

May 24, 2022



Items 31 and 32

Texas Tower Redevelopment

Chapter 380 Economic Development Program
Agreement & Long-Term Lease



Goal 1: Create an Environment Conducive to Strong Sustainable Economic Development

Project Summary :

Proposed Renovation of Texas Tower

Subject Property: Texas Tower

Property Address: 109 North Oregon St.

Applicants: 1 Texas Tower, LLC & Hotel Dulcinea, LLC

Minimum Investment: \$18,000,000

- Renovation and conversion to a 3-star, 120 room hotel
- Retail and restaurant space on ground floor
- Secures 1,200+ rooms needed for convention attraction
- Leverages state dollars through the State Convention Center Hotel Program; however, participation in the program is not guaranteed
- Preserves the façade of a property listed on the National Register of Historic Places



Project Location & Surrounding City Investments

Texas Tower



Children's Museum



Paseo del Norte Hotel



Paseo del las Luces



San Jacinto Plaza



Martin Building



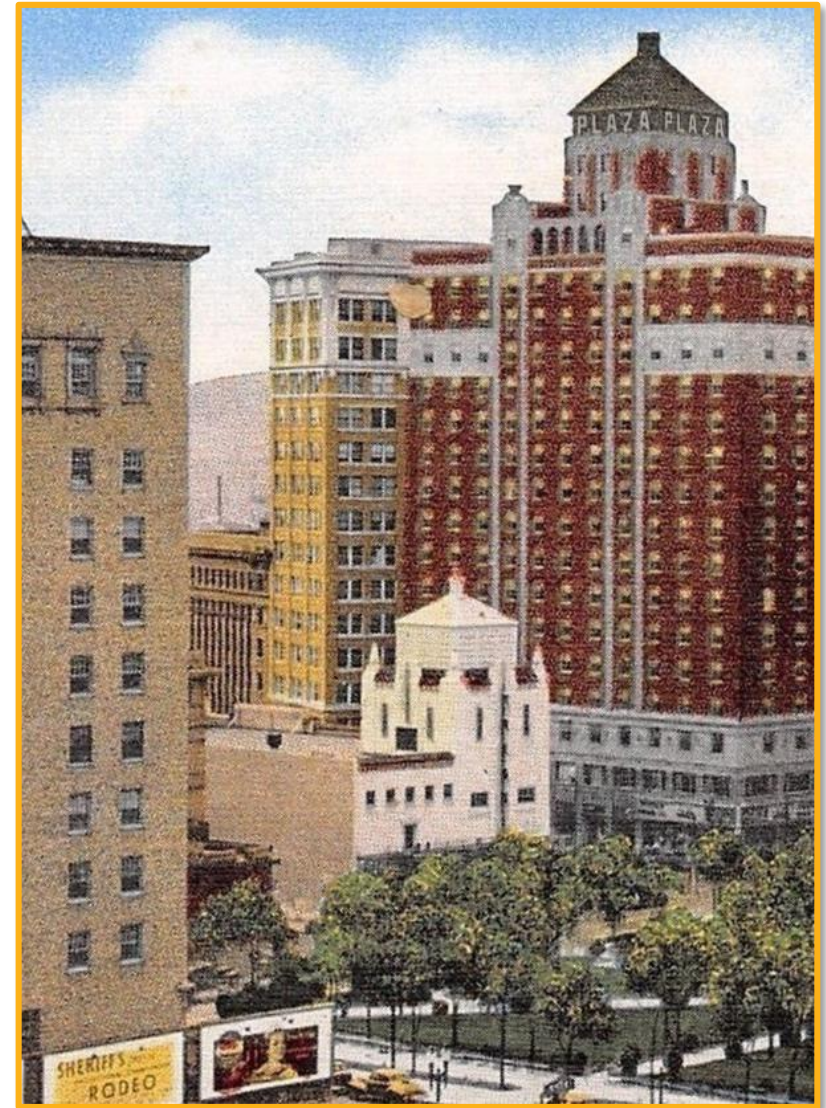
Plaza Hotel



Downtown Revitalization :

Emphasis on Historic Preservation

- Historic preservation and rehabilitation is central to our Downtown revitalization strategy.
- Of the 29 completed or active projects incentivized over the last ten years, **five historic renovations have been completed and one (the Kress Building) is in development.**
- Completed or planned renovations include redevelopment of the **Plaza Hotel, Paso del Norte Hotel, Bassett Tower, Martin Building, Stanton House, and Kress Building.**
- Together those historic renovations represent more than **\$206 million** in Downtown reinvestment. That number increases to **\$224 million** with the addition of the Texas Tower project.
- With Texas Tower, these projects result in the addition of **five new hotels** and **more than 720 guest rooms** to our Downtown area.



Current Conditions :

Texas Tower at 109 N Oregon St



**Exterior at North
Oregon Street**



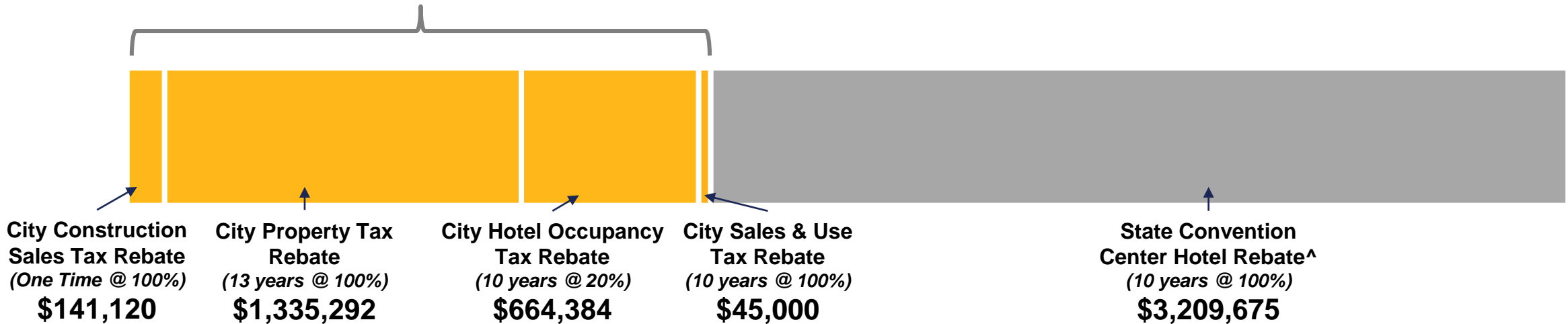
**Exterior at Alley south
of the Plaza Hotel**



**Façade from Pioneer
Plaza**

Proposed Incentive : City and State Incentive Breakdown

Total City Incentive* = \$2,185,796



**Total City & State
Incentive = \$5,395,471**

**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 13-Year Agreement Term*



Total Community Tax Benefit = \$8,660,000

**Models new property and hotel occupancy tax revenue only; new sales an use tax revenue is not modeled. Additionally, assumes property is appraised at minimum contractual value of \$5.455 million.*

Project Re-Cap: Community Benefits

- **Increases guest rooms** available in the downtown area, increasing ability to compete for convention events.
- **Contributes to the preservation** of Downtown's historic character.
- **Results in net-positive tax revenue** for the City and other community taxing entities.
- **Supports the use of surrounding downtown facilities**, including San Jacinto Plaza, Convention Center Facilities, and parking garages.
- **Brings online an otherwise underutilized building.**
- **Diversifies hotel market** in Downtown El Paso.



Council Requested Action

Authorize the City Manager to sign a **Chapter 380 Economic Development Agreement** and **Long-Term Lease** for the redevelopment, rehabilitation, and improvement of **Texas Tower**.

- To qualify for participation in the State Convention Center Program, the City must own the land on which the Hotel is located; and the Hotel must be within 1,000 feet of Convention Center Facilities. The 380 Agreement and Long-Term Lease ensure this project meets both requirements.





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