



City of San Antonio

Agenda Memorandum

File Number: 14-3052

Agenda Item Number: 29.

Agenda Date: 12/4/2014

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: Lori Houston

COUNCIL DISTRICTS IMPACTED: District 2

SUBJECT:

Amendments to the Master Economic Development Incentive Agreement and associated License Agreements for the Alamo Beer Microbrewery Project.

SUMMARY:

This ordinance authorizes amendments to the Master Economic Development Incentive Agreement and its associated License Agreements for the Alamo Beer Microbrewery Project (Project) located at 803 N Cherry Street and 415 Burnett.

BACKGROUND INFORMATION:

On August 2, 2012, City Council authorized a Master Economic Development Incentive Agreement with Alamo Beer Company, LLC and the Inner City Tax Increment Reinvestment Zone for the development of the Alamo Beer Micro Brewery. The Project includes a microbrewery and administrative offices; a restaurant/beer garden; indoor/outdoor event venue; and an outdoor activity area. The Master Economic Development Incentive Agreement provides up to \$794,000.00 in incentives to include the following:

1. Up to \$449,000.00 in real property tax increment paid by the developer for the Project over a fifteen year period.
2. Up to \$295,000.00 for landscaping improvements associated with the Brewery Project.
3. Up to \$50,000.00 in a forgivable loan to incentivize retail space within the Project.

In addition to the approved financial incentives, the City agreed to sell 1.69 acres of unimproved land located at 803 North Cherry Street which is owned by the City of San Antonio. The Developer agreed to pay the appraised value of \$295,000.00. The land was to serve as the location of the microbrewery; while parking and

other ancillary facilities for the microbrewery were to be located at 415 Burnet. Due to litigation, the conveyance of 803 N Cherry Street was delayed. Therefore, the Developer built the microbrewery on adjacent property it owned located at 415 Burnet. However, the conveyance of 803 N Cherry Street is necessary for parking and ancillary facilities associated with the brewery operations.

The Master Economic Development Incentive Agreement also included three license agreements associated with the use and operation of the microbrewery.

1. A license agreement permitting the use of the land under the Hays Street Bridge.
2. A license agreement to use an area of the Hays Street Bridge for restaurant tables and chairs.
3. A license agreement to construct a skywalk connecting the microbrewery to the Hays Street Bridge.

The Master Economic Development Incentive Agreement and its associated license agreements must be amended to reflect the revised project scope which includes the new location of the microbrewery at 415 Burnett and amend the permitted uses of the property at 803 N Cherry Street to allow for parking facilities. Additional amendments include: extending the completion date for the project to June 30, 2015; prohibiting hotel construction on the property; providing height limitations of five stories or less; and imposing landscaping improvement obligations on the Developer.

The amended Master Economic Incentive Agreement will continue to commit the Developer to an investment amount of \$7,495,000.00 and the creation of 30 full time equivalents by the microbrewery's seventh year of operation. Failure to meet the requirements of the Agreement would result in the termination of the Agreement and the recapture of all or a portion of the economic incentive funds provided by the City.

ISSUE:

Staff is requesting approval of amendments to the Master Economic Development Incentive Agreement and associated License Agreements among the City, the Inner City Tax Increment Reinvestment Zone (TIRZ), and Alamo Beer Company, LLC for the Alamo Beer Micro Brewery Project to be located at 803 N Cherry Street and 415 Burnett in City Council District 2.

ALTERNATIVES:

If the amendments are not approved, the Project will not have adequate parking nor will it include landscaping enhancements. Additionally, the Project will be delayed or stalled due to financing complications.

FISCAL IMPACT:

There is no fiscal impact associated with the amendments.

RECOMMENDATION:

Staff recommends approval of these Amendments associated with the Alamo Beer Microbrewery Project.