

# 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, appearing to read 'Ry - S. E.' with a long horizontal stroke.

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 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

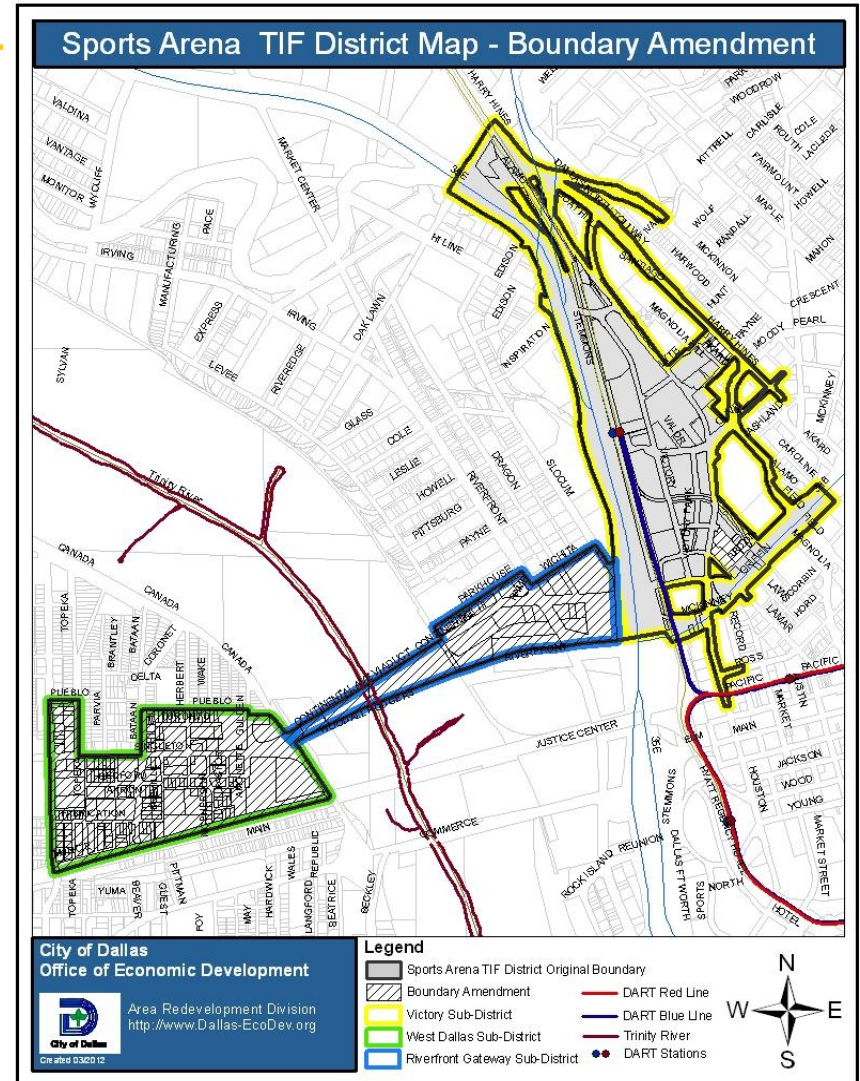
# Purpose

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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

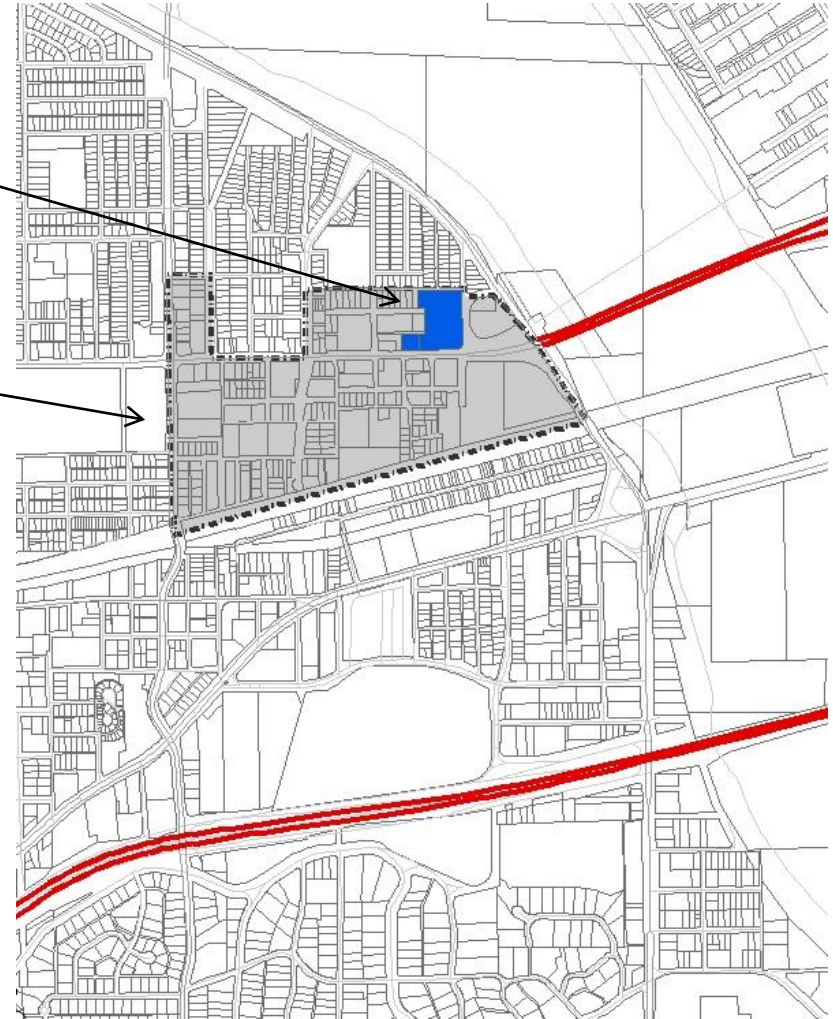


# Trinity Groves

## *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 (includes costs for public landscaping and lighting for work in public right-of-way and areas with public access easements)	\$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

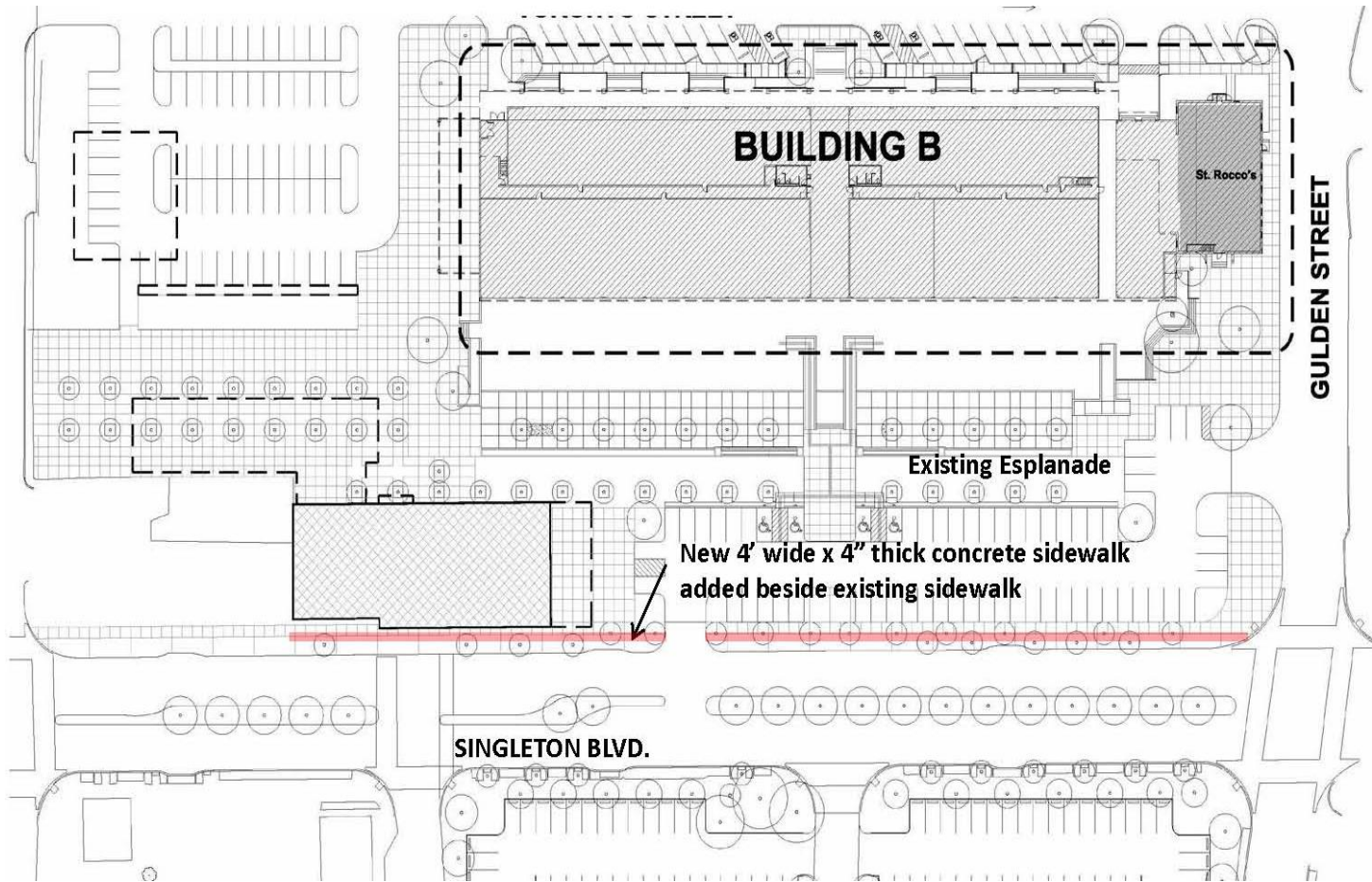
# Trinity Groves Project Design



## 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
Total Building Square Footage	108,002	108,002
<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>Income</b>		
Total Project Cost	<b>\$51,889,000</b>	
TIF Assistance	<b>\$3,505,000</b>	
<b>Net Cost to Developer</b> (after TIF reimbursement)	<b>\$48,384,000</b>	
<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>
<b>Return on Cost Analysis</b>		
<b>NOI/Total Project Costs</b>		
Return on Cost (without City \$)	6%	
Return on Cost (with City \$)	6%	

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.