



City of San Antonio

Agenda Memorandum

File Number:18-3859

Agenda Item Number: 55.

Agenda Date: 6/21/2018

In Control: City Council A Session

DEPARTMENT: Transportation & Capital Improvements

DEPARTMENT HEAD: Mike Frisbie, P.E.

COUNCIL DISTRICTS IMPACTED: Council District 2

SUBJECT:

Funding Agreement with H-E-B to complete engineering and design plans for potential improvements to Foster Road.

SUMMARY:

An Ordinance authorizing the execution of a Funding Agreement between the City of San Antonio and H-E-B Grocery in an amount not to exceed \$800,000.00, for the engineering and design of potential street improvements to Foster Road, in support of the City's Master Thoroughfare Plan (MTP) and the expansion of H-E-B's distribution center at the SW corner of East Houston and South Foster Road, in Council District 2.

BACKGROUND INFORMATION:

H-E-B is Texas' largest food retailer in South and Central Texas. H-E-B operates 400 retail stores in Texas and Mexico. In addition, H-E-B was named to the Forbes list of "America's Best Employers" in 2017. Known for putting community first, H-E-B is one of the largest philanthropic companies in Texas donating 5% of pretax earnings to Texas non-profits.

On May 17, 2018 City Council approved waivers of City of San Antonio development and SAWS water and sewer impact fees, in connection with a substantial HEB hub expansion at the SW corner of East Houston and South Foster Road in Council District 2. H-E-B plans to invest at least \$130 million at this site over a three-year period and will be the largest single-build warehouse in its supply-chain division. In connection with this hub, H-E-B is master planning for future expansions and investments at this site.

Foster Road is adjacent to this H-E-B distribution center and is undersized in its current configuration for the increased activity anticipated as a result of the expansion. Improvements to Foster Road are part of the MTP and will address the substantial increase in development in this area. H-E-B is proposing to begin the engineering and design work needed for the Foster Road improvements to allow for the construction of the improvements to coincide with the expansion of the distribution center. The construction currently is not funded.

ISSUE:

This ordinance authorizes the execution of a Funding Agreement between the City of San Antonio and H-E-B in an amount not to exceed \$800,000.00 to reimburse HEB for the engineering and design of potential street improvements to Foster Road.

By entering into the Funding Agreement, H-E-B can commence the engineering and design work and allows for the construction of the road improvements, should they be funded, to coincide with the expansion of the H-E-B distribution center. H-E-B would be reimbursed for the work up to \$800,000.00 through the appropriation of funds in the FY 2019 and FY 2020 approved budgets or, should no funds be allocated through the budget, through a reimbursement of a portion of the increase in real property taxes resulting from the expansion of the distribution center.

ALTERNATIVES:

City Council could choose not to enter into a Funding Agreement to fund the early design of potential improvements to Foster Road.

FISCAL IMPACT:

This is an expenditure in an amount of up to \$800,000.00 payable to H-E-B for engineering and design work, to be paid through future budget allocations in the FY 2019 and FY 2020 adopted budgets or through an annual reimbursement of a portion of real property taxes collected on the expanded H-E-B distribution center.

RECOMMENDATION:

Staff recommends approval of a Funding Agreement with H-E-B to expedite engineering and design of potential improvements to a section of Foster Road adjacent to the planned H-E-B distribution center at the SW corner of East Houston and South Foster Road, in Council District 2.