

T09 2017-08-21-01R

RESOLUTION BY THE BOARD OF DIRECTORS ("BOARD") OF TAX INCREMENT REINVESTMENT ZONE NUMBER NINE, CITY OF SAN ANTONIO, TEXAS, KNOWN AS THE HOUSTON STREET TAX INCREMENT REINVESTMENT ZONE ("TIRZ"), ACKNOWLEDGING THE HOUSTON STREET TIRZ FUND AS A SOURCE OF FUNDING IN AN AMOUNT NOT TO EXCEED \$9,200,000.00, FROM THE TIRZ FUND, FOR THE ALAMEDA THEATRE PROJECT LOCATED AT 318 W. HOUSTON STREET, SAN ANTONIO, TEXAS AND WITHIN THE TIRZ IN CITY COUNCIL DISTRICT 1 AND IN ACCORDANCE WITH THE FUNDING AND DEVELOPMENT AGREEMENT FOR THE ALAMEDA THEATER AMONG THE CITY OF SAN ANTONIO, BEXAR COUNTY, THE ALAMEDA THEATER CONSERVANCY, AND TEXAS PUBLIC RADIO.

* * * * *

WHEREAS, the City of San Antonio ("City") recognizes the importance of its continued role in economic development; community development and urban design and in accordance with Chapter 311 of the Texas Tax Code (the "Act"), the City through Ordinance No. 90969, established the Houston Street TIRZ, to promote development and redevelopment which would not otherwise occur solely through private investment; and

WHEREAS, in accordance with the *Funding and Development Agreement for the Alameda Theatre among the City of San Antonio, Bexar County, the Alameda Theatre Conservancy and Texas Public Radio*, attached **Exhibit A**, the Alameda Theatre Complex, city-owned property, located at 318 W. Houston Street, San Antonio, Texas, and within the TIRZ in City Council District 1, will undergo redevelopment, consisting of the preservation of the historic Theatre Building, a portion of the Casa de Mexico as a community and heritage source, and the renovation of the Annex into a space comprising Texas Public Radio's Headquarters, development of a black box theatre performance space, including renovation of common areas that will serve the uses in both the Theatre Building and the Annex, and,

WHEREAS, pursuant to Section 311.008 of the Act, the Board has authority to enter into agreements that the Board deems necessary or convenient to implement the TIRZ Project Plan and to achieve the purposes of developing the TIRZ within the scope of those plans; and

WHEREAS, pursuant to Section 311.010 (i) of the Act, the Board may contract with the municipality that created the zone to allocate from the tax increment fund for the zone an amount equal to the tax increment produced by the municipality and paid into the tax increment fund for the zone to pay the incremental costs of providing municipal services incurred as a result of the creation of the zone or the development or redevelopment of the land in the zone, regardless of whether the costs of those services are identified in the project plan or reinvestment zone financing plan for the zone; and

WHEREAS, in accordance with the aforementioned authorities, on August 21, 2017, the Board considered Resolution T9-2017-08-21-17-01R, in support of the City's efforts with the Alameda Theatre Project, to provide funding in amount not to exceed NINE MILLION DOLLARS, TWO HUNDRED AND NO CENTS (\$9,200,000.00); **NOW THEREFORE:**

BE IT RESOLVED BY THE BOARD:

SECTION 1. The recitals set out above are hereby adopted in their entirety.

SECTION 2. The Board hereby acknowledges the Houston Street TIRZ fund as a source of funding for the Alameda Project, located 318 W. Houston Street, San Antonio, Texas and authorizes funding in an amount not to exceed NINE MILLION DOLLARS TWO HUNDRED THOUSAND AND NO CENTS (\$9,200,000.00) in available tax increment, levied, and collected on the TIRZ for the public purposes of developing and diversifying the economy, eliminating unemployment and underemployment, and developing or expanding transportation, business and commercial activity in the TIRZ.

SECTION 3: The Board hereby authorizes its Presiding Officer in concurrence with the City Attorney's Office to execute the acknowledgement in the *Funding and Development Agreement for the Alameda Theatre among the City of San Antonio, Bexar County, the Alameda Theatre Conservancy and Texas Public Radio*, described in substantial final form and incorporated for all purposes hereto, as **Exhibit B**.

SECTION 4: The Board shall have no other obligations or duties outside of this specifically stated within the approved acknowledgement.

PASSED AND APPROVED this 21st day of August, 2017.

APPROVED AS TO FORM

Councilman Roberto Treviño
Presiding Officer

Alma Rosa Lozano
Assistant City Attorney

EXHIBIT A

DEPARTMENT: Center City Development and Operations Department

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: City Council District 1

SUBJECT:

Alameda Theater Complex Restoration Project

SUMMARY:

Briefing on the Alameda Theater Complex restoration and redevelopment project that will result in the restoration of the Alameda Theater and the relocation of Texas Public Radio to the Alameda Theater Complex.

BACKGROUND INFORMATION:

For the past 2 years, the City of San Antonio, Bexar County, Texas Public Radio and La Familia Cortez have worked on a concept that would relocate TPR's corporate headquarters to a newly constructed back stage annex of the Alameda Theater and to restore and reopen the historic Alameda Theater as a multi-media live performing arts and film center that would feature the American-Latino multicultural story. The City, County, and La Familia Cortez retained Michael Kaiser of the DeVos Institute of Arts Management to undertake an assessment of the concept and make a recommendation as to its feasibility.

Based on interviews and an assessment of San Antonio's arts and culture venues, Mr. Kaiser recommended a revised concept that would provide an opportunity to expand the programming and functionality of the Theater and leverages the new technology and media opportunities with TPR. Highlights of his recommendation include:

- The Alameda Theater must be restored and reopened as a performing arts facility.
- The Alameda Theater should be multi-purpose and the seating capacity should be adjusted to 1,000 and the floor shall be tiered in order to accommodate theater seats or events tables and chairs.
- The Alameda Theater should include a thrust stage into the audience to create a more intimate setting for performances and events.
- A new entity should be created to operate and program the Alameda Theater.
- The programming should be diverse and collaborative. The programming should be focused on Latino arts and culture and include Spanish language programming. The programming should be collaborative and include partnerships with local, national, and international arts organizations and community organizations.

- The operation of the Alameda Theater entity will be dependent upon contributed revenue and the initial years will require both the City and County to contribute to the Theater's operation.
- TPR would relocate their headquarters to the annex behind the historic theater and construct a new black box theater within the facility.

The City, in partnership with the project partners, has held several community meetings and individual stakeholder meetings on the project since March of 2017. Feedback has been positive, with strong interest in seeing diverse programming options that reflect the culture of San Antonio as well as having opportunities to participate and contribute to the project. The next public meeting on the project is August 15th at 6 pm in the Cultural Commons Gallery in the Plaza de Armas Building located at 115 Plaza De Armas.

The total project cost is estimated to be \$23 million, which will support the restoration of the Alameda Theater and the Annex project for Texas Public Radio. The project is eligible for federal and state historic tax credits, which may yield an additional \$3.9 million for the project. This additional funding would support improvements to the Casa de Mexico building, as well as additional improvements for the theater and annex spaces.

The Alameda Theater Conservancy (ATC) is a 501(c)(3) that was created in May 2017. The mission of the ATC is to be a vital presenter of Latino arts and culture, and to manage and program the Alameda Complex. In recognition of the role of the arts to unite people, the ATC aims to serve everyone in San Antonio and those who visit with programming that entertains, educates and inspires. The initial board includes a representative from the City of San Antonio, Bexar County, Texas Public Radio and La Familia Cortez. Once the theater project is designed, the non-profit board will be expanded to include additional programming and fundraising partners from the community.

City staff has negotiated a Funding and Development Agreement among the City, County, TPR and the Alameda Theater Conservancy for the utilization of \$23 million, including City and County contributions of \$9 million each and a \$5 million contribution from TPR for the restoration and redevelopment of the Theater and Annex properties. The source for the City's contribution has been identified as the Houston Street Tax Increment Reinvestment Zone.

Additionally, City staff has negotiated a Master Lease Agreement with the Alameda Theater Conservancy for management of the Alameda Theater capital project and future operations and programming of the Theater. The initial term of the master lease is 19 years (a requirement of the historic tax credit program), with an option to renew for a cumulative 31 additional years. The Conservancy will enter into a long-term sublease with TPR for occupation of the Annex property for use as its corporate headquarters.

The City, County, and La Familia Cortez will also provide funding for support staff and consulting services for the Conservancy while the project is under design and construction. This item approves the appropriation of City funds in the amount of \$200,000 for the first two years of operations for these support services. Additionally, Bexar County will consider \$200,000 and La Familia Cortez will contribute \$100,000 for the next two years. Deliverables for these

support services will include the development of an operating budget, program plan, fundraising plan, and staffing plan.

Upon approval, the Conservancy will initiate the design process which includes the solicitation of an architect for the entire project. The design of the TPR Annex and Theater is expected to be complete by fall 2018 with construction complete by late 2019 in time for the Theater to open January 1, 2020. The project's design is subject to the River Improvement Overlay District Guidelines for San Pedro Creek as well as review by the Historic and Design Review Commission. Additionally, the Alameda Theater Conservancy will provide the City regular updates on the project's design and construction as well as its operating budget and programming plan.

ISSUE:

The proposed Funding and Development Agreement and Master Lease Agreement require City Council approval. Staff provided a briefing on the project to City Council in a B session on March 29, 2017. The Houston Street TIRZ Board will consider the item in late August. City Council is scheduled to consider the item on August 31st and Bexar County Commissioners Court will consider the item in September 2017.

ALTERNATIVES:

The City could elect not to approve the Funding and Development Agreement or Master Lease Agreement. The City would need to manage the construction project and theater operations, and hire additional staff dedicated to the project. In addition, this may prevent the project from receiving historic tax credits and additional philanthropic funding sources.

FISCAL IMPACT:

The City's \$9 million for the project will come from the Houston Street Tax Increment Reinvestment Zone. The County and TPR will provide additional funding for a cumulative amount of \$23 million. In addition, the project may be eligible for historic and new market tax credits. The Alameda Theater Conservancy will also seek donations for the project through private fundraising efforts.

Funding for the Conservancy's initial operating budget will also come from the Houston Street TIRZ in the amount of \$200,000 over two years. Upon approval of an operating budget and program plan, the City and County will consider additional funding for the first 5 years of the Theater's operation.

RECOMMENDATION:

Staff is seeking the support of the Arts, Culture, and Heritage Council Committee to proceed to City Council for consideration of the Funding and Development Agreement, Master Lease Agreement, and initial operating funds for the Conservancy.

EXHIBIT B

ACKNOWLEDGEMENT BY THE TIRZ BOARD OF DIRECTORS

The Board of Directors ("Board") of Tax Increment Reinvestment Zone ("TIRZ") #9, known as the Houston Street TIRZ, acknowledges the tax increment levied and collected on the TIRZ ("TIF Fund") as a funding source for the financial incentives identified in the *Funding and Development Agreement for the Alameda Theatre among the City of San Antonio, Bexar County, the Alameda Theatre Conservancy and Texas Public Radio*, pursuant to City Council Ordinance No. 2017-____-____-_____, approved on the ____ day of _____ 2017, and TIRZ Board Resolution T9-2017-08-21-17-01R. The TIRZ Board directs the City of San Antonio, which acts as the fiduciary agent of the Houston Street TIF Fund, to make payments for eligible project costs and expenses in accordance with Chapter 311 of the Texas Tax Code.

TIRZ BOARD OF DIRECTORS

Councilman Roberto Treviño
Presiding Officer

ACKNOWLEDGEMENT BY THE CITY

The City of San Antonio, as the fiduciary agent of the Houston Street Tax Increment Fund for Tax Increment Reinvestment Zone #9, acknowledges that it will make payments as directed by the TIRZ Board of for eligible project costs and expenses in accordance with Chapter 311 of the Texas Tax Code, City Council Ordinance No. 2017-____-____-_____ and, TIRZ Board Resolution T9-2017-08-21-17-01R.

CITY OF SAN ANTONIO

Troy Elliott
Director of Finance