



City of San Antonio

Agenda Memorandum

File Number: 17-2835

Agenda Item Number: 1.

Agenda Date: 5/12/2017

In Control: Tax Increment Reinvestment Zone 11 -- Inner City

Inner City TIRZ Board of Directors Meeting - May 12, 2017

Individual Item #1

SUBJECT

Discussion and possible action to approve a Resolution authorizing an Economic Development Program Grant Agreement with George Gervin Youth Center Inc. in an amount not to exceed \$450,000.00.

BACKGROUND:

At the May 1, 2015 meeting of the Inner City TIRZ Board of Directors, Barbara Hawkins, President and CEO of the George Gervin Youth Center (GGYC), put forth a proposal to utilize the City owned property at 301 Spriggsdale and property owned by GGYC for a future mixed use development to be called Echo East. The Spriggsdale property had been acquired by the City on behalf of the Inner City TIRZ Board through a deed in lieu of foreclosure related to a previous agreement with another party that was unable to secure adequate funding. Ms. Hawkins requested that the TIRZ Board give her site control of the property for a period of one (1) year to conduct due diligence on the proposed Echo East project. In addition, Ms. Hawkins requested the TIRZ Board award \$150,000.00 for pre-development expenses related to that due diligence. After considerable deliberation, a motion was approved directing staff to negotiate the terms of a Pre-development Agreement with GGYC, in an amount up to \$150,000.00 for due diligence for the Echo East Project and to draft a "Right of Entry Agreement" allowing GGYC to have access the property to conduct necessary tests to complete that due diligence. At the request of John Dugan, then the Director of Planning and Community Development, the Board mandated that the City would maintain ownership of the site.

On August 14, 2014 the Inner City TIRZ Board of Directors awarded up to \$150,000.00 to GGYC for pre-development activities related to a proposed mixed use development on a 10 acre tract located at 301 Spriggsdale. The property is currently owned by the City on behalf of the Inner City TIRZ Board of Directors. The Pre-Development Agreement and associated Right of Entry Agreement between the City, GGYC and the Inner City TIRZ Board were approved by City Council on October 22, 2015 through Ordinance 2015-10-22-0907.

In October, 2016, the GGYC completed all pre-development activities and notified Staff of their intent to move forward with the project, as their research determined that the project was economically feasible.

On November 18, 2016, the GGYC submitted an application requesting the land be sold for a nominal fee.

Upon review with City Staff, it was determined that the parcel must be sold for fair market value. The GGYC was notified of this requirement and agreed to request reimbursement for the land acquisition purchase price, to include appraisal costs, to be reimbursed by the Inner City TIRZ.

On February 10, 2017, the Inner City TIRZ Board approved a Resolution authorizing the reimbursement of land acquisition costs and associated appraisal fees for the Echo East project located at 301 Spriggsdale up to \$800,000.00, to authorize Staff to negotiate the appropriate agreement, and to authorize the appropriate amendments to the Project and Finance Plans.

On March 22, 2017, the City of San Antonio Planning Commission approved a Resolution declaring as Surplus and Authorizing the Sale of the City Owned property located at 301 Spriggsdale.

On April 19, 2017, the GGYC received an appraisal on the property located at 301 Spriggsdale from a City Approved Appraiser, Nobel and Associates. The appraisal determined that the fair market value of the land was \$430,000.00.

Upon approval by the Inner City TIRZ Board, the agreement will require City Council approval.

FISCAL IMPACT:

The total acquisition purchase price, to include appraisal and closing costs for the property located at 301 Spriggsdale is estimated to be no more than \$450,000.00. This is a substantial reduction in cost from the estimates provided to the Board at the time of approval. If approved, this action will authorize an Economic Development Program Grant Agreement with George Gervin Youth Center Inc. in an amount not to exceed \$450,000.00 from the Inner City TIRZ fund for the reimbursement of the land acquisition and associated appraisal and closing costs related to the GGYC development between the City of San Antonio, George Gervin Youth Center, and the Inner City TIRZ Board of Directors. There is no impact on the City's General Fund, as all proceeds received and dispersed with respect to this agreement will be processed through the Inner City TIRZ fund.

RECOMMENDATION:

Staff is recommending the TIRZ Board approve a Resolution authorizing an Economic Development Program Grant Agreement with George Gervin Youth Center Inc. in an amount not to exceed \$450,000.00.