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3 VISIONS FOR 2 CANAL STREET

The Proposals to Redevelop the Former World Trade Center Site

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INTRODUCTION

Few people would disagree that the former World Trade Center building sits on one of the most important locations in the city. The tower is built on city-owned land at the convergence of Canal and Poydras streets, officially No. 2 Canal Street. The tower rises 33 stories and offers sweeping views of downtown, the French Quarter and the Mississippi River. It occupies a key site on the New Orleans riverfront.

In January 2013, the city and one of its property management entities, the New Orleans Building Corporation (NOBC), issued a request for proposals (RFP) to redevelop the site of the former World Trade Center building. The RFP sought proposals to renovate the existing tower building or demolish it and redevelop the site.

In April, the city and NOBC received three proposals, together totaling nearly 600 pages. The city has formed an evaluation committee to review the proposals. It plans to meet for the first time on July 2.

The proposals vary considerably. Two of them would preserve the tower and put it in private hands, while the other would tear it down and convert the site to an unspecified iconic tourist attraction. While all three also envision a broader redevelopment of the surrounding area, they vary in scope. The proposals also vary significantly when it comes to compensation and specificity.

To help the public understand what is on the table, BGR reviewed copies of the proposals. It also interviewed members of each of the development teams. This analysis summarizes and compares the development proposals, the financial plans and the experience of each developer. It does not, however, endorse any proposal.

BACKGROUND

The edifice at 2 Canal Street was completed in 1968, the fruit of a long-term lease arrangement between the City of New Orleans and a local trade organization then known as the International Trade Mart. It was developed with a free-standing parking garage, built on city-owned land directly across Poydras. The building was known for years as the International Trade Mart, or ITM building. In the 1980s its name changed, along with that of the organization, to the World Trade Center of New Orleans. The building was conceived as a hub for international commerce, but it eventually fell into decline.

Efforts to redevelop the World Trade Center site have sputtered for years. Beginning in the 1990s, the city and NOBC pursued redevelopment in partnership with the master tenant, the World Trade Center of New Orleans Inc. However, none of the projects came to fruition. Today, the tower sits completely vacant.

In 2012, the city and NOBC bought out the master tenant's remaining leasehold interest. The organization has since asserted its rights to the name "World Trade Center" and asked developers to refrain from using it in reference to the building or garage. In this report, BGR refers to the structures as the Tower and Garage.

The Tower site covers approximately 86,000 square feet, about one-third of which are subject to railroad servitudes to a height of 22 feet.[1] Part of the Tower is actually built over the tracks, and the structure totals approximately 675,000 square feet.[2] The city leases the parcels underlying the Tower and Garage to NOBC, a public benefit corporation the city created to manage various properties. NOBC currently owns the improvements, although they will revert to city ownership upon termination of the ground lease in 2019.

OVERVIEW OF THE RFP

The RFP seeks the redevelopment of the Tower site. It does not include the Garage or any other parcels in the immediate vicinity of the Tower, such as Spanish Plaza, the Algiers-Canal Street ferry terminal or the wharf along the Mississippi River.[3]

The city and NOBC are offering to lease, but not sell, the Tower site to the winning developer.[4] In exchange, they are seeking compensation commensurate with the value of the property and the proposed use.

The RFP sets forth nine goals. Five of them indicate a desire for a dramatic rethinking of the site and a redevelopment plan that maximizes its true potential. They

call for creating "world-class civic space," developing "appropriate commercial uses," transforming the site by creating a "demand generator" for the riverfront, improving pedestrian access and enhancing riverfront views, and integrating the site with adjacent land uses.

The other four goals address financial and economic considerations. They focus on job creation, disadvantaged business participation, local business participation, and the provision of "direct revenue to NOBC commensurate with the market value and proposed use of the property."[5]

The RFP requests detailed information describing the proposed redevelopment, the qualifications and performance history of the respondent, the financial capacity of the respondent and the financial feasibility of the project. It indicates that the scoring will be based on the following evaluation criteria:

- Detailed description of the proposed redevelopment – 35%
- Qualifications and performance history of the respondent – 20%
- Financial capacity of the respondent – 20%
- Financial feasibility of the project – 25%

It is difficult to say how the evaluation committee will interpret and apply these criteria. As BGR wrote to the city and NOBC in February, the criteria are vague and do not clearly connect to the RFP's goals.[6] BGR's commentary on the RFP is available at www.bgr.org/reports/letter-seeks-improvements-to-world-trade-center-rfp/.

THE PROPOSALS

The city and NOBC received three responses to the RFP. One proposes converting the Tower into a combination of hotel rooms and residential apartments, with accompanying amenities. Another proposes renovating the tower for a more diverse set of uses, including hotel rooms, residential apartments, office space, retail, entertainment and other uses. The third proposes demolishing the Tower and redeveloping the site into a tourist attraction with an iconic structure.

In addition to the site-specific concepts, each of the proposals calls for numerous improvements to the area surrounding the site. In its analysis, BGR distinguishes between the Tower site plans and the "off-site" plans. Winning the RFP entitles the developer to negotiate a lease for the Tower site only. Executing the off-site plans will depend on separate agreements with parties that have existing rights to those properties.

What follows is a comparison of the three redevelopment plans, the developers' financial plans and proposed payments to the city and NOBC, and the developers' backgrounds. The appendix provides a recap of key aspects of each proposal.

Redevelopment Plans

The RFP requires that each proposal include a detailed redevelopment plan. In this section, BGR summarizes and compares the plans.

Burch Proposal. James H. Burch LLC (Burch), a firm based in Clifton, Va., submitted a proposal to renovate the Tower into a mix of hotel rooms, apartments, office space, retail, parking, entertainment, restaurants and other amenities (Burch Tower Plans). The plans call for removing the exterior walls of the first three floors to create the "World Plaza," an open-air collection of retail stores, music clubs, a film documentary about New Orleans housed in a large glass monument, a glass-enclosed studio for televised cooking shows, and a nightly "Mini Mardi Gras" parade. The next three floors would house foreign consulates. The developer expects to lay out the offices on an open floor plan and charge tourists a fee to wander the consulates and "visit the world," calling the attraction "Eyes on the World." Burch would invite the World Trade Center organization to return to the Tower.

The proposal designates floors seven to 10 as a parking garage, but only if no other option is available. It would convert floors 11 to 13 into Class A office space, floors 14 to 25 into a 550-room luxury hotel, and floors 26 to 29 into 88 residential apartments. Floors 30 and above would offer restaurants, lounges and other amenities. After submitting the proposal, Burch announced that the hotel would have 300 rooms, instead of 550, and that the Valencia Group, a Houston-based hotel management company, would operate it.

The Burch Proposal, though expansive in its vision for the Tower, includes no floor plans or renderings showing how the diverse array of uses will fit within the Tower and integrate with each other. It provides only conceptual sketches of the outside of the building and the reconfigured Tower site. Burch acknowledges the proposal does not present a "fully finished product" and seeks to negotiate its plans further with the city.

The proposal estimates approximately 905,000 square feet of gross building space. According to the city's 2007 RFP for the site, the Tower contains approximately 675,000 gross square feet.[7] Burch told BGR that it calculated the gross building space from the plans provided in Addendum 3 to the RFP.

The RFP requires the project plan to include a description of parking arrangements. The Burch Proposal cites several options, including a new on-site parking structure or a parking garage within the building. It has asked the city to help it obtain a lease for the Garage. So far, the city and NOBC have not responded publicly to that request. The RFP specifically excludes the Garage, noting the Hilton New Orleans Riverside Hotel's existing lease of the Garage runs through 2019.[8] NOBC, the lessor, receives revenue from the Garage operations. It currently directs that revenue to repay another public benefit corporation that funded the buyout of the World Trade Center organization's lease.

Burch puts forward several ideas for off-site improvements. These include removing the ferry terminal at the foot of Canal Street and outfitting the Spanish Plaza fountain with technology for hourly water feature shows (collectively, the Burch Off-Site Plans). The proposal does not indicate what they would cost or who would pay for them.

The proposal advocates strongly for renovating the building, rather than demolishing it. It would preserve a public asset that is "iconic and monumental," as well as a potential source of new jobs and city revenue. Further, the developer contends that the building is potentially eligible for historic tax credits, which would help to make renovation financially feasible. The developer also asserts that the proposed on-site and off-site im-

provements would make the riverfront more attractive and lure more visitors to the city.

Gatehouse Proposal. Gatehouse Capital Corp. (Gatehouse), a Dallas-based firm, and two co-developers submitted a proposal to renovate the Tower into a mix of hotel rooms, residential apartments and other amenities.

The renovation involves converting the Tower into a 245-room W Hotel (floors 1-12) and 280 luxury residential apartments (floors 13-30). It would provide resident amenities on floor 31 and a revolving lounge and restaurant on floor 33.[9] The hotel's first floor would include a John Besh-branded restaurant and bar. On the grounds next to the tower, Gatehouse proposes building a five-story structure to provide limited parking, a loading/service area, a ballroom and a W pool/rooftop event venue. (Collectively, the Gatehouse Tower Plans.)

Like Burch, Gatehouse asks for the city and NOBC to assist in negotiating a lease for the Garage. Gatehouse notes that a parking structure could be built on the Tower site, but that it would be visually unappealing.

Besides these improvements to the Tower site, Gatehouse pitches several ideas for improving the area surrounding the site (Gatehouse Off-Site Plans). These ideas, which would require third-party consideration and approval, are a mix of public and private projects. They include the private construction and operation of a large Ferris wheel on the wharf between Spanish Plaza and the Mississippi River (Sky Wheel), as well as public investments to redevelop the ferry terminal for pedestrian-only use, improve riverfront access and enhance the newly connected civic spaces.

Gatehouse submitted detailed design plans, including floor plans showing the layout of hotel rooms, apartments and other facilities, as well as renderings of the site and the building's exterior.

The development team asserts that its proposal would help attract younger leisure visitors to the city. It argues that the Tower should be preserved, not just for its modernist architecture, but also because it is solidly built and its floor plans, ceiling heights and large windows are ideal for hotel and residential uses. It argues that the building would generate new tax revenues, some of which could be used to enhance the riverfront. It also argues that the building is potentially eligible for substantial historic tax credits to facilitate renovation and reuse.

Tricentennial Consortium Proposal. A consortium of local tourism entities (the Tricentennial Consortium) submitted a proposal to demolish the Tower and redevelop the site, first into open space and later with an "iconic structure" to be determined (Tricentennial Tower Site Plans). The consortium submitted only conceptual drawings of a new tower, called Tricentennial Tower and envisioned by its architects as an hourglass-shaped structure rivaling downtown skyscrapers in size. At its base, visitors would tour an attraction dedicated to Louisiana's wetlands and operated by the Audubon Nature Institute. Then they would take a "spiral ride" up the outside of the tower. At the top, they would stand on an observation deck and look out at the city and, in the distance, the surrounding wetlands. The public would have to pay admission fees to enter the facilities.

The consortium indicated to BGR that the tower concept described above is a placeholder only. It plans to hold a design competition for the ultimate structure, which might not include a tower at all. The essence of the proposal is to create some kind of iconic tourist attraction at the site.

It is unclear which entity in the consortium would own the improvements at the site.

Unlike Burch and Gatehouse, Tricentennial's plan does not require overnight parking of hotel guests and residents. Tricentennial's proposal states that visitors would use public parking in the surrounding area.

The consortium's proposal also calls for off-site public improvements in the immediate vicinity of the site (the Tricentennial Off-Site Plans). Several of these would immediately follow demolition. They include replacing the ferry terminal to improve connections along the riverfront, making roadway and traffic improvements at the foot of Canal Street, reconfiguring the nearby Entergy substation to improve traffic flow and the pedestrian atmosphere, and performing other infrastructure

work. Other off-site improvements in the nearby area would be undertaken later. These include reconfiguring Spanish Plaza, renovating the riverfront wharf, and otherwise connecting and enhancing the public spaces between the Tower site and the river.

The consortium views its proposal to demolish the existing Tower and build an iconic tourist attraction as the highest and best use of the Tower site. The consortium believes the city does not need a hotel at that site, but instead a new tourism "demand generator" such as the iconic structure.

The consortium envisions the Tower site redevelopment as the "lead off component" of the upcoming expansion of the nearby convention center. That plan includes improvements to Convention Center Boulevard, a new entrance and corporate meeting space for the Convention Center itself, and infrastructure and utilities to facilitate private development of vacant land upriver from the Convention Center, including hotels. In an interview with BGR, members of the consortium stated that the Tower site proposal and the other improvements in the Convention Center's plan are not interdependent. In other words, the rest of the Convention Center's plans could proceed without approval of the consortium's Tower site proposal, and vice-versa.

Assessing the Redevelopment Plans. The proposals present very different visions for the site. The Burch and Gatehouse proposals seek the preservation of the building and its return to commerce, while the Tricentennial Consortium proposes the demolition of the Tower and the construction of an iconic tourist attraction.

The proposals vary significantly in their specificity. Gatehouse has submitted detailed design plans, including floor plans showing the layout of hotel rooms, apartments and other facilities, as well as renderings of the site and the building's exterior. The Burch Tower Plans are more conceptual with little in the way of design plans to support them. Beyond demolition of the building, Tricentennial's plans for the Tower site are purely conceptual.

All three proposals envision enhancements to the area surrounding the Tower site. It is unclear in most cases which entity would execute and pay for these improvements.

Financial Plans and Payments

The RFP set forth two directives related to project finances: "all redevelopment proposals should be privately financed" and "respondents should be prepared to compensate NOBC for use of the site" commensurate with the market value and proposed use of the property.[10] Neither directive is further defined in the RFP. Neither is exactly a mandate. The ambiguities raise questions as to how they will be interpreted in the evaluation. This section discusses the financial plans and proposed payments for the site. It does not include numbers for tax revenues.

Burch Proposal. The firm is asking for a 99-year lease of the Tower. In return, the lessee would pay NOBC/the city $1.25 million per year during the anticipated four-year construction period and thereafter annual rent of $1.5 million, adjusted every fifth year for the change in the Consumer Price Index. Putting the site into commerce would also generate property taxes from the Tower for the first time, as well as other tax revenues.

The Burch Proposal estimates the cost of its on-site plans at $180.7 million. It indicates that funding would come from $108.4 million in private debt, $54.2 million in equity from the sale of federal and state historic tax credits, and $18.1 million of private equity. (Tax credit equity is provided by private investors, but the cost is ultimately borne by the public.)

Later, Burch informed BGR that it plans to seek $75 million in historic tax credit equity, rather than $54.2 million.[11] The firm has not revised the numbers in its proposal to reflect this change. The Tower is not currently eligible for historic tax credits.[12]

Burch plans to seek the private equity and debt financing for the on-site improvements through a correspondent mortgage banker that underwrites loans and investments and then sells them in the secondary market.

The proposal does not request any city financing or tax subsidies for the Burch Tower Plans. Nor does it suggest that the city reinvest the rent that it receives in the on-site or off-site developments. The proposal does not include the costs of, or a plan for, financing the suggested off-site improvements.

Gatehouse Proposal. Gatehouse would pay NOBC $10 million up front for a 99-year lease of the Tower and site. As discussed below, the developer is asking NOBC and the city to consider investing the purchase price and an indeterminate amount of tax revenue in the public offsite improvements.[13] Putting the site into commerce would also generate property taxes from the Tower for the first time, as well as other tax revenues.

The Gatehouse Proposal budgets $189.7 million for the Gatehouse Tower Plans. The developers would fund the improvements with $104.3 million of private debt, $75.4 million of equity from federal and state historic tax credits, and $10 million of private equity investment. (Tax credit equity is provided by private investors, but the cost is ultimately borne by the public.)

The development team plans to provide all or a portion of the private equity for the project, but it has not determined the amount.[14] It also plans to use a third-party firm, with which it has worked in the past, to identify investors for debt financing and possibly equity. The developer has initiated the process to make the Tower eligible for historic tax credits and submitted a letter from a firm interested in marketing the historic tax credits to its network of investors.

The cost of the Gatehouse Off-Site Plans is estimated at $40 million to $50 million. The Sky Wheel development would cost between $20 million and $30 million and the other improvements, which involve public spaces and properties, $20 million. The development team would provide the financing for the Sky Wheel development.[15] To pay for the other off-site improvements, the developers are recommending that the city and NOBC invest the $10 million they receive for the Tower and some of the new real estate, sales, hotel or other taxes generated by the renovated Tower. They also suggest that the city dedicate some of the sales taxes from the Sky Wheel to maintain the new public improvements and renovated public spaces.

Tricentennial Consortium Proposal. The proposal indicates that NOBC or the city would receive lease payments of $1.5 million a year for an indeterminate number of years. However, this figure is a placeholder, subject to change depending on what is ultimately built on the site.[16] The consortium informed BGR that it is not asking the city to reinvest the lease payments in the on-site or off-site improvements. Because the proposal for the Tower site is vague, it is difficult to determine what types of tax revenues, if any, the Tricentennial proposal would generate.

The consortium submitted a budget totaling $165 million for the Tricentennial Tower Site Plans and the proposed off-site improvements. The budget does not break out the expenses for on-site and off-site work. Based on the categories in the budget, BGR estimates that $110 million relates to work on the Tower site. This includes hard costs of $8 million for demolition, $30 million for the tower superstructure, $30 million for the wetlands attraction and $5 million for the observation deck, as well as $37 million of soft costs, such as architectural, engineering, financing and legal expenses.[17] BGR estimates the cost for the off-site improvements at $55 million. The hard costs for the first phase, improvements in the immediate vicinity of the Tower, total $17 million. They include $6 million for the conversion of the ferry terminal to pedestrian-only; $4 million for road and traffic improvements to the foot of Canal Street; $2 million for improvements to the nearby Entergy substation to enhance pedestrian and traffic flow; and $5 million for other infrastructure.

The hard costs for next phase of the project – which includes the reconfiguration of Spanish Plaza, the renovation of the riverfront wharf, and improved public spaces between the Tower and the river – would total an estimated $20 million. The proportionate allocation of soft costs for all off-site improvements is $18 million.

The "preliminary list of sources" indicates that the Convention Center would provide $25 million of the funding: $8 million for the demolition of the Tower and $17 million for the first phase of off-site improvements. The consortium expects the hospitality industry to provide another $10 million of private funding for the second

phase of off-site improvements. The preliminary sources also include $60 million of private debt/equity, $10 million from tenants/operators and $60 million from other potential sources (e.g., major attraction sponsors, private, philanthropic and corporate sponsors, the federal government and others).

Governor Jindal recently vetoed legislation which would have authorized the Convention Center to make investments related to the former World Trade Center property as part of its expansion plans. The veto eliminated the consortium's only firm revenue source. The consortium issued a release on June 25 indicating that it will seek other sources of funding.

Assessing the Financial Proposals. The three projects vary widely in the compensation they offer NOBC and the city. Burch makes the largest offer, proposing regular payments of $1.5 million, adjusted for inflation, over 99 years. Tricentennial offers annual payments of $1.5 million over an unspecified period of time, but then indicates that the amount might change. Gatehouse offers a single payment of $10 million, which it recommends that the city reinvest in public improvements in the surrounding area. BGR did not evaluate the feasibility of the proposed payments.

Evaluating the adequacy of these offers requires information on the Tower's value. The city informed BGR that it had not commissioned an appraisal of the Tower within the last five years at least.

The proposals all make claims regarding tax revenues. Due to cost and time constraints, BGR did not conduct the economic and fiscal impact analysis that would be necessary to assess the validity of these claims. An independent evaluation of new tax revenue and other fiscal impacts using a common methodology will be needed. BGR notes, however, that converting the Tower into a privately owned hotel/residential complex would put the Tower on the tax rolls for the first time.

None of the proposals call for investment by the city at the Tower site. Gatehouse proposes such investment in its off-site proposal. The other two do not ask for city investment in their off-site proposals.

Developer Experience

The RFP requires respondents to list development team members and describe their qualifications and performance history. Among other things, it requires members of development teams to have recent experience with development projects of similar size, scope and budget. In this section, BGR reviews the information submitted with each proposal. It did not independently verify the information submitted.

Burch Proposal. As evidence of development experience, the Burch Proposal refers to four projects undertaken by James H. Burch, Burch's principal: two foreign projects on which he provided design and planning assistance and two U.S. developments which he initiated in the 1980s. However, he sold his interests in both U.S. projects well before they were completed.[18] In an interview with BGR, Mr. Burch acknowledged the absence of completed projects on his resume. He indicated that he plans to rely heavily on the development team he has assembled. According to the proposal, it will include Arey-Peer Partnership of Great Falls, Va., the partners of which have experience completing office, residential and mixed-use projects; Schnellbacher Development Services LLC, which has experience in real estate finance; and the McDonnel Group, a local construction firm which has handled major projects in the New Orleans area, including new prison facilities for the Orleans Parish Sheriff's Office.[19]

Gatehouse Proposal. Gatehouse Capital Corp., a Dallas-based firm, is the master developer for the proposed project. Gatehouse has developed several hotel projects elsewhere in the U.S., including two mixed-use projects similar to its proposal. Both combined a W Hotel with residential condominiums. Gatehouse is working with two co-developers, Provident Realty Advisors Inc. of Dallas and DAG Development LLC of New Orleans. According to the RFP, Provident has developed more than $1 billion of commercial and residential projects in the southern U.S., including several publicly subsidized mixed-income apartment developments in the New Orleans area. The city selected DAG in 2012 to redevelop the former Six Flags theme park into an outlet mall. After a similar project was unveiled for the Riverwalk, DAG shelved that project and is exploring possible alternatives.[20]

Tricentennial Consortium Proposal. The consortium is an informal alliance, rather than a formal joint venture, of seven public and private entities. According to the proposal, they are the New Orleans Tourism Marketing Corporation, the New Orleans Convention and Visitors Bureau, the New Orleans Ernest N. Morial Convention Center (Convention Center), the Greater New Orleans Hotel & Lodging Association, the Louisiana Restaurant Association, the Audubon Nature Institute (Audubon) and the Louisiana Stadium & Exposition District (LSED). Three of the seven – the Convention Center, Audubon and LSED – have developed and operate large public facilities in the city. In an interview with BGR, members of the consortium indicated that the Convention Center and Audubon would probably take the lead on developing key elements of the proposal.[21]

Assessing Developer Experience. The lead developer behind the Gatehouse Proposal has significant experience developing projects similar to the one it has proposed. Certain members of the Tricentennial Consortium bring extensive backgrounds developing and managing public facilities, including the Audubon Zoo, the Aquarium, the Convention Center and the Superdome. The lead developer behind the Burch Proposal indicates that he is relying on the experience of his development team.

CONCLUSION

The redevelopment plans present sharply different visions of the Tower site. The Tricentennial Consortium envisions demolition of the Tower and redevelopment of the site as an iconic tourist attraction for the riverfront. Burch and Gatehouse see an icon in the Tower itself. The three proposals also differ significantly in the level of detail in their development plans and in the levels of compensation they would provide to the city and NOBC.

The proposals raise numerous important questions for the evaluation committee to consider. They include the following:

- Should the Tower be renovated for commercial use or should the site be redeveloped to increase tourism? What are the costs and benefits of these different approaches?
- How should concepts for off-site improvements be evaluated, when the prospective lease is only for the Tower site?
- To what extent do the proposed developments for the Tower site depend on proposals for peripheral improvements, and how much would the public need to contribute toward those improvements?
- How will parking issues be resolved?
- Are the developers' offers of compensation to NOBC consistent with the value of the Tower building and site?
- Do the proposals provide sufficient detail to warrant consideration?
- Are the redevelopment plans feasible?
- Are the developers' financial plans solid and justified by appropriate, relevant data?
- Are the proposals solid enough to give confidence that they will proceed as planned and without any unforeseen city subsidy?
- What are the net direct and indirect fiscal benefits of each proposal?

Answering these questions and proceeding to select a winning proposal are part of the early stages of a longer-term process. Conducting a feasibility study, ensuring other due diligence and negotiating a lease are major endeavors on the horizon. The future of the downtown riverfront could hinge on how the city and NOBC address these responsibilities.

APPENDIX: INFORMATION ON PROPOSALS

This table summarizes key background information about each proposal for the redevelopment of the former World Trade Center tower site.

	Burch Proposal	Gatehouse Proposal	Tricentennial Proposal
Lead Developer	James H. Burch LLC	Gatehouse Capital Corp.	Not determined. Likely to be Convention Center and Audubon.
Other Developers	Arey-Peer Partnership Schnellbacher Development Services LLC	Provident Realty Advisors Inc. and DAG Development LLC	New Orleans Tourism Marketing Corp., New Orleans Convention and Visitors Bureau, New Orleans Ernest N. Morial Convention Center, Greater New Orleans Hotel & Lodging Association, Louisiana Restaurant Association, Audubon Nature Institute, Louisiana Stadium & Exposition District
Proposed Use of Tower	Renovation and adaptive re-use	Renovation and adaptive re-use	Demolition and construction of tourist attraction
Major On-Site Elements	Hotel, commercial office space, rental apartments, consulate offices, retail and entertainment bazaar, restaurants and lounges, among other components	Hotel, rental apartments, restaurants and lounges in Tower, plus adjacent five-story structure with ballroom and pool/event venue	After demolition, convert site to open space, followed by construction of "iconic structure" to be determined
Total On-Site Budget	$180.7 million	$189.7 million	$110 million (BGR estimate)
Sources of Funding	$108.4 million private debt $18.1 million private equity $54.2 million tax credit financing	$104.3 million private debt $10 million private equity $75.4 million tax credit financing	To be determined
Uses of Funding	$155.5 million hard construction $20.2 million soft costs $5 million payment to NOBC (total of annual payments during four-year construction period)	$119.9 million hard construction $59.8 million soft costs $10.0 million payment to NOBC (up-front lease payment)	BGR estimates: $8 million demolition $30 million tower superstructure $30 million wetlands attraction $5 million observation deck $37 million soft costs
Proposed Lease for Tower Property	99-year lease	99-year lease	No lease terms specified.
Direct Payments to NOBC/City	$1.25 million per year during the anticipated four-year construction period and thereafter, annual rent of $1.5 million, adjusted every fifth year for the change in the Consumer Price Index.	$10 million up-front lease payment.	$1.5 million annual lease payment in connection with operations of proposed new structure (placeholder).
Major Off-Site Proposals	Removal of ferry terminal, Spanish Plaza enhancements, improved pedestrian access to riverfront	Large Ferris wheel at edge of wharf (Sky Wheel), conversion of ferry terminal to pedestrian-only, improved pedestrian connections to Canal Street and along riverfront	Initial phase: Improved vehicle and pedestrian traffic flow at foot of Canal Street and Entergy substation, infrastructure improvements. Subsequent phase: Relocation and reconfiguration of Spanish Plaza, replacement of ferry terminal, wharf renovation
Total Off-Site Budget	None included	$40.4 million to $50.4 million	$55 million (BGR estimate)
Sources of Funding	None included	$20-30 million private debt and/or equity for Sky Wheel $20.4 million of public financing for other off-site improvements, which may include $10 million prepaid rent to NOBC and/or real estate, sales, hotel or other tax revenues	To be determined
Uses of Funding	None included	$20-30 million to build Sky Wheel $20.4 million to convert ferry terminal and make other public improvements	BGR estimates: $17 million initial phase $20 million subsequent phase $18 million soft costs

ENDNOTES

1 City of New Orleans, Request for Proposals No. 4051-01414, as amended through April 2013.

2 New Orleans Building Corporation and World Trade Center of New Orleans Inc., Request for Developer Qualifications and Lease Proposals, released January 31, 2007, p. 7.

3 2013 RFP.

4 Ibid.

5 Ibid.

6 BGR, Letter to the Hon. Mitchell J. Landrieu, Mayor, City of New Orleans, and Mr. Cedric S. Grant, Acting Chief Executive Officer, New Orleans Building Corporation, February 19, 2013.

7 2007 RFP.

8 2013 RFP.

9 Floor 32 houses the building's mechanical systems.

10 2013 RFP.

11 Email correspondence with James H. Burch, Principal of James H. Burch, LLC, June 18, 2013.

12 In general, a building must be a certified historic structure to be eligible for the tax credits. A certified historic structure is either a building that is listed on the National Register of Historic Places or one that is located in a registered historic district and certified by the National Park Service as contributing to the district's historic significance. The park service ordinarily does not consider buildings built within the past 50 years, such as the Tower, to contribute to the significance of a district, unless "strong justification" of its historic or architectural merits is given. U.S. Department of the Interior, National Park Service, *Historic Preservation Tax Incentives*, 2012, pp. 4 and 23.

13 The Gatehouse Proposal indicated in one place that Gatehouse would pay NOBC/the city $10 million as long as it agreed to reinvest the money in the public off-site improvements. At another point, it referred to the reinvestment as a suggestion. Gatehouse told BGR that reinvestment is a recommendation, rather than a requirement.

14 Telephone interview with David A. Garcia, Principal of DAG Development LLC, June 25, 2013.

15 Ibid.

16 Interview with members of Tricentennial Consortium, June 18, 2013.

17 BGR allocated soft costs among the projects in proportion to their hard costs.

18 Meyer, Eugene L., "New Owners Lower Sights for Riviera Development," *The Washington Post*, March 13, 1989.

19 See Burch Proposal, pp. 77-85, 112-118, 122 and 132-133.

20 Garcia interview.

21 Tricentennial Consortium interview.

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