



## CENTER CITY DEVELOPMENT & OPERATIONS

### Tower of the Americas 5-year Lease Extension

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City Council A Session  
12-12-24  
Item #18

# Background

- City entered a 15-yr lease with Landry's to operate the Tower of the Americas in 2004.
- Landry's undertook a major renovation of the Tower and opened for business in June 2006.
- The lease expired during the pandemic and both parties agreed to remain in holdover while continuing to negotiate an extension.



# Lease Agreement

- 5-Year term with one 5-year extension.
  - The extension requires City Council approval.
- Rent structure and key terms remain consistent.
- Landry's to manage the City's \$15.4 million Maintenance & Repair Project and will separately invest \$4 million at the facility.
- Landry's will fund \$1 million of the cost to refurbish elevator #1 beginning in 2026.
  - City to provide an amortized rent abatement following completion of the work.
- Lease term begins upon completion of City scope or 13 months from lease execution, whichever is earlier.

# Projected Revenue

	FY25	FY26	FY27	FY28	FY29	FY30	FY31 (thru November)
GF Total	\$ 760,858	\$ 1,765,076	\$ 1,659,316	\$ 1,835,615	\$ 1,987,067	\$ 2,185,063	\$ 392,641
Parking Fund	\$ 273,878	\$ 539,768	\$ 612,104	\$ 677,481	\$ 745,230	\$ 652,812	\$ 116,055
<b>Total Lease Revenue</b>	<b>\$ 1,034,736</b>	<b>\$ 2,304,844</b>	<b>\$ 2,271,420</b>	<b>\$ 2,513,096</b>	<b>\$ 2,732,297</b>	<b>\$ 2,837,875</b>	<b>\$ 508,696</b>

## Rent Structure

- Landry's pays the higher of participation rent or base rent each month.
- Base rent is initially \$159,258 and may increase in future with strong sales.
- Landry's has exceeded base rent in 34 of the last 36 months.
- Participation rent is based upon:

Source of Revenue	Participation Revenue Percentage
Restaurant Operations	10%
Observation Deck Operations	35%
Parking Operations	30%
Retail Operations	15%
Telescope and Other Operations	50%
Theater and Incidental Operations	5%

# Capital Project

- A facility assessment identified a need for a \$15.4 million project to correct life safety issues and other pressing repairs.
- Funding for the project was obtained through the FY21 and FY22 budget processes and the 2022 Bond.
- Estimated Completion in December 2025;
  - Closure of tophouse for approx. 2 months expected in late spring/early summer.
- Significant scope items include:
  - Replace failing stucco soffit on the underside of the tophouse.
  - Repair of spawling concrete on the interior and exterior of the tower shaft.
  - New electrical room with a fire rated enclosure at the base of the tower.
  - Pressurization of the tower shaft.
  - Resolution of code deficiencies related to the interior stairwell.
  - Replace damaged ladder rungs on the antennae mast.
  - Various other life safety and egress related improvements.
  - Replacement of exterior lighting and the addition of lighting controls.

# Landry's Role & Tenant Improvements

- Landry's will oversee the completion of the City's capital improvements and selected Sabinal Group to act as the General Contractor.
- Landry's will invest \$4 million into the building and their fixtures. Their scope includes:
  - Retail Store Upgrades
  - Restaurant Renovations
  - Observation Level Renovations
  - Observation Level Interactive Upgrades
  - Theatre Renovation
  - Ground Level Interior Renovation
  - Signage Improvements
  - Kitchen Flooring & Plumbing Replacement
  - Replace Nine (9) Air Handler Units Under Top House

# Recommendation

Staff recommends approval of a 5-year lease agreement with Landry's to operate the Tower of the Americas.





# Tower of the Americas 5-Year Lease Extension

City Council A Session  
December 12, 2024

