



# City of San Antonio

## Agenda Memorandum

**File Number:**18-2084

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**Agenda Item Number:** 2.

**Agenda Date:** 2/26/2018

**In Control:** Tax Increment Reinvestment Zone 09 -- Houston Street

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### **A Resolution approving the City of San Antonio's Tax Abatement Agreement with United Services Automobile Association ("USAA") for property located within TIRZ #9, as required by Section 311.0125(b) of the Texas Tax Code.**

#### **SUMMARY**

The City of San Antonio has negotiated a \$4 million Chapter 380 Economic Development Program Loan and a Tax Abatement Agreement capped at \$2 million or 10 years with United Services Automobile Association ("USAA") to help facilitate the addition of 1,500 net new full-time jobs to San Antonio with an annual salary of at least \$50,000, and the expansion or construction of a parking garage. The City of San Antonio is seeking TIRZ Board Approval of the tax abatement because the property falls within the boundary of the Houston Street TIRZ.

#### **BACKGROUND**

USAA employs nearly 32,000 people in various markets, with approximately 60 percent of its workforce being located in San Antonio including a few hundred downtown. In addition to new hires, USAA plans to relocate employees from its other locations to San Antonio which could result in 1,500 net new full-time jobs to the City and up to 2,000 employees in the downtown area.

To accelerate the project, and to benefit from the additional jobs and structured parking available downtown, City Council has approved a forgivable Chapter 380 Economic Development Program Loan in the amount of \$4 million to support the construction or expansion of a parking garage for USAA-owned One Riverwalk Plaza.

City Council has also approved a tax abatement for real and personal property taxes paid to the City on improvements made to One Riverwalk Plaza and the Bank of America Financial Services Center. It is projected that USAA will invest at least \$70 million into these two buildings, the expanded parking facilities, and the adjacent property. The tax abatement will be capped at \$2 million or 10 years, whichever comes first, and will be reduced in years 6 through 10 by \$4,000 per job for each job fewer than 500 qualifying net new jobs created by USAA in excess of 1,000 jobs, within the first 5 years of the tax abatement agreement.

#### **ISSUE**

Under Texas statute, a taxing unit seeking to abate taxes on real property in a reinvestment zone must obtain approval from the following entities in order for the agreement to be effective:

- The Board of Directors of the reinvestment zone
- The governing body of each taxing unit that imposes taxes on real property in the reinvestment zone and deposits

or agrees to deposit any of its tax increment into the tax increment fund for the zone.

## **RECOMMENDATION**

Staff recommends approval of this item.