

Memorandum

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To: Michael W. Goodrum, City Manager

Via: Jim Callaway, Assistant City Manager ^{PC}

From: Devon Rodriguez, Director of Redevelopment ^{DR}
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Date: July 31, 2025

Subject: Imperial Historic District Background & Redevelopment Next Steps

This memo is to provide background on the commissioned studies related to the Imperial Char House and recommended next steps.

Background

The Char House was constructed in 1925 by the Imperial Sugar Company. The building operated as part of the sugar refining process until Imperial Sugar ceased refinery operations in May 2003 and vacated the building. On March 15, 2005, the Sugar Land City Council adopted Resolution 05-16, a policy statement that defined the objectives for the redevelopment of the Imperial Sugar Factory and the parameters of the city's participation in the overall development, which was to include the Texas Permanent School Fund Tract 3 property. Section 3 of the resolution states "that any redevelopment of the Property will preserve, protect, and enhance those certain natural, historical, cultural, and architectural features deemed significant such as the Char House and/or other significant elements identified."

This policy statement resulted in the creation of a Redevelopment Agreement between the City and Cherokee Sugar Land, L.P., the purchaser of the Imperial Sugar Factory. The Agreement is an economic development incentive agreement through which the City invested public funds in the project in return for historic preservation and economic development benefits. Below is a timeline, which represents the agreements, the change in ownership and efforts to develop the overall Imperial area and redevelop the Imperial Historic District, as designated in 2017 by the State of Texas and the U.S. Department of Interior.

Timeline

- **2003** – Imperial Sugar Company refinery closed.
- **June 2005** – Imperial Redevelopment District (IRD) created by State Legislation.

- **June 2007** – Approval of Redevelopment Agreement between City and Cherokee Investments.
- **July 2007** – Imperial Sugar refinery site sold to Cherokee Investments; and Cherokee Investments and the Permanent School Fund “State” (managed by the State of Texas General Land Office) merged two sets of holdings.
- **December 2007** – Tax Increment Reinvestment Zone (TIRZ) 3 created by Ordinance No. 1667 (839 acres including the former Imperial Sugar site)
- **October 2010** – First Amendment to the Redevelopment Agreement between City, Johnson Development (as Development Manager) and IRD
- **December 19, 2010** – Demolition of some Imperial Sugar refinery buildings
- **June 2011** – IRD legislation amended
- **January 2014** – Approval of Second Amendment to the Redevelopment Agreement
- **May 2016:**
 - Approval of Third Amendment to the Redevelopment Agreement
 - Redevelopment of the Container Warehouse for the Fort Bend Children’s Discovery Center, Sugar Land Heritage Museum & Visitors Center completed
- **June 2016** – Cherokee/State sold historic district site to Imperial Market LLC
- **July 2016** – Approval of Tri-Party Agreement
- **October 2018** – SLP90A acquired historic district site from Imperial Market LLC to avoid foreclosure
- **June 2020** – Attempts to develop the Imperial Market project ceased.
- **December 2022** – City and PUMA announce jointly, an effort to redevelop the Imperial Historic District. PUMA is in contract with SLP90A and DPEG for approximately 40 acres
- **January 2023** – City approves Reimbursement Agreement for pre-development and construction costs of the Char House
- **February 2023** – City approves Lease Agreement to help secure private financing for Char House project
- **September 2023** – Workshop to City Council on Char House project
- **Summer 2024** – Project webpage on city website updated to reflect that PUMA’s project had stalled.
- **November 2024** – City Council Retreat on redevelopment project case studies in Austin
- **February 2025** – City announces intent to acquire Historic District and surrounding property
- **June 2025** – City acquires approximately 40 acres, including the Imperial Historic District

City Commissioned Studies - Char House

In June 2020, after the project known as “*Imperial Market*” was halted due to financial constraints, the City contracted with Urbano Architects to provide a one-time understanding and analysis of

the condition of the Char House to determine future opportunities for overall site development. The scope of work included an evaluation of existing conditions, recommendations for rehabilitation, and measured drawings/laser scanning of the Char House. The City received the following deliverables:

- Conditions Assessment – September 30, 2020
- Conditions Assessment/Preservation Plan – March 26, 2021

A key outcome of the Conditions Assessment was a proposed mothballing plan which outlined immediate needs as well as future needs and estimated cost. These recommendations tell us what is needed to preserve the Char House and/or bring it to a state where adaptive reuse can be considered.

In September 2022, in anticipation of another developer being interested in redeveloping the Char House, the City contracted Urbano Architects to continue to build off the previous work and provide services related to the Schematic Design Phase for the Core & Shell Renovation of the Char House. The scope of work consisted of the following:

1. Tax Credits Part 1/A: Preparation and submission of Part 1 (State) and Part A (Federal) "Evaluation of Significance" documentation
2. Preliminary Structural Assessment
3. Limited Materials Testing and Exploration

The deliverables included Phase 1/A tax credits supporting documents, historic drawings and pictures showing the changes of the site over time, as well as an in-depth report on the condition of the Char House, noting concrete deterioration per level, areas of corrosion or distress of steel framing, masonry distress and the condition of the structure floor and roof.

PUMA Development Reimbursement Agreement

On December 1, 2022, the City of Sugar Land and PUMA Development (PUMA) jointly announced a proposal to preserve and redevelop the Imperial Sugar Char House. Unlike past development proposals, the historic Imperial Sugar Char House was the focus of PUMA's development plans. PUMA had proposed to adaptively reuse the building as an office/co-working building. PUMA anticipated future phases of the property could include multi-family, medium density (e.g., townhomes and urban homes), single-family residential, retail, commercial, and other supporting uses as envisioned by past developments and in the City's adopted Land Use Plan.

At that time, City Council had declared "Redevelopment" its top priority with the Imperial Historic District as the #1 site for redevelopment. To continue momentum for the redevelopment of Imperial, a site that has been in limbo for decades, the City took a more aggressive approach.

To support PUMA's development attempt, the City approved a \$5 million reimbursement agreement to redevelop the Imperial Sugar Char House. The reimbursement agreement focused on preservation, pre-development and construction costs associated with the Char House, the engineering building, and the approximately 1.5 acres of land on which these buildings sit. Funds were disbursed on a reimbursement basis and only for costs and deliverables outlined in the approved reimbursement agreement. PUMA selected Urbano Architects to conduct substantial pre-development work related to the redevelopment of the Char House.

Under the reimbursement agreement with PUMA, Urbano Architects completed a Historic Master Plan, which was requested by the National Park Service (NPS) in their response to the Phase 1 Char House Tax Credit Application. The Historic Master Plan is essential for obtaining Historic Tax Credits for the project, a major funding source for historic preservation and redevelopment. Urbano also completed architectural, structural, mechanical and other historic tax credit consulting with Terracon, to develop 50% construction drawings to adaptively reuse the Char House into a multi-story office/co-working building with food & beverage options.

Of the approved \$5 million reimbursement agreement, only \$1.5 million was available for use prior to the developer purchasing the property. These funds were used for pre-development and due diligence deliverables that the City retains and can still use today. Another \$500,000 was available for additional pre-development following the property closing, which was never paid out since PUMA did not close on the property, and the remaining \$3 million was for actual construction of the Char House with 50% (\$1.5M) to be held until Certificate of Occupancy. Therefore, only \$1.5 million of the approved \$5 million was ultimately paid out. Although the project did not move forward, the City still retains ownership of all deliverables received under the terms of the reimbursement agreement.

City Acquisition and Preservation of Historic Structure

When PUMA's plans stalled, the City started searching for a new approach to ensure redevelopment plans continued. After careful research and consideration, the City Council observed other cities that had taken the initiative of acquiring the land and partnering with a Master Developer to redevelop a site. Through case studies, the City learned that this approach removes barriers faced by the private sector and allows cities to meet community goals, create long-term revenue and value for the City.

On February 14, 2025, the City of Sugar Land announced plans to acquire the Imperial Historic District. City Council unanimously approved the plan to acquire the property on February 18, and

on June 18, the City finalized the purchase—marking the first time in history the City holds ownership of the site.

To facilitate the land purchase, preservation of the Char House and one-time capital expenses related to immediate infrastructure and site security, City Council issued a Certificate of Obligation (CO) in the amount of \$50,000,000. The CO authorized costs associated with the summarized items below:

1. Restoration of historic structures within the Imperial Historic District, including acquisition
2. Construction or acquisition of and/or improvements to the City's utility system
3. Construction or acquisition of and/or improvements to the City's streets and related drainage
4. Costs of professional services incurred in connection therewith

Below is the estimated CO budget presented on April 15, 2025, the date of the CO sale:

Description	Amount
Land Acquisition	31,500,000
Char House Preservation	12,300,000
One-Time Capital Expenses	6,200,000
TOTAL	50,000,000

Sugar Land's economic development corporations—Sugar Land 4B Corporation (SL4B) and Sugar Land Development Corporation (SLDC)—approved agreements committing their quarter-cent sales tax revenue, dedicated for economic development, to pay the debt service of the CO. Pursuant to Chapter 505 of the Texas Local Government Code-Type B Corporations, on March 26, 2025, SL4B published a notice describing the project, with the required public hearing held on April 1, 2025.

After sitting vacant for more than 20 years, the Char House has deteriorated due to water infiltration and vandalism. With the purchase of the property, the City intends to "mothball", or preserve, the exterior of the building to prevent further deterioration of the structure.

Staff was scheduled to present an overview of the Char House studies, analysis, and recommendations for the Phase 1 Preservation and the Construction Manager at Risk (CMAR) procurement process on Tuesday, August 5, 2025. However, upon further discussion, it was determined that this information can be conveyed more efficiently in this report with supporting documents.

It was also determined that it is more appropriate to pause any action related to the Imperial Historic District until after the City Council fall retreat scheduled for October. During the retreat, City Council will have the opportunity to discuss the project in more detail and reestablish overall goals and priorities. Below is an overview of what's being considered for Phase 1 preservation efforts related to the Char House. These options will be discussed further with the current City Council at the 2025 Fall Retreat.

Urbano Architects – Phase I Preservation

To maximize previous preservation work completed by Urbano Architects, the City reengaged Urbano to provide a scope of service for the design of exterior improvements to the Char House. Urbano Architects outlined short-term and long-term options for “mothballing” or preserving the Char House.

Short-Term Option

The short-term option proposed by Urbano Architects includes temporary solutions, such as the installation of a temporary roof and plexiglass over the windows. These improvements would require permanent replacements in the near future. Staff does not recommend this option, as it significantly increases the cost of repairs and is a short-term solution that does not add value to the structure. When the permanent roof and windows are installed, the removal of the temporary roof and plexiglass over the windows will increase the construction cost and timeline for the permanent repairs.

Long-Term Option

The long-term option proposed by Urbano Architects includes a new, permanent roof, and replacement/repair of existing windows on the building. This approach includes long-lasting improvements and restores the exterior appearance of the Char House to its historically accurate state. Staff recommends the long-term option due to the lower expense over time; the value add of the improvements and the overall impacts related to the scope of work. This will provide a higher quality roof and window product that will better seal the Char House, protecting it from environmental elements and continued degradation.

Staff will be recommending moving forward with a more holistic preservation approach to restore the Char House to its original state, as the last Conditions Assessment was completed in 2021 and the building has experienced continued degradation from recent hurricanes and severe storms. In 2021, the total cost for Phase 1 Preservation efforts was estimated at \$7.8 million, but with inflation and today's market, the estimated cost is now \$13,000,000.

Urbano Architects Design Contract:

The proposed design contract is \$496,000 (3.82% of the \$13 million estimated construction cost) and is anticipated to be completed within four (4) months of contract execution. Construction would begin immediately following design completion.

The scope of the design contract includes items such as:

- The current design scope includes the following:
- Permanent roof deck replacement
- Temporary repairs to exterior walls and the liquor gallery
- Window repair or replication, including sill strengthening
- Selective steel and brick repairs
- Selective mechanical, electrical and plumbing (MEP) upgrades appropriate for mothballing
- Restoration of Imperial Sugar signage (both sides)

With acquisition complete, the current project budget funded through the CO has an available balance of \$19,346,549.00. The remainder is allocated for construction of mothballing work, site repairs and contingencies.

Construction Manager-At-Risk (CMAR)

The CMAR is a procurement method for construction that is recommended to perform the Char House preservation work, due to the historic nature of the building and the contractor skillset needed for this scope. The CMAR is a multi-approval step process, in which staff brings action items to City Council throughout the project. The steps are the following:

1. Approval of a resolution allowing the City to use the CMAR selection process.
2. After approval, city will release a Request for Proposal (RFP) for the CMAR.
3. Staff will review submittals for the CMAR for the needed qualifications and prices submitted for the service.
4. The selected, best-value service will be brought to City Council for consideration and action to enter the contract with the CMAR.
5. After award, the CMAR will work with the design consultant to ensure the proposed scope of work stays within budget and reviews the plans for feasibility.
6. Once the plans near completion, the CMAR provides the City with a Guaranteed Maximum Price (GMP). The GMP is brought to City Council for consideration and action to enter into the construction phase of the CMAR contract.
 - This allows the CMAR to begin ordering long lead time items before the plans are complete which allows the construction phase to be completed sooner. For this project, we anticipate a 15-18 month lead time on the windows after ordering, due to the unique needs of the historic windows.

The City has used CMAR on many projects in the past, including the Smart Financial Centre, City Hall, and Surface Water Treatment Plant. Most recently, City Council approved the use of CMAR for the new Animal Shelter and the new Police Headquarters building. City staff recommends the use of CMAR for the Char House preservation to ensure the best value for the historical preservation work on the building.

Between now and the 2025 Fall Retreat for City Council, the City will continue working on site cleanup and security and coordinating the needed maintenance and landscaping improvements to enhance visibility. There are plans to initiate community engagement sessions Fall 2025. The schedule is subject to change as we work through the many steps on this long-term project.

Report Attachments:

- Conditions Assessment – September 30, 2020
- Conditions Assessment/Preservation Plan – March 26, 2021