



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 27

Agenda Date: January 30, 2025

In Control: Select Meeting Type

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: District 1

SUBJECT:

Second amendment to the Houston Street Garage Parking Lease Agreement with Omni La Mansion del Rio, Inc.

SUMMARY:

This ordinance authorizes a second amendment to the Lease Agreement held by Omni La Mansion del Rio, Inc. for parking spaces in the Houston Street Garage. The agreement provides parking for the Mokara Hotel owned by Omni. This amendment adjusts the annual escalation due under the contract in years 2021 through 2024 and sets the number of spaces at 100 from contract year 2021 through the end of the term. Future rate escalations are also established.

BACKGROUND INFORMATION:

On February 12, 2004, the City entered into a 25-year lease agreement with La Mansion del Rio, Inc. for 125 parking spaces in the Houston Street Garage to provide valet parking for Mokara Hotel patrons and for other needs of the hotel.

The monthly rate outlined in the current agreement escalates when year-over-year revenue increases at the Houston Street Garage. There is also a charge to offset City staffing costs related to operating the garage. During the pandemic, many businesses closed or reduced services and

many workers were allowed to work from home. This reduced revenue generated at the garage; however, the contract stipulated that the rate would never decrease – even as revenues for the garage decreased dramatically. As a result, the annual rate as outlined in the agreement remained constant during the pandemic and then escalated by approximately 78% between contract years 2021 and 2024, as revenues from the garage began to recover. This large rate increase was inconsistent with the spirit and intent of the agreement. Staff recognized this inconsistency and billed an annual escalation of roughly 4.75% during this period, while understanding that the contract would require a future amendment to reflect this change.

An amendment in 2020 stipulated that the number of spaces would decrease to 100 spaces from 125 spaces for a one-year period and then then revert back to 125 on October 21, 2021. The hotel did not require this return to 125 contracted spaces and City staff accommodated a request to remain at 100 spaces. The amendment will set the number of spaces under contract at 100 from October 2021 through the end of the agreement.

This amendment reflects the amount actually billed to Mokara and sets future annual escalations on a fixed schedule for the remainder of the term.

ISSUE:

The agreement to provide parking for the Mokara Hotel at the Houston Street Garage resulted in unexpected rate increases driven by unique circumstances resulting from the pandemic. Those dramatic rate increases were not billed to the contracted partner nor did our budgeted revenues reflect these increases. Staff instead billed a reasonable annual rate increase and now seeks Council approval of an amendment to reflect the plan that was implemented.

The monthly and annualized billing rates (includes tax) for contract years 2020 through contract expiration are below:

Term	Monthly Billed Amount	Annualized Billed Amount
10/2020 – 1/31/2021	\$31,242.11	\$374,905.32
2/1/2021 - 1/31/2022	\$32,726.19	\$392,714.33
2/1/2022 - 1/31/2023	\$32,796.82	\$393,561.85
2/1/2023 - 1/31/2024	\$34,354.67	\$412,256.04
2/1/2024 - 1/31/2025	\$35,932.57	\$431,190.84
2/1/2025 - 1/31/2026	\$39,525.82	\$474,309.88
2/1/2026 - 1/31/2027	\$41,502.11	\$498,025.38
2/1/2027 - 1/31/2028	\$43,577.22	\$522,926.65
2/1/2028 - 1/31/2029	\$45,756.08	\$549,072.98

ALTERNATIVES:

City Council could direct staff to negotiate an alternate amendment with different rates or require the contracted partner to pay the full amount due under the existing contract.

FISCAL IMPACT:

This ordinance authorizes a second amendment to the Lease Agreement held by Omni La Mansion del Rio, Inc. for parking spaces in the Houston Street Garage. This contract is estimated to provide revenue in the amount of \$424,883.92 to the Parking Operating and Maintenance Fund.

RECOMMENDATION:

Staff recommends Council approval of the second amendment to the Lease Agreement with Omni La Mansion del Rio, Inc. for parking spaces at the Houston Street Garage.