

CONSENT AGENDA
ITEM NO. 14

**CITY OF SAN ANTONIO
DEPARTMENT OF ASSET MANAGEMENT
INTERDEPARTMENTAL CORRESPONDENCE**

TO: Mayor and City Council

FROM: Rebecca Waldman, Director, Department of Asset Management

THROUGH: Terry M. Brechtel, City Manager

COPIES: J. Rolando Bono, Andrew Martin, Erik J. Walsh

SUBJECT: Ordinance approving a new Lease Agreement for SOFESA San Antonio, Inc.

DATE: February 6, 2003

SUMMARY AND RECOMMENDATIONS

This ordinance approves a new Lease Agreement between the City of San Antonio and the Trade and Investment Office of the Government of the Canary Islands, Spain (SOFESA, San Antonio, Inc.) for approximately 481 square feet of space in the International Center, located at 203 S. St. Mary's Street, for a period of one (1) year which commenced on January 4, 2003 at a total annual rent of \$3,206.40, with the option for one (1) one (1) year renewal at a total annual rent of \$4,617.60.

Staff recommends approval.

BACKGROUND INFORMATION

SOFESA San Antonio, Inc. works to build alliances between the United States and the Government of the Canary Islands for the purpose of promoting economic development, tourism and cultural exchange. SOFESA San Antonio, Inc. originally entered into a Lease Agreement with the City of San Antonio commencing January 4, 1999 for space in the International Center. This original Lease Agreement provided for a term ending January 3, 2001 with an option to renew for an additional period of two years, commencing on January 4, 2001 and ending on January 3, 2003. Prior to the termination of the current Lease Extension both parties involved recognized the opportunity to accommodate not only SOFESA San Antonio, Inc.'s needs but also that of other international tenants. As a result, the parties have agreed to enter into a new Agreement converting the office space formerly leased by SOFESA San Antonio, Inc. into a suite of offices that can then accommodate other tenants. Under the terms of this new Lease, the tenant pays the City \$9.60 per square foot per year (\$4,617.60) which covers the cost of the suite to be used exclusively by SOFESA San Antonio, Inc. as well as a prorata amount of the areas to be used jointly by all tenants within the suite, such as the reception area, the storage/work room, and the conference area. The City will make the other offices within the space available for lease.

Both parties are agreeable to this Lease Agreement.

POLICY ANALYSIS

This action is consistent with the City's policy relative to the International Center to house City Departments, public/private partnerships and governmental agencies working together to facilitate international trade and business.

FISCAL IMPACT

The rental rate of the previous Lease Agreement between the City and SOFESA was \$13.60 per square foot per year, which is representative of market office rental rates. The rental rate negotiated by the parties for the proposed Lease Agreement is \$9.60 per square foot per year and this rate is comparable to the rate being charged other trade offices in the International Center. The City will actively pursue the leasing of the remaining two offices within the suite to be occupied by SOFESA and, once they are leased, the annual reduction in revenue to the International Center Fund will be \$6,252. While this results in a reduction in revenue, the City will benefit economically through the opportunity to provide space to other trade offices and the mutual economic development, promotion of tourism, and cultural exchange for all parties.

In exchange for the furniture for the reception and conference areas, SOFESA's monthly rent will be reduced from \$384.80 to \$149.60 for the first six months of the Lease, for a total reduction of \$1,411.20. As a result of this reduction, the total rent to be collected for the first lease year is \$3,206.40 and, if the renewal option is exercised, \$4,617.60 for the second year. In addition, the City has agreed to purchase the tenant's existing telephone system for \$6,296.38 and this system will support SOFESA and other future tenants in this suite.

COORDINATION

This item has been coordinated with the following: City Attorney's Office, International Affairs Department and Information Technology Services Department.

SUPPLEMENTARY COMMENTS

No Discretionary Contract Disclosure form is required as this tenant represents the Government of Canary Islands.



Rebecca Waldman, Director
Department of Asset Management



Erik J. Walsh
Assistant to the City Manager