

Memorandum



DATE October 16, 2015

TO Members of the Economic Development Committee:
Rickey D. Callahan (Chair), Casey Thomas, II (Vice Chair), Lee M. Kleinman,
Adam Medrano, Carolyn King Arnold, B. Adam McGough

SUBJECT **Argos/West Dallas Investments**

On Monday, October 19, 2015, the Economic Development Committee will be briefed on the Argos/West Dallas Investments in the West Dallas Sub-District of the Sports Arena TIF District. Briefing material is attached.

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
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Argos/West Dallas Investments

Economic Development Committee

October 19, 2015

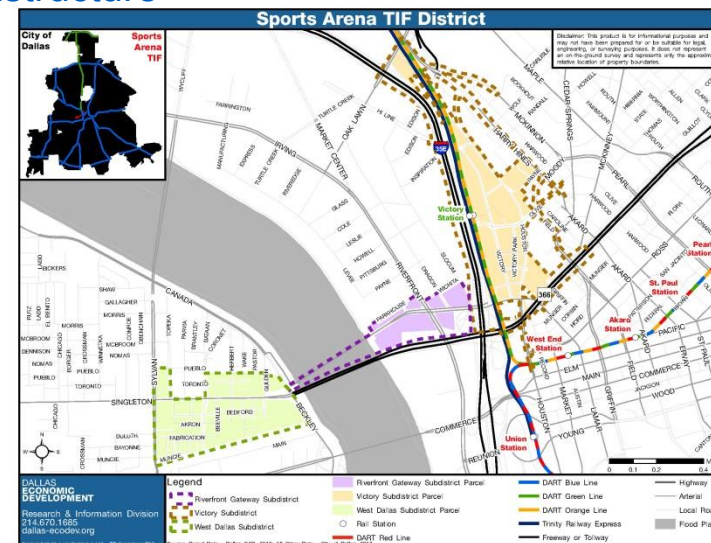


Purpose

- Provide background information on West Dallas Gateway Project, Public Investment and West Dallas Urban Structure Guidelines adopted by Council in 2011
- Consider Argos Ready Mix Plant Relocation project and \$2.5M public support request
- Review terms of Agreement between City and West Dallas Investments (WDI) for future development in the West Dallas area
- Seek Economic Development Committee's approval of \$2.5M Chapter 380 Grant Agreement with Argos to be considered on October 28, 2015 Council agenda

West Dallas Gateway Area Background

- In 2011 Council adopted West Dallas Urban Structure and Guidelines, a shared vision for the future of West Dallas
 - CityDesign Studio conducted a year long collaborative process to complete the area plan for this portion of West Dallas
- In 2012 Margaret Hunt Hill Bridge opened, connecting West Dallas to downtown
- West Dallas Sub-district created in 2012 within Sports Arena TIF to spur development/redevelopment that was not feasible without public assistance, due to a lack of basic infrastructure and existing market comparables
 - 10% of increment generated in the Victory Sub-district of the TIF is set-aside for the West Dallas Sub-district
 - To date Victory Sub-district has contributed approx. \$685K to West Dallas Sub-district and additional \$11.8M by 2028



West Dallas Gateway Area

Background

- In 2012, City allocated \$34.3M of 2012 General Obligation bond program funding to the West Dallas Gateway Project
 - Create better connectivity from Singleton Boulevard to the Commerce/Fort Worth Avenue
 - Funding for design and construction of three new railroad crossings under Union Pacific (UP) tracks at Herbert, Bataan and Amonette Streets from Singleton Boulevard, south to West Commerce Street/Fort Worth Avenue
- In 2014 Continental Avenue Bridge re-opened to pedestrians only



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JOB NUMBER: 14007

CONCEPTUAL RENDERING

DALLAS, TEXAS
11/18/2014

Sports Arena TIF

West Dallas Sub-District Activity

- Trinity Groves Restaurant Incubator Project
 - Over 100K square feet of restaurant space
 - \$51.9M investment
 - \$3.5M TIF support



- Trinity Groves Mixed Use Project with Columbus Realty
 - 349 Residential Units
 - \$57.6M investment
 - \$13.95M TIF support



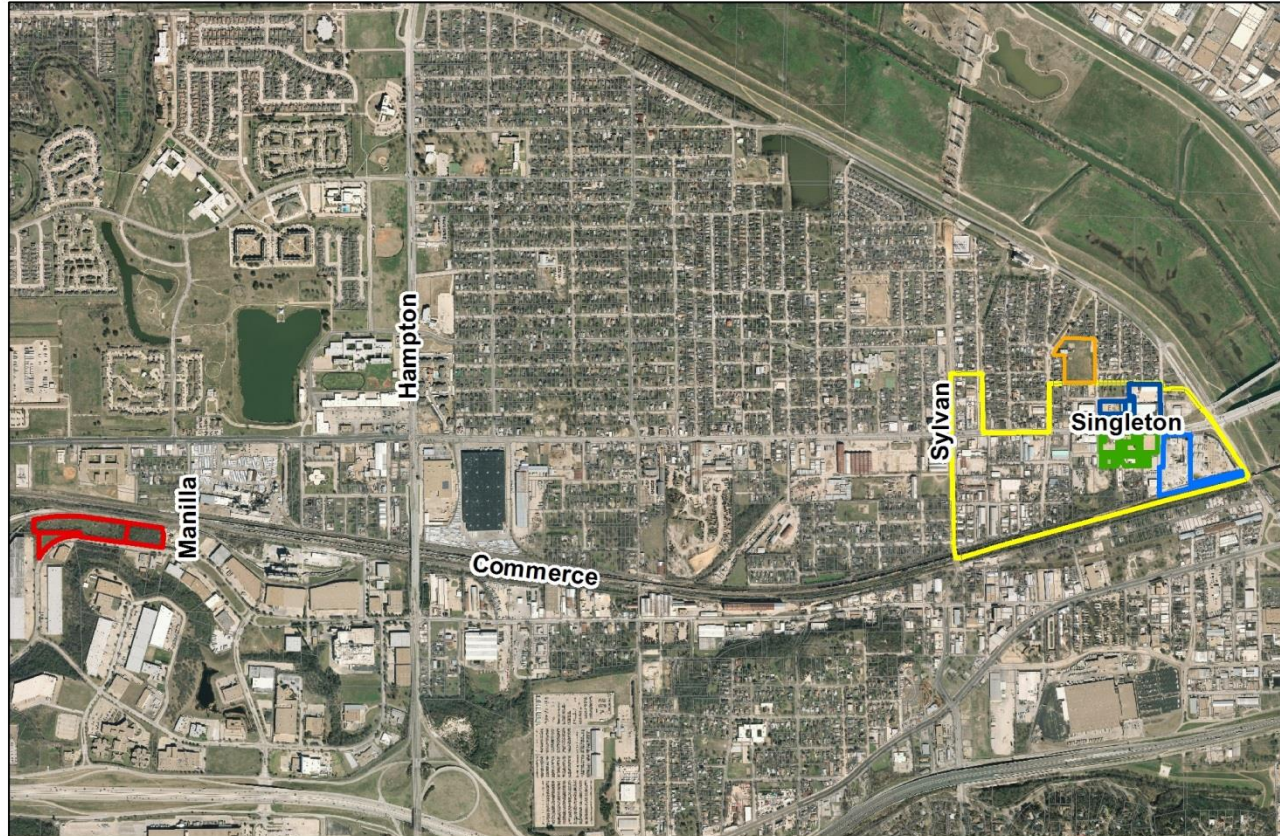
Argos Relocation Project

Background and Description







- Argos Ready Mix South Central is an existing ready mix concrete company operating at foot of the Margaret Hunt Hill Bridge in West Dallas at 240 Singleton Boulevard
- The plant's aggregate stone is brought to its current location by rail
- **Relocation Project**
 - Argos proposes to relocate its company to Lone Star Industrial Park, a more suitable location for its operations (2900 West Commerce Street)
 - Argos will invest \$10.5M to construct a state of the art facilities at new location
 - New location is not currently serviced by rail and construction of rail spur and accompanying switches will cost an estimated \$2.5M
 - **Estimated Construction Start** : December 31, 2015
 - **Estimated Project Completion** : December 31, 2016
 - **Completion/Acceptance by UPRR of switch/spur construction**: August 31, 2017
 - **Total Estimated Project Cost**: \$13 million
 - **380 Grant**: \$2.5 million (Source: 2012 General Obligation bond funds)
 - **Argos' relocation would not take place without public assistance**

Argos Relocation Project

Location Map



Legend

- | | | |
|---|---|---|
|  Trinity Groves Mixed-Use |  Trinity_Groves_Restaurant_Incubator |  LaBajada_Urban_Youth_Farm |
|  New_Batch_Plan_Site_2900_W_Commerce |  Batch_Plant_Site |  Sports_Arena_TIF_Boundary |

Argos Relocation Project

Existing Facility vs. Proposed New Facility/Location

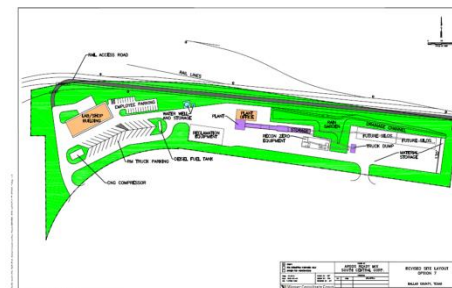
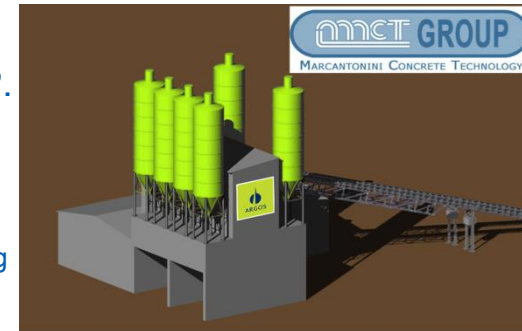
- **Existing Facility and Location**

- 240 Singleton Boulevard – 600 feet west of the landing of the Margaret Hunt Hill Bridge in West Dallas
- Approximately 7.4 acres in size
- Argos will sell property to West Dallas Investment L. P.
- Buildings have exceeded their useful life
- Existing buildings viewed as ‘eyesore’ and incompatible with redevelopment efforts in the area



- **New Facility and Location**

- 2900 West Commerce Street – Lone Star Industrial Park
- Approximately 9.8 acres in size
- Argos will purchase property from West Dallas Investments, L.P.
- Plan/Site designed to gain LEED Certification
 - Large “rain garden” in the middle of the plant site to capture and filter any water on the site
 - Enclosed plant mixing tower and aggregate storage bins dramatically reducing dusting from the plant equipment and helps abate plant noise
 - Argos committed to convert its truck fleet to CNG powered vehicles; new site will have CNG fueling equipment



Public Benefits of Argos Relocation Project

- Retains the 35 existing jobs and creates the potential to add an additional 48 employees over the next three years
- Allows Argos to sign plat for dedication of right-of-way for West Dallas Gateway Project's alignment of Amonette Street on existing plant site (versus costly eminent domain purchase)
- Improves air quality
- Eliminates a non-conforming use and 'eyesore' at foot of Margaret Hunt Hill Bridge
- Reduces plant related traffic on Singleton Boulevard
- Creates opportunities for redevelopment of the existing plant site in accordance with West Dallas Urban Structure Guidelines and PD 891
- Redevelopment of the Trinity Groves site could include a mixture of hotel, office and or residential uses with a total estimated investment of \$175M to \$225M

Argos Relocation Project

Funding Sources and Uses

Sources	Amount	%	Uses
Developer Equity	\$13,000,000	100%	Acquisition and Construction
	\$13,000,000	100%	

Related WDI and City Agreement

- City identified \$34.3M in 2012 General Obligation bonds for design/construction of 3 railroad crossings under UP tracts at Herbert, Amonette and Bataan Streets – the West Dallas Gateway Project
- No bond funds committed until street alignments approved by Council, final specs completed and construction contracts approved/awarded
- WDI owns 80+ acres of property in immediate area and benefits significantly from West Dallas Gateway Project

Related WDI and City Agreement

WDI Commitments

- Dedicate ROW necessary for streets associated with West Dallas Gateway Bond Project
- Provide public access easements for open space required by zoning for the area PD 891
- Mixed Income Housing Requirements
 - 10% of all residential units constructed on WDI-controlled property will be affordable to households earning 80% or below AMI for 15 years
 - Residential projects receiving TIF support must comply with 20% affordability requirement as part of Mixed Income Housing requirements
- Work collaboratively with CityDesign Studio and Urban Design Peer Review Panel related to development of WDI-controlled properties
- Apply to amend existing PD 714 south of UP railroad to achieve density similar to PD 891 (Appendix E - Map of PD Boundaries)
 - Open space requirements commensurate in size and quality to open space required by PD 891
 - Mixed income housing requirements, outlined above
 - Urban Design Peer Review Panel advisory involvement with all development projects on WDI land

Related WDI and City Agreement

City Commitments

- Present amendment to existing PD 714 south of UP railroad to achieve similar density/public space to PD 891, subject to CPC and Council approval
- Count mutually agreed upon ROW dedication related to West Dallas Gateway Project and Thoroughfare Plan toward ROW abandonments necessitated by redevelopment WDI properties

Recommendations

- Staff requests ECO Committee approval for Council consideration on October 28, 2015 for the following:
 - 1) A Chapter 380 Grant Agreement in amount not to exceed \$2.5M for the Argos Relocation Project by City Council at their October 28, 2015, Council meeting.
 - 2) An agreement with West Dallas Investments related to future development commitments activities on WDI's properties in the West Dallas Gateway project area

APPENDICES

Appendix A

Requirements of Grant Funding – Argos & WDI

- **Argos Obligations**

- Invest \$10M for new plant construction and equipment
- Sale of existing plant to WDI by December 31, 2015
- Sign Columbus Realty Final plat for ROW dedications on existing plant site
- Start new facility construction within 30 days of receiving building permit
- Air Permit approval/issuance by TCEQ
- Approval of railroad improvements by Union Pacific Railroad (UPRR) and Dallas, Garland & Northeastern Railroad (DGNO) prior to start of construction
- Execution of track agreement(s) between Argos and DGNO prior to start of construction
- Vacate facilities and cease operation at 240 Singleton Boulevard by December 31, 2016
- CO for LEED Certified West Commerce Street plant by December 31, 2017
- Completion and acceptance of railroad improvements by UPRR and DGNO by December 31, 2017
- O&M agreement with DGNO by December 31, 2017, if necessary
- Comply with M/WBE Goals (25% of construction expenditures)

- **WDI Obligations**

- Acquisition of Argos' Singleton property within 30 days of receipt of TCEQ air permit and Sale of West Commerce Street site to Argos
- Approval of Columbus Realty Project's final plat, that dedicates ROW for Amonette, Akron and Herbert Streets
- Argos site is subject to TIF Mixed Income Housing requirement

Appendix B: West Dallas Sub-district Increment Chart

Sports Arena TIF District Increment Collection Chart - West Dallas Sub-district

Tax Year	Property Value Estimate	Added Value Estimated	Property Value Growth	Anticipated Captured Value	Tax Increment Revenue City	Tax Increment Revenue Dallas County	Increment from Victory Sub-District	Tot. Anticipated Increment Revenue	Tot. Anticipated Accumulated Revenue (NPV)
2012	\$11,598,966	Base Year Value							
2013	\$13,977,339	\$2,378,373	20.51%	\$2,378,373	\$17,060	\$3,180	\$313,640	\$333,880	\$315,726
2014	\$14,377,807	\$400,468	2.87%	\$2,778,841	\$19,933	\$3,715	\$366,812	\$390,460	\$664,879
2015	\$17,452,878	\$3,075,071	21.39%	\$5,853,912	\$41,990	\$7,827	\$492,596	\$542,413	\$1,123,537
2016	\$17,714,671	\$261,793	1.50%	\$6,115,705	\$43,868	\$8,177	\$579,492	\$631,537	\$1,628,521
2017	\$43,330,391	\$25,615,720	144.60%	\$31,731,425	\$227,610	\$42,427	\$706,286	\$976,322	\$2,366,750
2018	\$43,980,347	\$649,956	1.50%	\$32,381,381	\$232,272	\$43,296	\$793,064	\$1,068,631	\$3,130,842
2019	\$80,640,052	\$36,659,705	83.35%	\$69,041,086	\$495,232	\$92,311	\$907,451	\$1,494,995	\$4,141,669
2020	\$124,099,653	\$43,459,601	53.89%	\$112,500,687	\$806,967	\$150,419	\$1,010,322	\$1,967,709	\$5,399,777
2021	\$125,961,148	\$1,861,495	1.50%	\$114,362,182	\$820,320	\$152,908	\$1,179,211	\$2,152,439	\$6,701,167
2022	\$208,950,565	\$82,989,417	65.88%	\$197,351,599	\$1,415,603	\$263,869	\$1,241,593	\$2,921,065	\$8,371,248
2023	\$212,084,824	\$3,134,258	1.50%	\$200,485,858	\$1,438,085	\$268,060	\$1,190,978	\$2,897,123	\$9,937,576
2024	\$218,447,368	\$6,362,545	3.00%	\$206,848,402	\$1,483,724	\$276,567	\$1,251,729	\$3,012,020	\$11,477,479
2025	\$225,000,789	\$6,553,421	3.00%	\$213,401,823	\$1,530,731	\$285,329	\$1,315,518	\$3,131,578	\$12,991,452
2026	\$263,950,801	\$38,950,012	17.31%	\$252,351,835	\$1,810,120	\$337,407	\$1,147,746	\$3,295,273	\$14,497,942
2027	\$267,910,063	\$3,959,262	1.50%	\$256,311,097	\$1,838,520	\$342,701	\$0	\$2,181,220	\$15,440,903
2028	\$328,123,714	\$60,213,651	22.48%	\$316,524,748	\$2,270,432	\$0	\$0	\$2,270,432	\$16,369,062
2029	\$333,045,570	\$4,921,856	1.50%	\$321,446,604	\$2,305,736	\$0	\$0	\$2,305,736	\$17,260,402
2030	\$401,141,253	\$68,095,684	20.45%	\$389,542,287	\$2,794,187	\$0	\$0	\$2,794,187	\$18,281,832
2031	\$407,158,372	\$6,017,119	1.50%	\$395,559,406	\$2,837,348	\$0	\$0	\$2,837,348	\$19,262,644
2032	\$413,265,748	\$6,107,376	1.50%	\$401,666,782	\$2,881,156	\$0	\$0	\$2,881,156	\$20,204,445
2033	\$419,464,734	\$6,198,986	1.50%	\$407,865,768	\$2,925,621	\$0	\$0	\$2,925,621	\$21,108,781
2034	\$425,756,705	\$6,291,971	1.50%	\$414,157,739	\$2,970,753	\$0	\$0	\$2,970,753	\$21,977,139
2035	\$430,014,272	\$4,257,567	1.00%	\$418,415,306	\$3,001,293	\$0	\$0	\$3,001,293	\$22,806,721
2036	\$434,314,415	\$4,300,143	1.00%	\$422,715,449	\$3,032,138	\$0	\$0	\$3,032,138	\$23,599,259
2037	\$438,657,559	\$4,343,144	1.00%	\$427,058,593	\$3,063,291	\$0	\$0	\$3,063,291	\$24,356,404
2038	\$443,044,135	\$4,386,576	1.00%	\$431,445,169	\$3,094,756	\$0	\$0	\$3,094,756	\$25,079,734
2039	\$447,474,576	\$4,430,441	1.00%	\$435,875,610	\$3,126,536	\$0	\$0	\$3,126,536	\$25,770,758
2040	\$451,949,322	\$4,474,746	1.00%	\$440,350,356	\$3,158,633	\$0	\$0	\$3,158,633	\$26,430,917
2041	\$456,468,815	\$4,519,493	1.00%	\$444,869,849	\$3,191,051	\$0	\$0	\$3,191,051	\$27,061,588
2042	\$461,033,503	\$4,564,688	1.00%	\$449,434,537	\$3,223,794	\$0	\$0	\$3,223,794	\$27,664,087
Totals				\$449,434,537	\$56,098,759	\$2,278,192	\$12,496,440	\$70,873,391	\$27,664,087

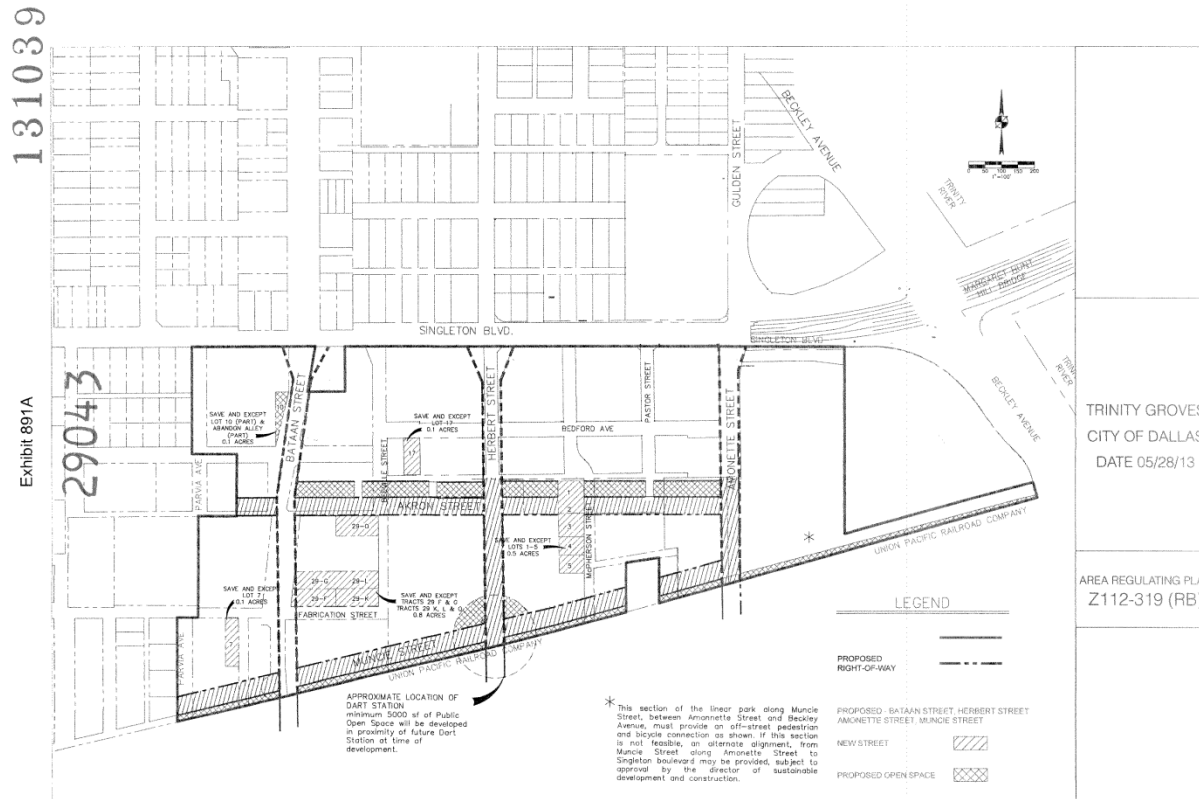
Appendix C: West Dallas Investments, L.P.

- Trinity Groves LLC oversees the operations and management of the Trinity Groves development as part of West Dallas Investments, L.P. 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.
 - **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.

Appendix D: Argos Legal Entity and Signator

- Argos Ready Mix South Central Corporation
- Tommy Abbott, President

Appendix E: West Dallas Zoning



Planned Development
District No. 891

Approved
City Plan Commission
June 6, 2013

Appendix E: West Dallas Zoning

