



City of San Antonio

Agenda Memorandum

File Number: 17-3406

Agenda Item Number: 29.

Agenda Date: 6/15/2017

In Control: City Council A Session

DEPARTMENT: Planning and Community Development

DEPARTMENT HEAD: Bridgett White

COUNCIL DISTRICTS IMPACTED: Council Districts 1, 2 and 5

SUBJECT:

Consideration of an Ordinance authorizing a Chapter 380 Economic Development Grant Agreement with Jasmine Engineering, Inc. in an amount not to exceed \$385,000.00 within the Inner City Tax Increment Reinvestment Zone #11 boundary.

SUMMARY:

Consideration of an Ordinance authorizing a Chapter 380 Economic Development Grant Agreement in an amount not to exceed \$385,000.00 between the City of San Antonio, the Inner City TIRZ Board of Directors and Jasmine Engineering, Inc., within the Inner City Tax Increment Reinvestment Zone (TIRZ) #11 and located in Council District 2 for eligible expenses related to the development of a Mixed-Use Project, which consists of the remediation and construction of a two-story building to be utilized for commercial use (office and retail), including the company headquarters for Jasmine Engineering Inc. The total investment in the project is approximately \$3,000,000.00.

BACKGROUND INFORMATION:

The properties located at 1434 East Commerce Street and 323 Idaho are commonly known as the Sterling Building. Former uses of the Sterling Building include a saloon, grocer, restaurant, furniture manufacture, bakery and a package store.

On February 3, 2012, the Inner City TIRZ Board ("Board") issued a Request for Proposals. The City of San Antonio and the Inner City TIRZ Board entered into an Agreement committing up to \$150,000.00 in tax increment funds for the Project to promote local economic development, historic preservation, and to stimulate business and commercial activity, within the Inner City TIRZ.

On October 5, 2012, the Inner City TIRZ Board of Directors awarded the Center City Development Office up to \$150,000.00, as committed on February 3, 2012, for acquisition and due diligence for the Sterling Building Redevelopment Project.

On November 8, 2012, City Council authorized the negotiation and execution of the agreement with the Inner City TIRZ Board of Directors and the Center City Development Office through Ordinance 2012-11-08-0885. On October 6, 2016, The City Council declared the two properties as surplus and authorized and directed to sell to Jasmine Engineering, Inc. the properties currently addressed as 1434 East Commerce Street and 323 Idaho for \$120,000.00 through Ordinance 2016-10-06-0767.

ISSUE:

On January 26, 2017, Jasmine Engineering, Inc. applied for TIRZ funding for the Sterling Building Mixed-Use Project, which consists of the remediation and construction of a two-story building to be utilized for commercial use (office and retail), including the company headquarters for Jasmine Engineering Inc., located at the 323 Idaho and 1434 East Commerce Street and that is anticipated to improve and attract economic activity to a severely plighted area.

On February 10, 2017, the Inner City TIRZ Board approved a Resolution authorizing City Staff to negotiate the necessary agreement with Jasmine Engineering, Inc. in an amount not to exceed \$385,000.00 for the reimbursement of eligible expenses related to the Sterling Building Mixed-Use Project, which consists of the remediation and construction of a two-story building to be utilized for commercial use (office and retail), including the company headquarters for Jasmine Engineering Inc..

On March 15, 2017, Jasmine Engineering, Inc, closed escrow and purchased the subject properties located at 1434 East Commerce Street and 323 Idaho, commonly known at the Sterling Building.

On May 12, 2017, the Inner City TIRZ Board approved a Resolution authorizing the execution of a Chapter 380 Economic Development Grant Agreement for up to \$385,000.00 in TIRZ funding with Jasmine Engineering, Inc.

This Ordinance authorizes the execution of the Chapter 380 Economic Development Grant Agreement between the City of San Antonio, the Inner City TIRZ Board of Directors and Jasmine Engineering, Inc., to support the eligible expenses related to the project necessary to facilitate the construction of a Mixed-Use Project, which consists of the remediation and construction of a two-story building to be utilized for commercial use (office and retail), including the company headquarters for Jasmine Engineering Inc. The total investment in the project is approximately \$3,000,000.00. The requested \$385,000.00 in TIRZ funding is necessary to ensure that the project will be economically feasible.

ALTERNATIVES:

If the City does not approve the TIRZ Board of Director's recommendations, the Developer will be unable to implement and complete the proposed project, as it will become economically unfeasible.

FISCAL IMPACT:

If approved, this action will authorize an Economic Development Program Grant Agreement with Jasmine Engineering Inc. in an amount not to exceed \$385,000.00 for the reimbursement of eligible expenses related to the Sterling Building project between the City of San Antonio, Jasmine Engineering, Inc. and the Inner City TIRZ Board of Directors. There is no fiscal impact to the City's General Fund.

RECOMMENDATION:

Staff recommends approval of an Ordinance authorizing a Chapter 380 Economic Development Grant Agreement in an amount not to exceed \$385,000.00 between the City of San Antonio, the Inner City TIRZ Board of Directors and Jasmine Engineering, Inc., within the Inner City Tax Increment Reinvestment Zone (TIRZ) #11 and located in Council District 2 for eligible expenses related to the development of a Mixed-Use Project, which consists of the remediation and construction of a two-story building to be utilized for commercial use (office and retail), including the company headquarters for Jasmine Engineering Inc.