

November 22, 2022



Item 38

1 Texas Tower Redevelopment

First Amendment to Chapter 380 Agreement

Goal 1. Cultivate an environment conducive to strong, sustainable economic development



1 Texas Tower: Requested Council Action

Discussion and action on a resolution **amending the Chapter 380 Agreement** between the City of El Paso and 1 Texas Tower, LLC and Hotel Dulcinea, LLC to support and facilitate the **development of a hotel**, including the redevelopment, **rehabilitation** and improvement of the **downtown building** commonly known as **1 Texas Tower**, located at **109 N. Oregon**.

- First amendment to Agreement approved in May 2022
- Increase capital investment by \$2 million (to \$20 million)
- Upgrade hotel flag to Canopy by Hilton
- Increase rebate on Hotel Occupancy Tax by an amount proportionate to increase in investment
- Extend construction and agreement term deadlines

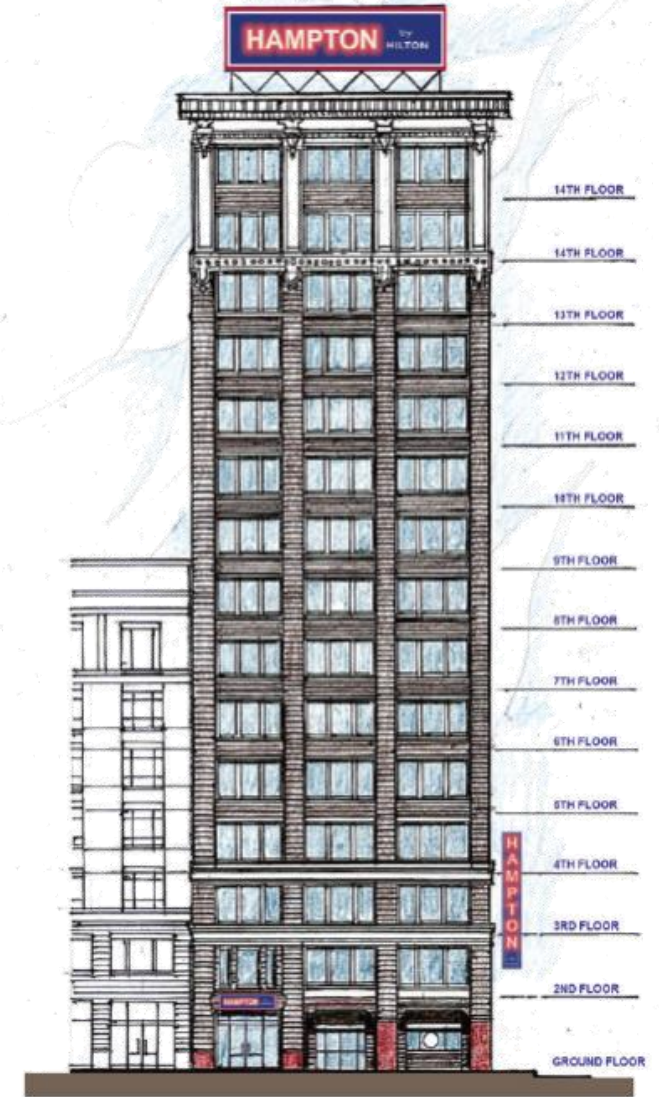


*Image Source: CommercialEdge

1 Texas Tower: Existing Project Summary

Subject Property: 109 N. Oregon

- Renovation and conversion of a minimum 120-room hotel
- Retail and restaurant space on ground floor, including Café Central
- Minimum \$18 million investment
- Chapter 380 Agreement approved May 2022, securing
- Leverages state tax revenue generated by the project through the State Convention Center Hotel Program
- Secures 1,200+ rooms needed for convention attraction
- Preserves the façade of a property listed on the National Register of Historic Places
- City performance-based incentive capped at \$2.186 million or 12.1 percent of total minimum investment

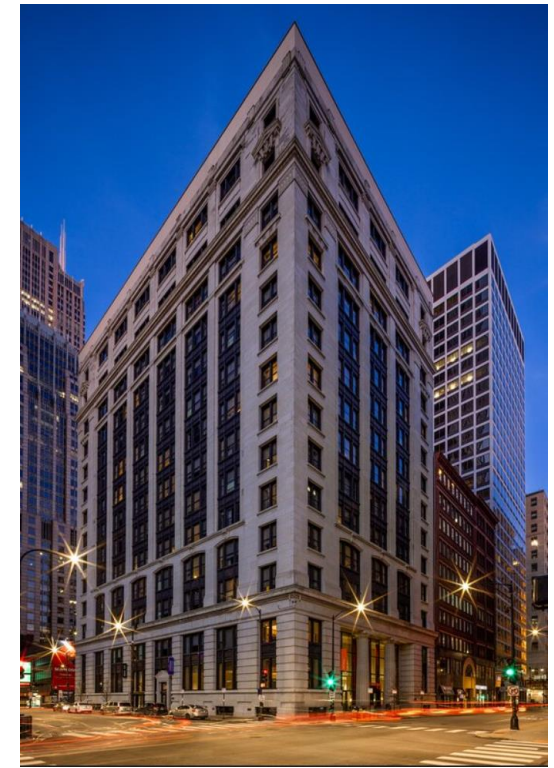


FACADE ALONG N. OREGON ST.

SCALE: 3/32" = 1'-0"

Proposed Amendment: Upgrade to **Canopy by Hilton**

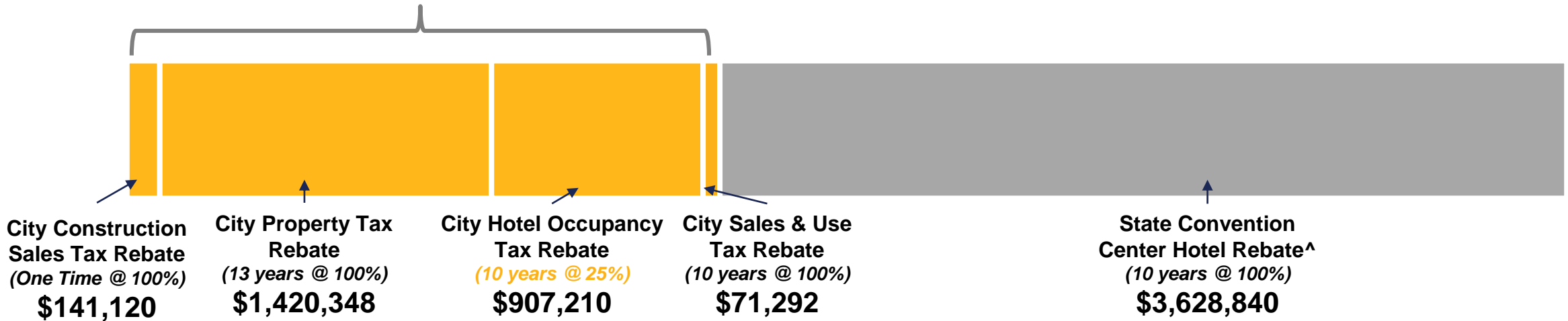
- Upgrade hotel flag to Canopy by Hilton
 - Urban boutique hotel brand
 - 25 locations in the U.S. – 4 in Texas
- Increase minimum investment by \$2 million, from \$18 to \$20 million
- Extend construction deadlines and agreement term by 12 months
- Increase City Hotel Occupancy Tax rebate proportionate to the increase in investment
 - From 20 to 25 percent rebate on City's 7 percent HOT over 10-year period
- Cap total City incentive at 12.7 percent of total investment



Proposed Incentive :

Estimated City and State Incentive Summary on \$20 million Investment

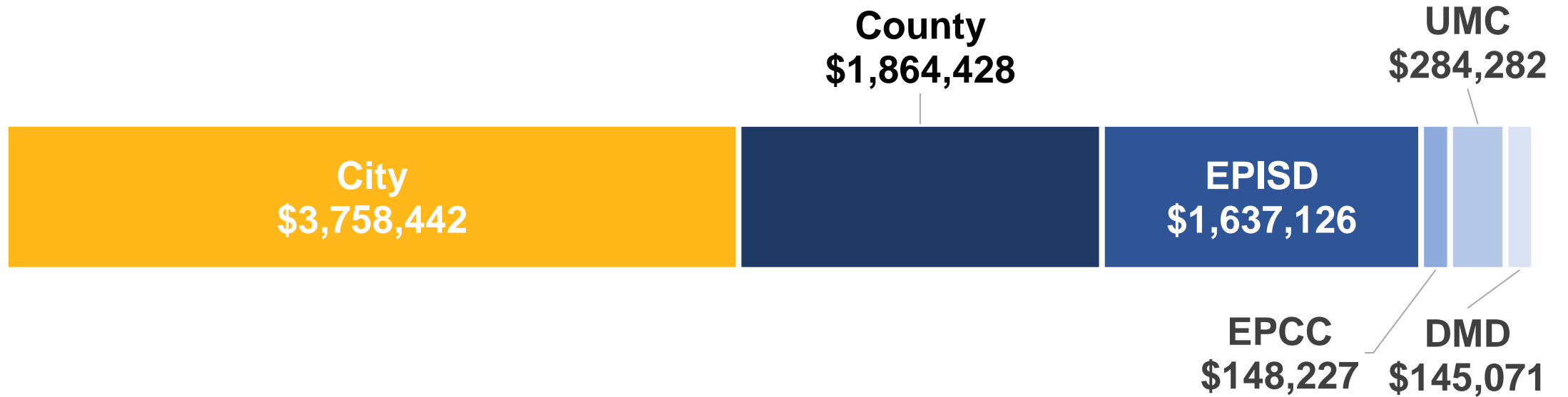
Total City Incentive* = \$2,539,971



Total City & State Incentive = \$6,168,811

**Development & Permitting Fees will additionally be waived and are not included in this cap
 ^State Convention Center Hotel Rebate includes rebate on State portion of the Hotel Occupancy Tax and Sales and Use Tax for sales completed at the Hotel*

Community Tax Benefit : New Revenue Over 10-Years



Total Community Tax Benefit = \$8,019,018



Recommendation

- Staff recommends approval of the proposed amendment to secure:
 - A boutique Canopy by Hilton hotel, representing a minimum \$20 million investment
 - The 1,200+ rooms needed for convention attraction
 - Preservation of the façade of a property listed on the National Register of Historic Places
 - Completion of construction by end of 2026





Mission

Deliver exceptional services to support a high quality of life and place for our community



Vision

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government



Values

Integrity, Respect, Excellence, Accountability, People