

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

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**TO:** Mayor and City Council

**FROM:** Rebecca Waldman, Director, Department of Asset Management

**THROUGH:** Terry M. Brechtel, City Manager

**COPIES:** Erik Walsh, Assistant to the City Manager, File

**RE:** Amending Frank Sepulveda Lease and License Agreement (Panchito's)

**DATE:** June 26, 2003

**SUMMARY AND RECOMMENDATIONS**

This Ordinance amends the existing Frank Sepulveda Lease and License Agreement (Panchito's Restaurant) with the City of San Antonio by increasing the leased and licensed area by an additional 716 square feet in the basement of 115 Plaza de Armas, a City-owned building, to provide the Tenant space for a separate dining area in the restaurant, a small office area, storage and space for an icemaker for \$20,475.00 of additional rent consideration for the First Option Term, which ends December 31, 2006 and \$34,020 of added rent consideration, if the Tenant renews the Second Option Term on January 1, 2007.

Staff recommends the approval of this ordinance.

**BACKGROUND INFORMATION**

The original Lease and License Agreement was approved on December 23, 1986 (Ordinance no. 64279) as part of the City's purchase of the Plaza de Armas Building from Frank Sepulveda. This purchase transaction included a lease back for space in the basement of the Plaza de Armas Building to allow continuation of the operation of the Panchito's Restaurant. The Agreement consisted of a fifteen (15) year term and two five (5) year renewals at the Tenant's option, for a total lease term of 25 years. A flat rental rate for both renewal periods was established in the Lease Agreement and the present monthly rent for this option period is \$1,395.13.

The lease is presently in the second year of the first five-year option, which ends in December 2006.

The Tenant has expressed a need for additional space and the proposed lease amendment includes the following provisions:

- The total square footage being added to the lease and license area of Panchito's is 716 square feet. Of this amount, 103 square feet will be licensed, as this area houses an air conditioning unit for the entire building and the City will have 24-hour access to the closet containing this equipment. The License area also includes approximately 42"x50" for an icemaker. The amount of area that will be leased is 613 square feet and this area will be used for dining, office and storage. See attached Exhibit "A".
- The rent is \$500.00 per month for the leased and licensed area and \$25.00 per month for the icemaker area. Both areas are subject to an increase of 8% at the beginning of the second five-year term that commences January 1, 2007 if the Tenant exercises their renewal option. The monthly rent in the Second Option Term would be \$567.00 per month.
- The space will be leased and licensed "as is".
- The term of this amendment is consistent with the existing lease. It commences on July 1, 2003 and if the Tenant exercises the Second Option Term, it will end December 31, 2011 for a total term of eight (8) years, five (5) months.
- There will be three months free rent for the additional space (a total of \$1,575.00) in order to offset some of the improvements planned for the space. No construction may begin before the City of San Antonio reviews and approves all construction plans. The City will also monitor the construction process.

The restaurant's annual rental rate for the current space is \$6.48 per square foot. As noted above, this rent was established for the entire term when this lease was executed in 1986. The rental rate of \$8.76 for the additional space proposed under this amendment is justified for several reasons: 1) since this space is windowless basement space, it is more similar to industrial space and will not command the rental rate charged in downtown office buildings, 2) the space is contiguous to a restaurant operation and this may be the best and most compatible use for the space, 3) the City must have access to the portion of the space that houses the air conditioning closet, and 4) the proposed rental rate on the new space exceeds the rental rate on existing space by 35%.

**POLICY ANALYSIS**

This action is consistent with the City's policy that all contracts be amended or modified as necessary to provide what is in the best interest of the City.

**FISCAL IMPACT**

The financial impact associated with this Amendment is that for the remainder of the First Option Term, through December 31, 2006 the City will receive \$20,475 of additional rent. If the Tenant renews the Second Option Term through December 31, 2011, the City will receive \$34,020.00 of additional rent.

**SUPPLEMENTARY COMMENTS**

The Discretionary Contract Disclosure form is attached.

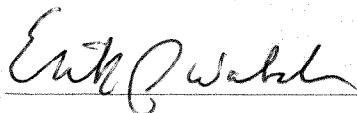
**COORDINATION**

This item has been coordinated with the following departments: City Attorney's Office, Public Works Department, Code Compliance Department, and Human Resources Department.



Rebecca Waldman, Director

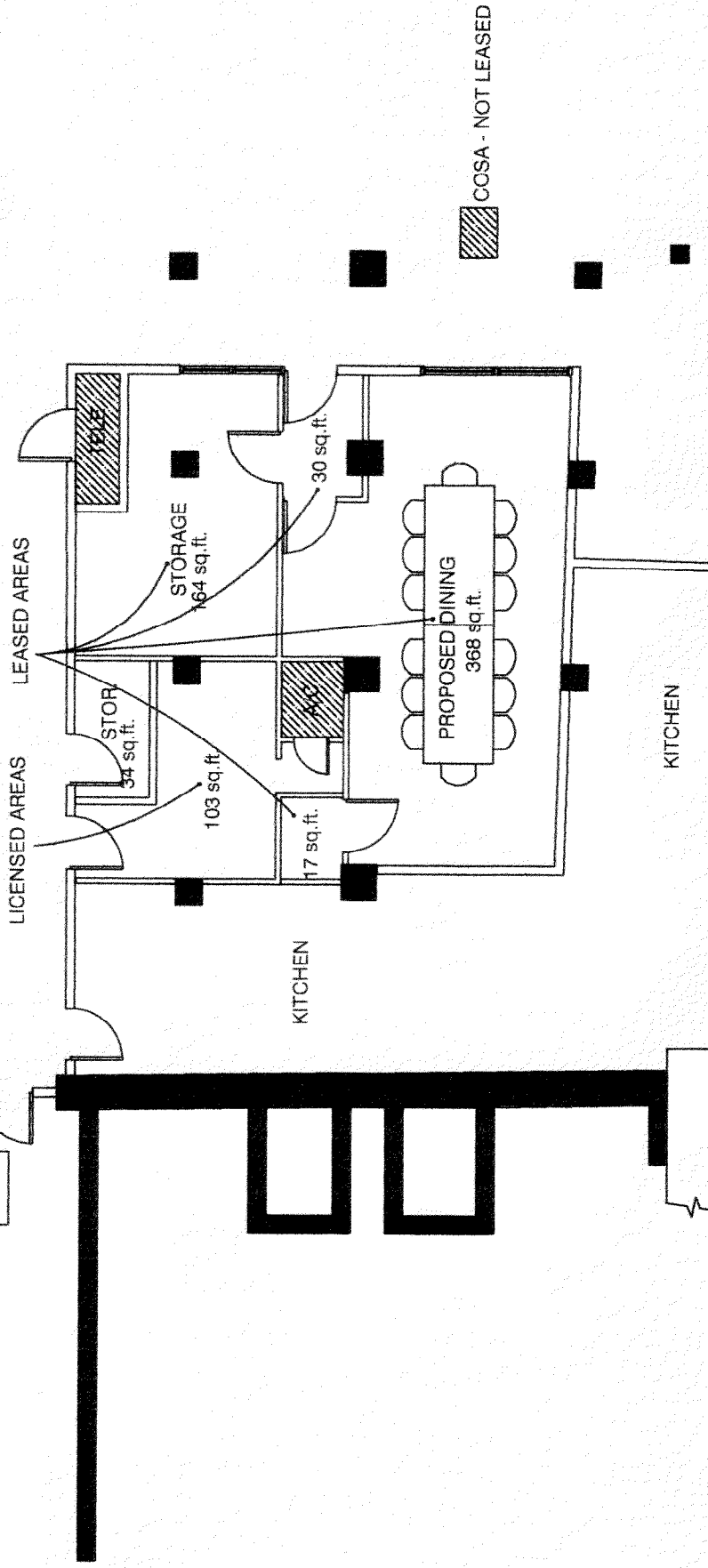
Approved by:



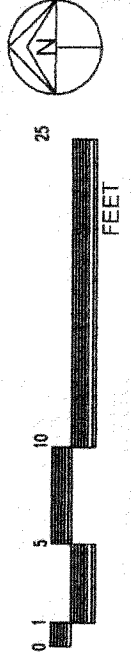
Erik Walsh  
Assistant to the City Manager

# ATTACHMENT "A"

LICENSED SPACE (ICEMAKER 42"X50")



TOTAL SQUARE FOOTAGE: 716  
(EXCLUDES ICEMAKER SPACE)



City of San Antonio  
Discretionary Contracts Disclosure\*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2  
Attach additional sheets if space provided is not sufficient.  
State "Not Applicable" for questions that do not apply.

\* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

**Disclosure of Parties, Owners, and Closely Related Persons**

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract:

FRANK T. SEPULVEDA

(2) the identity of any business entity<sup>1</sup> that would be a party to the discretionary contract:

DOWNTOWN PANCHITOS, LLC

and the name of:

(A) any individual or business entity that would be a subcontractor on the discretionary contract;

and the name of:

(B) any individual or business entity that is known to be a partner, or a parent or subsidiary business entity, of any individual or business entity who would be a party to the discretionary contract;

<sup>1</sup> A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

- (3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

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#### Political Contributions


Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any current or former member of City Council, any candidate for City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
ROLAND GUTIERREZ	500.00	3-23-01
ROLAND GUTIERREZ	500.00	5-21-01
ED GARZA	2000.00	4-23-01
DAVID GARCIA	250.00	4-26-01
ENRIQUE BARRERA	250.00	5-4-01
ENRIQUE BARRERA	300.00	8-29-01
ENRIQUE BARRERA	500.00	10-7-02
BOBBY PEREZ	250.00	5-4-01

CONTINUED - SEE ATTACHED

#### Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question<sup>2</sup> as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

Signature: 	Title: CONTROLLER Company: DOWNTOWN PANCHITOS, LLC	Date: 6/9/03

<sup>2</sup> For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

TO WHOM MADE :

AMOUNT :

DATE OF CONTRIBUTION :

JULIAN CASTRO	250.00	5-4-01
JULIAN CASTRO	300.00	3-12-03
ENRIQUE MARTIN	500.00	6-5-01
TONI MOOREHOUSE	500.00	6-6-01
TONI MOOREHOUSE	500.00	6-22-01
TONI MOOREHOUSE	250.00	3-25-03
TONI MOOREHOUSE	500.00	6-25-02
TONI MOOREHOUSE	250.00	5-16-03
JOHN JAYNERS	500.00	12-19-01