

CONSENT AGENDA
NO. 17

**CITY OF SAN ANTONIO
ECONOMIC DEVELOPMENT DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Sheryl Sculley, City Manager

FROM: Ramiro A. Cavazos, Director

SUBJECT: Acceptance and Rededication to City of All Public Improvements Associated with La Quinta Inn & Suites at the San Antonio Convention Center

DATE: March 2, 2006

SUMMARY AND RECOMMENDATIONS

This ordinance will accept the conveyance and rededication of all public improvements associated with the construction of La Quinta Inn & Suites at the San Antonio Convention Center. By approving this ordinance, the City will complete a project closeout provision stipulated in the Development Agreement between the City and La Quinta Texas Properties, L.P.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

On October 31, 2002, City Council approved the Development Agreement (Ordinance # 96668) for the construction of a La Quinta Inn & Suites project located at Elm and Blum Streets in downtown San Antonio.

The new hotel features 350 guestrooms in two hotel towers, as well as a new conference meeting area. There are 298 rooms in the newly constructed 14-story tower adjacent to the 5-story tower, which was constructed in 1995 at 207 Elm Street. The new La Quinta includes upscale amenities associated with the company's "Inn & Suites" concept such as a fitness center, courtyard, and swimming pool/spa.

When the new tower was completed, La Quinta demolished the old two-story motel located at 1001 E. Commerce and will temporarily use this site for a surface parking lot for hotel guests. La Quinta hopes to develop a multi-story garage, office and/or similar project on the location of the surface parking lot in the near future. However, this potential future development is not subject to this Development Agreement.

As with other downtown projects, a Development Agreement facilitates complex public/private partnerships. This Agreement clarified project elements dealing with: street closure, infrastructure enhancements (public improvements), urban design improvements, land conveyance and traffic flow changes.

As part of this Development Agreement, the City Council also approved La Quinta's request to close, vacate and abandon the 200 Block of Elm Street (Ordinance #96669) in order to convey it to the La Quinta Corporation for its use in building the new hotel tower. In partial consideration for the closure of Elm Street, La Quinta agreed to design, develop, construct, complete, convey, and rededicate certain public improvements on adjacent streets (Commerce, Elm, Blum, Bowie and Crockett Streets). The public improvements included street paving, curbing, alternative pavement textures, sidewalks, lights, signage, public street furniture, landscaping features and trees (including irrigation systems).

Under the Development Agreement, the City agreed to make permanent traffic direction changes on Elm and Crockett Streets. The City also agreed to relocate two taxi stands previously on Blum and Elm Streets to Crockett and Elm Streets. As part of the Agreement's Streetscaping Plan, the City removed parking meters and street signage on Elm and Blum Streets.

In turn, La Quinta agreed to enter into a 20-year Maintenance and License Agreement (valued at \$187,000) to maintain the sidewalks and taxicab communication system on the adjacent streets surrounding the project site. La Quinta would also reimburse the City's Parking Fund for the lost revenue from its on-street parking meters through the execution of a separate Block Payment Agreement. With this agreement, the City has and will receive annual payments that will amount to \$200,000 by 2013.

La Quinta's compensation package for the closure of the 200 Block of Elm Street also included the conveyance of a parcel of land (3,601 square feet, appraised at \$340,000) and a \$163,500 cash payment. The parcel of land is situated at the northwest corner of the intersection of IH-37 and E. Commerce Street. At the time of the Agreement, the City contemplated that the parcel could be utilized to locate a gateway signifier, or an informational sign, directed at vehicles coming off IH-37 onto E. Commerce Street and into downtown.

To ensure completion of the project and protect the City's interest, the City required La Quinta to create an Escrow Account with Alamo Title Company in the amount of \$293,500. As the project met certain completion thresholds (25, 50, 75 percent), the developer certified its completion with the escrow agent, who disbursed \$75,000 from the account.

Last year, La Quinta notified the City that it had substantially completed the public improvements. City staff (Development Services) inspected the improvements and identified a deficiency with a drain inlet on Blum Street. La Quinta corrected the problem and the City issued a Certificate of Occupancy. With approval of this ordinance, the City will accept the conveyance and rededication of all public improvements. After conveying the public improvements, La Quinta will be able to make its final draw in the amount of \$68,500, and any accrued interest, from the escrow account.

POLICY ANALYSIS


By facilitating the development of this project, the City partnered with La Quinta in creating a \$20 million investment in downtown that will eventually provide 30-40 new jobs over a five-year period. In addition, La Quinta agreed to reconstruct and maintain the streetscape in the adjacent streets.

FISCAL IMPACT

There is no fiscal impact.

COORDINATION

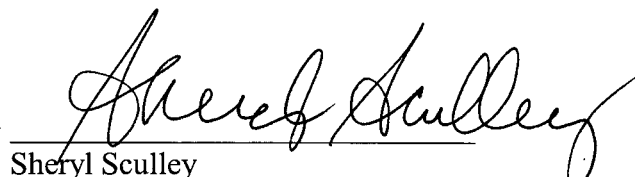
This item has been coordinated with the City Attorney's Office, Asset Management, Development Services, and Public Works Departments.



Ramiro A. Cavazos
Director, Economic Development Department

Jelynn LeBlanc Burley
Deputy City Manager

Approved for Council Consideration:



Sheryl Sculley
City Manager

Conveyance & Rededication of all Public Improvements at La Quinta Inn & Suites (S.A. Convention Center)

City Council Item #?
March 2, 2006



Background Information

- On October 31, 2002, City Council approved the Development Agreement for the construction of a La Quinta Inn & Suites located at Elm and Blum Streets in downtown San Antonio.
- The new hotel features 350 guestrooms in two hotel towers. The new La Quinta includes upscale amenities associated with the company's "Inn & Suites" concept such as a fitness center, courtyard, and swimming pool/spa.
- La Quinta demolished the old two-story motel located at 1001 E. Commerce and is using this site for a surface parking lot for hotel guests. La Quinta may, but is not required to, develop a multi-story garage, office and/or similar project on the location of the surface parking lot.

Background Information (Continued)

- The Agreement clarified project elements dealing with: street closure, infrastructure enhancements (public improvements), urban design improvements, land conveyance and traffic flow changes.
- In partial consideration for the closure of Elm Street, the La Quinta Corporation agreed to design, develop, construct, complete, convey and rededicate certain public improvements on adjacent streets (Commerce, Elm, Blum, Bowie and Crockett Streets).
- The public improvements included street paving, curbing, alternative pavement textures, sidewalks, lights, signage, public street furniture, landscaping features and trees (including irrigation systems).

3

Background Information (Continued)

- Under the Development Agreement, the City agreed to make permanent traffic direction changes on Elm and Crockett Streets.
- The City also agreed to relocate two taxi stands previously on Blum and Elm Streets to Crockett and Elm Streets.
- As part of the Agreement's Streetscaping Plan, the City removed parking meters and street signage on Elm and Blum Streets.

4

Background Information (Continued)

- In turn, La Quinta agreed to enter into a 20-year Maintenance and License Agreement (valued at \$187,000) to maintain the sidewalks and taxicab communication system on the adjacent streets.
- La Quinta would also reimburse the City's Parking Fund for the lost revenue from its on-street parking meters through the execution of a separate Block Payment Agreement. With this agreement, the City has and will receive annual payments that will amount to \$200,000 by 2013.

5

Background Information (Continued)

- La Quinta's compensation package for the closure of the 200 Block of Elm Street also included the conveyance of a parcel of land (3,601 square feet, appraised at \$340,000) and a \$163,500 cash payment.
- The parcel of land is situated at the northwest corner of the intersection of IH-37 and E. Commerce Street.
- At the time of the Agreement, the City contemplated that the parcel could be utilized to locate a gateway signifier, or an informational sign, directed at vehicles coming off IH-37 onto E. Commerce Street and into downtown.

6

Background Information (Continued)

- To ensure completion of the project and to protect the City's interest, the City required La Quinta to create an Escrow Account with Alamo Title Company in the amount of \$293,500.
- As the project met certain completion thresholds (at 25, 50 and 75 percent), the developer certified its completion with the escrow agent, who disbursed \$75,000 from the account.

7

Background Information (Continued)

- Last year, La Quinta notified the City that it had substantially completed the public improvements.
- City staff inspected the improvements and identified a deficiency with a drain inlet on Blum Street. La Quinta corrected the problem.
- With approval of this ordinance, the City will accept the conveyance and rededication of all public improvements. After conveying the public improvements, La Quinta will be able to make its final draw in the amount of \$68,500, and any accrued interest, from the escrow account.

8

Policy & Fiscal Analysis

- By facilitating the development of this project, the City partnered with La Quinta in creating a \$20 million investment in downtown that will eventually provide 30 - 40 new jobs over a five-year period.
- In addition, La Quinta agreed to reconstruct and maintain the streetscape in the adjacent streets.
- There is no fiscal impact.

9

Coordination & Recommendation

- The Economic Development staff has coordinated this item with the:
 - City Attorney's Office
 - Asset Management Department
 - Development Services Department
 - Public Works Department
- Staff recommends approval of this ordinance.

10