



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 22

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:

Extension and assignment of an agreement from Fratellos LLC to T-Bird Enterprises LLC to use 2,509 square feet of retail space at Plaza de Armas Building.

SUMMARY:

This ordinance authorizes the extension of the term of the existing agreement through December 2029 and assignment of the agreement from Fratellos LLC to T-Bird Enterprises LLC operating as Candy's Old-Fashioned Restaurant for use of 2,509 square feet of retail space within the City-owned building located at 115 Plaza de Armas in Council District 1. Revenue collected from this contract will be deposited into the General Fund. Funding in the amount of \$7,632.00 for the real estate commission is available from General Fund FY 2024 Adopted Budget.

BACKGROUND INFORMATION:

The renovated Plaza de Armas building was purposely designed with City offices and a public art gallery that hosts events and receptions along with the creation of a retail establishment reflecting the historic uses within these buildings when they served as the primary point of commerce within the City. Fratellos has operated at this location since 2017 and has made the decision to retire and close the restaurant. Candy's Old-Fashioned Restaurant (Candy's) has successfully operated in the local area for years and would relocate their existing restaurant from South Flores to the former

Fratellos' location at 115 Plaza de Armas. The agreement will be amended to assign the rights and responsibilities from Fratellos LLC to T-Bird Enterprises LLC, extend the term and implement a previously negotiated rental rate for the period prior to Fratellos closing.

This rent schedule memorializes rent abatement's approved by Council subsequent to September 2021 along with concessions requested by Fratellos to allow them to operate at a minimal loss prior to their closure on December 31, 2023. The schedule also shows concessions offered to Candy's as they complete minor renovations to the space and relocate their existing business resulting in the abatement of an additional \$3,000 per month or \$36,000.00 annually in rent in 2024. Candy's is represented by Broker of Texas. The City, as the property owner, is responsible for a portion of the brokerage fee which amounts to \$7,632.00.

ISSUE:

Fratellos' has ceased operation as of December 31, 2023 due to retirement of the owners. Candy's is interested in taking over the agreement and relocating their existing restaurant to the Fratellos site at 115 Plaza de Armas. This agreement will extend the term to December 31, 2029 and abate the rent prior to December 31, 2022. The agreement will also abate rent from January 1, 2024 to December 31, 2024 to account for the period Fratellos was closed and Candy's will start up. Commencing January 1, 2025, the monthly rent will be at market and will increase gradually over the term.

ALTERNATIVES:

City Council may elect not to approve this agreement and search for another vendor to rent the space. However, staff is confident that Candy's will be successful in this location as they have operated a restaurant in the downtown area through COVID and adapted to other challenges associated with the operation of a business on the near west side proving they are an adaptable operator, as a result it is unlikely another concept for this location will bear more favorable results.

FISCAL IMPACT:

Revenue collected from this contract will be deposited into the General Fund. Funding in the amount of \$7,632.00 for the real estate commission is available from General Fund FY 2024 Adopted Budget. Under the terms of the agreement over the course of the remaining term, rent will be charged as follows:

Term	Monthly Fee	Annual Fee
March 1, 2019 – December 31, 2022	\$0.00	\$0.00
January 1, 2023 – December 31, 2023	\$1,500.00	\$18,000.00
January 1, 2024 – December 31, 2024	\$0.00	\$0.00
January 1, 2025 – December 31, 2025	\$3,100.00	\$37,200.00
January 1, 2026 – December 31, 2029	\$3,200.00	\$38,400.00

RECOMMENDATION:

It is recommended that City Council authorize the execution of a license assignment agreement transferring responsibility for the agreement from Fratellos to T-Bird Enterprises LLC and extending the term through December 2029 and pay Broker of Texas \$7,632.00 for real estate services.