



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 18

Agenda Date: August 29, 2024

In Control: City Council A Session

DEPARTMENT: Building & Equipment Services

DEPARTMENT HEAD: Jorge Perez

COUNCIL DISTRICTS IMPACTED: District 1

SUBJECT:

260 East Houston Street lease extension for Nation Tours, Inc. dba Segway Nation.

SUMMARY:

This approval authorizes the extension of the lease in the City-owned Houston Street Parking Garage located at 260 East Houston Street for a five-year term ending September 30, 2029, with Nation Tours, Inc. dba Segway Nation. Revenue collected over the term of the contract in the amount of \$118,269.00 will be deposited into the Parking Operating & Maintenance Fund.

BACKGROUND INFORMATION:

The Houston Street Garage has several retail storefronts along Houston and Navarro Streets with Nation Tours operating a retail store front for Segway tours in 773 square feet of space located at 260 East Houston Street. Nation Tours has been a good standing tenant at this Houston Street garage location since 2011.

Terms of the lease amendment provide for an extension through September 30, 2029, at a rental

rate of \$23,190.00 annually in the first year of the renewal term (\$30.00 per square foot annually) increasing to \$24,349.50 (\$31.50 per square foot annually) in the final year of the lease which is in line with comparable rates in the downtown area when adjusted for the fact that Nation Tours pays for its own utilities and maintenance costs associated with the occupancy.

ISSUE:

The current lease expires on September 30, 2024, and does not contain a renewal clause allowing Nation Tours to extend the term another five years with an expiration of September 30, 2029. Renewal of the lease will accomplish the extension and provide the ability to amend the terms to be favorable to the City.

ALTERNATIVES:

The City may elect not to lease space to Nation Tours and seek an alternate lessee. However, given that Nation Tours, to date, has met the obligations of the lease, an extension of the lease would be a benefit by generating revenue for the City. The tenant is interested in renewing their occupancy of the leased premises which has an unusual floor plan that can be challenging to market.

Approval of this lease renewal is consistent with City policy to lease City-owned property that is not needed for City's use and support the vibrancy of a variety of options for people in the downtown area.

FISCAL IMPACT:

Total revenue collected over the five-year term will be \$118,269.00. Revenue collected over the term of the contract in the amount of \$118,269.00 will be deposited into the Parking Operating & Maintenance Fund. Rent will be charged per the schedule below.

Lease Term	Monthly Rent	Annual Rent
October 1, 2024 – September 30, 2025	\$1,932.50	\$23,190.00
October 1, 2025 – September 30, 2026	\$1,932.50	\$23,190.00
October 1, 2026 – September 30, 2027	\$1,964.71	\$23,576.50
October 1, 2027 – September 30, 2028	\$1,996.92	\$23,963.00
October 1, 2028 – September 30, 2029	\$2,029.13	\$24,349.50
Total Revenue		\$118,269.00

Lease extension provides Tenant, if not in default at end of first, second, or third year, the option to terminate lease.

RECOMMENDATION:

Staff recommends the approval of this lease renewal amendment with Nation Tours to extend the lease term through September 30, 2029.