



City of San Antonio

Agenda Memorandum

File Number:14-368

Agenda Item Number: 12.

Agenda Date: 5/29/2014

In Control: City Council A Session

DEPARTMENT: EastPoint and Real Estate Services

DEPARTMENT HEAD: Mike Etienne

COUNCIL DISTRICTS IMPACTED: 2

SUBJECT: Sale of City-owned Property located at 1511 E. Commerce Street

SUMMARY:

An Ordinance declaring as surplus an improved tract of real property commonly known as 1511 E. Commerce Street in Council District 2 as supported by the Inner City Tax Increment Reinvestment Zone Board and authorizing its sale to IDEA Public Schools, a Texas non-profit corporation, and authorizing any necessary amendments to the TIRZ Project Plan and Finance Plan.

BACKGROUND INFORMATION:

Under Municipal Code, all City property must be declared as surplus prior to the disposition of the property. A request to declare property as surplus is submitted to EastPoint & Real Estate Services, then the request and exhibits are sent to departments and utilities which provide services to, or construct infrastructure on the property. The departments and utilities respond if there is a need for the property or if the property can be disposed. Appraisals and surveys are completed if the property is determined to be surplus. The property is presented to City Council for final authorization to declare the property as surplus and dispose of the property in accordance with Chapter 272 of the Local Government Code.

IDEA Public Schools, a Texas non-profit corporation (Petitioner), is requesting for the City of San Antonio in coordination with the Inner City Tax Increment Reinvestment Zone Board to declare as surplus and sell an improved tract of City-owned real property known as 1511 E. Commerce Street, as shown on Exhibit "A." The property is located within the EastPoint footprint, Inner City Tax Increment Reinvestment Zone (TIRZ) Number 11 in City Council District 2. The property is described as Lots 3, 4, 5, 14, 15 and 16, Block 5, NCB 594.

The rear of the property is across the street from the IDEA Carver Academy owned by Petitioner. The property was originally acquired by the City utilizing the Inner City TIRZ funding. The property has two vacant buildings on the site and has 0.6991 of an acre or 30,452 square feet of land, and has an estimated environmental remediation cost of \$440,000.

If approved, IDEA Public Schools will demolish the two vacant buildings and construct a three story, 50,430 square foot classroom building on the property in the Fall of 2015. The expansion classroom building will be used for grades 6th-12th. Capacity at their current elementary school only allows IDEA to serve grades K-5. The redevelopment of the property will be instrumental to the continued revitalization of the corridor and the EastPoint target area increasing educational opportunities.

The property was originally acquired for \$155,089 with Inner City TIRZ funds for redevelopment of E. Commerce Street. The property is currently appraised at \$202,000, but will require about \$440,000 in environmental remediation. As such, the TIRZ Board is recommending to sell the property to IDEA Public Schools for \$1.00. However, IDEA Public Schools is required to remediate the site at its own expense; construct a 50,430 square foot school, at the cost of \$11.5 million; and construct a 105-space parking lot in the 300 block of N. Olive Street at an estimated cost of \$550,000 to be shared by both the school and the Carver Community Cultural Center.

As part of the sale agreement, a reverter clause will be placed on the conveyance of the property located at 1511 E. Commerce Street. The reverter clause states that the property will be used to operate as a school under the laws of the State of Texas. Should the property cease to be used as a school, the property reverts back to the City of San Antonio.

ISSUE:

An ordinance supported by the Inner City Tax Increment Reinvestment Zone (TIRZ) Board to declare as surplus and sell an improved tract of real property known as 1511 E. Commerce Street within NCB 594 and authorizing its sale to IDEA Public Schools, a Texas non-profit corporation, in Council District 2. In addition, since the property in question was purchased by the City in coordination with the Inner City Tax Increment Reinvestment Zone (TIRZ) utilizing TIRZ funds this ordinance authorizes any necessary amendments to the TIRZ Project and finance plans.

IDEA Public Schools, a Texas 501c non-profit corporation is requesting for the City of San Antonio in coordination with the Inner City TIRZ Board to declare as surplus and sell an improved tract of City-owned real property known as 1511 E. Commerce Street, as shown on Exhibit "A." The property is located within the EastPoint target area, Inner City Tax Increment Reinvestment Zone (TIRZ) Number 11 in City Council District 2.

If approved, IDEA Public Schools will demolish the two vacant buildings and construct a three story, 50,430 square foot classroom building on the property in the Fall of 2015. The expansion classroom building will be used for grades 6th-12th. They currently have a K-5 elementary school. The redevelopment of the property will be instrumental to the continued revitalization of the corridor and the EastPoint target area increasing educational opportunities.

This action is consistent with the City Code and Ordinances, which require City Council approval for the disposition of any surplus City-owned real property.

ALTERNATIVES:

The alternative is to not approve the sale of this property. Staff does not recommend this alternative since the property would remain vacant and unused if the sale is not approved. In addition, IDEA Public Schools would not be able to construct a three story classroom building on the property and bring an \$11.5 million investment

into the EastPoint target area, located within the Promise Zone.

FISCAL IMPACT:

This ordinance recommends the conveyance of 0.6991 acres of City-owned property to IDEA Public Schools for \$1.00. The property is currently appraised at \$202,000.00 but will require about \$440,000.00 in environmental remediation before development can occur. By conveying the property the City will see no fiscal impact. IDEA Public Property has agreed to cover all environmental remediation costs prior to developing the land.

RECOMMENDATION:

Staff recommends approval of this ordinance to sell an improved City-owned property located at 1511 E. Commerce Street in Council District 2 to IDEA Public Schools.

The City of San Antonio's Planning Commission will consider this request at its regular meeting on May 14, 2014.

The TIRZ Board Number 11 approved the sale of this property on March 21, 2014.