



City of San Antonio

Agenda Memorandum

File Number:20-1075

Agenda Item Number: 16.

Agenda Date: 5/14/2020

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, FAICP

COUNCIL DISTRICTS IMPACTED: 5

SUBJECT:

An ordinance authorizing a Chapter 380 Economic Development Agreement between the Westside TIRZ Board, Davila Pharmacy, LLC, and the City of San Antonio in the amount of \$393,000 and approving the declaration of surplus and sale of property located on 1.005 acres of land at 1423 Guadalupe St. to the Davila Pharmacy.

SUMMARY:

Authorizing a Chapter 380 Economic Development Agreement between the Westside TIRZ, Davila Pharmacy, LLC, and the City of San Antonio in the amount of \$393,000 and approving the declaration of surplus and sale of property located on 1.005 acres of land at 1423 Guadalupe St. to the Davila Pharmacy in Council District 5.

BACKGROUND INFORMATION:

The City owns the 1.005-acre land area located on the northeast corner of San Jacinto and Guadalupe Streets within the Avenida Guadalupe Area in Council District 5. The property was originally acquired by the City through an acceptance of deeds from the Urban Renewal Agency.

In November of 1984, the City leased incremental portions of the property for the purpose of construction of a pharmacy, warehouse, parking area and medical building identified as the Davila Pharmacy with Davila Pharmacy owning the improvements situated on the site. A total of four leases were entered into with the last of these expiring on January 2025 after accounting for any options to renew.

The Davila Pharmacy is seeking to gain site control of the land rather than continue with another long-term lease. Currently the site continues to be utilized as a pharmacy, medical offices, related storage and parking.

ISSUE:

The City proposes declaring the land as surplus and selling the acreage directly to the Davila Pharmacy. The Planning Commission has approved this action through a Resolution in December 2019. The federal requirements tied to the land require that the City receive fair market value, which has been independently appraised at \$393,000. Sales proceeds would be credited to the City's Community Development Block Grant as Program Income for use in other eligible community efforts on the Westside.

A Chapter 380 Economic Development agreement valued at \$393,000, which was approved by the Westside TIRZ Board of Directors on December 11, 2019, shall provide funding to acquire the property from the City. This agreement will also ensure Davila Pharmacy provides an increased economic impact to the Avenida Guadalupe area moving forward. The City shall also require a 20-year restriction on the land to prevent any change of use to this property from the existing community health use.

Upon the sale of the property the City shall terminate the four leases.

ALTERNATIVES:

The City could opt to not declare the property as surplus and seek to negotiate another long-term lease with Davila Pharmacy.

FISCAL IMPACT:

This ordinance authorizes a Chapter 380 Economic Development Agreement between the Westside TIRZ Board, Davila Pharmacy, LLC, and the City of San Antonio in the amount of \$393,000 and approves the declaration of surplus and sale of property located on 1.005 acres of land at 1423 Guadalupe St. to the Davila Pharmacy.

The sale of land will generate \$393,000 in CDBG Program Income. The Chapter 380 Agreement in the amount of \$393,000 will be funded through tax increment from the Westside TIRZ fund. The General Fund is not impacted by this action.

RECOMMENDATION:

Staff recommends approving an ordinance authorizing a Chapter 380 Economic Development Agreement between the Westside TIRZ Board, Davila Pharmacy, LLC, and the City of San Antonio in the amount of \$393,000 and approving the declaration of surplus and sale of property located on 1.005 acres of land at 1423 Guadalupe St. to the Davila Pharmacy.