



# City of San Antonio

## Agenda Memorandum

### File Number:

---

**Agenda Item Number:** 7

**Agenda Date:** May 29, 2025

**In Control:** City Council A Session

---

**DEPARTMENT:** Center City Development & Operations

**DEPARTMENT HEAD:** John Jacks

**COUNCIL DISTRICTS IMPACTED:** District 1

**SUBJECT:**

Amendment #2 to La Villita Lease Agreements with Guadalajara Grill and Villa Tesoros

**SUMMARY:**

This ordinance authorizes the second amendment to La Villita Lease Agreements with Guadalajara Grill and Villa Tesoros to exercise their second two-year renewal term, commencing on July 1, 2025, and expiring on June 30, 2027.

**BACKGROUND INFORMATION:**

Since 1994, Guadalajara Grill has operated a successful restaurant in Building 16 of La Villita. In December 2015, City Council approved a five-year lease agreement with Guadalajara Grill; the lease included two, two-year renewal options. In June 2021, the first two-year renewal option was exercised.

In February 2016, a Request for Proposal (RFP) was issued seeking proposals from qualified respondents interested in operating a retail establishment in Building 8 at La Villita; Villa Tesoros was recommended for award. As a result, in August 2016 City Council approved a five-year lease agreement with Villa Tesoros, with two, two-year renewal options. In June 2021, the first two-

year renewal option was exercised.

In August 2022, City Council added an additional two-year term to all La Villita leases in order to provide greater certainty for our tenants during the South Alamo construction project. As a result, both Guadalajara Grill and Villa Tesoros have one remaining renewal term available, subject to City Council approval. If approved, these agreements will expire on June 30, 2027.

#### **ISSUE:**

Approval of these lease amendments is consistent with City policy to lease La Villita plazas and buildings under regulations established in Chapter 22, Article I, sections 22-23 of the City's Municipal Code. Approving this ordinance requires passage by City Council.

#### **ALTERNATIVES:**

The City may elect not to approve the lease amendments which would result in tenants becoming month-to-month or vacating.

#### **FISCAL IMPACT:**

As a result of these amendments, revenue in the amount of \$205,918.84 over the two years will be received by the City and deposited into the General Fund.

In June 2024, City Council approved funding from the Inner City Incentive Fund (ICIF) to support 75% rent abatements for La Villita tenants through the expected duration of construction of the S. Alamo St. and Zona Streets capital projects. This rent reduction impacts expected revenue in Year 1 of the extension term, as it runs through February 2026.

<b>Tenant</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Total Revenue</b>
Guadalajara Grill	\$58,328.91	\$88,912.85	\$147,241.76
Villa Tesoros	\$22,625.96	\$36,051.12	\$58,677.08
<b>Total</b>	<b>\$80,954.87</b>	<b>\$124,963.97</b>	<b>\$205,918.84</b>

#### **RECOMMENDATION:**

Staff recommends approval of Amendment #2 to La Villita Lease Agreements with Guadalajara Grill and Villa Tesoros, to exercise their second two (2) year renewal term, commencing on July 1, 2025, and expiring on June 30, 2027.

