

# Memorandum

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2014 FEB 27 AM 8:44



DATE February 28, 2014

CITY SECRETARY  
DALLAS, TEXAS

TO Members of the Economic Development Committee:

Rick Callahan, (Vice-Chair), Jerry R. Allen, Scott Griggs, Adam Medrano, Lee Kleinman

SUBJECT **Economic Development Committee Special Called Meeting**

**Thursday March 6, 2014, 9:00 – 10:30 a.m.**

**1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201**

## AGENDA

1. Approval of February 18, 2014 Minutes of the Economic Development Committee
2. Incentives for Trinity Groves, Phase I & II  
(Sports Arena TIF District) Karl Zavitkovsky, Director  
Office of Economic Development  
**(Estimated time 20 minutes)**
3. Incentives for Hartford Building Renovation  
(City Center TIF District) Karl Zavitkovsky, Director  
Office of Economic Development  
**(Estimated time 20 minutes)**
4. Upcoming Agenda Item
  - TCDFW Industrial Development Inc. Project

Tennell Atkins, Chair  
Economic Development Committee

C: The Honorable Mayor and Members of the City Council  
A. C. Gonzalez, City Manager  
Rosa Rios, City Secretary  
Warren M.S. Ernst, City Attorney  
Judge Daniel Solis, Administrative Judge Municipal Court  
Craig Kinton, City Auditor  
Frank Libro, Public Information Officer  
Ryan S. Evans, Interim 1<sup>st</sup> Assistant City Manager  
Forest Turner, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager  
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Theresa O'Donnell, Interim Assistant City Mgr.  
Jeanne Chipperfield, CFO, OFS  
Karl Zavitkovsky, Director, OED  
J. Hammond Perot, Assistant Director, OED  
Elsa Cantu, Assistant to the CMO

**Note: A quorum of the Dallas City Council may attend this Council Committee meeting.**

A closed session may be held if the discussion on any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested to the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The Purchase, exchange, lease or value of real property, if the deliberation in an Open Meeting would have a detrimental affect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if deliberation in an Open Meeting would have a detrimental affect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving appointments, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment or specific occasions for implementation of security personnel or device. Section 551.076 of the Texas Open Meetings Act.
6. Deliberations regarding Economic Development negotiations. Section 551.087 of the Texas Open Meeting Act.

# Economic Development Committee **DRAFT**

## Meeting Record February 18, 2014

The Economic Development Committee meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Office of Economic Development, Staff Coordinator at 214-670-1686.

**Meeting Date:** February 18, 2014      **Meeting Start time:** 9:03 AM

**Committee Members Present:**

Tennell Atkins  
Rick Callahan  
Jerry R. Allen  
Adam Medrano  
Lee Kleinman  
Scott Griggs

**Staff Present:**

Ryan Evans, Interim First Assistant City Manager, City Managers Office  
Karl Zavitkovsky, Director, Office of Economic Development  
LaToya Jackson, Assistant Director, Strategic Customer Services  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Jill Jordan, Assistant City Manager, City Managers Office  
Karl Stundins, Manager, Office of Economic Development

**Other Council Members Present:**

**Other Presenters:**

**1. Approval of February 3, 2014 Minutes of the Economic Development Committee**  
**Presenter(s):**

**Action Taken/Committee Recommendation(s):** Motion made to approve the minutes.

**Motion made by:** Mr. Allen

**Motion seconded by:** Mr. Callahan

Item passed unanimously:  X

Item passed on a divided vote:  \_\_\_\_\_

Item failed unanimously:  \_\_\_\_\_

Item failed on a divided vote:  \_\_\_\_\_

**Follow-up (if necessary):**

**2. Upcoming Agenda Items**

**WWF Operating Company White Wave Foods Enterprise Zone Nomination**

**Presenter(s):** Hammond Perot, Assistant Director, Office of Economic Development

**Action Taken/Committee Recommendation(s):** Motion made to approve the minutes.

**Motion made by:** Mr. Kleinman

**Motion seconded by:** Mr. Allen

Item passed unanimously:  X

Item passed on a divided vote:  \_\_\_\_\_

Item failed unanimously:  \_\_\_\_\_

Item failed on a divided vote:  \_\_\_\_\_

**Follow-up (if necessary):**

**Ryan, LLC Enterprise Zone Nomination**

**Presenter (s): Hammond Perot, Assistant Director, Office of Economic Development**

**Action Taken/Committee Recommendation(s):** Motion made to recommend item to full council for approval

**Motion made by:** Mr. Kleinman

**Motion seconded by:** Mr. Allen

Item passed unanimously:  X

Item passed on a divided vote:  \_\_\_\_\_

Item failed unanimously:  \_\_\_\_\_

Item failed on a divided vote:  \_\_\_\_\_

- **Follow-up (if necessary):**

**Tenet Health Limited-Doctors Hospital at White Rock Lake Enterprise Zone Nomination**

**Presenter (s): Hammond Perot, Assistant Director, Office of Economic Development**

**Action Taken/Committee Recommendation(s):** Motion made to recommend item to full council for approval

**Motion made by:** Mr. Allen

**Motion seconded by:** Mr. Kleinman

Item passed unanimously:  X

Item passed on a divided vote:  \_\_\_\_\_

Item failed unanimously:  \_\_\_\_\_

Item failed on a divided vote:  \_\_\_\_\_

- **Follow-up (if necessary):**

**Courtland, LLC-Crow Holdings-Mountain Creek**

**Presenter (s): Hammond Perot, Assistant Director, Office of Economic Development**

**Action Taken/Committee Recommendation(s):** Motion made to recommend item to full council for approval

**Motion made by:** Mr. Allen

**Motion seconded by:** Mr. Callahan

Item passed unanimously:  X

Item passed on a divided vote:  \_\_\_\_\_

Item failed unanimously:  \_\_\_\_\_

Item failed on a divided vote:  \_\_\_\_\_

- **Follow-up (if necessary):**

**Summary of 2013 Activity in Dallas TIF Districts –TIF Annual Report**

**Presenter (s): Karl Zavitkovsky, Director, Office of Economic Development**

**Action Taken/Committee Recommendation(s):** Motion made to recommend item to full council for approval

**Motion made by:** Mr. Allen

**Motion seconded by:** Mr. Callahan

Item passed unanimously:  X

Item passed on a divided vote:  \_\_\_\_\_

Item failed unanimously:  \_\_\_\_\_

Item failed on a divided vote:  \_\_\_\_\_

- **Follow-up (if necessary):**



**Upcoming February 26, 2014 Agenda Item: A Resolution requesting the City of Dallas consent to proposed changes in the section 380 Agreement between the City of Irving and Aviall Services, Inc.**

**Presenter (s): Karl Zavitkovsky, Director, Office of Economic Development**

**Action Taken/Committee Recommendation(s):** Motion made to recommend item to full council for approval

**Motion made by:** Mr. Allen

**Motion seconded by:** Mr. Kleinman

Item passed unanimously:  X

Item passed on a divided vote:       

Item failed unanimously:       

Item failed on a divided vote:       

- **Follow-up (if necessary):**

**3. Presentation of Proposed Strategic Plan FY 2015 FY 2017**

**Presenter(s): LaToya Jackson, Assistant Director, Strategic Customer Services**

**Action Taken/Committee Recommendation(s):** No action taken

**Motion made by:** Mr. Allen

**Motion seconded by:** Mr. Callahan

Item passed unanimously:       

Item passed on a divided vote:       

Item failed unanimously:       

Item failed on a divided vote:       

**Follow-up (if necessary):**

**Meeting Adjourned: 10:13 AM**

**Approved By: \_\_\_\_\_**

# Memorandum



CITY OF DALLAS

DATE February 28, 2014

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

SUBJECT **Incentives for Trinity Groves, Phase I & II – Sports Arena TIF District**

On Thursday, March 6, 2014 the Economic Development Committee will be briefed on Incentives for Trinity Groves, Phase I & II – Sports Arena TIF District.

Briefing material is attached.

Should you have any questions, please contact me at (214) 670-3296.

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

Ryan S. Evans  
Interim 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  
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Frank Librio, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor and Council

# Incentives for Trinity Groves, Phase I & II

*Sports Arena TIF District  
(West Dallas Sub-District)*

Economic Development Committee

March 6, 2014

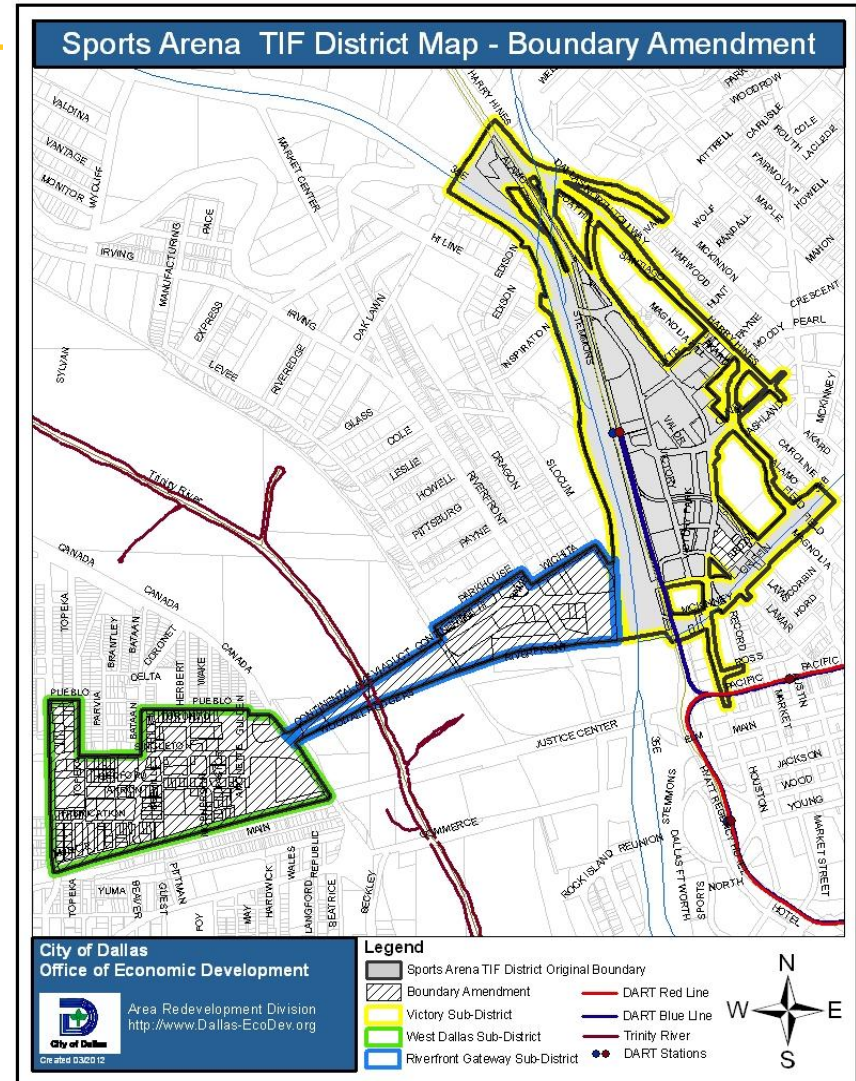
# Purpose

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- Provide background information on Sports Arena TIF District
- Review the Trinity Groves project and funding request
- Obtain Economic Development Committee's approval for consideration of the project on March 26, 2014 City Council agenda

# Sports Arena TIF District Background

- Created in 1998 to fund construction of roadway system around American Airlines Center
- Amended May 2012 to:
  - Fund structured parking and other incentives needed to promote development of surface parking lots and retail space
  - Create new Sub-Districts to promote redevelopment adjacent to Trinity River
  - Extend term and increase budget of original district and create longer term and budget for new Sub-Districts

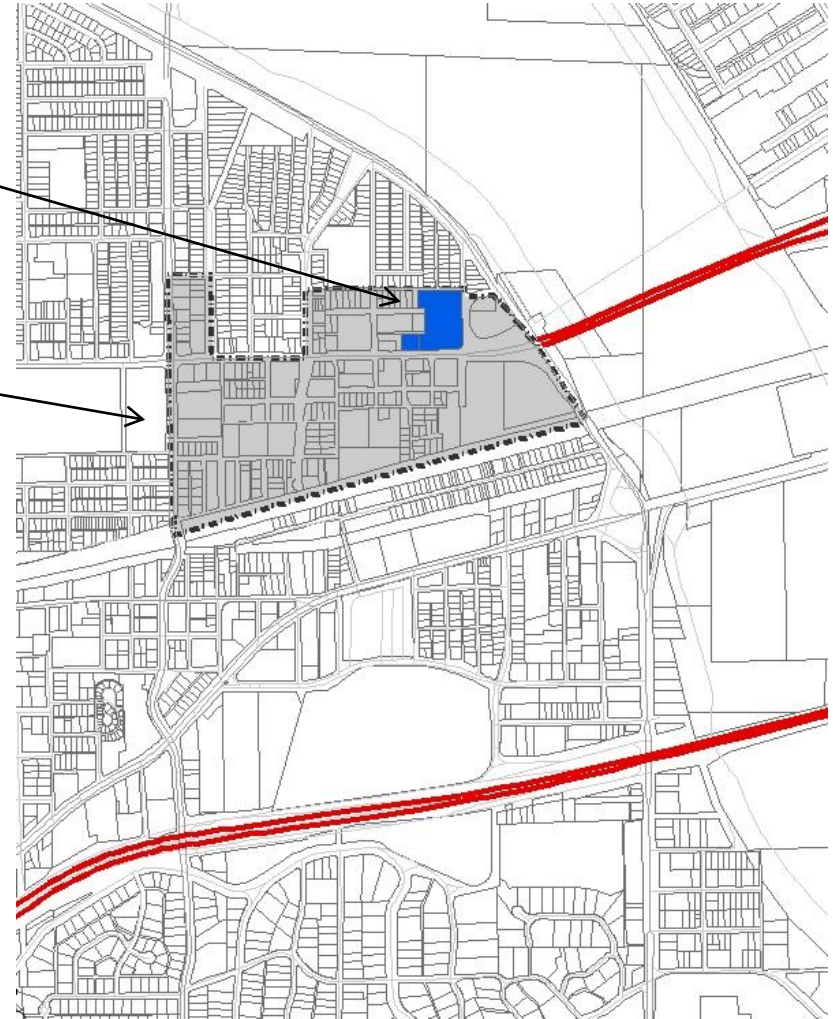


# Trinity Groves

## *Background*

Project location – Singleton  
Boulevard at Gulden Lane

Boundary line for West  
Dallas Sub-district





# Trinity Groves

## *Background*

- Phase I –
  - Trinity Groves - long-term redevelopment plan for 80 acres of land along Singleton Boulevard in West Dallas area
  - Work started in 2012-13. Trinity Groves includes approximately 80,000 square feet of restaurant space, a brewery, event space, and a restaurant incubator.
  - Development group is successfully rebranding identity for the area



# Trinity Groves

## *Project Description*

- Phase I - 80,000 square feet of restaurant space, a brewery, event space, and a restaurant incubator, financed primarily from sponsor equity
- Phase II – Improves sidewalk conditions, adds improved parking and creates approximately 9 new restaurant spaces (20,000-26,000 square feet of space depending on tenants) and allows developer to seek more traditional financing
- Phase II
  - Sports Arena TIF Board recommended \$3,505,000 in TIF funds for project
  - Funding uses
    - Widen sidewalks on Singleton Boulevard; and
    - Redevelop two vacant masonry buildings - 331 Singleton & 3011 Gulden
    - Gap reimbursement funding – related to project financing





# Trinity Groves

## *Project Description (Continued)*

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- **Estimated Construction Start (Phase II):** June 2014
- **Estimated Project Completion (Phase II):** June 2015
- **Design Review:** Peer Review Panel reviewed and approved design of project on January 24, 2014.
  - Site specific comments addressed by developer
  - Comments on future phases of project to be addressed as new phases submitted
  - Recommended 'traffic calming' on Singleton Boulevard likely to require funding from alternative sources
- **Total Project Cost Phase I:** \$42,000,000
- **Total Project Cost Phase II:** \$9,889,000
- **Total Project Cost (Phase I & II):** \$51,889,000

# Trinity Groves

## *Project Description (Continued)*

Description	Amount
<b>Redevelopment of Vacant/Underutilized West Dallas Buildings</b>	
Environmental Remediation and Demolition	\$80,000
Streetscape Improvements <i>(includes costs for public landscaping and lighting for work in public right-of-way and areas with public access easements)</i>	\$170,000
<b>Economic Development TIF Grant</b> <i>(to encourage increased retail occupancy and offset the costs of redevelopment in West Dallas Sub-District)</i>	\$3,255,000
<b>Total TIF Base Funding Proposed</b>	<b>\$3,505,000</b>

# Trinity Groves Project Design



Ex. Esplanade

Proposed Parking Lot/Landscape Improvements

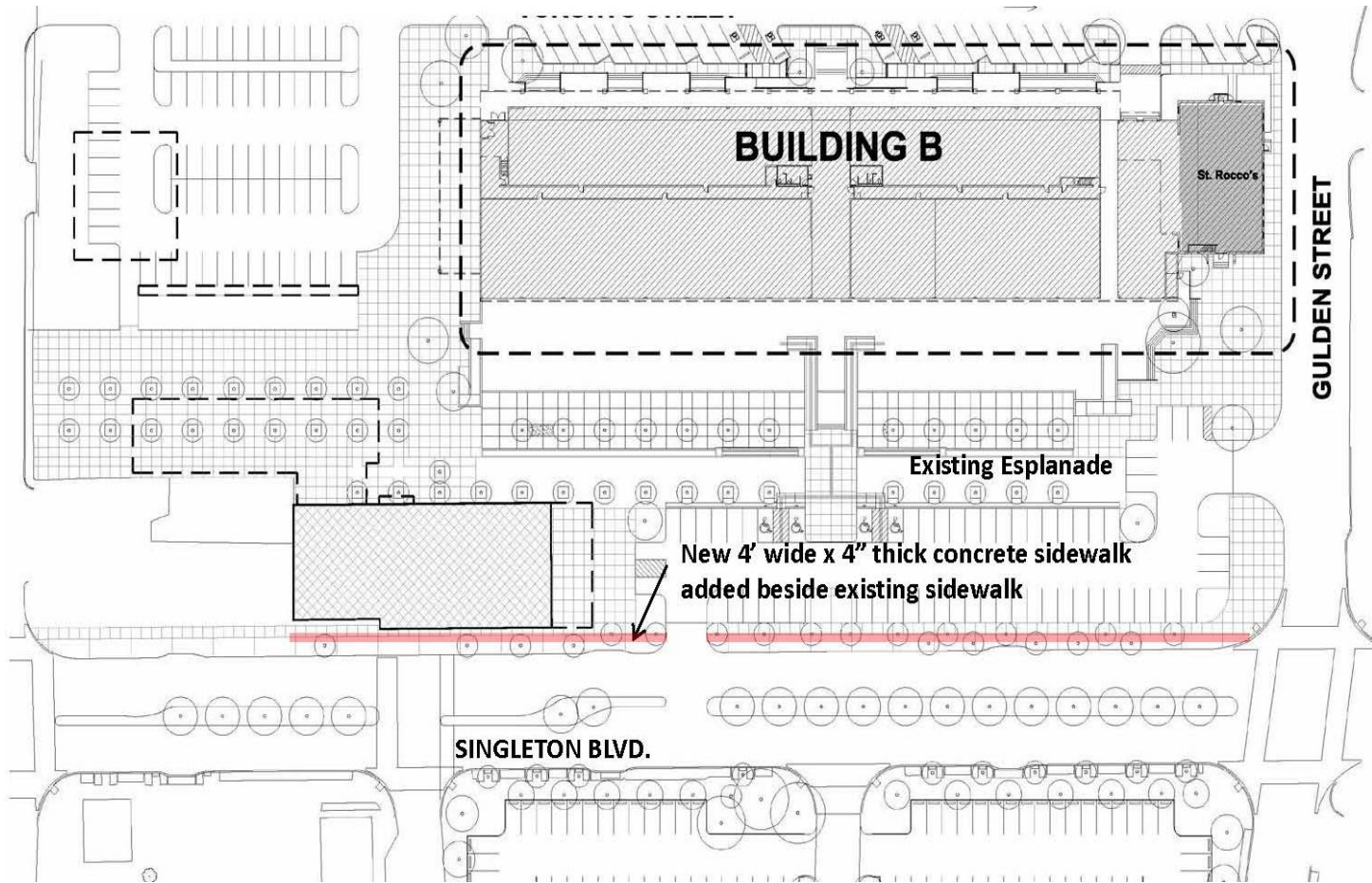
# Trinity Groves Project Design



## Improvements:

1. New Decomposed Granite Paving
2. New Concrete Sidewalk Repairs
3. New Landscaping

# Trinity Groves Project Design



Proposed Public Sidewalk Improvements

# Trinity Groves

## *Project Funding Sources and Uses*

<b>Funding Sources</b>	<b>Amount</b>	<b>%</b>	<b>Uses</b>
Equity	\$46,889,000	90%	Phases I & II Construction and infrastructure costs
Construction Loan	\$5,000,000	10%	Phase II Construction Costs
	<b>\$51,889,000</b>		



# Strategic Importance of Proposed Project

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- **Additional investment continues activation of Singleton Boulevard** with mixed use retail and restaurant venues and increases economic activity in the area.
- **Improves pedestrian connections** to the under-construction improved Commerce Bridge.
- **Adds streetscape improvements** along Singleton Boulevard including improved sidewalks, lighting, and landscaping.

# Trinity Groves

## *TIF Board Funding Recommendation*

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- On February 6, 2014, the Sports Arena TIF District Board of Directors reviewed and approved TIF funding for the Trinity Groves project in an amount not to exceed \$3,255,000.



# Recommendation

- Staff requests ECO Committee's approval of consideration of a development agreement with Trinity Groves, LLC for TIF reimbursement not to exceed \$3,505,000, of which \$3,255,000 is in the form of a TIF Grant for the Trinity Groves project by City Council at their March 26, 2014 Council meeting.

# APPENDICES

# Appendix A: Trinity Groves

## *Highlights of TIF Funding Conditions*

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- Minimum private investment of \$30,000,000, in Phases I and II, to include construction and construction related soft costs.
- Phase II Redevelopment shall include a minimum of 20,000 square feet in additional retail/restaurant space:
- Start construction and/or demolition for the Phase II Project by June 30, 2014;
- Certificate of Occupancy (CO) for the Phase II Project by June 30, 2015;
- A minimum of 50% of ground floor Phase II space must be occupied prior to TIF payment;
- Recommendations by the Urban Design Peer Review Panel include broaden existing sidewalks by four additional feet along the north side of Singleton Boulevard between Gulden Lane and the western edge of the Phase II Singleton Boulevard frontage.

# Appendix A: Trinity Groves

## *Highlights of TIF Funding Conditions (Continued)*

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- Future improvements to Trinity Groves should include:
  - Work with the city staff to identify funding for and implement aggressive and creative traffic calming measures along Singleton Boulevard.
  - Work with City staff to identify funding and implement continued streetscape improvements from Gulden Lane to the Continental Pedestrian Bridge.
  - Work with City Staff to ensure that future improvements on Singleton Boulevard should be oriented toward further establishing the increased sense of unique place and identity already begun by the Trinity Groves development.
  - Proposed enhancements to Singleton Boulevard presented to the Urban Design Peer Review Panel in the near future.

# Appendix B: Project Requirements/Other Information

Trinity Groves Phase I & II Project Facts	
Minimum Retail Space	108,002 s.f.
Required Private Investment	\$30,000,000
Expected Project Cost	\$51,889,000
TIF Funding	\$3,505,000
% TIF Funds to Total Project Costs	6.75%
Return on Cost without TIF	5.99%
Return on Cost with TIF	6.42%
Deadline to Obtain Building Permit	June 30, 2014
Deadline to Obtain Final CO	June 30, 2015

# Appendix C: Trinity Groves

## Project Proforma

<b>Trinity Groves Phase 1 &amp; 2 Pro Forma</b>		
Sports Arena TIF District		
<b>PROJECT DESCRIPTION:</b>	Trinity Groves Phase 2 Redevelopment Project	
<b>PROJECT TYPE:</b>	Restaurant/Retail Project	
<b>CONSTRUCTION START DATE:</b>	June 1, 2014	
<b>PROJECT SCHEDULE:</b>	March 30, 2015	
<b>Use Breakdown</b>	<b>SF</b>	<b>Total Leasable SF</b>
Retail/Restaurant Ph 1	82,002	82,002
Retail/Restaurant Ph 2	26,000	26,000
<b>Total Building Square Footage</b>	<b>108,002</b>	<b>108,002</b>
<b>Project Costs</b>		
Hard Cost	\$8,250,000	
Soft Cost	\$1,639,000	
Public & Private Costs - Phase I	\$42,000,000	
Land Costs/Acquisition	Incl. Ph. I	
<b>Total Project Cost (without City \$)</b>	<b>\$51,889,000</b>	
<b>Total Project Cost</b>	<b>\$51,889,000</b>	
TIF Assistance	\$3,505,000	
<b>Net Cost to Developer</b> (after TIF reimbursement)	<b>\$48,384,000</b>	
<b>Return on Cost Analysis</b>		
<b>NOI/Total Project Costs</b>		
Return on Cost (without City \$)	6%	
Return on Cost (with City \$)	6%	
<b>Income</b>		
Commercial Revenue*		\$3,315,000
Residential Revenue		0
<b>Total Revenue</b>		<b>\$3,315,000</b>
<b>Expenses</b>		
Operating Expense		\$206,950
<b>Total Expenses</b>		<b>\$206,950</b>
<b>NOI</b>		<b>\$3,108,050</b>

Return on Investment  
 Return on Investment (without City \$) 5.99%  
 Return on Investment (with City \$) 6.42%

\*Revenue based on both Phase I&II  
 Phase I - 9 Restaurants/Retail \$2,400,000  
 Phase II - 6 Restaurants/Retail \$915,000

# Appendix D: Sports Arena TIF District

## *Amended Budget*

Sports Arena TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	Total Budget*	Total Committed or Spent	Total Remaining
<b>Original Improvements</b>			
<b>Total Original Improvements**</b>	\$38,588,359	\$38,389,665	\$198,694
<b>Victory Sub-district Amended Budget</b>			
<b>West Dallas Set-Aside</b>	\$12,907,284	\$623,338	\$12,283,946
<b>Tier One Improvements</b>	\$44,328,928	\$44,328,928	\$0
North Parking Garage			
South Parking Garage			
Economic Development TIF Grants			
<b>Total Tier One Improvements</b>			
<b>Tier Two Improvements</b>	\$77,498,529	\$2,760,357	\$74,738,172
Additional North Parking Garage			
Additional South Parking Garage			
Other District Improvements:			
Open Space/Connectivity, Special Studies			
Infrastructure Improvements and Retail			
<b>Total Tier Two Improvements</b>			
<b>Total Victory Sub-District</b>	\$134,734,741	\$47,712,623	\$87,022,118
<b>Category</b>	<b>Total Budget</b>	<b>Total Committed or Spent</b>	<b>Total Remaining</b>
<b>West Dallas Sub-district</b>			
Economic Development Grants, Retail Incentives, Infrastructure Improvements, Technical Studies			
Environmental/Demolition			
<b>Total West Dallas Sub-District</b>	\$90,507,123	\$0	\$90,507,123
<b>Riverfront Gateway Sub-district</b>			
Economic Development Grants, Infrastructure Improvements, Environmental/Demolition			
Open Space, Connectivity and Retail			
<b>Total Riverfront Gateway Sub-district</b>	\$9,558,813	\$0	\$9,558,813
<b>Administration and Implementation</b>	\$765,000	\$460,602	\$304,398
<b>Total Amended Budget</b>	<b>\$274,154,036</b>	<b>\$86,562,890</b>	<b>\$187,591,146</b>
<b>Original Sports Arena TIF District Budget</b>	<b>\$46,961,785</b>		

# Appendix E: Trinity Groves

## *Development Team– Trinity Groves, LLC*

- Trinity Groves LLC oversees the operations and management of the Trinity Groves development as part of West Dallas Investments LP. The development is owned by West Dallas Investments LP, a real estate partnership focused on purchasing and development of property in the West Dallas area. They currently own more than 80 acres in West Dallas.
- Olympic Property Partners Principals
  - **Phil Romano** - investor, entrepreneur, artist, and restaurateur for over 40 years; In his career he has created Fuddruckers, Romano's Macaroni Grill, Spageddies, Cozymel's, Rudy's Country Store and BBQ, and eatZi's Market & Bakery.
  - **Stuart Fitts** - is the Managing Partner of Fitts Investment Company, a Dallas based investment firm with investments in a diverse firm of interests including golf course development, oil and gas, commercial real estate, pharmaceutical and medical and technology. He is also the co-owner of EBG, LLC the holding company that owns and operates eatZi's Market & Bakery.
  - **Butch McGregor** – is a partner in West Dallas Investments. A 40-year veteran of commercial real estate in Dallas, Texas. Mr. McGregor in 2005 joined Mr. Romano and Mr. Fitts to form West Dallas Investments for acquiring land in the West Dallas area. Today, the company owns approximately 80 acres in the area.
  - **Jim Reynolds** – is Senior Vice President of Development and Construction for Trinity Groves LLC. Mr. Reynolds has over 25 years working on large scale mixed use, commercial/retail projects as well as directing strategic development, construction and real estate transactions.
  - **Elise Mikus** – is a commercial real estate executive with strong strategic problem-solving, negotiation, due diligence and underwriting skills. Among her work includes Irving Entertainment Center, Victory Park, American Airlines Center, and multiple grocery-anchored shopping center acquisitions across the western United States.



# Memorandum



DATE February 28, 2014

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

SUBJECT **Incentives for Hartford Building Renovation – City Center TIF District**

On Thursday, March 6, 2014 the Economic Development Committee will be briefed on Incentives for Hartford Building Renovation – City Center TIF District.

Briefing material is attached.

Should you have any questions, please contact me at (214) 670-3296.



Ryan S. Evans  
Interim First Assistant City Manager

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# Incentives for Hartford Building Renovation

## *City Center TIF District*

Economic Development Committee  
March 6, 2014

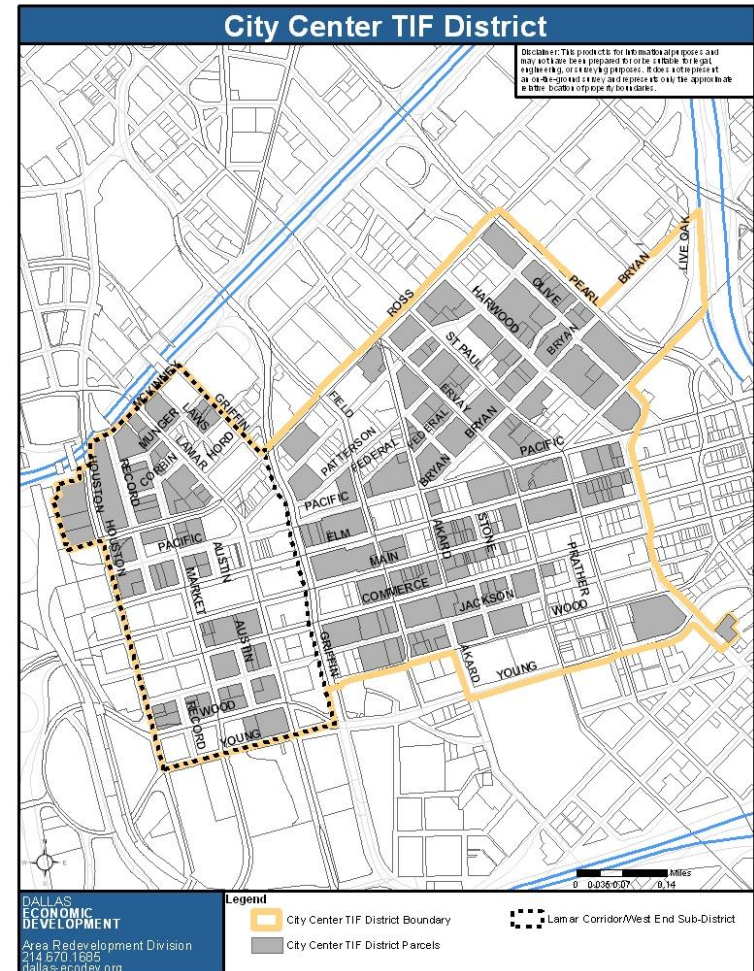
# Purpose

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- Provide background information on City Center TIF District
- Review the Hartford Building Project
- Obtain Economic Development Committee's approval for consideration of the project by City Council on March 26, 2014

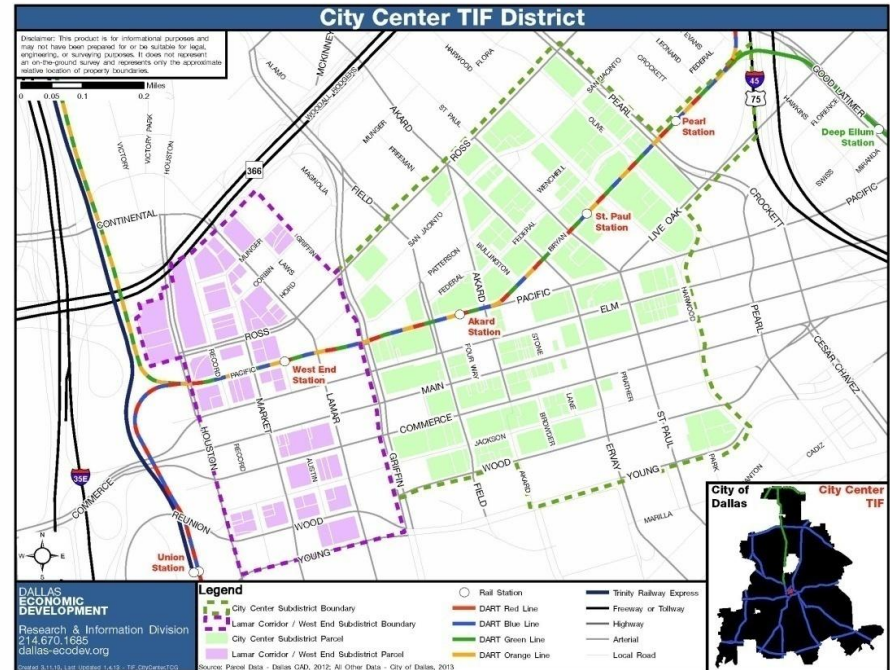
# City Center TIF District Background

- Created to develop an attractive, sustainable urban core and reimburse costs of public improvements and redevelopment of vacant or underutilized buildings downtown
- District was amended December 2012 to:
  - Extend District's Boundary to the West End area
  - Extend Term of District
  - Increase District's Budget
  - Decrease City Participation Rate
  - Establish Other Taxing Jurisdiction Participation Rates



# City Center TIF District Amendments

- Boundary Adjustment  
(Creation of two Sub-districts)
  - City Center Sub-district – original district boundary (green dashed line)
  - Lamar Corridor/West End Sub-district – approximately 27 acres; encompasses properties along the Lamar Corridor and properties in the Historic West End area (lavender dashed line)
- Term Extension
  - City Center Sub-district – 12/31/2012 to 12/31/2022 (10 yrs)
  - Lamar Corridor/West End Sub-district – 12/31/2012 to 12/31/2037 (25 year term)



# City Center TIF District Amendments (Continued)

- **District Budget Amendment**
  - The District's budget increased from \$87.6M to \$152.00 M
  - The increased budget:
    - Provides a source of funding to stimulate redevelopment of the Lamar Corridor and Historic West End area
    - Provides a source of funding to accomplish recommendations of the Downtown Dallas 360 Area Plan, that wouldn't otherwise be funded
    - Provides a source of funding to fill in redevelopment gaps in the downtown core

City Center TIF District Projected Increment Revenues to Retire TIF Fund	
Category	TIF Budget
Original City Center TIF Collections**	\$75,696,253
Public Infrastructure Improvements <i>Streetscape Improvements, Pedestrian Linkages, Lighting, Utility Burial, Utility Upgrades</i>	\$8,500,182
Parking	\$5,500,000
Redevelopment/Development Projects <i>Environmental Remediation, Interior &amp; Exterior Demolition, Façade Improvements/Restoration, TIF Grants</i>	\$40,972,111
District Wide Improvements	\$4,000,000
Affordable Housing	\$6,500,000
Ground Floor Activation ( <i>in the form of a TIF Grant</i> )	\$8,300,000
Plan Implementation/Administration	\$2,500,000
<b>Total Project Costs</b>	<b>\$151,968,546</b>
<i>Budget shown above in total dollars, as approved in the Amended Project Plan and Reinvestment Zone Financing Plan for the District.</i>	



# City Center TIF District Amendments (Continued)

- Amendment led to increased activity in the zone
- Projects from 2005 -2011:
  - Dallas Power & Light Buildings (2005)
  - Interurban Building (2005)
  - Gulf States (2007)
  - Republic Tower (2007)
  - 1608 Main Street & Pedestrian (2008)
  - Joule Hotel (2008)
  - Mosaic – Fidelity Union (2007)
  - Metropolitan (2007)
- Projects from 2011 – Present:
  - Fairfield Residences at West End
  - Purse & Co. Lofts
  - Flora Lofts
  - Liberty State Building Relocation
  - 211 North Ervay



Flora Lofts



Fairfield Residences at West End



211 North Ervay



Liberty State Building Relocation



Purse & Co. Lofts

# City Center TIF District

## *The Hartford Building*

- Constructed in 1960
- First downtown development project by Trammell Crow
- Originally served as the regional office for the Hartford Fire Insurance Group
- Over 50% vacant - Several floors were closed for more than a decade
- Adjacent to St. Paul DART Light Rail Station
- To be redeveloped as office space with retail spaces at the ground level





# The Hartford Building Redevelopment

## *Project Description*

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- **Project Scope:**
  - Restore historic façade
  - Complete environmental remediation/interior demolition
  - Streetscape and Park Improvements
  - Renovate up to 161,082 square feet office/commercial space and approximately 12,396 square feet of ground floor retail/restaurant/commercial space
- **Project Cost:** \$5,561,448
- **Project Start Date:** Immediately
- **Project Completion Date:** December 31, 2015

# The Hartford Building

## *Design Review*

- On January 24, 2014 the Urban Design Peer Review Panel revised the project's design and approved recommendations. Project owner incorporated recommendation into project's design.

### Current



### Proposed



Federal Street - Improvements along Federal including addition of outdoor dining and removal of existing canopies.

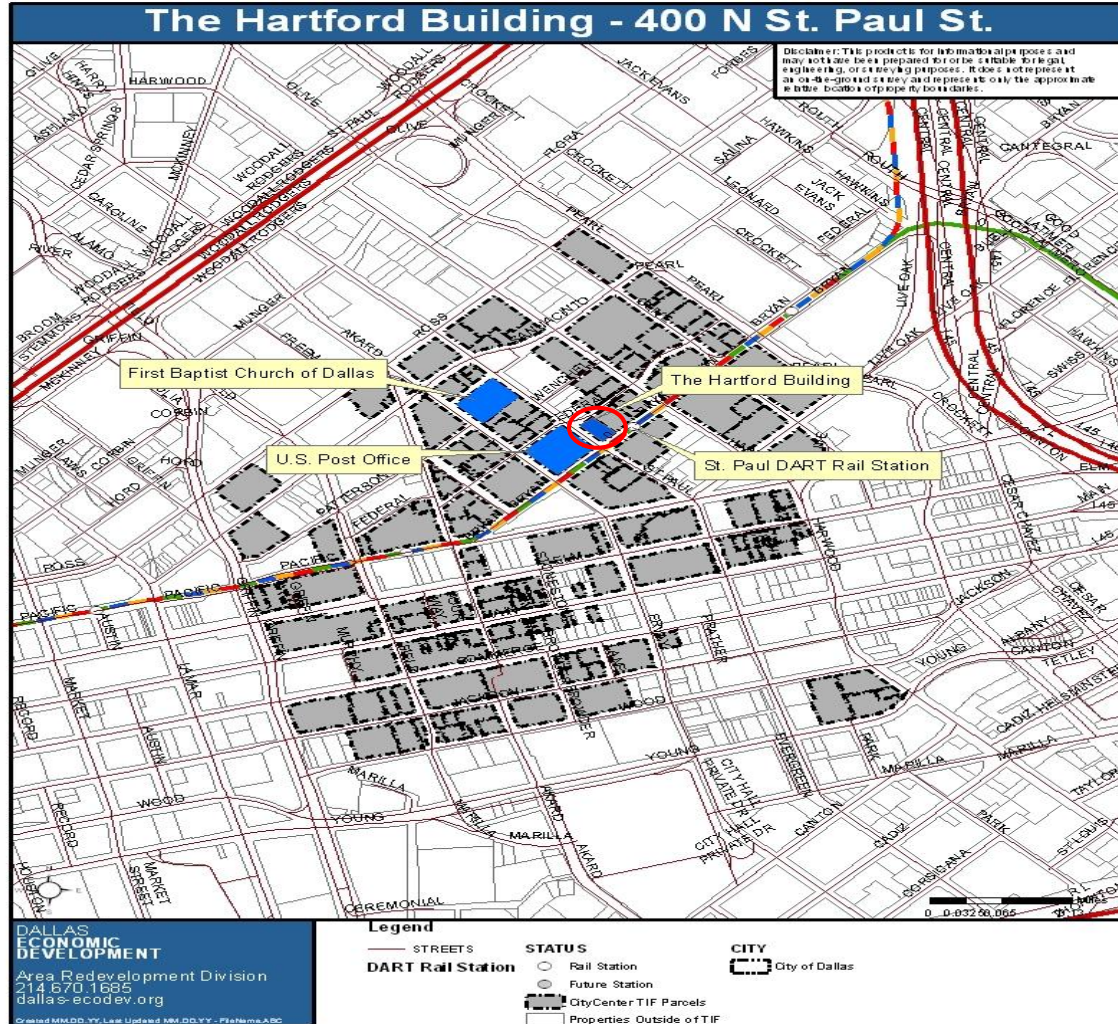


St. Paul Street - Improvements along St. Paul including removal of existing canopies and improvement to existing sidewalks

Hartford Pocket Park – Improvements to the park include the removal of an existing wing wall, lighting, installation of new trees, and new ground materials

# The Hartford Building

## *Project Funding Sources and Uses*



# The Hartford Building

## *Project Funding Sources and Uses (Continued)*

<b>Funding Sources</b>	<b>Amount</b>	<b>%</b>	<b>Uses</b>
<i>Equity</i>	\$3,491,448	62.78%	Acquisition and Construction
<i>Construction loan</i>	\$2,070,000	37.22%	Construction Costs
<b>Total development funding (total sources)</b>	<b>\$5,561,448</b>	<b>100.00%</b>	

*The building owners are still in the application process and have not determined the exact economic impact of the historic tax credits. Any economic benefit would impact the construction loan amount requested.*

# The Hartford Building

## *Proposed TIF Funding*

- Funding proposed reimburses developer for environmental remediation, exterior façade improvements, and public improvements to the sidewalks and landscaping in the form of a TIF Grant Reimbursement.
- Improvements to pocket park (owned by the City of Dallas) and located directly across Federal Street from the Hartford Building are funded by TIF Fund reimbursement.
- Most of the TIF funding commitment is in the form of a grant to enable the development to maximize funding from non-city sources (historic tax credits). Similar smaller TIF deals on smaller buildings like this have reimbursed applicants for costs of environmental, demolition, façade restoration, and streetscape improvements. The funding request for this project is proportional to other similar buildings.

Description	Amount
<b>Public Infrastructure Improvements</b>	\$231,000
<i>Parks and open space</i>	
<b>Economic Development TIF Grant*</b>	\$969,000
<b>Total TIF Funding Recommended</b>	<b>\$1,200,000</b>

\* Equivalent to costs associated with historic façade restoration, environmental remediation & demolition, and streetscape improvements



# The Hartford Building

## *TIF Board Funding Recommendation*

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- On February 13, 2014, the City Center TIF District Board of Directors reviewed and approved TIF funding for the Hartford Building Renovation project in an amount not to exceed \$1,200,000

# Strategic Importance of Proposed Project

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- Restores existing building to its historic condition and brings vacant commercial space up to code and in leasable condition.
- Adds needed improvements to pocket park across the street and provides a needed amenity for the neighboring businesses

# Recommendation

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- Staff requests ECO Committee's approval of consideration of a development agreement with The Dallas Hartford, LLC for TIF reimbursement not to exceed \$1,200,000 for the Hartford Building project by City Council at their March 26, 2014 Council meeting.



# APPENDICES

# Appendix A: The Hartford Building

## *Conditions of TIF Funding*

- Minimum private investment of \$5,000,000 for the Project (acquisition, construction and construction related soft costs).
- The term “Invest” or “Investment” means the sum of all acquisition costs, construction costs (hard and soft) paid, payable or actually incurred by or on behalf of the Owner, with respect to the Project and the improvements thereon. Construction related soft costs include the following items: architecture and engineering, interior design, remediation and demolition. Carrying or other similar costs shall not be considered toward this definition of project investment. The owner must provide verification of all expenditures.
- Redevelopment of the Project shall include:
  - Minimum 145,000 square feet of office/commercial space; and
  - Minimum 9,900 square feet of retail/restaurant/office space; and
  - Minimum 10,000 square feet of improved open space.
- Obtain a building and/or demolition permit and start construction for the Project by June 1, 2014;
- Obtain a Certificate of Occupancy (CO) for the Project by December 31, 2015;

# Appendix A: The Hartford Building

## *Conditions of TIF Funding (Continued)*

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- Obtain final acceptance of public infrastructure improvements associated with the Project, as evidenced by the issuance of a Green Tag from the Public Works and Transportation Department by December 31, 2015 and submit documentation to the Office of Economic Development (the “OED”);
- Execute an Operating and Maintenance agreement for public infrastructure improvements associated with the Project by December 31, 2015, for a period of 20 years;
- A minimum of at least 50% of ground floor space must be occupied prior to TIF Reimbursement;
- Owner shall submit to the Director of the OED a quarterly status report for ongoing work on the project, as well as public improvements. Status reports will be due once every three months after the Council approval date;

# Appendix A: The Hartford Building

## *Conditions of TIF Funding (Continued)*

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- Owner shall make a good faith effort to: (i) comply with the Business Inclusion and Development (“BID”) goal of twenty-five percent (25%) Minority/Women-owned Business Enterprise (M/WBE) participation for TIF reimbursable improvements, and (ii) achieve a goal of 25% certified M/WBE participation for total private improvement construction expenditures for the Project, and meet all reporting requirements for each;
- If the open space is not improved or if the proposed design plans are not approved, the amount of TIF Reimbursement for the Project will be reduced by to the amount of TIF funds allocated to the improvement of the open space; and
- If necessary, the project deadline can be extended up to 6 months, subject to the Office of Economic Development Director’s and City Center TIF District Board of Director’s approval.

# Appendix B: Project Requirements/Other Information

<b>The Hartford Building Project Facts</b>	
Minimal Retail Space	12,396
Required Private Investment	\$5,000,000
Expected Total Project Cost	\$5,561,448
TIF Funding	\$1,200,000
% TIF Funds to Total Project cost	21.58%
Return on Cost without TIF	7.37%
Return on Cost with TIF	9.40%
Deadline to Obtain Building Permit	June 1, 2014
Deadline to Obtain Final CO	December 31, 2015

# Appendix C: The Hartford Building Renovation

## *Project Proforma*

<b>The Hartford Building</b>		
City Center TIF District		
PROJECT DESCRIPTION:	The Hartford Building Redevelopment Project	
PROJECT TYPE:	Restaurant/Retail Project	
CONSTRUCTION START DATE:	June 1, 2014	
PROJECT SCHEDULE:	December 31, 2015	
<b>Use Breakdown</b>	<b>SF</b>	<b>Total Leasable SF</b>
Office/Commercial Space	161,082	161,082
Retail/Restaurant/Commercial Space	12,396	12,396
Total Building Square Footage	173,478	173,478
<b>Project Costs</b>		
Hard Cost	\$942,086	
Soft Cost	\$1,503,162	
Land Costs/Acquisition	\$3,116,200	
Public Costs		
<b>Total Project Cost (without City \$)</b>	<b>\$5,561,448</b>	
Total Project Cost	\$5,561,448	
TIF Assistance	\$1,200,000	
<b>Net Cost to Developer</b> (after TIF reimbursement)	<b>\$4,361,448</b>	
<b>Return on Cost Analysis</b>		
<b>NOI/Total Project Costs</b>		
Return on Cost (without City \$)	7.37%	
Return on Cost (with City \$)	9.40%	
<b>Income</b>		
Commercial Revenue*	\$1,430,722	
Residential Revenue	0	
<b>Total Revenue</b>	<b>\$1,430,722</b>	
<b>Expenses</b>		
Operating Expense	\$1,020,605	
<b>Total Expenses</b>	<b>\$1,020,605</b>	
<b>NOI</b>	<b>\$410,117</b>	

# Appendix D: The Hartford Building

## *Development Team – The Dallas Hartford, LLC*

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- **Ken Good, Jr.** , A Dallas based entrepreneur/investor with broad-based real estate and other holdings. Mr. Good's primary businesses include/have included: venture capital, real estate development, medical technology, computers, and international financial consulting. Mr. Good holds a B.A. in Economics from Trinity University in San Antonio, Texas and an M.B.A. from the Darden Graduate School of Business at the University of Virginia. Mr. Good serves on the Board of Directors of the Good Foundation and is active in numerous civic activities.

# Memorandum



DATE February 28, 2014

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

SUBJECT **TCDFW Industrial Development Inc. Project**

City staff has negotiated with Trammel Crow Company regarding construction of a 500,000 square foot speculative industrial/warehouse facility on approximately 79.05 acres north of IH-635 between J.J. Lemmon Road and the Burlington Northern Santa Fe (BNSF) Railroad at 4800 LBJ Freeway, Dallas, Texas located in a Texas Enterprise Zone. Trammel Crow Company will develop this project through an entity called TCDFW Industrial Development Inc. Locally, the Trammel Crow Company has developed over 50 million square feet in industrial buildings, with a strong commitment to Southern Dallas.

This site has several issues which have increased the property's development costs. A large portion of the property is located within the 100 year floodplain and will require the construction of a mitigation swale to reclaim approximately 12 acres of land. This process also requires the developer to obtain a Fill Permit from the City of Dallas and a Letter of Map Revision (LOMR) from the Federal Emergency Management Agency (FEMA). A Section 404 Individual Permit from the United States Army Corps of Engineers (USACOE) is also required. Tree mitigation requirements and a significant change in elevation from east to west have escalated the project development costs.

TCDFW Industrial Development Inc. seeks City Council approval of a 90 percent real property tax abatement for 10 years and an economic development grant in an amount not to exceed \$875,000 to offset public and private improvement costs. TCDFW Industrial Development Inc. will make a minimum of \$10,000,000 in real property improvements with construction of the 500,000 square foot speculative industrial/warehouse facility. The economic development grant will be payable upon the substantial completion of a minimum of \$10,000,000 in real property improvements by December 31, 2016. The real property tax abatement must begin on or before January 1, 2017. TCDFW Industrial Development Inc. will forfeit the real property tax abatement and the economic development grant if it fails to reach the minimum investment by the required time.

The forgone revenue from the proposed tax abatement is \$474,135. The proposed agreement will result in a 10-year net fiscal impact of \$161,511 and a \$2,202,189 20-year net fiscal impact.



The proposed project meets the minimum eligibility requirements of the Public/Private Partnership Program as adopted by the City Council in Resolution No. 12-1520 on June 13, 2012.

**Project Details**

**Project Site:** 79.05 acres north of IH-635 between J.J. Lemmon Road and the Burlington Northern Santa Fe (BNSF) Railroad at 4800 LBJ Freeway, Dallas, Texas

**Facilities:** Construction of a 500,000 square foot speculative industrial/warehouse facility

**Real Property Investment:** Minimum of \$10 million

**City Incentives**

**Real Property Tax Abatement:** 90%-10 year tax abatement will commence on or before January 1, 2017.

	<u>Investment</u>	<u>Tax Abatement</u>	<u>Foregone Revenue</u>	<u>City of Dallas Tax Revenue</u>
<b>Real Property Year One</b>	\$10M	90% - 10 yrs	\$64,557	\$7,173
<b>10-year totals</b>	\$10M		\$474,135	\$52,682

**Proposed Estimated Schedule of the Project**

Begin Construction June 2014  
 Substantial Completion March 2016

**Fiscal Information**

Revenue: First year revenue estimated at \$7,173; ten-year revenue estimated at \$52,682; (Estimated revenue foregone for ten-year abatement estimated at \$474,135).

2006 Prop 8 Bond Funds - \$67,093

General Obligation Commercial Paper Funds - \$807,907

4800 LBJ Freeway – TCDFW Industrial Development Inc.  
February 28, 2014  
Page 3 of 3

**Owner**

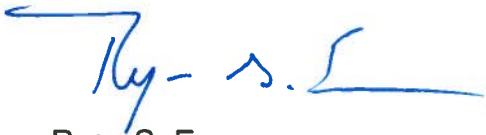
**TCDFW Industrial Development Inc.**  
Scott Krikorian, Managing Director

**Staff**

J. Hammond Perot, Assistant Director  
Kim L. Moore, Marketing Manager

**Recommendation**

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



Ryan S. Evans  
Interim 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  
Judge Daniel F. Solis, Administrative Judge  
Rosa A. Rios, City Secretary  
Craig D. Kinton, City Auditor  
Jill A. Jordan, P. E., Assistant City Manager  
Forest E. Turner, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Charles M. Cato, Interim Assistant City Manager  
Theresa O'Donnell, Interim Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Frank Libro, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor and Council

## Proposed Project Information Worksheet Economic Development Committee

### A. Project Summary/Assumptions

<b>City Council District</b>	8	
<b>Project/Company Name</b>	TCDFW Industrial Development Inc.	
<b>Project Location</b>	4800 LBJ Freeway	
<b>Project Type</b>	Speculative Industrial/Warehouse	
<b>Facilities (Square Feet)</b>	500,000	
<b>Construction Schedule</b>	Begin	1-Jun-14
	Complete	31-Mar-16
<b>Private Improvement Investment</b>	Real Property	\$10,000,000
	Business Property	\$20,000,000
<b>Jobs</b>	Created	45
	Retained	0
<b>Average Wage Rate</b>	Salary	\$40,000
	Hourly	N/A
<b>City Incentive Summary</b>	Tax Abatement	90%, 10 years
	Infrastructure	N/A
	Other - Grant	\$875,000

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

	10-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	50	35,118,938	50	81,338,423
Indirect and Induced Impact*	45	28,095,150	45	65,070,739
<b>Total Impact</b>	<b>95</b>	<b>63,214,088</b>	<b>95</b>	<b>146,409,162</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	2,176,336	5,335,061
Total City GF Service Costs	807,930	1,783,737
Net Impact Before Incentives	1,368,406	3,551,324
City Incentives	1,206,895	1,349,135
<b>Net City Fiscal Impact</b>	<b>161,511</b>	<b>2,202,189</b>

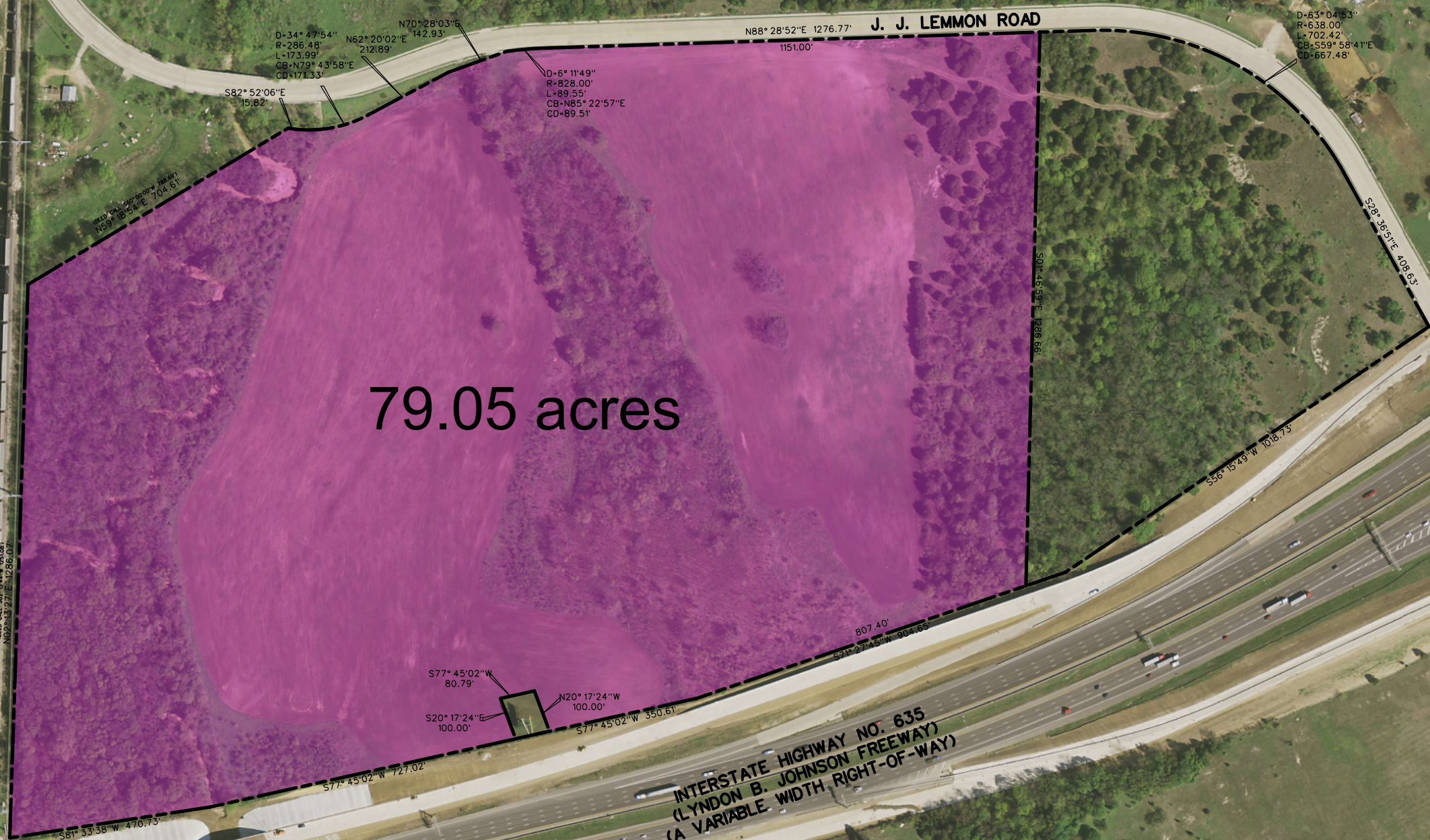
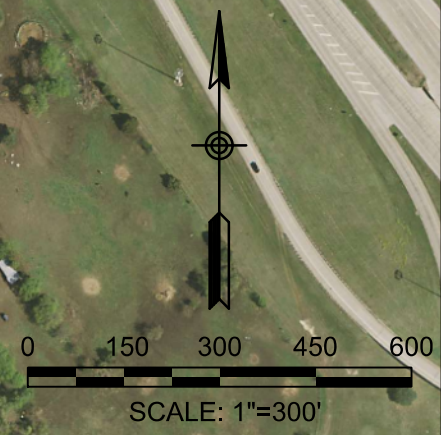
\* Indirect impacts represent supplier effects, induced impacts represent spin-off household effects.

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

	Property Taxes	Sales Taxes
DISD	\$ 847,458	N/A
Dallas County	\$ 167,299	N/A
DCCCD	\$ 82,427	N/A
Parkland Hospital	\$ 182,436	N/A
DART	\$ -	N/A



TCDFW Industrial Development Inc.  
North of IH-635 between J.J. Lemmon Road and BNSF Railroad at 4800 LBJ Freeway



79.05 acres

INTERSTATE HIGHWAY NO. 635  
(LYNDON B. JOHNSON FREEWAY)  
(A VARIABLE WIDTH RIGHT-OF-WAY)

Exhibit 001  
Economic Development Area  
JJ Lemmon tract  
DATE: Jan 15, 2014 AVO: 1008149364

2/7/2014 5:31:24 PM ah684 HALFF E:\1008-149364-Civil\_Team\_49\W011 TCROW\JJ Lemmon\Map\01 economic dev area\fig2D\_CLR\_FW\_300.plt