



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 23

**Agenda Date:** December 15, 2022

**In Control:** City Council A Session

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**DEPARTMENT:** Convention and Sports Facilities

**DEPARTMENT HEAD:** Patricia Muzquiz Cantor

**COUNCIL DISTRICTS IMPACTED:** District 1

**SUBJECT:**

Second Amendment to the Amendment and Restatement of the Henry B. Gonzalez Convention Center (Business Center) Lease Agreement.

**SUMMARY:**

An Ordinance authorizing a Second Amendment to the Amendment and Restatement of the Henry B. Gonzalez Convention Center (Business Center) Lease Agreement with Texas Badger Developments-1, LLC (d/b/a The UPS Store) extending the lease of space located at the Henry B. Gonzalez Convention Center, for a one -year period from January 1, 2023 through December 31, 2023, with estimated annual revenue of \$6,000.00 to be deposited in the Community and Visitor Facilities Fund.

**BACKGROUND INFORMATION:**

Ordinance No. 94484, dated September 6, 2001 authorized the original Agreement for Texas Badger Developments-1, LLC (d/b/a The UPS Store) to lease the space at the Henry B. Gonzalez Convention Center. Ordinance No. 2013-11-21-0787 extended the term through December 31, 2017 with a five-year renewal option. Ordinance No. 2017-11-09-0888 authorized the First Amendment and Extension to the Amendment and Restatement of the Henry B. Gonzalez Convention Center (Business Center) Lease Agreement amending the Agreement and extending

it through December 31, 2022.

The UPS Store provides a full range of exclusive and non-exclusive products and services to visitors of the Henry B. Gonzalez Convention Center. The services include packing and shipping services, document services, typing/word processing services, mailbox rental, computer services, passport and photo ID services, notary services, fax services, and a variety of office and mailing supplies, as well as sundries, to clients and visitors of the Henry B. Gonzalez Convention Center. In exchange for the right to provide these services under the terms of the current lease, The UPS Store pays the greater of a Minimum Monthly Rent of \$2,500.00, or Percentage Rent equal to 11% of monthly gross sales of exclusive products and services over \$40,000.00. However, over the past 5 years average monthly sales have been under \$10,000.00. Due to low revenue, the City issued a Request for Proposals (RFP) for the Business Center in April 2022 and no responses were received. The City reissued a RFP for the Business Center on November 30, 2022 and anticipates a new lease agreement for Council approval by May 2023. To avoid lapse in services to Convention Center clients, the UPS Store has agreed to continue services and shall pay the City a Monthly Base Rent equal to five percent (5%) on monthly gross sales of exclusive products and services.

#### **ISSUE:**

The current lease agreement expires on December 31, 2022. The UPS Store agreed to extend the contract term to allow City staff sufficient time to conduct a second solicitation process to secure a new contractor due to no responses during the first solicitation. The Agreement will be amended to extend the term for one year, ending on December 31, 2023, or until a new contractor is selected.

#### **ALTERNATIVES:**

Alternatives include not having an operating Business Center at the Henry B. Gonzalez Convention Center. This would result in a lack of convenient business center service access for conventioners. It is critical for the City to extend the agreement beyond December 31, 2022, in order to allow staff sufficient time to conduct another solicitation process to secure a new contractor.

#### **FISCAL IMPACT:**

The ordinance authorizes a monthly rent payment of 5% of monthly gross sales of exclusive products and services which would generate an estimated \$6,000.00 of revenue to be deposited in the Community and Visitor Facilities Fund over the one-year term.

#### **RECOMMENDATION:**

Staff recommends approval of the Second Amendment to the Amendment and Restatement of the Henry B. Gonzalez Convention Center (Business Center) Lease Agreement extending the Agreement through December 31, 2023 and modifying the Monthly Base Rent.

