



Legislation Details (With Text)

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On agenda: 10/23/2019 **Final action:**

Title: Authorize an amendment to Resolution No. 19-0949, previously approved on June 12, 2019, authorizing a development agreement with DD Dunhill Hotel LCC and/or its affiliates (the "Developer") for the Virgin Hotel Infrastructure Project (the "Project") on and adjacent to property currently addressed at 1909 Hi Line Drive in Tax Increment Financing ("TIF") Reinvestment Zone Number Eight (Design District TIF District) to divide implementation and TIF subsidy payment eligibility for the Project into two portions: (1) Phase I and Phase IIA with the same deadlines as previously authorized; and (2) Phase IIB with a completion deadline extended from June 30, 2020 to June 30, 2023 - Financing: No cost consideration to the City

Sponsors:

Indexes: 6

Code sections:

Attachments: 1. Map, 2. Resolution, 3. Exhibit A1-A2

Date	Ver.	Action By	Action	Result
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STRATEGIC PRIORITY: Economic and Neighborhood Vitality

AGENDA DATE: October 23, 2019

COUNCIL DISTRICT(S): 6

DEPARTMENT: Office of Economic Development

EXECUTIVE: Michael Mendoza

SUBJECT

Authorize an amendment to Resolution No. 19-0949, previously approved on June 12, 2019, authorizing a development agreement with DD Dunhill Hotel LCC and/or its affiliates (the "Developer") for the Virgin Hotel Infrastructure Project (the "Project") on and adjacent to property currently addressed at 1909 Hi Line Drive in Tax Increment Financing ("TIF") Reinvestment Zone Number Eight (Design District TIF District) to divide implementation and TIF subsidy payment eligibility for the Project into two portions: **(1)** Phase I and Phase IIA with the same deadlines as previously authorized; and **(2)** Phase IIB with a completion deadline extended from June 30, 2020 to June 30, 2023 - Financing: No cost consideration to the City

BACKGROUND

On June 12, 2019, City Council authorized a development agreement with Developer for TIF funding for public infrastructure improvements that provide streetscape enhancements adjacent to the Virgin Hotel development while primarily facilitating extended streetscape improvements along Hi Line Drive to connect to the Trinity Strand Trail of district-wide benefit.

The TIF-funded improvements include a portion of Phase I improvements adjacent to the Virgin Hotel and Phase II streetscape and utility burial improvements extending beyond the hotel along Hi Line Drive west to the Trinity Strand Trail head as recommended by the City's Urban Design Peer Review Panel. These improvements would complete the streetscape connection to the trail.

The Developer is now requesting an amendment to split Phase II of the Project into two segments: Phase IIA and Phase IIB. Phase IIA would include enhancements to the median to the western end of Hi Line Drive, and Phase IIB would include repaving the roadway at the western end of Hi Line Drive and sidewalks along the vacant tract on the south side of Hi Line Drive. Phase I would remain unchanged.

The request has been prompted by the Developer recently becoming aware that a development site at 1930 Hi Line Drive on the northern end of Hi Line Drive will be commencing construction in early 2020 (with full completion by early 2023).

Construction trucks and equipment could potentially damage new road paving on the western side of Hi Line Drive during that period; therefore, the Developer would like to postpone the paving improvements in that area until after construction of the development at 1930 Hi Line Drive is substantially completed.

Phase I and IIA would be completed under the previously authorized deadlines while Phase IIB would have a completion deadline extended from June 30, 2020 to June 30, 2023. The Developer would be eligible for TIF reimbursement for Phase I and IIA at completion of those requirements. For Phase IIB, the Developer would be eligible for TIF reimbursement later upon completion. The total TIF funding for the Project would remain unchanged (not to exceed \$3,622,885.00 as previously authorized by Resolution No. 19-0949).

On September 26, 2019, the Design District TIF District Board of Directors reviewed and recommended approval of the requested amendment. The proposed breakdown of TIF funding is shown below:

Phase I: \$1,080,085.00

- (a) Paving and streetscape improvements - \$705,085.00 along Hi Line Drive and Turtle Creek Boulevard in the public right-of-way adjacent to the Virgin Hotel.
- (b) Utility burial (partial reimbursement of total cost incurred) - \$375,000.00 along Hi Line Drive and Turtle Creek Boulevard in the public right-of-way adjacent to the Virgin Hotel.

Phase IIA: \$1,645,838.00

- (a) Paving and streetscape improvements - \$1,645,838.00 enhancements to the median on the western end of Hi Line Drive to the Trinity Strand Trail head.

Phase IIB: \$896,962.00

- (a) Paving and streetscape improvements - \$505,962.00 repaving the roadway at the western end of Hi Line Drive and sidewalks along a portion of the south side of Hi Line Drive.
- (b) Overhead utility burial - \$391,000.00 along Hi Line Drive from the Project site to the western end at the Trinity Strand Trail head.

ESTIMATED SCHEDULE OF PROJECT

Begin Construction Phase I and IIA June 2019
Complete Construction Phase I and IIA June 2020

Begin Construction Phase IIB June 2022
Complete Construction Phase IIB June 2023

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 8, 2005, City Council authorized the establishment of Tax Increment Financing Reinvestment Zone Number Eight, the Design District TIF District by Resolution No. 05-1780; Ordinance No. 26021, as amended.

On April 12, 2006, City Council authorized the Project Plan and Reinvestment Zone Financing Plan for the Design District TIF District by Resolution No. 06-1076; Ordinance No. 26303; as amended.

On May 24, 2019, the Design District TIF District Board of Directors reviewed the proposed Project and recommended City Council authorization of a development agreement with Developer.

On June 12, 2019, City Council authorized a development agreement with Developer in consideration of the Project on and adjacent to property currently addressed at 1909 Hi Line Drive in Tax Increment Financing Reinvestment Zone Number Eight (Design District TIF District) by Resolution No. 19-0949.

On September 26, 2019, the Design District TIF District Board of Directors reviewed the proposed amendment to the Project and recommended City Council authorization.

City Council will be briefed by memorandum regarding this matter on October 11, 2019.

FISCAL INFORMATION

No cost consideration to the City.

OWNER/DEVELOPER

DD Dunhill Hotel LLC

Tim Denker, Executive Vice President

MAP

Attached