



City of San Antonio

Agenda Memorandum

File Number:16-3268

Agenda Item Number: 9.

Agenda Date: 6/16/2016

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: Council District 1

SUBJECT:

Disposition: Sale of Property located at 421 S. Alamo

SUMMARY:

An ordinance to declare as surplus The German-English School located at 421 S. Alamo, described as a 0.9827 acre (42,807.90 square feet) tract of land being a portion of Lots 4 and 5, NCB 155, and a portion of Lot 10, NCB 155, in Council District 1, and authorizing its sale to HH San Antonio LLC for \$1,900,000.00.

BACKGROUND INFORMATION:

The City of San Antonio acquired property commonly known as The German English School (a portion of Lots 4 and 5, NCB 155) in 1953 as part of a property exchange with SAISD. The adjoining parking lot (Lot 10) was acquired in 1965 as part of a property exchange with St. John's Evangelical Lutheran Church, and the property is historic. The City has leased the property since 1978. The current Lessee is HH San Antonio, LLC on behalf of the Marriott Plaza San Antonio. The property is used as a Conference Center/Event Venue for the Marriott Plaza Hotel. Petitioner's current lease ends on March 31, 2018 and has a ten-year renewal option.

There are two masonry buildings on the property that were constructed circa 1859. The south building is used for storage. Petitioner would like to convert it into usable conference space to include a large meeting room on the first floor, meeting rooms on the second floor, kitchen renovations and renovation of the bathrooms. Petitioner plans to update the décor in the north building. Total renovation costs of both buildings will be an investment of approximately \$1,200,000.00. Petitioner requests the City declare the property as surplus and authorize its sale so Petitioner can complete the renovations which will allow both buildings to be utilized as

meeting space.

The request was canvassed throughout City departments and municipal utilities and was approved, with condition, for disposal. The property is historic, so disposition would be contingent upon any future improvements being reviewed and approved by the Historic & Design Review Commission.

In accordance with Chapter 272 of the Local Government Code, the subject property was advertised to the general public for sealed bids in the Hart Beat on Wednesday, September 16 and Friday, September 18, 2015. The property was also advertised on the City's website. One bid was received and the City accepted the bid of \$1,900,000.00 from HH San Antonio LLC. If approved, HH San Antonio LLC plans to invest \$1,200,000.00 to renovate both buildings for conference/event venues.

ISSUE:

This ordinance declares as surplus The German-English School located at 421 S. Alamo, described as a 0.9827 acre (42,807.90 square feet) tract of land being a portion of Lots 4 and 5, NCB 155, and a portion of Lot 10, NCB 155, in Council District 1, and authorizes its sale to HH San Antonio LLC for \$1,900,000.00.

HH San Antonio LLC (Petitioner) is exercising a ten-year option on a lease for The German-English School for use as a Conference Center/Event Venue for the Marriott Plaza Hotel. The current term ends on March 31, 2018 and has a ten-year renewal option. There are two masonry buildings on the property that were constructed circa 1859. The south building is used for storage. Petitioner would like to convert it into usable conference space to include a large meeting room on the first floor, meeting rooms on the second floor, kitchen renovations and construction of updated bathrooms. Petitioner plans to update the décor in the north building. Total renovation costs of both buildings will be an investment of approximately \$1,200,000.00. Petitioner requests the City declare the property as surplus and authorize its sale so Petitioner can complete the renovations which will allow both buildings to be utilized as meeting space.

In compliance with Chapter 37 of the City Code, Section 37-2, fair market value of the subject property was based upon an independent State of Texas Certified Professional Appraisal Report in the amount of \$1,840,000 by Valbridge Property Advisors on April 28, 2015. The City accepted a sealed bid from HH San Antonio LLC in the amount of \$1,900,000.00.

ALTERNATIVES:

City Council could choose not to authorize disposal of the property; however if Petitioner is unable to improve the property, the property cannot be utilized to its maximum capacity which could have an adverse effect on future marketability.

FISCAL IMPACT:

In compliance with Chapter 37 of the City Code, Section 37-2, fair market value of the subject property was based upon an independent State of Texas Certified Professional Appraisal Report in the amount of \$1,840,000 by Valbridge Property Advisors on April 28, 2015. The City accepted a sealed bid from HH San Antonio LLC in the amount of \$1,900,000.00. The sales proceeds will be deposited into the General Fund.

RECOMMENDATION:

The City of San Antonio's Planning Commission reviewed and approved this request at its regular meeting on September 9, 2015.

Staff recommends approval of this request to sell an improved tract of City-owned real property located at 421 S. Alamo to HH San Antonio LLC for \$1,900,000.00.