

Memorandum



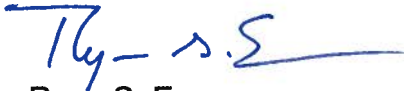
DATE May 29, 2015

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

SUBJECT **South Dallas Fair Park Trust Fund: Program Update and Funding Review**

On Monday, June 1, 2015, the Economic Development Committee will be briefed on the South Dallas Fair Park Trust Fund: Program Update and Funding Review. The briefing materials are attached for your review.

Should you have any questions, please contact me.



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

South Dallas Fair Park Trust Fund Program Update and Funding Review

Economic Development Committee
June 1, 2015



Purpose

- Background concerning South Dallas Fair Park Trust Fund (Trust Fund)
- Review formation, mission, goals, operating structures, governance, administrative oversight and programs
- Examine 2014 Audit report in context of overall performance
- Discuss funding sources and issues
- Provide recommendations regarding Trust Fund role in support of Fair Park neighborhood revitalization strategy and future funding

Facts About the Trust Fund

- All loans originated in past 7 years (\$409.5K) are current and or paid in full, with no anticipated loan recovery issues
- Promotes Social and Community Development as well as Economic Development for benefit of South Dallas/Fair Park neighborhoods
- Majority of funding over past decade committed as grants to assist social service and community organizations
- 2004-2014 209 grants totaling \$3.2M (14% dedicated to site-specific Economic Development)
- Active, Independent Advisory Board (appointed by City Council)
 - Reviews and recommends all grant/loan transactions
- ECO Director and AD supervise Trust Fund Programs, review and approve all transactions
- Transactions > \$50K require Council approval; < \$50K need CMO signoff
- Recent audits identified relatively low-risk administrative concerns; no issues regarding misuse or wrongful disbursement of funds

Trust Fund History

- Authorized in February, 1987 when City Council adopted South Dallas/Fair Park Neighborhood preservation and Economic Development plan
- Fair Park Task Force created by Council Resolution (CR) in April, 1989 to make recommendations concerning:
 - Strategy to invest funds generated by Fair Park activities in surrounding community
 - Management/use of Fair Park
- Trust Fund established as an asset for South Dallas/Fair Park Community
- CR 89-3605 established a minimum annual funding target of \$500K for Trust Fund reinvestment in surrounding neighborhoods (see appendix 1)
- Allocations from funding sources began in FY'92 and Trust Fund commenced operations in FY'94

Goals

To facilitate Community and Neighborhood Development through grants and loans that support:

- Community service projects/programs that assist Human and Social needs
- Business and Economic Development activity
- Quality, affordable housing

Operating Structure

- Trust Fund is administered by City's Office of Economic Development
- Per CR, also formally supported by other City departments
 - Parks and Recreation: (1) Manages contract with Pace Entertainment Group (portion of revenue from ticket sales at Gexa, Flea Markets and Antique Shows allocated to Trust Fund); (2) Responsible for annual Visitors Survey to compile data to calculate hotel/motel and sales tax revenue generated by Fair Park visitors
 - Water: Sets up loan accounts, handles billings, accepts loan payments and generates payments histories to manage delinquencies
 - City Attorney: Prepares/approves all documentation for loans and grants; facilitates lien perfection, makes demand on delinquent accounts and actively pursues recovery efforts

Governance and Oversight

- Fifteen Advisory Board members appointed by City Council (one per Council District, Chairman appointed by Mayor (see appendix 2)
 - Currently 7 vacancies
 - 8 members must have direct connection to South Dallas Community (live, own business, work, community involvement)
 - 7 “at large” positions have qualifications related to business, housing, non-profit management, community building
 - At least two board members should have loan and grant underwriting experience
- Trust Fund administrative staff (2 FTE) reports to Assistant Director (AD) in Office of Economic Development (see appendix 3)
 - All loan/grant applications screened by staff prior to board consideration
 - Reviewed and approved by AD/ECO Director prior to submission to CMO/Council for final approval
- Significantly more audit reviews than other city operations
- By CR, City Auditor performs annual audit (completed in 2004, 2007, 2008, 2011, 2012, and 2014)

Loan Programs

- Goals
 - Business development/expansion, gap financing to leverage private capital and job creation
 - 7 loans committed since FY 2011 totaling \$409,484 (all performing, 3 recently repaid in full)
- Examples
 - Namamai Home Health: Expansion
 - Freedom Fashions Clothing Retailer: Working Capital
 - MLK Project: Redevelopment of blighted office building
 - MLK Business Center: Redevelopment for office space
 - Preparing People Barber College: Cosmetology training
 - Dallas Weekly Newspaper: Working Capital
 - Two Podners Retail Eateries: Commercial Building

Grant Programs

- 209 grants totaling \$3.2M since FY 2005 (see appendix 4)
- Four grant programs
 - Community Based Non-Profits: Maximum \$35K/year; up to 3 consecutive years \$75K maximum aggregate (match required)
 - Neighborhood Challenge: Maximum \$5K/year up to 3 consecutive years. (match required)
 - Public Safety: \$10K/year up to 3 consecutive years (match required)
 - Special Grant for Catalyst Initiatives: No funding limit – Board discretion. Recent example is \$200K grant to FRI for Parkland Clinic; leveraged \$21M in other funding

Examples of Grant Recipients and Programs

Grants

- Family Place
- YMCA
- St. Philips School/Community Ctr.
- City Square
- Dallas Black Dance Theatre
- Circle of Support
- Miles of Freedom
- Big Thought (Hand of Destiny)
- Jubilee Park/Community Ctr.
- Cornerstone Church
- Edge Education
- National Kidney Foundation

Programs

Domestic Violence
Learn to Swim/Swim Safety
Food Pantry
Workforce Development
South Dallas Dance Program
STEM Enrichment
Formerly Incarcerated Employment
After School Reading
Surveillance Cameras
Reading Warriors/Tutoring
Financial Literacy
Testing

2014 Audit in Perspective

- Sound operating policies and guidelines in place since 2008
- Loan portfolio is healthy with no loan recovery issues
- Grants support numerous organizations providing critical neighborhood services
- Audit cites relatively minor administrative issues in context of total transaction volume
 - Performance measures do not include outcomes: A shortcoming not unique to Trust Fund; can document broader impact of community service non-profits measures, but should be developed in context of collective impact of collaborating organizations.
 - Grant/loan funds awarded to ineligible applicants: No ineligible applicants. Grant applicants often check the wrong grant program requested box. Will now require additional application submission with correct grant program box checked.
 - No verification of non-profit status for some applicants: All current non-profit grant recipients are verified and documented. IRS verification has been instituted.
 - No evidence grant applicants attended training workshops: Documented that workshops were held. Unable to locate sign in sheets due to office move.
 - No notification letters sent prior to on-site visits: Not a good policy and will remove from Guidelines.
 - Grant checklists not updated or consistently followed: Reviewing/updating. Check list content/need.

Funding Issues

- CR 89-3605 established a minimum annual funding target of \$500K
- Revenue sources, including Fair Park Visitors Formula established by CR 91-1597
- Fair Park Visitors Formula, tied to annual survey which calculates volume of out of town visitors to Fair Park and estimates Hotel and Motel tax revenue as well as total expenditure of these visitors, a % of which dedicated to Trust Fund

Funding Issues (Cont'd)

- Fair Park Visitors Formula never implemented
 - No annual surveys on record
 - No council appropriations since inception in FY'94
 - Consulted with former City Managers (Knight, Hart-Black, Benavides, Suhm)
 - One City Manager indicated that conscious decision made not to fund due to difficult economic times and budget issues
- Consequence is an aggregate shortfall versus annual \$500K funding target of \$3.6M
 - Total funding since initial launch = \$6.9M
 - Targeted aggregate revenue = \$10.5M (21x \$500K). Estimated short fall ±\$3.6M – estimate \$5M w/inflation

Conclusions

- Trust Fund is not broken and supports important Fair Park neighborhood programs and economic development projects
- Critical to work with area residents to conscientiously improve neighborhoods surrounding Fair Park
- Mayor's Fair Park Task Force recommends "maintaining current South Dallas/Fair Park Trust Fund and its structure"
 - Trust Fund plays an important role in *neighborhood* "collective impact" initiative
- A minimum \$500K funding target was established by CR 89-3605 and is required for continued loan support and grant programs at current levels
- Aggregate Council appropriations since inception have fallen short of goal by approximately \$3.6M, (\$5M w/inflation) largely because Visitors Formula funding never implemented

Recommendations

- Appropriate funding to sustain current Trust Fund activity level and increase Economic Development-related investment
- Modify funding sources to delete the Visitors Formula as a source for Trust Fund programs.
- Meet \$500K annual revenue target, established by **CR 89-3605** with “GAP” funding by City (PPP Program) to supplement Fair Park activities contribution.
 - If Fair Park activities contribution meets or exceeds \$500K, no City funding required. Funding cap from Fair Park activities is \$1M.
 - City “GAP” funding insures minimum annual Trust Fund revenue of \$500K.
 - Funds administrative costs and programs
- Trust Fund Board pro-actively collaborates and supports neighborhood “collective impact” initiatives with partner organizations in the area working to promote:
 - A common agenda
 - Shared measurement
 - Mutually reinforcing activities
 - Continuous communication

Recommendations (con't)

- Additional funding to supplement existing Special Grant and Loan Program for Catalyst Economic Development Initiatives, provide “Seed Money” for Grand Park South TIF, initiate South Dallas Adaptive Reuse Program and Neighborhood Plus Initiatives over a multiyear period as follows:

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Frequency</u>	<u>Total</u>	<u>Funding Source/ Responsible Department</u>
Supplement to existing special grant program for catalyst initiatives	To be used for re-development/ development purposes along major corridors (i.e., MLK, Al Lipscomb Way, Elsie Faye Heggins, Robert B. Collum, Spring Avenue Retail development and other private development initiatives)	\$500K	Annually for 6 years	\$3M	General Fund (Special Fair Park Program)
"Seed" \$ for Grand Park South TIF	Supplement to Tax Increment generated by TIF for project support	\$250K	Annually 4 years	\$1M	PPP Program
South Dallas Adaptive Reuse Program	Modeled after existing Southern Dallas programs	\$250K	Once, but renewable depending on utilization	\$250K	PPP Program
City Leadership Grant Program	Address water conservation at City owned facilities	\$200K	Annually for 3 years	\$600K	DWU-CLEP
Tree Reforestation	Tree planting within street and Park ROW	\$165K	Once	\$165K	Parks & Rec.
				\$5.015M	

Next Steps

- Staff requests approval from Economic Development Committee for Council Approval on June 17, 2015 of South Dallas Fair Park Trust Fund to:
 1. Modify funding sources to delete the “Visitors Formula” as a source for Trust Fund Program.
 2. Meet annual \$500K revenue target established by CR 89-3605 with “GAP” funding by City (PPP) to supplement Fair Park activities contribution.
 - Funds administration and program cost.
 3. Provide multi-year funding
 - Add supplemental funding to existing Special Grant and Loan Program for Catalyst Economic Development Initiatives
 - Provide “seed” money for Grand Park South TIF
 - Initiate South Dallas Fair Park Adaptive Reuse Program
 - Support Neighborhood Plus Initiatives

Appendices

1. CR 89-3605 and Trust Fund Task Force Report re: \$500K Annual Revenue Target
2. Total Grants / Loans FY05 – FY14 (10 Years)
3. South Dallas Fair Park Trust Fund Board
4. Trust Fund Staff Responsibilities
5. Trust Fund Target Demographics
6. Trust Fund Target Census Tracts

CR 89-3605 and Trust Fund Task Force Report re: \$500K Annual Revenue Target

893605 86

COUNCIL CHAMBER

November 8, 1989

RECEIVED

Whereas, the City Council created the Fair Park Task Force in recognition of Fair Park as one of the City's greatest assets; and

Whereas, the City Council appointed a twenty-two member Task Force representative of members of Fair Park's resident institutions, entities with major programmatic presences, civic organizations, and neighborhood business representatives and residents; and

Whereas, the Task Force fully examined a host of issues relating to Fair Park and developed a set of recommendations which address and balance the needs of Fair Park and its surrounding community; Now, therefore,

Be it resolved by the City Council of the City of Dallas:

Section 1: That the City Council accept the Final Report of the Fair Park Task Force.

Section 2: It is understood that acceptance of the Report does not initiate implementation of the Task Force Recommendations. The City Council may in its implementation modify any of the recommendations which the City Council determines to be necessary.

Section 3: Staff will provide the City Council with an implementation schedule in sixty (60) days.

Section 4: That while reserving the right to make other changes in the implementation of the Fair Park Task Force Final Report, the City Council agrees to make the following changes:

(1) After revenue to the South Dallas/Fair Park Trust Fund reaches \$500,000 in any fiscal year, the next \$500,000 derived from the dedicated sources will be applied 90% to the maintenance, repair, restoration, and renovation of facilities at Fair Park and 10% to the Trust Fund. If the revenue in a fiscal year exceeds \$1,000,000, all revenue in excess of \$1,000,000 will be split fifty percent to the trust fund and fifty percent to the maintenance, repair, restoration, and renovation of facilities at Fair Park. All recommendations of the Trust Fund Advisory Board must be approved by the City Council in order to be implemented and the activities of the Trust Fund Advisory Board will be audited annually by the City Auditor.

(2) The Trust Fund Advisory Board will be composed as recommended by the Fair Park Task Force except that one of the citizens knowledgeable of and committed to the South Dallas/Fair Park area nominated by the Mayor must be a person who operates a business in the area and one additional "at large" member will be appointed.

Section 5: This resolution shall take effect immediately from and in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

NOV 8 1989

1400 City Secretary

APPROVED DIRECTOR OF FINANCE

APPROVED CITY MANAGER

1400-0000

The Fair Park Task Force
Created by Resolution #891159
of the City Council on
April 12, 1989

CR 89-3605 and Trust Fund Task Force Report re: \$500K Annual Revenue Target (Cont'd)

EXECUTIVE SUMMARY

Creation of the Fair Park Task Force

The Fair Park Task Force was created by Resolution #891159 of the City of Dallas Council on April 12, 1989.

Each Council member appointed two representatives to the Task Force and the Mayor appointed the chair. The make-up of the Task Force was reflective of the constituencies of Fair Park and its surrounding community.

The Task Force met weekly from June 13 to September 19, 1989.

Mission

The mission of the Fair Park Task Force was twofold: to study and make recommendations relating to (1) the management and use of Fair Park, and (2) a strategy by which certain funds generated by Fair Park can be invested in the surrounding community.

Identification of the Surrounding Neighborhood

The City Council instructed the Fair Park Task Force in its Resolution #891674 dated May 24, 1989 to come up with methods to re-invest South Dallas/Fair Park Trust Fund monies in the surrounding neighborhood. The Task Force identified the "surrounding neighborhood" as census tracts #23, 25, 27.01, 27.02, 28, 29, 35, 36, and 37. (See Attachment III)

Funding for the South Dallas/Fair Park Trust Fund and Fair Park

City Council Resolution #891674 (May 24, 1989) provides the Trust Fund \$200,000 annually. This resolution also instructs the City Manager and the Park Department Director to bring forth a plan to assume management of for-profit Flea Markets and Antique Shows at Fair Park, dividing the profits equally between the Trust Fund and Fair Park. The revenue to the Trust Fund is estimated to be \$150,000 annually. The Starplex contract provides that \$0.15 from each ticket sold go to the Trust Fund. Revenue from this source is estimated to be \$60,000 annually. This combination of funds is \$410,000 annually.

To balance the realistic ability to generate funds and to achieve an amount that would have a meaningful impact on the identified surrounding neighborhood, the Task Force set a total of \$500,000 annually as the target amount to flow into the Trust Fund. To reach the \$500,000 from the \$410,000 being provided through the other avenues, the Task Force considered a number of methods of generating funds before deciding on a formula method and an enterprise method.

The formula method calls for establishing 1988 as a base year, and dedicating a portion of incremental City revenues generated by Fair Park in succeeding years to flow into the Trust Fund and into Fair Park. The enterprise method would encourage a "special night" type performance in Fair Park; a concession stand during the State Fair; certified parking lots surrounding Fair Park during the State Fair and other special events; and other activities that could be used to generate funds benefitting the Trust Fund and Fair Park. Once the amount needed to bring the Trust Fund to its \$500,000 level is applied, any remaining funds generated through these methods will be dedicated to maintenance, repair, restoration and renovation of the facilities inside Fair Park.

Disbursement of South Dallas/Fair Park Trust Funds

The Trust Fund monies will be disbursed only within the identified surrounding neighborhood.

A South Dallas/Fair Park Trust Fund Advisory Board will oversee the administration of the Trust Fund. Staff assistance to the Board will be provided by contract with the Southern Dallas Development Corporation.

Priority categories for the disbursement of funds in the identified surrounding neighborhood will be Business Development, Housing, Neighborhood Improvements, and Community Services.

Management and Use of Fair Park

The position of Executive General Manager of Fair Park will be strengthened by more clearly defining the authority and responsibility of the position. The Executive General Manager will have the responsibility and authority over all grounds, buildings, repairs and maintenance in Fair Park; coordination of public safety activities in Fair Park; scheduling of events, parking, and promotions; and budget preparation through the regular City of Dallas budgeting process.

A Fair Park Advisory Committee will be formed to serve as an advisory body to the Park and Recreation Board on all matters affecting Fair Park.

Previously Authorized Bond Issues

Implement all previously authorized bond issues affecting Fair Park, with special emphasis on the bonds authorized in the 1985 Bond Program relating to Fair Park:

- Aquarium
- Embarcadero
- Garden Center
- Museum of Natural History

Total Grants/Loans FY05-FY14 (10 Years)

<u>Grants</u>			<u>Loans</u>	
FY	Number	\$Amount	Number	\$Amount
2005	18	248,640	1	11,400
2006	14	216,033	2	100,000
2007	16	236,000	2	38,756
2008	22	215,455	0	---
2009	31	374,375	0	---
2010	23	319,400	0	---
2011	19	344,573	3	169,484
2012	20	322,500	1	50,000
2013	27	483,000	1	40,000
2014	<u>19</u>	<u>418,120</u>	<u>2</u>	<u>150,000</u>
	<u>209</u>	<u>3,178,096</u>	12	<u>\$559,640</u>

South Dallas Fair Park Trust Fund Board

<u>District</u>	<u>Name</u>	<u>Appointee</u>
1	Vacant	CM Griggs
2	Jason Bradberry	CM Medrano
3	Coy L Poitier	CM Hill
4	Vacant	CM Caraway
5	Jesse Tafalla	CM Callahan
6	Vacant	DMPT Alonzo
7	Vacant	CM Davis
8	Patricia Harrington	MPT Atkins
9	Jeffery "Jeff" Sullivan	CM Kadane
10	Gerald Lee Larson	CM Allen
11	Vacant	CM Kleinman
12	Vacant	CM Greyson
13	Vacant	CM Gates
14	Suzanne N Smith	CM Kingston
15	Maurice Franklin	Mayor Rawlings

15 Members; (1) appointed by each City Council member

Trust Fund Staff Responsibilities

- Trust Fund Staff originates 40-50 applications annually for review, screening and assignment to Grant/Loan sub committees.
- Pursues documentation necessary to forward applications to sub committees or decline further review for cause
- Develops Grant and Loan Contracts for execution
- Manages Grant and Loan Contract execution
- Manages Loan Portfolio
- Presents Grant reimbursement workshops/provides reimbursement consultation
- Manages 60-75 reimbursement requests requiring validation of eligible expenses, receipts, canceled checks, matching funds and strict adherence to Policies and Guidelines
- Pursues additional/corrected documentation necessary for reimbursement pursuant to Policies and Guidelines
- Visits Grantees to review programs
- Manages Advisory Board Meetings and Committee Meetings
- Answers inquiries (phone and walk-ins)

Trust Fund Target Demographics

<u>Census Tract</u>	<u>Households</u>	<u>Population</u>	<u>Median Household Income</u>	<u>Workforce</u>	<u>Business Establishments</u>
25	1614	4458	\$27,394	3268	177
27.01	1058	2744	\$11,143	488	57
27.02	577	1487	\$18,893	317	37
34	650	1312	\$22,891	1135	105
37	1179	3227	\$24,528	480	64
38	793	1976	\$17,563	262	64
39.01	585	1600	\$22,175	1042	57
39.02	684	1912	\$30,189	359	33
40	412	890	\$23,750	998	87
203	<u>1096</u>	<u>2272</u>	<u>\$17,120</u>	<u>3442</u>	<u>257</u>
Total	<u>8648</u>	<u>21878</u>	<u>\$22,533*</u>	<u>11791</u>	<u>938</u>

Source: Demographics - American Community Survey 2009-13 5-Year Estimates; Businesses & Employees - Demographics Now 2014

*Median of Household Income by component Census Tract

Trust Fund Target Census Tracts

