



City of San Antonio

Agenda Memorandum

File Number:17-2838

Agenda Item Number: 2.

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 #2

SUBJECT

Discussion and possible action to approve a Resolution authorizing an Economic Development Program Grant Agreement with Jasmine Engineering Inc. in an amount not to exceed \$385,000.00.

BACKGROUND:

The properties located at 1434 East Commerce Street and 323 Idaho, commonly known as the Sterling Building. Former uses of the Sterling Building include a saloon, grocer, restaurant, furniture manufacture, bakery and a package store.

On February 3, 2012, the Inner City TIRZ Board ("Board") issued a Request for Proposals and received 22 project submissions from which the City's proposal to acquire the Sterling Building, perform due diligence and facilitate the investment of approximately \$900,000.00 in additional funds for the Sterling Building Redevelopment Project. The City of San Antonio and the Inner City TIRZ Board entered into an Agreement recommitting up to \$150,000.00 in tax increment funds for the Project to promote local economic development, historic preservation, and to stimulate business and commercial activity, within the Inner City TIRZ.

On October 5, 2012, the Inner City TIRZ Board of Directors awarded the Center City Development Office up to \$150,000.00 for acquisition and due diligence for the Sterling Building Redevelopment Project. The redevelopment project was one of two projects selected by the TIRZ Board of Directors for funding as part of the 2012 Inner City TIRZ Request for Proposals. Subsequently, on November 8, 2012 City Council authorized the negotiation and execution of the agreement through Ordinance 2012-11-08-0886. As such, in November, 2012, City staff initiated discussions with the County to negotiate a purchase price for the acquisition of 323 Idaho and 1434 E. Commerce St.

On May 31, 2013, the Center City Development Office issued a Request for Proposal for qualified investors/developers to acquire and rehabilitate the properties.

On October 6, 2017, The City Manager declared the two properties as surplus and authorized and directed to sell to Yasaman Azima Living Trust the properties currently addressed as 1434 East Commerce Street and 323 Idaho for \$120,000.00.

Jasmine Engineering, Inc., the authorized agent for Yasaman Azima Living Trust, completed an Environmental Phase II study that determined that there may be environmental concerns.

On January 26, 2017, Jasmine Engineering, Inc. presented their completed funding application to the TIF Unit for consideration.

On February 10, 2017, the Inner City TIRZ Board approved a Resolution authorizing City Staff to negotiate the necessary agreement with Jasmine Engineering, Inc. in an amount not to exceed \$385,000.00 for the reimbursement of eligible expenses related to the Sterling Building project.

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

FISCAL IMPACT:

The potential environmental remediation cost, as provided by Jasmine Engineering, Inc., of the Sterling Building project is approximately \$385,000.00 which includes costs for site work, remediation, a 30% contingency, and Developer related expenses. If approved, this action will authorize an Economic Development Program Grant Agreement with Jasmine Engineering Inc. in an amount not to exceed \$385,000.00 for the reimbursement of eligible expenses related to the Sterling Building project between the City of San Antonio, Jasmine Engineering, Inc. and the Inner City TIRZ Board of Directors. There is no impact on the City's General Fund.

RECOMMENDATION:

Staff is recommending the TIRZ Board approve a Resolution authorizing an Economic Development Program Grant Agreement with Jasmine Engineering Inc. in an amount not to exceed \$385,000.00.