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CORPUS CHRISTI

## NEWSLOCAL NEWS

City Council takes big step towards financing American Bank Center expansion

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In January, Corpus Christi City Council received the results to a feasibility and economic study about expanding American Bank Center and adding a 600-room hotel. On Tuesday, the council took a step forward in finding a way to fund that using state money.

City council has approved a resolution to support state financing for the expansion and renovation of a convention center at the American Bank Center. How they will do that will be with a relatively new tool.

"This is a super positive step in our city's history, it truly is," Mayor Paulette Guajardo said. "We will be the fourth and only the fourth city in Texas to be put into this pool."

There is a law that will allow the city to create a Project Finance Zone (PFZ). It's similar to a Tax Increment Zone (TIRZ), but this uses money from hotel taxes. The law created in 2013, has only been used in Dallas and Fort Worth. Guajardo said Houston is also in the process to implement this.

So, within up to a 3 mile radius of the proposed project, the zone redirects the state hotel occupancy, sales and mixed beverages taxes and gives them to the city. Only qualified projects such as a convention center or multipurpose arena can use this program. The program can stay in place for up to 30 years.

"There is a statute requirement that at least 40 percent of the project cost is contributed by the private sector. I don't think that will be a problem," said Brandon Aghamalian with Focus Advocacy.

However, the city would have to establish a base year number and they may be able to use the taxes generated from 2023. For example, let's say the hotel taxes collected in 2023 are \$60

million. During the longevity of the program, the city keeps the taxes generated after meeting the \$60 million threshold.

It's projected that could be \$64 to \$131 million over 30 years.

"So, it is an incredibly valuable tool--you would have no reason not to ask to be written into," said Rob Hunden, CEO of Hunden Strategic Partners. His company conducted the feasibility and economic impact study.

20 hotels with a total 2,143 rooms fall in that 3 mile radius from American Bank Center. The problem is much of that zone will be unused over the Corpus Christi Bay. City Manager Peter Zanoni said they're hoping some new legislation could change that.

"That's how it's written today and as one of the speakers said, would put us in the water," said Zanoni. "So, we want to take the equivalent area that, that equals and see if we can shape it differently."

The city is expecting to add two large hotels within that radius including a convention center Headquarters hotel. Guajardo said two national hoteliers have reached out to the city about the project. The city also has another tool they may be able to use to help fund the hotel part of this expansion project.

The city now waits to see if they will essentially be approved by the state legislature to take part in the program.

In May or early Summer, the city staff will present council with a plan of finance for the overall project. That includes funding sources, a project schedule and recommendations.

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