



AGENDA MEMORANDUM

First Reading for the City Council Meeting of February 20, 2024
Second Reading for the City Council Meeting of February 27, 2024

DATE: January 30, 2024
TO: Peter Zaroni, City Manager
FROM: Randy Almaguer, Compliance Officer, CCREDC
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Homewood Suites by Hilton

CAPTION:

Ordinance authorizing an agreement between the Type B Corporation and Elevate QOF LLC, for a total incentive amount not to exceed \$2,000,000 for Homewood Suites by Hilton at the corner of N Chaparral Street and Lomax Street for costs associated to FEMA AE Flood Zone requirements, exterior upgrades, and lease spaces, facing N. Chaparral Street; authorizing the expenditure of up to \$2,000,000 from the Type B unreserved fund balance; and amending the fiscal year 2023-24 budget to increase expenditures by \$2,000,000.00.

SUMMARY:

This ordinance authorizes an agreement with Elevate QOF LLC, in the amount of \$2,000,000 for the Homewood Suites by Hilton.

BACKGROUND AND FINDINGS:

On January 22, 2024, the Type B Corporation unanimously approved an agreement with Elevate QOF LLC for costs associated to FEMA AE Flood Zone requirements, exterior upgrades, and lease spaces in an amount up to \$2,000,000 for Homewood Suites by Hilton to be paid over a five-year period.

On December 11, 2023, the Type B Corporation approved an incentive amount not to exceed \$2,000,000 and amending the budget for Homewood Suites Hotel and requested the agreement be brought back to the Type B Board at the next meeting in January 2024.

During the November 9, 2023, CCREDC Board of Directors meeting, the board recommended the \$1,043,433 to the Type B Board. An economic impact report was conducted by CCREDC staff, and the analysis generated a total incentive amount of \$1,043,433 with a payback period of five years at a rate of return of 19.7%. The total capital investment is \$30,000,000, 70 jobs created with an average salary of \$30,000.

The Hilton – Homewood Suites is requesting a grant of \$2,000,000 from the Type B Corporation for construction of a five story, 127-room dual hotel (overnight and extended stay) at the corner

of N. Chapparral Street and Lomax Street, across from the Executive Surf Club. The hotel will include a rooftop bar, retail space, Top Golf Swing Suites, outdoor patio, and other amenities.

The grant request will be utilized for additional costs associated to newly defined Federal Emergency Management Agency (FEMA) AE Flood Zone requirements that has added additional unexpected costs of \$1,510,087.50 towards the project. In the requirements, Homewood Suites would have to be raised a minimum of four feet high on the site as well as dry flood proofing around the entire first floor. The remaining \$489,912.50 will be utilized for glazing, facing Chaparral & Outdoor Dining Area - \$210,000, Concrete at outdoor dining patio - \$50,000, Covered Seating & Shade Canopies at Retail Frontage - \$35,000, Grease Trap & Utilities to Lease Spaces - \$45,000, and Gray Box Finish-out for 3 Lease Spaces - \$150,000 (7,500sf @ \$20/sf).

Also, the project has been approved for a tax reimbursement from TIRZ #3 downtown for a not to exceed amount of \$1.55 million for the improvements listed below under their project specific program back in June 2023. This also included a line item of \$150,000 for flood mitigation.

**Improvement Description of Potential TIRZ Costs		
Qualifying Item	Estimated Cost	Related Line Item
5th Floor Bar	\$ 225,000.00	Exterior and Roof
Other Floors	\$ 600,000.00	Steel Structure Upgrades
Rear Seating Patio	\$ 25,000.00	Landscaping and Amenities
Flood Mitigation	\$ 150,000.00	Site Utilities
Urban Design	\$ 550,000.00	Exterior and Roof
Total Reimbursement Cap	\$ 1,550,000.00	

ALTERNATIVES:

The Type B Board may choose to fund at a lesser amount or not at all.

FINANCIAL IMPACT:

The financial impact is an amount not to exceed to be funded with the Type B Economic Development Fund in FY 2024.

Funding Detail:

Fund:	1146	Economic Development Fund
Organization/Activity:	15020	Large Business Projects
Mission Element:		
Project # (CIP Only):		
Account:	530000	Professional Services Expense

RECOMMENDATION:

Staff recommends approval of the agreement in an amount not to exceed \$2,000,000 to be funded by the Corpus Christi B Corporation in FY 2024.

LIST OF SUPPORTING DOCUMENTS:

- Agreement
- FEMA Cost Estimates
- FEMA Flood Map
- PowerPoint Presentation

