



City of San Antonio

Agenda Memorandum

File Number: 15-2935

Agenda Item Number: 1.

Agenda Date: 5/6/2015

In Control: City Council B Session

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: Lori Houston

COUNCIL DISTRICTS IMPACTED: District 1

SUBJECT:

Downtown Public Private Partnership

SUMMARY:

A briefing on the Downtown Public Private Partnership (P3) that will result in a consolidated administrative office tower for the City of San Antonio, 265 housing units in the central business district, and the construction of the first new class A office tower in downtown since 1989.

BACKGROUND INFORMATION:

The City of San Antonio received a joint unsolicited proposal on June 25, 2014 and a detailed proposal on August 8, 2014 from Weston Urban and Frost Bank that would result in a consolidated administrative office tower for the City, 265 housing units in the central business district, and the construction of the first new class A office tower downtown since 1989. The proposal was submitted under the City's adopted Public Private Partnership (P3) Guidelines.

Upon receipt of the detailed proposal, City staff initiated due diligence efforts to include a space needs analysis, a building assessment of the Frost Bank Tower, an appraisal of the Frost Bank Tower, and financial analysis to determine if the project was financially feasible. City staff has completed its due diligence and negotiated a deal with Weston Urban and Frost Bank. The transaction is outlined below.

- The City will sell the Municipal Plaza Building at 114 West Commerce and properties at 319 West Travis and 403 North Flores to Weston Urban. These properties, along with the properties that Frost will

sell to Weston Urban, will facilitate the creation of 265 new housing units downtown.

- Frost will sell the Frost Bank Tower and Garage to the City of San Antonio.
- Weston Urban will construct a 400,000 square foot office tower to serve as Frost Bank's headquarters, with Frost as the named tenant, on the Frost Motor Bank and surface parking lot at the corner of Flores and Houston streets.

This transaction will centralize approximately 1,400 employees into three City owned buildings: City Hall, Plaza De Armas, and the Frost Bank Tower. Currently, the City of San Antonio leases office space in four buildings in the downtown area, costing the City \$3.5 million annually. This transaction will result in a net savings to the City's budget.

The Planning Commission will take action on the disposition of the City properties and the acquisition of the Frost Bank Tower at their May 27th meeting. A public hearing will be held on the proposal and comprehensive development agreement at the May 28, 2015 City Council meeting and City Council will take action on the Comprehensive Development Agreement on June 4, 2015.

ISSUE:

The City, Weston Urban, and Frost Bank have negotiated a deal that will result in a consolidated administrative office tower for the City of San Antonio, 265 housing units in the central business district, and the construction of a new office tower downtown. City staff will brief City Council on the proposal, financial analysis, and comprehensive development agreement.

FISCAL IMPACT:

A 30-year cash flow analysis was performed and shows a net savings to the City over a 30-year period. Staff will provide an overview of the financial analysis and its associated next steps.

RECOMMENDATION:

This item is for briefing purposes only.