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DALLAS, TEXAS



CITY OF DALLAS

# Memorandum

DATE November 14, 2014

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 17, 2014, 9:00 – 10:30 a.m.**  
**1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201**

## AGENDA

1. Approval of November 3, 2014 Minutes of the Economic Development Committee

2. City of Dallas Airport Advertising  
Concession Contract

Mark Duebner, Director, Aviation  
**(Estimated time 20 minutes)**

3. Economic Opportunities of Sustainable  
Food Systems

Frank Camp, Director, Office of  
Environmental Quality  
**(Estimated time 20 minutes)**

4. Upcoming agenda item:

- Ulta Inc.
- Serta Dormae - Southfield Park 35

  
Tennell Atkins, Chair  
Economic Development Committee

C: The Honorable Mayor and Members of the City Council

A.C. Gonzales, City Attorney  
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  
Eric D. Campbell, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Sana Syed, Public Information Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

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

A closed session must 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 November 3, 2014

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:** November 3, 2014      **Meeting Start time:** 9:05 AM

**Committee Members Present:**

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

**Other Council Members Present:**

Philip T. Kingston  
Carolyn R. Davis

**Staff Present:**

Ryan Evans, First Assistant City Manager,  
City Manager Office  
Karl Zavitkovsky, Director, Office of Economic  
Development  
Mark Duebner, Director, Aviation  
J. Hammond Perot, Assistant Director, Office  
of Economic Development  
Karl Stundins Manager, Office of Economic  
Development

**Other Presenters:**

Rosa Rios Valdez, President/CEO, Business &  
Community Lenders of Texas

**1. Approval of October 6, 2014 Minutes of the Economic Development Committee**

**Presenter(s):**

**Action Taken/Committee Recommendation(s):** Motion made to approve the minutes with two corrections: 1.) To change the last item from #4 to #6. 2.) To correct the spelling of Lee Kleinman's name

**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):**

**2. Dallas Executive Airport-Past, Present and Future**

**Presenter(s):** Mark Duebner, Director, Aviation, J. Hammond Perot, Assistant 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. Oak Cliff Gateway Arena TIF District- Plan Amendment/Bishop Arts 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. Griggs

**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):**

**4. Community Loan Center of Dallas-A-Lowe Cost Alternative to Payday and Title Loans for Dallas County**

**Presenter(s): Rosa Rios Valdez, President/CEO, Business & Community Lenders of Texas**

**Action Taken/Committee Recommendation(s):** No Action Taken

**Motion made by:**

**Motion seconded by:**

Item passed unanimously:  \_\_\_\_\_

Item passed on a divided vote:  \_\_\_\_\_

Item failed unanimously:  \_\_\_\_\_

Item failed on a divided vote:  \_\_\_\_\_

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

**5. Design District TIF-Alexan Riveredge**

**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. Medrano

**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):**

**6. Upcoming Agenda Items**

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

- WWF Operating Company (White Wave Foods)
- Volunteer Income Tax Assistance Program (VITA)

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

**Motion made by:** Mr. Kleinman

**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: 10:36 AM**

**Approved By: \_\_\_\_\_**



# Memorandum



DATE November 14, 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 **City of Dallas Airport Advertising Concession Contract**

On Monday, November 17th, you will be briefed on the Airport Advertising Concession Contract for Dallas Love Field and Dallas Executive Airport. A copy of the briefing is attached.

Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3302.



Ryan S. Evans  
First Assistant City Manager

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  
Eric D. Campbell, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor & Council



# *City of Dallas Airport Advertising Concession Contract*

Economic Development Committee

November 17, 2014



# Purpose

- To provide information regarding the advertising concession Request For Proposal process, evaluation of the proposals received and a recommendation based on the scoring criteria.
- To receive support for award of the advertising contract to Corey Airport Services on the December 10, 2014 Council Agenda.

# Background

## Existing Contract

- Original five-year contract with JCDecaux Airport, Inc. commenced April 1, 2008; included three (3) one – year options
  - Five-year total contract MAG: \$6,750,000
  - Annual Percentage Rental: 65% of Gross Sales up to \$2,000,000 and 70% for sales above \$2,000,000
  - Contract expired March 31, 2013; Concessionaire did not request any option years
  - Currently on a month to month concession contract pending the outcome of this procurement process
    - Current month to month agreement is at 65% of sales

# Background, continued

## Contract Sales/Revenue Data

Contract Year	Sales	Payment to City
2008 – 2009	\$ 2,896,386	\$1,927,470
2009 – 2010	\$ 1,686,841	\$1,734,723
2010 – 2011	\$ 2,278,430	\$1,499,546
2011 – 2012	\$ 1,561,087	\$1,375,000
2012 – 2013	\$ 1,869,198	\$1,400,000
Five Year Total	\$10,291,942	\$7,936,739
4/1/2013 – 8/31/2014 (17 months)	\$ 2,051,063	\$1,333,191

# Background, continued

## Contract ACDBE Participation

### Elizabeth Younger Agency

- Certified ACDBE in Texas
- Dedicated Sales Person for Local Sales
- Five-year Participation of \$1,420,233 in total sales over the primary term or 13.8%

# Advertising Concession RFP

- Briefed Transportation & Environment Committee – February 2013
- Committee approved evaluation criteria
- Evaluation criteria consisted of:

Economics/Financial Return to City	30%
Quality of Advertising Program	20%
Experience and Capability	10%
Financial Strength to Pay MAG or Percent	15%
Operations Plan	10%
ACDBE Program	<u>15%</u>
Total Value	100%

# Advertising Concession RFP

RFP broken down into five separate and distinct packages to encourage proposals from both nationally recognized and local small business entities

- Package #1 – Interior Terminals at Dallas Love Field and Dallas Executive
- Package #2 – Exterior Locations at Dallas Love Field and Dallas Executive
- Package #3 – Parking Garage at Dallas Love Field
- Package #4 – Roadways at Dallas Love Field and Dallas Executive
- Package #5 – Exterior areas of Dallas Vertiport property





# Advertising Concession RFP

## Package Specifications

- All Packages – Primary Term of 7 years, plus up to 2 additional years at the City’s discretion; ACDBE Goal of 22.84%
- Package #1 – Minimum Annual Guarantee (MAG) of \$750,000 or 50% of Gross Revenues and Capital Investment of \$200,000; three distinct locations allocated to Southern Sector advertising
- Packages #2 through #5 – Year 1 Minimum of 50% of Gross Revenues with a year 2 through 7 MAG based on prior year percentage payments

# Advertising Concession RFP

## Approved Locations - Package #1

Fixture Type	Pre-Security	Post Security
Pedestal Digital Units	1	6
6' X 6' Backlit Units	5	7
Digital Wall Units Baggage Claim	4	
IVC/Phone Board	1	
Southern Dallas Locations	2	1
Total Fixtures	13	14

\*Proposers had the option of recommending more locations (to be approved by DOA)

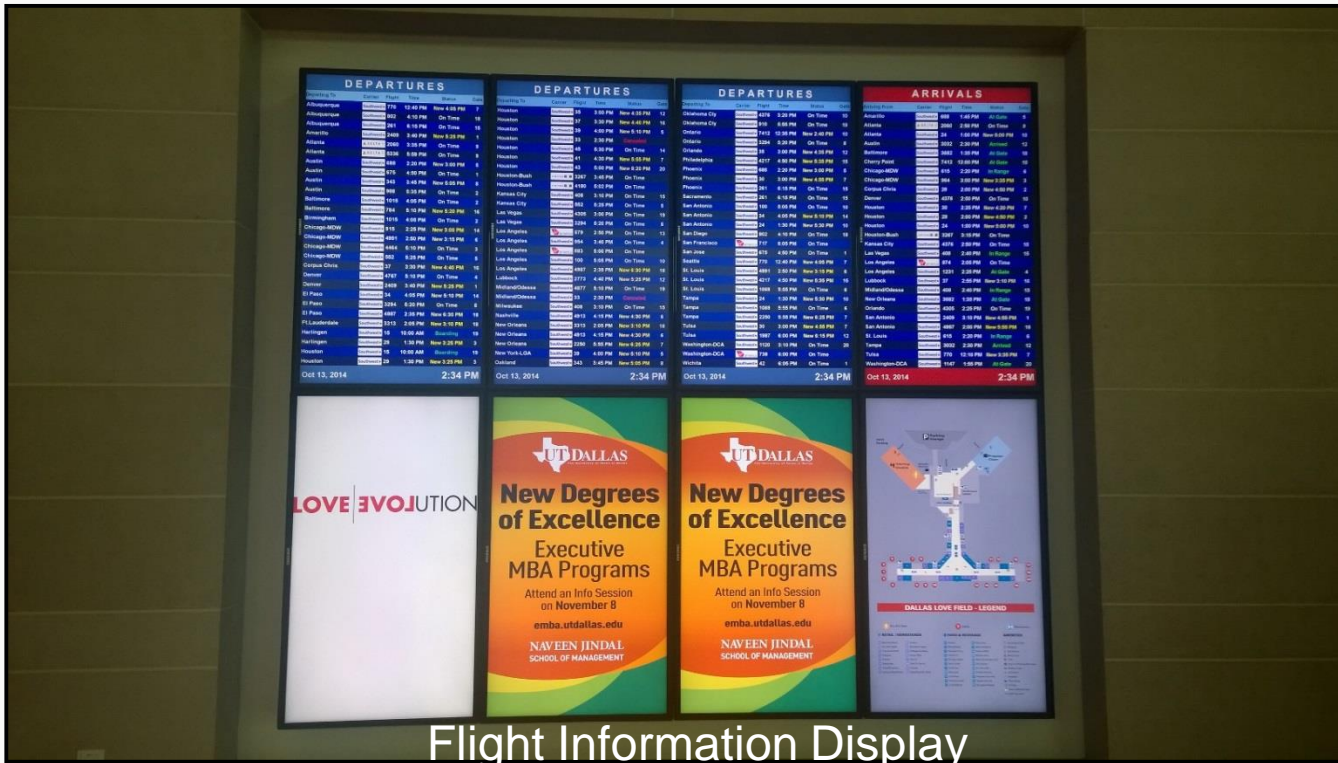
# Advertising Concession RFP

## Approved locations – Package #1 Flight Information Display Monitors

- 30 – 42” monitors in ten Flight Information Display banks
  - Four (4) banks pre-screening - all single sided
  - Six (6) banks on the Concourse Level post screening - one (1) single sided and five (5) double sided
- Content Management System for inputting data to each screen is currently controlled by the Department of Aviation
  - Successful proposer will maintain this system once a contract is executed

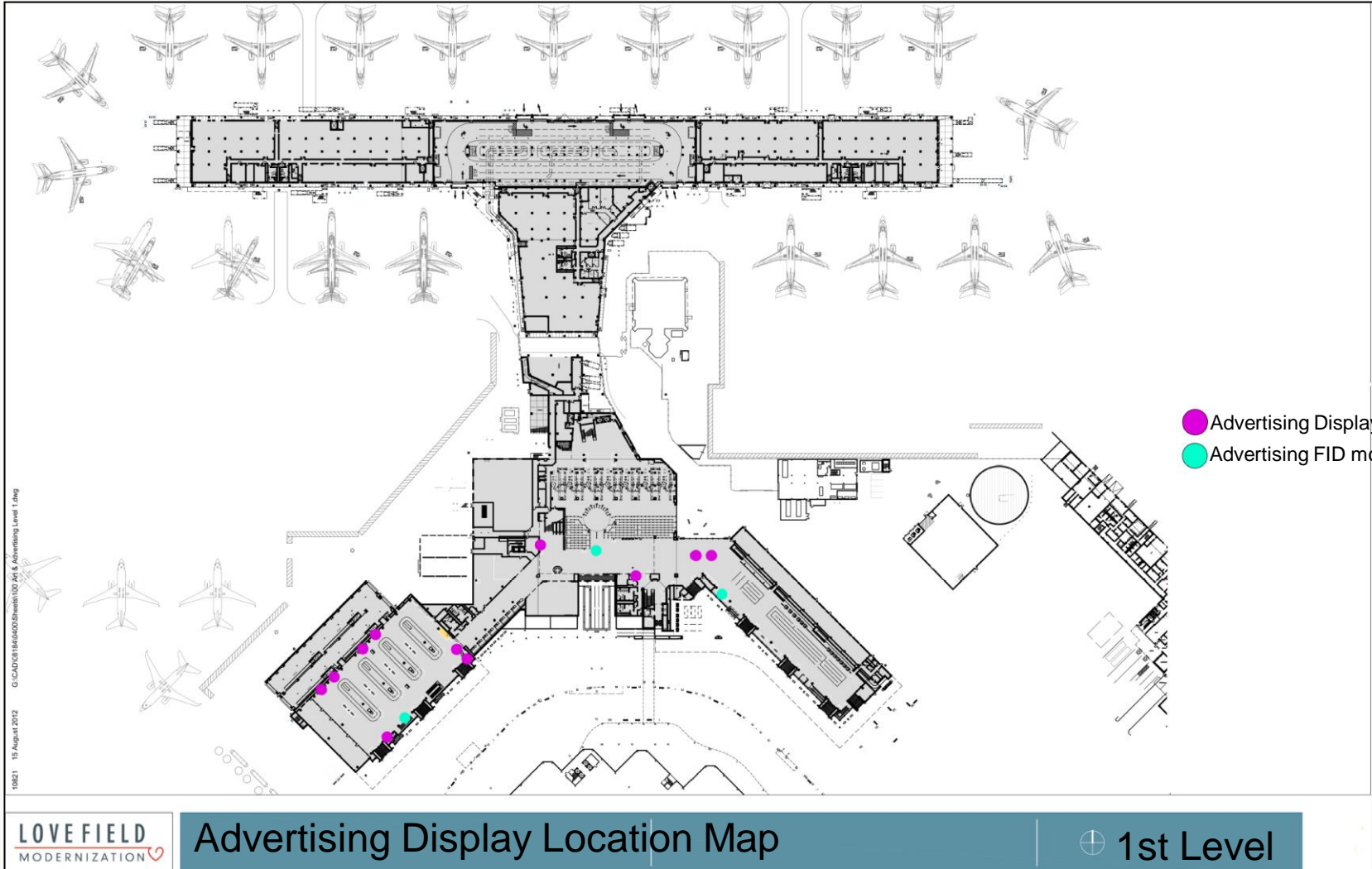
# Advertising Concession RFP

## Approved Locations - Package #1



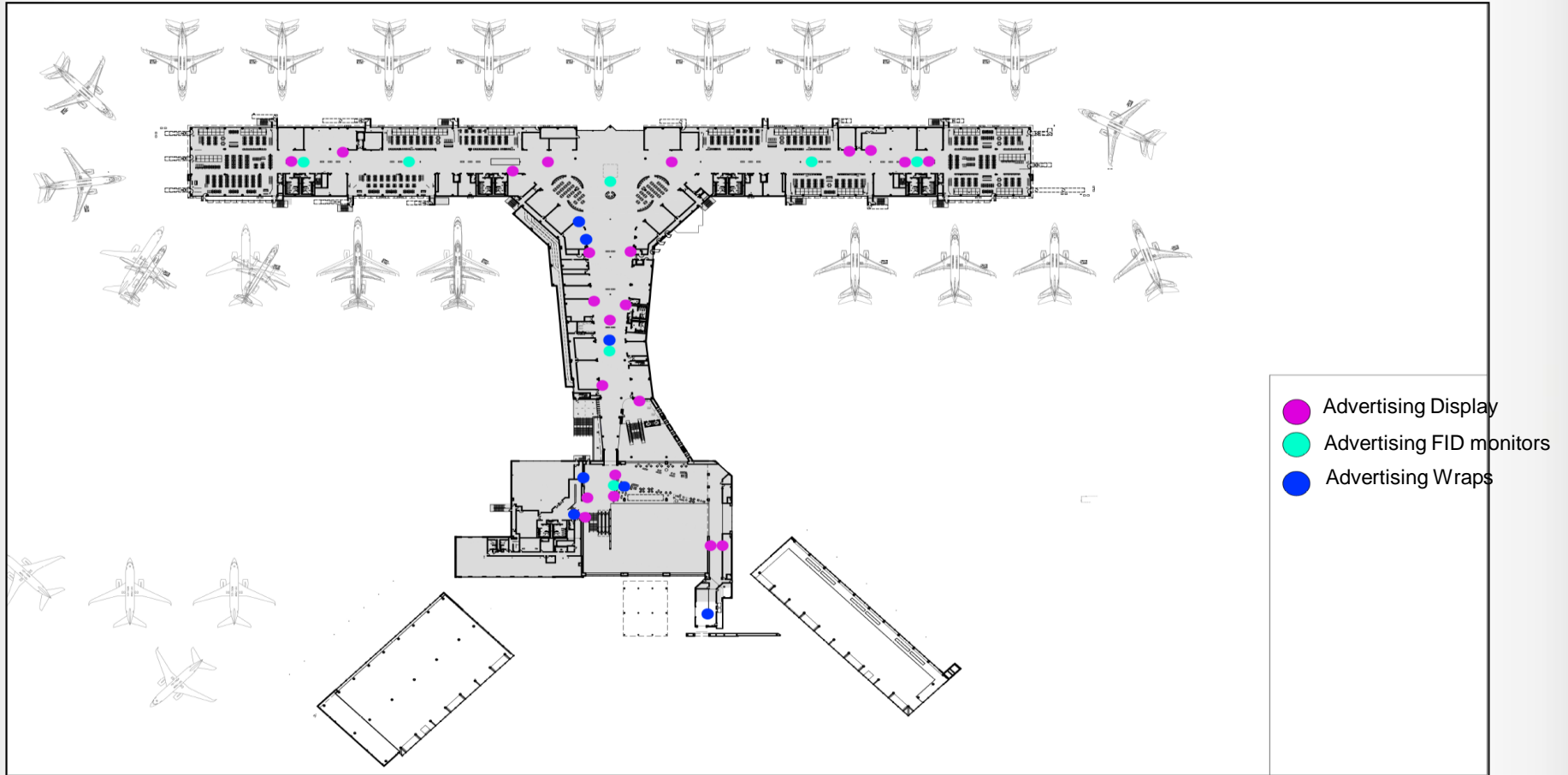
Flight Information Display

# Advertising Concession RFP



- Advertising Display
- Advertising FID monitors

# Advertising Concession RFP



LOVE FIELD  
MODERNIZATION

Advertising Display Location Map

2<sup>nd</sup> Level





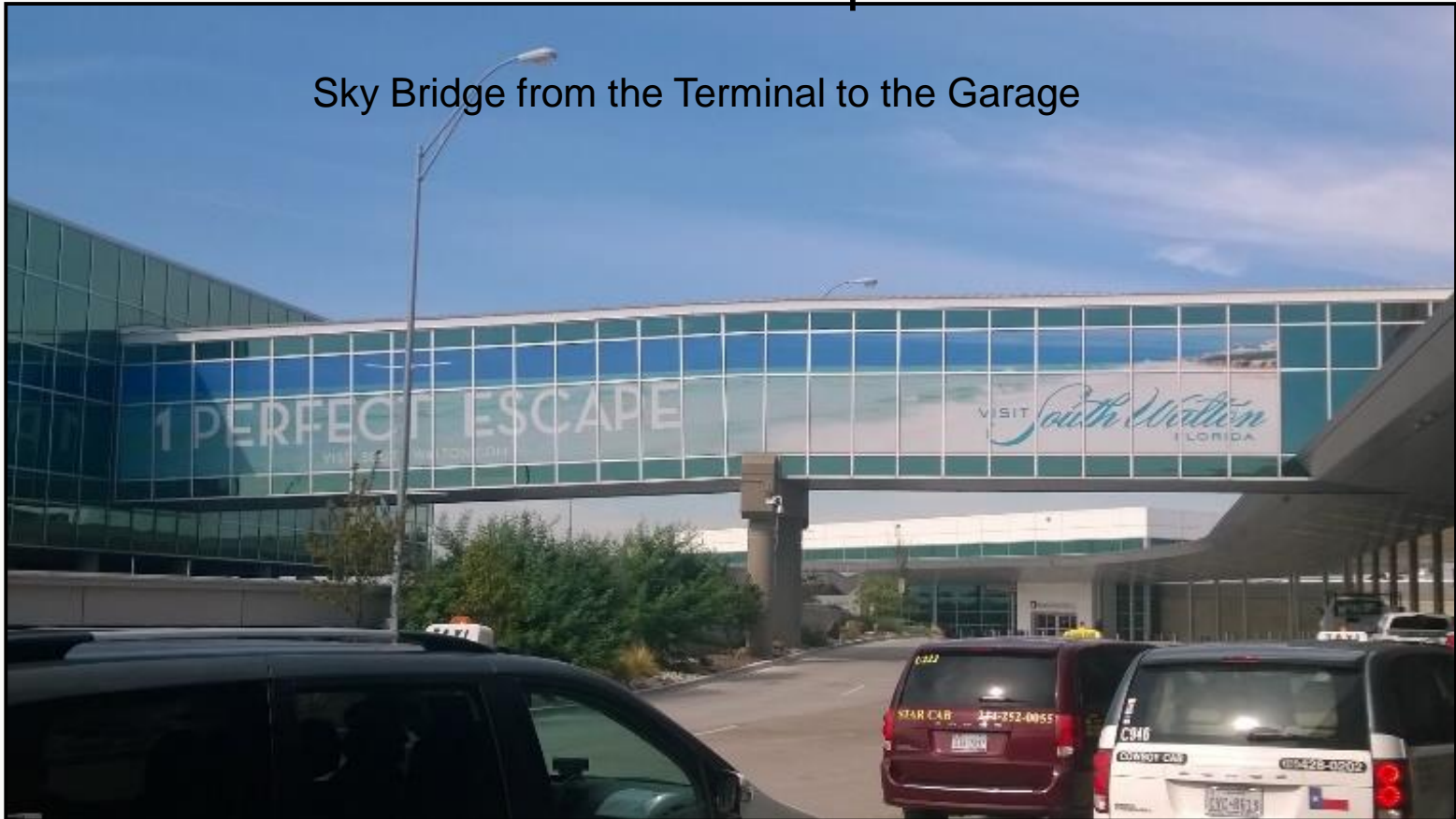
# Dallas Executive Airport



Terminal Lobby Interior

# Advertising Concession RFP

Approved Locations - Package #2 Exterior of Love Field and Executive Airport





## Exterior Jet Bridges

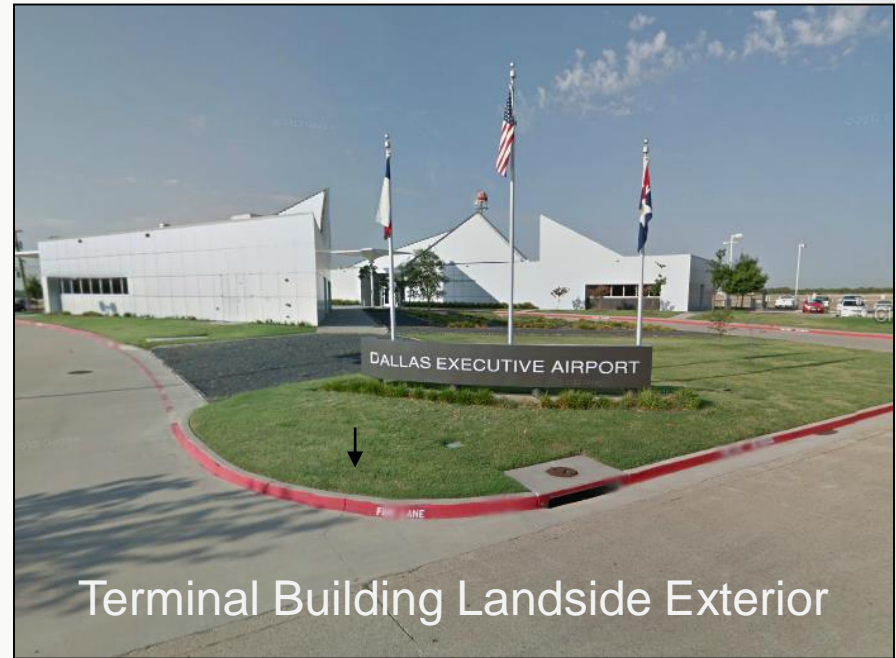




Perimeter Fence Lines



# Dallas Executive Airport



# Advertising Concession RFP

Approved Location - Package #3 - Love Field Garage



Exterior Corner of Garage



Parking Garage Elevator Doors



# Approved Location - Package #4 - Roadways

## Dallas Love Field



Entire Segment Cedar Springs Rd

Any roadway sign or billboard location subject to FAA approval

Lake

2189 ft

© 2012 Google

Google

Imagery Date: 8/31/2011

32°50'44.31" N 96°50'51.14" W elev 0 ft

Eye alt 9489 ft M21

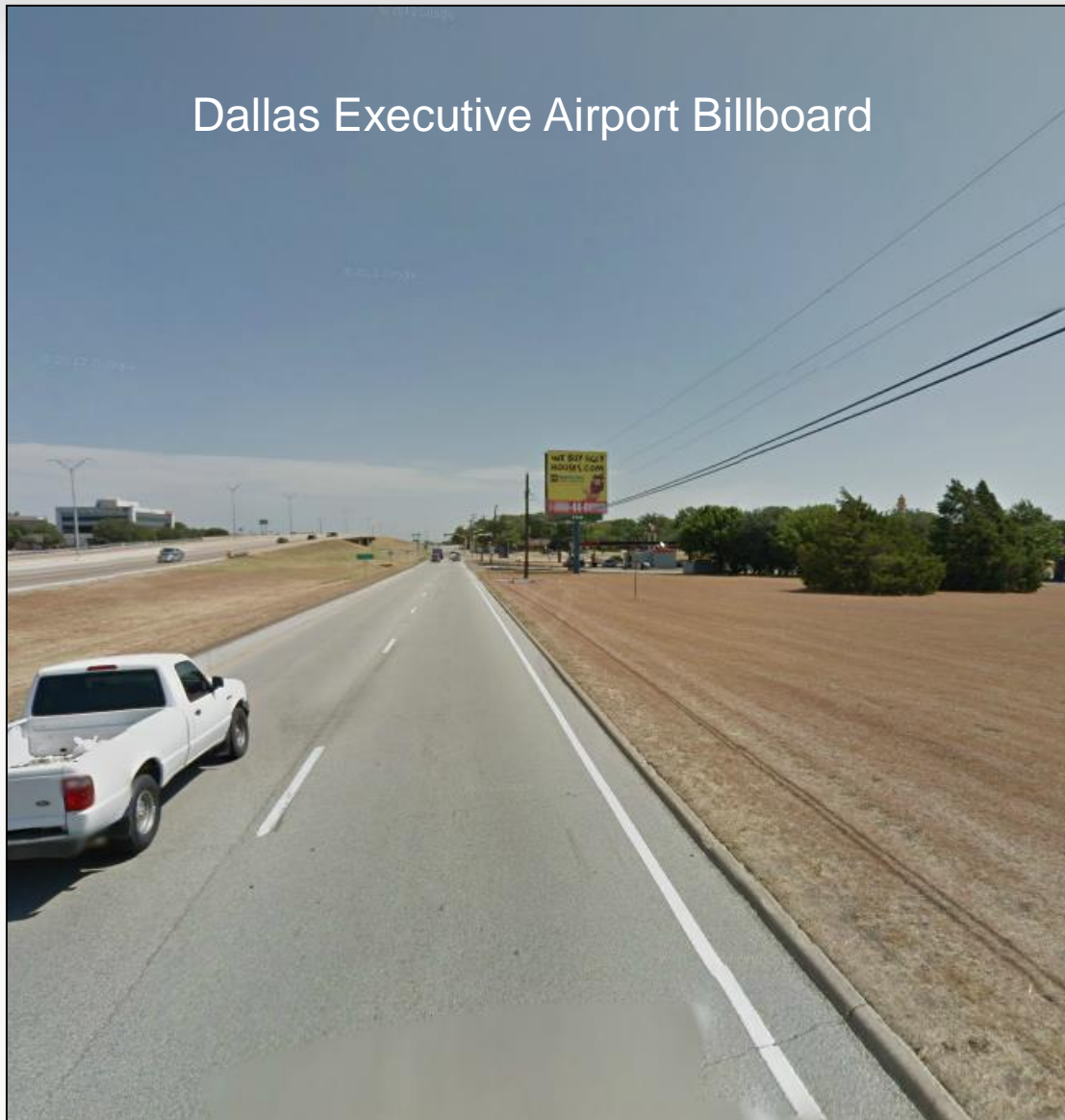


# Dallas Executive Airport



Any roadway sign or billboard location subject to FAA approval

# Dallas Executive Airport Billboard





# Advertising Concession RFP

## Approved Locations – Package #5



Dallas Vertiport

# Advertising Concession RFP

## Procurement Process

### Notification Efforts

- Business Development and Procurement Services (BDPS) advertised the Request For Proposal (RFP) on April 25 and May 1, 2013
- 42 electronic notices were sent by the City's web-based procurement system
- Notices were also sent to 25 chambers of commerce and two advocacy groups (i.e., DFW Minority Business Council and Women's Business Council-Southwest)
  - Used BDPS ResourceLINK Team for distribution

# Advertising Concession RFP

## Procurement Process, continued

Pre-proposal conferences were held on June 3<sup>rd</sup> and June 10<sup>th</sup>, 2013, with the following companies represented:

Corey Airport Services	Fast Signs
JCDecaux Airport, Inc.	Titan Outdoor LLC
Focus Communications	SkyLife Ventures, LLC
Van Wagner Communications LLC	Lawrence Group
URS	FDC Companies
Hattie Wayne PR & Advertising	RND Consult
Clear Channel Airports	Regali Inc.

# Advertising Concession RFP

## Procurement Process, continued

- Pre-proposal conference topics for discussion included:
  - Display Locations
  - ACDBE participation / goals
  - Construction Schedules
  - Historical Advertising Sales
  - Bonding Requirements
- All questions asked during the pre-proposal meeting were posted on the City's bid web site per standard procedure
- Deadline to submit proposals – July 31, 2013

# Advertising Concession RFP

## Procurement Process, continued

### Evaluation Committee

- Developed diverse committee to evaluate proposals
- Seven representatives from multiple departments
  - Controller's Office (1) - Only Evaluated Financial Strength
  - BDPS (2) - Only Evaluated the Economics and ACDBE
  - Advertising Plan Committee
    - Aviation (1)
    - CIS (1)
    - Convention Center (1)
    - PIO (1)
- No single group or individual scored all portions of any proposal
- Formulas were used wherever possible to maintain an objective evaluation

# Advertising Concession RFP

## Procurement Process, continued

- Received three proposals
  - Corey Airport Services
  - Titan Outdoor LLC
  - Van Wagner Communications LLC
- Evaluation committee reviewed proposals to determine responsiveness to the minimum requirements in accordance with the Scope of Work:
  - Continuous operation of advertising sales in airports for a minimum of three (3) consecutive years preceding April 1, 2013
  - Financial capability
  - Advertising sales experience and advertising sales track record with national, regional and/or local accounts

# Advertising Concession RFP

## Procurement Process, continued Proposals Received

Package 1 Interior	Package 2 Exterior	Package 3 Garage	Package 4 Roadway	Package 5 Vertiport
Corey Airport Services	Corey Airport Services	Corey Airport Services		
Titan Outdoor LLC	Titan Outdoor LLC	Titan Outdoor LLC	Titan Outdoor LLC	Titan Outdoor LLC
	Van Wagner Communications LLC	Van Wagner Communications LLC		

Note: Titan has stated that if they are not the successful proposer on Package 1, they will not accept a recommendation for any other package

# Advertising Concession RFP

## Financial Proposals

Package 1 Interior	Minimum Annual Guarantee (7 Years)	Percentage Rent	Capital Investment
Corey Airport Services	\$10,789,973	66.2% Static 58.1% Digital	\$402,000
Titan Outdoor LLC	\$ 5,775,000	50%	\$263,000



# Advertising Concession RFP

## Financial Proposals

Package 2 Exterior	Percentage Rent	Locations
Corey Airport Services	70% - 73%	Sky Bridge Jet Bridges Fenceline Graphics
Titan Outdoor LLC	50%	Sky Bridge Jet Bridges
Van Wagner Communications LLC	52%	Sky Bridge

# Advertising Concession RFP

## Financial Proposals

<b>Package 3 Parking Garage Love Field</b>	<b>Percentage Rent</b>	<b>Locations</b>
Corey Airport Services	70% - 73%	Exterior Wall Banner Foyer Elevator Doors
Titan Outdoor LLC	50%	Exterior Wall Banner Foyer Elevator Doors Fabric Tension Banners
Van Wagner Communications LLC	52%	Exterior Wall Banner

# Advertising Concession RFP

## Financial Proposals

<b>Package 4 Roadways</b>	<b>Percentage Rent</b>	<b>Locations</b>
Titan Outdoor LLC	50%	Light Pole Banners Cell Lot Sponsorship

# Advertising Concession RFP

## Financial Proposals

Package 5 VertiPort	Percentage Rent	Locations
Titan Outdoor LLC	50%	Interior and Exterior Fabric Banners

# Advertising Concession RFP

## Procurement Process, continued

### Results of Committee Evaluation

- All proposers gave presentations to the Evaluation Committee on August 14, 2013 and August 15, 2013
- A vendor was recommended based on scores from written proposals and information delivered during presentations

# Advertising Concession RFP

## Procurement Process – Proposal Evaluations

Package	Proposer	Evaluation Criteria						
		Economic /Financial Return to the City - 30%	Quality of Advertising Program - 20%	Experience & Capability of the Proposer - 10%	Financial Strength (capability) to deliver the Advertising Display Plan & Pay the MAG and/or percentage fees (Controller's Office) - 15%	Operations Plan - 10%	ACDBE Plan (BDPS) - 15%	Total - 100%
<b>Package 1 - Airport Interior</b>	Titan Outdoor LLC	16.06	18.75	7.75	12	8.75	13	76.31
	<b>Corey Airport Services</b>	<b>30</b>	<b>18.5</b>	<b>9.75</b>	<b>13</b>	<b>8.5</b>	<b>15</b>	<b>94.75</b>
<b>Package 2 - Airport Exterior</b>	Titan Outdoor LLC	21.13	19.25	8.75	12	8.75	13	82.88
	<b>Corey Airport Services</b>	<b>30</b>	<b>18</b>	<b>9.25</b>	<b>13</b>	<b>9.5</b>	<b>15</b>	<b>94.75</b>
	Van Wagner Communications LLC	21.97	16.75	9.25	14	7.75	13	82.72
<b>Package 3 - Parking Garage at Dallas Love Field</b>	Titan Outdoor LLC	21.13	17.75	8.75	12	8.5	13	81.13
	<b>Corey Airport Services</b>	<b>30</b>	<b>18.75</b>	<b>9.25</b>	<b>13</b>	<b>10</b>	<b>15</b>	<b>96</b>
	Van Wagner Communications LLC	21.97	16.75	9.25	14	8.75	13	83.72

# Advertising Concession RFP

## Procurement Process – Proposal Evaluations

Package	Proposer	Evaluation Criteria						
		Economic /Financial Return to the City - 30%	Quality of Advertising Program - 20%	Experience & Capability of the Proposer - 10%	Financial Strength (capability) to deliver the Advertising Display Plan & Pay the MAG and/or percentage fees (Controller's Office) - 15%	Operations Plan - 10%	ACDBE Plan (BDPS) - 15%	Total - 100%
Package 4 - Roadways	Titan Outdoor LLC	30	17.75	8.5	12	9	13	90.25
Package 5 - Dallas Vertiport	Titan Outdoor LLC	30	16.5	7.5	12	8.75	13	87.75



# Advertising Concession RFP

## Corey Airport Services - Recommended Proposer

- Over 30 years of large scale, out of home media and airport advertising experience
- Operating airport advertising concessions continuously for the last 12 years
- Currently operating in the following airports:
  - Cincinnati/Northern Kentucky International Airport
  - Louisville International Airport
  - Palm Springs International Airport
  - Birmingham International Airport
  - Myrtle Beach International
  - Northwest Arkansas Regional Airport (Fayetteville/Bentonville)

# Advertising Concession RFP

## Corey Airport Services - Recommended Proposer

Entered into a joint venture partnership with two minority firms

- Sky Life Ventures, LLC
- Hattie Wayne Public Relations & Advertising
- 24% of sales revenue will go to the Joint Venture Partners

# Advertising Concession RFP

## Recommended Proposer – Joint Venture Partner

### SkyLife Ventures, LLC – Tracey Myers (ACDBE)

- 12% ownership in Joint Venture
- Primary expertise in Project Management and Operations
- Will be responsible for:
  - Supervising local maintenance and operational subcontractor, capital and display installation and copy installation
  - Assisting local General Manager in all operational tasks

# Advertising Concession RFP

## Recommended Proposer – Joint Venture Partner

### Hattie Wayne Public Relations & Advertising (ACDBE)

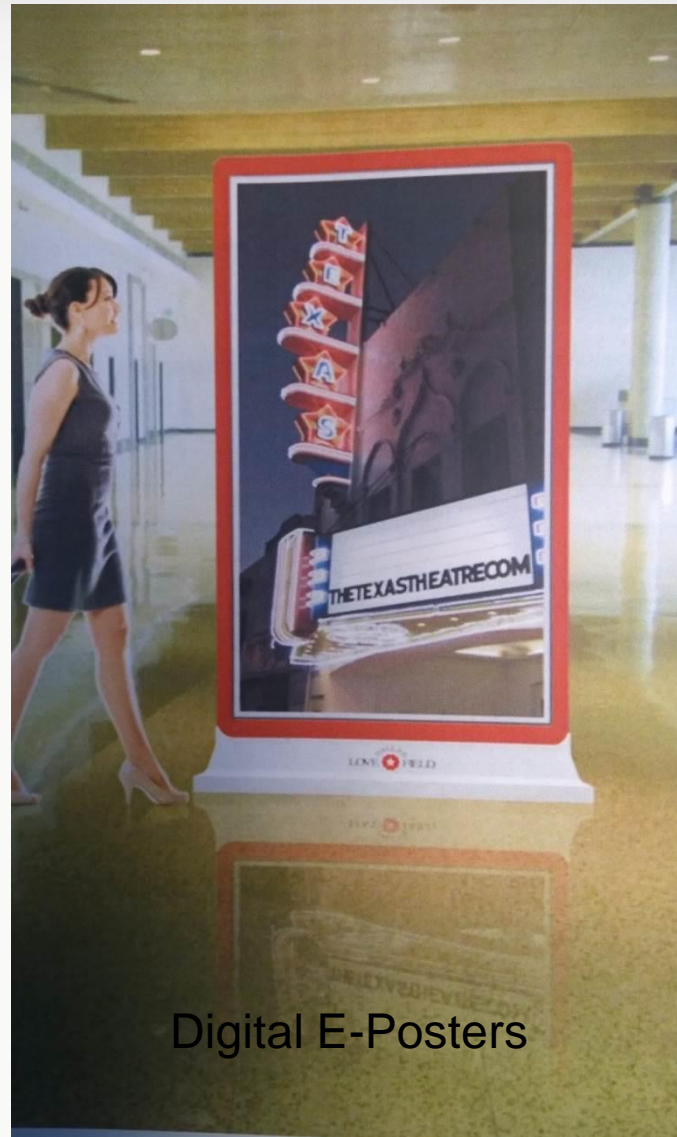
- 12% ownership in Joint Venture
- Dallas advertising and marketing community veteran
- Will be responsible for:
  - Assisting the JV in advertising sales and marketing
  - Spearheading the grow South advertising display program

# Corey Airport Services

## Approved Locations – Package #1

Fixture Type	Pre-Security	Post Security
Wall Unit (Fabric)	6	9
Digital “E” Posters	1	6
Digital Wall Units Baggage Claim	4	-
Information Kiosks Baggage Claim	2	-
growSouth Kiosks	2	1
Display Locations (Auto)	2	-
Wrap Locations	4	3
<b>Total Approved Locations</b>	<b>21</b>	<b>19</b>





Digital E-Posters



Elevation

Grow South Kiosks



Informational Touchscreen Kiosks

# Advertising Concession RFP

## Corey Airport Services - Recommended Proposer

- Airport identified 27 approved locations
  - Other locations (to be approved by DOA) could be included in a vendor's proposal
- 40 locations were proposed and approved
  - Due to amount of capital being invested, long vetting process required to determine appropriateness of each location
    - Airport administration and tenant buy-in necessary prior to approval of locations
    - Created mock-ups of proposed display types to gauge size and appearance
    - Construction projects in terminal made it difficult to visualize finishes of displays and how they would fit in with overall design

# Advertising Concession Request For Proposals

## Corey Airport Services - Recommended Proposer

- Submitted proposals solely for Packages 1 – 3
- Only one proposer (Titan) submitted a proposal for Packages 4 and 5
  - Acceptance of any other packages was contingent upon receiving recommendation for Package 1
- Recommend re-advertisement of Package 4 and 5



# Next Steps

- Seek Council approval for a contract with Corey Airport Services for Advertising Concession Packages 1-3 on December 10, 2014 Agenda
- Re-advertise RFP for Packages 4 and 5
- Brief Economic Development Committee on recommendation for Packages 4 and 5

# Memorandum



CITY OF DALLAS

DATE November 14, 2014

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

SUBJECT **Economic Opportunities of Sustainable Food Systems**

On Monday, November 17, 2014, the Economic Development Council Committee will be briefed on Economic Opportunities of Sustainable Food Systems.

The following materials are attached for your review:

1. Economic Opportunities of Sustainable Food Systems Briefing

If you have any questions or require additional information, please do not hesitate to contact me.

A handwritten signature in blue ink, appearing to read 'Jill A. Jordan'.

Jill A. Jordan, P.E.  
Assistant City Manager

- c: The Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
Warren M.S. Ernst, City Attorney  
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Elsa Cantu, Assistant to the City Manager – Mayor and Council

# Economic Opportunities of Sustainable Food Systems

Presented by the Office of Environmental Quality  
to the Economic Development Committee  
of the Dallas City Council

November 17, 2014



# Purpose

- To present the Economic Development Committee of the Dallas City Council with information on economic opportunities for Dallas residents associated with sustainable food system planning.

# Existing Situation



- Food production
  - Typical American prepared meal contains, on average, ingredients from at least five countries outside the United States<sup>1</sup>
  - American families throw out about 25% of food they buy costing the average family of four \$1,365 to \$2,275 annually; encouraging the growth of regional food systems can help alleviate some of the losses<sup>2</sup>
- Food processing & distribution
  - Food is processed, preserved, colored, and wrapped
  - Moved from farm to facility to distribution to store to home
- Food access
  - Food deserts
    - 170,000 fast-food restaurants and 3 million soft-drink machines in U.S.<sup>3</sup>
  - Few neighborhood markets
- Food waste management
  - 14.5 – 21.1% of municipal solid waste is food waste, only 2.0 – 4.8% recovered<sup>4</sup>
  - Composting is largely done at private level

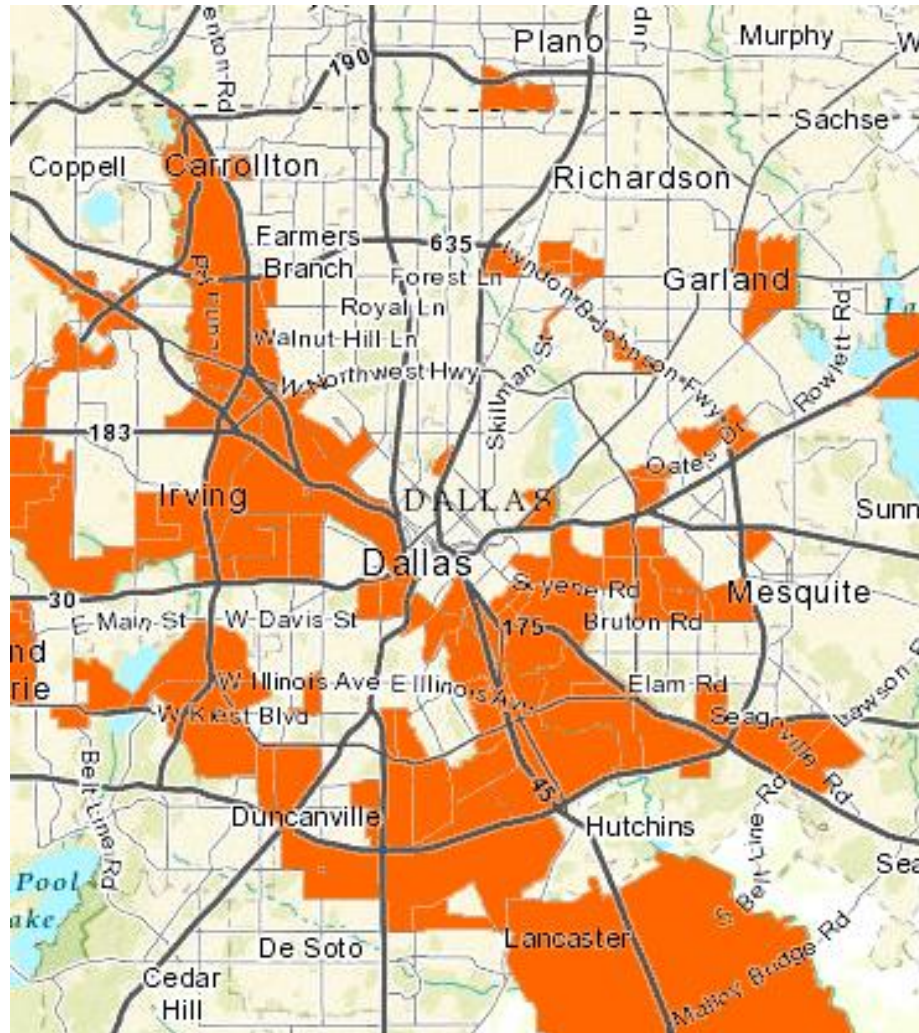
1 <https://food-hub.org/files/resources/Food%20Miles.pdf>

2 <http://www.nrdc.org/food/files/wasted-food-ip.pdf>

3 <http://consumer.healthday.com/encyclopedia/weight-control-39/obesity-health-news-505/what-s-wrong-with-the-american-diet-644659.html>

4 [http://epa.gov/epawaste/nonhaz/municipal/pubs/2012\\_msw\\_fs.pdf](http://epa.gov/epawaste/nonhaz/municipal/pubs/2012_msw_fs.pdf)

# Dallas Food Deserts



The USDA defines food deserts as: *parts of the country vapid of fresh fruit, vegetables, and other healthful whole foods, usually found in impoverished areas. This is largely due to a lack of grocery stores, farmers' markets, and healthy food providers.*

▼ Low Income (LI) & Low Access (LA) Layers ?

■ LI and LA at 1 and 10 miles

Low-income census tracts where a significant number or share of residents is more than 1 mile (urban) or 10 miles (rural) from the nearest supermarket

Source: <http://www.ers.usda.gov/data-products/food-access-research-atlas/go-to-the-atlas.aspx>



# Opportunity

- Food System Planning
  - Increased access
  - Healthier choices
  - Resource conservation
  - Land use planning
  - Job creation
  - Revenue generation
  - Food independence



# Community Garden Ordinance

- Ordinance 28125, passed in 2011, changed Chapter 51 and 51A
- Designed to allow for increased food growth in Dallas



Ordinance was a strong first step but more can be done to increase food access.

# City Code – Post Ordinance

- Defines community gardens
  - Does not allow for animal grazing
  - Requires crops be eaten or donated; no sales
  - Did not extend exemption for storage spaces
  - No definitions or allowance for growing structures
- Defines farms
  - Must be over 3 acres
  - Allows for animal grazing but no animal production
  - Allows for crops to be eaten, donated or sold
  - Allows for structures

# Opportunities to Grow

- Food production
  - Allow “aquaponics” (closed-system aquaculture)
  - Change size and zoning requirements
  - Encourage sustainable farming practices
    - e.g. – grant(s) to promote water conservation through *growSouth*
- Food processing & distribution
  - Address fees
  - Define structures and uses
  - Eliminate redundant oversight



# Opportunities to Grow (continued)

- Food access
  - Allow off-site sales of food
  - Evaluate food delivery mechanisms
- Food waste management
  - Explore opportunities for small scale composting
  - Enable large scale collection

# Request

- Economic Development Committee instruct staff to explore needed changes to existing codes to allow for the creation of local, sustainable food systems to help foster entrepreneurialism; keep Dallas dollars in Dallas; improve blighted areas; create jobs; and, increase access to fresh, affordable food for Dallas residents and visitors.



# Timeline

- Meet with stakeholders – **November 2014 - January 2015**
- Represent suggested minor code changes to Economic Development Committee – **January 2015**
- Move to full Council for consideration – **February 2015**
- Adoption of minor code amendments – **February 2015**
- Changes effective for spring season – **March 2015**
- Adoption of further code amendments – **to be determined based on need/significance**

# Questions



# Memorandum



CITY OF DALLAS

DATE November 14, 2014

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

SUBJECT **Ulta Inc.**

On December 10, 2014, the City Council will be asked to consider authorization of (1) a ten-year 90 percent abatement of the taxes on added value to the real property Prologis, L.P. ("Prologis"), (2) a \$1,000,000 Chapter 380 economic development grant agreement with Ulta Inc., a Delaware Corporation ("Ulta") and (3) a Chapter 380 economic development grant agreement with Ulta Inc. to provide a ten-year rebate of 50 percent of sales taxes collected between July 1, 2016 and June 30, 2026, followed by a potential additional five-year rebate of 25 percent of sales taxes collected between July 1, 2026 and June 30, 2031 by the City of Dallas from e-commerce sales originating at a new distribution and warehouse facility to be located on the east side of the 4800 block of Mountain Creek Parkway, north of Merrifield Road in Dallas, Texas.

For the past several months, city staff has been in discussions with Prologis, L.P. ("Prologis") and Ulta Inc., a Delaware Corporation ("Ulta") regarding development of a new 670,000 square foot build-to-suit distribution and warehouse facility in the Mountain Creek area of Southern Dallas. Prologis, the property owner, will develop and lease the facility to Ulta subject to favorable City Council consideration of the requested development incentives.

Ulta Inc., through its retail shop Ulta Beauty, is the largest beauty retailer that provides one-stop shopping for cosmetic and salon products, as well as salon services in the United States. Ulta Beauty offers over 20,000 beauty products through its retail stores and e-commerce website. As of August 2, 2014, the Company operates 715 retail stores across 47 states and also distributes its products through the Company's e-commerce website.

Prologis has committed that approximately \$18 million in real property improvements, including hard and soft costs will be spent to develop the site to accommodate Ulta's operational needs. Further, Ulta anticipates the employment of at least 450 full-time equivalent (FTE) employees at the facility. The employment will be achieved with the following schedule; at least 125 FTE employees by December 31, 2016, 250 FTE employees by December 31, 2017, 350 FTE employees by December 31, 2018, and 450 FTE employees by December 31, 2019.

Prologis and Ulta request City Council consideration of the proposed 10-year 90 percent tax abatement and economic development grants. The tax abatement agreement will require substantial completion of the proposed facility by December 31, 2015. The \$1 million economic development grant will be paid in two installments of \$500,000 after verification of jobs in December of 2016 and 2017. Additionally, both the tax abatement and the economic development grants will require that Ulta meet the job creation requirements described above or the incentives will be reduced as follows. For any given year that Ulta would maintain less than the required jobs but at least 50 percent of the required jobs, then the potential tax abatement and economic development grants will be reduced by half. However, should Ulta maintain less than 50 percent of the jobs required in a given year, the company will not be eligible for the described incentives in that year. A failure to maintain a minimum of 50 percent of the jobs for two successive years will result in termination of the agreement(s).

Ulta anticipates annual taxable e-commerce (on-line) sales to begin at approximately \$13.9 million in year one of the facility and exceed \$100 million by year fifteen. Total taxable sales over the fifteen-year period is anticipated to exceed \$1.1 billion with approximately \$11.2 million (or one percent) anticipated to be collected as revenue by the City of Dallas. As such, the 15-year sales tax rebate (inclusive of sales taxes paid during or after July 2016), is

DATE  
SUBJECT

November 14, 2014  
**Ulta Inc.**

estimated to result in approximately \$4.1 million being repaid to Ulta over the fifteen-year period with the City retaining approximately \$7.1 million in sales tax. Annual sales taxes paid by Ulta will be collected during each year and funding to pay the grant will be subject to annual appropriations.

Ulta is currently negotiating a lease with Prologis and is considering between a 130 month base lease (10 years and 10 months) with a five year extension option and a 190 month lease (15 years and 10 months). The City's 10 year 50 percent sales tax rebate will only be extended to 15 years (at 25 percent for years 11-15) if Ulta operates on the property for the 190 month term.

Net fiscal impact from the project after incentives is estimated at \$1,958,359 over 10 years and \$21,684,103 over 20 years. This proposed project conforms with the City's Public/Private Partnership Program guidelines and criteria as it has a private investment exceeding \$1 million. Staff recommends the proposed incentives be approved.

### **ESTIMATED SCHEDULE OF THE PROJECT**

Estimated Begin Construction	December 1, 2014
Estimated Complete Construction	December 31, 2015

### **FISCAL INFORMATION**

\$1,000,000 - Financing: Public/Private Partnership Funds

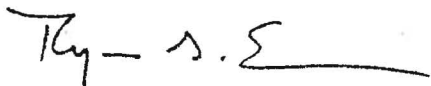
Sales Tax Rebate – Financing: General Funds, Subject to Future Appropriations

The project Fiscal and Economic Impact Analysis is attached.

### **MAP**

Attached.

Should you have any questions, please contact me at 214-670-3302.



Ryan S. Evans  
First Assistant City Manager

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  
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Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

# General Fund 10-Year Fiscal and Economic Impact



## Description

Ulta Inc warehouse/distribution.

### Council District

Private Investment	\$	283,422,792
Public Investment	\$	2,290,000
Total Investment	\$	285,712,792
Direct Facility Jobs (Maximum)	\$	500
Average Salary of New Jobs	\$	32,406

### Project Impact

Direct Economic Impact	\$	17,800,000
I+I Economic Impact	\$	14,240,000
Total Economic Impact	\$	32,040,000
Indirect + Induced Jobs		200
Total Citywide Job Impact (D+I+I)		700
Construction Jobs		383
Total New Residents		-
Total Visitors		-
Total City GF Revenue Generated	\$	10,642,140
Total City GF Service Costs	\$	6,393,781
Net Impact Before Incentives	\$	4,248,359
Incentives	\$	2,290,000
Net City Fiscal Impact After Incentives	\$	1,958,359

### Assumptions / Qualitative Factors

Time Period	2016-2025
Property Appreciation Rate	4%
Industry Job Multiplier	1.4
Industry Output Multiplier	1.8
Industry Wage Growth Rate	3%
Jobs Assumed New to Dallas	100%

# General Fund 20-Year Fiscal and Economic Impact



## Description

Ulta Inc warehouse/distribution.

Council District		
Private Investment	\$	1,037,972,939
Public Investment	\$	2,290,000
Total Investment	\$	1,040,262,939
Direct Facility Jobs (Maximum)	\$	500
Average Salary of New Jobs	\$	32,406

## Project Impact

Direct Economic Impact	\$	17,800,000
I+I Economic Impact	\$	14,240,000
Total Economic Impact	\$	32,040,000
Indirect + Induced Jobs		200
Total Citywide Job Impact (D+I+I)		700
Construction Jobs		383
Total New Residents		-
Total Visitors		-
Total City GF Revenue Generated	\$	37,718,884
Total City GF Service Costs	\$	13,744,781
Net Impact Before Incentives	\$	23,974,103
Incentives	\$	2,290,000
Net City Fiscal Impact	\$	21,684,103

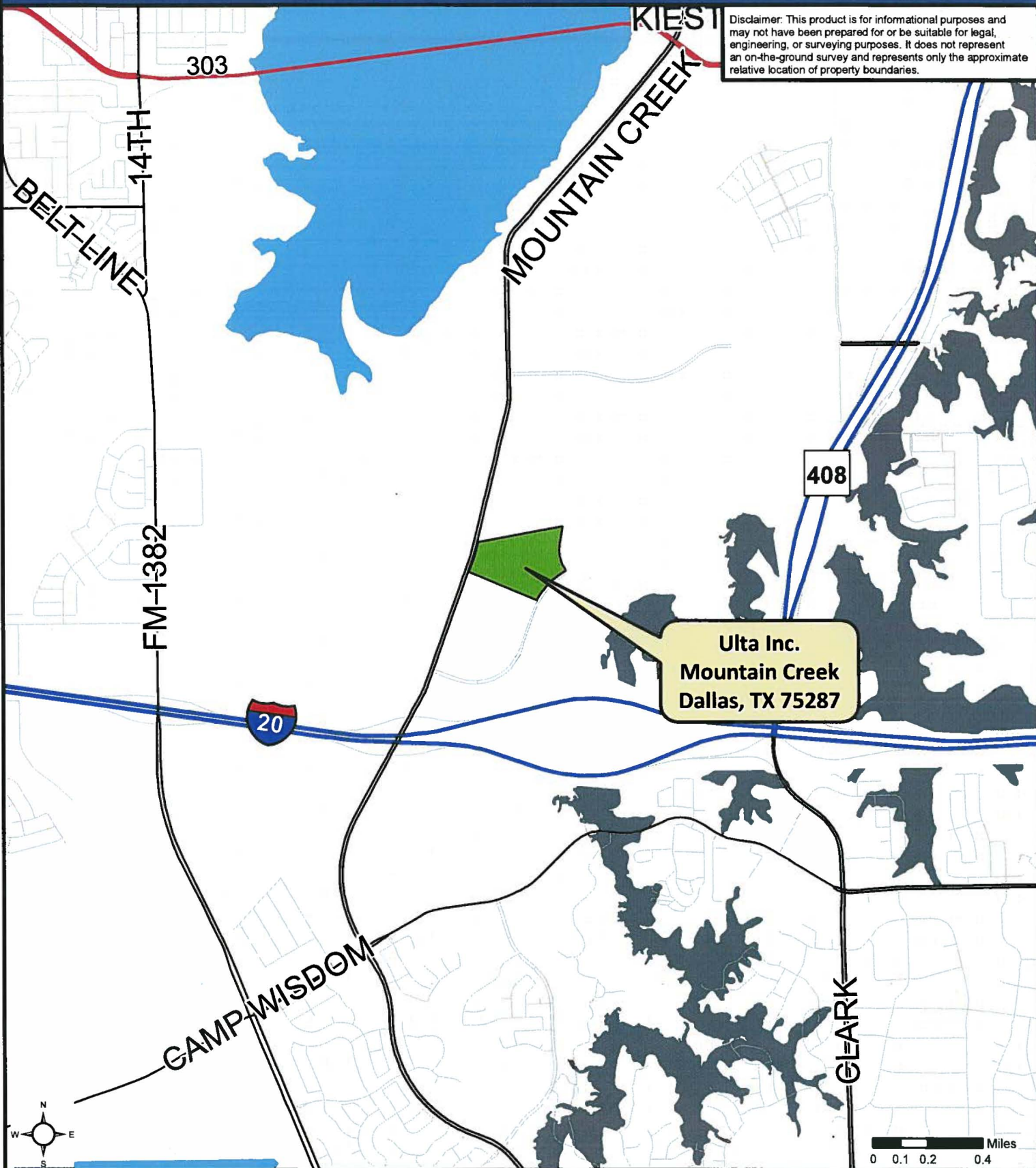
## Assumptions / Qualitative Factors

Time Period	2016-2035
Property Appreciation Rate	4%
Industry Job Multiplier	1.4
Industry Output Multiplier	1.8
Industry Wage Growth Rate	3%
Jobs Assumed New to Dallas	100%



# Exhibit B: Ulta Inc.

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.



DALLAS ECONOMIC DEVELOPMENT  
Research & Information Division  
214.670.1685  
dallas-ecodev.org  
Created: 10/31/14, Last Updated: 10/31/14  
FileName: Mountain Creek - Ulta

**Legend**  
 Site Development  
Data Source - City of Dallas Enterprise GIS

**Dallas Area Roads**  
— Freeway — Arterial  
— Highway — Local Road

# Memorandum



CITY OF DALLAS

DATE November 14, 2014

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

SUBJECT **Serta Dormae - Southfield Park 35**

On December 10, 2014, the City Council will be asked to consider authorization of (1) a ten-year 90 percent abatement of the taxes on added value to the real property with US Real Estate Limited Partnership ("US Real Estate") and (2) a \$63,726 Chapter 380 economic development grant agreement with Seefried Industrial Properties ("Seefried") for the purpose of assisting in the development of a new office, production and warehouse distribution facility located south of IH-20, in the 9200 Block of Old Hickory Trail within the Southfield Park 35 Industrial Park.

For the past several months, city staff have been in discussions with US Real Estate Limited Partnership ("US Real Estate"), Seefried Industrial Properties ("Seefried") and manufacturer Kar-Taub, LP/Serta Dormae ("Serta Dormae") regarding development of a new 297,000 square foot office, production and warehouse distribution facility for Serta Dormae in Southern Dallas. US Real Estate is the current property owner, with Seefried serving as developer for this project on US Real Estate's behalf. US Real Estate has a contract to sell the property and completed facility to Serta Dormae, subject to favorable City Council consideration of the requested development incentives.

Approximately \$10 million will be spent to develop the proposed 297,000 square foot facility. US Real Estate, Seefried and Serta Dormae request City Council consideration of the proposed 10-year 90 percent tax abatement assignable to Serta Dormae and a \$63,726 economic development grant to Seefried. Additionally, Serta Dormae is an applicant for a New Market Tax Credit to assist in the acquisition of the completed development. The New Market Tax Credit application request from Serta Dormae is pending and will be presented separately to the City Council for action at a later date.

To receive benefit from the proposed grant and tax abatement, the developer is required to substantially complete the facility on or before December 31, 2015 and verify that \$10 million is expended on real property improvements. Additionally, Serta Dormae is to create and maintain 100 jobs on or before December 31, 2015. Eligible project costs associated with the Chapter 380 grant will include hard and soft costs associated with land and building improvements, as well as related permitting costs.

Net fiscal impact from the project after incentives is estimated at \$313,599 over 10 years and \$2,169,224 over 20 years. This proposed project conforms with the City's Public/Private Partnership Program guidelines and criteria as it has a private investment exceeding \$1 million. Staff recommends the proposed incentives be approved.

## **ESTIMATED SCHEDULE OF THE PROJECT**

Estimated Begin Construction  
Estimated Complete Construction

November 15, 2014  
July 31, 2015

## **FISCAL INFORMATION**

\$63,726 - Financing: Public/Private Partnership Funds

The project Fiscal and Economic Impact Analysis is attached.

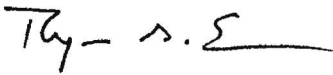
DATE  
SUBJECT

November 14, 2014  
**Serta Dormae - Southfield Park 35**

**MAP**

Attached.

Should you have any questions, please contact me at 214-670-3302.



Ryan S. Evans  
First Assistant City Manager

c: A.C. Gonzalez, City Manager  
Warren M.S. Ernst, City Attorney  
Craig D. Kinton, City Auditor  
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Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

# General Fund 10-Year Fiscal and Economic Impact



## Description

Serta Dormae - Southfield Park 35 manufacturing, office, warehouse

Council District		
Private Investment	\$	13,000,000
Public Investment	\$	537,862
Total Investment	\$	13,537,862
Direct Facility Jobs (Maximum)	\$	100
Average Salary of New Jobs	\$	35,000

## Project Impact

Direct Economic Impact	\$	1,525,000,000
I+I Economic Impact	\$	1,068,500,000
Total Economic Impact	\$	2,593,500,000
Indirect + Induced Jobs		90
Total Citywide Job Impact (D+I+I)		190
Construction Jobs		215
Total New Residents		-
Total Visitors		41
Total City GF Revenue Generated	\$	2,628,059
Total City GF Service Costs	\$	2,067,424
Net Impact Before Incentives	\$	560,635
Incentives	\$	537,862
Net City Fiscal Impact After Incentives	\$	22,773

## Assumptions / Qualitative Factors

Time Period	2015-2024
Property Appreciation Rate	4%
Industry Job Multiplier	1.9
Industry Output Multiplier	1.7
Industry Wage Growth Rate	3%
Jobs Assumed New to Dallas	100%



# General Fund 20-Year Fiscal and Economic Impact



## Description

Serta Dormae - Southfield Park 35 manufacturing, office, warehouse

Council District		
Private Investment	\$	13,000,000
Public Investment	\$	537,862
Total Investment	\$	13,537,862
Direct Facility Jobs (Maximum)	\$	100
Average Salary of New Jobs	\$	35,000

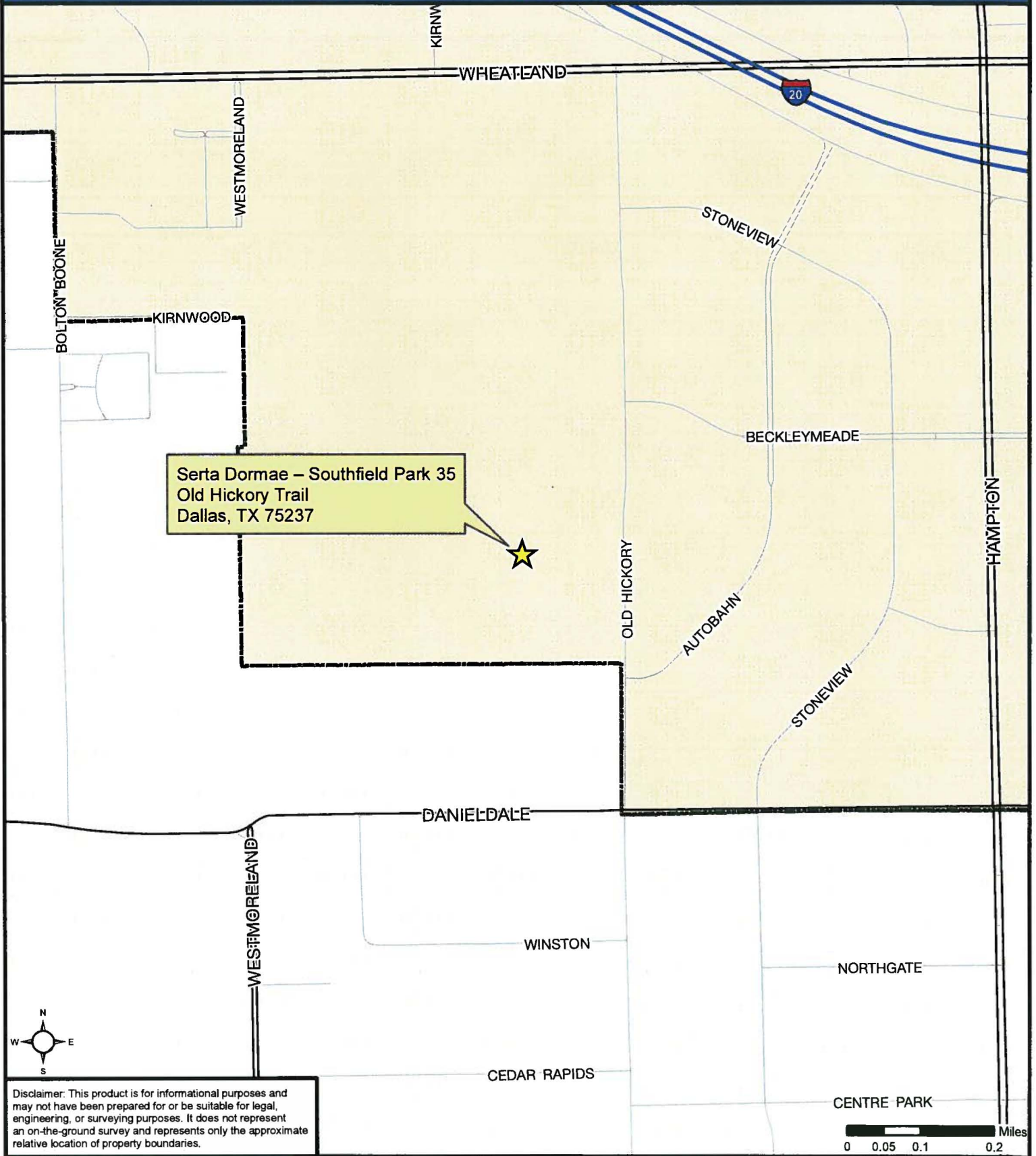
## Project Impact

Direct Economic Impact	\$	2,696,000,000
I+I Economic Impact	\$	1,888,200,000
Total Economic Impact	\$	4,584,200,000
Indirect + Induced Jobs		90
Total Citywide Job Impact (D+I+I)		190
Construction Jobs		215
Total New Residents		-
Total Visitors		41
Total City GF Revenue Generated	\$	5,977,537
Total City GF Service Costs	\$	4,095,267
Net Impact Before Incentives	\$	1,882,270
Incentives	\$	537,862
Net City Fiscal Impact	\$	1,344,408

## Assumptions / Qualitative Factors

Time Period	2015-2034
Property Appreciation Rate	4%
Industry Job Multiplier	1.9
Industry Output Multiplier	1.7
Industry Wage Growth Rate	3%
Jobs Assumed New to Dallas	100%

# Exhibit B: Serta Dormae – Southfield Park 35




Serta Dormae – Southfield Park 35  
 Old Hickory Trail  
 Dallas, TX 75237

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.

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

**Legend**

-  Freeway
-  Arterial
-  Local Road
-  City of Dallas

Source: City of Dallas, 2014