

AGENDA ITEM #4

MEETING: Community Health, Environment, & Culture Committee

DATE: September 23, 2021

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT

Alameda Theater Funding Agreement

SUMMARY

Amending the Funding & Development Agreement between the City of San Antonio and the Alameda Theater Conservancy to include an additional \$7 million for the construction of the second and final phase of the Alameda Theater Restoration project. This item will also appropriate \$400,000 for environmental remediation and monitoring at the site.

BACKGROUND INFORMATION

For the past 5 years, the City of San Antonio, Bexar County, Texas Public Radio (TPR) and La Familia Cortez have been working on redevelopment of the Alameda Theater Complex, including the construction of the TPR headquarters within a newly constructed back stage annex of the Alameda Theater, and restoration of the historic Alameda Theater as a multi-media live performing arts and film center that would feature the American-Latino multicultural story.

Overseeing the theater project is the Alameda Theater Conservancy (ATC), a 501(c)(3) that was created in May 2017. The mission of the ATC is to be a vital presenter of Latino arts and culture, and to manage and program the Alameda Complex. In recognition of the role of the arts to unite people, the ATC aims to serve a diverse San Antonio audience with programming that entertains, educates and inspires. The initial board includes a representative from the City of San Antonio, Bexar County, Texas Public Radio and La Familia Cortez.

The City entered into a Master Lease Agreement with the ATC for management of the Alameda Theater capital project and future operations and programming of the Theater. The ATC has a long-term sublease with TPR for occupation of the Annex property as its corporate headquarters.

In August 2017, City Council approved a Funding & Development Agreement between the City, ATC, TPR, and Bexar County. The City of San Antonio and Bexar County contributed \$5.2 million each to the Theater portion of the restoration project. The City and County also provided \$200,000 each to support the Conservancy's basic operations during a two-year design period.

In October 2019, City Council approved a \$1.4 million tax increment grant for environmental remediation, treatment, and monitoring of the development site and historic buildings. Texas Public Radio received \$900,000 of the grant, and ATC received the remaining \$500,000. The TIRZ also provided a total of \$550,000 to support the ATC's operational expenses for FY2020 and FY2021, and the County provided matching funds. Due to project impacts of COVID-19, operational funding was not completely utilized during the term of the agreement. An amendment is recommended to make the remaining funding available through FY2022.

Additional funding sources for the project include various state and federal historic tax credits, and potential new market tax credits. The multi-level tenant space located in the theater complex is outside the scope of the restoration project and will be funded separately.

ISSUE

Phase 1 of the Alameda Theater Restoration project commenced in January 2020 and was completed in April 2021, addressing environmental risks and connecting to utilities while Houston Street was closed. Phase 2 of the project, the final phase which includes major construction and finish-out, was expected to launch immediately upon Phase 1 completion.

In March 2021, the Alameda Theater Conservancy announced the temporary suspension of construction due to funding shortfalls. The expected budget for Phase 2 is approximately \$27 million, which was to be partially funded through a capital fundraising campaign. The fundraising campaign was intended to launch in 2020, but was delayed indefinitely as the pandemic placed unprecedented demand on charitable giving.

If approved, the Houston Street TIRZ funding in the amount of \$7 million will help fund construction of this second and final phase of the theater project. Bexar County will provide matching funds for construction in the amount of \$7 million, for a total additional amount of \$14 million in construction funding. An additional \$400,000 from the TIRZ will be granted to the Center City Development and Operations Department to fund ongoing environmental monitoring and remediation required on the site. The Houston Street TIRZ Board approved this funding at its August 27, 2021 meeting.

The TIRZ contribution will be complemented by state and federal historic tax credits, estimated at \$12 million. Once funded, construction will resume in Spring 2022 and will be complete in Fall 2023. The multi-level tenant space located in the theater complex is outside the scope of the project and will require separate funding. New markets tax credits are contemplated as a potential funding source for this portion of the complex.

ALTERNATIVES:

This item is for briefing purposes only.

FISCAL IMPACT:

This item is for briefing purposes only.

RECOMMENDATION:

Staff recommends forwarding this item for City Council consideration.