



# City of San Antonio

## Agenda Memorandum

**File Number:** 13-1218

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**Agenda Item Number:**

**Agenda Date:** 12/5/2013

**In Control:** City Council A Session

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**DEPARTMENT:** Center City Development Office

**DEPARTMENT HEAD:** Lori Houston

**COUNCIL DISTRICTS IMPACTED:** Council District 1

### **SUBJECT:**

HEB Grocery Company L.P. Development Agreement and authorization of the closure, vacation and abandonment of an improved portion of S. Main (St. or Ave.) Public Right of Way consisting of 1.478 acres (64,372 square feet) located between E. Arsenal Street and E. Cesar Chavez Boulevard adjacent to New City Blocks 927 and 929.

### **SUMMARY:**

This ordinance authorizes the following actions associated with HEB Grocery Company L.P. (HEB):

- A. The closure, vacation and abandonment of an improved portion of S. Main (Street or Ave) Public Right of Way consisting of 1.478 acres (64,372 square feet) located between E. Arsenal Street and E. Cesar Chavez Boulevard adjacent to New City Blocks 927 and 929.
- B. Approval of a development agreement that would facilitate the expansion of HEB's headquarters to include a 10,000 square foot grocery store and construction of public improvements.

### **BACKGROUND INFORMATION:**

HEB Grocery Company L.P. has developed a Master Plan for the expansion of its downtown headquarters. In order to facilitate the expansion, HEB has requested the closure of S. Main Ave between Cesar Chavez and Arsenal as an essential component for their expansion.

HEB currently has 1,600 employees at their downtown campus. The proposed closure of South Main provides HEB with the opportunity to grow by as much as 800 additional employees by 2020. It is projected that of these 800 employees, half will be newly created positions. This growth would also include a \$75 million investment in HEB's downtown campus by 2020. The closure and subsequent campus expansion will also allow HEB to grow by another 800 employees by 2030, for a cumulative total of 3,200 employees at the downtown campus. The expansion includes the construction of a 10,000 square foot grocery store on the corner of South Flores and Cesar Chavez. In order to implement the master plan, HEB is requesting the closure, vacation and abandonment of an improved portion of S. Main (Street or Ave) Public Right of Way located between E. Arsenal Street and E. Cesar Chavez Boulevard adjacent to New City Blocks 927 and 929.

City Staff has canvassed city departments, utilities, and other major stakeholders regarding the closure of S. Main Ave. The canvassing process identified several items for consideration to include the following: provide access to the Commanders House from South Flores; create more synergy with the park, neighborhood, and grocery store; and replace and/or preserve the bicycle route and pedestrian path through S. Main Ave. Due to utility easement requirements, HEB will not be allowed to develop the street should it be closed by the City. HEB has agreed to all of these conditions.

A Traffic Impact Analysis (TIA) was also conducted to determine the impact of the street closure to vehicles, pedestrians, and bicyclists. HEB will reimburse the City of San Antonio for the cost of the TIA. The TIA provides recommendations regarding improvements necessary to mitigate the impact of the closure which will be constructed by HEB as detailed in the Development Agreement. These include the construction of traffic mitigation improvements such as new traffic signals, signage, striping as well as traffic calming improvements to the King William neighborhood. Additionally, HEB will construct a new protected pedestrian and bike path, resulting in a 30 foot amenity path along the east side of South Flores from Arsenal to Cesar Chavez. HEB will also make public improvements on Arsenal Street between San Pedro Creek, Flores Street and the San Antonio River, to include bicycle and pedestrian paths and landscaping. The amenity path will require approximately 11,223 square feet of HEB right of way to be conveyed to the City of San Antonio upon its completion.

As part of HEB's commitment under the development agreement, HEB will construct a 10,000 square foot grocery store that must remain in operation for five (5) consecutive years. HEB will also assume landscaping and maintenance responsibility for the City-owned Commander's House for the next 20 years, provide an improved entrance off of Flores Street, restore the circular drive on the Commander's House grounds as well as provide a paved access to the rear parking lot from the circular drive.

The City's street closure procedure requires an appraisal of the street right-of-way. The fee for the conveyance is equivalent to the appraised value of the street, which is \$3,540,000. The City will deduct the value of the traffic mitigation improvements, agreed upon public improvements, and the value of the right of way to be conveyed to the City from the appraised value. The improvements and right of way are valued at approximately \$3.8 million. In the event the cost of the public improvements exceeds the appraised value of the street, the fee for the street closure is zero. However, in the event the appraised value exceeds the cost of the public improvements, the remaining funds will be provided to the City. Additionally, HEB will not officially close the street until all the traffic improvements and public improvements have been completed.

A public hearing for the closure of Main Avenue between Arsenal and Cesar Chavez is on the December 4, 2013 Planning Commission. City staff has also presented this project to the King William Neighborhood Association and San Antonio Conservation Society.

#### **ISSUE:**

Approval of this item is consistent with City policy to support economic development in the downtown area by facilitating the expansion of a downtown corporate campus that will include not only the addition of jobs but also a downtown grocery store.

**ALTERNATIVES:**

The City may elect not to approve the street closure or the development agreement. If both are not approved, the master plan cannot be implemented and the downtown may not benefit from the additional jobs or future economic growth from the development of a downtown grocery store.

**FISCAL IMPACT:**

There is no fiscal impact to the City, since if the street closure is approved HEB will provide the funding for the additional improvements required.

**RECOMMENDATION:**

Staff recommends approval of the development agreement and the request to close, vacate and abandon an improved portion of S. Main (Street or Ave) Public Right of Way consisting of 1.478 acres (64,372 square feet).