

Memorandum



CITY OF DALLAS

DATE June 19, 2015

TO The Honorable Mayor and Members of the City Council

SUBJECT Preliminary FY 2015-16 Budget – Line Item Detail

More detailed financial information related to department budget requests can be found at the following link: <http://www2.dallascityhall.com/FY1516ProposedBudget/>. The information included reflects budget requests submitted by department staff in March 2015. Because the budget development process is ongoing, numbers have not been updated to reflect the current status of the FY 2015-16 preliminary budget. Updated, detailed financial information will be available with the FY 2015-16 City Manager's Proposed Budget on August 11th.

Please let me know if you need additional information.


Jeanne Chipperfield,
Chief Financial Officer

c: 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
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager

Joey Zapata, Assistant City Manager
Mark McDaniel, Assistant City Manager
Eric D. Campbell, Assistant City Manager
Forest E. Turner, Chief Wellness Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager

Memorandum



DATE June 19, 2015

TO The Honorable Mayor and Members of the City Council

SUBJECT **Adaptive Reuse Program**

At the Economic Development Committee Meeting on June 15, 2015, staff was requested to provide names and addresses of business owners who have received grants from the existing Adaptive Reuse Program, as well as "Before and After Photos" of physical improvements. To date, three grants, totaling \$90,000 have been approved as follows:

- Marfy Friendly Food Mart: Mohammad Ashraf, Owner
2200 Cedar Crest Blvd., Dallas, Texas 75203
- Southside City Street Tacos: Maria Cazares, Owner
250 South Lancaster Road, Dallas, Texas 75216
- Bombay Holdings, LLC, dba/Oak Cliff Ophthalmology: Dr. Jeffery Robertson, MD, Owner
1114 North Bishop, Dallas, Texas 75203

Two additional applications, totaling \$60,000 are in the pipeline. The properties include a small retail center on Lancaster Road and office space in the Southwest Center Mall area.

"Before and After" photos of the three approved grant beneficiaries are attached.

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



Ryan S. Evans
First Assistant City Manager

C: A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
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Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Mafy Inc., dba/Friendly Food Mart
2200 Cedar Crest
Before (District 4)
Mohammad Ashraf, Owner



**After
Friendly Food Mart**



Southside City Street Tacos
2507 S. Lancaster Road
Before (District 4)
Maria Cazares, Owner



0000031143400000



After



Southside City Taco



Southside City Taco



Bombay Holdings, LLC dba/Oak Cliff Ophthalmology

1114 N. Bishop

Before (District 1)

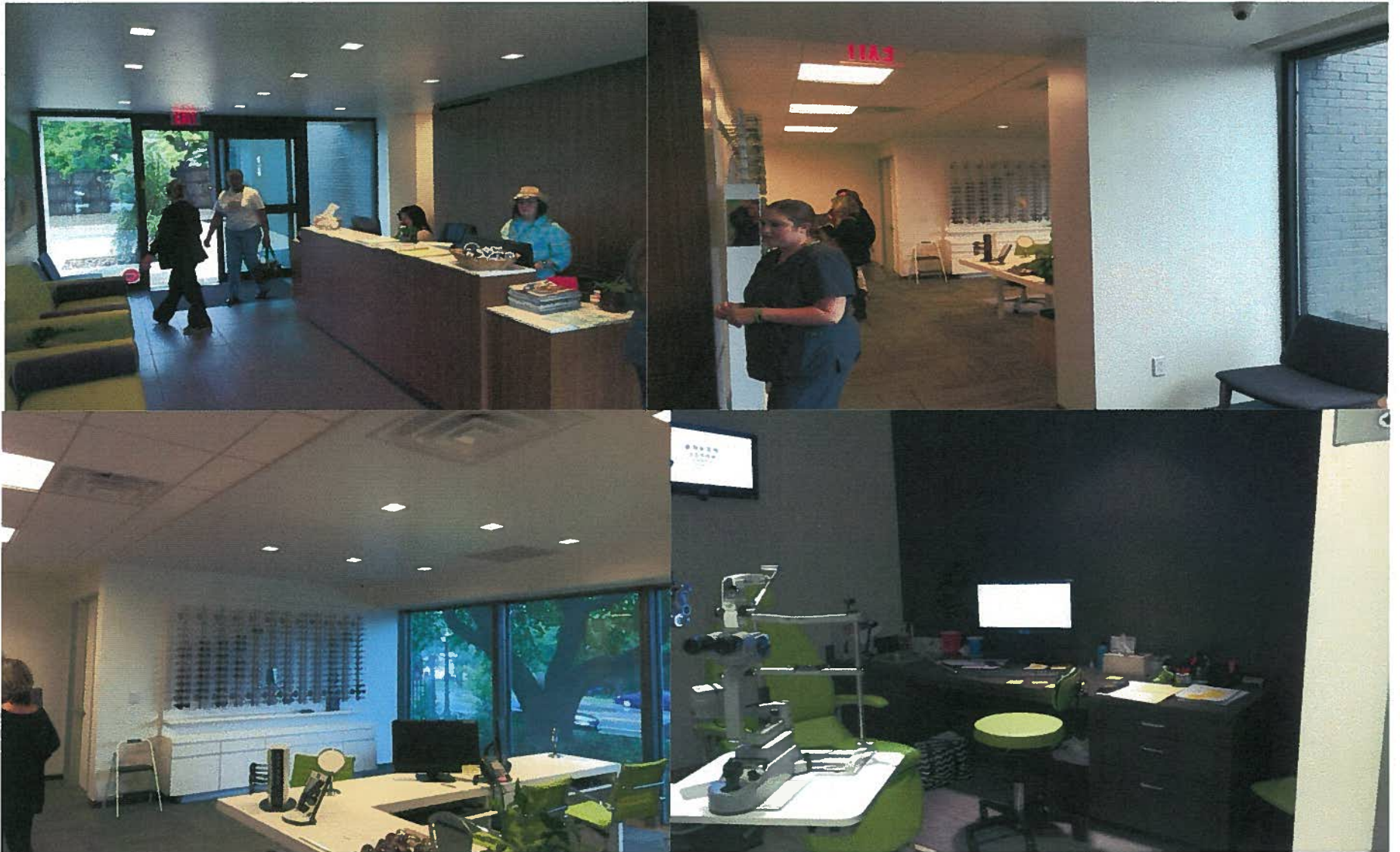
Dr. Jeffery Robertson, MD, Ophthalmology



After



Bombay Holdings



Bombay Holdings



Memorandum



DATE: June 19, 2015

TO: Honorable Mayor and Members of the City Council

SUBJECT: Graduation Ceremony for Dallas Police Recruit Class #342

You are cordially invited to attend the graduation of Recruit Class #342 on Friday, July 10, 2015, at 2:00P.M. The ceremony will be held at the Bill J. Priest Institute located on 1402 Corinth Street, Dallas, Texas 75215.

At 2:00P.M., you and stage participants will walk onto the stage to begin the ceremony. All attending City Councilmembers will be recognized at this time.

Please have your staff contact Sergeant C. Tubbs, #6311 at (214) 670-4811 and/ or by email at charles.tubbs@dpd.ci.dallas.tx.us to RSVP by Monday, July 6, 2015. Thank you for your participation.



Eric D. Campbell
Assistant City Manager

cc: A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
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Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council
Chief David O. Brown, Dallas Police Department

Memorandum



DATE June 19, 2015
TO The Honorable Mayor and Members of the City Council
SUBJECT **NMTC Allocation Award**

On Monday, June 15, 2015 the CDFI Fund notified the Dallas Development Fund (DDF) that it received a \$45 million allocation in New Markets Tax Credits (NMTC). DDF was the only Texas-based Community Development Entity (CDE) to receive an allocation and received the largest award among municipally-controlled CDEs nationwide.

The Dallas Development Fund is a non-profit subsidiary, created (and controlled) by the City of Dallas in 2009 to operate the City's NMTC program. DDF's purpose is to advance the economic development objectives of the City and to promote private investment in Dallas' Low-income Communities using the New Markets Tax Credit (NMTC) program.

Congress created the New Markets Tax Credit (NMTC) program in 2000 to incentivize investments that create jobs and provide services in economically disadvantaged areas. The NMTC program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated CDEs. DDF is a designated CDE. These investments must be used by the CDE for projects and investments in low-income communities, and provide additional opportunities for development in low-income areas. The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year credit allowance period.

This is DDF's third allocation. Previous awards in 2009 and 2012 totaled \$85 million in NMTC allocation. Projects supported by previous allocation include the Lancaster Urban Village, CitySquare Opportunity Center, the Hatcher Station Parkland Medical Clinic, and the Medical District Kroger. DDF supports transit-oriented development, projects located in Southern Dallas, and job-creating projects.

DDF was one of 76 organizations receiving an award, and was selected from a pool of 263 applicants. These applicants requested approximately \$19.9 billion in allocation authority, while a total of \$3.5 billion was awarded.

More information about previous projects funded by the Dallas Development Fund can be found in the attachment.

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



Ryan S. Evans
First Assistant City Manager

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DALLAS DEVELOPMENT FUND

2014 Impact Report



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Letter from the President

2014 was an exciting year for Dallas Development Fund (DDF) as the full impacts of many early investments materialized. Since its founding in 2009, DDF has successfully deployed \$76 million of New Markets Tax Credits (NMTC) allocation to help finance six high-impact projects. This year, three projects opened to the public, two continued to develop and expand, and one began construction.

Some highlights from 2014 include:

In March, Vogel Alcove moved into its new facility at the former City Park Elementary School in the Cedars. The new facility will allow Vogel Alcove to expand its capacity to serve homeless children by 60%. DDF provided \$6 million of allocation to the project in December 2013.

In June, Lancaster Urban Village held a ribbon cutting ceremony as its retail space and apartments were completed. Since closing on financing in 2012, Lancaster Urban Village has received wide praise and has served as a case study for successfully combining NMTC with an array of other public financing sources.

In August, DDF provided \$15 million of its allocation to support the construction of Hatcher Station Clinic in South Dallas/Fair Park. The 44,000-square-foot community health clinic, to be operated by Parkland, is expected to open to the community in May 2015.

In November, CitySquare Opportunity Center held its grand opening event. In addition to housing City Square's programs to empower Dallas's low-income residents, the Opportunity Center also includes other key skills and services providers, including Literary Instruction for Texas (LIFT), Workforce Solutions of Greater Dallas, and Per Scholas.

These successes would not be possible without close collaboration between the DDF Board, City of Dallas, financing partners, and project sponsors. We look forward to continuing to strengthen these relationships to build on DDF's impacts in 2015 and beyond.

Sincerely,



Gilbert Gerst
President of Dallas Development Fund

Our Background

Dallas Development Fund (DDF) is a public non-profit corporation that was formed by resolution of the City Council of the City of Dallas on February 11, 2009. DDF's purpose is to advance the economic development objectives of the City of Dallas to promote private investment in Dallas' Low-income Communities using the New Markets Tax Credit (NMTC) program. The Community Development Financial Institutions (CDFI) Fund, an agency of the U.S. Department of Treasury, approved DDF as a Community Development Entity (CDE) in March 2010 giving it the authority to apply for NMTC allocation.

Since then, DDF has received two NMTC allocation awards, a \$55 million award in 2009 and a \$30 million award in 2012, totaling \$85 million in allocation authority. DDF has now deployed \$76 million of this allocation in support of six projects, providing a net benefit of \$23 million and helping to channel over \$81 million in new investment to low-income communities.

DDF's activities are overseen by a six-member Governing Board. Currently, four members of the board are accountable to low-income communities by virtue of either their residency in a low-income community or leadership position within a community-based or charitable organization that serves low-income communities. DDF is staffed by employees of the City of Dallas Office of Economic Development.

Dallas Development Fund Governing Board

Gilbert Gerst, *President*

Brent Shropshire, *Vice President*

Zenetta Drew, *Treasurer*

Bill Hall

Edward Okpa

Benjamin Salazar

ABOUT NEW MARKETS TAX CREDITS

Congress created the New Markets Tax Credit (NMTC) program in 2000 to incentivize investments that create jobs and provide services in economically disadvantaged areas. The Community Development Financial Institutions (CDFI) Fund, a division of the U.S. Department of Treasury, administers the NMTC program. Through 2014, the CDFI Fund has made 836 awards totaling \$40 billion in tax credit authority to Community Development Entities (CDEs).

The NMTC program is used primarily to fund commercial, industrial, community facility, and mixed-real estate projects, as well as operating businesses located in qualifying Low-Income Communities. NMTCs can subsidize up to approximately 20% of a project's capital needs, usually in the form of low-interest, forgivable debt.

City of Dallas Staff

Karl Zavitkovsky
Director, Office of Economic Development

Lee McKinney
Assistant Director, Southern Dallas

Heather Lepaska
Project Manager

For more information about DDF, please contact Heather Lepaska at heather.lepaska@dallascityhall.com

Our Policy Objectives

Since its founding in 2009, Dallas Development Fund has developed a strategy focused on maximizing the benefits of the New Markets Tax Credit program for projects that fulfill the following goals:

FILLING A LOCALIZED NEED

Dallas Development Fund addresses the most pressing needs in the City's distressed neighborhoods. Whether it is providing healthcare to a medically underserved community, expanding the childcare capacity for the City's homeless families, or empowering Southern Dallas low-income residents, DDF supports projects that provide the services and jobs that are needed most.

TRANSIT-ORIENTED DEVELOPMENT

DDF prioritizes projects that are located at DART light rail stations or along transit-rich corridors to ensure access to all Dallas residents. To date, all DDF-supported projects have been adjacent to DART light rail stations and/or have been within 500 feet of a bus line.

SOUTHERN DALLAS

DDF supports the City's policy goals to spur development in Southern Dallas, which has long struggled to attract investment and new development. Five of DDF's six projects financed to date are located in Southern Dallas.

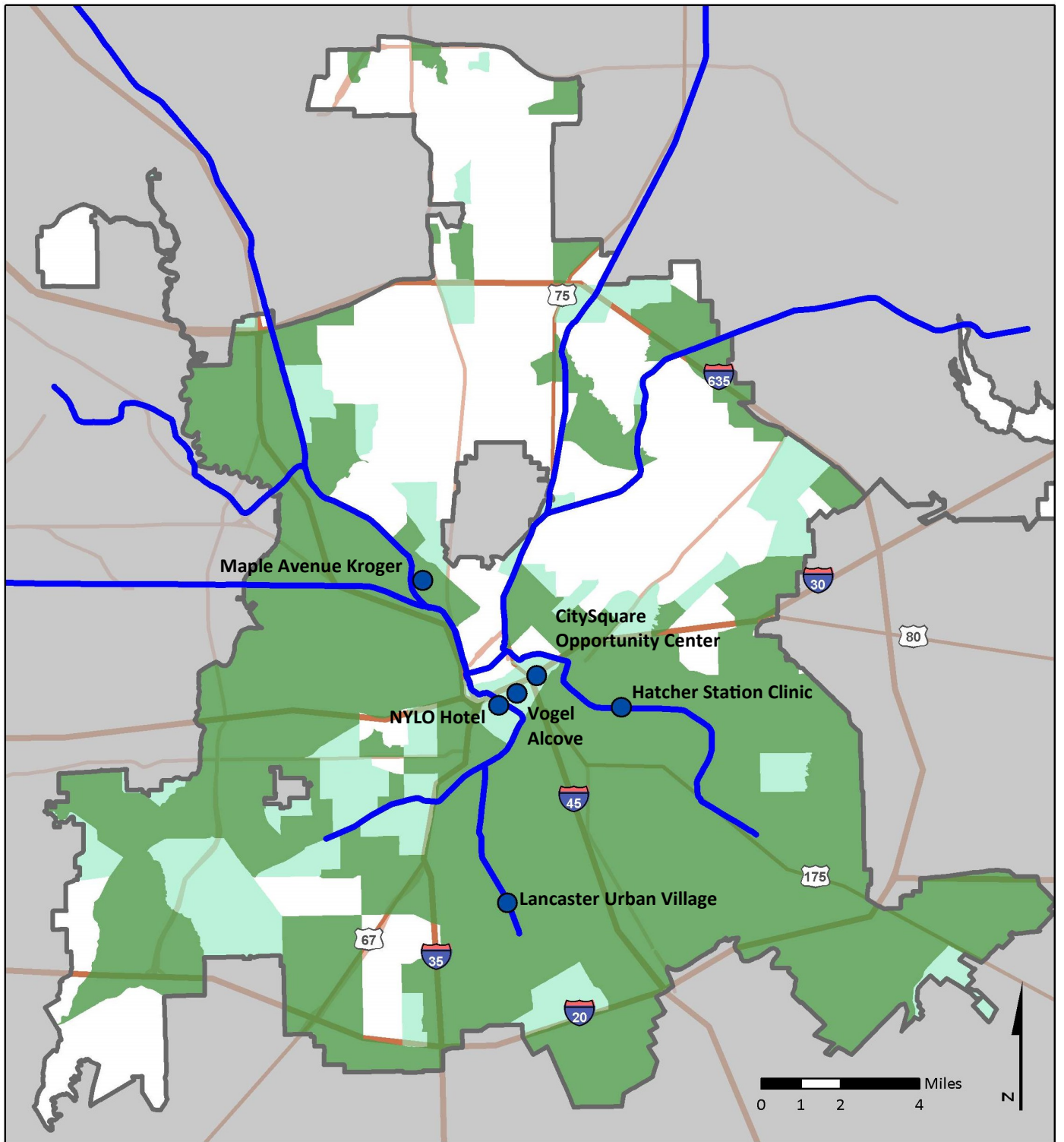
STRONG PARTNERS

DDF supports organizations that have a strong track record of serving low-income communities. With DDF's support, these organizations can continue to realize and strengthen their impacts. Among DDF's four nonprofit-sponsored transactions, project sponsors have directly served low-income communities in Dallas for an average of 18 years.

LEVERAGING CITY RESOURCES

A hallmark of DDF's strategy is to use innovative combinations of the City of Dallas' financing tools in complementary ways with NMTC financing to address financing gaps for challenging projects. DDF has successfully closed transactions that have included EB-5 foreign investor equity sourced by the City of Dallas Regional Center, Tax Increment Financing, Public-Private Partnership funds, and HUD Section 108 loans.

Our Projects



- NMTC Eligible, Distressed
- NMTC Eligible
- DDF Projects
- DART Light Rail

NYLO HOTEL

1325 South Lamar Street

In June 2011, DDF closed on its first deal, providing \$18.5 million in NMTC allocation to the 76-room NYLO Hotel. Located in the Cedars within walking distance of a DART station, the LEED-certified project renovated the vacant Dallas Coffin Company building, constructed in 1910. Other City of Dallas financing sources included \$4.9 million in EB-5 equity from the City of Dallas Regional Center and a \$5 million bridge loan from the City of Dallas Police & Fire Pension Fund. This project is believed to be the first successful use of EB-5 foreign equity financing as a leverage source for an NMTC investment in the country.

The \$19 million NYLO Hotel opened its doors to guests in August 2012. As of December 2014, the NYLO employed 48 full-time employees with an average hourly wage of \$12.50. All full-time employees receive benefits, and employees go through extensive upfront and ongoing training. In 2014, the NYLO had an average daily rate of \$149.05 (up 4% from 2013), an occupancy rate of 71% (up 22% from 2013), and an average stay length of 1.92 nights.





MAPLE AVENUE KROGER

4901 Maple Avenue

Dallas Development Fund provided \$12.5 million in NMTC allocation to support the development of Maple Avenue Kroger in July 2011. The \$16.2 million project transformed a former hardware store into a modern, energy-efficient grocery store. As a large full-service facility in a highly-distressed community, the store's offerings include a wide selection of locally grown and organic produce, as well as general merchandise and pharmacy services. The project is located immediately adjacent to two USDA-designated Food Deserts and within one-third mile of a DART rail station allowing it to provide access to healthy foods and other merchandise for many underserved residents of Dallas.

Maple Avenue Kroger opened in May 2012. As of December 31, 2014, the store employed 59 full-time employees with an average hourly wage of \$11.45, and 75 part-time employees with an average hourly wage of \$8.44. All Kroger employees are eligible for benefits and hourly employees have the option to unionize. The store had significant sales of healthy foods in 2014 with produce sales of \$3.85 million and SNAP sales of \$1.91 million.

LANCASTER URBAN VILLAGE

4417 South Lancaster Road

In September 2012, DDF provided \$11.5 million in NMTC allocation to support Lancaster Urban Village, a \$28 million mixed-income, mixed-use transit-oriented development that has received LEED certification. The project is located at DART's VA Medical Center Station in Southern Dallas' Lancaster Corridor across the street from the Dallas VA Medical Center. The development replaced two dilapidated motels with 193 residential units, 99 of which are deed-restricted affordable, and 14,000 square feet of commercial space. In addition to the NMTC financing, the project includes TOD TIF, HUD 221(d)(4) senior loan guarantees, HUD Section 108 subordinate loans, and Chapter 380/PPP loans.

The project was completed in the Second Quarter of 2014 and a ribbon cutting ceremony was held on June 12, 2014. As of December 2014, about 70% of the residential units have been leased. All of the commercial space has been leased or has a commitment with operating tenants including Subway and Papa Johns.



CITY SQUARE OPPORTUNITY CENTER

1610 South Malcom X Boulevard

In June 2013, Dallas Development Fund provided \$12.5 million in NMTC allocation to CitySquare to support the development of the CitySquare Opportunity Center. Located on Malcom X Blvd in Southern Dallas, the 52,000-square-foot, \$14 million Opportunity Center expands CitySquare's existing efforts to empower low-income individuals in Dallas. The Opportunity Center creates a campus of workforce development programming, including GED, ESL, and adult literacy education by Literacy Instruction for Texas (LIFT), pre-employment training through Per Scholas and CitySquare's Workpaths programs, and job placement assistance through Work Force Solutions of Greater Dallas. Additionally, the campus houses a 12,000-square-foot food pantry and distribution center, and offices for AmeriCorps and CitySquare.

LIFT moved into its space in October 2013. During the second half of 2014, CitySquare, Workforce Solutions of Dallas, and Per Scholas moved their programming into the Opportunity Center. By stabilization, the project expects to serve nearly 55,000 people per year across the Center's various programs.





Vogel Alcove

at City Park



VOGEL ALCOVE

1738 Gano Street

Dallas Development Fund provided \$6 million in NMTC allocation to Vogel Alcove in December 2013 to support the organization's expansion to the former City Park Elementary School in Southern Dallas' Cedars neighborhood. Vogel Alcove's stated mission is "to provide the youngest children of homeless families with the foundation for success." The NMTC financing helped Vogel to expand its capacity to serve Dallas' youngest homeless residents. The new facility includes 13 classrooms, a Community Resource Center and playgrounds for pre-school and school-age children, in addition to office, library, therapy, and multi-purpose spaces.

Vogel Alcove moved its operations to the former City Park Elementary School in March 2014. The move to City Park has increased Vogel's daily capacity to 204 and is expected to provide 268 children annually with comprehensive programming, including healthcare in partnership with Parkland. In addition, 179 families will be served annually with mental health services and parental and job training, among other wrap-around services.

HATCHER STATION CLINIC

4600 Scyene Road

In August 2014, DDF provided \$15 million in NMTC allocation for the construction of the Hatcher Station Clinic, an \$18.3 million community health clinic that will be operated by Parkland Health and Hospital System. Located adjacent to its namesake DART light rail station, this catalytic project is the first phase in a larger development led by community developer Frazier Revitalization, Inc. Project financing also includes over \$2 million in City financing sources, including HUD Challenge Grant funds, a PPP loan, and a South Dallas/Fair Park Trust Fund grant.

Hatcher Station Clinic is currently under construction and has an anticipated completion date of May 2015. Upon reaching full operation, the clinic's 60 exam rooms will serve an estimated 20,000 patients annually with diverse services that include pediatrics, geriatrics, behavioral health, nutrition, radiology, and financial counseling. Additionally, the clinic is expected to support 110 permanent jobs, 91 of which will be accessible non-provider positions with average annual salaries of \$50,000.





DALLAS
DEVELOPMENT
FUND