

Memorandum



CITY OF DALLAS

DATE December 9, 2022

TO Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Hensley Field Master Plan Public Hearing and Vote**

This memorandum is to provide an update in advance of a public hearing and vote on the Hensley Field Master Plan on December 14, 2022.

Background

Hensley Field is the site of the former Dallas Naval Air Station, a 738-acre property owned by the City of Dallas and located in Dallas' southwestern quadrant adjacent to the City of Grand Prairie. Hensley Field was leased by the U.S. Navy from the City of Dallas from 1949 to 1999. Since the Naval Air Station Dallas (NAS) closure, the site has been used for a patchwork of temporary storage, City functions, and unrelated leases. Current uses have not represented the highest and best use of this property to maximize community benefits. The U.S. Navy is obligated under the 2002 Settlement Agreement to clean up Hensley Field and remains committed to coordinating with the City. A key consideration to better coordinate the cleanup effort was for the City to undertake and adopt a redevelopment master plan and identify future land uses.

Situated on the north shore of Mountain Creek Lake, the site has over two miles of lake frontage and excellent views to the skyline of Downtown Dallas, ten miles to the northeast. The Master Plan sets forth the vision and policies for the reuse and redevelopment of this strategic site. The vision is of an authentic, climate-smart, mixed-use, mixed income and walkable community with a balance of jobs, housing, amenities, and services an economically vibrant district of the City that brings new opportunities to its residents and workers and one that establishes a unique sense of community tied to the history and character of the place.

The Plan builds on City of Dallas initiatives and public policy including: ForwardDallas, the City's Comprehensive Plan first adopted in 2006 and currently being updated; the Comprehensive Environmental and Climate Action Plan that addresses resiliency and the challenges of climate change; the Comprehensive Housing Policy of 2018 with its strategies for overcoming patterns of segregation and poverty; Connect Dallas promoting compact and transit-oriented development; and the City of Dallas Economic Development Policy that focuses on job creation and reinvestment in Southern Dallas.

At its Public Hearing on November 3, the City Plan Commission unanimously voted to advance the DRAFT Hensley Field Master Plan to City Council.

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An overview video of the plan can be found at this [link](#) and the draft plan can be found on the project website at <https://www.hensleyfield.com/project-reports>.

Environmental Clean-Up Status

Since its decommissioning as a Naval Air Station during the Base Realignment and Closure (BRAC) process in 1995, Hensley Field has undergone numerous rounds of environmental studies, testing, and remediation. Due to its history of military use, contaminants of concern (COCs) at Hensley Field and Mountain Creek Lake include metals, petroleum hydrocarbons, polychlorinated biphenyls (PCBs), semi-volatile organic compounds, chlorinated solvents, and an emerging class of chemicals known as PFAS (polyfluoroalkyl substances) which were used in firefighting foams. Remediation for non-PFAS COCs has already taken place with soil remediation completed and approved by the Texas Commission on Environmental Quality (TCEQ) and groundwater remediation is partially completed and in progress by the Navy.

Cleanup costs by the Navy to date are \$92.4M. The Navy recently completed its Remedial Investigation report with the testing results, nature and extent, and risk assessment related to PFAS contamination on the site and will issue a comprehensive feasibility study in 2023. The Navy, through a 2002 Settlement Agreement with the City of Dallas, is obligated to clean up the property to residential standards. The Navy has committed to completing any remaining remediation in a manner that allows redevelopment of the site within the timeframe provided in the Master Plan.

1. The Redevelopment Master Plan will drive the clean-up of the site.
2. The Navy is obligated to clean-up the site to residential standards and their intent is to complete the cleanup protective of human health consistent with the master plan. The master plan provides a timeline with phased approach for the redevelopment.
3. The U.S. Environmental Protection Agency (EPA) is yet to finalize standards for PFAS clean-up, and TCEQ is in the process of updating theirs; those standards will guide the ultimate clean-up of the site. Removal of soil exceeding residential standards will commence after approval of the cleanup levels **for this site** by TCEQ, with support and agreement by EPA and City.
4. Contaminated soil will be the first to be mitigated and will need to occur before development commences. Once the standards are finalized this should be a straightforward soil removal process and ideally will be accomplished in a single phase depending on volume of soil to remove and available funding set aside **for this site** by Congress; this could be partial cleanup based on phases identified in the master plan.
5. The City will request a Ready for Reuse Certification from EPA in addition to the TCEQ approval as an additional layer of regulatory support that sufficient cleanup has been completed and the site is protective of human health and suitable for redevelopment once the soil is cleaned up, the City will request a Ready for Reuse Certification from EPA in addition to the TCEQ approval that cleanup of soil meets residential standards.

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6. Clean-up of contaminated groundwater could take longer, but redevelopment can occur in tandem with groundwater cleanup, provided that groundwater use restrictions are put in place.

Plan Recommendations

Driven by community engagement and built into the recommendations of the plan are:

- **A Walkable, Mixed-Use Community:** with over 3.7 million square feet of Commercial and Institutional uses and 6,800 residential units.
- **An Interconnected Network of Open Spaces,** comprising more than 25% of the site area and placing every resident within a five-minute walk of a park or public space.
- **A Strong Orientation to Mountain Creek Lake,** introducing waterfront trails, a new marina and water-oriented recreational uses that reinforce the destination appeal of the site.
- **Historic Preservation and Adaptive Reuse** of key buildings and facilities, and interpretive site elements that celebrate the military and pre-military heritage of the site.
- **A Multi-Modal Transportation System** with links to Dallas' high-capacity transit network, provision of protected bikeways, slow mobility corridors, and a strong pedestrian orientation.
- **Net-Zero Construction and the Maximization of Renewable Energy Sources** including the creation of a 40-acre Innovation Village on the Runway Peninsula, demonstrating state-of-the-art technologies and sustainability practices.
- **A Diversity of Housing Choices** in a Mixed-Income Community with a complete range of housing types, 30% of which will provide for long-term affordability to qualified applicants.

Project Costs, Financing, and Governance

A planning level financial analysis was prepared to gauge the feasibility of the development and potential need for supplemental funding sources. The analysis compares the estimated development revenues, from sales of finished lots and building sites, to the total development costs and costs by phase. The Master Plan is estimated to generate \$352.6 million in revenue over 20 years in nominal dollars (no inflation or present value adjustments), with infrastructure costs estimated at roughly \$390 million.

The feasibility gap of from the planning level financial analysis could be addressed from a variety of funding sources and financing strategies. The Master Plan recommends that the City utilize Tax Increment Financing (TIF) to help finance infrastructure costs and other public benefits. Other potential funding sources to make up the projected feasibility gap include federal grants, public improvement district, or municipal management district.

Next Steps

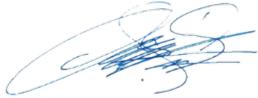
Adoption by City Council will enable the City to focus on project implementation including: solicitation and selection of a Master Developer Partner, negotiation of a Master

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Development Agreement between the City and the selected Master Developer, preparation of zoning amendments, and design standards and guidelines.

Please contact Julia Ryan, Director of Planning and Urban Design at Julia.Ryan@dallas.gov if you have any questions or need additional information.



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Assistant City Manager

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Billerae Johnson, City Secretary
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M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
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Directors and Assistant Directors