ECONOMIC AND COMMUNITY DEVELOPMENT COUNCIL COMMITTEE MEETING MINUTES

MARCH 4, 2014
3:30 PM
MEDIA BRIEFING ROOM, CITY HALL

Members Present:	Councilmember Ray Lopez, *Chair, District 6* Councilmember Diego Bernal, *District 1* Councilmember Ivy R. Taylor, *District 2* Councilmember Rey A. Saldaña, *District 4*
Members Absent:	Councilmember Joe Krier, *District 9*
Staff Present:	Carlos Contreras, *Assistant City Manager*; Ray Rodriguez, *Assistant City Attorney;* Jed Maebius, *Mayor's Office;* Lori Houston, *Director, Center City Development Office;* John Dugan, *Director, Department of Planning and Community Development;* Colleen Swain, *Assistant Director, Center City Development Office;* James Henderson, *Assistant Director, Economic Development Department*; Denice Trevino, *Office of the City Clerk*
Also Present:	Hank Akin, *President, Klabzuba Realty, LLC;* Ben Olivo, *Reporter, Express-News*

Call to Order

Chairman Lopez called the meeting to order.

1. **Approval of Minutes of the February 11, 2014 Economic and Community Development Council Committee Meeting**

Councilmember Taylor moved to approve the minutes of the February 11, 2014 Economic and Community Development Council Committee Meeting. Councilmember Saldaña seconded the motion. Motion carried unanimously by those present.

2. **Economic Development Agreement for One Alamo Center.** [Lori Houston, Director, Center City Development]

Lori Houston stated that the purpose of the briefing was to review the terms of the Economic Development Agreement between the City and Klabzuba Realty, LLC. She noted that said agreement would facilitate the creation of up to 50 new jobs, increase the occupancy of a major building Downtown, and facilitate the redevelopment of the Commerce Street Corridor in City Council District 1. She indicated that One Alamo Center was constructed in 1981 and purchased by Klabzuba Realty, LLC in 2005. She stated that the building was located at 106 S. St. Mary's, contained eight stories of office space and two levels of parking. She noted that it was currently 39% occupied. She stated that staff proposed that a $750,000 Economic Development Loan be established with Klabzuba Realty, LLC in two components: 1) A Forgivable Loan of $250,000 to facilitate the creation of up to 50 jobs to be disbursed on October 1, 2014; and 2) A Forgivable Loan of $500,000 for parking licenses for 100 parking spaces for a period of 10 years, $250,000 of which would be disbursed upon approval by the City Council, and $250,000 of which would be disbursed on October 1, 2014. She listed the terms of the No Interest Loan to facilitate the

creation of up to 50 jobs as: 1) Valued at $5,000 per job each with an annual salary of $36,000; 2) Job Audit to be conducted in the second year of the agreement; and 3) Forgiven by $5,000 for every job that met the salary requirement retained for the 10-year term of agreement. She indicated that any remaining balance would be payable within 30 days of the Job Audit. She listed the terms of the Forgivable Loan of $500,000 for a Parking License Agreement for 100 parking spaces in the One Alamo Center Parking Garage as: 1) Loan would be forgiven by $50,000 at the end of each year for a period of 10 years; and 2) In the event that Klabzuba Realty, LLC were to terminate the Parking License Agreement, the Non-Forgiven Loan Balance would be due 30 days following termination of the loan and a $50,000 penalty would be assessed. She reviewed the days and times that the 100 parking spaces would be available and noted that the City would have the ability to sublease said spaces to third-parties for a fee. She stated that staff recommended approval of an Economic Development Loan/Parking License Agreement with Klabzuba Realty, LLC in the amount of $750,000 from the Inner City Incentive Fund (ICIF) to incent job creation and facilitate the revitalization of the Commerce Street Corridor by providing parking access in One Alamo Center.

Chairman Lopez asked of the amount of the projected revenue stream. Ms. Houston indicated that said amount would be reported in a future briefing to the full City Council. Chairman Lopez asked where the revenue would be directed. Ms. Houston stated that said revenue would be deposited in the ICIF or General Fund.

Councilmember Saldaña asked of funds available from the Inner City Reinvestment/Infill Policy (ICRIP) Program. Ms. Houston stated that funds from the ICRIP Program were made available in the form of Tax Abatements and Tax Rebates. Councilmember Saldaña noted that he would like to see more creative funding made available in areas in addition to the Downtown Area.

Councilmember Bernal moved to forward an Economic Development Loan/Parking License Agreement with Klabzuba Realty, LLC in the amount of $750,000 from the Inner City Incentive Fund (ICIF) to incent job creation and facilitate the revitalization of the Commerce Street Corridor by providing parking access in One Alamo Center to the full City Council for consideration. Councilmember Taylor seconded the motion. Motion carried unanimously by those present.

3. **A Request by Bexar County for River North/Midtown and Inner City Tax Increment Reinvestment Zone Board Action and Council Action to Enable Bexar County to Grant Tax Abatements to Eight (8) Economic Development Projects Within These Reinvestment Zones.** [Lori Houston, Director, Center City Development]

Lori Houston stated that Bexar County provided Tax Abatements for several developments. She reported that Bexar County has since discovered that per Texas Tax Code, if a Taxing Entity granted a Tax Abatement to a property located within a Tax Increment Reinvestment Zone (TIRZ), even if that Taxing Entity did not participate in the TIRZ, the TIRZ, all Governmental entities that make up the TIRZ, and the City Council would be required to approve the Tax Abatement. She stated that most of these developments were in the Midtown TIRZ, with one in the Inner-City TIRZ. She reported that the Midtown and Inner City TIRZ Boards have approved said Tax Abatements. She indicated that the Tax Abatements would be forwarded to the full City Council for consideration in April 2014.

Chairman Lopez asked of communication between the City and Bexar County regarding Economic Development. Ms. Houston indicated that the staff communicated with the County on a regular basis and noted that the County was apprised of all Center City Housing Policy Agreements made on behalf of the City.

No action was required for Item 3.

4. **An Update on the Development of a Vacant and Underutilized Property Strategy.** [Lori Houston, Director, Center City Development]

Lori Houston reported that a Task Force was created for the development of a Vacant and Underutilized Property Strategy. She stated that the members of the Task Force included Roderick Sanchez, John Dugan, Shanon Miller, and herself. She noted that the Task Force met weekly to develop a Policy for Vacant and Underutilized Property that would be brought before the appropriate City Council Committee in April or May 2014. She stated that said Task Force reviewed strategies developed by other municipalities in Texas. She mentioned that the Task Force was charged with developing a policy that would address Code Enforcement, penalties and incentives, and advocacy.

Chairman Lopez asked how this would affect the Absentee Homeowner Policy. Ms. Houston stated that said Policy would be incorporated into this one and noted that it may necessitate amendments to the City Code. She noted that once the policy had been developed, City Staff would meet with major Stakeholder Groups, Developers, and Neighborhoods.

Councilmember Bernal commented that said policy would be designed to produce results and may trouble some stakeholders.

Councilmember Taylor suggested that staff: 1) Meet with stakeholders at this time; 2) Resolve any and all Tax Lien Issues; and 3) Market vacant properties.

Councilmember Saldaña asked of the timeline for approval of potential City Code Amendments. Ms. Houston replied that any potential City Code Amendments resulting from said policy would be prepared in April to May 2014 and brought before the full City Council in approximately August or September 2014. Councilmember Saldaña asked if Federal Funds were available to assist property owners in payment of their Tax Liens. Carlos Contreras replied that staff would research to see if funds were available. Ms. Houston noted that if properties foreclosed by Bexar County were located within REnewSA Boundaries; the City could acquire them and the taxes levied on them could be forgiven by the City of San Antonio, Bexar County, and the San Antonio Independent School District. She indicated that an agreement was in development between the City and Bexar County to accomplish same. She stated that said agreement would be brought before the full City Council in April or May 2014.

Chairman Lopez asked if the policy shared any similarities with the City's Land Bank Activities. Ms. Houston stated that REnewSA Efforts would be incorporated into the policy. Chairman Lopez asked of the Budget Implications of the policy. Ms. Houston indicated that the Committee would be provided with that information.

Councilmember Taylor advised that innovative ideas should be sought now in preparation for the potential inclusion of item(s) for funding in the 2017 Bond Program.

No action was required for Item 4.

Executive Session

Chairman Lopez recessed the meeting into Executive Session at 10:53 a.m. to discuss matters related to Economic Development Matters. He reconvened the meeting at 11:04 a.m. and announced that no action was taken in Executive Session.

Adjourn

There being no further discussion, the meeting was adjourned at 11:04 a.m.

Ray Lopez, Chairman

Respectfully Submitted,

Denice F. Trevino
Office of the City Clerk