



City of San Antonio

Agenda Memorandum

File Number:20-6647

Agenda Item Number: 24.

Agenda Date: 12/3/2020

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, FAICP, Director

COUNCIL DISTRICTS IMPACTED: 2

SUBJECT:

An ordinance authorizing a First Amendment to the Chapter 380 Economic Development Grant Agreement for an amount not to exceed \$397,000 between the Board of Directors for Tax Increment Reinvestment Zone Number Eleven, City of San Antonio, and Jasmine Engineering, Inc. for eligible public improvements for the Sterling Building Project located at 323 Idaho and 1434 East Commerce Street in Council District 2.

SUMMARY:

This First Amendment to the Chapter 380 Economic Development Grant Agreement facilitates the completion of the required public sidewalks for the Sterling Building Project. In addition, the project scope will change from a 10,000 square foot 2-story building to a 7,000 single story building and extend the date of completion to December 31, 2021.

BACKGROUND INFORMATION:

On June 15, 2017 City Council authorized the execution of the Chapter 380 Economic Development Grant Agreement to Jasmine Engineering for an amount not to exceed \$385,000. Since then, the Developer has encountered several issues affecting the Project stemming from code requirements and structural building issues. A proposed Amendment to the current Agreement reflecting these changes to include extending the completion date to December 31, 2021 and additional funding for the Project in the amount of \$397,000 for the construction of public sidewalks. The additional funding brings the total amount of TIRZ funds to \$782,000.

The Sterling Building Mixed-Use Project will be utilized for commercial use (office and retail), including the company headquarters for Jasmine Engineering Inc., that will relocate from current offices at 115 E. Travis Street. They will occupy about 2,600 sq. ft. out of 7,000 sq. ft. of the new building. The remaining space will

bring new jobs, esp. if they are able to get retail rather than a re-located office space. It is anticipated to improve and attract economic activity to a severely blighted area. Jasmine Engineering currently has a total of six full-time employees at the San Antonio office. Total cost of project was reported at a total of \$2,987,500.

ISSUE:

The Inner City TIRZ Board approved funding for public improvements for an amount not to exceed \$397,000 and extending the completion date to December 31, 2021 on August 26, 2020. City Council consideration is requested for the authorization of a First Amendment to the Chapter 380 Economic Development Grant Agreement between the Board of Directors for Tax Increment Reinvestment Zone Number Eleven, City of San Antonio, Texas, and Jasmine Engineering, Inc.

ALTERNATIVES:

Should this First Amendment to the Chapter 380 Economic Development Grant Agreement with Jasmine Engineering, Inc., for an amount not to exceed \$397,000 and extending the completion date for the Sterling Building Project not be authorized, the project will require Jasmine Engineering, Inc., to seek an alternate funding source and the project will be out of compliance with its original agreement.

FISCAL IMPACT:

This ordinance authorizes execution of a First Amendment to the Chapter 380 Economic Development Grant Agreement with Inner City Board of Directors of Reinvestment Zone #11 and Jasmine Engineering, Inc., to provide funding in an amount not to exceed \$397,000 and extend the completion date to December 31, 2021. Funding for this agreement is available through the tax increment produced by the Inner City TIRZ #11. There will be no impact to the General Fund.

RECOMMENDATION:

Staff recommends approval of the ordinance to execute a First Amendment to the Chapter 380 Economic Development Grant Agreement with Jasmine Engineering, Inc., for eligible public improvements for the Sterling Building Project.