



# City of San Antonio

## Agenda Memorandum

**File Number:** 17-4824

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**Agenda Item Number:** 28A.

**Agenda Date:** 8/31/2017

**In Control:** City Council A Session

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**DEPARTMENT:** Center City Development and Operations Department

**DEPARTMENT HEAD:** John Jacks

**COUNCIL DISTRICTS IMPACTED:** City Council District 1

### **SUBJECT:**

Alameda Theater Complex Restoration Project

### **SUMMARY:**

This ordinance approves the following items:

- A. A Funding and Development Agreement among the City, Bexar County, the Alameda Theater Conservancy and Texas Public Radio in an amount of \$9,200,000 which includes \$700,000 in tax increment and \$8,500,000 in Certificate of Obligation funding for the renovation of the Alameda Theater Complex; amending the Houston Street Tax Increment Reinvestment Zone (TIRZ) Project Plan and Finance Plan to include the Alameda Theater Restoration Project; and providing for a reimbursement from the Houston Street TIRZ of \$8,500,000 in principal amount and associated interest for the Certificates of Obligation.
- B. A Master Lease Agreement with the Alameda Theater Conservancy for management of the Alameda Theater capital project and future operations of the Alameda Theater.

### **BACKGROUND INFORMATION:**

For the past 2 years, the City of San Antonio, Bexar County, Texas Public Radio and La Familia Cortez have worked on a concept that would relocate TPR's corporate headquarters to a newly constructed back stage annex of the Alameda Theater and to restore and reopen the historic Alameda Theater as a multi-media live performing arts and film center that would feature the American-Latino multicultural story. The City, County, and La Familia Cortez retained Michael Kaiser of the DeVos Institute of Arts Management to undertake an assessment of the concept and make a recommendation as to its feasibility.

Based on interviews and an assessment of San Antonio's arts and culture venues, Mr. Kaiser recommended a revised concept that would provide an opportunity to expand the programming and functionality of the Theater and leverages the new technology and media opportunities with TPR. Highlights of his recommendation include:

- The Alameda Theater must be restored and reopened as a performing arts facility.
- The Alameda Theater should be multi-purpose and the seating capacity should be adjusted to 1,000 and the floor shall be tiered in order to accommodate theater seats or events tables and chairs.
- The Alameda Theater should include a thrust stage into the audience to create a more intimate setting for performances and events.
- A new entity should be created to operate and program the Alameda Theater.
- The programming should be diverse and collaborative. The programming should be focused on Latino arts and culture and include Spanish language programming. The programming should be collaborative and include partnerships with local, national, and international arts organizations and community organizations.
- The operation of the Alameda Theater entity will be dependent upon contributed revenue and the initial years will require both the City and County to contribute to the Theater's operation.
- TPR would relocate their headquarters to the annex behind the historic theater and construct a new black box theater within the facility.

The City, in partnership with the project partners, has held several community meetings and individual stakeholder meetings on the project since March of 2017. Feedback has been positive, with strong interest in seeing diverse programming options that reflect the culture of San Antonio as well as having opportunities to participate and contribute to the project.

The total project cost is estimated to be \$23 million, which will support the restoration of the Alameda Theater and the Annex project for Texas Public Radio. The project is eligible for federal and state historic tax credits, which may yield an additional \$3.9 million for the project. This additional funding would support improvements to the Casa de Mexico building, as well as additional improvements for the theater and annex spaces. The City and Alameda Theater Conservancy are committed to working together and taking appropriate actions in order to obtain these credits which would benefit the project.

The Alameda Theater Conservancy (ATC) is a 501(c)(3) that was created in May 2017. The mission of the ATC is to be a vital presenter of Latino arts and culture, and to manage and program the Alameda Complex. In recognition of the role of the arts to unite people, the ATC aims to serve everyone in San Antonio and those who visit with programming that entertains, educates and inspires. The initial board includes a representative from the City of San Antonio, Bexar County, Texas Public Radio and La Familia Cortez. Once the theater project is designed, the non-profit board will be expanded to include additional programming and fundraising partners from the community.

City staff has negotiated a Funding and Development Agreement among the City, County, TPR and the Alameda Theater Conservancy for the utilization of \$23 million, including City and County contributions of \$9 million each and a \$5 million contribution from TPR for the restoration and redevelopment of the Theater and Annex properties. The source for the City's contribution has been identified as the Houston Street Tax Increment Reinvestment Zone.

The City, County, and La Familia Cortez will also provide funding for consulting services for the Conservancy while the project is under design and construction. This item approves the appropriation of City funds in the

amount of \$200,000. Additionally, Bexar County will consider \$200,000 and La Familia Cortez will contribute \$100,000 for the next two years. Deliverables for these services will include the development of an operating budget, program plan, fundraising plan, and staffing plan. Upon approval of an operating budget and program plan, the City and County will consider additional funding for the first 5 years of the Theater's operation.

Additionally, City staff has negotiated a Master Lease Agreement with the Alameda Theater Conservancy for management of the Alameda Theater capital project and future operations and programming of the Theater. The initial term of the master lease is 19 years (a requirement of the historic tax credit program), with an option to renew for a cumulative 31 additional years. The Conservancy will enter into a long-term sublease with TPR for occupation of the Annex property for use as its corporate headquarters.

Upon approval, the Conservancy will initiate the design process which includes the solicitation of an architect for the entire project. The design of the TPR Annex and Theater is expected to be complete by fall 2018 with construction complete by late 2019 in time for the Theater to open January 1, 2020. The project's design is subject to the River Improvement Overlay District Guidelines for San Pedro Creek as well as review by the Historic and Design Review Commission. Additionally, the Alameda Theater Conservancy will provide the City regular updates on the project's design and construction as well as its operating budget and programming plan.

## **ISSUE:**

The proposed Funding and Development Agreement and Master Lease Agreement require City Council approval. Staff provided a briefing on the project to City Council in a B session on March 29, 2017 and a briefing to the Arts, Culture and Heritage Council Committee on August 15, 2017. The Houston Street TIRZ Board approved the item on August 21, 2017. Bexar County Commissioners Court will consider the item in September 2017.

## **ALTERNATIVES:**

The City could elect not to approve the Funding and Development Agreement or Master Lease Agreement. The City would need to manage the construction project and theater operations, and hire additional staff dedicated to the project. In addition, this may prevent the project from receiving historic tax credits and additional philanthropic funding sources.

## **FISCAL IMPACT:**

This item authorizes the following items:

A. A Funding and Development Agreement among the City, Bexar County, the Alameda Theater Conservancy and Texas Public Radio in an amount of \$9,200,000 which includes \$700,000 in tax increment and \$8,500,000 in Certificate of Obligation funding for the renovation of the Alameda Theater Complex; amending the Houston Street Tax Increment Reinvestment Zone (TIRZ) Project Plan and Finance Plan to include the Alameda Theater Restoration Project; and providing for a reimbursement from the Houston Street TIRZ of \$8,500,000 in principal amount and associated interest for the Certificates of Obligation.

B. As part of the master lease agreement, the Alameda Theater Conservancy will pay an annual base rent of \$10 which will be deposited in the General Fund. Once the Theater opens in 2020, the Conservancy will need

public support for the operating budget through FY2024. This funding will be considered in the future and presented to City Council as part of the annual budget process.

**RECOMMENDATION:**

Staff is seeking approval of the Funding and Development Agreement and Master Lease Agreement for the Alameda Theater Complex.