



City of San Antonio

Agenda Memorandum

File Number: 14-1338

Agenda Item Number: 25.

Agenda Date: 8/21/2014

In Control: City Council A Session

DEPARTMENT: Center City Development and Operations

DEPARTMENT HEAD: Lori Houston

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT:

Amendment to the Tobin Garage Funding Agreement

SUMMARY:

This ordinance authorizes a Third Amendment to the Grant and Development Agreement between the City of San Antonio, Bexar County, and The Bexar County Performing Arts Center Foundation to provide a contribution from the City and the County of up to \$5 million each towards construction of a parking facility to serve the Tobin Performing Arts Center.

BACKGROUND INFORMATION:

On February 14, 2008, City Council approved a Memorandum of Understanding with Bexar County and the Bexar County Performing Arts Center Foundation (“Foundation”), a non-profit corporation. The MOU established the terms upon which the City agreed to convey the Municipal Auditorium, located at 100 Auditorium Circle, and the adjacent San Antonio Fire Department Headquarters Building, located at 115 Auditorium Circle, as well as the underlying real estate to the Foundation for a new performing arts center campus.

On June 19, 2008, City Council approved a Grant and Development Agreement (“Agreement”) with Bexar County and the Bexar County Performing Arts Center Foundation. Under the Agreement, the Foundation is responsible for the design, construction and operation of the campus. In addition, the County paid \$100 million of the construction costs from the visitor tax revenues and the City contributed \$500,000.00 per year for five years to the Foundation’s performing arts center Reserve Fund. The Foundation committed to raising \$54 million from the private sector for the project. The Foundation has already raised \$47 million to date, which funds the balance of construction costs and the Foundation’s Reserve Fund to help pay for operation costs.

The Tobin Performing Arts Center is expected to open in September 2014. The Center will feature a state-of-the-art, multi-purpose 1,759-seat (2,100-seat with flat-floor configuration) performance hall, a 250-seat studio

theater, and an outdoor performance plaza connected to the River Walk. The Center is expected to host thousands of guests per year during the day and evening, and current parking options in the area are not sufficient to meet the daytime demand.

In order to provide parking for the daytime patrons of the Center, the Foundation has entered into a ground lease with the First Baptist Church of San Antonio for property near the Center for the construction by the Foundation of a parking facility to consist of approximately 510 parking spaces. The lease includes a term of 50 years with two 10-year renewal options and ownership of the garage will revert to the Church when the ground lease terminates.

To assist with funding for the construction of the parking facility, the City of San Antonio and Bexar County recommend a contribution of up to \$5 million each, provided the following conditions are met: (1) the Foundation establishes a design review committee that includes representation from the City, County, Foundation, and First Baptist Church; (2) first floor retail is incorporated into the construction of the parking facility; (3) the Foundation operates the garage and funds its continued operation and maintenance; (4) the City and County will also retain an ownership interest in the garage; and (5) the foundation will fundraise and pay for all costs above the \$10 million contribution by the City and County. The Foundation has agreed to the abovementioned terms.

ISSUE:

The City is committed to ensuring the success of a performing arts center in the downtown area. In order to provide parking for patrons attending events at the Center during daytime events, a new parking facility is required. Construction of the parking facility will add parking in the northern portion of downtown where the current parking supply will not be sufficient to meet future demand.

ALTERNATIVES:

The City may elect not to contribute funding towards the construction of a parking facility for the Tobin Performing Arts Center. This action would require the Foundation to conduct additional fundraising in order to construct a facility. Alternatively the City and County may issue a Request for Proposal to identify a developer interested in constructing a parking facility in the area. Both alternatives will delay the ability of the Foundation to provide needed daytime parking for its patrons.

FISCAL IMPACT:

The City will contribute up to \$5 million toward the construction of this parking facility utilizing revenue in the Parking Repair and Replacement Fund. This ordinance amends the FY 2014-2019 Capital Improvement Plan to appropriate \$5 million for this purpose.

Bexar County has also agreed to provide up to \$5 million toward construction of the parking garage. The Foundation is responsible for raising the balance of funds necessary to complete construction of the Garage. The City and County will not release any funding until a construction contract has been executed and all sources of funding for the design and construction of the parking garage above the \$10 million to be contributed by the City and County are identified and committed to the project. As a condition to the City and the County contributing \$5M each towards the construction of the parking facility, the Foundation will be required to deposit a sum equal to the total construction costs less \$10M into accounts to ensure that the Foundation funds the construction and finish-out of space to be subleased by the Church, with the balance of the Foundation's contribution to complete the construction.

RECOMMENDATION:

Staff recommends approval of the Third Amendment to the Grant and Development Agreement between the City of San Antonio, Bexar County and the Bexar County Performing Arts Center Foundation, and appropriating up to \$5 million for construction of a parking facility to serve the parking needs of the performing arts center and the downtown area.