey House Paint
	• Equinox	

A planned future item to be presented to City Council will authorize the execution of lease agreements with any of the remaining proposed tenants once they have presented signed lease agreements to City staff.

ISSUE:

Approval of these lease agreements is consistent with City policy to lease City-owned property and support the development of downtown. Leases will further the mission of La Villita as an arts and crafts village.

ALTERNATIVES:

City Council could direct staff to re-issue a formal RFP for all spaces. This action will result in a delay of revenue to the City.

If City Council does not approve the agreements, the spaces will become vacant after the current leases expire on July 31, 2015. This action will result in a loss of revenue to the City.

FISCAL IMPACT:

	8/1/15-7/31/16	8/1/16-7/31/17	8/1/17-7/31/18	8/1/18-7/31/19	8/1/19-7/31/20
Annual Rental	\$ 113,045.52	\$ 115,306.43	\$ 117,612.56	\$ 119,964.81	\$ 122,364.11
Annual Utilities	\$ 18,941.88	\$ 19,415.43	\$ 19,921.92	\$ 20,428.41	\$ 20,934.90
Annual CAM	\$ 9,882.72	\$ 10,129.79	\$ 10,383.03	\$ 10,636.28	\$ 10,889.52
Total	\$ 141,870.12	\$ 144,851.65	\$ 147,917.51	\$ 151,029.50	\$ 154,188.53

Revenue will be deposited in the General Fund.

RECOMMENDATION:

Staff recommends approval to authorize award of lease agreements in La Villita.