

# Memorandum



DATE August 1, 2014

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

SUBJECT **Active Network, LLC - Lanyon – Council Agenda August 13, 2014**

## **BACKGROUND**

On Wednesday, August 13, 2014, City Council will be asked to consider economic development incentives for Active Network, LLC. For the past several months, City staff have negotiated with representatives of Active Network, LLC and its affiliate Lanyon, regarding the potential relocation of the two affiliates' corporate headquarters from San Diego, California to 717 Harwood Street (KPMG Centre) in downtown Dallas.

Active Network is a technology company that develops the behind the scenes event tracking software that powers over 55,000 organizations worldwide and 90 million transactions annually. The company automates and simplifies events for organizers. It has built the largest network of events and organizations to make the world a more active place. The software serves the private, not-profit, religious and government in scheduling and tracking events. If you have registered for a marathon or booked a TX campsite, you have likely used their software.

Lanyon is a leading hospitality solutions provider connecting corporations, hotels, serviced apartments and travel intermediaries in the largest online global hospitality marketplace. Lanyon's solutions are used by over 900 corporations and 350 hospitality brands representing over 98,000 properties. Lanyon was acquired by Vista Equity Partners, a leading private equity firm focused on investments in software and technology-enabled services, in January 2013.

The project will result in approximately 1,000 new jobs in downtown Dallas, a 10-year lease of a combined minimum of 200,000 square feet and a minimum investment of approximately \$3,000,000. In order to encourage Active Network to locate its headquarters and that of Lanyon in downtown Dallas, City staff proposes an Economic Development Grant of no more than \$1,000,000, to be paid to Active Network, LLC in installments according to the following table.

Number of New Jobs Created	Total Jobs Onsite	Average Annual Salary	Deadline	Grant Installment
300	300	\$60,000	On or before December 31, 2015	\$300,000
400	700	\$60,000	On or before December 31, 2016	\$400,000
150	850	\$60,000	On or before December 31, 2017	\$150,000
150	1,000	\$60,000	On or before December 31, 2018	\$150,000

In consideration of the proposed incentives, The Active Network and Lanyon will invest a minimum of \$2,000,000 in leasehold improvements related to a minimum 10-year lease on a minimum 200,000 square feet of office space at 717 N. Harwood Street, invest a minimum of \$1,000,000 in business personal property and cause a minimum of 300 full time jobs to be created by December 31, 2015. Additionally, the companies will add a combined minimum 400 additional jobs by the end of 2016, another 150 jobs by December 31, 2017 and another 150 jobs to be created by December 31, 2018 (total of 1,000 new jobs).

The ten-year net fiscal impact of the proposed development after incentives is \$11,785,448. The twenty-year net fiscal impact of the proposed development after incentives is \$37,405,155. This project complies with the Public/Private Program guidelines in that it involves the creation of more than 100 jobs at this Downtown site.

In addition to the City of Dallas assistance, the project has been awarded a Texas Enterprise Fund (TEF) grant of \$8,600,000.

**Owner**

**Active Network, LLC**  
 Ms. Sejal Pietrzak, Chief Administration Officer

**Staff**

J. Hammond Perot, Assistant Director  
 Christopher O'Brien, Sr. Coordinator

Active Network - Lanyon  
August 1, 2014  
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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

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

## Proposed Project Information Worksheet Economic Development Committee

### A. Project Summary/Assumptions

City Council District	2	
Project/Company Name	Active Network - Lanyon	
Project Location	717 N. Harwood Street	
Project Type	Headquarters	
Facilities (Square Feet)	200,000	
Construction Schedule	Begin	1-Sep-14
	Complete	31-Dec-18
Private Improvement Investment	Real Property	\$2,000,000
	Business Property	\$1,000,000
Jobs	Created	1000
	Retained	NA
Average Wage Rate	Salary	\$72,000
	Hourly	N/A
City Incentive Summary	Tax Abatement	NA
	Infrastructure	N/A
	Other - Grant	\$1,000,000

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

	10-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	1000	6,225,401,583	1000	18,455,971,545
Indirect and Induced Impact*	800	4,980,321,266	800	14,764,777,236
<b>Total Impact</b>	<b>1800</b>	<b>11,205,722,849</b>	<b>1800</b>	<b>33,220,748,781</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	28,429,296	72,613,914
Total City GF Service Costs	15,643,848	34,208,759
Net Impact Before Incentives	12,785,448	38,405,155
City Incentives	1,000,000	1,000,000
<b>Net City Fiscal Impact</b>	<b>11,785,448</b>	<b>37,405,155</b>

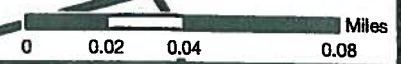
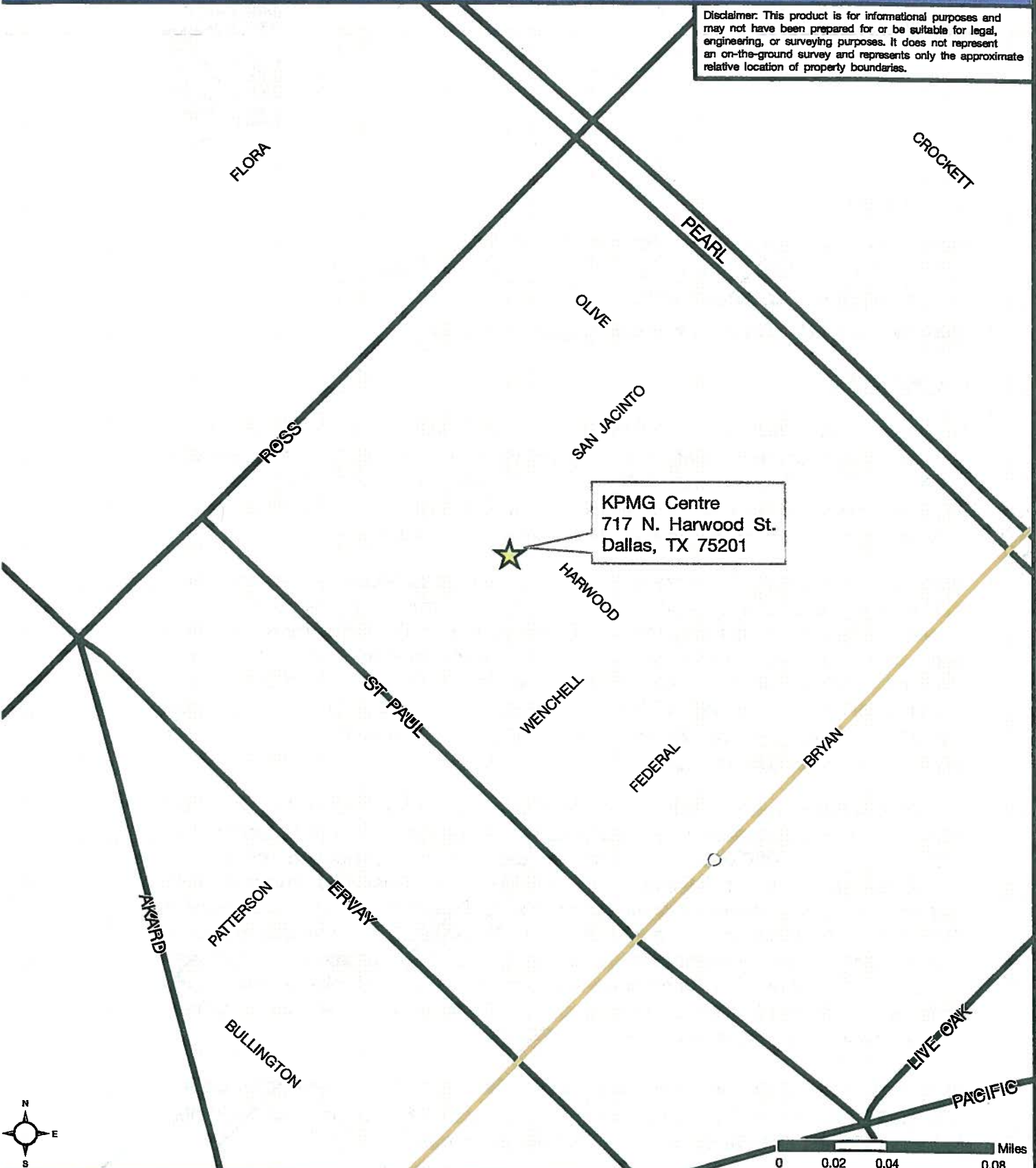
\* Indirect impacts represent supplier effects, induced impacts represent spin-off household effects.

### D. Other Taxing Jurisdiction 10-yr Estimated Tax Revenue

	Property Taxes	Sales Taxes
DISD	\$ 192,313	N/A
Dallas County	\$ 37,965	N/A
DCCCD	\$ 18,705	N/A
Parkland Hospital	\$ 41,400	N/A
DART	\$ -	N/A

# Active Networks, LLC

Disclaimer: This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.



**ALLAS ECONOMIC DEVELOPMENT**  
Research & Information Division  
972.414.1685  
allas-ecodev.org

### Legend

- Rail Station
- DART Light Rail
- Arterial
- Local Road

Source: City of Dallas, 2014

# Memorandum



DATE August 1, 2014

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

SUBJECT **Omnitracs, LLC – Council Agenda August 13, 2014**

## **BACKGROUND**

On Wednesday, August 13, 2014, City Council will be asked to consider economic development incentives for Omnitracs, LLC. For the past several months, City staff have negotiated with representatives of, Omnitracs, LLC regarding the potential relocation of its corporate headquarters from San Diego, California to 717 Harwood Street (KPMG Centre) in downtown Dallas.

Omnitracs has provided integrated fleet management applications, services and platforms to transportation and logistics companies around the world for nearly 25 years. Omnitracs delivers end-to-end solutions to help fleets improve safety and compliance, fuel management, mobile asset management, operational efficiency, driver retention and customer service. It tailors fleet management solutions to meet the needs of for-hire and private fleet operations of all sizes and with requirements ranging from basic compliance management to the most sophisticated business intelligence.

The project will result in a minimum of 450 new jobs in downtown Dallas, a 10-year lease of approximately 100,000 square feet and a minimum investment of approximately \$3,000,000. In consideration of the proposed incentives, Omnitracs will invest a minimum of \$2,000,000 in leasehold improvements related to a ten-year lease on a minimum of 90,000 square feet of office space at 717 Harwood Street, invest a minimum of \$1,000,000 in business personal property and cause a minimum of 200 full time jobs to be created by December 31, 2015. Additionally, the company will add 150 additional jobs by the end of 2016 and another 100 jobs by the end of 2017 (total of 450 new jobs). The new jobs will have an average annual wage of \$50,000.

In order to encourage Omnitracs to locate its headquarters in downtown Dallas, City staff proposes an Economic Development Grant of no more than \$450,000, to be paid in installments according to the following table:

Number of <u>New</u> Jobs Created	Total Jobs Onsite	Average Annual Salary	Grant Installment	Deadline
200	200	\$50,000	\$200,000	On or before December 31, 2015
150	350	\$50,000	\$150,000	On or before December 31, 2016
100	450	\$50,000	\$100,000	On or before December 31, 2016

The ten-year net fiscal impact of the proposed development after incentives is \$5,093,965. The twenty-year net fiscal impact of the proposed development after incentives is \$16,069,569. This project complies with the Public/Private Program guidelines in that it involves the creation of more than 100 jobs at this Downtown site.

In addition to the City of Dallas assistance, the project has been awarded a Texas Enterprise Fund (TEF) grant of \$3,900,000.

**Owner**

**Courtland Group, LLC**  
John Napper, President

**Staff**

J. Hammond Perot, Assistant Director  
Christopher O'Brien, Sr. Coordinator

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

C: The Honorable Mayor and Members of the City Council  
A.C. Gonzalez, Interim City Manager  
Warren M. S. Ernst, City Attorney  
Judge Daniel F. Solis, Administrative Judge  
Rosa A. Rios, City Secretary  
Craig D. Kinton, City Auditor

Omnitracs  
August 1, 2014  
Page 3 of 3

Jill A. Jordan, P. E., Assistant City Manager  
Forest E. Turner, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Charles M. Cato, Interim Assistant City Manager  
Theresa O'Donnell, Interim Assistant City Manager  
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Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Shawn Williams, Interim Public Information  
Elsa Cantu, Assistant to the City Manager – Mayor and Council



## Proposed Project Information Worksheet Economic Development Committee

### A. Project Summary/Assumptions

City Council District	2	
Project/Company Name	Omnitracs	
Project Location	717 N. Harwood Street	
Project Type	Headquarters	
Facilities (Square Feet)	100,000	
Construction Schedule	Begin	1-Sep-14
	Complete	31-Dec-17
Private Improvement Investment	Real Property	\$2,000,000
	Business Property	\$1,000,000
Jobs	Created	450
	Retained	NA
Average Wage Rate	Salary	\$70,000
	Hourly	N/A
City Incentive Summary	Tax Abatement	NA
	Infrastructure	N/A
	Other - Grant	\$450,000

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

	10-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	450	4,378,000,000	450	9,878,000,000
Indirect and Induced Impact*	360	3,502,400,000	360	7,902,400,000
<b>Total Impact</b>	<b>810</b>	<b>7,880,400,000</b>	<b>810</b>	<b>17,780,400,000</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	12,833,632	32,139,550
Total City GF Service Costs	7,289,667	15,619,981
Net Impact Before Incentives	5,543,965	16,519,569
City Incentives	450,000	450,000
<b>Net City Fiscal Impact</b>	<b>5,093,965</b>	<b>16,069,569</b>

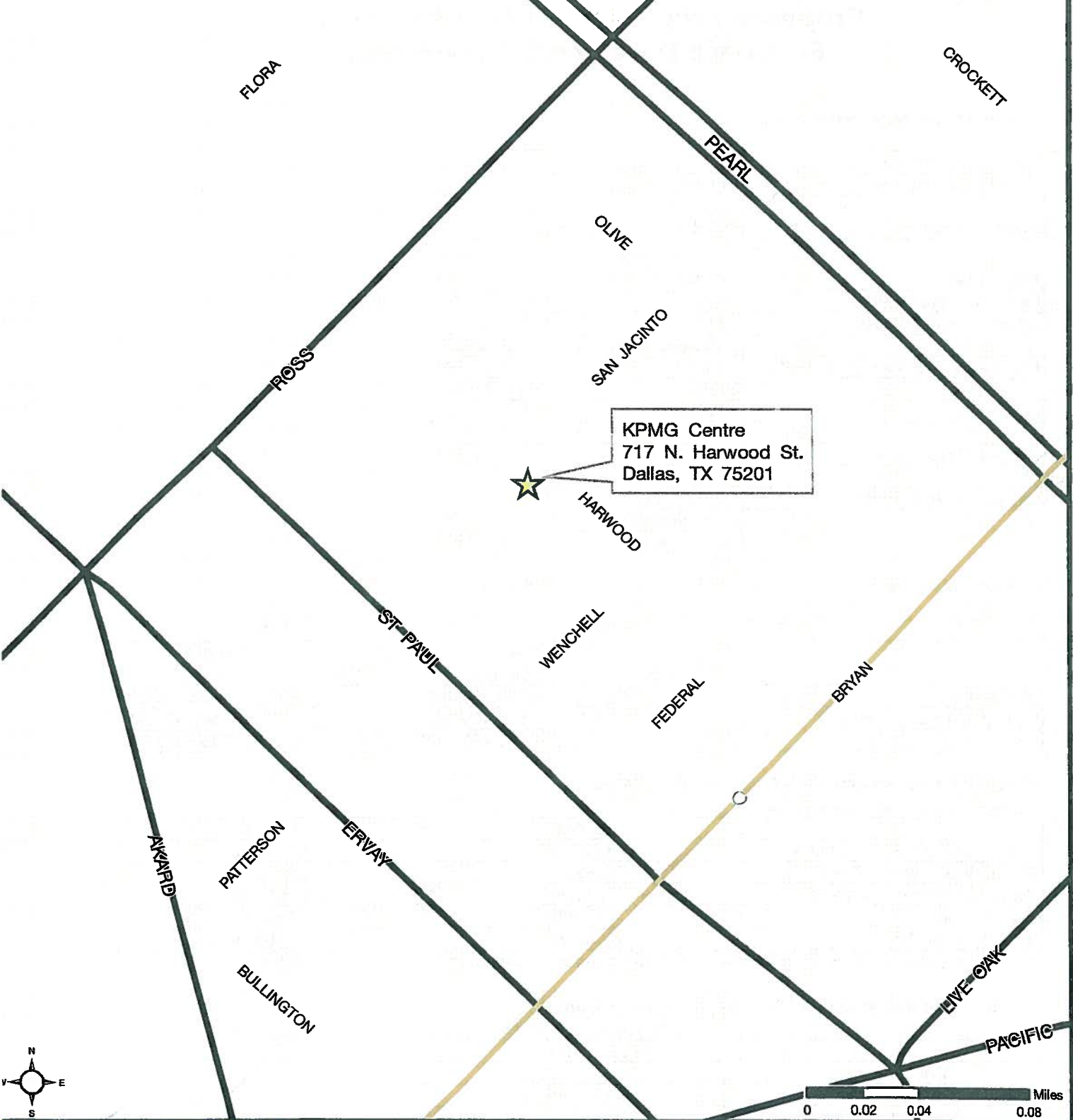
\* Indirect impacts represent supplier effects, induced impacts represent spin-off household effects.

### D. Other Taxing Jurisdiction 10-yr Estimated Tax Revenue

	Property Taxes	Sales Taxes
DISD	\$ 128,209	N/A
Dallas County	\$ 25,310	N/A
DCCCD	\$ 12,470	N/A
Parkland Hospital	\$ 27,600	N/A
DART	\$ -	N/A

# Omnitracs, LLC

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KPMG Centre  
717 N. Harwood St.  
Dallas, TX 75201

DALLAS  
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DEVELOPMENT  
Research & Information Division  
214.670.1685  
dallas-ecodev.org  
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**Legend**

- Rail Station
- DART Light Rail
- Arterial
- Local Road

Source: City of Dallas, 2014

# Memorandum



DATE August 1, 2014

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

SUBJECT **Mid Elm Lofts Project (City Center TIF District), RREAF Holdings (Mid Elm), LLC**

On August 13, 2014, City Council will be asked to consider authorization of a development agreement with RREAF Holdings (Mid Elm), LLC and TIF funding in an amount not to exceed \$3,900,000 for the Mid Elm Lofts redevelopment project. The proposed Mid Elm Lofts project is the rehabilitation and redevelopment of the buildings addressed as 1512, 1514, and 1516 Elm Street in the City Center TIF District. All buildings were originally built in the early 1900s and are currently vacant and have not been fully active for more than a decade. As a result of water damage and overall neglect, the buildings are in danger of becoming structurally and financially irreparable without significant support.

The proposed project will convert the historic buildings into approximately 28,628 square feet of residential space and approximately 17,736 square feet of retail space.

When completed, the buildings will be compromised of:

- 1516 Elm:
  - Residential – Approximately 16 lofts
  - Retail - approximately 12,792 square feet featuring
    - 5,498 square feet for ground floor and mezzanine restaurant
    - 4,600 square feet for basement restaurant/bar
    - 2,694 square feet for rooftop restaurant/wine bar
  - A rooftop deck will feature amenities for the residential units including a fire pit, water feature, and a barbeque area.
- 1512/1514 Elm:
  - Residential – Approximately 9 lofts
  - Retail – 3,255 square feet for ground floor retail and 1,689 square feet for basement retail in 1514 Elm

The total project cost is \$18,900,000. The total amount of TIF funding recommended for the project is \$3,900,000. A portion of the total TIF funding, \$1,642,000, will reimburse streetscape and utility improvements. The remaining TIF funding, \$2,258,000 is in the form of an Economic Development TIF Grant to make the project viable. The developer will also pursue Federal and State

City Center TIF District  
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Historic Tax Credits, as well as a Historic Tax Abatement for the project. The project would not occur, but for TIF funding.

Renovation of these buildings adds to the number of redevelopment projects underway on Elm Street and saves some of the oldest buildings in the City. The project also removes the last remaining vacant buildings on a block bounded by Stone Street and Campisi's to the east and Akard Street to the west.

### **Fiscal Information**

\$3,900,000 – City Center TIF District Funds

### **Estimated Schedule of Project**

Begin Construction: December 2014  
Complete Construction: June 2016

### **Developer**

**RREAF Holdings (Mid Elm), LLC**  
Scott Remphrey, Managing Member

### **Attachments**

Location Map  
Additional Project Information  
Development Agreement Contents/Project Funding Conditions  
Project Pictures and Renderings

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, City Manager  
Warren M. S. Ernst, City Attorney  
Judge Daniel F. Solis, Administrative Judge  
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**City Center TIF District**

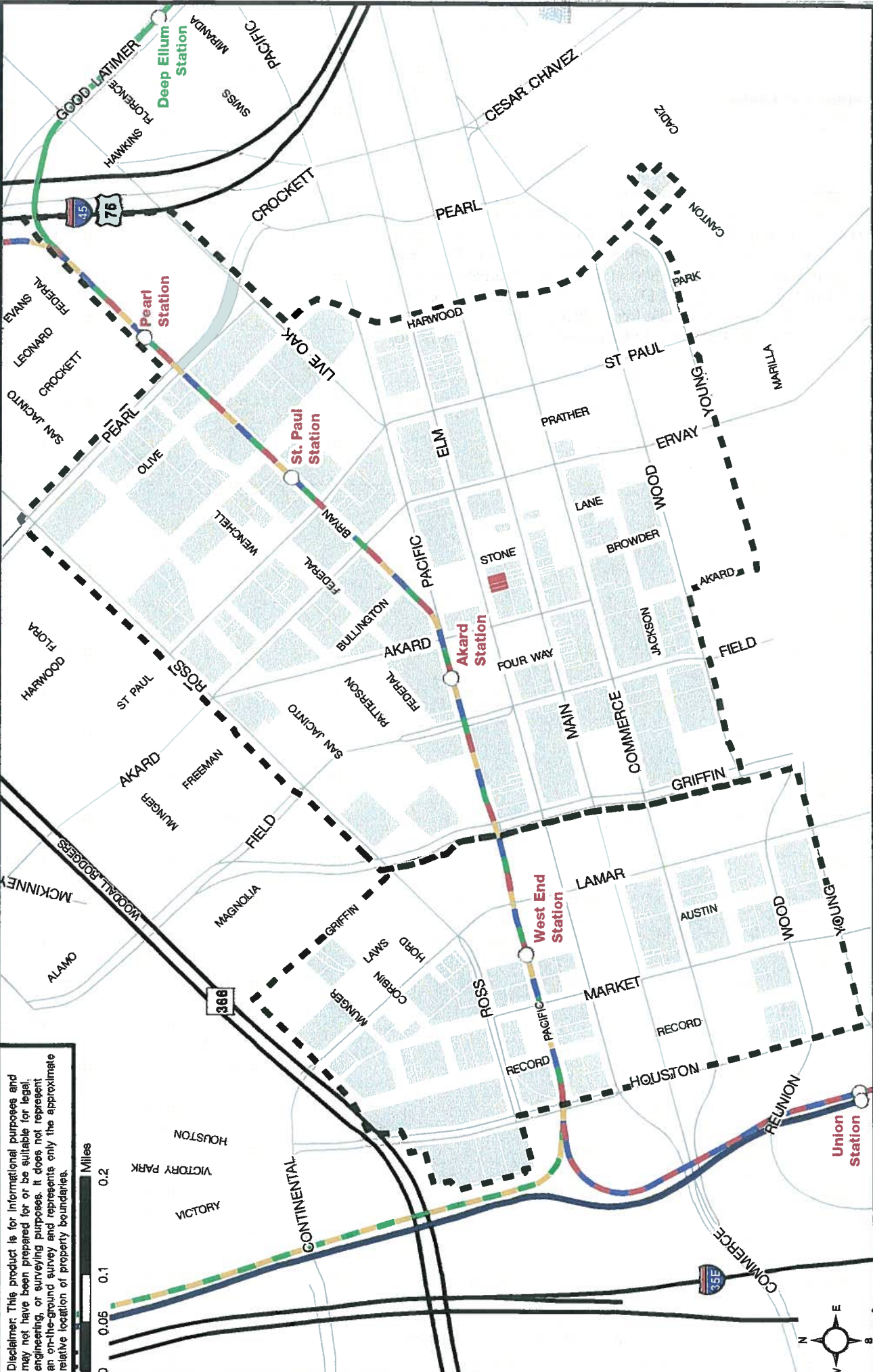
**August 1, 2014**

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**Joey Zapata, Assistant City Manager**  
**Charles M. Cato, Interim Assistant City Manager**  
**Theresa O'Donnell, Interim Assistant City Manager**  
**Jeanne Chipperfield, Chief Financial Officer, Office of Financial Services**  
**Karl Zavitkovsky, Director, Office of Economic Development**  
**J. Hammond Perot, Assistant Director, Office of Economic Development**  
**Shawn Williams, Interim Public Information Officer**  
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**MID-ELM LOFTS**

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- Trinity Railway Express
- Freeway or Tollway
- Highway
- Arterial
- Local Road

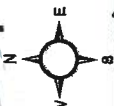
- Rail Station
- DART Red Line
- DART Blue Line
- DART Green Line
- DART Orange Line

**Legend**

- Mid-Elm Lofts
- City Center TIF Boundary
- City Center TIF Parcels

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Source: Parcel Data - Dallas CAD, 2013; All Other Data - City of Dallas, 2014



**Project Sources and Uses**

Sources	Amount	%	Uses
Private Equity	\$4,725,000	25%	Acquisition and Construction
Loan	\$14,175,000	75%	Construction
<b>\$18,900,000</b>			

**TIF Budget**

Description	Amount
<b>Public Infrastructure Improvements</b>	
<i>Streetscape Improvements and Utilities</i>	\$1,642,000
<b>Redevelopment/Development Projects</b>	
<i>TIF Grant</i>	\$2,258,000
<b>Total TIF Funding Recommended</b>	<b>\$3,900,000</b>

**Project Proforma**

<b>Mid Elm Lofts Proforma</b>			
City Center TIF District			
PROJECT DESCRIPTION:		1512, 1514 and 1516 Elm Street	
PROJECT TYPE:		Mixed Use	
CONSTRUCTION START DATE:		December 31, 2014	
PROJECT SCHEDULE:		June 30, 2015	
<b>Residential Units</b>	<b>SF</b>	<b># of Units</b>	
Total/Avg	31,608	25	
<b>Use Breakdown</b>	<b>SF</b>	<b>Total Leasable SF (entire project)</b>	
Residential	31,608	50,429	
Retail	18,821		
Back of House/Common Area	11,497	<b>Total Existing Bldg SF (Gross)</b>	
		61,926	
<b>Project Costs</b>			
Hard Cost	\$12,271,065		
Soft Cost (less Developer Fee)	\$2,886,935		
Acquisition	\$3,190,000		
<b>Total Project Cost (without City \$)</b>	<b>\$18,348,000</b>		
Total Project Cost	\$18,348,000		
TIF Assistance	\$3,900,000		
<b>Net Cost to Developer (after TIF reimbursement)</b>	<b>\$14,448,000</b>		
<b>Return on Cost Analysis</b>			
<b>NOI/Total Project Costs</b>			
Return on Cost (without City \$)		4.8%	
Return on Cost (with City \$)		6.0%	
		<b>Income</b>	
		Residential Revenue	\$695,079
		Commercial Revenue	\$625,234
		<b>Total Income</b>	<b>\$1,320,313</b>
		<b>Expenses</b>	
		Residential Operating Expense	(\$271,137)
		Commercial Operating Expense	(\$176,515)
		<b>Total Expenses</b>	<b>(\$447,652)</b>
		<b>NOI</b>	<b>\$872,661</b>
Notes : Stabilized rates in 2020; Revenue reflects a residential and commercial vacancy rate of 7% and 5% respectively			

### **Recommended Contents of the Development Agreement**

- A. Minimum private investment of \$13,000,000 for the Project (acquisition, construction and construction related soft costs).

The term "Invest" or "Investment" means the sum of all acquisition costs, construction costs (hard and soft) paid, payable or actually incurred by or on behalf of the Owner, with respect to the Project and the improvements thereon. Construction related soft costs include the following items: architecture and engineering, interior design, construction management (if services are provided by an independent third party other than the developer). Carrying or other similar costs shall not be considered toward this definition of project investment. The owner must provide verification of all expenditures.

- B. Investment shall include a minimum of \$3,900,000 for the following TIF Eligible expenditures associated with the Project:

- a. Environmental Remediation/Demolition – minimum \$200,000
- b. Historic Façade Restoration – minimum \$1,350,000
- c. Ground Floor Retail Space Improvements – minimum \$708,000
- d. Streetscape and Utility Improvements – minimum \$1,642,000

- C. Redevelopment of the Project shall include:

- a. Minimum 25,000 square feet of live/work space; and
- b. Minimum 15,000 square feet of retail/restaurant/commercial space.

- D. Obtain a building and/or demolition permit from the City and start construction for the Project by December 31, 2014;

- E. Obtain a Certificate of Occupancy (CO) for the Project by June 30, 2016;

- F. Obtain final acceptance of public infrastructure improvements associated with the Project, as evidenced by the issuance of a Green Tag from the Public Works and Transportation Department by June 30, 2016, and submit documentation to the Office of Economic Development (the "OED");

- G. Execute an Operating and Maintenance agreement for public infrastructure improvements associated with the Project by June 30, 2016, for a period of 20 years;

- H. A minimum of at least 50% of ground floor space must be occupied prior to TIF Reimbursement;

- I. Prior to City Council consideration, Design Review by the Urban Design Peer Review Panel, an independent group of design, engineering, and/or planning professionals selected by the Dallas City Manager, is required for all City Center TIF District projects. The Project's design plans shall include:

- a. A site plan showing the location of parcel boundaries clearly differentiating publically accessible space form private space.
- b. A pedestrian lighting plan for the site showing existing lighting and location of new pedestrian lighting using lighting acceptable to the City and spaced at approximately 75 feet unless otherwise required by the City's Public Works and Transportation Department. This lighting plan is required for all public and private streets included in the project.
- c. A sidewalk plan for the project. Sidewalks with high anticipated levels of pedestrian traffic shall be designed to accommodate the traffic. The sidewalks



- shall have a minimum 7 foot walking zone and a minimum 3 foot landscaping and lighting zone, where possible. Landscaping and pedestrian lights shall be placed in the area closest to the back of curb for the length of the sidewalk. The plan shall show the location and type of all landscaping materials.
- d. Elevations for all sides of the building visible from the public right of way, focusing on the ground floor.
  - e. Valet plan indicating where the vehicular drop off will be located, if applicable.
  - f. Signage plan for the building.
- J. Mixed Income Housing: A minimum of 10% of the Project's total residential units must meet affordable housing standards in accordance with the District's Mixed Income Housing Guidelines, attached as Exhibit A. These guidelines require, but are not limited to, the following:
- a. Affordable units must be available for a 15 year period (from the date of CO).
  - b. If the total number of affordable units drops below 10%, a 90-day compliance period will be granted, after which the contract may be terminated at any time before compliance is achieved.
  - c. Submit semi-annual reports to the OED Staff (from the date of CO).
- K. Construction of Project shall be in general conformance with design plans approved by the City Center TIF Board of Directors and Dallas City Council;
- L. The Project shall be managed by a management company acceptable to the Director of the OED, such approval not being unreasonably withheld;
- M. Owner shall submit to the Director of the OED a quarterly status report for ongoing work on the project, as well as public improvements. Status reports will be due once every three months after the Council approval date;
- N. Owner shall make a good faith effort to (i) comply with the Business Inclusion and Development ("BID") goal of twenty-five percent (25%) Minority/Women-owned Business Enterprise (M/WBE) participation for TIF reimbursable improvements, and (ii) achieve a goal of 25% certified M/WBE participation for total private improvement construction expenditures for the Project, and meet all reporting requirements for each;
- O. If necessary, the project deadline can be extended up to 6 months, subject to the Office of Economic Development Director's and City Center TIF District Board of Director's approval.
- P. If necessary, Developer may apply a Historic Tax Abatement for the project.





