

Memorandum



CITY OF DALLAS

DATE April 3, 2015

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

SUBJECT **Authorize a service contract for the period April 8, 2015 through September 30, 2015, with two additional twelve-month renewal options, each subject to funding availability with the three Business Assistance Centers (BAC) contractors to provide technical assistance to low-to-moderate income persons owning or starting microenterprises – April 8, 2015**

On April 8, 2015, the City Council will be asked to consider a service contract for the period of April 8, 2015 through September 30, 2015, with two additional twelve-month renewal options, each subject to funding availability with the three Business Assistance Centers (BAC) contractors to provide technical assistance to low-to-moderate income persons owning or starting microenterprises listed herein for each contract as follows: (a) CEN-TEX Certified Development Corporation doing business as Business & Community Lenders (BCL) of Texas to be located at the J. Erik Jonsson Central Library, Sammons Small Business Center 1515 Young Street, in an amount not to exceed \$40,000; (b) Organization of Hispanic Contractors DBA Regional Hispanic Contractors Association located to be located at 2800 N Hampton Rd in an amount not to exceed \$40,000; and The Black Chamber of Commerce Business Development Corporation located at 2838 Martin Luther King Jr. Boulevard in an amount not to exceed \$40,000.

BACKGROUND

Since 1993, the City has been using Community Development Block Grant (CDBG) funds in addition to other funding sources to fund the technical assistance and other support services of the Business Assistance Centers (BACs) in the City to promote community and economic development.

The City has recognized the importance of its role in supporting entrepreneurial and small business development to benefit CDBG eligible persons of the City by supporting the BAC program. BACs under this contract located within the City will provide technical assistance, incubator space (if applicable) and other support services to microenterprises. Per HUD regulations "microenterprise" means a business having five or fewer employees, one or more of who owns the business.

Technical Assistance areas of service may include, but not be limited to: business counseling, seminars/training, incubator space (if applicable), business plan and loan packaging assistance, financial and business management, and other eligible services which foster economic development opportunities for low-to-moderate income (LMI) persons operating or starting a microenterprise within the City.

On June 25, 2014 the Council authorized the adoption of the FY 2014-15 Consolidated Plan Budget which included funding of \$640,000 for the BAC Program by Resolution No. 14-1001.

On October 8, 2014, City Council authorized the adoption of a twelve month contract for five Business Assistance Centers by Resolution No. 14-1732.

On December 18 and December 25, 2014, the City made a second Request For Competitive Sealed Proposals (RFCSP) from organizations to establish, manage, and operate microenterprise Business Assistance Centers within the City of Dallas. Contract funding is being recommended for the three (3) highest ranking proposals.

OWNER(S)

Centex - Certified Development Corporation DBA BCL of Texas
Rosa Valdez, President (3rd location)

Organization of Hispanic Contractors DBA Regional Hispanic Contractors Association

John H. Martinez-D, President (2nd location)

Dallas Black Chamber of Commerce Business Development
Wilton Munnings, President

COUNCIL DISTRICT

All

FISCAL INFORMATION

\$120,000 - 2014-15 Community Development Block Grant Funds

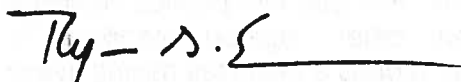
MAP

Attached.

RECOMMENDATION

Staff recommends the City Council approval of the above referenced item.

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

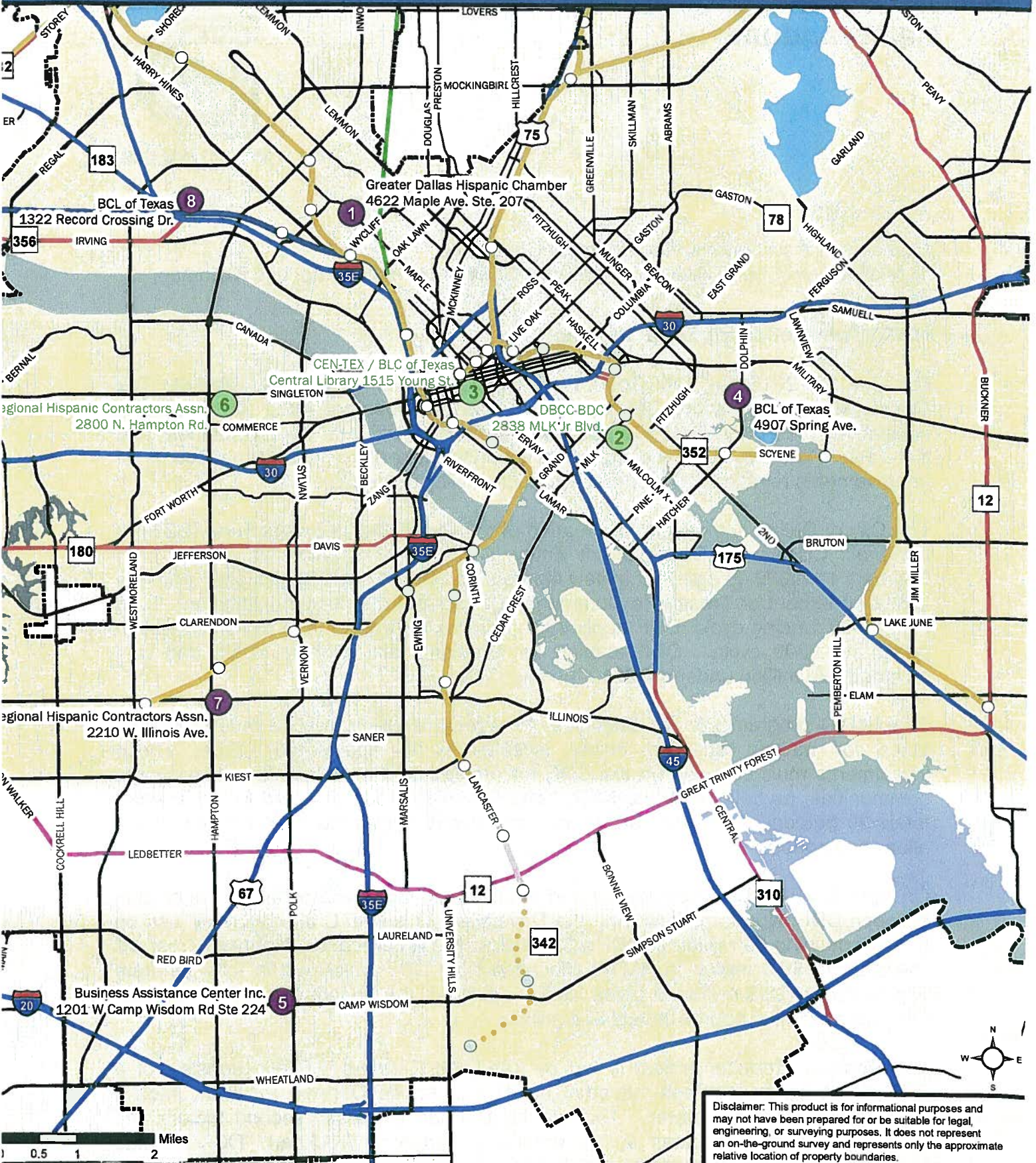


Ryan S. Evans
First Assistant City Manager

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

Business Assistance Centers: 2014-15 Existing & Proposed



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
 14.670.1685
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Legend

● Existing BAC	— DART Light Rail	— Tollway	 Flood Plain
● Proposed BAC	— Commuter Rail	— Highway	 Lake
 Rail Station	 Future DART Light Rail	— Arterial	 City of Dallas
 Future Station	— Freeway	— Local Road	

Source: City of Dallas, 2014

Memorandum



DATE April 3, 2015

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

SUBJECT **NMTC Transaction for Serta/ Dormae**

On April 22, 2015, the City Council will consider authorizing a New Markets Tax Credit (NMTC) transaction between the Dallas Development Fund (DDF) and its subsidiaries, Northern Trust Corporation (Northern Trust) and its subsidiaries, and Kar-Taub Partners, LP and its affiliates (Developer) for the construction of improvements related to the Dormae Products facility (Project).

The City of Dallas authorized the creation of the Dallas Development Fund (DDF), a non-profit Community Development Entity (CDE), by Resolution No. 09-0461 on February 11, 2009, to apply for a New Markets Tax Credit (NMTC) allocation from the U.S. Department of Treasury's Community Development Financial Institutions Fund in its 2009 funding cycle. DDF applied for and was awarded a \$55 million allocation under the 2009 cycle. DDF applied for additional allocation in 2012, and was awarded \$30 million under the 2012 funding cycle.

The NMTC program permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated CDEs. These investments must be used by the CDE for projects and investments in low-income communities, as defined by the NMTC program. The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a 7-year credit allowance period.

On April 2, 2015, DDF considered and unanimously approved a NMTC transaction between DDF, Northern Trust, and the Developer. This NMTC allocation will use up to the remaining \$9 million of DDF's \$30 million NMTC allocation; Northern Trust will invest up to \$9.0 million in NMTC allocation from DDF which will in turn generate approximately \$2.8 million in gross NMTC equity for the benefit of the Project. The total project cost is approximately \$14 million.

The Dormae Products project is led by Kar-Taub Partners, LP and consists of a 297,000 sq. ft. build-to-suit industrial building to house Dormae Products, Inc., a Serta mattress manufacturer. This will be Dormae Products' second factory; the company currently operates a 260 employee factory in Lockhart, TX. Dormae Products estimates there will be 125 full-time jobs created in Year 1, growing to 160 full-time jobs by Year 7. All positions are anticipated to include full benefits and the average hourly wage will be approximately \$14 per hour. In addition to mattress

Serta/ Dormae NMTC
April 3, 2015
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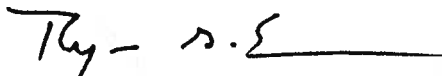
manufacturing, office and warehouse distribution activities will also take place on site. This facility is part of the Southfield Park 35 Industrial Park as developed by Seefried Properties.

The City Council has previously authorized two items in support of this project. Resolution 14-2138 is a real property tax abatement agreement, with US Real Estate Limited Partnership, to provide a ten-year abatement of 90 percent of the taxes on added value to the real property for the purpose of assisting in the development of this new office, production and warehouse distribution facility. Resolution 14-2139, a Chapter 380 economic development grant agreement with Seefried Industrial Properties, provided up to \$63,726 for assistance with land development and permitting costs. Both passed in December 2014.

The project is currently under construction, with completion expected by July 1, 2015.

Without NMTC assistance, the Developer would have a gap in financing that would not allow it to complete the acquisition of the completed Project.

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

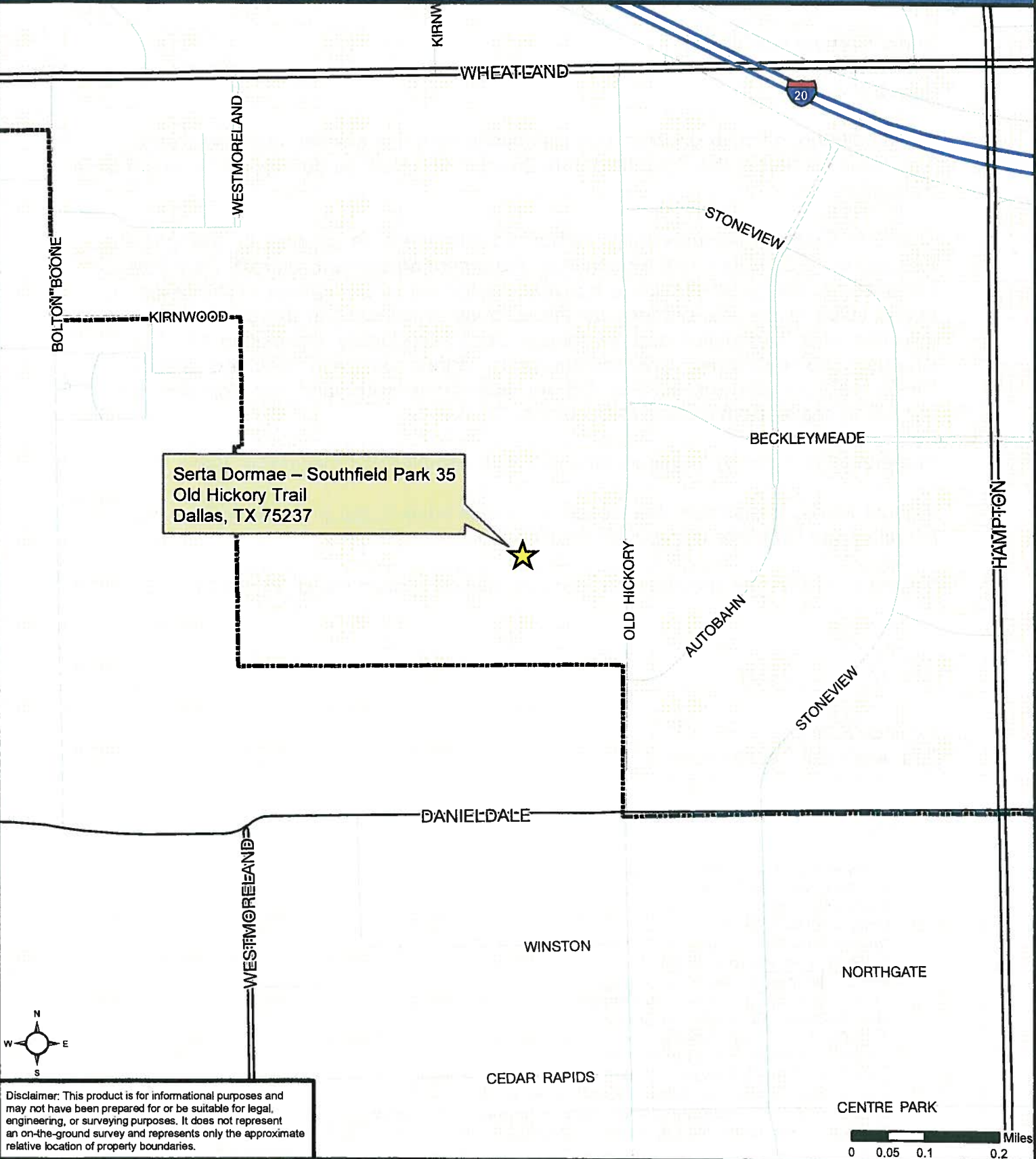


Ryan S. Evans
First Assistant City Manager

Attachment

CC: The Honorable Mayor and City Council
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Serta Dormae – Southfield Park 35



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Legend

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- Arterial
- Local Road
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