

Memorandum



DATE February 28, 2014

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

SUBJECT **TCDFW Industrial Development Inc. Project**

City staff has negotiated with Trammel Crow Company regarding construction of a 500,000 square foot speculative industrial/warehouse facility on approximately 79.05 acres north of IH-635 between J.J. Lemmon Road and the Burlington Northern Santa Fe (BNSF) Railroad at 4800 LBJ Freeway, Dallas, Texas located in a Texas Enterprise Zone. Trammel Crow Company will develop this project through an entity called TCDFW Industrial Development Inc. Locally, the Trammel Crow Company has developed over 50 million square feet in industrial buildings, with a strong commitment to Southern Dallas.

This site has several issues which have increased the property's development costs. A large portion of the property is located within the 100 year floodplain and will require the construction of a mitigation swale to reclaim approximately 12 acres of land. This process also requires the developer to obtain a Fill Permit from the City of Dallas and a Letter of Map Revision (LOMR) from the Federal Emergency Management Agency (FEMA). A Section 404 Individual Permit from the United States Army Corps of Engineers (USACOE) is also required. Tree mitigation requirements and a significant change in elevation from east to west have escalated the project development costs.

TCDFW Industrial Development Inc. seeks City Council approval of a 90 percent real property tax abatement for 10 years and an economic development grant in an amount not to exceed \$875,000 to offset public and private improvement costs. TCDFW Industrial Development Inc. will make a minimum of \$10,000,000 in real property improvements with construction of the 500,000 square foot speculative industrial/warehouse facility. The economic development grant will be payable upon the substantial completion of a minimum of \$10,000,000 in real property improvements by December 31, 2016. The real property tax abatement must begin on or before January 1, 2017. TCDFW Industrial Development Inc. will forfeit the real property tax abatement and the economic development grant if it fails to reach the minimum investment by the required time.

The forgone revenue from the proposed tax abatement is \$474,135. The proposed agreement will result in a 10-year net fiscal impact of \$161,511 and a \$2,202,189 20-year net fiscal impact.

The proposed project meets the minimum eligibility requirements of the Public/Private Partnership Program as adopted by the City Council in Resolution No. 12-1520 on June 13, 2012.

Project Details

Project Site: 79.05 acres north of IH-635 between J.J. Lemmon Road and the Burlington Northern Santa Fe (BNSF) Railroad at 4800 LBJ Freeway, Dallas, Texas

Facilities: Construction of a 500,000 square foot speculative industrial/warehouse facility

Real Property Investment: Minimum of \$10 million

City Incentives

Real Property Tax Abatement: 90%-10 year tax abatement will commence on or before January 1, 2017.

	<u>Investment</u>	<u>Tax Abatement</u>	<u>Foregone Revenue</u>	<u>City of Dallas Tax Revenue</u>
Real Property Year One	\$10M	90% - 10 yrs	\$64,557	\$7,173
10-year totals	\$10M		\$474,135	\$52,682

Proposed Estimated Schedule of the Project

Begin Construction June 2014
 Substantial Completion March 2016

Fiscal Information

Revenue: First year revenue estimated at \$7,173; ten-year revenue estimated at \$52,682; (Estimated revenue foregone for ten-year abatement estimated at \$474,135).

2006 Prop 8 Bond Funds - \$67,093

General Obligation Commercial Paper Funds - \$807,907

4800 LBJ Freeway – TCDFW Industrial Development Inc.
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Owner

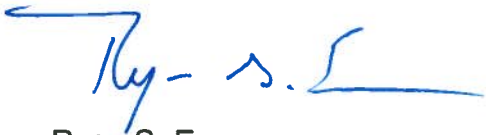
TCDFW Industrial Development Inc.
Scott Krikorian, Managing Director

Staff

J. Hammond Perot, Assistant Director
Kim L. Moore, Marketing Manager

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

- 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
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
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
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Frank Libro, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Proposed Project Information Worksheet Economic Development Committee

A. Project Summary/Assumptions

City Council District	8	
Project/Company Name	TCDFW Industrial Development Inc.	
Project Location	4800 LBJ Freeway	
Project Type	Speculative Industrial/Warehouse	
Facilities (Square Feet)	500,000	
Construction Schedule	Begin	1-Jun-14
	Complete	31-Mar-16
Private Improvement Investment	Real Property	\$10,000,000
	Business Property	\$20,000,000
Jobs	Created	45
	Retained	0
Average Wage Rate	Salary	\$40,000
	Hourly	N/A
City Incentive Summary	Tax Abatement	90%, 10 years
	Infrastructure	N/A
	Other - Grant	\$875,000

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

	10-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	50	35,118,938	50	81,338,423
Indirect and Induced Impact*	45	28,095,150	45	65,070,739
Total Impact	95	63,214,088	95	146,409,162

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

(From direct, indirect and induced economic impacts)

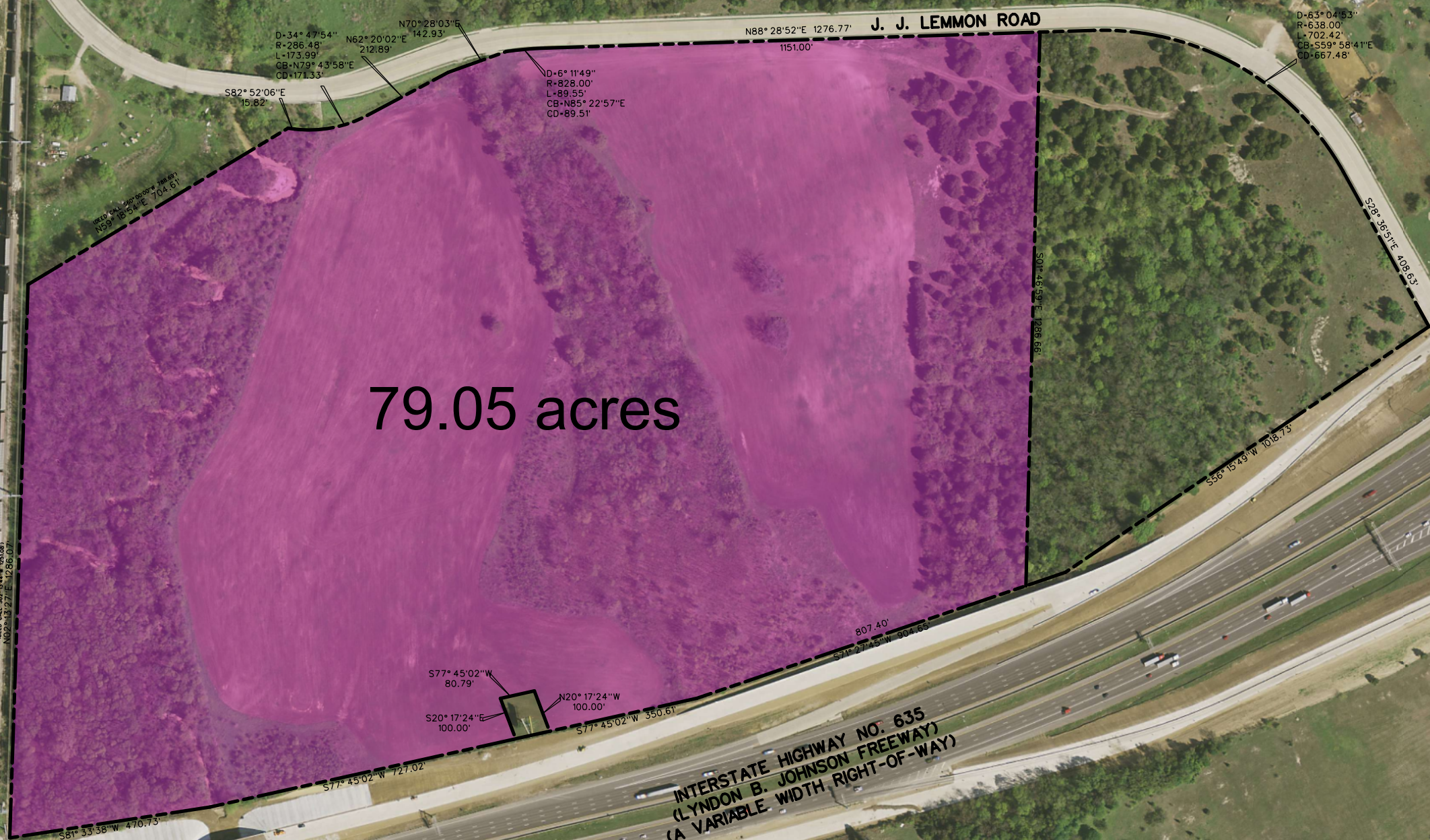
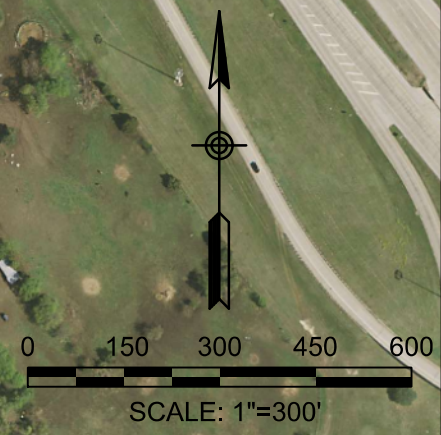
	10-Year	20-Year
Total City GF Revenue Generated	2,176,336	5,335,061
Total City GF Service Costs	807,930	1,783,737
Net Impact Before Incentives	1,368,406	3,551,324
City Incentives	1,206,895	1,349,135
Net City Fiscal Impact	161,511	2,202,189

* 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	\$ 847,458	N/A
Dallas County	\$ 167,299	N/A
DCCCD	\$ 82,427	N/A
Parkland Hospital	\$ 182,436	N/A
DART	\$ -	N/A

TCDFW Industrial Development Inc.
North of IH-635 between J.J. Lemmon Road and BNSF Railroad at 4800 LBJ Freeway



79.05 acres

INTERSTATE HIGHWAY NO. 635
(LYNDON B. JOHNSON FREEWAY)
(A VARIABLE WIDTH RIGHT-OF-WAY)

Exhibit 001
Economic Development Area
JJ Lemmon tract
DATE: Jan 15, 2014 AVO: 1008149364