



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 11

Agenda Date: December 1, 2022

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: District 1

SUBJECT:

Amendment # 2 to the River Walk Lease Agreement with Tacoland Studios LLC.

SUMMARY:

This ordinance authorizes a second amendment to the River Walk Lease Agreement between the City of San Antonio and Tacoland Studios LLC to continue utilizing the current River Walk patio space for an additional term of five (5) years, commencing on November 1, 2022, and expiring on October 31, 2027.

BACKGROUND INFORMATION:

The property associated with this agreement is on the Museum Reach, and is currently leased to Velvet Taco. The property has a patio extending over the City's property, requiring air rights from the City. An agreement for air rights commenced on November 1, 2012. The Lease Agreement was then extended from November 1, 2017, through October 31, 2022. The property owner has requested to extend the agreement.

This ordinance extends the term for an additional five (5) year period, beginning November 1, 2022, and ending October 31, 2027; the rental rate has been updated to \$1.81 per square foot or \$325.80 per month, with a 2.5% annual increase.

ISSUE:

This extension is necessary for the tenant to continue enjoyment of the patio suspended over City property. Approval of this ordinance is consistent with the City's policy of leasing River Walk patio space to adjacent businesses for outdoor dining alongside the San Antonio River. The lessee has requested an extension to support the adjacent restaurant, Velvet Taco.

ALTERNATIVES:

The City may elect not to amend the Agreement, which would result in the Tacoland Studios LLC use of the City's air rights becoming at will or terminating.

FISCAL IMPACT:

Under this Amendment, Tacoland Studios LLC will pay a rate of \$1.81 per square foot per month effective November 1, 2022 and will increase 2.5% annually. The total amount to be received by Tacoland Studios LLC for the entire 5-year period is \$20,550.14 as summarized below:

Year	Term	Monthly Amount	Annual Amount
1	11/1/2022 - 10/31/2023	\$325.80	\$3,909.60
2	11/1/2023 - 10/31/2024	\$333.95	\$4,007.34
3	11/1/2024 - 10/31/2025	\$342.29	\$4,107.52
4	11/1/2025 - 10/31/2026	\$350.85	\$4,210.21
5	11/1/2026 - 10/31/2027	\$359.62	\$4,315.47

All funds received will be deposited into the River Walk Capital Improvements Fund.

RECOMMENDATION:

Staff recommends approval of Amendment #2 to the River Walk Lease Agreement between the City of San Antonio and Tacoland Studios LLC to extend the license term for an additional five (5) year period, beginning November 1, 2022, and ending October 31, 2027.