

# Memorandum



DATE January 30, 2015

TO Members of the Economic Development Committee:  
Tennell Atkins (Chair), Rick Callahan (Vice Chair), Adam Medrano, Scott Griggs,  
Lee Kleinman, Jerry R. Allen

SUBJECT **United Parcel Service – Texas Enterprise Zone Nomination**

## **BACKGROUND**

The City Council is asked to authorize a public hearing to take place on February 25, 2015, for the purpose of receiving citizen comments on the city's participation in the Texas Enterprise Zone Program as required by the Texas Enterprise Zone Act, Chapter 2303 Texas Government Code. Upon completing the public hearing, Council will then be asked to approve an ordinance to authorize City of Dallas' participation in the Texas Enterprise Zone Program. The recent adoption of new guidelines and criteria for the Public/Private Partnership Program necessitates the new ordinance and public hearing.

The City of Dallas has been approached by United Parcel Service, Inc. (UPS) to nominate by ordinance its application for an Enterprise Project designation to the Governor's Office of Economic Development and Tourism. The designation will allow for a rebate of state sales and use tax refunds on qualified expenditures of up to \$2,500 per job created or retained. UPS currently employs over 993 full time and 1,648 part time jobs at its Dallas facility and plans to apply for the Retention designation of the Enterprise Zone program. This project has no cost consideration to the City of Dallas.

UPS anticipates spending approximately \$11,000,000 on an expansion of its Hub operations and a site improvement to accommodate the pipeline upgrade for the Compression Natural Gas ("CNG") station located at 10155 Monroe Drive in Dallas. This Hub is used to sort packages to go out to other states and other cities within Texas. This upgrade will result in an additional work shift to be filled with approximately 350 new part-time jobs, the retention of existing full-time jobs, and a total capital investment of approximately \$11,000,000. Specifically, \$3.5 million will be allocated to the building renovation and \$2.5 million will be allocated to machinery and equipment. The upgrade will substantially increase sorting capacity and technology to better serve customers. Additionally, \$5 million will be allocated to a site improvement to accommodate the pipeline upgrade for the CNG station.

This project conforms with the Public Private Program Guidelines and Criteria in that it involves an investment of over \$10 million and more than 100 jobs.

The Texas Enterprise Zone Program is an economic development tool for local communities to partner with the State of Texas to promote job creation and significant

private investment that will assist economically distressed areas of the state. Approved projects are eligible to apply for state sales and use tax refunds on qualified expenditures. The level and amount of refund is related to the capital investment and jobs created at the qualified business site. The Enterprise Zone Program is administered by the Economic Development Bank of the Office of the Governor,.

The program allows for a 90-day period prior to the application being submitted, and a five-year window of benefit for a project. The 90-day window for this project started October 14, 2014 and the end of the Project Designation will end March 3, 2020. This project involves 500 jobs allocated to the program and a maximum refund of \$2,500 per job. The company anticipates receiving a maximum available benefit of \$1,250,000 should it receive a designation.

Projects may be physically located in or outside of an Enterprise Zone and qualify for the program. If located within an Enterprise Zone, the company must commit that at least 25 percent of their new employees will meet economically disadvantaged or enterprise zone residence requirements. If located outside of a zone, the company must commit that at least 35 percent of their new employees will meet economically disadvantaged or enterprise zone residency requirements. This site is located within an Enterprise Zone.

**Owner**

**United Parcel Service, Inc.**

Brenda Fountain

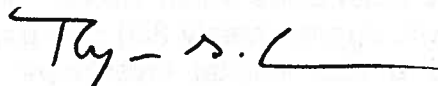
West Region Tax Director

**Staff**

J. Hammond Perot, Assistant Director

Christopher O'Brien, Sr. Coordinator

Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3296.



**Ryan S. Evans**

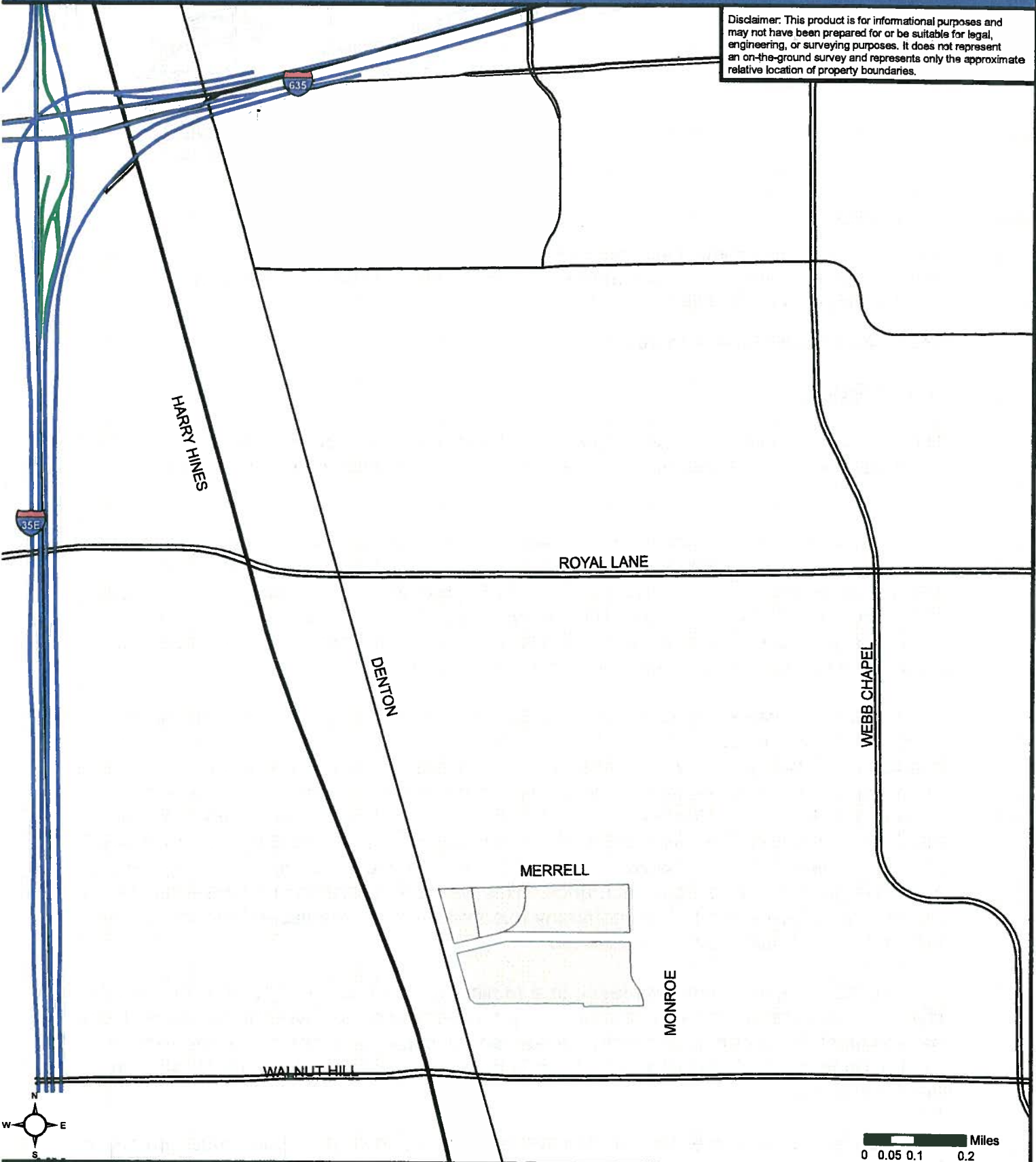
**First Assistant City Manager**

c: The Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
Warren M.S. Ernst, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Eric D. Campbell, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager

Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Sana Syed, Public Information Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

# Exhibit A

Disclaimer: This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.



DALLAS  
ECONOMIC  
DEVELOPMENT  
Research & Information Division  
214.670.1685  
dallas-ecodev.org  
Created 10.03.14; Last Updated 10.03.14 - File Name: UPS MAP

**Legend**

United Parcel Service	Freeway	Arterial
	Tollway	Local Road
	Highway	

Data Source: Enterprise GIS Layers

# Memorandum



CITY OF DALLAS

DATE January 30, 2015

TO Members of the Economic Development Committee:  
Tennell Atkins (Chair), Rick Callahan (Vice Chair), Adam Medrano, Scott Griggs,  
Lee Kleinman, Jerry R. Allen

SUBJECT **Pauls Mountain Creek Project**

## **BACKGROUND**

On February 25, 2015 the City Council will be asked to authorize a real property tax abatement with PIHV Mountain Creek, LLC, a single asset entity of developer The Pauls Corporation.

For the past several months, City staff has been in discussion with The Pauls Corporation regarding the potential development of a 225,000 square foot speculative warehouse facility on a 15.1 acre site located within Mountain Creek Business Park. Staff recommends to City Council an eight-year, 75 percent tax abatement on the to be constructed facility. This incentive will allow this development to be competitive with other similar facilities developed in the recent past in the area.

The Pauls Corporation, headquartered in Denver, Colorado, has a thirty-year history of identifying and managing successful real estate opportunities during varied market conditions. The company has experience in three primary lines of business: land development, commercial real estate (design, construction, lease & management) and residential real estate for lease and for sale. The Pauls Corporation has long-established relationships with some of the largest institutional and private investment firms in the world, a few of which include: GE Pension Trust, Principal Financial Group, New York Life and State Farm Insurance. This will be the first industrial project in Texas for The Pauls Company, but the company has multifamily properties in Las Colinas, Fort Worth, Austin, Houston and San Antonio.

The proposed development will result in a minimum investment of \$10,000,000. As the project is speculative, there is no minimum job requirement however the developer must have at least 70 percent of the facility leased and occupied to a tenant in order to receive the tax abatement. If the required space is not leased and occupied, the abatement is lost for that year.

In order to provide the tax abatement at this location, the City must create a Neighborhood Empowerment Zone. This zone, similar to Reinvestment Zones the City has used in the past, is necessary to the authorization of the tax abatement.

PIHV Mountain Creek, LLC intends to commence vertical construction in the second quarter of 2015. The full project is anticipated to be complete in late 2016. In consideration of the proposed incentives, PIHV Mountain Creek, LLC will invest a minimum of \$10,000,000 in real property improvements.

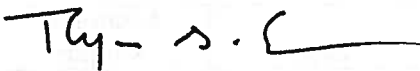
The forgone revenue from the proposed 75 percent, eight year real property abatement is \$573,840. The 10-year net fiscal impact of the proposed development after incentives is \$543,851. The twenty-year net fiscal impact of the proposed development after incentives is \$2,033,443. This project complies with the Public/Private Program guidelines in that it involves an investment of more than \$1,000,000 at this Southern Sector site.

**OWNER**

PIHV Mountain Creek, LLC  
Christopher Manley, CFO  
Staff

J. Hammond Perot, Assistant Director  
Christopher O'Brien, Sr. Coordinator

Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3296.



Ryan S. Evans  
First Assistant City Manager

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Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

## Proposed Project Information Worksheet Economic Development Committee

### A. Project Summary/Assumptions

<b>City Council District</b>	3	
<b>Project/Company Name</b>	The Pauls Corporation	
<b>Project Location</b>	Mountain Creek Parkway	
<b>Project Type</b>	Speculative Industrial	
<b>Facilities (Square Feet)</b>	225,000	
<b>Construction Schedule</b>	Begin	1-Mar-15
	Complete	30-Jun-16
<b>Private Improvement Investment</b>	Real Property	\$10,000,000
	Business Property	\$13,000,000
<b>Jobs</b>	Created	50
	Retained	NA
<b>Average Wage Rate</b>	Salary	\$35,000
	Hourly	NA
<b>City Incentive Summary</b>	Tax Abatement	8 Yr. 75%
	Infrastructure	NA
	Other - Grant	NA

### B. Economic Impact Estimates (Dallas City Economy Only, \$ Million)

	10-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	50	8,122,500	0	8,122,500
Indirect and Induced Impact*	20	6,498,000	0	6,498,000
<b>Total Impact</b>	<b>70</b>	<b>14,620,500</b>	<b>0</b>	<b>14,620,500</b>

### C. City of Dallas General Fund Fiscal Impact (\$ Million)

(From direct, indirect and induced economic impacts)

	10-Year	20-Year
Total City GF Revenue Generated	1,939,883	4,164,575
Total City GF Service Costs	822,192	1,557,292
Net Impact Before Incentives	1,117,691	2,607,283
City Incentives	573,840	573,840
<b>Net City Fiscal Impact</b>	<b>543,851</b>	<b>2,033,443</b>

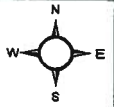
\* Indirect impacts represent supplier effects, induced impacts represent spin-off household effects.

### D. Other Taxing Jurisdiction 10-yr Estimated Tax Revenue

	Property Taxes	Sales Taxes
DISD	\$ 128,209	N/A
Dallas County	\$ 25,310	N/A
DCCCD	\$ 12,470	N/A
Parkland Hospital	\$ 27,600	N/A
DART	\$ -	N/A

# Exhibit A: The Pauls Corporation

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The Pauls Corporation  
Mountain Creek Pkwy.  
Dallas, TX 75236



GRADY NIBLO

MOUNTAIN=CREEK

MERRIFIELD

0 0.05 0.1 0.2 Miles

## Legend

Freeway

Arterial

Local Road

Lake

DALLAS  
ECONOMIC  
DEVELOPMENT

Research & Information Division  
214.670.1685  
dallas-ecodev.org

Created 12-23-2014 - 14-12-19 Chris O'Brien, TCG

Source: City of Dallas, 2014

# Memorandum



CITY OF DALLAS

DATE January 30, 2015

TO Members of the Economic Development Committee: Tennell Atkins (Chair), Rick Callahan (Vice Chair), Adam Medrano, Lee Kleinman, Jerry R. Allen, Scott Griggs

SUBJECT **Rest Break Ordinance Update**

City Council discussed a Rest Break Ordinance on November 12, 2014. Council directed staff to take the topic to both the Economic Development committee and the Quality of Life & Environment committee in order to prepare an ordinance to present to City Council for consideration.

On December 1, 2014, staff updated members of the two committees on the status of the rest break ordinance: staff met separately with both representatives from Texas Workers Defense Project and the construction industry, and arranged for the two parties to meet together to find a solution for Dallas. At that time, staff reported that the meetings were productive; however, a consensus had not been reached. Since then, the two sides have not been able to reach a compromise.

On January 26, 2015, the issue was presented before the Quality of Life & Environment Committee. The committee recommended an ordinance be presented to City Council for consideration.

Attached are questions that arose throughout the discussion of this topic.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "Ry - S. E." with a long horizontal line extending to the right.

Ryan S. Evans  
First Assistant City Manager

C: A.C. Gonzalez, City Manager  
Warren M.S. Ernst, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Eric D. Campbell, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Forest E. Turner, Chief Wellness Officer  
Sana Syed, Public Information Officer  
Mark Duebner, Director of Aviation  
Elsa Cantu, Assistant to the City Manager – Mayor & Council



Attachment 1

**QUESTION 1.** Who regulates health issues?

**ANSWER 1.** OSHA regulates workplace health standards.

**QUESTION 2.** Which federal agency is in charge of worker safety?

**ANSWER 2.** OSHA, Occupational Safety and Health Administration, which is part of the United States Department of Labor. There are ten OSHA regions in the U.S. Texas is located in Region 6.

**QUESTION 3.** How would OSHA and City of Dallas intersect?

**ANSWER 3.** OSHA requires that water be provided at construction sites when working in hot environments. OSHA does not have firm requirements regarding rest breaks. OSHA simply recommends that workers should take adequate breaks when working in the heat. The City of Dallas may choose to notify OSHA of complaints received, and recommend that construction workers call OSHA to file complaints.

**QUESTION 4.** What will be the cost of the ordinance, if passed?

**ANSWER 4.** If passed, the City of Dallas would need at least one FTE at an average salary of \$50,000. Each violation of the ordinance could potentially cost industry \$100 to \$500 per day of violation.

**QUESTION 5.** Does this ordinance mean that employees have to take a break?

**ANSWER 5.** No. However, if an employee asks for a break, an employer cannot deny that request.

**QUESTION 6.** Does this ordinance mean that the employers have to give employees breaks at specific times?

**ANSWER 6.** No. The recommendation is for employees to be able to take a 10-15 minute break within 3.5 hours of a scheduled 4 hour work shift.

**QUESTION 7.** Does the construction industry support the requirements of the ordinance?

**ANSWER 7.** No. Staff met with industry representatives and no consensus was reached.

**QUESTION 8.** How many other cities have similar ordinances?

**ANSWER 8.** In Texas, Austin is the only city that has an ordinance.

**QUESTION 9.** What has been the City of Austin's experience since passing their ordinance?

**ANSWER 9.** A total of 70-80 sites were investigated in Austin. Forty-six notices of violations and 0 citations have been issued. All sites came into compliance after the notice was given.

**QUESTION 10.** How many heat related deaths have occurred in Dallas?

**ANSWER 10.** Dallas County tracks all heat related illnesses and deaths. This past year, no deaths were reported. However, there were 229 heat related illnesses. Dallas County does not differentiate whether the person was a construction worker or not. In the state of Texas, between 2008 and 2014, there were 16 heat related deaths, 8 of which were construction workers. No deaths were reported from the DFW region. 2 deaths were from highway construction workers, which is outside the jurisdiction of the City of Dallas.

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TO Members of the Economic Development Committee: Tennell Atkins (Chair), Rick Callahan (Vice Chair), Adam Medrano, Lee Kleinman, Jerry R. Allen, Scott Griggs

SUBJECT **Upcoming Agenda Item #A-2: DTG Rental Car Lease at Dallas Love Field – February 11, 2015**

On October 13, 2014, the Wright Amendment was officially lifted, allowing unrestricted flight activity to and from Dallas Love Field. Post-Wright Amendment activity has seen an immediate increase to approximately 500,000 monthly enplanements, realizing the forecasted 6 million annual enplanements / 12 million annual passengers. The increase in the number of daily flights is significantly impacting the car rental business at Love Field. DTG is forecasting a 25% increase in business, which requires more fleet to meet the customer needs. In an effort to address the end-user needs and the rental car company needs, the City Manager is requesting authorization to enter into a lease agreement with DTG Operations, Inc. for their Dollar and Thrifty car rental brands.

DTG Operations, Inc. leased property from Southwest Airlines (SWA) near the entrance to Love Field on Mockingbird Lane. In the spring of 2014, SWA informed DTG that their lease was being terminated in preparation of the expiration of the Wright Amendment, for the construction of a surface parking lot. DTG Operations currently has a car rental concession with Dallas Love Field and operates a car rental counter in the terminal building.

DOA staff began working with DTG to provide temporary space for their retail operations on airport property. DTG began operating at the temporary site in July 2014. The proposed lease facility was previously occupied by a rental car company, several years ago, however, the building requires major retrofit to make it operational. DOA will provide rent abatement in an amount not to exceed \$261,000, for a two (2) year ten (10) month term, in consideration of and conditional to DTG's commitment to retrofit the city owned buildings at their expense, with a minimum capital investment of \$750,000, but not to exceed \$1M.

In order to continue delivering convenient car rental options for Dallas Love patrons and to address the end-user needs and the rental car company needs, the City Manager is requesting authorization to enter into a lease agreement with DTG Operations, Inc. for their Dollar and Thrifty car rental brands.

A handwritten signature in black ink, appearing to read 'Ryan S. Evans'.

Ryan S. Evans  
First Assistant City Manager

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