

# Mayor and Council Communication

DATE: 08/27/24

M&C FILE NUMBER: M&C 24-0735

LOG NAME: 17RIVERPLAZAAMEND3

## **SUBJECT**

(CD 9) Authorize Execution of Amended and Restated Economic Development Program Agreement with FW River Plaza, L.P., in Connection with the WestBend Project, Formerly River Plaza, Near the Intersection of River Run and South University Drive to Extend the Project Completion Deadline and Revise the Project Scope and Incentive Cap

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## **RECOMMENDATION:**

It is recommended that the City Council authorize the City Manager to execute an Amended and Restated Economic Development Program Agreement with FW River Plaza, L.P., in connection with the WestBend Project, formerly River Plaza, near the intersection of River Run and South University Drive to revise the project scope and incentive cap.

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## **DISCUSSION:**

In July 2007, the City Council authorized execution of an Economic Development Program Agreement (Agreement) with FW River Plaza, L.P. (Developer) for the construction of a mixed-used development at the intersection of South University Drive and River Run, then referred to as River Bend (Mayor & Council Communication (M&C) C-22239, City Secretary Contract No. 36485), which was subsequently amended by M&C C-25124 (City Secretary Contract No. 36485-A1). Under the Agreement as amended, Developer was responsible for delivering 85,000 square feet of retail space and 185,000 square feet of office space by no later than December 31, 2015 (Phase I). In return for Phase I, the City agreed to pay the Developer annual Economic Development grants authorized by Chapter 380 of the Texas Local Government Code for a period of 10 years equal to 75 percent of incremental real property, personal property and sales tax revenues received by the City from the project site, subject to a cap on the total amount of all grants based on the amount of investment made by the Developer in constructing the project.

Under the Agreement as amended, Developer was entitled to receive Economic Development grants for a 10-year term with annual payments equal to 50 percent of the real and personal property taxes collected by the City on the incremental increase in value of the project and 50 percent of the City's \$.01 general sales tax revenues attributable to the project, capped at an overall amount of \$3,830,253.00 (of which approximately \$1,174,266.00 has been paid to-date). The Phase I incentive term will be completed by July 31, 2028.

Currently and in addition to the delivered Phase I project, Developer proposes to build on an adjacent property a 7-story mixed-use development consisting of a minimum 265,000 square feet of total development, 300 units of multi-family, 4,500 square feet of commercial space and certain public amenities alongside Trinity Trails (Phase II). As part of the Phase II project, Developer is required to invest a minimum of \$81,600,000.00.

In support of the Phase II project, staff recommends that the current Agreement be amended to allow for the payment of an additional 10 annual grants based on up to 50% of incremental ad valorem and City 1% Sales Tax. Phase II grants will be based on increment from new development only. The total estimated grants for the Phase II project are estimated to equal \$3,005,742.00 in total.

All other terms and requirements, including requirements for the use of BEF firms and any associated penalties, will remain unchanged and applicable to the Phase II as appropriate for new construction.

Staff recommends authorization of an amendment to the Agreement to incorporate these changes.

This development is located in COUNCIL DISTRICT 9.

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## **FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2024 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

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Expedited