

**CITY OF SAN ANTONIO
NEIGHBORHOOD ACTION DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Sheryl Sculley, City Manager

FROM: David D. Garza, Director, Neighborhood Action Department

SUBJECT: Development Agreement for Public Infrastructure Improvements to Support the Staybridge Hotel Project Funded Through the Inner City TIRZ

DATE: March 2, 2006

SUMMARY AND RECOMMENDATIONS

An ordinance authorizing the execution of a Development Agreement between the City of San Antonio, Texas, the Board of Directors for Tax Increment Reinvestment Zone Number Eleven, City of San Antonio, Texas and SSG Hotel, LLC, for infrastructure improvements on the tracts of land in the St. Paul Square area in support of the Staybridge Hotel Project.

Staff recommends the approval of this ordinance.

BACKGROUND INFORMATION

Tax Increment Reinvestment Zone Number 11 ("Inner City TIRZ" or "TIRZ") was designated in 2000 to support redevelopment and public infrastructure improvements through the TIRZ which includes City Council Districts 1, 2 and 5. The Inner City TIRZ Board has made several amendments to the Project Plan as a result of a process which identified development projects eligible for TIRZ funding.

The Project Plan includes the support for the San Antonio Staybridge Hotel project. The City has negotiated a Development Agreement where SSG Hotel, LLC agrees to make infrastructure improvements in and around the Staybridge Hotel in the St. Paul Square Area in City Council District 2. The public improvements include street improvement to Gonzales, Hoefgen and Heiman streets, development of urban park, landscaping, water and sewer utilities, curbs, sidewalks, electric utilities, drainage and other improvements as required by the City and the Unified Development Code. The improvements will support the development of the Staybridge Hotel, a 138 room hotel. The project is expected to be completed during the second quarter of 2007. The term of the Agreement begins 10 days after City Council approval of the Agreement. Total reimbursement for these public infrastructure improvements during 8-year term is \$1,000,000, made twice a year as increments are deposited in March and August.

The Agreement includes other requirements such as insurance, payment of prevailing wages, small/minority contracting requirements, indemnification, defaults and remedies, and other stipulations. The Agreement was approved by the TIRZ Board on February 13, 2006 and also requires approval by the City Council.

POLICY ANALYSIS

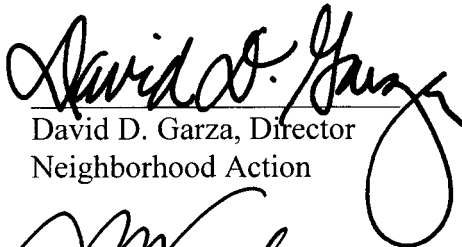
The TIF Statute allows municipalities to enter into agreements that would support a public purpose. Staff has negotiated the Development Agreement which details the construction schedule. The Agreement details the terms and conditions under which the TIRZ fund shall provide for payment.

FISCAL IMPACT

Approval of this ordinance authorizes the Inner City TIRZ Board and the City to issue payment from the Inner City TIRZ Fund to SSG Hotel, LLC in an amount not to exceed \$1,000,000 in incremental payments beginning in FY 2008 through FY 2015. All payments will be made from the increment generated through the Inner City TIRZ. If funds are not available from the Inner City TIRZ, payments cannot be made for that given period. There is no impact to the General Fund.

COORDINATION

This item has been coordinated with the Inner City TIRZ Board and the City Attorney's Office.

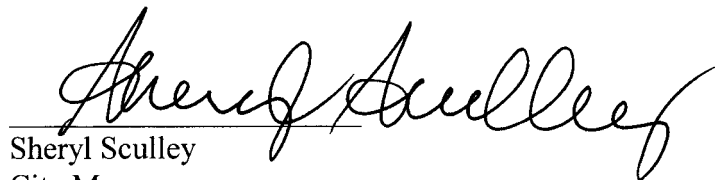


David D. Garza, Director
Neighborhood Action



Jelynn LeBlanc Burley
Deputy City Manager

Approved for Council Consideration:



Sheryl Sculley
City Manager