



AGENDA MEMORANDUM

Corpus Christi Tax Increment Reinvestment Zone #3 Meeting May 13, 2025

DATE: May 13, 2025

TO: Peter Zaroni, City Manager

FROM: Arlene Medrano, Interim Executive Director, CCDMD
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Approval of 1st Amendment to TIRZ #3 Downtown Development Reimbursement Agreement with YC Texas Hotel, LLC at 601 N Water Street for Hotel Arya

CAPTION:

Motion to approve a 1st amendment to the TIRZ #3 Downtown Development Reimbursement Agreement with YC Texas Hotel, LLC for the property located at 601 N Water Street, to change project name and hotel brand from Hotel Arya to Hilton Spark and a project extension from May 30, 2025 to December 31, 2026, effective upon signature by the City Manager or designee.

SUMMARY:

This motion authorizes a change to the project name and hotel brand from Hotel Arya to Hilton Spark and provides the developer with a year and a half extension to the project from May 30, 2025, to December 31, 2026.

BACKGROUND AND FINDINGS:

On May 21, 2024, an original agreement was approved by the TIRZ #3 Board and included an incentive of \$1,383,500 from the Streetscape and Safety Improvement Program and \$775,000 from the Targeted Vacant Building Improvement Program. The owners envision a complete renovation of the hotel including a major exterior improvement to the façade of the building.

The developer, Baldev Johal, is rebranding the hotel from The Hotel Arya to a Spark by Hilton. The Spark by Hilton brand will help with customer brand recognition and allow visitors to utilize the Hilton rewards program generating more foot traffic to the hotel. Business operations will streamline utilizing Hilton's robust booking software and brand amenities. The developer is also requesting a project extension due to construction delays while seeking a local historic designation process. Outstanding exterior improvements include: new paint, stucco repair, enhancements to the entry ways, upgraded lighting, new security cameras, new signage, parking lot repaving, and new landscaping. Interior improvements outstanding are the repairs to the existing elevators.

ALTERNATIVES:

The Board could not approve this amendment or limit the completion date requirement.

FINANCIAL IMPACT:

This amendment has no financial impact and incentive funding is encumbered as previously approved. The funding source for this project will remain from the Streetscape and Safety Improvement Program and the Vacant Building Improvement Program. The amount of funding encumbered for this project is up to \$2,158,500 paid out of the FY2027.

Funding Detail:

Fund: 1112 – TIF #3
Organization/Activity: 10282 – Vacant Building Program
10286 – Streetscape & Safety Program
Mission Element: 57 – Economic Development
Project # (CIP Only): N/A
Account: 540450 – Reimbursement to Developers

RECOMMENDATION:

Staff recommends approving the amendment to the Agreement to rebrand the hotel from the Hotel Arya to Hilton Spark and extend the completion date for this project from May 30, 2025 to December 31, 2026. Once completed, this vacant building will no longer be a source of blight but a significant asset to Downtown.

LIST OF SUPPORTING DOCUMENTS:

TIRZ #3 Presentation – 1st Amendment to Hotel Arya
TIRZ #3 Reimbursement Agreement – 1st Amendment to Hotel Arya
TIRZ#3 Exhibit – 1st Amendment to Hotel Arya
Letter Requesting 1st Extension – Hotel Arya