

**CITY OF EL PASO, TEXAS  
AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM**

**DEPARTMENT:** Economic Development

**AGENDA DATE:** Introduction: March 3, 2009 (Regular)  
Public Hearing: March 10, 2009 (Regular)

**CONTACT PERSON/PHONE:** Kathryn B. Dodson, (915) 541-4670

**DISTRICT(S) AFFECTED:** 8

**SUBJECT:**

Discussion and Action on an Ordinance approving the Final Project Plan and Final Reinvestment Zone Financing Plan for Tax Increment Reinvestment Zone Number Five, City of El Paso, Texas (District 8)  
[Economic Development, Kathryn B. Dodson, (915) 541-4670]

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**BACKGROUND/DISCUSSION:**

The Tax Increment Financing Act, Chapter 311 of the Texas Property Tax Code, provides the statutory authority for municipalities to create a Tax Increment Reinvestment Zone (Reinvestment Zone). Municipalities that create Reinvestment Zones have several requirements including adoption of a Final Project Plan and a Final Reinvestment Zone Financing Plan. Attached for your consideration are the Final Project Plan and Final Reinvestment Zone Financing Plan for Tax Increment Reinvestment Zone Number Five. Several factors necessitate that a final set of plans be developed:

1. The Reinvestment Zone was expanded in December 2007 to add approximately 99 more acres to the area. The acreage, projects and property valuation revenue for the expanded area has to be incorporated into the final plans.
2. New property valuation figures and projections were completed as part of the Phase II Implementation study commissioned by the City in 2008.
3. The final plans, based on the preliminary plans adopted when the Reinvestment Zone was designated, need to be prepared by the Board and adopted by City Council to be in compliance with statutory requirements.

The Final Project Plan and Final Reinvestment Zone Financing Plan document is formatted to track state law requirements directly. Projects that may be funded by the TIRZ Fund can be incorporated in the plans via an amendment process.

**PRIOR COUNCIL ACTION:**

**Has the Council previously considered this item or a closely related one?**

Yes, preliminary project and financing plans were adopted by City Council Ordinance No. 016528 on December 19, 2006 when Reinvestment Zone was created

**AMOUNT AND SOURCE OF FUNDING:**

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

NA

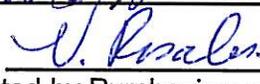
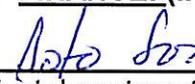
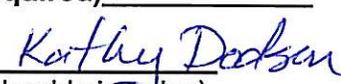
**BOARD/COMMISSION ACTION:**

The Tax Increment Reinvestment Zone Number Five Board voted unanimously to recommend approval on February 12, 2009.

Pending LRC Recommendation (LRC meeting scheduled for Feb. 23, 2009)

\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

**LEGAL:** (if required)  **FINANCE:** (if required) \_\_\_\_\_

**DEPARTMENT HEAD:**   

(Example: If RCA is initiated by Purchasing, client department should sign also).

*Information copy to appropriate Deputy City Manager*

**APPROVED FOR AGENDA:**

**CITY MANAGER:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE APPROVING THE FINAL PROJECT PLAN  
AND FINAL REINVESTMENT ZONE FINANCING PLAN FOR  
TAX INCREMENT REINVESTMENT ZONE NUMBER FIVE,  
CITY OF EL PASO, TEXAS.**

**WHEREAS**, by City of El Paso Ordinance No. 016528, adopted December 19, 2006, later amended by Ordinances Nos. 016803 and 016804 on December 18, 2007, the City created Tax Increment Reinvestment Zone Number Five, City of El Paso, Texas (the "Zone") for the purposes of development within the Redevelopment Districts in the Downtown 2015 Plan; and

**WHEREAS**, the Board of Directors of Tax Increment Reinvestment Zone Number Five on February 12, 2009, adopted the Final Project Plan and Final Reinvestment Zone Financing Plan attached hereto and incorporated herein for the development of Tax Increment Reinvestment Zone Number Five; and

**WHEREAS**, Section 311.011(d) of the Tax Increment Financing Act, Chapter 311, Texas Tax Code, requires that the City Council approve by ordinance the Final Project Plan and Final Reinvestment Zone Financing Plan after its adoption by the Board of Directors for the Zone; and

**WHEREAS**, it is hereby officially found and determined that the meeting at which this Ordinance is passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF  
THE CITY OF EL PASO:**

Section 1. That the statements set forth in the recitals of this Ordinance are declared to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That the Final Project Plan and the Final Reinvestment Zone Financing Plan attached hereto and incorporated herein for Tax Increment Reinvestment Zone Number Five, City of El Paso, Texas, are hereby determined to be feasible and in conformity with the City's master plan and said plans are hereby approved.

Section 3. That the City Clerk is directed to provide copies of the Final Project Plan and Final Reinvestment Zone Financing Plan to each taxing unit levying ad valorem taxes in the Zone.

ORDINANCE NO. \_\_\_\_\_

Section 4. That this Ordinance shall be in full force and effect upon the date of its passage by City Council.

**PASSED, APPROVED AND ADOPTED** this \_\_\_ day of \_\_\_\_\_, 2009.

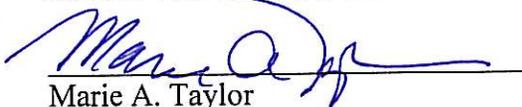
CITY OF EL PASO

\_\_\_\_\_  
John F. Cook  
Mayor

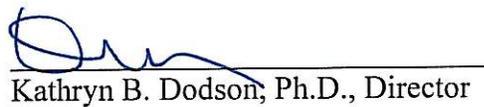
ATTEST:

\_\_\_\_\_  
Richard Duffy Momsen  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Marie A. Taylor  
Assistant City Attorney

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
Kathryn B. Dodson, Ph.D., Director  
Economic Development Department

**FINAL PROJECT PLAN  
AND  
FINAL REINVESTMENT ZONE FINANCING PLAN  
FOR**

REINVESTMENT ZONE NUMBER FIVE  
CITY OF EL PASO, TEXAS

**Downtown Redevelopment Districts**

**APPROVED: March 10, 2009**

Amended:

## **EL PASO DOWNTOWN DEVELOPMENT PROJECT**

### **I. EXECUTIVE SUMMARY**

This Final Project Plan and Final Reinvestment Zone Financing Plan for TAX INCREMENT REINVESTMENT ZONE NUMBER FIVE, CITY OF EL PASO, TEXAS (the "Zone") was recommended for adoption by the Board on February 12, 2009 and is based on the Preliminary Project and Financing Plan adopted by City Council when the Zone was created in December 2006. In October 2007 the TIRZ Board adopted the preliminary plans prior to adoption of the final plans.

The Final Project Plan and Financing Plan was completed in accordance to the provisions of the Tax Increment Financing ("TIF") Act, Chapter 311, Texas Tax Code, as amended (the "Act"), and specifically to Section 311.011 (Project and Financing Plan) of the Act. The Board of Directors of the Zone adopted the Final Project Plan and Final Reinvestment Zone Financing Plan on February 12, 2009. The document was approved by the El Paso City Council on March 10, 2009. The Plans are consistent with the preliminary plans developed for the zone before the creation of the Board.

The Zone was created on December 2006 and in December 2007 El Paso City Council approved an expansion of the Zone upon the recommendation of the Board. Additionally, City Council approved commissioning a Phase Two Implementation Study for the Downtown 2015 Plan—the Downtown 2015 Plan contains the proposed redevelopment projects and activities for the Zone—and the Phase Two study includes an updated economic feasibility that builds on the first completed as part of the preliminary financing plan and including the larger Zone. The Phase Two Implementation study report is included in this final project and financing plan as Exhibit D and is therefore adopted as part of this document. The Preliminary Project and Financing Plans are the basis for the final plans thus ensuring that the final plans are consistent with the preliminary plans. The final Plans include revisions and adjustments to the Preliminary Plan based on the expanded Zone area and on the Phase Two Implementation Study recommendations. The Final Plans replace the preliminary plans.

## II. OVERVIEW

In a resolution passed and approved on July 10, 2006, the City Council of the City of El Paso, Texas (the "City") expressed its intent to create the Zone to enable the redevelopment of approximately 188.42 acres of land in the downtown area made up of five geographically distinct and contiguous redevelopment districts for both commercial and residential uses (the "Project"). The Zone was created on December 19, 2006 through approval of Ordinance No. 016528. The Zone was expanded with the recommendation of the TIRZ Board by City Council on December 18, 2007 with two Ordinances; Ordinance No. 016803 and Ordinance No. 016804, amending Ordinance No. 015628 and expanding the acreage of the Zone. The amending ordinances consist of the "TIRZ Addition" or 99.268 acres added into the Zone. The total acreage of the Zone is now 288.29 acres. The districts affected by the TIRZ Addition include the Exhibition/Convention/Arena District (Entertainment) District, the Residential Mixed-Use District and the Downtown Core of the Historic Incentive District as a new redevelopment district. All of these Districts are identified and described by the City's Downtown 2015 Plan. The Zone has been established pursuant to the provisions of the Tax Increment Financing ("TIF") Act, Chapter 311, Texas Tax Code, as amended (the "Act"). Notwithstanding the enlargement of the Zone boundary, the Zone continues to meet the requirements of the Act. The acreage breakdown by district for the Original TIRZ and TIRZ Addition is below.

**Table 1. Tax Increment Reinvestment Zone No. 5 Acreage by District**

<b>Redevelopment Districts</b>	<b>Original TIRZ Acreage</b>	<b>Percent of TIRZ</b>	<b>TIRZ Addition Acreage</b>	<b>Total Acreage</b>	<b>Percent of TIRZ</b>
Lifestyle Retail	24.96	13.2%		24.96	8.7%
Exhibition/Convention/Arena	54.14	28.7%	1.134	55.27	19.2%
Mercado/Residential	20.72	11.0%		20.72	7.2%
Border Retail	9.32	4.9%		9.32	3.2%
Residential/Mixed Use	79.28	42.1%	0.584	79.86	27.7%
<b><u>Historic Incentive District</u></b>					0.0%
Downtown Core			98.147	98.15	34.0%
<b>TOTALS:</b>	<b>188.42</b>		<b>99.865</b>	<b>288.29</b>	<b>100.0%</b>

The Project is being implemented according to the City's Downtown 2015 Plan adopted by City Council on October 31, 2006 through Ordinance No.01648 and as amended by Ordinance No. 016885 on May 13, 2008.

The duration of the Zone is thirty (30) years with the Zone being in existence through calendar year 2036.

The cost of the public infrastructure improvements and related capital costs for the Project is estimated at \$57,241,613 for the original TIRZ districts and \$24,466,162 for the TIRZ Addition. The proposed public infrastructure improvements for the Project include the installation, extension and/or renovation of streets, drainage, utilities and sidewalks, and the construction of other public improvements including streetscape improvements and amenities related to developments that include housing, in particular affordable housing as a priority. The City will contribute 100% of its tax increment revenue; no other taxing authorities are participating.

The Project will be completed in accordance with the City's Downtown 2015 Plan which forms a portion of *The Plan for El Paso*, the City's comprehensive plan. The Phase Two implementation study for the adopted Downtown 2015 Plan is the more detailed roadmap for implementation and is included in this document as an Exhibit. The six redevelopment districts—including the newest redevelopment district consisting of the Downtown Core of the Historic Incentive District—in the Project will create the demographic basis that will serve as a catalyst for further commercial and industrial developments to occur in the City's downtown area. In turn, a vibrant downtown area will enhance economic opportunities city-wide.

## II. FINAL PROJECT PLAN

The redevelopment plan is designed to encourage private investment in downtown El Paso and create new housing, shopping and entertainment alternatives, all of which will significantly increase tax revenues for all downtown taxing authorities. Exhibit A is the Zone map showing the boundary of the Zone including the six redevelopment districts as detailed in the City's adopted Downtown 2015 Plan.

Tax increment generated within the Zone will provide financing to assist the Project. Proposed improvements in the Zone will be undertaken in six (6) distinct geographic redevelopment districts; a map of the districts is in Exhibit A. Each of the districts has at least one catalyst project to spur further development in that district as shown in Exhibit C. Within all districts, streetscape improvements and housing developments can receive special consideration. Streetscape for purposes of this project plan is defined as the space between the buildings on either side of a street that defines its character with the elements of a streetscape including: building frontage/façade; landscaping (trees, yards, bushes, plantings, etc.); sidewalks; street paving; street furniture (benches, kiosks, trash receptacles, fountains, etc); signs, way-finding signage; awnings; and street lighting.

### **A. Existing Conditions and Proposed Uses: Section 311.011(b)(1)**

The current use and condition of the property within the Zone is provided in Exhibits B-1 to B-6 show each redevelopment district within the Zone. Narrative descriptions of the existing uses and conditions for each district are included below followed by narrative descriptions of proposed improvements for each district. Exhibit F includes a map of proposed improvements and Exhibit C is the map of proposed uses including catalyst projects included in the Downtown 2015 Plan, both of which are incorporated by reference in this Section.

#### 1. Lifestyle Retail

Approximately, nine percent (8.7%) or 24.96 acres of the Project is designated for this district, as depicted in Exhibit B-1. The retail area bounded by Santa Fe and

Kansas/Campbell Streets, Overland and Paisano is primarily occupied by one and two story retail buildings and parking lots. A modest amount of attractive historic buildings are surrounded by one story retail storefronts. The retail composition is largely clothing, health and beauty supply, pawn and second hand shops, gifts and housewares. Storefronts have been altered and adapted to their current retail use and there are very few observed upper floor uses. Upper floor windows are often boarded or bricked suggesting no intent for future use. The two major shopping streets are El Paso and Stanton and the retail energy found on these streets extends several blocks to the border. Significant retail outlets in this area include Star Western Wear and Holland's Department Store. There are very few restaurants with only one or two establishments open in the evening.

In the Downtown 2015 Plan, an extension of First Street is identified as the single most important action to stimulating new multi-faceted retail growth in this district. This would create an opportunity for pedestrian-oriented retail in an area targeted for upscale and unique stores, which may include thematic retail clusters. The Plan anticipates the construction of 600,000 square feet of retail space. An anchor retail facility on First Street is an anticipated catalyst project. This is shown in Exhibit C.

## 2. Convention/Entertainment/Arena

The Entertainment district makes up approximately nineteen percent (19.2%), or 55.27 acres of the Project as depicted in Exhibit B-2. This district is generally bounded by Durango and Leon streets to the west, the Union Pacific rail yard to the southwest and Santa Fe and El Paso Streets to the east. Current uses in this district include City Hall and the municipal convention center, Insights Science Museum and portions of the Union Plaza District. South of the convention center and west of Santa Fe Street, the City has constructed a new district Fire Station along Leon Street and a new public parking facility in a portion of the Union Plaza Zoning District. This area continues to be a fragmented neighborhood of partially occupied warehouses, bus yards, scattered single family, multi-family residences and vacant lots or parking lots. Very little retail or commercial development has made its way into the Union Plaza area.

A major entertainment area is anticipated for this district including a potential new downtown arena and arena hotel. The arena would become a hub for hosting sporting events, trade shows, conventions and other entertainment programs. An arena hotel would be an ideal the catalyst project for the district as tentatively depicted in Exhibit C. South of Paisano Drive the City will be constructing a new transit transfer terminal is proposed to serve as a central transfer station for local bus service.

### 3. Mercado/Residential

The Mercado/Residential district contains approximately seven (7.2%), or 20.72 acres of the Project as depicted in Exhibit B-3. Bounded by the alleys between El Paso and Santa Fe and Mesa and Stanton Streets, Paisano and Sixth is a mixed use neighborhood occupied by one and two story buildings and small off street parking areas; there is a retail and residential mix in this area with Sacred Heart Catholic Church prominently in its center. Retail storefronts are located on the ground floors of buildings with the retail composition consisting primarily of pawn and second hand shops, clothing, house wares and a few fast food and other restaurants. Multi-family residential uses are located to the south of this district in a mix of multi-family development including older tenement style buildings made of brick. The mixed-use residential neighborhood is the westernmost edge of the Segundo Barrio neighborhood.

A colorful, arts-inspired Mercado serves as the optimal catalyst for this district. The Mercado would serve as an attraction for local artisans and retailers to an area designed for shopping, strolling, dining and attending cultural events, as depicted at Exhibit C. Local retail is expected to increase by 200,000 square feet and would include produce, arts, crafts, and ethnic markets. A new plaza, park and arts walk would contribute to the revitalization of this district.

### 4. Border Retail

Approximately three (3.2%), or 9.32 acres of the Project will offer additional outlet and other unique stores. A depiction of the Border Retail space is provided at Exhibit B-4. The border area between El Paso and Stanton Street is a fragmented series of blocks bordered to the east by the imposing U.S. Immigration entry station on El Paso

Street; to the south by the Border Highway, rail right-of-way and Rio Grande; and typical neighborhood blocks of the Segundo Barrio to the north and east. Just outside of this district is the El Centro de los Trabajadores Agricolas Fronterizos, the Farm Workers' Center, which provides services to recent immigrant workers. The large United States Customs Center where thousands of Mexican citizens and few Americans move through on foot and by vehicle every day poses a significant barrier to pedestrian and vehicular movement to the east and is also adjacent to this district.

This border retail district will serve as the southern anchor to the "Golden Horseshoe" shopping area and provide an additional 300,000 square feet of retail space and an additional parking resource as Exhibit C illustrates.

#### 5. Residential/Mixed Use

Approximately twenty-eight percent (27.7%) or 79.86 acres of the Project are for the Residential/Mixed Use district as Exhibit B-5 illustrates. This area east of the Downtown Core has a mix of government buildings on the western edge and is dominated by vacant lots and older residential buildings as one moves east. Beyond the mix of government buildings, warehouses, and occasional pre-war building, the area is pocked by empty lots, surface parking, and buildings in poor condition. Retail or commercial establishments are limited to commerce that services County judicial activities, automobiles, and limited light industry. The Magoffin Historic District, with its collection of restored and ready to be restored brick bungalows and stately homes lies further to the east. While several of these homes have become professional offices, the majority remain in poor repair or vacant. The district poses a significant opportunity for a mixed use and urban residential district due to its proximity to downtown, available land opportunities, and remnants of historic character.

This district is designated for the construction of a mixed use urban neighborhood in the Magoffin area with an estimated total of between 700 and 1,400 residential units and 195,000 square feet of retail space. The catalyst project for this redevelopment will be 400+ units of housing to address the immediate need for housing

due to relocation from other downtown areas. A depiction of the proposed improvements and uses in this district is provided at Exhibit C.

#### 6. Downtown Core (Historic Incentive District)

Approximately thirty-four percent (34%), or 98.15 acres of the Project, is designated for the downtown core within the Historic Incentive District as depicted in Exhibit B-6. The large buildings concentrated in the area around San Jacinto Plaza represent the downtown's past and are at the same time a major resource for the future. Large commercial structures, many of them architecturally significant and stately, establish a memorable central city character and image but require creative design and development strategies and a more robust downtown market for reuse. Throughout the U.S. these large-scale commercial building types, which were long ignored as inappropriate to the standards of current private office users, are now being considered for adaptive reuse - for smaller start-up and service businesses and for dramatically different uses such as residential. In the traditional downtown of El Paso there is also extensive, available vacant land or parking lots which are a resource for future construction and infill development, sensitively designed to be compatible with the historic downtown fabric.

A mix of uses is expected anchored by office buildings with a variety of retail uses on the ground floor, enhanced public open spaces, streetscape improvements, and visitor-oriented development. Between 100 and 400 residential units, 200 hotel rooms, 300,000 square feet of office space and 300,000 square feet of retail space are anticipated in this district. The catalyst project for this redevelopment is mixed use development incorporating office, retail and public open space adjacent and including San Jacinto Plaza. A depiction of the proposed improvements and uses in this district is provided in Exhibit C-2.

Improvements in all districts will take into account historic and culturally significant areas and structures and sensitive sites will be preserved. Redevelopment in these six districts is designed to both complement and stimulate improvements in the additional Historic Incentive Districts as described in the Downtown 2015 Plan.

## **B. Boundaries**

Exhibit A is the Zone map showing the boundary of the Zone including the six redevelopment districts as detailed in the City's adopted Downtown 2015 Plan. Generally, the 288 acre Reinvestment Zone is bounded by Durango, Leon and the Union Pacific rail yards to the west and southwest, includes portions south of Paisano Drive from the alleys between El Paso and Santa Fe and Mesa and Stanton Streets, Paisano and Sixth, and is again bounded by Paisano Drive just past St. Vrain, and by Hills, St. Vrain and Octavia Streets on the east in the area north of Paisano Drive, and includes most of the downtown core consisting of properties west of Campbell drive.

## **C. Municipal Ordinances:** Section 311.011(b)(2)

No changes to any ordinances, including development ordinances or building codes, are required to implement the Plan. The Plan was developed subsequent to and in accordance with the Downtown Redevelopment Plan as amended as an addendum to The Plan for El Paso, the comprehensive plan for the City. In addition to compliance with laws and procedures directly associated with the development of the Zone pursuant to the Act, the Project will comply with all local codes and ordinances, including local building codes. However, the City anticipates that zoning changes will be necessary in certain areas of the Zone on a project-by-project basis at the initiation of a private developer, as applicable.

## **D. Non-Project Costs:** Section 311.011(b)(3)

Non-project costs are estimated to total over \$148 million and represents expenditures that will not be funded or reimbursed by the TIRZ (see Table 2). For example, non-project costs include the mass transit improvements planned and proposed for the downtown area which enhance revitalization activity and are not funded with TIRZ.

**Table 2. Estimate of Non-Project costs**

Project	Estimated Non-Project Costs
<b><u>Public Projects</u></b>	
New Federal Courthouse	\$ 78,000,000
Sun Metro Mass Transit Improvements (New Downtown Transit Terminal, Bus Rapid Transit)	\$ 8,100,000
<b><u>Developer Projects</u></b>	
Double Tree Hotel	\$ 17,700,000
Fst Avenue Lofts (300 S. Florence)	\$ 2,130,000
Mills Building Renovation	\$ 25,000,000
Magoffin Park Villas	\$ 7,423,684
Façade and Other Building/Tenant Improvements	\$ 10,438,000
<b>TOTAL</b>	<b>\$ 148,829,968</b>

**E. Relocation** Section 311.011(b)(4)

The Plan anticipates that private developers will develop catalyst projects that contain housing residential mixed use components including new affordable housing. The Plan anticipates no resident will need to be relocated until new housing is available. The Plan anticipates the relocation or displacement of residents in approximately 500 housing units, primarily in the Mercado and Border Retail districts due to the purchase of homes/rental by private developers. In the event that residential properties are purchased by developers in connection with project construction, the City will assist displaced tenants in locating alternate housing or other housing assistance.

**F. Proposed Projects Eligible for TIRZ Funding**

**[RESERVED]**

**Table 3. Projects Eligible for TIRZ Funding**

<b>Project</b>	<b>Estimated Costs</b>	<b>Funding Sources</b>
<u>[intentionally left blank]</u>		
<u>[intentionally left blank]</u>		
<u>TOTAL</u>		

**Narrative Description of Proposed Projects:**

**[RESERVED]**

### **III. FINAL REINVESTMENT ZONE FINANCING PLAN.**

The 2006 base value of the 288.29-acre Project (Exhibit A) is \$177,151,502, and the projected captured tax incremental value is estimated to be \$1,114,720,000 as shown in Exhibit D (Phase II Report, Chapter 6, Table 6.7). The Zone has a duration of thirty (30) years. The estimated appraised value captured from the improvements to real property within the Zone would grow from \$119,103 in Tax Year 2007 to \$937,710,289 in Tax Year 2036 as shown in Exhibit D (Phase II Report, Chapter 6, Table 6.9). Increased taxable value from improvements in the Zone will provide a source of funding for the planned public improvements and enhanced infrastructure.

The City is the only participating taxing jurisdiction and its tax rate per \$100 valuation is at the current rate of \$0.6333 per mil; the tax rate in Fiscal Year 2007 was \$.671097 per mill. Based upon the FY 2007 tax rate, projected annual tax increment revenues are as shown on Exhibit D (Phase Two Report, Chapter 6, Table 6.9). No growth in tax rates is assumed, and the following taxing jurisdictions are not expected to participate: El Paso County, El Paso Independent School District, El Paso Community College, Downtown Management District and Thomason General Hospital (collectively, the "Taxing Units").

The cost of the public infrastructure improvements will be incurred by the developers and reimbursed over time from a City-managed account funded by the tax increment revenue generated within the Zone. The estimated total development costs for the public infrastructure improvements are \$81,707,776. Notwithstanding the above, tax increment revenue collected from the Zone will be used to pay costs in the following order of priority of payment: administrative including legal costs and financial advisors fees; to fund public improvements as TIRZ revenues are available for such payments.

#### **B. Estimated Project Costs Section 311.011(c)(1)**

The eligible public infrastructure improvements and related capital costs include the construction of streets, sidewalks, drainage, sewer and water utilities, public parks, other public improvements, a façade improvement program throughout the Zone as well as administrative costs as more specifically set forth on Table 4 which is derived from

Exhibits D (Phase Two Report, Chapter 4, 5 and Appendix 1) and E. The total Project Costs are estimated at \$81,707,776. The Zone Board, the City and the developers will make every effort to assure that the Project Costs are reasonable; however, it is understood that time and circumstances may affect the costs of individual projects causing them to rise or fall and that the costs outlined in this Plan are expressed in 2006 dollars; therefore, expense items may be adjusted over time to reflect actual costs. Additionally, expenditures may be re-allocated among line items. Every public project will be subject to the oversight of the Zone Board and the City, which oversight will consist of advance review of the appropriateness, timing, scale and scope of the proposed project. The Zone Board and the City will ensure compliance with all laws on competitive bidding, and City staff will review all Project Costs before any are eligible for reimbursement. In addition to those Project Costs set forth on Table 3, the categories of costs listed in Section 311.002(1) of the Texas Tax Code are eligible Project Costs. The Zone will fund Project Costs at the discretion and approval of the Zone Board and the City. As a general policy, tax increment revenue generated by properties located in the Original TIRZ will NOT be used to fund projects in the TIRZ Addition.

**Table 3. Estimate of Project Costs**

<b>Improvements</b>	<b>Cost</b>
Street Improvements	\$32,434,822
Streetscaping	\$14,321,462
Open Space Improvements	\$9,852,113
Arts Walk & Public Art	\$4,937,500
Relocation of Residents & Housing	\$8,351,494
Engineering/Consultants	\$5,788,462
Contingencies	\$5,343,077
Administrative	\$678,846
	\$81,707,776

When appropriate and practicable, reimbursement of the following Project Costs will be considered:

1. Capital Expenses related to demolition, environmental abatement and remediation including site work and fill necessary to prepare sites and existing structures for new use;
2. Land Costs associated with property formally conveyed to the public in conjunction with the implementation of project otherwise eligible for reimbursement may also be eligible for reimbursement, and the City and the Zone may establish procedures for determining the eligibility for reimbursement of such costs;
3. Matching Funds may be contributed in support of local, state, federal or other capital improvements programs that benefit the project and region;
4. Streetscape, gateways, parks and community facilities that enhance or serve the existing or future development, including but not limited to lighting, walks, landscaping, street furniture, greenbelts, paths, parks, outdoor pavilions, arts space and recreational/sports facilities;
5. Professional Fees incurred for architectural, planning, engineering, legal, landscape architecture, financial, marketing, public relations, management, leasing, bookkeeping, tax roll verification, environmental, archaeological, and other services and advice to the project;
6. Financing Costs related to developer interest and financing interest, if any; legal fees; underwriter fees, if any; brokerage charges; premium and fees paid for loans, if any; credit enhancement fees, if any; and notes, bonds, or other instruments of credit issued to pay for Project Costs, if any.

**C. Kind, Number and Location of TIRZ Improvements - Section 311.011(c)(2)**

A map reflecting the various types of TIRZ improvements that will be eligible for reimbursement, as known at the time of the preparation of this Plan, is included as Exhibit F. Over the life of this Plan, improvements listed in the Project Costs may be determined to be eligible for reimbursement. In addition, the Phase Two Implementation report included in Exhibit G details particular improvements to be funded.

#### **D. Economic Feasibility**

An economic feasibility study was produced for the preliminary financing plan and has been updated in 2007 as part of an additional report commissioned by City Council. Exhibit D includes the update to this feasibility plan and is adopted as part of this document. Exhibit D is the report entitled "Implementation of the El Paso Downtown 2015 Plan: Phase Two" which includes the road map for implementation of the downtown plan and therefore for implementation of projects within the Zone.

#### **E. Estimate of Bonded Indebtedness to be Incurred - Section 311.011 (c) (4)**

The City reserves the right from time to time during the duration of the Zone to issue tax-exempt bonds ("Bonds") payable from tax increment revenue. The future issuance of Bonds is at the City's sole and absolute discretion and would be preceded by an amendment to this Plan and approved by City Council. A notional bond analysis prepared by First Southwest Company in 2006 is provided as Exhibit H.

#### **F. Estimate of Time When Monetary Obligations Are Incurred - Section 311.011(c) (5)**

The City and Zone will incur monetary obligations as the stream of tax revenue allow. Developers will be reimbursed only after completion, inspection and acceptance by the City of eligible public improvements or as detailed in agreements between the City and the Developer(s). Administrative costs and costs related to the creation and organization of the Zone may be paid from tax increment revenue or bond proceeds, if issued. Administrative costs advanced by a developer are eligible for reimbursement from tax increment proceeds or bond proceeds.

#### **G. Methods of Financing and Sources of Revenue - Section 311.011(c) (6)**

The City will participate with 100% of its ad valorem tax increment revenue for the full life of the Zone and none of its sales tax revenue. No other taxing jurisdiction is anticipated to participate. Project Costs will be paid from tax increment revenue as available or by the issuance of bonds, if the City so elects and amends this Plan.

**H. Current Appraised Value - Section 311.011(c) (7)**

The total assessed value of the Zone in 2006 for the original district totaling 188.42 acres when created was \$106,883,525 based upon the El Paso Central Appraisal District 2006 certified roll. In 2007, the Zone was expanded to total 288.29 acres and the base year remained 2006. The total assessed value of parcels within the 288.29-acre Zone is \$177,151,502 based upon the El Paso Central Appraisal District 2006 certified roll.

**I. Estimated Captured Appraised Value - Section 311.011(c)(8)**

The estimated captured appraised value is set out on Exhibit D.

**J. Duration of the Zone Section 311.011(c)(9)**

Ordinance No. 016528 created the Zone and provides that the Zone shall terminate, “provides that the Zone shall take effect immediately upon the passage of this Ordinance, pursuant to Section 311.004(a)(3) of the Act, and continue until its termination date of December 31, 2036 (the “Termination Date”), unless otherwise terminated earlier as a result of payment in full of all project costs, and the interest accrued on those costs, or as authorized or permitted by law.”

**K. Proposed Projects**

**[RESERVED]**

<b>Project</b>	<b>Project Expenses for Public Improvements</b>
[Intentionally left blank]	

## EXHIBITS LIST

**EXHIBIT A** – Tax Increment Reinvestment Zone No. 5 Boundary (including Redevelopment District Boundaries)

**EXHIBIT B** – Redevelopment District Existing Land Uses

Exhibit B-1 – Existing Land Uses in the Lifestyle District

Exhibit B-2: Existing Land Uses in the Entertainment District

Exhibit B-3: Existing Land Uses in the Mercado District

Exhibit B-4: Existing Land Uses in the Border Retail District

Exhibit B-5: Existing Land Uses in the Residential/Mixed Use District

Exhibit B-6: Existing Land Uses in the Downtown Core (Historic Incentive) District

**EXHIBIT C** – Recommended Catalyst Projects

**EXHIBIT D** – Report: Implementation of the El Paso Downtown 2015 Plan: Phase Two

**EXHIBIT E** – Estimated Projects Costs from Preliminary Financing Plan

**EXHIBIT F** – Map Showing Proposed Improvements & Projects

F-1 Map: Utility lines, water for potential street-related improvements, capacity for redevelopment projects

F-2 Map: Utility Lines, sewer for potential street-related improvements, capacity for redevelopment projects

F-3 Map: Blocks eligible for TIRZ Improvements

**EXHIBIT G** – Notional Bond Analysis



# Exhibit B: Existing Land Uses

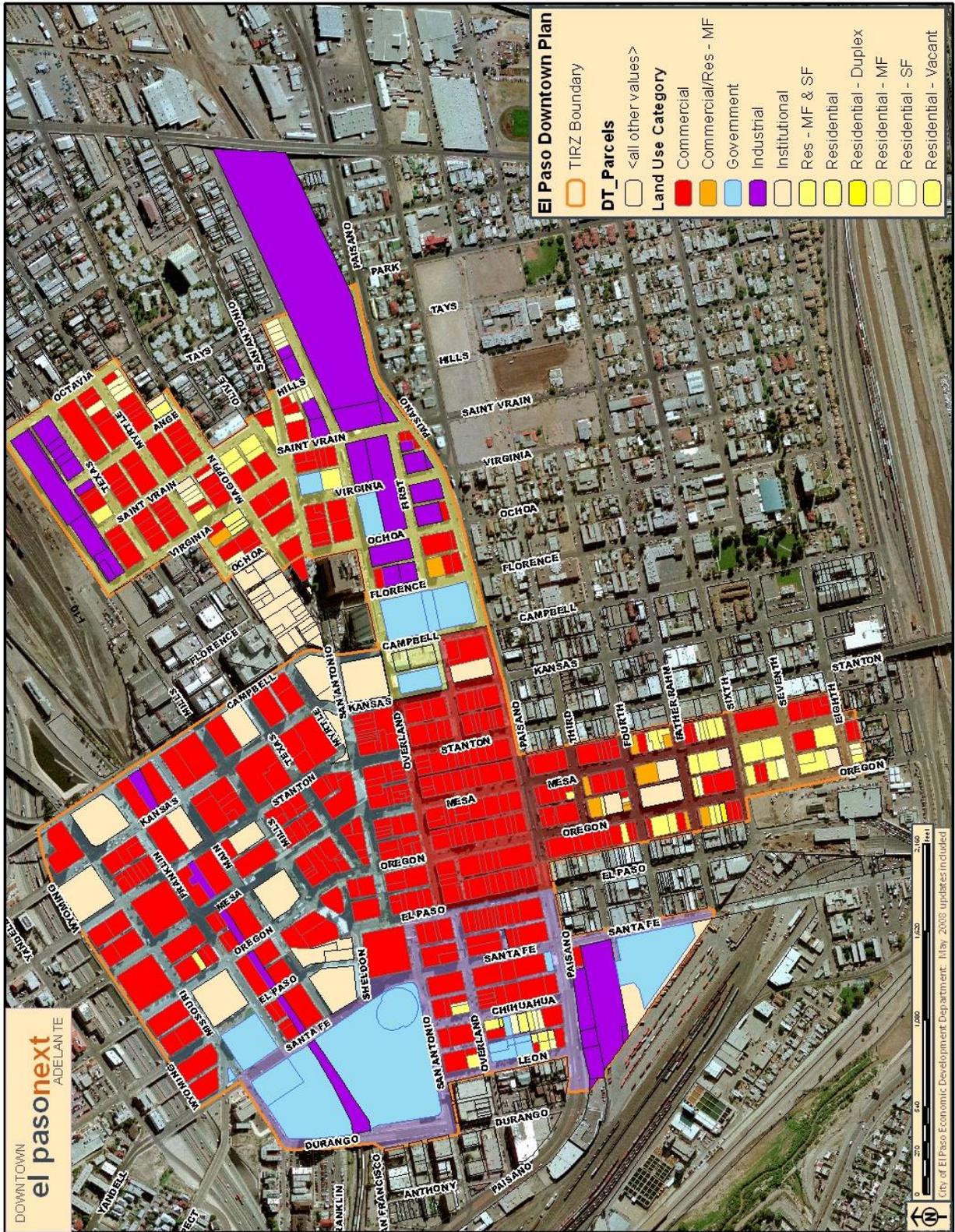


Exhibit B-1: Existing Land Uses in the Lifestyle District

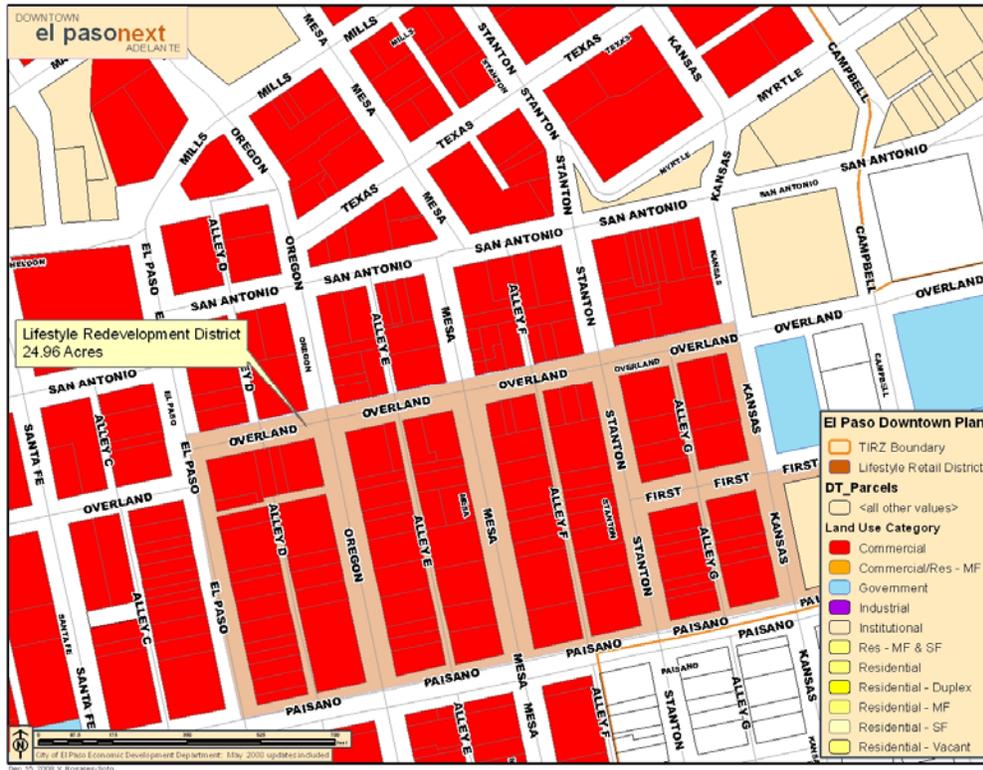


Exhibit B-2: Existing Land Uses in the Entertainment District

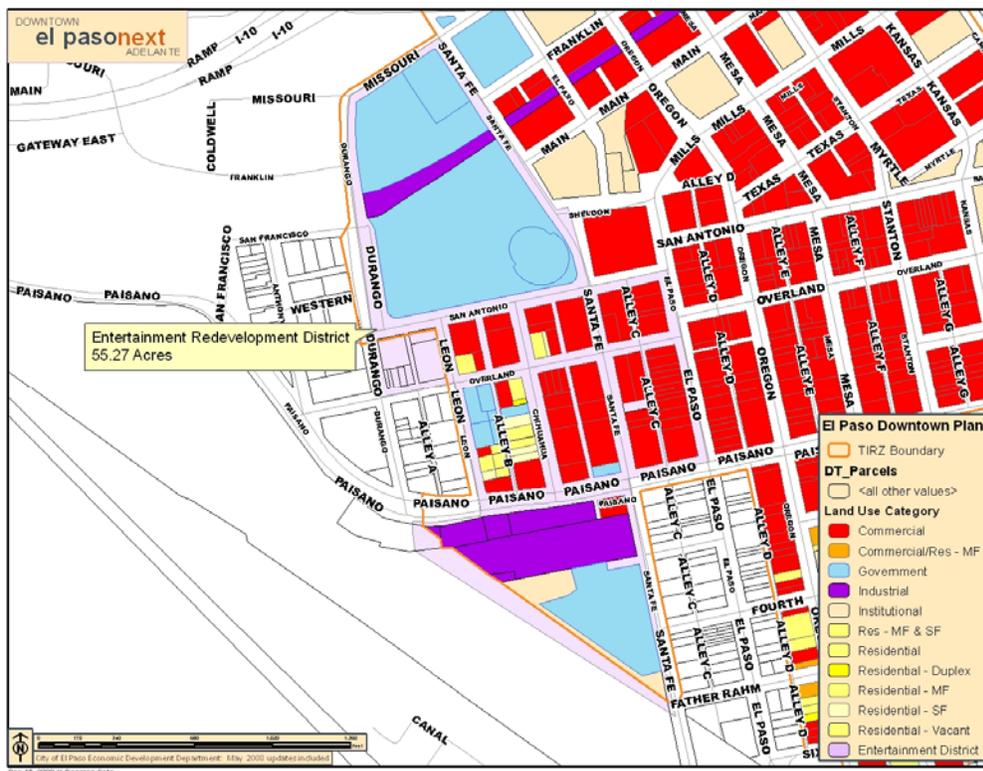


Exhibit B-3: Existing Land Uses in the Mercado District

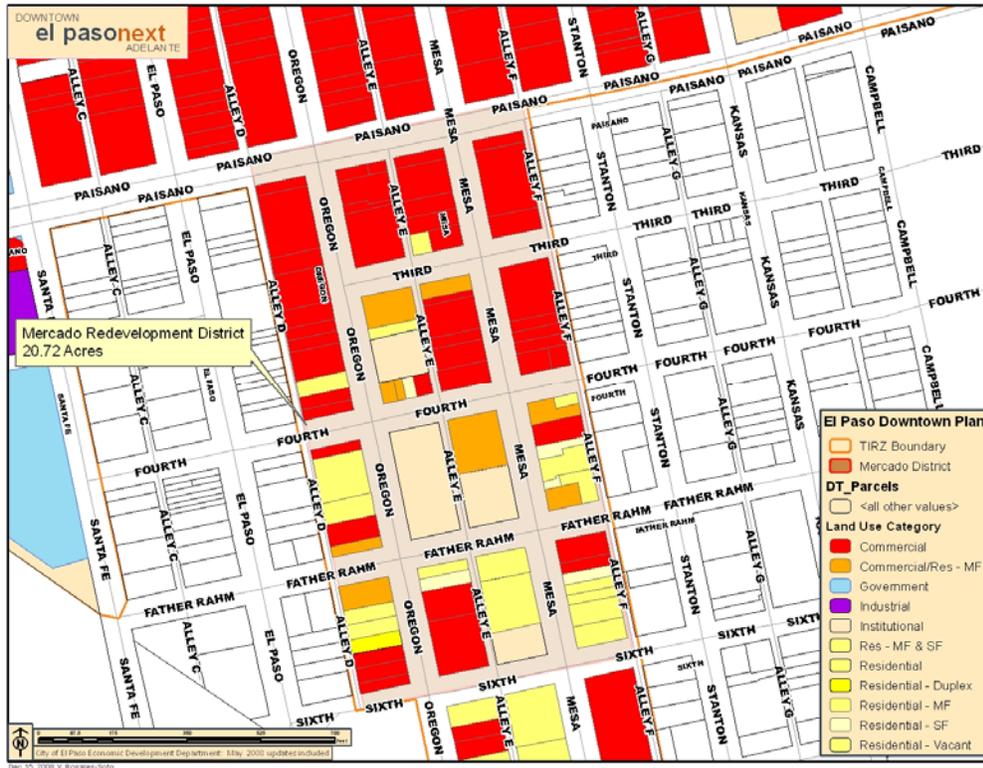


Exhibit B-4: Existing Land Uses in the Border Retail District

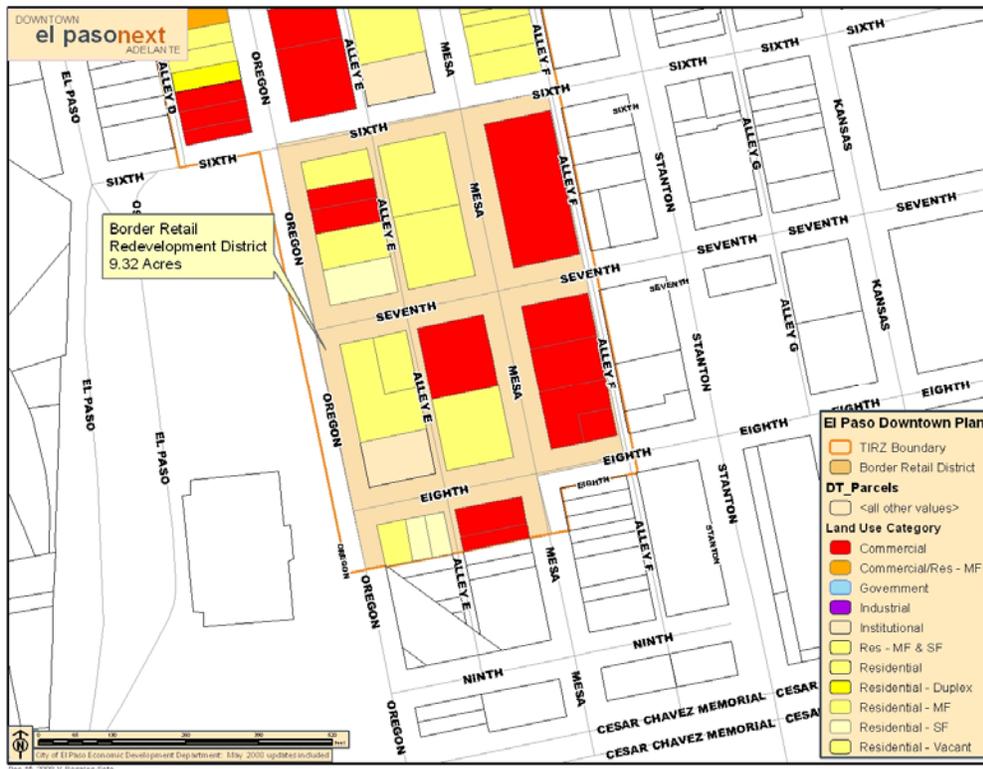


Exhibit B-5: Existing Land Uses in the Residential/Mixed Use District

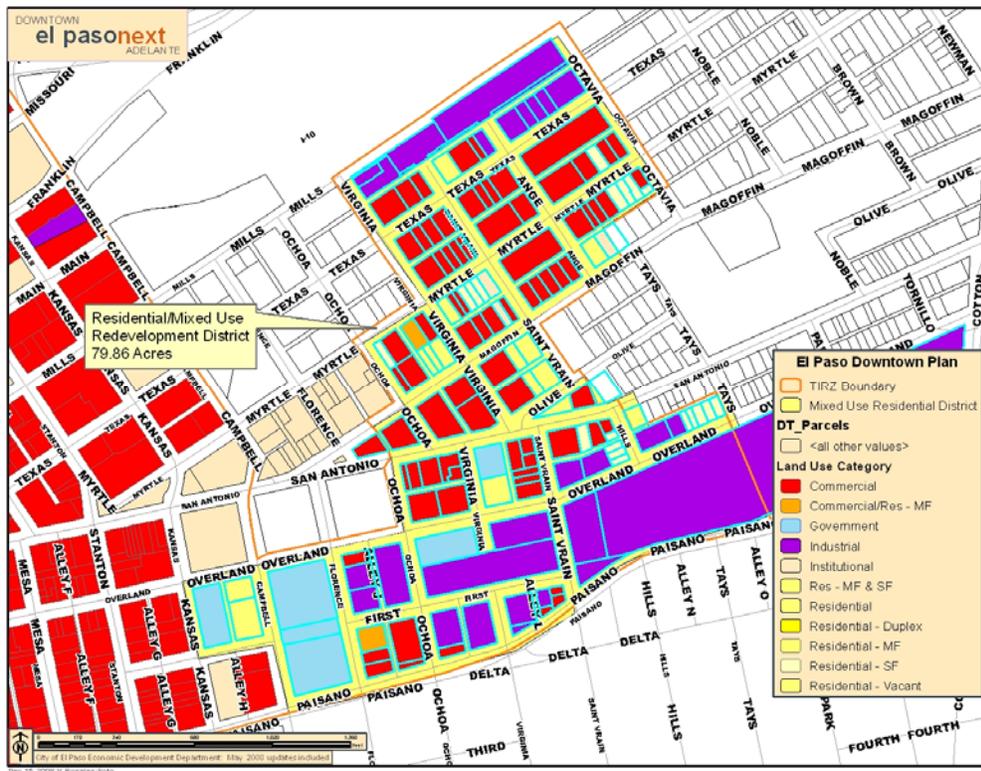
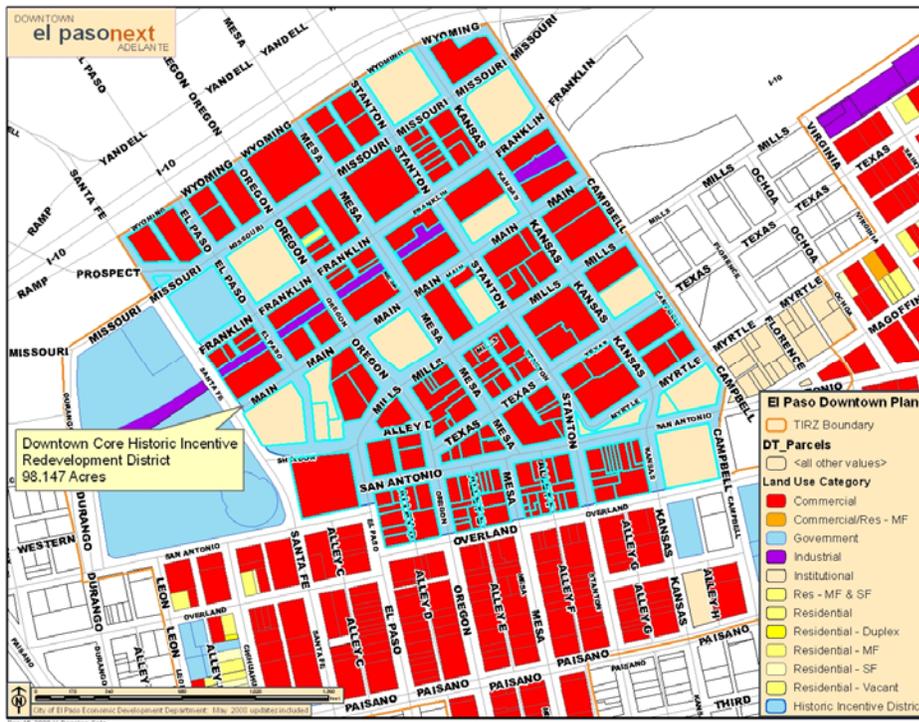


Exhibit B-6: Existing Land Uses in the Downtown Core (Historic Incentive) District



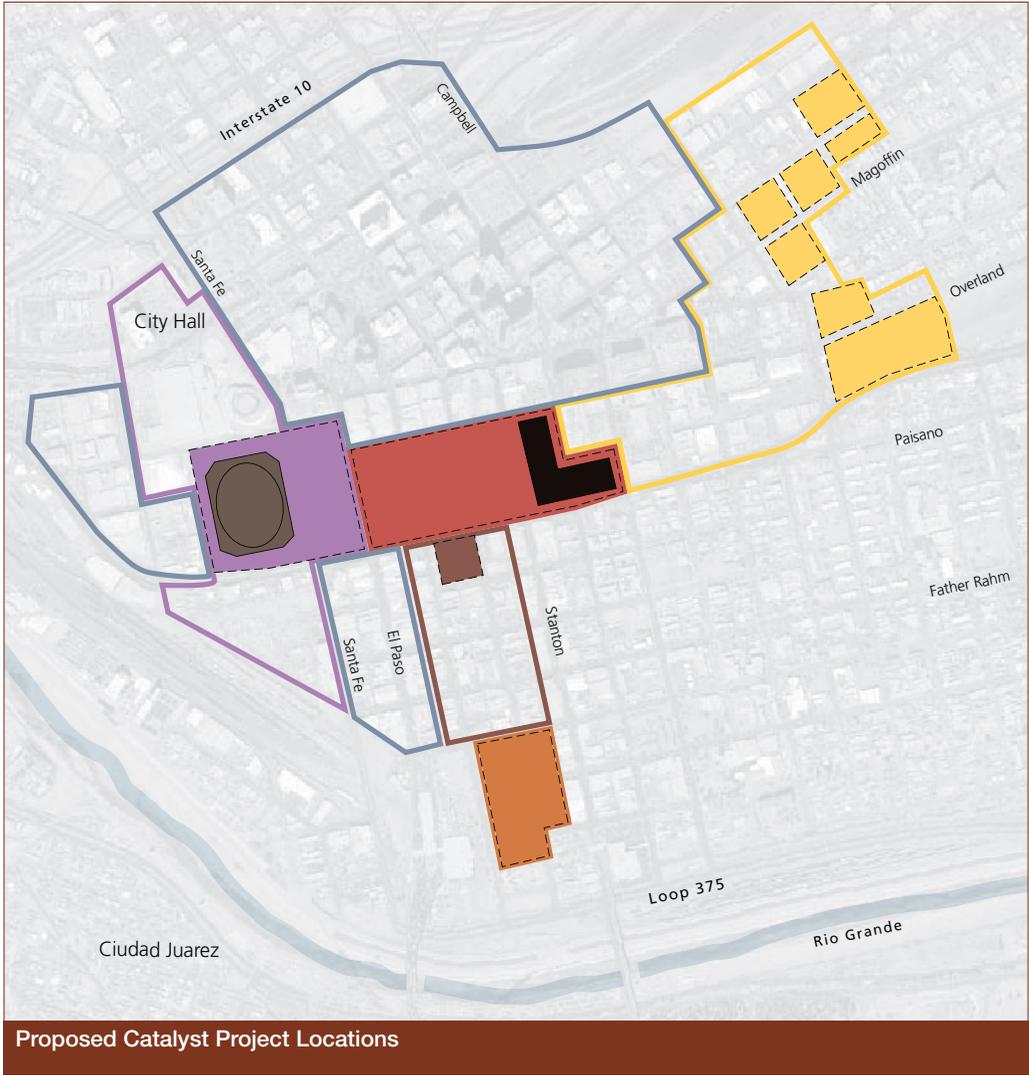
## EXHIBIT C – Recommended Catalyst Projects

### Recommended Catalyst Projects

As discussed in detail in earlier chapters of the Plan, a number of key projects are targeted for major change and early action in the transformation of the economic and physical environment of downtown. In the map provided, these projects are shown as project areas which will be further studied and refined in terms of creating a project description and anticipated program, establishing the project site area, determining the amount of public and private improvements, and other components.

The key projects listed below are not listed in order of implementation. It is probable that the housing projects will come on line first due to land availability and need for relocation housing.

1. **First Street Lifestyle Retail**—Facilitating a significant, new retail and mixed-use destination on an attractive new east-west shopping street
2. **Downtown Arena**—Providing an expansion of sports, performance, exhibition and meeting venues downtown along with entertainment and new hotel anchors for the downtown
3. **Mercado**—Showcasing the best of local El Paso ingenuity, products and arts in a must-see, experiential destination for locals and visitors alike
4. **Border Retail**—Capturing an unserved regional market right in downtown
5. **Housing**—Realizing a full fledged downtown character with affordable and market rate housing opportunities for singles, families, students and seniors

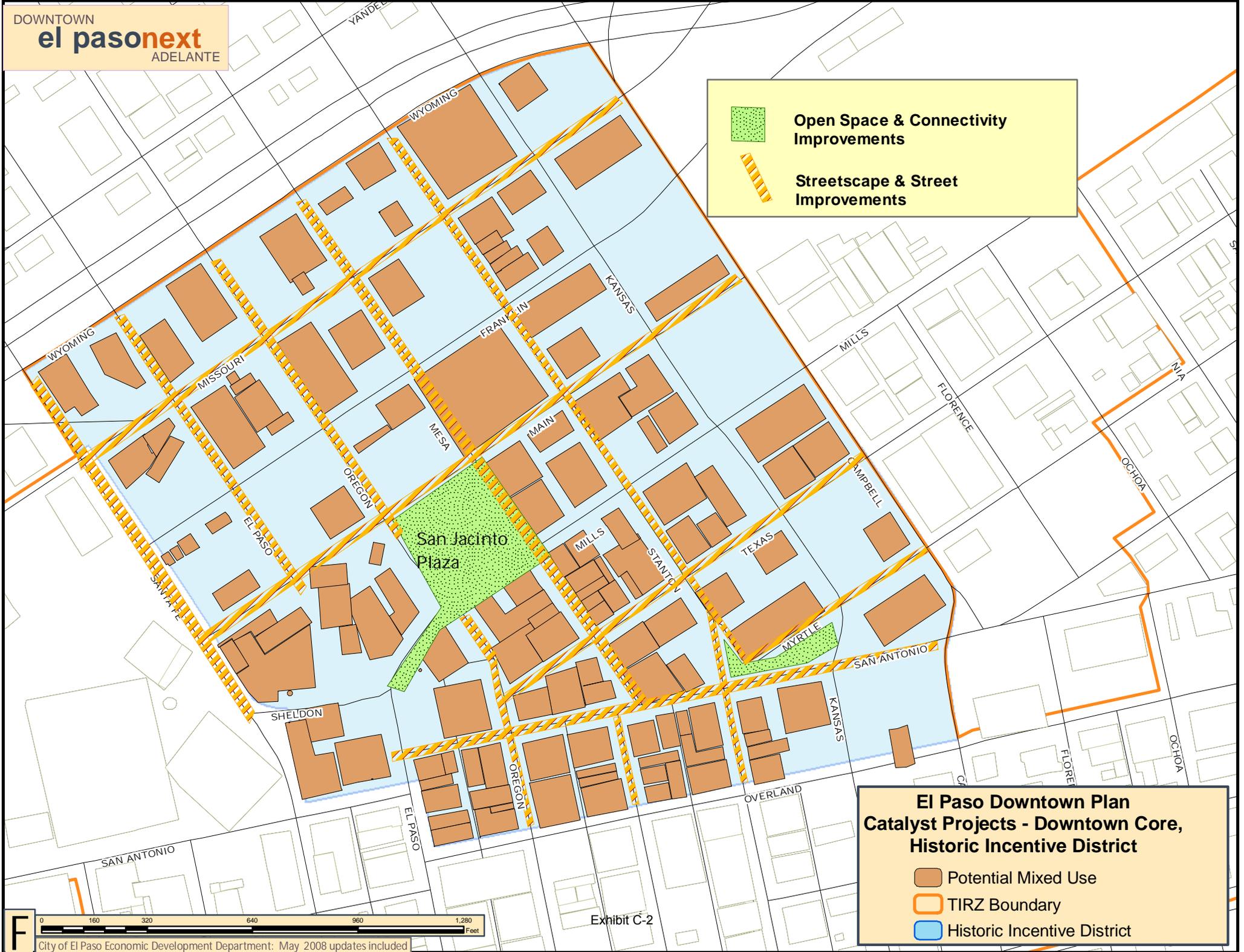


- Catalyst Projects**
- First Street Retail Core
  - Arena/Entertainment
  - Mercado
  - Border Retail
  - Residential Development
  - Arena Anchor
  - Major Retail Anchor
- Redevelopment Districts**
- First Street: Lifestyle Retail District
  - Santa Fe Street: Entertainment/Convention/A
  - Oregon/Mesa: Mercado District and Residenti
  - Rio Grande: Border Retail
  - Magoffin/San Antonio Neighborhood: Residential Mixed Use
  - Greater Downtown Incentive District

Exhibit C-1

 **Open Space & Connectivity Improvements**

 **Streetscape & Street Improvements**



**El Paso Downtown Plan  
 Catalyst Projects - Downtown Core,  
 Historic Incentive District**

-  Potential Mixed Use
-  TIRZ Boundary
-  Historic Incentive District



Exhibit C-2

EXHIBIT D – Report: Implementation of the El Paso Downtown 2015 Plan: Phase Two