

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

CITY CLERK DEPT.

2012 JUL -9 PM 1:14

**DEPARTMENT:** City Development

**AGENDA DATE:** Intro: July 10, 2012; Public Hearing: July 17, 2012

**CONTACT PERSON/PHONE:** Mathew McElroy, Director, 541-4193

**DISTRICT(S) AFFECTED:** 8

**SUBJECT:**

An ordinance amending ordinance No. 016528 to modify the boundaries of the Tax Increment Reinvestment Zone Number Five, City of El Paso, Texas to enlarge the boundaries of the existing zone to include an additional area in Downtown El Paso: Addition B Area - Union Plaza, as more fully described herein; adopting an amendment to the Final Project and Final Reinvestment Zone Financing Plans; and to amend other provisions of ordinance No. 016528 related thereto.

**BACKGROUND/DISCUSSION:**

The Tax Increment Reinvestment Zone (TIRZ) No. 5 Board of Directors, at their meeting of March 8, 2012, the Board heard the staff recommendations on changes to the TIRZ boundary and recommended approval of Addition B Area – Union Plaza. Staff will be presenting the Sixth Amendment to the Project Plan and Reinvestment Zone Financing Plan to the Board on July 12, 2012.

**PRIOR COUNCIL ACTION:**

Yes, City Council adopted Ordinance 017239 on December 18, 2007 & approved expansion of the TIRZ No. 5 by Ordinance

**AMOUNT AND SOURCE OF FUNDING:**

City funds have been budgeted in the Economic Development Department  
720150035/15462/PED00002

**BOARD/COMMISSION ACTION:**

N/A

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

**DEPARTMENT HEAD:** \_\_\_\_\_



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

**AN ORDINANCE AMENDING ORDINANCE NO. 016528 TO MODIFY THE BOUNDARIES OF TAX INCREMENT REINVESTMENT ZONE NUMBER FIVE, CITY OF EL PASO, TEXAS TO ENLARGE THE BOUNDARIES OF THE EXISTING ZONE TO INCLUDE AN ADDITIONAL AREA IN DOWNTOWN EL PASO: ADDITION B AREA - UNION PLAZA, AS MORE FULLY DESCRIBED HEREIN; ADOPTING AN AMENDMENT TO THE FINAL PROJECT AND FINAL REINVESTMENT ZONE FINANCING PLANS FOR THE ZONE TO INCORPORATE THE INCREASE IN AREA TO THE PLANS; AND TO AMEND OTHER PROVISIONS OF ORDINANCE NO. 016528 RELATED THERETO.**

**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"), establishing the boundaries of the Zone as described therein, pursuant to the provisions of the Tax Increment Financing Act, Chapter 311, Texas Tax Code (as amended, the "Act"); and

**WHEREAS**, on March 8, 2012, the Tax Increment Reinvestment Zone Number Five Board of Directors (the "Board") unanimously approved a motion to recommend to El Paso City Council that the boundaries of the Zone be enlarged to incorporate an additional area in downtown El Paso that is contiguous to the Zone: the Union Plaza District, said area more specifically described herein and identified as "**Addition B Area- Union Plaza**"; and

**WHEREAS**, pursuant to Sections 311.006 and 311.007 of the Act, City staff has determined that enlarging the boundaries of the Zone as specifically described herein conforms with the statutory requirements related to changing the boundaries of an existing reinvestment zone; and

**WHEREAS**, based on the favorable recommendation of the Board and the determination of City staff, the City desires to amend Ordinance 016528 to enlarge the boundaries of the Zone to include said additional area, so that the City can support revitalization activities in the identified area, to be funded in whole or in part through the Zone; and

**WHEREAS**, enlargement of the Zone will also necessitate an amendment to the Final Project and Final Reinvestment Financing Plans for the Zone to incorporate the additional area into the plans, the same adopted or to be adopted by the Board; and

**WHEREAS**, it is hereby officially found and determined that the meeting at which this Ordinance was 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 THAT:**

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

1. Ordinance 016528 is hereby amended to add the properties located in **Addition B Area- Union Plaza** to the designated boundaries of the Tax Increment Reinvestment Zone Number 5, City of El Paso, Texas and to the description of that Zone, with said amendments attached hereto as Exhibit "A" and incorporated herein by reference for all purposes.
2. Pursuant to Section 311.012(c) of the Act, the tax increment base year for **Addition B Area- Union Plaza** is January 1, 2012.
3. Council finds that notwithstanding the enlargement of the Zone boundary to include said additional area, the Zone continues to meet the requirements of Section 311.006 of the Act.
4. The Final Project and Final Reinvestment Zone Financing Plans are hereby amended for the Zone, to incorporate **Addition B Area- Union Plaza** with said amendment attached hereto as Exhibit "B" and incorporated herein by reference for all purposes, and which is determined to be feasible.
5. Except as amended herein, Ordinance 016528 shall remain in full force and effect.

**PASSED AND APPROVED** this \_\_\_\_ day of July, 2012.

CITY OF EL PASO

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

ATTEST:

\_\_\_\_\_  
Richarda Duffy Momsen  
City Clerk

APPROVED AS TO FORM:

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

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
Mathew McElroy, Director  
City Development Department

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

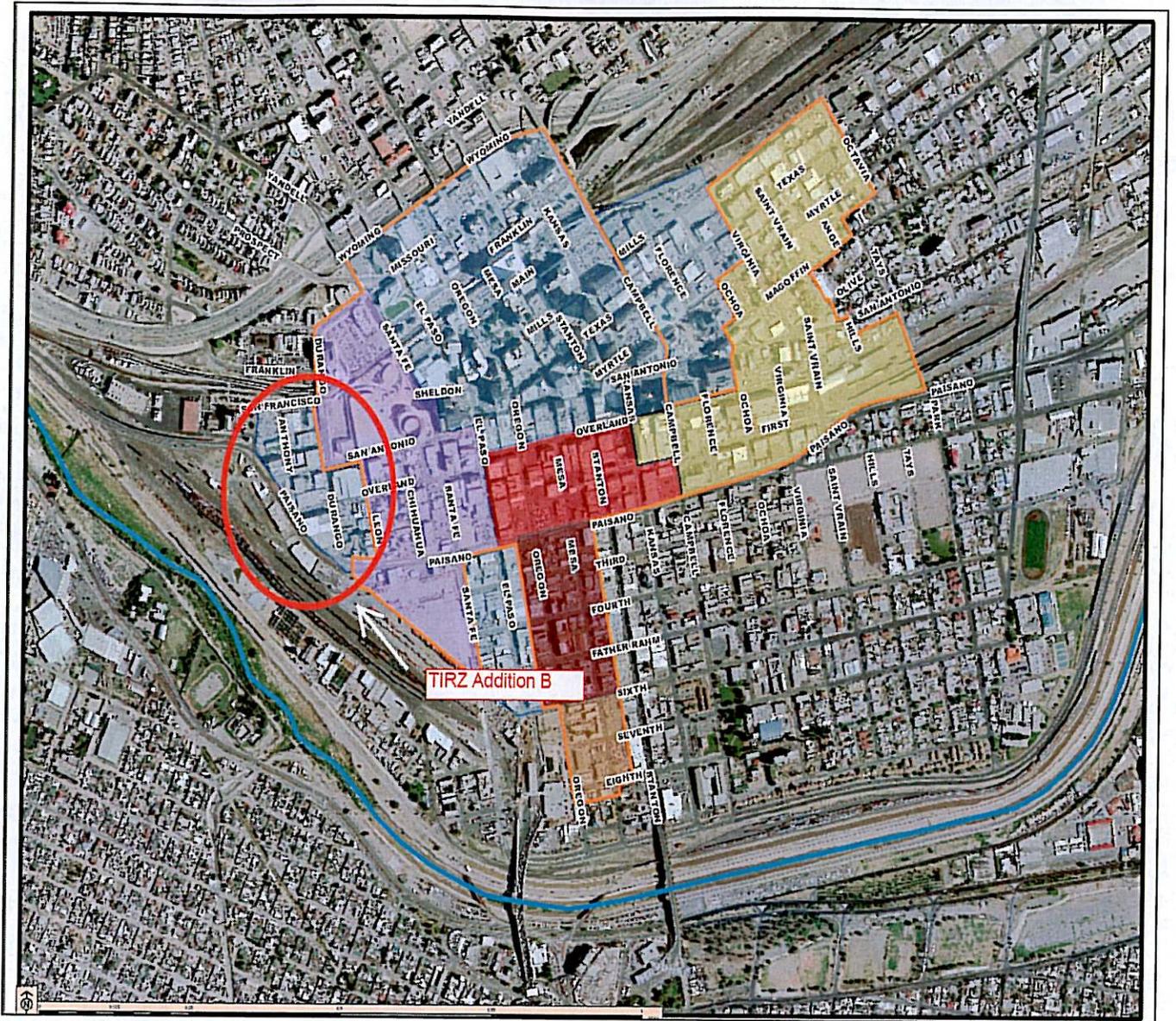
**EXHIBIT A**

**PARCELS INCLUDED IN TAX INCREMENT REINVESTMENT ZONE, NUMBER FIVE**  
**(INCLUDING PARCEL IDENTIFICATION NUMBERS)**

A parcel of land consisting of 9.45 acres and containing all of Blocks 7, 46, and 51, Mills Addition, and all of Blocks 152, 160, 161, 169, 170, and 171 Campbell Addition.

M47399900703100	C05099917104100
M47399900703600	C05099917104900
M47399900701600	C05099917105700
M47399900702600	C05099917106500
M47399900700600	C05099917108300
M47399900704100	C05099917109100
M47399900706100	M47399900702100
M47399900707100	M47399900708600
M47399900708100	M47399900701100
M47399900709600	M47399904601700
C05099915201000	M47399904600100
C05099915204600	M47399904603300
C05099916000100	M47399904604900
C05099916006100	M47399904606500
C05099916002100	M47399904608150
C05099917000100	M47399904608100
C05099917007200	M47399904609700
C05099916100100	M47399900706600
C05099917004850	
C05099917004800	
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M47399905104900	
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M47399905103300	
M47399905101700	
M47399905100100	
M47399905100300	
C05099916900100	
C05099916903300	
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C05099917100900	
C05099917101700	
C05099917103300	





REINVESTMENT ZONE NUMBER FIVE

CITY OF EL PASO, TEXAS

SIXTH AMENDMENT:

Project Plan and Reinvestment Zone Financing Plan

Addition B Area – Union Plaza

**Submitted by:**

**Planning & Economic Development**

**(915) 541-4747**

Amended:

April 7, 2009 (Ordinance No. 017102)

November 18, 2009 (Ordinance No. 017239)

December 22, 2009 (Ordinance No. 017258)

November 8, 2011 (Ordinance No. 017674)

May 15, 2012 (Ordinance No. 017788)

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II. Exhibits

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- Exhibit C: Existing Uses in the Addition B Area.....10
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Addition B Area.

This is the Sixth Amendment to the Project and Financing Plan for Reinvestment Zone No. 5 and is supplemental to the existing Project and Financing Plan.

## **OVERVIEW**

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 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 Ordinance No. 016803 and Ordinance No. 016804.

### **First Amendment:**

Subsequently, by Ordinance No. 017102, dated November 17, 2009, and by TIRZ Board recommendation, the City approved the first Plan amendment, which allocated \$32,000 to the Façade Program. The purpose of the Commercial Façade Improvement Grant Program is to provide grant funding to existing business property owners or lessees to encourage renovation and rehabilitation of the exterior of buildings in the Zone. This program aims to improve the aesthetics within the Zone as attractive building façades positively impact the marketability and perception of the area. The Program consists of a one-dollar to one-dollar match for approved improvements. Reimbursement grants will be awarded for façade improvements that restore, preserve, rehabilitate, enhance or beautify a structure. Eligible improvements include:

- Signs (new, repairs, replacement, removal)
- Grate and grate box removal or conversion of solid grates to an open mesh style
- Awnings
- Lighting
- Paint
- Removal/replacement of inappropriate or incompatible exterior finishes or materials
- Recessing/reconfiguring entrances
- Removal of extraneous elements
- Door/window replacement or repair
- Exterior cleaning
- Historical architectural elements

## **Second Amendment:**

The City approved by Ordinance No. 017239, dated November 17, 2009, the allocation of \$28,000 to Project No. 2: First Avenue Lofts (Mixed Use Residential). Located at 300 S. Florence El Paso, Texas, the First Avenue Lofts Project consists of the adaptive reuse of an old warehouse building into a mixed-use development project with retail at the ground floor and eight dwelling units described as upscale lofts in the upper floors. The project developer is The El Paso Project, LLC. The conversion of the warehouse will necessitate public improvements in the sidewalk area; there are currently no sidewalks along one side of the building. The improvements include installation of the sidewalk, street lighting and related amenities in the public right of way. The age and the change of use of the building require retrofitting of the public utility connections.

Public improvement costs that will be eligible for reimbursement through the use of tax increment finance funds of the Zone are: installation, extension and/or renovation of sidewalks and abutting improvements to the adjacent street, and the construction of other public improvements including streetscape improvements and amenities such as street lighting. The additional tax increment finance funds for the project in the amount of \$22,000 are allocated to fund public utility connection costs associated with installation of water, sewer and fire lines to the building.

## **Third Amendment:**

Consequently, by Ordinance No. 017258, dated December 22, 2009, the City approved the amendment of the Commercial Façade Improvement Grant Program by increasing the allocation \$25,000

This Third Amendment, by recommendation of the TIRZ Board and City Council approved, increase the allocation of Project No. 2: First Avenue Lofts (Mixed Use Residential) by \$22,000. The additional tax increment finance funds are allocated to fund public utility costs associated with installation of water, sewer and fire lines to the building.

## **Fourth Amendment:**

The Fourth Amendment, by Ordinance No. 017674, dated November 8, 2011, and by recommendation of the TIRZ Board, City Council approved additional funding in the amount of \$41,000 for additional eligible project costs for Project No. 1: Commercial Façade Improvement Grant Program. In partnership with the Downtown Management District (DMD), the City approved the administration and funding of a joint Downtown Commercial Façade Improvement Grant Program. The DMD will manage the program where TIRZ properties could receive up to \$25,000 per façade, in matching funds.

This Fourth Amendment allocated \$17,780 to Project No. 3: 910 Texas Ave. (Mixed Use Residential). Located at 910 Texas Ave, El Paso, Texas, the project consists of the rehabilitation and construction of a building into a mixed-used development with 1,684

square feet of office space at the ground floor and five dwelling units on the upper floor(s). The project developer is Donald Luciano. The construction of the building will necessitate public improvements in the area. The improvements include installation of street lighting, sewer taps and drain lines.

Public improvements costs that will be eligible for reimbursement through the use of tax increment finance funds of the Zone are: construction and installation of public improvements associated with the public utility connection costs associated with the installation of sewer taps and drain lines amenities such street lighting. The tax increment funds for the project in the amount of \$17,780 are allocated to fund these public improvements.

The City approved, by TIRZ Board recommendation, allocation of \$12,960 for TIRZ administration costs each fiscal year.

#### **Fifth Amendment:**

The City Council approved, by Ordinance No. 017788, dated May 15, 2012, additional funding in the amount of \$100,000 for additional eligible project costs for Project No. 1: Commercial Façade Improvement Grant Program.

The Fifth Amendment also approved funding in the amount of \$100,000 for Project No. 4: Civic Space at Cavalryman Pocket Park. Located at Henderson's Triangle (near intersection of Santa Fe and Missouri Streets) El Paso, Texas, the Project consists of open space improvements by adding a solar-powered pavilion, landscaping, and expansion of the pocket park. The public infrastructure improvements include new curb, ADA compliant stamped colored concrete sidewalk, ADA ramps, landscaping, irrigation and lighting. The property is owned by the City of El Paso.

Public improvement costs that will be eligible for reimbursement through the use of tax increment finance funds of the zone are: new curb, ADA compliant stamped colored concrete, ADA ramps, landscaping, irrigation and lighting. The tax increment funds for the project in the amount of \$100,000 are allocated to fund these public improvements, to be allocated by the City Manager or designee to the appropriate city departments or accounts for project implementation.

#### **Sixth Amendment:**

This Sixth Amendment, approved by City Council, Ordinance No. XXXX, dated XXXX, 2012, provides for the annexation of Addition B in the Union Plaza District, bounded by Paisano Street, Leon Street, Durango Street, San Francisco Street and more particularly shown on Exhibits A & B (Addition B) . Addition B Area has several of the same characteristics as property in the existing TIRZ No. 5 as detailed on pages 1-10 of the original plan. The present and existing uses of Addition B Area are detailed in Exhibit C.

The Addition B in Union Plaza has an estimated total net taxable value of \$12,150,991. The proposed public infrastructure improvements for the addition 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.

Addition B in Union Plaza has a total of 9.45 acres and falls inside the Historic Incentive District. The new total acreage for the Tax Increment Reinvestment Zone No. 5 is 298 acres. Addition B is composed by office space, entertainment, restaurants and mixed-use housing with some affordable units. 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 200 residential units, 40,000 square feet of office space and 20,000 square feet of retail space are anticipated in this district. The catalyst project for this redevelopment is mixed-use development incorporating office & retail space.

Improvements in the district will take into account historic and culturally significant areas and structures and sensitive sites will be preserved. Redevelopment in this district is designated to both complement and stimulate improvements in the other five districts as described in the Downtown 2015 Plan.

Financial Plan / Economic Feasibility Study:

A conservative estimate of the value over the next five to ten years is placed at \$17,500,000. Refer to Exhibit D for more detailed information. The projected tax increment generated on this conservative estimate of value in the Addition B Area is sufficient to support other projects inside the zone.

Other Project Plan Provisions:

Reinvestment Zone Duration: When initially created by the City in December 2006, the term of the TIRZ No. 5 was established at 30 years. No change is proposed to the existing zone duration.

City Participation in the Addition B Area: The City will participate with 100% of its ad valorem tax increment revenue for the full life of the annexation 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 amendment.

Estimated Bond Indebtedness: 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 and approved by City Council.

Relocating Persons: No displacement or relocation of residents is anticipated based on the implementation of this Sixth Amendment.

Municipal Ordinances: No changes to City codes or ordinances are proposed in this Sixth Amendment to the Plan.

Sources of Revenue / Taxing Jurisdiction Participation: No changes to the sources of revenue or taxing jurisdiction participation described in the Plan are made by this Sixth Amendment.

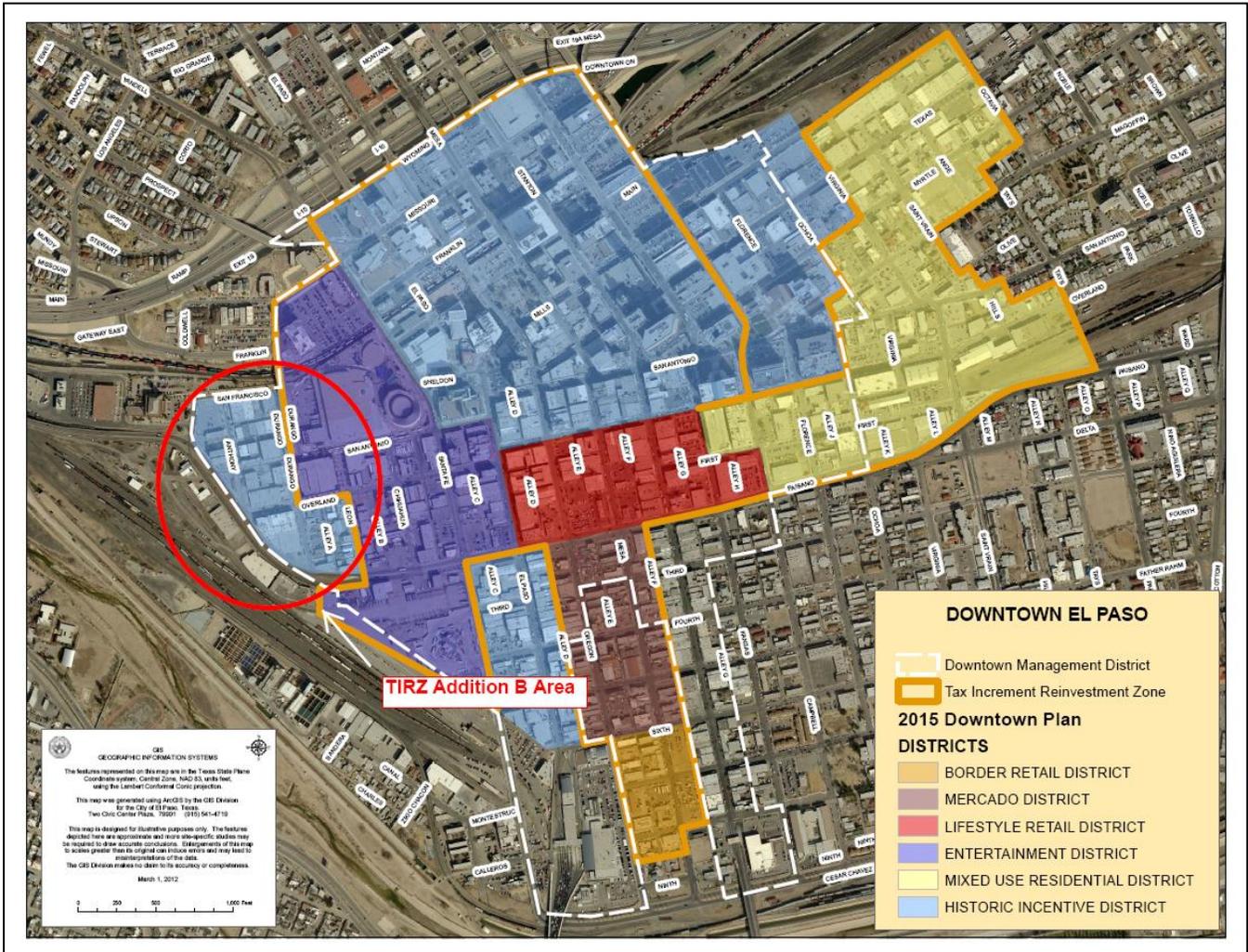
Timing of Project Costs and Monetary Obligations: The City and Addition B Area will incur monetary obligations as the stream of tax revenue allow. Developers will be reimbursed only after completion, inspection and acceptance by the City of eligible public improvements or as detailed in agreements between the City and 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.

Methods of Financing: No changes to the methods of financing described in the Plan are made by this Sixth Amendment.

Current Total Appraised Value: The base year value for the Addition B Area is the certified appraised value as of January 1, 2012. A current estimate of the base year value is shown on the chart in Exhibit E.

Estimated Captured Appraised Value: An estimate of the captured appraised value of the Addition B Area during each year of the TIRZ No. 5 existence is shown on the chart in Exhibit E.

# Exhibit A Current TIRZ No. 5 Boundaries





## Exhibit C Current Uses of Addition B Area – Union Plaza



## Exhibit D

Over the next ten years, developers have indicated that they intend to make significant investment in the Addition B Area.

The table below describes a conservative development forecast based upon a portion of their development programs. The total market value is \$15,667,218.

<b>Development</b>	<b>Description</b>	<b>Estimated Value</b>	<b>Estimated Opening Date</b>
<i>Developer A</i>			
Project 1	4,740 sf office, 2 floors	\$1,700,000	December 2012
Project 2	14 residential units, 1,000 sf retail space, 3 floors	\$1,700,000	March 2013
Project 3	3,600 sf office & 3,600 apartments, 2 floors	\$2,100,000	January 2014
<i>Developer B</i>			
Project 4	70,000 sf office, 3 floors	\$2,000,000	November 2014
Project 5	50 residential units, 10 floors	\$10,000,000	March 2015

**Exhibit E**  
**Projected Captured Appraised Value and Tax Increment**  
**In the Addition B Area**

<b>Year</b>	<b>Base Year Value</b>	<b>Current Year Appraised Value</b>	<b>Captured Appraised Value</b>	<b>Total City Tax Increment*</b>
2012	\$ 12,150,991	\$ 12,150,991	\$ -	\$ -
2013	\$ 12,150,991	\$ 13,123,070	\$ 972,079	\$ 6,400
2014	\$ 12,150,991	\$ 14,172,916	\$ 2,021,925	\$ 13,312
2015	\$ 12,150,991	\$ 15,306,749	\$ 3,155,758	\$ 20,778
2016	\$ 12,150,991	\$ 15,765,952	\$ 3,614,961	\$ 23,801
2017	\$ 12,150,991	\$ 17,027,228	\$ 4,876,237	\$ 32,105
2018	\$ 12,150,991	\$ 18,389,406	\$ 6,238,415	\$ 41,074
2019	\$ 12,150,991	\$ 19,860,558	\$ 7,709,567	\$ 50,760
2020	\$ 12,150,991	\$ 21,449,403	\$ 9,298,412	\$ 61,221
2021	\$ 12,150,991	\$ 23,165,355	\$ 11,014,364	\$ 72,519

\*Tax Rate 0.658404