

Mayor and Council Communication

DATE: 05/23/23

M&C FILE NUMBER: M&C 23-0436

LOG NAME: 17CLEARFORKPH2EDPA

SUBJECT

(CD 3 / Future CD 3) Authorize Execution of an Economic Development Program Agreement with Cassco Development Co., Inc., or an Affiliate, for the Construction of Approximately 250,000 Square Feet of New Commercial Space to be Comprised of New Retail and Office Space, 350 new Multi-Family Units, 200,000 Square Feet of New Automobile Showroom and Service Space, and a Parking Garage

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the execution of an Economic Development Program Agreement with Cassco Development Co., Inc., or an affiliate for the construction of approximately 250,000 square feet of new commercial space to be comprised of new retail and office space, 350 new multi-family units, 200,000 square feet of new automobile showroom and service space, and a parking garage; and
2. Find that the terms and conditions of the Economic Development Program Agreement, as outlined below and in the Agreement, constitute a custom-designed economic development program, as recommended by the most recently adopted Comprehensive Plan and authorized by Chapter 380 of the Texas Local Government Code.

DISCUSSION:

Cassco Development Co., Inc. (Company), is the owner and developer of various land holdings in Fort Worth, including developed property that is located at the northwest corner of Clearfork Main Street and Edwards Ranch Road that is the subject of an active economic development program agreement (CSC-45586) for the development of an approximate \$300 million mixed-use development which it successfully completed. Company now wishes to develop adjacent property that is located within 25 acres at the northeast corner of Clearfork Main Street and Edwards Ranch Road (Project Site) as a new phase of development for the broader Clearfork district (Phase II).

Company proposes to develop the Project Site as an approximate \$400 million walkable mixed-use development consisting of commercial space (office or retail), 350 new multifamily units, a 1,750-space parking garage, and automobile showroom space that has been designed to be compatible with and complimentary to the surrounding mixed-use district (Project).

Company Investment:

To support the Project, Company and City staff propose to enter into an Economic Development Program Agreement (EDPA) (Agreement). As part of the proposed Agreement, Company would commit to completing the Project over two individual phases (Phase II-A and Phase II-B respectively) in accordance with the following minimums:

Phase II-A

- Minimum 150,000 square feet of new commercial space consisting of retail or office space or a combination of both.
- Minimum 200,000 square feet of new automobile showroom and service space.
- Minimum 1,750 space parking garage
- Minimum Total Development Costs of \$225,000,000
- Minimum \$150,000,000 Hard Construction Costs
- Required completion date of December 31, 2026 (Phase II-A Completion Deadline)

Phase II-B

- Minimum 350 new multi-family units.
- Minimum 100,000 square feet of new commercial space consisting of retail or office space or both.
- Minimum Total Development Costs of \$350,000,000 (inclusive of Phase II-A)
- Minimum \$275,000,000 Hard Construction Costs (inclusive of Phase II-A)
- Required completion date of December 31, 2028 (Phase II-B Completion Deadline)

Utilization of Business Equity Firms (Real Property Improvements):

Company must expend or cause to be expended 15% of all construction costs (Hard and Soft) for the Project as defined in Chapter 20, Article X of the City Code. Failure to meet this commitment will not constitute a default, but the value of Grant eligibility will be reduced by 10%.

City Commitments:

In return for development of the Project, the City would provide up to fifteen (15) annual grants equal to up to 80% (Rate) of the Maintenance and

Operations portion of new incremental City ad valorem taxes (Grants) for a total amount not to exceed \$22,000,000.00 (Program Cap). The Grants will exclude the value of taxes paid in association with multi-family property developed as part of the Project.

Failure by Company to complete Phase II-A minimum requirements by the Phase II-A Completion Deadline will be an instance of default on the Agreement, leading to a forfeiture of any Grants to be paid by the City. Failure by Company to complete Phase II-B minimum requirements by the Phase II-B Completion Deadline will not be an instance of default, but will result in a reduction of the Rate from a maximum of 80% to a maximum of 60%.

The maximum Rate in any given year of the Agreement will be in accordance with the following table:

Developer Commitment	Max EDPA Grant (% of incremental M&O)	
	Years 1-2	Years 3-15
Phase II-A Development – Min. \$225 M and Ph. I CO by 12/31/2026	70%	50%
Phase II-B Development – Min. \$350 M and Ph. II CO by 12/31/2028	-	20%
15% BEF Commitment	10%	10%
TOTAL	80%	80%

This project is located in COUNCIL DISTRICT 3.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2023 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