



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 11

**Agenda Date:** October 12, 2023

**In Control:** City Council A Session

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**DEPARTMENT:** Building & Equipment Services

**DEPARTMENT HEAD:** Jorge Perez

**COUNCIL DISTRICTS IMPACTED:** District 1

**SUBJECT:**

Lease Termination – greater:SATX

**SUMMARY:**

This ordinance authorizes the termination of the existing lease with greater:SATX effective September 30, 2023 for 2,824 square feet of office space in the City owned International Center Building located at 203 S. St Mary's Street in Council District 1 resulting in the City foregoing \$41,505.72 in income had the lease not been terminated.

**BACKGROUND INFORMATION:**

The subject space has been operated for over 10 years as a business incubator program to promote and develop international trade. The program is presently managed by greater:SATX as part of their overall mission to promote the San Antonio region and retain and identify businesses looking to expand or relocate to the area. Part of this strategy was to develop nascent businesses looking to gain a foothold in this market by providing office space and staff support aimed at helping them grow into viable business enterprises.

Since COVID greater:SATX has seen a significant decrease in participation in the physical office aspects of the business incubator program with participants electing to work from home

or selecting an office environment closer to where they live, As a result greater:SATX believes they can still foster the development of small businesses focused on international trade without the need to provide a physical address. Therefore, they have requested the lease be terminated one year early effective September 30, 2023.

#### **ISSUE:**

The current lease is in effect through September 30, 2024 with no opportunity to terminate. The tenant, greater:SATX has requested the City consider the termination of the lease one year early and relieve them of the financial obligation to fund the monthly payment of rent.

#### **ALTERNATIVES:**

Should City Council not authorize the termination of the lease effective September 30, 2023 then greater:SATX would be obligated to continue the payment of rent through the lease end date of September 30, 2024. Given that greater:SATX is an integral partner with the City of San Antonio in promoting the favorable business environment within the region and to this end the City provides significant financial support to greater:SATX, requiring them to continue to pay rent for a facility surplus to their needs could result in the need to divert financial resources that could be used to further greater:SATX's role in retaining and encouraging business to expand and relocate to the San Antonio region.

#### **FISCAL IMPACT:**

Terminating the lease effective September 30, 2023 will result in the City foregoing the payment of 12 months of rent in the amount of \$3,458.81 per month or \$41,505.72 over the remaining term of the lease. The loss of revenue will impact the General Fund.

This revenue is used to support the operation of the International Center Building, staff is actively looking for another City department to backfill the space and has also listed the space for rent with the aim of identifying another rent paying tenant to replace the income lost because of the early termination of this lease.

#### **RECOMMENDATION:**

Staff recommends approving an ordinance authorizing a lease amendment with greater:SATX to terminate the lease for 2,824 square feet of office space in the Intentional Center Building effective September 30, 2023.