

CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 18-446, **Version:** 1

Consider/Discuss/Act on a Project Grant Application Submitted by McKinney HUB 121, LLC (#18-05) in the Amount of \$400,000.00 (\$200,000 Grant; \$200,000 Type B Sales/Use Tax-based Grant from Revenue Generated by the Project) for the Construction of a Privately Owned, Public Access Pavilion that will Provide Landscaping, Shade Structures, Amphitheater, Electrical System, Sound System and Seating Areas for the HUB 121 Entertainment, Retail, Restaurant Mixed-Use Development in Craig Ranch; Total Estimated Cost for Pavilion Construction is \$724,946.00; Amount Requested Represents 56% of the Total Project Cost

COUNCIL GOAL: Enhance Quality of Life in McKinney

MEETING DATE: April 26, 2018

DEPARTMENT: McKinney Community Development Corporation

CONTACT: Cindy Schneible, President

ITEM SUMMARY:

- The required public hearing for this project was held on April 26, 2018
- McKinney HUB 121, LLC is a Texas Limited Liability Company organized specifically for the development of the Northwest corner of Alma Road and the Sam Rayburn Tollway.
- In 2018, HUB 121 will begin construction on the first phase of an entertainment, restaurant, hotel and multi-family development.
- Central to the Project design is a privately maintained green space, open to the public and located along the existing hike and bike trail in Craig Ranch (the Pavilion).
- HUB 121 is requesting \$400,000 (\$200,000 grant; \$200,000 Type B sales/use tax-based grant from revenue generated by the Project) for the construction of a privately owned, public access Pavilion that will include landscaping, shade structures, amphitheater, electrical system, sound system and seating areas.
- The Pavilion is designed to provide pedestrian and cyclist access to the restaurant and entertainment area - and tie the adjacent restaurants together into one cohesive development.
- The Pavilion will have programmed events to aid in the promotion and marketing of the Project and entertain patrons.
- The Pavilion will serve as an activity center on the weekends with a variety of activities.
- The Project will provide an entertainment and dining destination for residents and visitors and an entertainment and recreational venue for the general public.

BACKGROUND INFORMATION:

- The Project will be located on 22-acres in the northwest quadrant of the intersection of Alma Road and the Sam Rayburn Tollway.

- Phase I will include approximately 58,700 sf of retail and restaurant space situated in five buildings.
- Construction of Phase I of the Project is anticipated to total \$20,000,000, with resulting improvements being subject to ad valorem tax.
- It is anticipated Phase I restaurants will generate approximately \$47 million in annual sales at stabilization, and subject to local sales tax.

FINANCIAL SUMMARY:

- HUB 121, LLC is a single-purpose entity formed solely to develop this property.
- HUB 121's Managers, JorParks, Inc. and Fourth Avenue Investments, LLC have illustrated financial capacity to complete projects of this magnitude in and near McKinney with total investment of approximately \$15,000,000. Examples include:
 - Westminster at Craig Ranch - residential development with retail strip
 - Tour at Craig Ranch - residential subdivision
 - Nature Place - residential, semi-custom subdivision adjacent to Heard Wildlife Museum
- HUB 121, LLC is well-capitalized and has a bank commitment in place for construction with an anticipated construction commencement date in 2018.
- Overall Project cost for Phase I is anticipated to be \$20,000,000; total estimated cost for the Pavilion is \$724,000.
- The City of McKinney drafted a Chapter 380 Agreement to provide a grant in the amount of \$300,000 based upon the completion of five Class A retail/restaurant buildings totaling at least 50,000 sf and a music pavilion area. Council consideration is anticipated in April.
- MCDC's allocation for Project Grants for FY 18 is \$1,259,745
- HUB 121, LLC is a first-time applicant for MCDC Project Grant funds.