

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

DEPARTMENT: Economic and International Development

AGENDA DATE: Introduction: July 24, 2018
Public Hearing: August 7, 2018

CONTACT PERSON/PHONE: Jessica L. Herrera, Economic & International Development 212-1624

DISTRICT(S) AFFECTED: 4

SUBJECT:

An ordinance approving a Project and Financing Plan for Tax Increment Reinvestment Zone Number Seven, as a 30.802-acre site, encompassing the former Northgate Mall located in Northeast El Paso at the eastern intersection of Dyer Street and Diana Drive in the City of El Paso, Texas; making various findings related to such a plan; identifying the tax increment to be contributed to the Zone's Tax Increment Financing Fund; providing for severability; and providing an effective date. (District 4) [Economic Development, Jessica L. Herrera (915) 212-1624]

BACKGROUND/DISCUSSION:

On December 9, 2014, the El Paso City Council approved the creation of Tax Increment Reinvestment Zone Number Seven to enable the redevelopment of 30.802 acres of City-owned greyfield land.

The site encompasses the former Northgate Mall and is located in Northeast El Paso at the eastern intersection of Dyer St. and Diana Dr. (the "Project"). The property is uniquely located at the northern terminus of the City's bus rapid transit route and houses a corridor transfer center servicing the Rapid Transit System (RTS). Its location along an RTS route and close proximity to Fort Bliss, existing development and Interstate-54 offers the opportunity to maximize access to public transit and expand the local tax base through the development of a compact, walkable, mixed-use transit-oriented development founded in the principles of new urbanism.

In accordance with State law, and specifically, the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code (the "Act"), the final project and reinvestment zone financing plan required has been prepared and attached to this ordinance. This plan describes the Project and its associated funding sources, the Zone being one such financing tool. The purpose of the Zone is to provide reimbursements for a subset of redevelopment costs, as well as other expenditures associated with such items as streetscape, community facility enhancements and costs related to the management and maintenance of the Zone over its duration proposed to extend through calendar year 2044. Tax increment financing will be achieved through dedicated incremental ad valorem revenue collected by the City of El Paso; at this time, the City will be the sole participating taxing unit.

PRIOR COUNCIL ACTION:

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

Yes:

The Tax Increment Reinvestment Zone (TIRZ) No. 7 was created on December 9, 2014.

The appointment of the City Council and the Mayor as the TIRZ #7 Board of Directors was approved on 7/10/18.

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?

N/A

BOARD/COMMISSION ACTION:

N/A

CITY CLERK DEPT.
2018 JUL 18 PM 2:30

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



(Example: If RCA is initiated by Purchasing, client department should sign also). *Information copy to appropriate Deputy City Manager*

ORDINANCE NO. _____

AN ORDINANCE APPROVING A PROJECT AND FINANCING PLAN FOR TAX INCREMENT REINVESTMENT ZONE NUMBER SEVEN AS A 30.802-ACRE SITE, ENCOMPASSING THE FORMER NORTHGATE MALL LOCATED IN NORTHEAST EL PASO AT THE EASTERN INTERSECTION OF DYER STREET AND DIANA DRIVE IN THE CITY OF EL PASO, TEXAS; MAKING VARIOUS FINDINGS RELATED TO SUCH PLAN; IDENTIFYING THE TAX INCREMENT TO BE CONTRIBUTED TO THE ZONE'S TAX INCREMENT FINANCING FUND; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, as authorized by Chapter 311 of the Texas Tax Code (the "**Act**") and pursuant to Ordinance No. 018286 adopted by the City Council of the City of El Paso, Texas (the "**City**") on December 9, 2014, the City created Tax Increment Reinvestment Zone Number Seven, City of El Paso, Texas (the "**Zone**"); and

WHEREAS, on July 24, 2018, the board of directors of the Zone (the "**Board**") adopted a Project and Financing Plan for the Zone, which is attached hereto as Exhibit "A" (the "**Plan**"), as required by Section 311.011(a) of the Act; and

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

Section 1. Findings.

That the City Council hereby makes the following findings of fact:

- 1.1 The statements and facts set forth in the recitals of this Ordinance are true and correct.
- 1.2 That the Plan includes all information required by Sections 311.003(b) and (c) of the Act.
- 1.3 That the Plan is feasible and conforms to the City's comprehensive plan.

Section 2. Tax Increment.

That in addition to the percentage of tax increment, as defined by Section 311.012(a) of the Act, that each taxing unit which levies real property taxes in the Zone, other than the City, has elected to dedicate to the Zone's Tax Increment Financing Fund (the "**TIF FUND**") under an agreement with the City authorized by Section 311.013(f) of the Act, the TIF Fund shall consist of one

hundred percent (100%) of the City's available portion of tax increment on properties contained within the Zone.

Section 3. Approval of Plan.

That based on the findings set forth in Section 1 of this Ordinance, the Plan is hereby approved.

Section 4. Severability.

That if any portion, section or part of a section of this Ordinance is subsequently declared invalid, inoperative or void for any reason by a court of competent jurisdiction, the remaining portions, sections or parts of sections of this Ordinance shall be and remain in full force and effect and shall not in any way be impaired or affected by such decision, opinion or judgment.

Section 5. Effective Date.

This Ordinance shall take effect immediately upon its adoption and publication in accordance with and as provided by law and the City Charter.

PASSED AND APPROVED ON this _____ day of _____, 2018.

CITY OF EL PASO

Dee Margo, Mayor

ATTEST:

Laura Prine
City Clerk

APPROVED AS TO FORM:



Roberta Brito
Assistant City Attorney

APPROVED AS TO CONTENT:

Jessica Herrera, Director
Economic & International Development

EXHIBIT A

Tax Increment Reinvestment Zone No. 7 Project and Financing Plan

Preliminary Project and Reinvestment Zone Financing Plans

NORTHGATE TRANSIT-ORIENTED REDEVELOPMENT PROJECT
TAX INCREMENT REINVESTMENT ZONE NUMBER SEVEN
CITY OF EL PASO, TEXAS

EXECUTIVE SUMMARY

To enable the redevelopment of an approximate 32 acre City-owned greyfield site, designation of Tax Increment Reinvestment Zone Number Seven, City of El Paso, Texas (the “Zone”) is being considered. The site encompasses the former Northgate Mall and is located in Northeast El Paso at the eastern intersection of Dyer St. and Diana Dr. (the “Project”). The property is uniquely located at the northern terminus of the City’s planned bus rapid transit route and will house one of the eight corridor transfer centers servicing the upcoming Rapid Transit System (RTS). Its location along an RTS route and close proximity to Fort Bliss, existing development and Interstate-54 offers the opportunity to maximize access to public transit and expand the local tax base through the development of a compact, walkable, mixed-use transit oriented development founded in the principles of new urbanism.

In accordance with State law, and specifically, the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code (the “Act”), the following sections of this report contain the preliminary project and reinvestment zone financing plans required prior to Zone designation. These plans describe the Project and its associated funding sources, the Zone being one such financing tool. The purpose of the Zone is to provide reimbursements for a subset of redevelopment costs, as well as other expenditures associated with such items as streetscape, community facility enhancements and costs related to the management and maintenance of the Zone over its duration proposed to extend through calendar year 2044. Tax increment financing will be achieved through dedicated incremental ad valorem revenue collected by the City of El Paso; at this time, the City will be the sole participating taxing unit.

In total, the Project represents a \$106 million investment, a portion of which is eligible for tax increment financing. Upon completion, the Project will serve as a starting point for pedestrians and park-and-ride patrons, as well as a destination, easily accessible by visitors across the City via the planned RTS and Sun Metro Northgate Transfer Station, as well as the proximately located Interstate-54 and Dyer St. corridor. Anchored by a 50 thousand square foot grocer, the Project will include over 130 thousand square feet of commercial space, nearly 125 thousand square feet of office space, and just over five thousand square feet of flex office/retail space.

A built-in customer base for the development will be established through the provision of approximately 400 housing units, including a mix of market-rate, affordable, and live/work units. Civic spaces, such as parks, plazas and natural open space further enhance area quality of life. Neighborhood destinations will be linked together by a dense and complete street grid offering pedestrians and cyclists direct access to the Project’s amenities and transfer station, while stormwater improvements are intended to serve as a prototype for off-roadway route alternatives. The following sections of this report describe the Project, its elements and financing mechanisms in greater detail and in accordance with the Act.

PRELIMINARY PROJECT PLAN

Earlier this year, the process of designating a reinvestment zone pursuant to the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code (the “Act”) began for the purpose of encouraging and facilitating the transit-oriented redevelopment of an approximately 32 acre greyfield site located at the eastern intersection of Diana Dr. and Dyer St. in Northeast El Paso. In accordance with §311.004, the name assigned to the proposed reinvestment zone for identification is “Reinvestment Zone Number Seven, City of El Paso, Texas” (the “Zone”).

The proposed Zone covers the site of the former Northgate Mall. When the mall opened in 1960, it was the largest shopping center in El Paso. “Surrounded by acres of parking space,” the mall was referred to as a “shopper’s paradise,” featuring “some of the better stores in the City.”¹ However, with the 1974 addition of Cielo Vista Mall and the subsequent conversion of Bassett Center to an indoor mall, Northgate began to suffer. The 1988 opening of Sunland Park Mall, the later location of big box retailers near Cielo Vista Mall, and the 1995 bankruptcy of The Popular, an anchor department store, all contributed heavily to Northgate’s final decline in the late 1990s and early 2000s.

In September 2010, the City of El Paso purchased the Northgate property for \$6 million with the intention of demolishing and redeveloping the site, to include residential, commercial and public transit elements. The property is uniquely located at the northern terminus of the City’s planned bus rapid transit route and will house one of the eight corridor transfer centers servicing the upcoming Rapid Transit System (RTS). In addition to its location on a future RTS route, the strategic location of the Northgate greyfield in proximity to Fort Bliss, the El Paso Community College Transmountain Campus and Irvin High School, as well as its regional accessibility via Interstate-54, and Diana Dr. and Dyer St., offers an unparalleled opportunity to maximize area access to public transit and expand the local tax base through the development of a compact, walkable, mixed-use transit oriented development founded in the principles of new urbanism (the “Project”).

The Project is envisioned to provide an urban experience, embracing a wide range of commercial offerings, such as an anchor grocer, shops, and various restaurant and entertainment establishments. In addition to commercial variety, an assortment of public spaces, including the Northgate RTS Transfer Station, parks and plazas, and natural open space will be incorporated into the Project. A built-in customer base for the development will be established through the provision of a mix of housing opportunities, to include medium density market rate and affordable apartment units, as well as live-work units. The vertical capacity of the Project will be further maximized by including both public and private office space located above ground level.

¹ Bracamontes, A. (2011, August 1). New life for Northgate Mall: City hopes to restore luster to Northeast’s faded gem. *El Paso Times*. Retrieved from http://www.elpasotimes.com/ne/ci_18590617.

As a transit-oriented development, the Project is anchored by its multi-modal transit qualities; further, the Project not only serves as a starting point for pedestrians and park-and-ride patrons, but also as a destination, easily accessible by visitors across the City via the planned RTS. A dense and complete street grid offer pedestrians and cyclists direct access to the Project's amenities and transfer station, while stormwater improvements are intended to serve as a prototype for off-roadway route alternatives.

The 32 acre Project represents a \$106 million investment to be funded through a number of financing mechanisms with the establishment of the proposed reinvestment Zone being one such tool. The purpose of the Zone is to provide reimbursements for a subset of certain redevelopment costs associated with the construction of transit facilities, as well as the cost of land acquisition. In addition, incremental revenue collected may be used to fund such items as streetscape and community facility enhancements and maintenance, financing costs and professional fees, if any.

Pursuant to §311.003(b) of the Act, a preliminary project plan must be prepared and adopted prior to the designation of any reinvestment zone. The present section of this report provides a preliminary plan for the proposed Zone. Following Zone designation, this plan will be reviewed, updated and adopted by the Zone's Board of Directors and presented to the El Paso City Council for final approval.

Reinvestment Zone Boundaries

The proposed Zone is approximately 32 acres in size and is generally bounded by Diana Dr. to the west, Dyer St. to the northwest, Wren Ave. to the north, attached single-family dwellings to the east, and an El Paso Water Utility drainage channel to the south. Exhibit A provides an aerial view of the site, including parcel identification numbers, while Exhibit B more specifically identifies the property included in the Zone by metes and bounds. All property located within the Zone is presently owned by the City of El Paso and therefore has a taxable land value of \$0.

Existing Uses and Conditions

The large majority of property included in the proposed Zone has remained vacant since the 2011 demolition of the Northgate Mall with the exception of the one acre site reserved for the currently operating Sun Metro Northgate Bus Terminal located near the southwestern corner of the Zone's boundary. Well over half of the property is zoned to the C-3 district, a medium intensity commercial zone intended to serve multiple neighborhoods, while the remaining portion, located at the southwestern corner of the boundary, is zoned to the R-4 district, a light intensity residential zone that allows for single-family detached and attached units. See Exhibits C and D for land use and zoning maps.

With regard to proximate land uses and conditions, the properties abutting the western, northern and eastern boundaries of the proposed reinvestment Zone are zoned to the C-1 and C-3 commercial

districts with more intense uses, such as light automobile related establishments, including gas stations, car washes and mechanic shops located along the Dyer St. and Diana Dr. corridors to the west and northwest of the Zone. Less intense uses, including single- and multi-family housing, abut the proposed reinvestment Zone to the northeast and east. To the south, the Zone is located adjacent to properties zoned to the C-1 and R-4 districts, and specifically, to single-family attached and detached housing units.

Table 1 below further details existing land uses within the proposed Zone, as well as land uses for properties located within a one-half mile radius or the distance pedestrians are willing to travel to access public transit. Nearly 60 percent of properties within the transit shed serve a residential use. The nearby location of the proposed transfer center affords these existing residents an alternative to personal vehicular travel, while also serving to strengthen support for the RTS and proposed Transit Oriented Development (TOD) through the presence of an established community.

Table 1. Summary of Existing Uses and Conditions

Use	Reinvestment Zone		One-Half Mile Transit Shed	
	Acres	% Share	Acres	% Share
Single-Family Detached	0.0	0.0	410.9	50.2
Commercial	0.0	0.0	122.7	15.0
Utility	0.0	0.0	84.5	10.3
Vacant	29.7	96.4	65.6	8.0
Civic	1.1	3.6	64.7	7.9
Multi-Family	0.0	0.0	59.0	7.2
Self-Storage	0.0	0.0	11.0	1.3
Total	30.8	100.0	818.4	100.0

Plan El Paso and Municipal Ordinances

In December 2010, the *Connecting El Paso* report identified Transit Oriented Development (TOD) as a design and development strategy that “links higher-density, walkable neighborhoods to transit stations” and “strengthens the urban fabric that surrounds public transportation with a mix of daily uses, including housing, retail and office.”² The subsequently adopted 2012 City of El Paso Comprehensive Plan, *Plan El Paso*, builds on this philosophy, identifying the former site of the Northgate Mall as the terminus for the planned Dyer RTS line. The future Northgate RTS Transfer Center is intended to form the core of a TOD that “could become the center of Northeast El Paso.”³

² Dover, Kohl & Parnters et al. (2010 December). *Connecting El Paso: Building Transit-Oriented Neighborhoods at Remcon Circle, Oregon Corridor, and Five Points and Redeveloping El Paso*. Retrieved from http://planelpaso.org/wp-content/reports/Connecting%20El%20Paso%20Report_120910_lores.pdf.

³ Dover, Kohl & Parners et al. (6 March 2012). Volume I: City Patterns. *Plan El Paso*. Retrieved from http://planelpaso.org/wp-content/uploads/2012/Plan%20El%20Paso_vol1_adopted_for%20web.pdf.

Plan El Paso, in line with current studies and research,⁴ further identifies a number of design elements critical to the future success of the Northgate TOD, including the following:

- ❖ Increased development density achieved through residential streets lined with a variety of housing options, including apartment buildings and row houses;
- ❖ The presence of employment opportunities through the establishment of a multi-story, mixed-use main street providing a unique destination for development residents, as well as visitors from the surrounding community and other parts of the City;
- ❖ Design elements that support a pedestrian-friendly atmosphere, including streets made complete with on-street parking, bike facilities and continuous tree-lined sidewalks, as well as an interconnected street grid, walkable blocks and street-oriented buildings; and
- ❖ Accessibility to neighborhood destinations. *Plan El Paso* identifies civic spaces, such as a community center, a public park with play fields and courts, and a central plaza as development destinations and community amenities that provide space for recreational opportunities and special events.

The City of El Paso's 2025 Future Land Use Map, contained within *Plan El Paso*, further supports the Northgate redevelopment plan by classifying the greyfield site as a G-2 Traditional Neighborhood Growth Sector, as well as a key link in daily movement through El Paso; as such, the Plan identifies compact walkable redevelopment as the optimal development choice to provide convenient access to both existing and future services and facilities. *Plan El Paso* further identifies Title 21 (SmartCode) of the El Paso Municipal Code as the preferred land development tool for G-2 designated areas as it "lays the framework for development dense enough to support public transit" and provides a suitable replacement for current zoning to infill underutilized parcels with "housing, shopping, employment, entertainment and recreational options for nearby residents and transit patrons."⁵

As such, a critical element to the future success of the Northgate TOD is the rezoning of the greyfield site from its current zoning district to the SmartCode Zone following tax increment reinvestment zone designation by the El Paso City Council. Following the rezone, all Northgate development plans and future construction will adhere to Title 21 (SmartCode) of the El Paso Municipal Code, as well as all other applicable local codes and ordinances, including local building codes.

Designation of the proposed reinvestment Zone enables and builds on each of the ideas and policy recommendations communicated in the paragraphs above through the provision of a development financing tool that captures future incremental ad valorem tax and allows for its investment into the Zone on a "pay-

⁴ *Transit-Oriented Communities: A Blueprint for Washington State*. (2009 October). Retrieved from: <http://futurewise.org/priorities/resources/publications/TOC%20Blueprint%20Final%2011-23-09%20for%20Website.pdf>

⁵ Dover, Kohl & Partners et al. (6 March 2012). Volume I: City Patterns. *Plan El Paso*. Retrieved from http://planelpaso.org/wp-content/uploads/2012/Plan%20El%20Paso_vol1_adopted_for%20web.pdf.

as-you-go” basis or via tax increment financing-supported debt issuance. Examples of costs eligible for financing through the tax increment financing (TIF) mechanism include public infrastructure improvements, expansion of utility services, land acquisition and planning, Zone administrative costs, among others. The following sections of this plan provide greater detail regarding the proposed Northgate TOD project and associated non-project costs, or costs ineligible for tax increment financing.

List of Estimated Non-Project Costs

The total estimated development cost of the Project \$106.1 million, the large majority of which is being funded through mechanisms independent of Zone designation and as such, are considered non-project Costs. non-project costs represent expenditures required to complete the redevelopment project, but that will not be financed through the captured future value of the Zone. In total, non-project costs are estimated to be \$95.8 million. Such costs include pre-development expenses and residential, retail and office space construction costs, among others. See Table 2 for a complete list of Non-Project Costs and the associated funding sources.

Table 2. Estimated Non-Project Costs

Non-Project Costs	Dollars (millions)	Funding Source
Construction for Residential, Retail and Office Items (includes hard costs, soft costs, and fees)	65.6	<ul style="list-style-type: none"> ❖ Equity Provided or Sourced by Developer ❖ Bank Loan ❖ Tax Credit Syndicator Purchase of Affordable Housing Land ❖ City Fee Waiver via Chapter 380 Agreement
Construction of Transit Facilities	11.9	<ul style="list-style-type: none"> ❖ City Reimbursement via Transportation Investment Generating Economic Recovery (TIGER) Grant ❖ Congestion Mitigation Air Quality Grant
Construction for Public Infrastructure	13.7	<ul style="list-style-type: none"> ❖ Chapter 380 Agreement for Property, Sales & Use, and Construction Sales Tax Rebates
Project Land	2.0	<ul style="list-style-type: none"> ❖ Credit for Land Dedicated to the City for Public Infrastructure
Drainage Area Landscaping	2.6	<ul style="list-style-type: none"> ❖ El Paso Water Utility – Public Service Board Reimbursement
Total	95.8	

Statement of Method of Relocation

No persons will be displaced as a result of the construction or implementation of this Project.

PRELIMINARY REINVESTMENT ZONE FINANCING PLAN

As outlined in the Preliminary Project Plan, the Project will be financed through a number funding sources, with the proposed Zone comprising only a small portion of total costs. A significant portion of the infrastructure will be funded by property, sales and use tax and construction materials sales tax rebates, as well as development fee waivers through a separate Chapter 380 Agreement between the City and the Developer. The majority of transit facility costs will be funded through federal TIGER and CMAQ-STEP grants, while affordable housing development and construction costs will be financed through the Texas Department of Housing and Community Affairs Low Income Housing Tax Credit program. Stormwater management improvements will be funded through a reimbursement by the El Paso Water Utility – Public Service Board and the Developer will receive a \$2 million credit for land, including roadways and civic spaces, dedicated back to the City. The largest share of development costs, to include construction of commercial, market-rate residential and office components will be financed by the Developer.

At this time, the City of El Paso is the only participating taxing entity in the Zone and will contribute 100 percent of its captured property tax increment, as necessary to fund the remaining portion of Project Costs. Such expenditures will be funded on a pay-as-you-go basis with no bonded indebtedness contemplated at this time. The Zone will remain in place for thirty years, through calendar year 2044. Over the duration of the Zone, the City will fund any infrastructure maintenance, management or other recurring costs related to the upkeep of the Zone through available increment funds. The following sections of this report detail Project Costs eligible for tax increment financing, planned public works and improvements, feasibility of the Zone, financing method and funding sources, as well as current assessed and captured value of the Zone

List of Estimated Project Costs

The total estimated development cost of the Project is \$106.1 million, approximately ninety percent of which will be funded through mechanisms external to the Zone (see Table 2 included in the “Preliminary Project Plan” for detail regarding Non-Project Costs and funding sources). Remaining development expenditures are classified as Project Costs and are eligible for funding through the Zone’s captured future value. Table 3 provides a list of currently anticipated Project Costs which include the land sale and transfer and remaining transit facility construction costs.⁶ Note that the list of Project Costs included in Table 3 is preliminary and may be revised to include additional expenditures eligible for tax increment financing with the approval of the Zone’s appointed Board of Directors.

⁶ The City of El Paso’s Sun Metro was awarded two federal grants, including the Transportation Investment Generating Economic Recovery (TIGER) grant and the Congestion Mitigation Air Quality Grant, together amounting to \$11.9 million. The former of these requires a local contribution match of \$3.4 million, a figure eligible for funding through tax increment financing.

Table 3. Estimated Project Costs

Project Costs	Dollars (millions)
Construction of Transit Facilities	3.4
Project Land	7.0
Total	10.4

In addition to those expenditures included in Table 3 above, when appropriate and practicable, reimbursement of the following Project Costs should be given priority consideration:

- ❖ **Professional Fees** incurred for architectural, planning, engineering, legal, landscape architect, financial, marketing, public relations, management, leasing, bookkeeping, tax roll verification, environmental, archaeological and other services and advice related to the project.
- ❖ **Streetscape, Gateways, Parks and Community Facilities** that enhance or serve the existing or future development, including but not limited to lighting, walkways, landscaping, street furniture, greenbelts, paths, parks, outdoor pavilions, art space and recreational/sports facilities.
- ❖ **Financing Costs** to include legal fees, underwriter fees, brokerage charges, credit enhancement fees, and notes, bonds or other instruments of credit issued to pay for Project Costs, if any.

Public Works and Improvements

The Project will provide all infrastructure and related improvements necessary to redevelop the site. Examples of infrastructure and public works improvements include:

- ❖ **Transit Facilities** and specifically, the Transfer Center, a two story parking and retail structure, a civic square and Community Park, and the Wren Avenue reconstruction to facilitate bus movement.
 - The **Transfer Center** will include climate controlled cover areas for the comfort and convenience of passengers, fully accessible restrooms, a ticket sales office, storage areas for both concessionaire and building maintenance, security office, information technology closet, driver's lounge, Wi-Fi capability, and associated conduits for real-time bus arrival and departure display provided through Sun Metro's Automatic Vehicle Locator (AVL) System.
 - The **Parking and Retail Structure** will consist of a new two story structure to house a parking garage located in proximity to the Transfer Station. The facility will contain retail areas on the ground floor and two floors of open parking. The application of sustainable design principles will be incorporated into the design of the project with the intention that LEED Certification be achieved.
 - The **Civic Square and Community Park** will be constructed within walking distance of the Transfer Station and will provide a location for such amenities as a farmer's market. The purpose

- of these improvements is to expand area quality of life through the addition of new neighborhood park conveniences.
- The **Wren Avenue Reconstruction** will involve redesign of the thoroughfare abutting the Transfer Station to the north. Reconstruction will include the addition of sidewalks, a bicycle lane, pedestrian lighting and utility infrastructure, street trees and landscaping and level driveways connecting the Project to the existing street and roadway network.
 - ❖ **Public Infrastructure** including the construction of an urban grid system with complete streets and pedestrian friendly walkways enhanced by broad sidewalks and lighting, way finding, public art installations and street furniture. Other public infrastructure improvements include grading and drainage, installation of dry and wet utilities, and the construction of public open spaces, such as plazas, parks, gardens and trails.
 - ❖ **Diana Drainage Channel Renovation** involves a demonstration project that will convert unsightly concrete channels into urban arroyos which will enhance stormwater management and ensure increased groundwater recharge, while also incorporating a natural element into the otherwise urban TOD.
 - ❖ **Affordable Residential Housing** will be constructed upon acceptance into the Texas Department of Housing and Community Affairs (TDHCA) backed nine percent Low Income Housing Tax Credit (LIHTC) program, enabling the development of approximately 100 below market value units.

Economic Feasibility

Pursuant to the Act, the City plans to conduct an economic feasibility study for the proposed Zone and the Project to be completed and presented to the El Paso City Council with the Final Project and Reinvestment Zone Financing plans. The study and the final plans will be reviewed by the City Council following Zone designation and final plan and feasibility study approval by the Zone's appointed Board of Directors.

Estimated Bonded Indebtedness

No bonded indebtedness is contemplated at this time. Funding for qualified eligible public improvements will occur through reimbursement payments made on an annual basis, as determined by the terms and conditions of the agreement(s) between the City and the Developer(s). However, the City reserves the right during the life of the Zone to issue tax-exempt bonds ("Bonds") payable from the captured future value of the Zone. The future issuance of Bonds is at the City's sole and absolute discretion and would be preceded by an amendment to the Final Reinvestment Zone Financing Plan that requires approval by the El Paso City Council.

Time When Monetary Obligations are to be Incurred

The City and the Zone will incur monetary obligations as the stream of tax revenue allows. Developers will be reimbursed only after completion, inspection and acceptance by the City of eligible public improvements and infrastructure enhancements 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.

Monetary obligations are expected to begin following Zone designation and subsequent approval of the Final Project and Reinvestment Zone Financing Plans. Phase One of the Project, to include infrastructure development and construction, is expected to begin immediately upon Zone designation final plan approval, and is projected to be completed by the third quarter of 2015. Transit facility and affordable housing construction and development components are expected to begin immediately following infrastructure construction completion. Project construction for all phases is anticipated to be completed by the end of the fourth quarter of 2017.

Method of Financing Project Costs and Funding Sources

DESCRIPTION OF METHODS OF FINANCING

The primary source of funding for the Northgate Transit Oriented Development comes through various sources secured by the Developer for the construction of residential, retail and office components. These sources are projected to provide approximately 60 percent of total development costs. In addition, several grants both federal and local have been or are anticipated to be secured, including the Federal Transportation Administration's Transportation Investment Generating Economic Redevelopment (TIGER) grant, the Texas Department of Housing and Community Affairs Low Income Housing Tax Credit program, a Chapter 380 Agreement between the City and the Developer, among others (see Table 2 for additional detail). Together, these fund approximately 30 percent of total development costs.

The remaining ten percent of development costs, listed in Table 3, are eligible for reimbursement through tax increment financing. While the Act permits the issuance of tax increment bonds, the proceeds of which may be used to pay Project Costs, no debt issuance is anticipated at this time. Rather, Project Costs will be funded through a pay-as-you-go obligation, or a contractual commitment to reimburse the Developer for qualified expenditures using TIF revenues; these payments, however, are contingent on the availability of such funds. In this way, the Developer, not the City, carries the risk that TIF revenues will not be sufficient to cover Project Costs and failure by the City to make payments due to insufficient TIF revenues does not constitute a default.

SOURCES OF TAX INCREMENT REVENUE

The incremental revenue necessary to pay the Project Costs is expected to come from increased property values in the Zone due to public works improvements and construction of commercial, office and residential

components. The City of El Paso will participate in the Zone by contributing 100 percent of its captured ad valorem tax increment for the full life of the Zone. At this time, no other taxing jurisdiction is anticipated to participate in the Zone.

Current Appraised Value of Taxable Real Property

The preliminary tax roll for 2014 indicates an assessed Zone value, before exemptions and special valuations, of \$5,935,888; the certified tax roll for 2014 will not be known until the end of July 2014 and, as a result, the current analysis, is based on the El Paso Central Appraisal District's preliminary 2014 assessed land value. As City-owned property, the current appraised value of the Zone's taxable real property is \$0 and is expected to remain \$0 through the close of the calendar year. Consequently, the tax increment base of the Zone is \$0.

Estimated Annual Captured Value

As unimproved City-owned land, the 2013 captured value of properties located in the proposed Zone was \$0 and is expected to remain at \$0 through 2014. However, as development progresses, leaseholder improvements to the land are anticipated to increase the captured value of the Zone with the initiation of residential, commercial and office construction, and eventual execution of the land transfer. Detail regarding future estimated annual captured value will be included in the final reinvestment zone financing plan.

Duration of the Zone

Pursuant to §311.004(a)(3) of the Act, the proposed Zone shall take effect immediately upon the passage of the accompanying designation Ordinance and will endure for 30 years through its termination date of December 31, 2044 (the "Termination Date), unless terminated earlier as a result of City Council action by ordinance due to the payment in full of all Project Costs and the interest accrued on those costs, or for any other good cause as authorized or permitted by law.

EXHIBIT A - AERIAL



EXHIBIT B

Property description: 30.802 acres, being a portion of Lot 1A and all of Lot 7, Block 6, Northgate Replat "C" and all of Lot 4, Block 6, Northgate, El Paso, El Paso County, Texas

METES AND BOUNDS DESCRIPTION

The parcel of land herein described is 30.802 acres, being a portion of Lot 1A and all of Lot 7, Block 6, Northgate Replat "C" (Book 62, Page 45, Plat Records, El Paso County, Texas) and all of Lot 4, Block 6, Northgate (Book 10, Pages 30 and 31, Plat Records, El Paso County, Texas), El Paso, El Paso County, Texas, and is more particularly described by metes and bounds as follows:

COMMENCING at the intersection of the common boundary between Lots 1A and 6, Block 6, Northgate Replat "C" and Lot 3, Block 6, Northgate, said point also being the **POINT OF BEGINNING** of this description;

THENCE, South 89° 02' 30" West, along the northerly boundary of Lot 3, Block 6, Northgate, a distance of 844.92 feet to the common boundary between Lots 3 and 4, Block 6, Northgate;

THENCE, 180.90 feet continuing said northerly boundary and along the arc of a curve to the right, having a radius of 115.43 feet, a central angle of 89° 47' 30", and a chord which bears North 46° 03' 45" West, a distance of 162.95 feet to the easterly boundary of Lot 3, Block 6;

THENCE, North 1° 10' 00" West, along said boundary, a distance of 844.67 feet to the easterly right-of-way of Dyer Street (100-foot right-of-way, February 5, 1936, Book 608, Page 474, Deed Records, El Paso County, Texas);

THENCE, North 29° 25' 00" East, along said right-of-way, a distance of 2.15 feet to the southerly boundary of that certain parcel of land described July 28, 2003, in Book 4645, Page 1491, Deed Records, El Paso County, Texas;

THENCE, South 60° 35' 00" East, along said boundary, a distance of 244.61 feet;

THENCE, North 89° 59' 53" East, continuing along said boundary, a distance of 48.36 feet to the easterly boundary of said parcel;

THENCE, North 29° 08' 39" East, along said boundary, a distance of 101.30 feet to the southerly boundary of that certain parcel of land described August 23, 2002, in Book 4323, Page 748, Deed Records, El Paso County, Texas;

THENCE, along said boundary, the following courses:

South 60° 35' 00" East, a distance of 40.75 feet;

North 29° 25' 00" East, a distance of 161.84 feet;

South 60° 35' 00" East, a distance of 37.81 feet;

North 29° 25' 00" East, a distance of 62.38 feet to the southerly right-of-way of Wren Avenue (80-foot right-of-way, Northgate);

THENCE, along said right-of-way, the following courses:

147.78 feet along the arc of a curve to the left, having a radius of 461.09 feet, a central angle of 18° 21' 49", and a chord which bears South 81° 56' 35" East, a distance of 147.15 feet;

North 88° 52' 30" East, a distance of 466.69 feet;

262.19 feet along the arc of a curve to the right, having a radius of 448.98 feet, a central angle of 33° 27' 30", and a chord which bears South 74° 23' 45" East, a distance of 258.48 feet;

South 57° 40' 00" East, a distance of 40.66 feet;

65.78 feet along the arc of a curve to the left, having a radius of 522.72 feet, a central angle of 7° 12' 37", and a chord which bears South 61° 16' 18" East, a distance of 65.74 feet to the westerly boundary of Lot 6, Block 6, Northgate Replat "C";

THENCE, South 1° 10' 00" East, along said boundary, a distance of 720.11 feet to the northerly boundary of Lot 6;

THENCE, South 89° 02' 30" West, along said boundary, a distance of 467.50 feet;

EXHIBIT B

THENCE, 23.56 feet continuing along said boundary and along the arc of a curve to the left, having a radius of 15.00 feet, a central angle of 90° 00' 00", and a chord which bears South 44° 02' 30" West, a distance of 21.21 feet to the westerly boundary of Lot 6;

THENCE, South 0° 57' 30" East, along said boundary, a distance of 193.02 feet to the **POINT OF BEGINNING** of this description.

Said parcel of land contains 30.802 acres (1,341,722 square feet) of land more or less.

NOTE: THIS DESCRIPTION IS BASED ON RECORD INFORMATION AND IS NOT INTENDED TO REPRESENT AN ON-THE-GROUND SURVEY. A PLAT OF EVEN DATE HERewith ACCOMPANIES THIS DESCRIPTION.

ROBERT SEIPEL ASSOCIATES, INC.
Professional Land Surveyors
Texas Reg. Surveying Firm 10060500



Robert R. Seipel, R.P.L.S.
President
Texas License No. 4178

Job Number 14-0048A
November 17, 2014

DATE: 11-17-14

EXHIBIT C - LAND USE

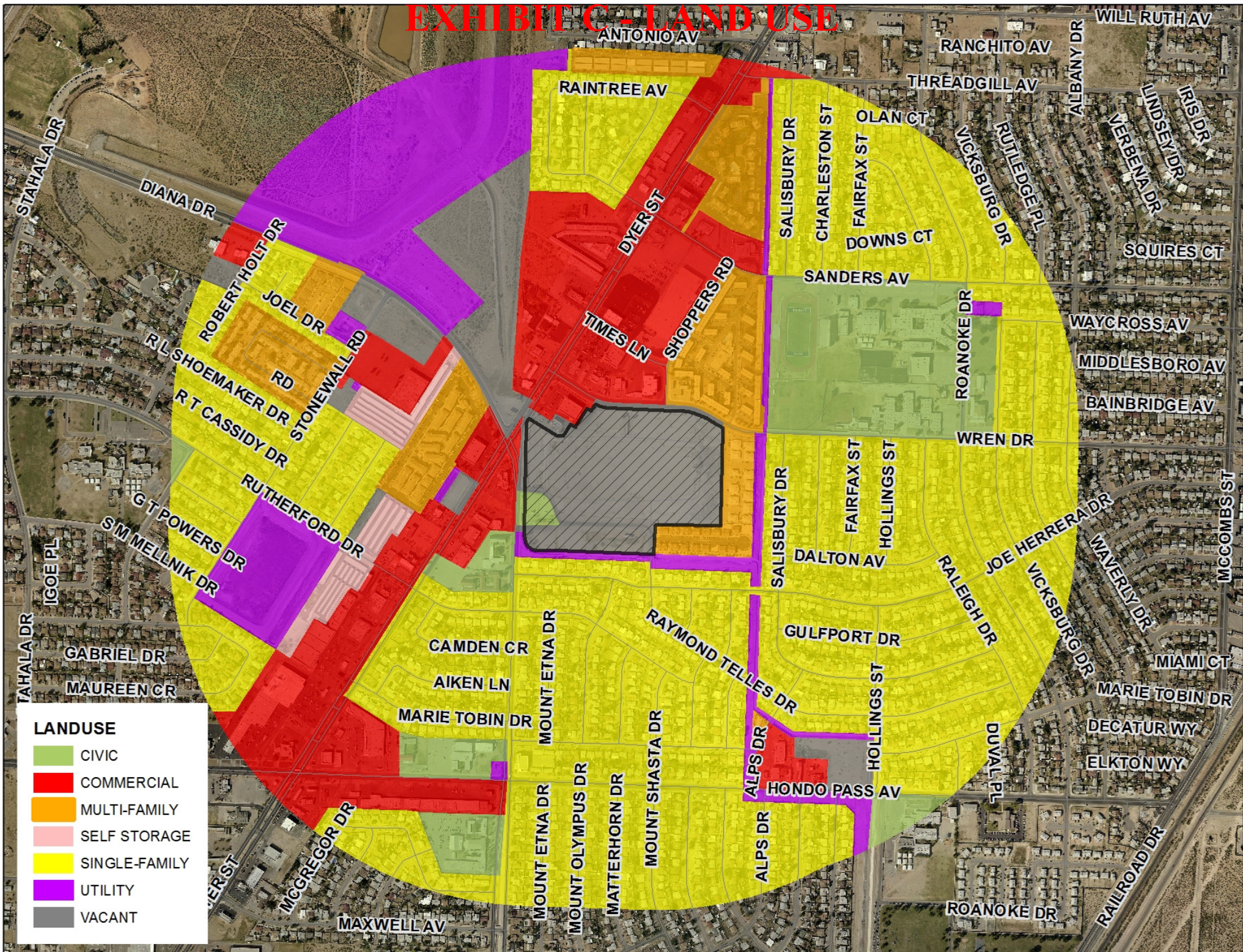


EXHIBIT D - CURRENT ZONING

