

Memorandum

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CITY SECRETARY
DALLAS, TEXAS



DATE November 1, 2013

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

SUBJECT **Economic Development Committee**
Monday, November 4, 2013, 9:00 – 10:30 a.m.
1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201

AGENDA

1. Approval of October 7, 2013 Minutes of the Economic Development Committee
2. Public/Private Partnership Program
J. Hammond Perot, Assistant Director
Office of Economic Development
(Estimated time 20 minutes)
3. Upcoming Agenda Items
 - Special Warranty Deed and Designation/Move instrument for the North Parking Garage-Sports Arena TIF District
 - Authorize a Chapter 380 Economic Development Grant Agreement pursuant to the Public/Private Partnership Program with Lakewest ALF Realty, LLC


Tennell Atkins, Chair
Economic Development Committee

C: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, Interim City Manager
Rosa Rios, City Secretary
Warren M.S. Ernst, City Attorney
Judge Daniel Solis, Administrative Judge Municipal Court
Craig Kinton, City Auditor
Frank Libro, Public Information Officer
Ryan S. Evans, Interim 1st Assistant City Manager
Forest Turner, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Mgr.
Jeanne Chipperfield, CFO, OFS
Karl Zavitkovsky, Director, OED
J. Hammond Perot, Assistant Director, OED
Elsa Cantu, Assistant to the CMO

Note: A quorum of the Dallas City Council may attend this Council Committee meeting.

A closed session may be held if the discussion on any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested to the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The Purchase, exchange, lease or value of real property, if the deliberation in an Open Meeting would have a detrimental affect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if deliberation in an Open Meeting would have a detrimental affect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving appointments, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment or specific occasions for implementation of security personnel or device. Section 551.076 of the Texas Open Meetings Act.
6. Deliberations regarding Economic Development negotiations. Section 551.087 of the Texas Open Meeting Act.

Economic Development Committee **DRAFT**

Meeting Record October 7, 2013

The Economic Development Committee meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Office of Economic Development, Staff Coordinator at 214-670-1686.

Meeting Date: October 7 2013 **Meeting Start time:** 9:02 AM

Committee Members Present:

Tennell Atkins
Rick Callahan
Jerry R. Allen
Adam Medrano
Scott Griggs
Lee Kleinman

Other Council Members Present:

Dwaine Caraway

Staff Present:

Ryan Evans, Interim First Assistant City Manager, City Managers Office
Theresa O'Donnell, Interim Assistant City Manager
Karl Zavitkovsky, Director, Office of Economic Development
Karl Stundins, Manager, Office of Economic Development
David Brown, Police Chief, Dallas Police Department
Vernon Hale, Deputy Chief, Dallas Police Department
Tamara Leak, Sr. Coordinator, Office of Economic Development
Keith Manoy, Assistant Director, Public Works & Transportation

Other Presenters:

Joseph Kemp, Principal, KRR Construction, LTD

1. Approval of October 7 Minutes of the Economic Development Committee

Presenter(s):

Action Taken/Committee Recommendation(s): Motion made to approve the minutes.

Motion made by: Mr. Medrano

Motion seconded by: Mr. Allen

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

2. KRR Construction, LTD – Simpson Stuart/Bonnie View Grocery Store Project

Presenter(s): Karl Zavitkovsky, Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval

Motion made by: Mr. Allen

Motion seconded by: Mr. Callahan

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

3. Reimagining Victory Park

Presenter(s): Karl Zavitkovsky, Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval with Councilmember Griggs and Councilmember Medrano voting No

Motion made by: Mr. Allen

Motion seconded by: Mr. Medrano

Item passed unanimously: _____

Item passed on a divided vote: X

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

4. Galleries on Hickory Project: Cedar TIF District

Presenter(s): Karl Zavitkovsky, Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval

Motion made by: Mr. Griggs

Motion seconded by: Mr. Medrano

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

5 Upcoming Agenda Items

- GBD DDM, LLC Belinda D. Marsaw DDS
- Authorize a Resolution Amending the City of Dallas Public Improvement District (PID) Policy
- Authorize an Amendment to the Development Agreement with SMU for Reimbursement of Local Match and Extension of Project Deadlines (TOD TIF District)

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval

Motion made by: Mr. Callahan

Motion seconded by: Mr. Medrano

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

- **Follow-up (if necessary):**

Meeting Adjourned: 10:18 AM

Approved By: _____

Memorandum



DATE November 1, 2013

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

SUBJECT **Public/Private Partnership Program**

On Monday, November 4, 2013 the Economic Development Committee will be briefed on the Public/Private Partnership Program.

Briefing material is attached.

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



Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and City Council
A.C. Gonzalez, Interim City Manager
Rosa Rios, City Secretary
Warren M. S. Ernst., City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge Municipal Court
Frank Libro, Public Information Officer
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Joey Zapata, Assistant City Manager
Charles M. Cato, Interim City Manager
Theresa O'Donnell, Interim City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Elsa Cantu, Assistant to the City Manager – City Council

Public/Private Partnership Program

November 4, 2013



Purpose

- Review the City's Public/Private Partnership Program "Guidelines & Criteria"
- Receive input from the Committee concerning the program

Public/Private Program Review

- The Public/Private Partnership Program is designed to provide City of Dallas economic support to private for-profit commercial projects with an emphasis on targeted geographies for the following purposes:
 - Increase the commercial tax base
 - Create and retain quality job opportunities for Dallas residents
 - Target investment and job growth in Southern Dallas and Enterprise Zones
 - Foster the attraction and expansion of targeted industries and existing firms
 - Maintain a competitive position relative to non-city of Dallas sites
 - Encourage the redevelopment of sites and areas experiencing disinvestment
- The Program Guidelines & Criteria provide a framework for negotiations with businesses/developers on potential projects and is attached as Exhibit A.

Public/Private Program Review

- The program typically supports the following non-residential project types:
 - Business Recruitment/Attraction
 - Business Expansion and Retention
 - Retail Development
 - Commercial Real Estate Development

Public/Private Program Review

- **Public/Private Economic Development Tools**
 - Tax Abatement – an agreement to forego future real property or business property tax revenue from new investment
 - Business Development Chapter 380 Grants – a grant in lieu of tax abatement or to defray project costs such as land purchase, building costs, public infrastructure costs, development fees, right of way abandonment fees, loan guarantees, training costs, relocation costs, etc.
 - Other Program Tools – State law allows for the creation of programs for grants and/or loans pursuant to Chapter 380 of the Local Government Code
- Eligible projects are presently supported by the program through the Public/Private Partnership Fund (PILOT payments from Water Utilities) and proceeds from GO Bond propositions for Economic Development

Public/Private Program Review

- In addition to the Public/Private Partnership Program, other programs or tools used to support economic development include:
 - Tax Increment Financing
 - Public/Business Improvement Districts
 - CDBG
 - State and County Programs
 - COD Regional Center
 - New Market Tax Credits/Federal tools

Public/Private Program Review

- In accordance with City Council approved Guidelines & Criteria, staff will make proposals to projects that are subsequently considered for approval by the City Council.
- Incentives are proposed for projects wherein, “but for” the incentive, the project would not otherwise occur in the City, or it would be substantially modified in a way that reduces the benefits accruing to the City.
- Considerations when making incentive proposals include primary factors of job creation/retention and private investment as well as secondary factors such as competition for the project, financial gaps, location, zoning, wages, industry type, M/WBE, etc.

Public/Private Program Review

- A project generally must meet predetermined minimum eligibility criteria relative to the particular site under consideration to receive incentive proposals but the Program allows for exceptions, non-conforming and competitive projects.

Public/Private Program Review

- Since inception of the program in 1989, City Council has approved over 330 projects with an associated creation or retention of 63,000 jobs and \$6 billion in new investment.
- For 2013, there were 43 certified tax abatement agreements pursuant to the program that resulted in 6,152 direct jobs (4,053 were contractually required), \$826,601,886 in associated taxable value and \$2,227,126 in direct tax revenue.
 - Tax revenue foregone in 2013 from the certified abatements is \$3,874,295.
- Additional project benefits not included in direct tax revenue described above include sales taxes, taxes on non-abated property, revenue to other taxing jurisdictions such as DISD and Dallas County, direct and indirect revenues from company and employee purchases, hotel taxes and future taxes when the abatements expire.
- Staff conducts compliance certification annually for each tax abatement agreement.

Public/Private Program Review

Example Project

- Company X desires a new 200,000 s.f. facility wherein it will employ 200 persons in frozen food packaging and distribution
- Project specifics:
 - company considering sites in four area cities and desires to lease facility from local developer
 - 30 acre site needed
 - \$8,750,000 estimated value of new facility
 - \$4,000,000 estimated value of new equipment/fixtures
 - \$600,000 public infrastructure
 - \$44,000 average annual salary (\$21.15 hr.)

Public/Private Program Review

Example Project – continued

- Company representative, consultant, local developer, or a Chamber of Commerce may contact the four cities to investigate potential economic incentives
- City staff evaluates project specifics including job creation or retention, private investment, competition for the project, financial gaps, location, zoning, wages, industry type, M/WBE, etc.
- Staff will conduct due diligence on the project, negotiate appropriate and necessary incentives in light of project needs, and then provide a formal proposal pursuant to Public/Private Partnership Program guidelines

Public/Private Program Review

Example Project – continued

- City of Dallas staff proposes a 50% tax abatement on the value of real property improvements for 10 years and public infrastructure participation of \$200,000 (33% of total public infrastructure costs).
- If Dallas site is selected, the proposed incentive agreement will be presented to Economic Development Committee for recommended action at City Council.

Public/Private Program Review

Example Project – continued

- **Example Project Summary**
 - 200 new jobs with \$44,000 salary
 - 200,000 s.f. facility with \$8,750,000 real property (RP) tax value
 - \$4,000,000 business personal property (BPP) tax value
 - \$600,000 new public infrastructure required
- **Incentive Summary**
 - Tax Abatement 50% for 10 years on \$8,750,000 improvement value results in **\$348,690** city tax revenue foregone
 - $(\$8.75m \times .00797) \times 0.50 = \$34,869$ (annual taxes forgone on RP improvement value)
 - **\$200,000** infrastructure participation from bond or Public/Private Fund resources - thirty percent (33%) of \$600,000 total public infrastructure cost
 - Total incentives **\$548,690**
- **City Revenue Summary**
 - Direct property tax revenue on improvements for 10 year period is **\$667,490**
 - $(\$8.75M \times 0.007970) \times 0.50 = \$34,869$ (annual RP tax revenue)
 - $\$4,000,000 \times .007970 = \$31,880$ (annual BPP tax revenue)
 - Other non-property tax or indirect revenue include sales taxes, hotel taxes, employee expenditures, etc.

Public/Private Program Review

Example Project Summary

Summary of City Direct Revenue – With Project/Without Project

	With	Without(*)
Jobs	200	0
Taxable Land Value (30 acres @ \$2.50 s.f.)	\$3,267,000	\$4,949*
Real Property Investment	\$8,750,000	\$0
Business Prop. Investment	\$4,000,000	\$0
Total Value	\$16,017,000	\$4,949
Annual Tax Revenue	\$119,791	\$37
10 year Tax Revenue (no appreciation)	\$1,197,911	\$370
15 year Tax Revenue (no appreciation)	\$1,796,867	\$555
Total City Incentives (abatment & infrastructure)	\$527,205	\$0
Total 10 Year Net Direct City Revenue	\$670,706	\$370
Total 15 Year Net Direct City Revenue	\$1,269,662	\$555
Private Investment Leveraged Per Public Dollar	30 to 1	0

*Undeveloped 30 acres with Agricultural Exemption

Public/Private Program Review

Project Impact Analysis

- OED also completes economic and fiscal impact analyses of development projects (See Appendix B for summary of example results)
 - Economic impact – changes in the number of jobs, income levels and value of goods and services produced in the Dallas city limits
 - Fiscal impact – changes in Dallas' general fund spending and revenue caused by a development project
- Staff evaluation of the project's viability and merit is based in part on results of these impact analyses
- Since they are separate analyses one or both can be performed on a project

Economic Impact Process

- (1) Calculate construction impacts – temporary economic activity associated with physical investment for the project
 - Based on amount of capital investment, number of construction workers
- (2) Calculate annual operating impacts – ongoing economic activity associated with the day-to-day operations of the project
 - Based on salary of workers, number of net new jobs to Dallas (some Dallas workers will switch jobs), new residents and visitors generated, value of goods and services produced at the facility
- Model uses job and output multipliers to calculate total economic impact from project (2.1 and 1.7 for this industry respectively)
 - Every direct job generates 1.1 additional jobs
 - Every \$1 of economic activity generates another \$0.7 in additional activity
- Results include direct, indirect and induced impacts
 - Direct – from the project itself (includes project firm households)
 - Indirect – from suppliers to the project facility
 - Induced – spending by households employed by supplier firms
 - Total economic impact = direct + indirect + induced

Fiscal Impact Process

- Calculating fiscal impact, based on:
 - Jobs created
 - Number of new residents
 - Number of visitors
 - Income level
 - Property investment
 - Retail sales
 - City investment or incentives
- Projects typically create not only new jobs but new residents and visitors, which represent revenue and costs to the city in addition to the facility itself
- For the project, results include:
 - Total City general fund spending
 - Total City general fund revenue
- Qualitative issues such as traffic, adequacy of infrastructure, code compliance, etc. are typically considered and assessed outside the model

Next Steps

- Prepare for adoption of Guidelines & Criteria in June 2014.

Exhibit A

Guidelines & Criteria

Exhibit B

Impact Analysis

Food Processing Example

Exhibit B Proposed Project Information Worksheet Economic Development Committee

A. Project Summary

City Council District	N/A	
Project/Company Name	Lone Star Foods	
Project Location	100 Lone Star Drive	
Project Type	New Facility	
Facilities (Square Feet)	200,000	
Construction Schedule	Begin	Oct-10
	Complete	Oct-11
Private Improvement Investment	Real Property	\$8,750,000
	Business Property	\$4,000,000
Jobs	Created	200
	Retained	0
Average Wage Rate	Salary	\$44,000
	Hourly	\$21
City Incentive Summary	Tax Abatement	\$327,205
	Infrastructure	\$200,000
	Other - Grant	\$0

A
→

B. Economic Impact Estimates (Dallas City Economy Only, \$ Million)

	10-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	200	\$161,700,000	200	\$365,100,000
Indirect and Induced Impact*	220	\$114,100,000	220	\$256,400,000
Total Impact	420	\$275,800,000	420	\$621,500,000

B
→

C. City of Dallas General Fund Fiscal Impact (\$ Million)

(From direct, indirect and induced economic impacts)

	10-Year	20-Year
Total City GF Revenue Generated	\$2,729,000	\$6,599,000
Total City GF Service Costs	\$2,003,000	\$4,209,000
Net Impact Before Incentives	\$726,000	\$2,390,000
City Incentives	\$494,000	\$527,000
Net City Fiscal Impact	\$232,000	\$1,863,000

C
→

* Indirect impacts represent supplier effects, induced impacts represent spin-off household effects.

- Economic and fiscal impacts are summarized for Council presentation
- A – Project description
- B – City economic impact
- C – City general fund fiscal impact
- Project year one is for construction so ten-year impact results include first nine years of incentives. 20-year impacts include all ten years of incentives

Economic Impact Results

B. Economic Impact Estimates (Dallas City Economy Only, \$ Million)

	10-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	200	\$161,700,000	200	\$365,100,000
Indirect and Induced Impact*	220	\$114,100,000	220	\$256,400,000
Total Impact	420	\$275,800,000	420	\$621,500,000

- Economic impact includes jobs and economic output and shows direct and the indirect + induced impacts which are the spin-off from the project
- City total economic impact
 - Over 10 years = \$275.8M
 - Over 20 years = \$621.5M

Food Processing Fiscal Results

C. City of Dallas General Fund Fiscal Impact (\$ Million)

(From direct, indirect and induced economic impacts)

	10-Year	20-Year
Total City GF Revenue Generated	\$2,729,000	\$6,599,000
Total City GF Service Costs	\$2,003,000	\$4,209,000
Net Impact Before Incentives	\$726,000	\$2,390,000
City Incentives	\$494,000	\$527,000
Net City Fiscal Impact	\$232,000	\$1,863,000

- City fiscal impact includes revenue, spending and net fiscal results and accounts for any incentives or infrastructure spending by the City
- Net City general fund fiscal impact (revenue – spending including incentives)
 - 10-year = \$232,000
 - 20-year = \$1.863M

City of Dallas Public/Private Programs

It is the purpose of the following programs to provide assistance only for projects where such assistance is necessary to stimulate private investment. Accordingly, these programs are available when agreements between the City and private parties that are not tax-exempt are approved by City Council prior to private investment occurring. Projects seeking economic incentives must provide written assurance that 'but for' the incentives sought, the proposed project would be substantially altered such that the project would not otherwise occur in the city or the economic returns to the city would be reduced. Projects occurring in Southern Dallas are provided special consideration.

The information contained herein shall not be construed as implying or suggesting that the City of Dallas is offering or is under any obligation to provide tax abatement or other incentives to any applicant, and all applicants shall be considered on a case-by-case basis. Pawnshops, sexually-oriented businesses, bars, truck stops, and truck dealerships are excluded from consideration for incentives provided under this program.

Eligibility Requirements

Each geographic area of the City has a minimum requirement in order to be considered for incentives:

- **Southern Dallas:** Projects must create/retain 25 jobs or provide \$1 million of investment;
- **Northern Dallas and Central Business District:** Projects must create/retain 150 jobs or provide \$10 million of investment; and
- **Non-Conforming Projects:** Projects will be considered on a case-by-case basis.

Tax Abatement

Temporary abatement of either real estate or personal property taxes. Recipient firms must meet primary considerations of capital improvements and job creation/retention. City staff may consider secondary considerations such as Dallas resident employment, efforts to exceed minimum environmental regulations, wage rates, community activities, target industry projects, and M/WBE participation when negotiating this incentive. A firm's tax abatement percentage will be reduced by 25 percent for any single year of the tax abatement term in which secondary considerations included in the agreement are not met unless an alternative method is prescribed by City Council in a project specific resolution. Real property tax abatement is not available in TIF Districts. In limited cases, projects may be considered for a combination of both real and personal property tax abatement when the combined amount does not exceed 90 percent of the City taxes on total new improvement value. All tax abatements must begin by January 1 of the second calendar year following City Council authorization.

Abatement Benefits

- **Southern Dallas:** Real property tax abatement up to 90 percent for 10 years and/or a business personal property tax abatement of up to 50 percent for five years;
- **North Dallas:** Real property tax abatement up to 50 percent for 10 years and/or a business personal property tax abatement of up to 50 percent for five years;
- **Central Business District:** Business personal property tax abatement of up to 75 percent for five years and/or for non-TIF District sites real property tax abatement of up to 90 percent for 10 years; and
- **Non-Conforming Projects:** Projects will be considered on a case-by-case basis.

INCENTIVES NEGOTIATED OR PROPOSED BY CITY STAFF ARE SUBJECT TO SPECIFIC FEDERAL, STATE AND LOCAL GUIDELINES, FUNDING AVAILABILITY AND CITY COUNCIL APPROVAL. DEPENDING ON THE INCENTIVE, THERE MAY BE ADDITIONAL RESTRICTIONS BASED ON GEOGRAPHY, PROJECT SIZE AND OTHER FACTORS.

Business Development Chapter 380 Grant/Loan Program

Companies considering a relocation/expansion or new commercial development may be eligible for a loan or grant in lieu of tax abatement or to defray project costs such as: land purchase, building costs, public infrastructure costs, development fees, right of way abandonment fees, loan guarantees, training costs, relocation costs, etc. Grants or loans will be considered on a case-by-case basis and are subject to funding limitations and investment/job eligibility requirements. Companies will be required to meet eligibility requirements of the Public/Private Partnership Program. Pursuant to this program the City may administer and accept resources from other political subdivisions of the state to support this program and may administer and accept resources from the Federal government to support transit-oriented and mixed-use commercial developments.

Transit-Oriented Development (TOD) Program

Minimum eligibility for consideration of city incentives through the Public/Private Partnership Program will require a cumulative investment of \$300 million for new mixed-use, commercial, retail and/or residential development in proximity of at least two DART light-rail transit stations (with one or both in Southern Dallas). TOD projects are eligible for consideration for the full complement of necessary and appropriate incentives available through this program including, but not limited to, tax increment financing, tax abatement, grants and loans, and infrastructure cost participation. Residential developments seeking incentives will be required to have a 20 percent affordable housing set aside in North Dallas and mixed-income housing in Southern Dallas. Further, projects must meet the City's established Good Faith Effort guidelines for M/WBE participation.

Economic Development GO Bond Program for Southern Dallas

General Obligation Bond funding may be used as described in this paragraph for private commercial, industrial, retail, residential, and mixed-use development in the Southern area of the city that promotes economic development. Funding may be provided as a catalyst to promote private economic development and may be used for planning, designing, extending, constructing and acquiring land for public streets, utilities and other related infrastructure facilities or uses consistent with this purpose. Funding is also available in support of mixed-use or residential development, for the acquisition of improved and unimproved properties and for the cost of demolition of existing structures. Private developments may be eligible for economic development grants and loans pursuant to Chapter 380 of the Texas Local Government Code. Grants and loans will be considered for infrastructure improvements and/or land acquisition consistent with the scope of funding and other uses described above. Grants or loans will be considered on a case-by-case basis subject to funding limitations and development agreements approved by City Council, which agreements will contain appropriate conditions, safeguards and benchmarks to ensure that the public purpose of economic development will be carried out. Residential developments will be required to have a mixed-income set aside. Further, it is anticipated that resources and other forms of development assistance from other applicable City economic development programs may be utilized to support this program.

Local Government Corporation (LGC) Chapter 380 Grant Program

The City of Dallas will consider making grants from its general fund to a LGC, subject to annual appropriation of funds and the approval of the Dallas City Council. These funds will be restricted to the

INCENTIVES NEGOTIATED OR PROPOSED BY CITY STAFF ARE SUBJECT TO SPECIFIC FEDERAL, STATE AND LOCAL GUIDELINES, FUNDING AVAILABILITY AND CITY COUNCIL APPROVAL. DEPENDING ON THE INCENTIVE, THERE MAY BE ADDITIONAL RESTRICTIONS BASED ON GEOGRAPHY, PROJECT SIZE AND OTHER FACTORS.

payment of project costs, including the payment of debt service on any bonds issued by the LGC to finance project costs, and the funding of any necessary reserve fund or capitalized interest accounts and the payment of the cost of issuance of bonds.

Target Industry Projects

Target Industry projects are provided special consideration for economic incentives and are generally defined as follows: Brownfields or recycling, information technology, building materials and furnishings, company headquarters, logistics, telecommunications, transportation manufacturing and assembly, film/television/media, advanced instruments and food processing/distribution. Due to the temporary nature of film/television production, projects in this industry are not required to meet minimum job or investment eligibility established for the Public/Private Partnership Program. Rather, these projects are considered on a case-by-case basis with consideration given to the positive economic returns projects bring to the City. Target Industry projects must be confirmed in advance by the City in order to receive consideration under this designation.

Non-Conforming Projects

Non-Conforming projects are considered on a case-by-case basis for high impact projects, unique developments and competitive situations where projects may receive competing offers of incentives. These projects require a simple majority vote of City Council in Southern Dallas and a 3/4 vote of City Council in the CBD and in Northern Dallas. High Impact Project - Projects creating/retaining a minimum of 500 jobs with substantial capital investment. In addition, this status may be granted to major projects by Fortune 500, Manufacturers 400, or Global 500 listed firms.

Competitive and Retention Projects

In special cases, companies receiving competing offers of incentives or those currently located in the city of Dallas considering a relocation/expansion are eligible to apply for financial incentives with negotiable terms. Existing firms must expand job base by 25 percent to be eligible for consideration. Incentives may be offered in specific cases to 'match other offers.' Companies may be required to demonstrate competing cities, offers, land/lease costs, taxes at current rates, utility rates, relocation costs, other significant costs and 'gap' to be filled, etc.

Other Sources of Financial Assistance

Tax Increment Districts

Special districts funding public improvements (not services) with increased tax revenues resulting from new private development. Tax rates are the same as elsewhere in the City and no added cost to private parties is incurred.

Public Improvement Districts

Special districts created by petition to privately fund public improvements or special supplemental services over and above those provided by City, when such services are supportive of related City investments in capital improvements.

City of Dallas Regional Center - EB-5

The City of Dallas Regional Center (CDRC) is designed to open a new source of foreign private capital that can be aligned with Dallas' Public/Private Partnership Program to fuel the City of

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Dallas' economic growth strategy. The CDRC encompasses the entire City of Dallas geographical area, with an emphasis on Targeted Employment Areas (TEA) such as Southern Dallas. CDRC capital is aggregated from foreign investors into limited partnerships and then invested as debt and/or equity into developments or businesses that meet stringent underwriting criteria. The CDRC is structured specifically to attract high net worth investors, who must pass rigorous screening tests in order to receive a conditional investment visa in exchange for investing a minimum of \$500,000 (for investments in a TEA) or \$1,000,000 in businesses or projects that generate real and permanent jobs for the City of Dallas.

New Markets Tax Credits

The City of Dallas, through the Dallas Development Fund, participates in the New Markets Tax Credit Program (NMTC), a federal program operated by the Department of Treasury, that provides opportunities for new development in traditionally underserved areas. The program provides NMTC investors with a 39% federal tax credit payable over seven years. These investments are partnered with additional funds for businesses and real estate development in Low Income Communities.

Foreign Trade Zone

Allows duty-free importing of foreign-made components into the Zone, where they may be assembled, manufactured, processed or packaged. Duties are charged only when products are subsequently distributed into the U.S. market - if they are shipped to international markets, no duty is levied.

State Incentives

The City of Dallas will facilitate applications for assistance from State programs including Enterprise Zone Projects, Texas Enterprise Fund, and the Texas Emerging Technology Fund.

Contact Us

To obtain more detail on these programs, or to inquire regarding other assistance, contact:
Office of Economic Development, Dallas City Hall, 1500 Marilla Street, Room 5CS, Dallas, Texas 75201,
Phone: (214) 670-1685, Fax: (214) 670-0158.

Approved on 6.13.12 pursuant to Res. No. 12-1520
As amended on 4.24.13

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Memorandum



CITY OF DALLAS

DATE November 1, 2013

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

SUBJECT **Special Warranty Deed and Designation/Move Instrument for the North Parking Garage – Sports
Arena TIF District; November 12, 2013 City Council Agenda**

On June 13, 2012, City Council approved a development agreement with Anland, GP, LP (Anland) to use Sports Arena TIF District funds to construct a single-use public parking garage (North Parking Garage) at the northwest corner of the intersection of Victory Avenue and Olive Street in the Victory Sub-district that would be owned by the City.

This request is to authorize the City Manager to execute a Special Warranty Deed to accept conveyance of the North Parking Garage upon construction completion. The City Manager will also have authorization to execute a Designation/Move Instrument, designating the newly constructed garage as a parking structure for use by the American Airlines Center (AAC) during events being held at the AAC and move 1,257 parking spaces from surface parking lots in the district into the garage. These parking spaces will then count towards the district's 5,000 parking space requirement for the AAC. Execution of these documents makes the garage subject to the District's Parking Rights Agreements until the AAC lease expires, limiting its use of the garage to American Airline Center events.

This action is consistent with Council's approval of funding to reimburse Anland for the costs of constructing the North Parking Garage. The City shall take ownership of the garage upon completion of construction. The garage will house 1,257 parking spaces currently provided on surface parking lots within the District. Once the North Parking Garage is completed those surface parking lots will be released from the District's Parking Rights Agreements and available for redevelopment.

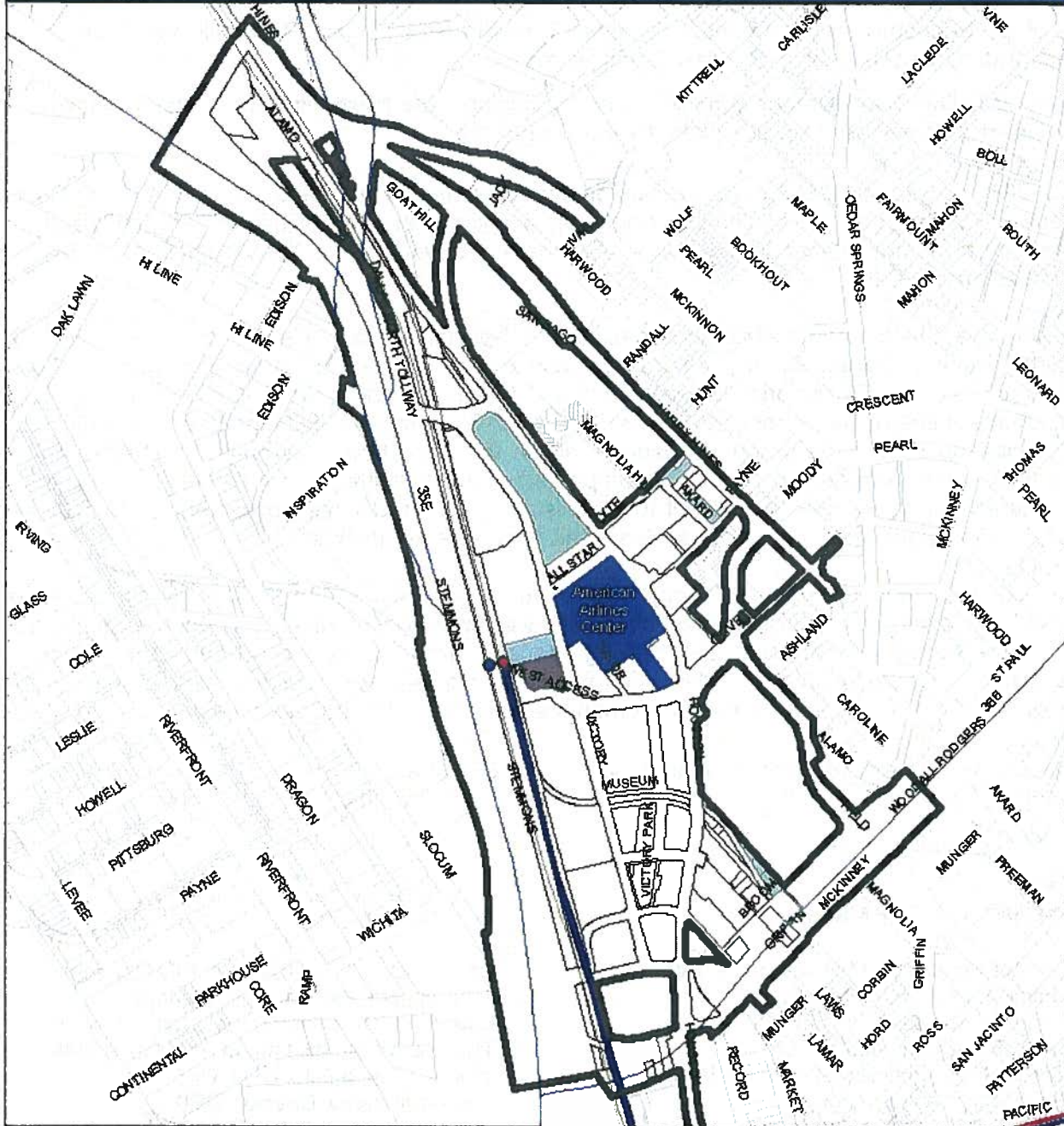
Should you have any questions, please contact me at (214) 670-3296.

Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, Interim City Manager
Rosa Rios, City Secretary
Warren M.S. Ernst, City Attorney
Judge Daniel Solis, Administrative Judge Municipal Court
Craig Kinton, City Auditor
Frank Libro, Public Information Officer
Ryan S. Evans, Interim 1st Assistant City Manager
Forest Turner, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Mgr.
Jeanne Chipperfield, CFO, OFS
Karl Zavitkovsky, Director, OED
J. Hammond Perot, Assistant Director, OED
Elsa Cantu, Assistant to the CMO

North Parking Garage Sports Arena TIF District - Victory Sub-district



City of Dallas
 Office of Economic Development



Area Redevelopment Division
<http://www.Dallas-EcoDev.org>

Legend

- Victory Sub-district
- North Parking Garage
- DART Plaza (Victory LR Station)
- Lots Released from Parking Requirement



Memorandum



CITY OF DALLAS

DATE November 1, 2013

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 Chapter 380 Economic Development Grant Agreement pursuant to
the Public/Private Partnership Program with Lakewest ALF Realty, LLC –
November 12, 2013 Council Agenda**

BACKGROUND

For the past couple of years, city staff has been working with Lakewest ALF Realty, LLC (Lakewest) regarding the potential development of a senior housing complex on land lease from the Dallas Housing Authority at 3494 Kingbridge that will be sub-leased to and managed by a Stonegate Company controlled entity.

In April 2011, the Dallas City Council authorized a bridge loan of \$1,500,000 in order to expedite this project that involved financing from the City of Dallas Regional Center (CDRC) in the amount of up to \$15 million through the EB-5 visa program. The bridge loan was at a 6.5 percent interest rate, and is to be repaid with the first \$1,500,000 financing raised from the CDRC. Significant delays with final approval of the EB-5 investment at the federal level have slowed the project and the bridge loan funds have been used to cover costs such as architectural, engineering and consultant fees. The loan is scheduled to be repaid in November of 2013 subject to investor approval by the U.S. Citizen and Immigration Service.

Lakewest plans to construct a 130 unit, assisted living facility for low to very low income Dallas residents who cannot live alone and are in need of help with activities of daily living. The 71,000 + square foot, single story building will feature individual suites, a dining room, commercial kitchen and laundry, activities room, examination rooms for the onsite medical director and gardens with a view of the lake.

This new facility will complete an existing senior healthcare campus in West Dallas that was built in phases by Stonegate Company. The campus currently includes 360 units of independent senior apartments (Phase I completed in 2009) and a 118 bed skilled nursing facility (Phase II completed in 2011).

Stonegate Company is a senior housing and healthcare company that operates 32 senior care properties in Texas, Oklahoma and Missouri that have residential capacity of more than 4,000 residents. Stonegate, headquartered in Lewisville where it has 35 employees, was founded in 2001 and has approximately 3500 employees across all of its facilities.

Overall, Lakewest plans to invest \$7,000,000 – 10,000,000 in improvements for the final phase of the project and estimates the creation of approximately 50-70 full time jobs. While reviewing the construction plan, Lakewest identified public infrastructure costs of approximately \$527,000 associated with sidewalks, streets, water, waste water and storm water lines. The company approached staff for assistance with the additional costs. In an effort to ensure the development and sustainability of the facility staff proposed the \$200,000 grant to offset a portion of these costs.

In consideration of the proposed grant, Lakewest has agreed to the following:

- Lakewest will create or cause to be created a minimum of 40 new jobs and invest a minimum of \$5,000,000 at the newly constructed Dallas facility to be located at 3494 Kingbridge;
- The new facility will reach substantial completion by December 31, 2014;
- The prior authorized bridge loan will be fully repaid prior to disbursement of grant funds; and
- Lakewest will have a lease in place with Stonegate Company of at least 10 years.

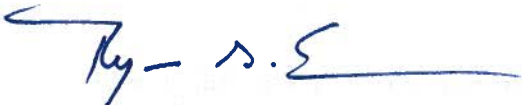
This project conforms to Public/Private Partnership Program Guidelines and Criteria as it creates or retains more than a minimum of 25 jobs at this Southern Sector zone site. Further, the development will result in a positive net fiscal impact of approximately \$48,788 over 10-years after incentives. The projected 20-year net fiscal impact of the project is \$656,680.

STAFF

J. Hammond Perot, Assistant Director, Office of Economic Development
Christopher O'Brien, Sr. Coordinator, Office of Economic Development

RECOMMENDATION

Staff recommends approval of the subject item. Please contact me if you have any questions at (214) 670-3296.



Ryan S. Evans
Interim First Assistant City Manager

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J. Hammond Perot, Asst. Director, OED
Elsa Cantu – Assistant to the CMO – Council Office

3494 Kingbridge Street

0 0.05 0.1 0.2 Miles



DALLAS
ECONOMIC
DEVELOPMENT

Research & Information Division
214.670.1685
dallas-ecodev.org

Legend

- Arterial
- Local Road

Source: Aerial Photography - NCTCOG, 2009; All Other Data - City of Dallas, 2011