



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 13

Agenda Date: November 3, 2022

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: District 1

SUBJECT:

River Walk Lease Agreement with Spirits of San Antonio

SUMMARY:

This ordinance authorizes a River Walk Lease Agreement between the City of San Antonio and Spirits of San Antonio for retail space 801 along the River Walk. located under the East Commerce Street Bridge, Lot 1, NCB 13812. Terms of the agreement include a five (5) year base term commencing on City Council's approval of this Lease. Additionally, tenant is required to cease distribution, display, and sale of tobacco products within 24 months. Revenues from this agreement will be deposited into the Community Development Block Grant.

BACKGROUND INFORMATION:

Ordinance 2006-12-14-1435 authorized a five (5) year Agreement with McGusta Fine Cigar Co d/b/a Spirit of San Antonio for a leased area consisting of 607 square feet of River Walk retail space under the East Commerce Street Bridge. The term of the agreement began on January 1, 2007 and expired on December 31, 2011.

The City subsequently extended the lease twice for two additional five (5) year terms. Through

negotiations tenant has agreed to change the legal name from “McGusta Fine Cigar Co d/b/a Spirit of San Antonio” to “Sprints of San Antonio”. Tenant has also agreed to cease distribution, display, and sale of tobacco products within 24 months of City Council’s execution of this Lease through ordinance. The lease extension is to be effective on the date Council takes action on the extension.

ISSUE:

This Lease Agreement between the City of San Antonio and Spirits of San Antonio is being submitted to Council for approval. Approval of this ordinance is consistent with the City’s policy of leasing retail space alongside the San Antonio River.

ALTERNATIVES:

The City may elect not to agree to terms of this Agreement, which would result in the Spirits of San Antonio’s occupancy becoming at will or terminating.

FISCAL IMPACT:

With this Lease Agreement, Spirits of San Antonio will pay a rate of \$8.38 per square foot per month commencing on the approval date of this ordinance. Rent will increase 2.5% annually. The total amount to be received by the City of San Antonio for the entire 5-year period is \$321,104.50 as summarized below:

Term	Rate	Monthly	Annual
1 st 12 months	\$8.38	\$5,091.69	\$61,100.26
2 nd 12 months	\$8.59	\$5,219.28	\$62,631.41
3 rd 12 months	\$8.80	\$5,346.88	\$64,162.56
4 th 12 months	\$9.02	\$5,480.55	\$65,766.62
5 th 12 months	\$9.25	\$5,620.30	\$67,443.60

Revenues from this agreement will be deposited into the Community Development Block Grant.

RECOMMENDATION:

Staff recommends approval of the River Walk Lease Agreement between the City of San Antonio and Spirits of San Antonio for a five (5) year period, beginning upon approval of this ordinance.