

ORDINANCE

AUTHORIZING THE EXTENSION OF A LEASE IN THE CITY-OWNED HOUSTON STREET PARKING GARAGE LOCATED AT 240 EAST HOUSTON STREET FOR A FIVE-YEAR TERM ENDING DECEMBER 31, 2028 WITH SUBWAY REAL ESTATE, LLC OPERATING UNDER THE NAME SUBWAY WITH A ONE TIME RENEWAL OPTION FOR A SUBSEQUENT FIVE-YEAR TERM UNTIL DECEMBER 31, 2033.

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WHEREAS, The City of San Antonio (“City”) owns and operates the Houston Street Parking Garage, located at the southwest corner of Houston and Navarro Streets, which includes retail and restaurant space at street level; and

WHEREAS, the Houston Street Garage has several retail storefronts along Houston and Navarro Streets with Subway operating a restaurant in 1,870 square feet of space at 240 East Houston Street. Subway has been a good standing tenant at this Houston Street garage location since 2013; and

WHEREAS, terms of the proposed lease amendment provide for an extension through December 31, 2028, at a rental rate of \$27.80 per square foot increasing to \$31.29 per square foot in the final year of the lease which is in line with comparable rates in the downtown area when adjusted for the fact that Subway pays for its own utilities and maintenance costs associated with the occupancy;

WHEREAS, monthly Rent during the first year of the extension term will be \$4,332.12 increasing 3% annually with the monthly rent charge being \$4,875.84 per month in the final 12 months of the term. Total revenue collected over the five-year term will be \$275,997.76. Broker’s fee payment from the City to Providence Real Estate Services for this renewal term will be \$9,659.92. Funding in the amount of \$9,659.92 is available from the Parking Fund FY 2024 Adopted Budget.

NOW THEREFORE:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council authorizes the City Manager or designee to execute authorizes the extension of the lease substantially in the form as shown in **Attachment I** with Subway Real Estate, LLC for the continued operation of a Subway restaurant at 240 E. Houston, in Council District 1 in the City-owned Houston Street Parking Garage located at 240 East Houston Street for a five-year term ending December 31, 2028 operating under the name Subway with a one-time renewal option for a subsequent five-year term until December 31, 2033.

SECTION 2. Funds received for this ordinance for extension of the lease will be deposited in Fund 53001000, Internal Order 219000000117 and General Ledger 4401120.

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SECTION 3. Funding in the amount of \$9,659.92 for this ordinance is available in Fund 53001000, Cost Center 1910100001 and General Ledger 5201040 as part of the Fiscal Year 2024 Adopted Budget approved by City Council.

SECTION 4. Payment in the amount of \$9,659.92 is authorized to Providence Real Estate Services and should be encumbered with a purchase order.assistance with the negotiation and facilitation of the renewal process. All funds collected in association with this lease will be deposited into the Parking Fund..

SECTION 5: The financial allocations in this Ordinance are subject to approval by the Deputy Chief Financial Officer, City of San Antonio. The Deputy Chief Financial Officer may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance.

SECTION 6: This Ordinance becomes effective immediately upon its passage by eight (8) votes or more and 10 days after passage upon its approval by less than eight (8) votes.

PASSED AND APPROVED this 4th day of April, 2024.

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Debbie Racca-Sittre, City Clerk

Andrew Segovia, City Attorney

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