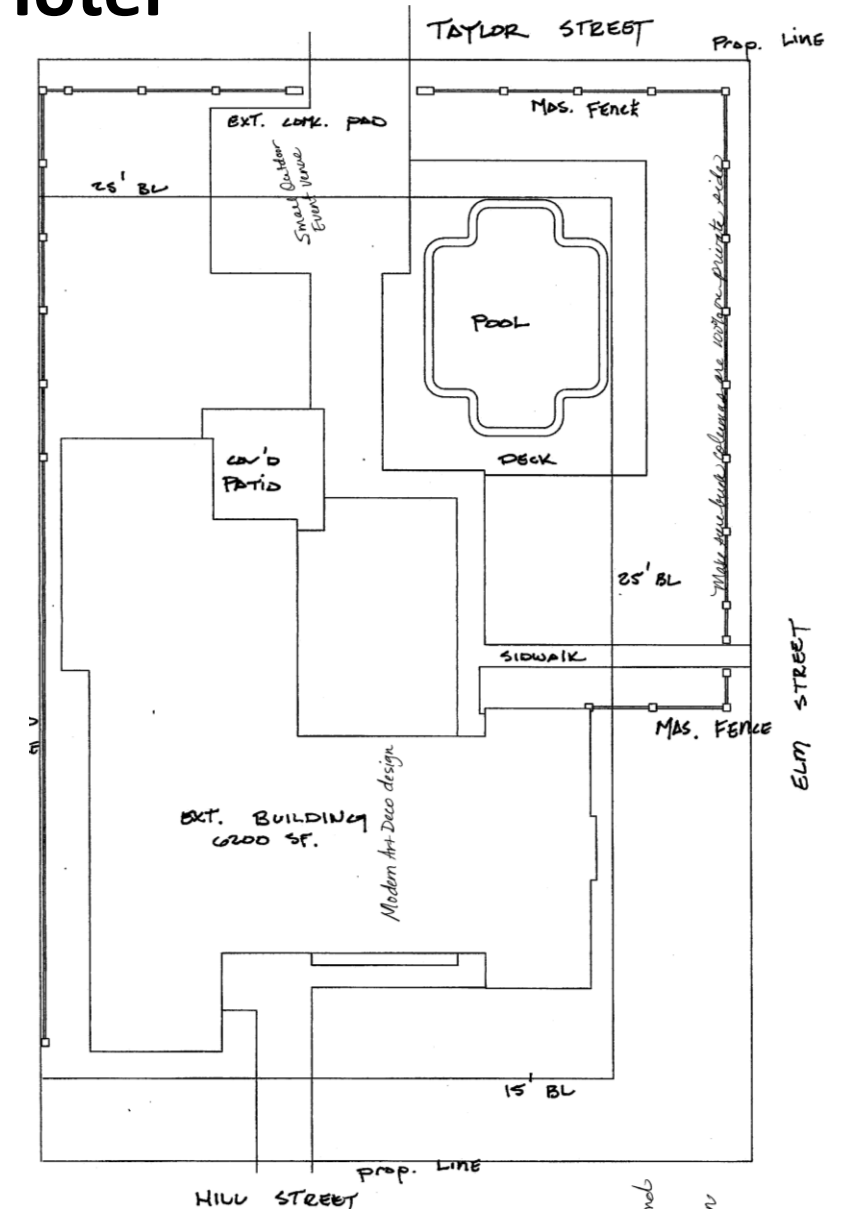
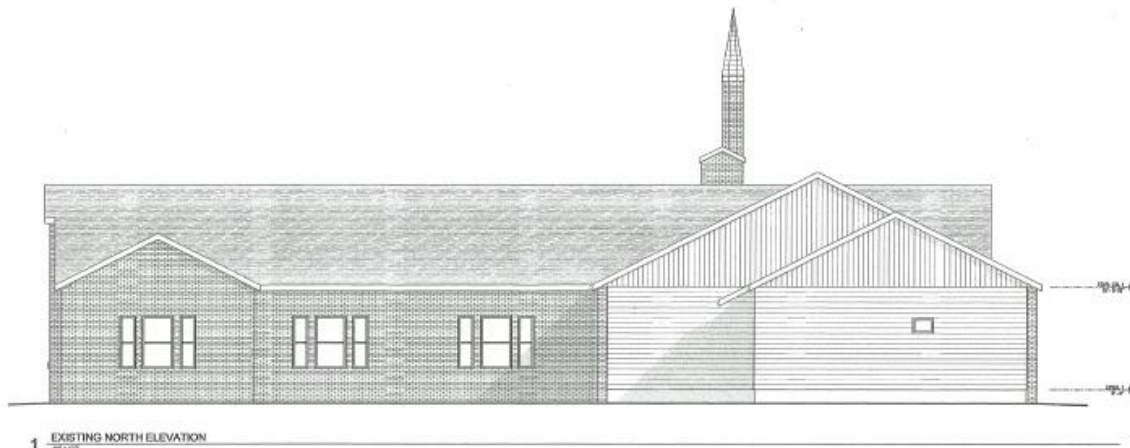
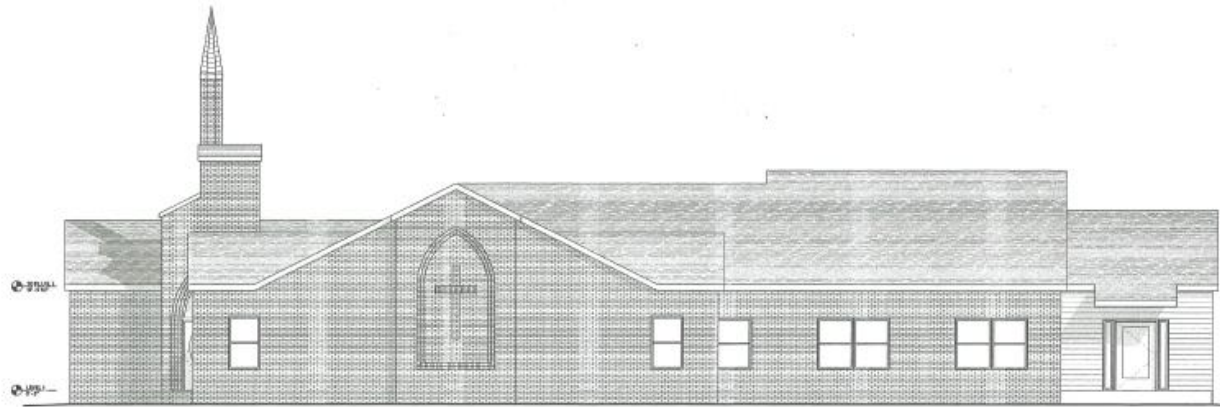


Item G-1

Consider a resolution approving a Chapter 380 Economic Development Program Agreement, pursuant to Chapter 380 of the Texas Local Government Code, and pursuant to the city's economic development policy, with The Harmonson, LLC, owner of a proposed boutique hotel located at 137 Hill Street on 0.5932 acres known as Block A, Lot 1 of the Lucas & Thompson Addition, Keller, Texas; and authorizing the city manager to execute said documents on behalf of the City of Keller, Texas.

The Harmonson Boutique Hotel

- 137 Hill St (with frontage on Elm and Taylor Streets)
- Existing vacant building
- Includes family suites



ECONOMIC INCENTIVE REQUEST SUMMARY								
Incentive Request	Ad Valorem Tax Revenues - 100%	Private Property Tax Revenues** - 100%	City Hotel Occupancy Tax Revenues*** - 100%	Cash Grant: Aesbestos and Fire Sprinklers - 100%	Cash Grant: Wine Bar, Public Lounge, and Outdoor Patio - 100%	Development Fees (Permit Fees, Connection Fees) - 100%	Keller Impact Fees - 100%	Fast Track Permitting
Construction Phase	\$ 1,899.53	\$0	\$0	\$185,000	\$65,000	\$ 7,010.89	\$ 10,088.33	\$0
Year 1	\$ 8,600	\$ 216	\$ 35,259			\$0	\$0	\$0
Year 2	\$ 8,815	\$ 221	\$ 38,197			\$0	\$0	\$0
Year 3	\$ 9,035	\$ 227	\$ 49,950			\$0	\$0	\$0
Year 4	\$ 9,261	\$ 233	\$ 49,950			\$0	\$0	\$0
Year 5	\$ 9,493	\$ 238	\$ 49,950			\$0	\$0	\$0
Year 6	\$ 9,730	\$ 244	\$ 49,950			\$0	\$0	\$0
Year 7	\$ 9,973	\$ 250	\$ 49,950			\$0	\$0	\$0
Year 8	\$ 10,222	\$ 257	\$ 49,950			\$0	\$0	\$0
Year 9	\$ 10,478	\$ 263	\$ 49,950			\$0	\$0	\$0
Year 10	\$ 10,740	\$ 270	\$ 49,950			\$0	\$0	\$0
DECADE TOTALS	\$ 98,246	\$ 2,419	\$ 473,058	\$ 185,000	\$ 65,000	\$ 7,011	\$ 10,088	\$ -

**Based on \$54,000 private property value

***Based 60% (Year 1), 65% (Year 2), 75% occupancy of 10 Rooms available 365 days each year at \$230/night

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REVENUES GENERATED							
Tax Revenues	Ad Valorem	Private Property Tax	City Hotel Occupancy Tax Revenues - 100%	City Sales Tax Revenues - 100% Construction	Secondary Economic Impacts***	Total Annual Benefit	ROI
Construction Phase	\$1,900	\$0	\$0	\$2,150	\$6,500	\$10,550	\$8,650
Year 1	\$8,600	\$216	\$ 35,259	\$250	\$985,500	\$1,029,825	\$985,966
Year 2	\$8,815	\$222	\$ 38,197	\$250	\$985,500	\$1,032,984	\$993,318
Year 3	\$9,035	\$229	\$ 49,950	\$250	\$985,500	\$1,044,965	\$1,009,529
Year 4	\$9,261	\$236	\$ 49,950	\$250	\$985,500	\$1,045,197	\$1,014,033
Year 5	\$9,493	\$243	\$ 49,950	\$250	\$985,500	\$1,045,436	\$1,018,585
Year 6	\$9,730	\$250	\$ 49,950	\$350	\$985,500	\$1,045,780	\$1,045,780
Year 7	\$9,973	\$258	\$ 49,950	\$350	\$985,500	\$1,046,031	\$1,046,031
Year 8	\$10,222	\$266	\$ 49,950	\$350	\$985,500	\$1,046,288	\$1,046,288
Year 9	\$10,478	\$274	\$ 49,950	\$350	\$985,500	\$1,046,552	\$1,046,552
Year 10	\$10,740	\$282	\$ 49,950	\$350	\$985,500	\$1,046,822	\$1,046,822
DECADE TOTALS	\$96,347	\$2,476	\$ 473,058	\$3,000	\$9,855,000	\$10,429,881	\$10,261,555

***Based on Texas Travel Research performed by the Office of the Governor Economic Development and Tourism: www.travel.texas.gov

ECONOMIC INCENTIVE REQUEST RECOMMENDATION								
Incentive Request	Real Estate Property Tax Grant - Decreasing	Personal Property Tax Grant -None	City Hotel Occupancy Tax Revenues - Decreasing	Development Fees - 50% and <i>Fast Tracking</i>	Keller Impact Fees - 50%	Cash Grant: Aesbestos and Fire Sprinklers - 50%	Total Recommendation	Primary ROI†
Construction Phase	\$ 2,124	\$ -	\$ -	\$3,505	\$5,044	\$93,000	\$103,674	\$ (84,675.35)
Year 1	\$ 8,600	\$ -	\$ 35,259	\$0	\$0		\$43,859	\$ 216
Year 2	\$ 7,933	\$ -	\$ 31,733	\$0	\$0		\$39,666	\$ 7,567
Year 3	\$ 7,228	\$ -	\$ 28,207	\$0	\$0		\$35,435	\$ 23,777
Year 4	\$ 6,483	\$ -	\$ 24,681	\$0	\$0		\$31,164	\$ 28,280
Year 5	\$ 5,696	\$ -	\$ 21,155	\$0	\$0		\$26,851	\$ 32,830
Year 6	\$ -	\$ -	\$ -	\$0	\$0		\$0	\$ 59,924
Year 7	\$ -	\$ -	\$ -	\$0	\$0		\$0	\$ 60,174
Year 8	\$ -	\$ -	\$ -	\$0	\$0		\$0	\$ 60,429
Year 9	\$ -	\$ -	\$ -	\$0	\$0		\$0	\$ 60,691
Year 10	\$ -	\$ -	\$ -	\$0	\$0		\$0	\$ 60,960
DECADE TOTALS	\$ 38,064	\$0	\$ 141,036	\$3,505	\$5,044	\$ 93,000	\$ 280,650	\$ 310,173

† Does not include Secondary or Tertiary Economic Impacts

The Harmonson Boutique Hotel

ROI (Primary Impacts)	No Improvement Revenues	Improvement Revenues
Year 0	\$2,124	\$ 44,075
Year 1	\$ 2,178	\$ 45,177
Year 2	\$ 2,232	\$ 46,306
Year 3	\$ 2,288	\$ 47,464
Year 4	\$ 2,345	\$ 48,650
Year 5	\$ 2,404	\$ 49,867
Year 6	\$ 2,464	\$ 51,113
Year 7	\$ 2,525	\$ 52,391
Year 8	\$ 2,588	\$ 53,701
Year 9	\$ 2,653	\$ 55,043
Year 10	\$ 2,720	\$ 56,419
TOTALS	\$21,677	\$ 550,205

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Proposal Summary

- Repurpose a large, vacant building in OTK;
- Located across the street from Keller's second-largest event center;
- Based on Texas Travel Research performed by the Office of the Governor Economic Development and Tourism: www.travel.texas.gov:
 - Domestic travelers account for 90% of visitor spending at Texas destinations in 2018
 - Leisure travel has accounted for 70-80% of domestic travel to and within Texas annually over the past few years
 - More than half of non-resident overnight leisure travelers stayed in paid accommodations with 41% staying in hotels and 15% staying in other paid accommodations
 - 9 out of 10 non-resident overnight leisure travelers participate in multiple activities on a trip, which often includes shopping or a culinary/dining experience, providing secondary economic impacts
- The initial cash investment of \$93,000 is based on performance of state-certified asbestos abatement and fire suppression sprinkler installation with passing inspection;
- Remaining incentives are performance based, relying on possession, construction completion, occupancy and sales



Questions?

Trina Zais

817-743-4009

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