

AN ORDINANCE **37715**

*City Mgr.
No Staff*

AUTHORIZING PAYMENT OF \$178,702.40 TO THE URBAN RENEWAL AGENCY TO COVER BALANCE OF RENTAL FEES DUE ON THE HEMISFAIR SITE AREA THROUGH JULY, 1969; APPROPRIATING \$93,147.40 OUT OF UNAPPROPRIATED SURPLUS OF THE GENERAL FUND AND AUTHORIZING A TRANSFER OF FUNDS.

* * *

WHEREAS, the Urban Renewal Agency and the City of San Antonio executed a cooperation agreement on October 13, 1966, providing in part that the Urban Renewal Agency lease to the City on an annual basis approximately 62.556 acres (HemisFair site) not yet purchased by the City; and

WHEREAS, the current budget provides funds (Account 99-21-01) for payment to the Urban Renewal Agency for lease of the HemisFair Plaza grounds in the amount of \$85,455. The Urban Renewal Agency has submitted a bill to the City totalling \$178,602.40 which is the rental fee due on this area through July, 1969. The difference in the above amounts (\$93,147.40) results from an accumulation of under-billings by the Urban Renewal Agency to the City for the past three years; and

WHEREAS, it was determined through an audit by the Federal Government that the manner in which the Urban Renewal Agency was billing the City for the past three years was in error and an adjustment of \$93,147.40 is necessary to place this account on a current basis; NOW, THEREFORE:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The sum of \$93,147.40 is hereby appropriated out of the Unappropriated Surplus of the General Fund and authorizing the transfer of said amount to Special Projects Account 99-21-01.

SECTION 2. Authorizing the payment of \$178,602.40 out of the above described Special Account to the Urban Renewal Agency for the balance of rent due on the HemisFair site through October, 1969, as outlined above.

PASSED AND APPROVED this 24th day of July, 1969.

ATTEST:

J. H. Sulman
City Clerk

Lila Cockrell
M A Y O R Pro-Tem

APPROVED AS TO FORM: *Harold C. Walker*
City Attorney

APPROVED AS TO FUNDS: *[Signature]*
Director of Finance

69 (335)

FINDING NO. 10 - RENTAL RATE FOR PROPERTY OCCUPIED BY THE CITY INCORRECTLY ESTABLISHED, \$77,088.71 (SUSPENSION, PROJECT TEX-R-83) 8/1/66 TO 7/31/68

(Computations Corrected To Reflect Correct Disposition Values, Interest Rates and Tax Credits.)

Rental from August 1, 1966 to July 31, 1967

| | | | |
|--|--------------|----------------|---------------------|
| CORRECTED: Disposition Value of Land To Be Leased Parcels Nos. 3, 5 & 6 | | \$1,875,544.17 | |
| Contract Interest Rate 8/1/66 to 6/1/67 - 304 das. @ 4-1/8% | | | \$ 64,436.50 |
| DECREASE in Disposition Value - Land Sold to City 6/1/67 - | 1,794,944.17 | | |
| | \$80,600.00- | | |
| Contract Interest Rate - 6/1/67 to 6/13/67 - 12 das. @ 4-1/8% | | | 2,434.24 |
| " " " - 6/13/67 to 7/1/67 - 18 " @ 5-1/4% | | | 4,647.18 |
| Redetermined " " - 7/1/67 to 8/1/67 - 31 " @ 4-3/4% | | | 7,241.25 |
| | | | <u>\$ 78,759.17</u> |
| ADD: <u>Tax Credits</u> | | | |
| City and School (Tax Year ends May 31) | | | |
| Total tax credits for year ending | | | |
| May 31, 1967 | \$ 35,191.83 | | |
| Ten applicable months (8/1/66 to 5/31/67) X 5/6 | | \$ 29,326.00 | |
| Total tax credits for tax year | | | |
| ending May 31, 1968 | \$ 4,582.89 | | |
| Two applicable months (June & July '67) X 1/6 | | 764.00 | |
| County & State (Tax year ends Dec. 31) | | | |
| Total tax credits for tax year ending | | | |
| December 31, 1966 | \$ 27,895.56 | | |
| Five applicable months (8/1/66 to 12/31/66) X 5/12 | | 11,623.00 | |
| Total tax credits for tax year | | | |
| ending December 31, 1967 | \$ 7,655.04 | | |
| Seven applicable mos. (1/1/67 to 7/31/67) X 7/12 | | 4,465.00 | |
| Total Tax Credits | | | \$ 46,178.00 |
| Total Rent To Be Collected | | | 124,937.17 |
| LESS: Amount Collected | | | <u>85,455.12</u> |
| Amount due for period ending July 31, 1967 | | | <u>\$ 39,482.05</u> |

Rental from August 1, 1967 to July 31, 1968

| | | | |
|---|------------|----------------|---------------------|
| Disposition Value of Land to Be Leased | | \$1,794,944.17 | |
| Redetermined Interest Rate - 8/1/67 to 1/1/68 - 4-3/4% - 153 days | | | \$ 35,739.06 |
| " " " - 1/1/68 to 7/1/68 - 5-3/4% - 181 " | | | 51,180.50 |
| " " " - 7/1/68 to 8/1/68 - 6% - 31 " | | | 9,146.84 |
| | | | <u>\$ 96,066.40</u> |
| INCREASE - in disposition value - Lease Agreement Dated | | | |
| April 25, 1968 for Parcels Nos. 8, 9 & 10 | | \$ 129,200.00 | |
| Redetermined Interest Rate - 4/25/68 to 7/1/68 - 5-3/4% - 66 days | | | \$ 1,343.33 |
| " " " - 7/1/68 to 8/1/68 - 6% - 31 days | | | 658.39 |
| | | | <u>\$ 98,068.12</u> |
| ADD: TAX CREDITS | | | |
| City & School | | | |
| Total Tax Credits for Tax Year Ending | | | |
| May 31, 1968 | \$4,582.89 | | |
| Ten Applicable Mos. (1/1/67 to 5/31/68) X 5/6 | | 3,819.00 | |
| County & State | | | |
| Total Tax Credits for Tax Year Ending | | | |
| December 31, 1967 | \$7,655.04 | | |
| Five Applicable mos. (8/1/67 to 12/31/67) X 5/12 | | 3,190.00 | 7,009.00 |
| Total Rental Due From 8/1/67 to 7/31/68 | | | \$105,077.12 |

| | | | |
|--|-------------------|----------------|---------------------|
| | | 1. Fwd. - | \$105,077.12 |
| <u>LESS:</u> Amount Collected | | | <u>83,960.79</u> |
| Amount Due For Period Ending 7/31/68 | | | \$ 21,116.33 |
| <u>PLUS:</u> Amount Due For Period Ending 7/31/67 | | | <u>39,482.05</u> |
| Total Additional Amount Due as of 7/31/68 | | | <u>\$ 60,598.38</u> |
| Disposition Value of Land Under Lease - | \$1,794,944.17 | | |
| | <u>129,200.00</u> | \$1,924,144.17 | |
| Redetermined Interest Rate 8/1/68 to 1/1/69 - 6 % - 153 days | | | \$ 48,393.54 |
| " " " 1/1/69 to 7/1/69 - 5½% - 181 days | | | <u>52,479.06</u> |
| | | | <u>\$100,872.60</u> |

SUMMARY:

| | | | |
|--|------------------|-------------------|---------------------|
| Interest on Disposition Value as of 7/31/67 | \$ 78,759.17 | | |
| <u>ADD</u> - Tax Credits For Period Ending " | <u>46,178.00</u> | | |
| | \$124,937.17 | | |
| <u>LESS</u> - Amount Collected From City | <u>85,455.12</u> | 39,482.05 | |
| Interest on Disposition Value as of 7/31/68 | \$ 98,068.12 | | |
| <u>ADD</u> - Tax Credits For Period Ending " | <u>7,009.00</u> | | |
| | \$105,077.12 | | |
| <u>LESS</u> - Amount Collected from City | <u>83,960.79</u> | 21,116.33 | |
| Interest on Disposition Value as of 7/1/69 | \$100,872.60 | | |
| Additional Interest For Period 7/1/69 to 7/31/69 | -0- | | |
| (Redetermined Interest Rate will not be known Until After 7/1/69) | | | |
| <u>ADD</u> - Tax Credits (County & State) as of 12/31/68 | 3,272.66 | | |
| Tax Credits (City & School) as of 5/31/69 | <u>4,053.46</u> | | |
| | \$108,198.72 | | |
| <u>LESS</u> - Amount Collected From City | <u>-0-</u> | <u>108,198.72</u> | <u>\$168,797.10</u> |

On the basis of above computations, the minimum amount due from the City for Land under lease is \$168,797.10 as of 7/1/69. This figure will be increased by an additional amount of interest for the month of July, 1969, based on the redetermined interest rate as of 7/1/69. The interest rate will probably be 6% and, if so, an additional amount will be due the Agency of \$9,805.30.

Finding No. 10 - Rental Rate for property occupied by the City incorrectly established, \$77,088.71 (Suspension, Project Tex. R-83)

As a result of incorrectly establishing the annual consideration for property leased to the City of San Antonio, the LPA has failed to realize income of approximately \$77,088.71.

The LPA and the City of San Antonio executed a Cooperation Agreement on October 13, 1966, providing in part that the LPA allow the City possession of approximately 62.556 acres of project land not yet purchased by the City. The City agreed to pay the LPA an annual amount based on reuse appraisals and the Agency's financing costs in purchasing the area. The Cooperation Agreement of October 13, 1966, was approved by the Regional Office on October 25, 1966.

The LPA charged and collected from the City \$85,455.12 as rental for the period August 1, 1966, to July 31, 1967. On April 20, 1967, the Cooperation Agreement was amended to change the annual consideration from \$85,455.12 to \$83,960.79 for the period August 1, 1967, to July 31, 1968. Another amendment to the Cooperation Agreement dated May 11, 1967, changed the annual consideration for the City's use of the land to \$93,960.69 for the same time period. The annual rental was revised ^{because of an anticipated} ~~anticipating a~~ change in the contract interest rate. For the period August 1, 1967, to July 31, 1968, the LPA received \$83,960.79 as rental for the project area.

Tax credits have not been considered in the computation of the amount of annual rental to be charged to the City. Section 15-2 of the Urban Renewal Manual as well as the LPA's property management policy provides that estimated tax credits, if applicable, be considered in computing rent for property occupied by a non-profit institution. In a letter dated April 16, 1968, the Regional Office advised the LPA of the requirements of Section 15-2 of the Urban Renewal Manual and gave the LPA the interest rates involved to date in the Loan and Grant contract. The Regional Office also advised the LPA that it is not the intent, nor the wording of the Cooperation Agreement, to stipulate a definite dollar amount in advance for the period the property is being leased. Because the LPA established the amount of annual rental contrary to Section 15-2 of the Urban Renewal Manual and the LPA's property management policy, approximately \$77,088.71 of income has not been realized by the LPA as shown below:

Rental from August 1, 1966, to July 31, 1967

| | | |
|---|----------------|--------------|
| Approved Disposition Value of Land to be leased | \$2,071,639.23 | |
| Contract Interest Rate | X .04125 | |
| | | \$ 85,455.12 |

Add: Tax credits:

| | | |
|--|--------------|--|
| City and school (Tax year ends May 31) | | |
| Total tax credits for tax year ending | | |
| May 31, 1967 | \$ 35,510.80 | |
| Ten applicable months | X 5/6 | |

\$ 29,592.00

| | | |
|--------------------------------|-------------|--|
| Total tax credits for tax year | | |
| ending May 31, 1968 | \$ 4,582.89 | |
| Two applicable months | X 1/6 | |

\$ 764.00

| | | |
|--|--------------|--|
| County and State (Tax year ends December 31) | | |
| Total tax credits for tax year ending | | |
| December 31, 1966 | \$ 27,845.48 | |
| Five applicable months | X 5/12 | |

\$ 11,602.00

| | | |
|--------------------------------|-------------|--|
| Total tax credits for tax year | | |
| ending December 31, 1967 | \$ 7,654.20 | |
| Seven applicable months | X 7/12 | |

\$ 4,465.00

| | |
|--|---------------------|
| Total tax credits | \$ 46,423.00 |
| Total rental to be collected | \$131,878.12 |
| Less: Amount collected | <u>85,455.12</u> |
| Amount due for period ending July 31, 1967 | <u>\$ 46,423.00</u> |

Rental from August 1, 1967, to July 31, 1968

| | | |
|--|----------------|--|
| Disposition Value of land to be leased | \$2,035,413.00 | |
| Contract Interest Rate (7/1/67 - 12/31/67) | X .0475 | |
| Five applicable months | X 5/12 | |

\$ 40,284.15

| | | |
|--|----------------|--|
| Disposition value of land to be leased | \$2,035,413.00 | |
| Contract Interest Rate (1/1/68 - 7/1/68) | X .0575 | |
| Two applicable months | X 1/6 | |

\$ 19,506.00

| | | |
|--|----------------|----|
| Disposition value of land to be leased | \$1,966,313.00 | 1/ |
| Contract Interest Rate | X .0575 | |
| Five applicable months | X 5/12 | 2/ |

\$ 47,828.35 \$107,618.50

Add: Tax Credits:

| | | |
|---------------------------------------|-------------|--|
| City and school: <u>3/</u> | | |
| Total tax credits for tax year ending | | |
| May 31, 1968 | \$ 4,582.89 | |
| Ten applicable months | X 5/6 | |

\$ 3,819.00

| | | |
|--------------------------------|-------------|--|
| County and state: <u>4/</u> | | |
| Total tax credits for tax year | | |
| ending December 31, 1967 | \$ 7,654.20 | |
| Five applicable months | X 5/12 | |

\$ 3,189.00

| | |
|---|---------------------|
| Total tax credits | <u>\$ 7,008.00</u> |
| Total approximate rental due from August 1, 1967, to July 31, 1968 | \$114,626.50 |
| Less: Amount collected | <u>83,960.79</u> |
| Approximate amount due for period ending July 31, 1967 | <u>\$ 30,665.71</u> |
| Total approximate amount due | <u>\$ 77,088.71</u> |

- 1/ Decrease in disposition value due to land sold to City for \$69,100 on March 4, 1968.
- 2/ Interest rate for period 7/1/68 - 7/31/68 unknown at this time. Current interest rate used for presentation purposes.
- 3/ Tax credits recorded by LPA through May 31, 1968.
- 4/ Tax credits recorded by LPA through December 31, 1967.

DISTRIBUTION

| DEPARTMENT | DATE | ORD. OR RESOL. | CONTRACT |
|-----------------------|------|----------------|----------|
| AVIATION DIRECTOR | | | |
| BUDGET | 7/24 | 1 | |
| CITY MANAGER | | | |
| CITY PUBLIC SERVICE | | | |
| CITY WATER BOARD | | | |
| COMMERCIAL RECORDER | | | |
| CONVENTION BUREAU | | | |
| CONVENTION CENTER | | | |
| FINANCE DIRECTOR | 7/24 | 1 | |
| ASSESSOR & COLL. | | | |
| CONTROLLER | 7/24 | 1 | |
| CORPORATION COURT | | | |
| INTERNAL AUDIT | | | |
| PROPERTY RECORDS | | | |
| PURCHASING | | | |
| FIRE CHIEF | | | |
| HEALTH DIRECTOR | | | |
| HOUSING & INS. DIR. | | | |
| LEGAL | 7/24 | 1 | |
| BACK TAX ATTY. | | | |
| CONDEMNATION ATTY. | | | |
| LAND DIVISION | | | |
| LIBRARY DIRECTOR | | | |
| MODEL CITIES | | | |
| MUNICIPAL FACILITIES | | | |
| PARKS & REC. DIR. | | | |
| PERSONNEL DIRECTOR | | | |
| PLANNING DIRECTOR | | | |
| POLICE CHIEF | | | |
| PUBLIC INFORMATION | | | |
| PUBLIC WORKS DIR. | | | |
| ASST. DIRECTOR | | | |
| TRAFFIC & TRANS. DIR. | | | |
| REMARKS: | | | |

ITEM NO. 15

69 33

MEETING OF THE CITY COUNCIL

DATE: _____

MOTION BY: Will

SECONDED BY: Paul

37715

ORD. NO. _____

ZONING CASE _____

RESOL. _____

PETITION _____

| COUNCIL MEMBER | ROLL CALL | AYE | NAY |
|---|-----------|-------------------------------------|-------------------------------------|
| WALTER W. McALLISTER, SR. PLACE NO. 1 MAYOR | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| DR. HERBERT CALDERON PLACE NO. 2 | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| E. J. BURKE PLACE NO. 3 | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| S. H. JAMES PLACE NO. 4 | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| MRS. LILA COCKRELL PLACE NO. 5 MAYOR PRO-TEM | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| DR. D. FORD NIELSEN PLACE NO. 6 | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| FELIX B. TREVINO PLACE NO. 7 | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| EDWARD H. HILL PLACE NO. 8 | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| PETE TORRES, JR. PLACE NO. 9 | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

BRIEFED BY: _____

ADDITIONAL INFORMATION:

15

CITY OF SAN ANTONIO

Interdepartment Correspondence Sheet

JUL 16 1969
LEGAL DEPARTMENT
CITY OF SAN ANTONIO, TEXAS
Winton

TO: City Attorney THROUGH City Manager
FROM: Carl L. White, Asst. Finance Director
COPIES TO: File
SUBJECT: Request for Ordinance Preparation

Date July 16, 1969

The Urban Renewal Agency and the City of San Antonio executed a cooperation agreement on October 13, 1966, providing in part that the Urban Renewal Agency lease to the City on an annual basis approximately 62.556 acres (HemisFair site) not yet purchased by the City.

The current budget provides funds (Account 99-21-01) for payment to the Urban Renewal Agency for lease of the HemisFair Plaza grounds in the amount of \$85,455. The Urban Renewal Agency has submitted a bill to the City totalling \$178,602.40 which is the rental fee due on this area through July, 1969. The difference in the above amounts (\$93,147.40) results from an accumulation of under-billings by the Urban Renewal Agency to the City for the past three years. It was determined through an audit by the Feds that the manner in which the Urban Renewal Agency was billing the City for the past three years was in error. Therefore, an adjustment of \$93,147.40 is necessary to place this account on a current basis.

Accordingly, it is requested that an ordinance be prepared for Council consideration appropriating the sum of \$93,147.40 from Unappropriated Surplus of the General Fund and authorizing the transfer of this amount to Special Projects Account 99-21-01. This additional appropriation plus the amount already appropriated in the Budget will provide a total of \$178,602.40 which is to be paid to the Urban Renewal Agency in satisfaction of this account.

Carl L. White

Carl L. White
Asst. Finance Director

CLW:pam

APPROVED:

L. Sereno
City Manager

Carl White

CONSERVATION
REHABILITATION
REDEVELOPMENT



URBAN RENEWAL AGENCY

of the City of San Antonio

M WINSTON MARTIN
EXECUTIVE DIRECTOR

PHONE CA 5-6835

• 418 SOUTH LAREDO ST. •

SAN ANTONIO, TEXAS 78207

July 14, 1969

Mr. Jerry Henckel
City Manager
City Hall
San Antonio, Texas

Dear Jerry:

Enclosed herewith is a statement of rental due the Agency by the City of San Antonio for property occupied by the City in Civic Center, Project Tex-R-83.

The enclosed statement contains computations of the amount of rental due the Agency from the original rental date of August 1, 1966, to July 1, 1969, less payments received. The computations reveal a deficiency for the rental period ending July 31, 1967, of \$39,482.05 and a deficiency for the rental period ending July 31, 1968, in the amount of \$21,116.33, plus the rental projected for the period ending July 1, 1969, in the amount of \$108,198.72, or a total of \$168,797.10. The additional rental for the month of July, 1969, will be approximately \$9,805.30.

Also, enclosed herewith is a copy of an audit finding during our previous Federal Audit wherein the amount of \$77,088.71 is shown to be due the Agency for the rental periods ending July 31, 1967, and July 31, 1968, compared to our computations showing the amount due for the same rental periods of \$60,598.38.

There has been a misunderstanding in the past as to the method in arriving at the rental to be charged the City for the leased land in the Civic Center project. The Cooperation Agreements entered into between the Agency and the City were for the purpose of establishing an annual consideration for the rental involved. The actual rental must be arrived at for each rental period based on the redetermined interest rate which is redetermined every six (6) months in accordance with the amount of interest charged to HUD for borrowed federal funds.

COMMISSIONERS

JOHN A BITTER JR., CHAIRMAN

CHARLES O SCHEER VICE CHAIRMAN

ROLAND C BREMER MORRIS L COLLINS PETER G GARCIA MAX MARTINEZ ROBERT A ROTH GEORGE M WARMACK REV R L ARCHFIELD SP

Mr. Jerry Henckel
July 14, 1969
Page Two

Inasmuch as the City receives credit for tax credits as a cash grant-in-aid, the amount of tax credits available to the City each year as a cash grant-in-aid must then be included in the annual rental charge, as Urban Renewal Manual procedure prohibits the City from receiving credit in both instances.

We trust that the statement enclosed herewith with computations correcting the audit finding for the rental periods ending July 31, 1967, and July 31, 1968, and projecting the additional rental due to date, along with our explanation and that of the audit finding, clarifies the rental due the Agency.

Sincerely,



M. Winston Martin
Executive Director

MWM:mam

Enclosures

copy to: Carl White
Assistant Finance Director