



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 5/5/2020

District B

Item Creation Date: 3/16/2020

HCD20-31 Teloloapan (Telo) Meat Market #8

Agenda Item#: 40.

Summary:

NOT A REAL CAPTION

ORDINANCE authorizing a first amendment to contract between the City of Houston and **TELO (TELOLOAPAN) MARKET #8** due to an unanticipated increase in construction and contract extension - \$200,000.00 - Grant Fund

Background:

The Housing and Community Development Department (HCDD) recommends Council approval of a First Amendment between the City of Houston (City) and Telo (Teloloapan) Market #8, Inc. to convert a loan repayable to the City in the amount of \$200,000.00 into a Grant due to an unanticipated increase in the construction budget. A three (3) month extension to the term of the Restricted Use Period will be provided as consideration for this \$200,000.00 conversion of a Loan to a Grant. In addition, the term of the contract will be extended an additional six (6) months to allow for project completion.

The Contract Agreement between the City and Teloloapan was approved by City Council on December 20, 2018 (ORD. #2018-750) as a Grant/Loan for \$835,000.00 to be provided to the Recipient in the form of a \$200,000.00 loan repayable to the City and \$635,000.00 of which was to be a Grant. This request to convert the loan payment to a grant is due to a potential increase in the construction budget.

The proposed grocery store will be approximately 15,000 square feet and serve the Fifth Ward community by offering fresh food and creating approximately 71 new job opportunities in this community. The store will include a meat department, fresh produce, processed foods, a bakery, tortilla factory, and kitchen area for casual dining. The store will invest in its employees by providing company training and by paying for certifications in food managing and handling. Today, they operate seven locations in the Houston area, with this investment being their largest store to date.

The total cost of the project is estimated to be approximately \$3,357,033.64, of which \$2,522,033.64 is funded by Telo Market for the build out and \$835,000.00 is funded by HCDD as an Economic Development activity to purchase and install fixtures and equipment.

Sources	Amount	Uses	Amount
Telo Market	\$ 2,522,033.64	Build Out	\$ 1,039,347.00
HCDD	\$ 835,000.00	Equipment/Fixtures	\$ 1,222,686.64
		Administrative Cost (supplies, advertising, inventory, etc.)	\$ 1,095,000.00
Total	\$ 3,357,033.64	Total	\$ 3,357,033.64

Fiscal Note:

No fiscal note is required for grant items.

DocuSigned by:

Tom McCasland
Tom McCasland, Director

Prior Council Action:

12/20/2018 (O) 2018-0750

Amount of Funding:

Contact Information:

Roxanne Lawson
(832) 394-6307

ATTACHMENTS:

Description

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Ordinance 2018-0750 - Contract Agreement
SAP Documents
Funding Document - PNFDF

Contract/Exhibit
Financial Information
Backup Material