

**CITY OF SAN ANTONIO
DEPARTMENT OF ASSET MANAGEMENT
INTERDEPARTMENTAL CORRESPONDENCE**

TO: Mayor and City Council

FROM: Rebecca Waldman, Director, Department of Asset Management

THROUGH: Terry M. Brechtel, City Manager

COPIES: Erik J. Walsh, File

SUBJECT: Ordinance authorizing the execution of an Amendment to the Lease Agreement and a Capital Improvements Funding Agreement No. 2 between the City of San Antonio and Centro Alameda, Inc.

DATE: October 24, 2002

SUMMARY AND RECOMMENDATIONS

This ordinance authorizes the execution of two agreements with Centro Alameda, Inc., a Texas non-profit corporation: 1) an Amendment to the Lease Agreement ("Master Lease") to modify the completion date and milestones for the planned improvements to the Alameda Theater from October 2003 to December 2005, and 2) a Capital Improvements Funding Agreement No. 2 which outlines the provisions for the release of City funds for this project, located in the 300 block of West Houston Street.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

In December 1994, the City purchased the Alameda Theater, Casa de Mexico Office Building, Basila Pharmacy Building and adjoining parking lots. In October 1998 a Master Lease Agreement commenced between Centro Alameda, Inc., (CAI) a Texas non-profit corporation, and the City of San Antonio for these properties, which are referred to as the Alameda Theater Complex. The Master Plan was presented to City Council by CAI in January 1999 and was approved.

Proposed Lease Amendment:

Under the terms of the Lease Agreement, CAI is obligated to restore and operate this property. The Lease Agreement outlines three renovation phases:

- The Theater façade/marquee
- The Casa de Mexico Office Building, and
- The Alameda Theater

CAI completed the façade/marquee improvements in 1999. The Casa de Mexico renovation was completed in 2000 and included a complete interior renovation, new mechanical and electrical equipment, a building shell addition, and the renovation of all common areas and leased space. This

29,000 square foot, four-story office building is approximately 70% occupied, and CAI continues their efforts to lease the remaining space. The Building now houses the office of CAI, the Hispanic Chamber of Commerce, the City's Office of Cultural Affairs, and miscellaneous other tenants.

In addition, CAI has commissioned two feasibility studies. AMS Planning & Research prepared a preliminary Feasibility Study and an Operations Planning Study in 1996, providing a market analysis and needs assessment. Subsequently, CAI contracted for a preliminary schematic design and operations study, funded by the Kronkosky Foundation. This study, which includes input from three theater consultants, provides direction for the development of multi-purpose performing arts facility that can accommodate various types of programs and events, including live theater, dance, ballet, opera, concerts, and conferences. CAI estimates the projects costs to be \$19.1 million, which includes approximately \$17 million in construction and design fees.

Similar to the relationship that CAI formed with the Smithsonian for the Museo Alameda, CAI has entered into an agreement with the Kennedy Center for the Performing Arts, which provides for Kennedy Center performances and events to be held at the Alameda Theater.

Under the terms of the 1998 Lease Agreement, all three construction phases were to be completed within five years, or by October 2003. While the first two phases were completed within this timeframe, CAI now estimates that the renovation of the Alameda Theater will be completed by December 2005. This project has taken longer than anticipated due to several factors, including the need to complete their feasibility studies prior to finalizing their plans. The preliminary schematic design and operations study was completed in early 2002. The proposed Amendment to the Lease Agreement extends the date for completion of the Alameda Theater to December 2005 and incorporates revised milestones for the design, approval/permits, and construction of this project. The Master Lease obligates CAI to meet all construction milestones outlined in the Lease and the revised milestones will become a part of the Lease upon execution and approval.

Planned improvements to the Alameda Theater include a restoration of the interior and the construction of a new stage house and loading dock as well as improvements to the facility function and efficiency. All improvements and modifications will be subject to review and approval of the Historic and Design Review Commission. In addition, CAI will be working with staff from Asset Management and Public Works in the upcoming months to address various construction and development issues.

Proposed Funding Agreement:

The proposed Capital Improvements Funding Agreement No. 2 (Construction Related Expense Alameda Theater Complex) replaces the existing Capital Improvements Funding Agreement with CAI for this project, which had a five-year term ending with FY 02. The term of the proposed Capital Improvements Funding Agreement No. 2 will extend through December 31, 2005, the date CAI expects to complete the Theater renovation. Both the initial and proposed Funding Agreements outline the procedure for the submission by Centro Alameda, Inc. to the City of construction expenses with supporting invoices for payment, following review and approval by staff.

The initial Funding Agreement provided \$5.632 million to CAI. To date, \$3.4 has been expended, leaving a balance of \$2.2 million, which is reflected in the proposed Funding Agreement.

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POLICY ANALYSIS

This action is consistent with the City's policy to work cooperatively with non-profit organizations for the preservation and renovation of City-owned cultural facilities and to stimulate revitalization in downtown San Antonio.

FISCAL IMPACT

There is no additional fiscal impact associated with this action. The FY03 Capital Budget includes \$1.79 million for this project and the remainder of \$486,000 is being carried forward from FY02, for a total of \$2.2 million.

COORDINATION

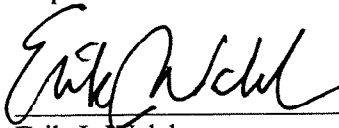
This item has been coordinated with the following: City Attorney's Office, Office of Internal Review, Finance, the Office of Management and Budget, Public Works, and Planning.

SUPPLEMENTARY COMMENTS

An executed Discretionary Contract Disclosure form is attached.



Rebecca Waldman, Director
Department of Asset Management



Erik J. Walsh
Assistant to the City Manager

Approved:



Terry M. Brechtel
City Manager

City of San Antonio Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2
Attach additional sheets if space provided is not sufficient.
State "Not Applicable" for questions that do not apply.

* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the city in the enforcement of provisions contained in the City Charter and the code of ethics, an individual or business entity seeking a discretionary contract from the city is required to disclose in connection with a proposal for a discretionary contract:

- (1) the identity of any **individual** who would be a party to the discretionary contract;

- (2) the identity of any **business entity** that would be a party to the discretionary contract:

Centro Alameda, Inc. 318 W. Houston, Street #200 San Antonio, Texas 78205
and the name of:

- (A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

- (B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract.

- (3) the identity of any **lobbyist** or **public relations firm** employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

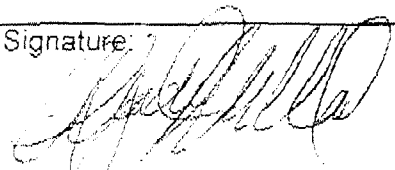
1 A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any current or former member of City Council, any candidate for City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
John Sanders District 2	\$1,000	2001
Carroll Schubert District 9	\$500	2001
Enrique Barrera District 6	\$500	2001
Bobby Perez District 1	\$500	2001
Julian Castro District 7	\$500	2001
Enrique Martin District 4	\$1,000	2001
Bobby Perez	\$250	2001
District 5 Committee	\$250	2001
Ed Garza	\$400	2001
David Garcia	\$100	2001
Julian Castro	\$100	2001
Ed Garza	\$100	2001
Joaquin Castro	\$50	2001
Ed Garza	\$100	2001
Toni Moorhouse	\$100	2001
Enrique Martin District 4	\$500	2002

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question

[2] as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

Signature: 	Title: Board Secretary	Date:
	Company: Centro Alameda, Inc.	10/04/02

" For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.