

AN ORDINANCE 2008-09-18-0818

APPROVING A THIRD AMENDMENT TO THE LEASE AGREEMENT WITH DHBO, INC. D/B/A GUADALAJARA GRILL FOR BUILDING SIXTEEN IN LA VILLITA WHICH WILL INCREASE THE LEASED PREMISE FROM 2,261.00 SQUARE FEET TO 3,988.24, REVISE THE RENTAL RATES TO REFLECT THE INCREASED SQUARE FOOTAGE, EXTEND THE TERM THROUGH DECEMBER 31, 2011 AND PROVIDE A RENTAL CREDIT IN AN AMOUNT UP TO \$49,700.00 IN CONSIDERATION FOR SAFETY IMPROVEMENTS TO BE MADE TO THE PREMISES.

* * * * *

WHEREAS, the Building Sixteen (16) located in La Villita is a two-story masonry building in which Guadalajara Grill operates a restaurant on the first floor; and

WHEREAS, the second floor has historically been licensed by the City for special events such as private business meetings and wedding receptions; however its use has been limited due to its size and accessibility; and

WHEREAS, in an effort to increase La Villita rental revenues and maximize use of vacant space, the City entered into negotiations with Guadalajara Grill to add the second floor space to the Lease Agreement with the intention of the space being utilized as a private party room; and

WHEREAS, prior to use of the space, Guadalajara Grill has agreed to complete construction of an exterior fire staircase in consideration for rental credits not to exceed \$49,700.00; and

WHEREAS, this ordinance approves a third amendment to Guadalajara Grill's Lease Agreement to reflect the addition of the second floor space, totaling 1,727.24 square feet; and

WHEREAS, the amendment will also revise rental rates to reflect the increased square footage and extend the Lease Agreement through December 31, 2011 in order for Guadalajara Grill to recover their construction expense through the rental credit described above; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Manager or her designee, or the Director of the Downtown Operations Department or her designee, is authorized to execute a third amendment to the Lease Agreement with DHBO, Inc. d/b/a Guadalajara Grill for Building Sixteen in La Villita which will increase the leased premise from 2,261.00 square feet to 3,988.24, revise the rental rates to reflect the increased square footage, extend the term through December 31, 2011 and provide a rental credit in an amount up to \$49,700.00 in consideration for safety improvements to be made to the premises. A copy of the third amendment is attached hereto and incorporated herein for all purposes as **Attachment I.**

SECTION 2. Funds generated by this ordinance will be deposited in Fund 11001000 General Fund, Internal Order 219000000007 La Villita, General Ledgers 4407718 Svc Charge - Tenant Utilities, 4407720 Lease - Land and Buildings, 4407800 C&R Advertising.

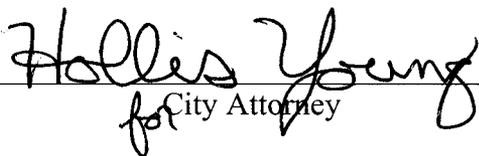
SECTION 3. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

SECTION 4. This ordinance shall be effective on and after September 28, 2008.

PASSED AND APPROVED this 18th day of September, 2008.


M A Y O R

ATTEST: 
City Clerk

APPROVED AS TO FORM: 
for City Attorney



Request for
**COUNCIL
ACTION**



Agenda Voting Results - 27

Name:	5, 6, 7, 8, 10, 12, 13, 14, 20, 23, 24, 25, 26, 27, 28, 29, 31A, 31B, 32, 33, 34A, 34B, 36A, 36B, 38, 43, 44, 45A, 45B, 45C, 45D, 45E, 45F, 45G
Date:	09/18/2008
Time:	09:23:29 AM
Vote Type:	Motion to Approve
Description:	An Ordinance approving an amendment to the Farmers' Market Plaza lease agreement with Maria L. Reyna dba Lorenza's which will add Stall S-11 to the leased premises. [Pat DiGiovanni, Deputy City Manager; Paula X. Stallcup, Director, Downtown Operations]
Result:	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Phil Hardberger	Mayor		x				
Mary Alice P. Cisneros	District 1		x				
Sheila D. McNeil	District 2		x				
Jennifer V. Ramos	District 3		x				
Philip A. Cortez	District 4		x				x
Lourdes Galvan	District 5		x				
Delicia Herrera	District 6		x				
Justin Rodriguez	District 7		x				
Diane G. Cibrian	District 8		x				
Louis E. Rowe	District 9		x			x	
John G. Clamp	District 10		x				



CMS or Ordinance Number: CN0040002123

TSLGRS File Code:

Document Title:

CONT - La Villita Lease Agreement for Bldg. 16. A total of 2,261 sq. ft.
effective from January 1, 2003 - June 30, 2007. Ordinance #97236.

Commencement Date:

1/1/2003

Expiration Date:

12/31/2011

THIRD AMENDMENT OF LEASE AGREEMENT

La Villita Historic Arts Village

DBHO, Inc. d/b/a Guadalajara Grill

WHEREAS, the City of San Antonio, a Texas Municipal Corporation, acting by and through its City Manager pursuant to Ordinance No. 97236, passed and approved by the City Council on February 27, 2003, as LANDLORD ("**CITY**"), entered into that certain **Lease Agreement** effective March 9, 2003 ("**LEASE**") with **DHBO, Inc. d/b/a Guadalajara Grill** ("**LESSEE**"), for the lease of the following described premises located within the area commonly known as La Villita Historic Arts Village, San Antonio, Bexar County, Texas to-wit:

A portion of real property and improvements owned by City located at 418 Villita Street, San Antonio Bexar County, Texas within the area commonly know as La Villita Historic Arts Village (said real property and improvements hereinafter referred to as the "**Lease Premises**"). Said **Lease Premises** contain approximately 2,261 square feet and is identified as Building 16 in Exhibit A, attached hereto and incorporated by reference herein for all purposes; and

WHEREAS, aforementioned Lease Agreement with **DHBO, Inc. d/b/a Guadalajara Grill** was amended by the City of San Antonio acting by and through its City Manager pursuant to Ordinance No. 2007-06-7-0659 on June 7, 2007; and

WHEREAS, said Ordinance No. 2007-06-07-0659 amended the Term of the Agreement, Rental Rates, and Insurance Provisions; and

WHEREAS, aforementioned Lease Agreement with **DHBO, Inc. d/b/a Guadalajara Grill** was amended by the City of San Antonio acting by and through its City Manager pursuant to Ordinance No. 2008-06-05-0485 on June 5, 2008; and

WHEREAS, said Ordinance No. 2008-06-05-0485 amended the Term of the Agreement and Rental Rates; and

WHEREAS, the **CITY** and **LESSEE** now wish to further amend the Agreement by adding to the Lease Premises a portion of the second (2nd) floor area of Building 16; and

WHEREAS, the **LESSEE** has agreed to make safety improvements to Building 16, through the construction of a new exterior fire exit to the west facing façade of Building 16; and

WHEREAS, the **CITY** has agreed to provide **LESSEE** with a rental credit not to exceed \$49,700.00 in consideration of said construction; and

WHEREAS, the **CITY** has further agreed to provide **LESSEE** with an extension to the Term of the Agreement in consideration of said construction; and

WHEREAS, amending the **LEASE** is in the **CITY** and **LESSEE'S** best interest; **NOW THEREFORE**,

In consideration of the mutual covenants and agreement set forth below the parties agree as follows:

1. AMENDING THE DEMISE OF PREMISE: Article 1 of the **Lease Agreement** is amended as follows:

- a) Section 1.2 of the **Lease Agreement** is hereby deleted in its entirety and replaced with the following:

1.2 All the real property and improvements, which contain approximately 3,988.24 square feet and identified as the first (1st) floor and a portion of the second (2nd) floor (as further illustrated on Exhibit "A") of Building Number Sixteen (16), 418 Villita Street, San Antonio, Bexar County Texas.

- b) Sub-Section 1.2.2 of the **Lease Agreement** is hereby deleted in its entirety.

- c) Sub-Section 1.3.1 of the **Lease Agreement** is hereby deleted in its entirety and replaced with the following:

1.3.1 **CITY** reserves the right to use the second floor of Leased Premises at no cost for **CITY'S** annual New Year's Eve celebration. In addition, **LESSEE** agrees to permit media access to the second floor during "Night In Old San Antonio", which is traditionally held during a four-day period every April. **CITY** and **LESSEE** shall inspect and review said area prior to and after each **CITY** commitment identified above. **CITY** agrees at its sole cost to repair or have repaired any damages to said area resulting from said **CITY** commitments. **CITY** also reserves the right to install, maintain, repair and replace utility lines, pipes, ducts, and wires passing through the **Lease Premises** to serve other parts of, or premises within, the La Villita area. Any such installation, maintenance, repair or replacement shall be placed in locations that shall not unreasonably interfere with **LESSEE'S** use of the **Lease Premises**, and shall be carried out to the extent possible so as to minimize inconvenience or disruption of **LESSEE'S** business.

2. AMENDING THE TERM: Article 3 of the **Lease Agreement** is amended to include the following provisions:

- a) Section 3.1 The term of this **Lease Agreement**, as amended, is extended through December 31, 2011, unless it is sooner terminated under the provisions hereof. **LESSEE** acknowledges that no promise to extend or renew this **Lease Agreement** beyond this term is made or implied. It is agreed that the terms of this amendment shall become effective as of October 1, 2008.

3. AMENDING THE RENTAL: Article 4 of the **Lease Agreement** is amended as follows:

- a) Section 4.1 of the **Lease Agreement** is deleted in its entirety and replaced with the following:

4.1 **LESSEE** shall pay rental in either one lump sum in advance or in monthly installments in advance of the first day of each month in accordance with the following:

THIS SECTION IS LEFT INTENTIONALLY BLANK

A	B	C	D	F	G
Lease Period	Monthly Rental	Monthly Promo Fee	Monthly Utility Fee	Monthly Total	Abatement Total
10/1/2008 - 06/30/2009	\$2,611.68	\$124.40	\$657.65	\$3,393.73	\$1,122.71
07/1/2009 - 12/31/2010	\$2,953.65	\$124.40	\$657.65	\$3,735.70	\$1,438.61
01/1/2011 - 12/31/2011	TBD	TBD	TBD	TBD	TBD

Rental amounts for the period beginning January 1, 2011 are to be established following completion of a market study of the Lessee's first (1st) floor space, storage space, patio space, promotion fees, and utility fees. CITY and LESSEE agree the rate for the second (2nd) floor space for said period will be \$0.85/sq. ft. It is further agreed, that the rental amount for the first (1st) floor space and patio space for said period, shall not exceed an increase of more than five percent (5%) from the preceding lease period of July 1, 2009 to December 31, 2010.

b) Sub-Section 4.1.1 is deleted in its entirety and replaced with the following:

4.1.1 April rent for all Lease Years shall be abated under the terms identified in **Article Twenty-Three (23), Night In Old San Antonio Event and Other Events**, included hereinafter. Additionally, rental of the second (2nd) floor of Building 16 will be abated by a period of ninety (90) days, commencing on October 1, 2008, to accommodate completion of improvements to be made by LESSEE to the exterior and interior of Building 16. It is therefore understood that the total monthly amount payable for the period of 10/1/2008 through 12/31/2008 shall be \$1,846.00.

c) Sub-Section 4.1.1.1 of the **Lease Agreement** is hereby deleted in its entirety.

d) Sub-Section 4.1.1.2 of the **Lease Agreement** is hereby deleted in its entirety.

e) Sub-Section 4.1.2 is added to read as follows:

4.1.2 In consideration for improvements to be made by LESSEE to the west facing façade of Building 16, CITY shall provide LESSEE a rental credit in the amount of the actual cost of such improvements, provided, however such credit shall not to exceed \$49,700.00 and such credit shall only be applied after such improvements have been completed. Said credit shall be applied monthly in an amount equal to the amount determined, or later determined, under Column G of the table enumerated in Section 4.1.

4. Other Terms: All other terms and provisions of the Lease Agreement remain unchanged by this amendment.

5. Acknowledgement of Reading: The parties hereto acknowledge that they have thoroughly read this amendment, including any exhibits or attachments hereto, and have sought and received whatsoever competent advice and counsel which was necessary for them to form a full and complete understanding of their rights and obligations herein, and having done so, do hereby execute this amendment.

EXECUTED this 09/02/08, 2008.

LESSOR:

CITY OF SAN ANTONIO,
A Texas Municipal Corporation

By:

City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

LESSEE:

DHBO, Inc d/b/a Guadalajara Grill

TINA S. HIND JOSA

Printed Name, Title

J. King

Signature

13091 FEATHER RIDGE DR.

Address

SAN ANTONIO, TX 78233

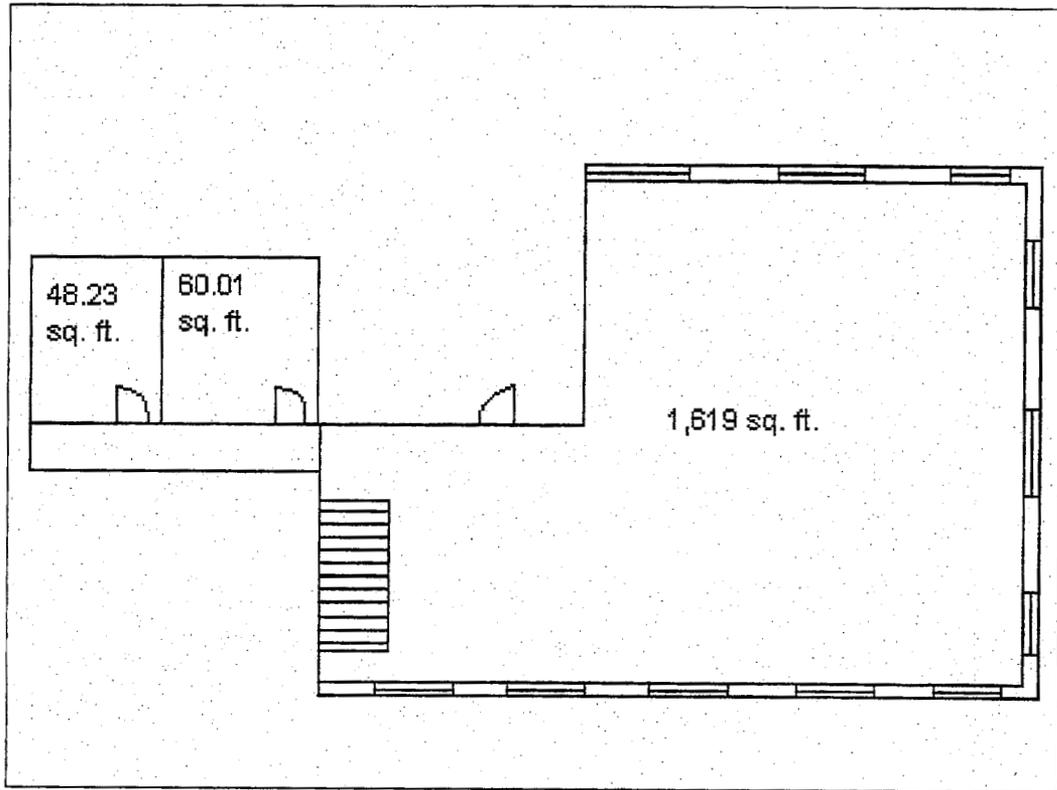
City, State, and Zip Code

(210) 710-8241

Area Code/Telephone Number

EXHIBIT "A"
LA VILLITA HISTORIC ARTS VILLAGE
SECOND FLOOR, BUILDING NUMBER SIXTEEN (16), 418 VILLITA STREET

SECOND FLOOR LAYOUT ¹



1. Not to scale



CMS or Ordinance Number: OR00000200809180818

TSLGRS File Code: 1000-05

Document Title:

ORD - La Villita Lease Agreement for Bldg. 16. A total of 2,261 sq. ft.
effective from January 1, 2003 - June 30, 2007. Ordinance #97236.

Ordinance Date:
9/18/2008



CITY OF SAN ANTONIO
Request for Council Action

Agenda Item # 28
Council Meeting Date: 9/18/2008
RFCA Tracking No: R-3898

DEPARTMENT: Downtown Operations

DEPARTMENT HEAD: Paula Stallcup

COUNCIL DISTRICT(S) IMPACTED:
Council District 1

SUBJECT:
Third Amendment of La Villita Agreement with DHBO, Inc. d/b/a Guadalajara Grill

SUMMARY:

This ordinance approves a third amendment to the Lease Agreement with DHBO, Inc. d/b/a Guadalajara Grill for Building Sixteen (16) in La Villita. This amendment will: 1) increase the lease premise from 2,261.00 square feet to 3,988.24 square feet; 2) revise rental rates as a result of the increased square footage; 3) extend the Lease Agreement through December 31, 2011; and 4) provide Guadalajara Grill with a rental credit in an amount not to exceed \$49,700.00, in consideration for safety improvements to be made to Building Sixteen (16).

BACKGROUND INFORMATION:

Building Sixteen (16) located in La Villita is a two-story masonry building in which Guadalajara Grill operates a restaurant on the first floor. The second floor has historically been licensed by the City for special events such as private business meetings and wedding receptions; however its use has been limited due its size and accessibility. In an effort to increase La Villita rental revenues and maximize use of vacant space, the City entered into negotiations with Guadalajara Grill to add the second floor space to the Lease Agreement with the intention of the space being utilized as a private party room. Prior to use of the space, Guadalajara Grill has agreed to complete construction of an exterior fire staircase in consideration for rental credits not to exceed \$49,700.00.

This ordinance approves a third amendment to Guadalajara Grill's Lease Agreement to reflect the addition of the second floor space, totaling 1,727.24 square feet. The amendment will also revise rental rates to reflect the increased square footage and extend the Lease Agreement through December 31, 2011 in order for Guadalajara Grill to recover their construction expense through the rental credit described above.

ISSUE:

Approval of this ordinance is consistent with the City's policy of leasing public space in La Villita to generate revenue.

ALTERNATIVES:

City Council has the option to not approve this ordinance, thereby not granting Guadalajara Grill the authority to use the second floor of Building Sixteen (16). The City would resume licensing of the space for special events, but would first need to complete necessary safety improvements. Funding for these improvements would have to be identified and budgeted.

FISCAL IMPACT:

Under the terms of this Third Amendment and upon approval of this ordinance, Guadalajara Grill will pay the following revised monthly rental:

Lease Period	Rental Fee	Promotion Fee	Utility Fee	Monthly Total
10/01/08 - 06/30/09	\$2,611.68	\$124.40	\$657.65	\$3,393.73
07/01/09 - 12/31/10	\$2,953.65	\$124.40	\$657.65	\$3,735.70
01/01/11 - 12/31/11	Market Rate	Market Rate	Market Rate	Market Rate

Approximately \$1,500.00 of the monthly rental fee listed above will be credited through December 31, 2011, in consideration for safety improvements to be made by Guadalajara Grill. All revenue generated will be deposited into the General Fund.

RECOMMENDATION:

Staff recommends approval of the lease amendment with Guadalajara Grill to fund safety improvements and increase rental space for the tenant.

ATTACHMENT(S):

File Description	File Name
Third Amendment of La Villita Lease Agreement with Guadalajara Grill	Guadalajara Grill Third Amendment.pdf
Discretionary Disclosure Form	signeddiscretionarydisclosure.pdf
Voting Results	
Ordinance/Supplemental Documents	200809180818.pdf

DEPARTMENT HEAD AUTHORIZATIONS:

Paula Stallcup Director Downtown Operations

APPROVED FOR COUNCIL CONSIDERATION:

Pat DiGiovanni Deputy City Manager