

# Memorandum

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CITY OF DALLAS

DATE November 26, 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, December 1, 2014, 9:00 – 10:30 a.m.**  
**1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201**

## AGENDA

1. Approval of November 17, 2014 Minutes of the Economic Development Committee

2. City of Dallas Airport Advertising  
Concession Contract

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

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

Karl Zavitkovsky, Director  
Office of Economic Development  
**(Estimated time 20 minutes)**

4. Upcoming agenda items:

- Almass Investment Group, LP - Buckner Plaza
- Silver Creek Investments, LLC
- Rest Break Ordinance Status
- Southwest Building Inspection Office Lease

Tennell Atkins, Chair  
Economic Development Committee

C: The Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
Ryan Evans, First Assistant 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  
Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

**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

## Meeting Record November 17, 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 17, 2014      **Meeting Start time:** 9:06 AM

**Committee Members Present:**

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

**Other Council Members Present:**

**Staff Present:**

Ryan Evans, First Assistant City Manager,  
City Manager Office  
Karl Zavitkovsky, Director, Office of Economic  
Development  
J. Hammond Perot, Assistant Director, Office  
of Economic Development  
Frank Camp, Director, Office of Environmental  
Quality  
Kevin Lefebvre, Senior Environmental  
Coordinator, Office of Environmental Quality  
Mark Duebner, Director, Aviation  
Lynetta Kidd, Assistant Director, Aviation

**Other Presenters:**

**1. Approval of November 3, 2014 Minutes of the Economic Development Committee**  
**Presenter(s):**

**Action Taken/Committee Recommendation(s):** Motion made to approve the minutes  
\*Noting that Mr. Medrano and Mr. Griggs was not present during the voting for the approval  
of the minutes

**Motion made by:** Mr. Callahan

**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. Upcoming Agenda Items**

**Presenter(s):** J. Hammond Perot, Assistant Director, Office of Economic  
Development

- Ulta Inc.
- Serta Dormae-Southfield Park 35

**Action Taken/Committee Recommendation(s):** Motion made to recommend item to full  
council for approval \*Noting that Mr. Medrano and Mr. Griggs was not present during the  
voting for the upcoming agenda items

**Motion made by:** Mr. Kleinman

**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. Economic Opportunities of Sustainable Food System**

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**Presenter(s):** Frank Camp, Director, Office of Environmental Quality

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

**Motion made by:** Mr. Allen

**Motion seconded by:** Mr. Griggs

Item passed unanimously:  X

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

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

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

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

**4. City of Dallas Airport Advertising Concession Contract**

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**Presenter(s):** Mark Duebner, Director, Aviation

**Action Taken/Committee Recommendation(s):**

**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):** The Chair requested that the item be brought back to the December 1, 2014 Economic Development Committee Meeting for further discussion

**Meeting Adjourned:  10:36 AM**

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

# Memorandum



DATE November 26, 2014

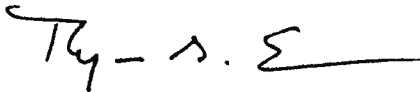
TO Honorable Members of the Economic Development Committee:  
Mayor Pro Tem Tennell Atkins (Chair), Rick Callahan (Vice Chair), Adam Medrano,  
Scott Griggs, Lee Kleinman, Jerry R. Allen

SUBJECT **City of Dallas Airport Advertising Concession Contract**

On Monday, December 1, 2014 a follow-up briefing will be presented on the Airport Advertising Concession Contract for Dallas Love Field and Dallas Executive Airport. The Committee was previously briefed on November 17<sup>th</sup>.

Additionally, the Department of Aviation staff asked Corey Airport Services to include package 4 and package 5 in their contract and they agreed to do so. Staff recommends approval of the subject item. A revised copy of the briefing is attached for your review.

Please contact me if you have any questions.



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  
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Hammond Perot, Assistant Director, Office of Economic Development  
Mark Duebner, Director, Aviation  
Elsa Cantu, Assistant to the City Manager – Mayor & Council



# *City of Dallas Airport Advertising Concession Contract*

Economic Development Committee  
December 1, 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 – 10/31/2014 (19 months)	\$ 2,262,174	\$1,470,413

# 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)

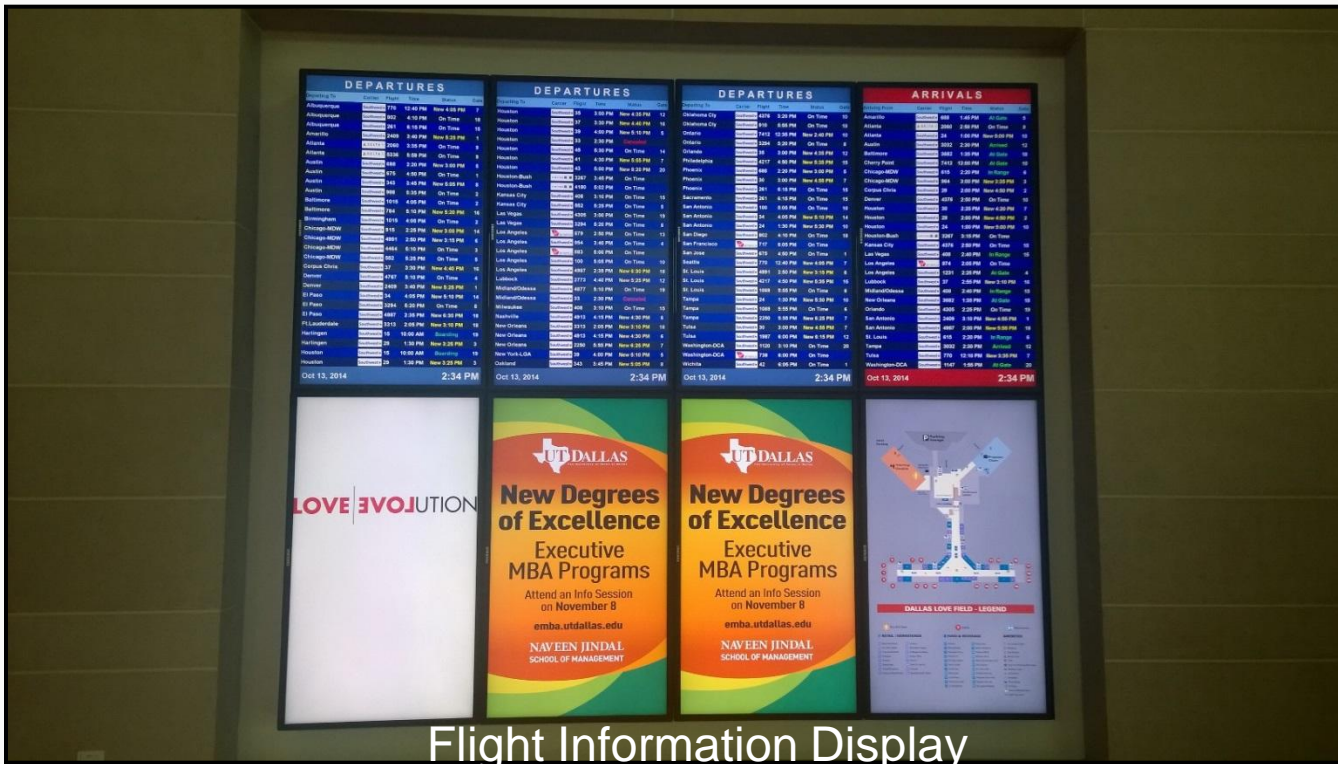
# Advertising Concession RFP

## 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

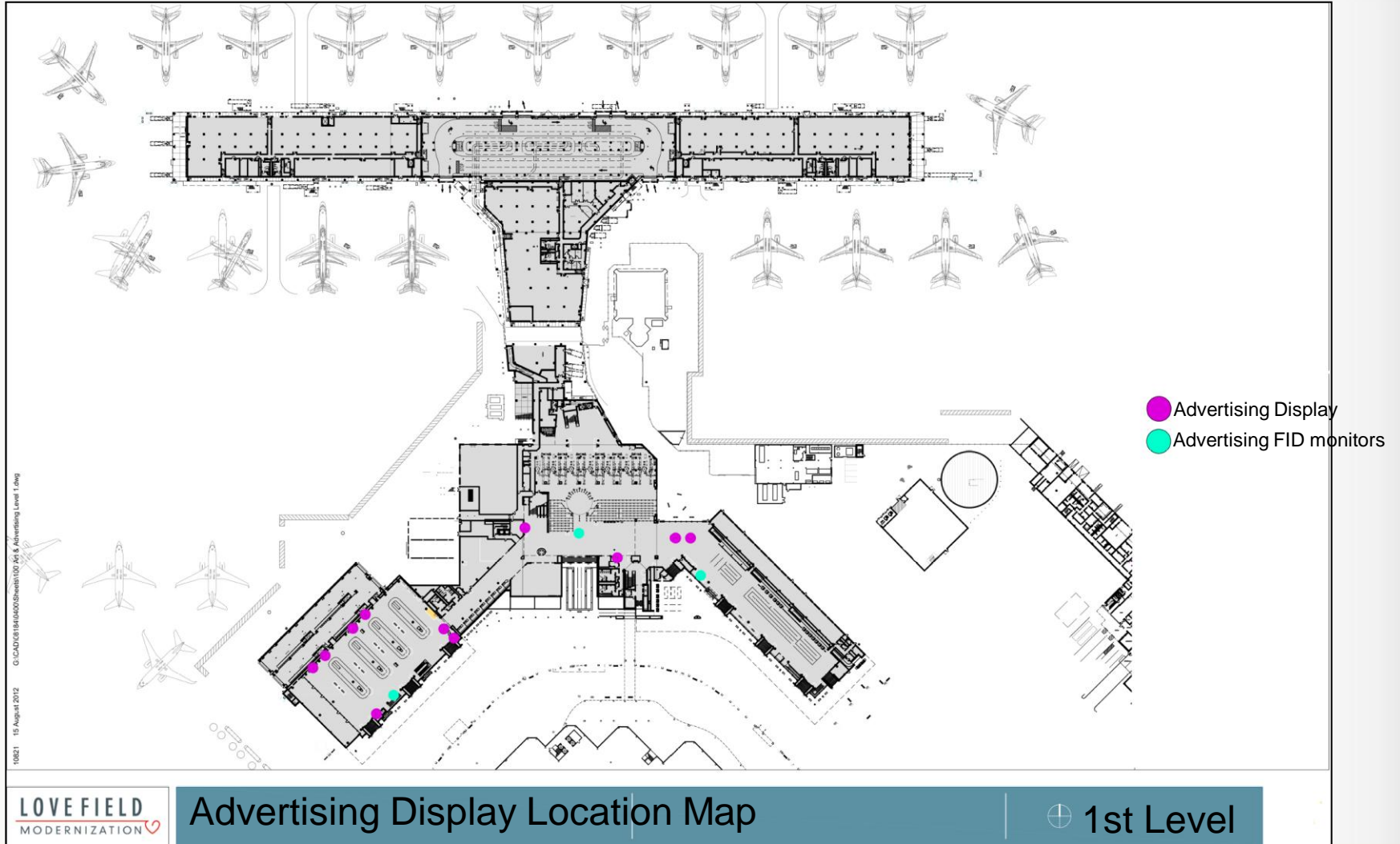
## Approved Locations - Package #1



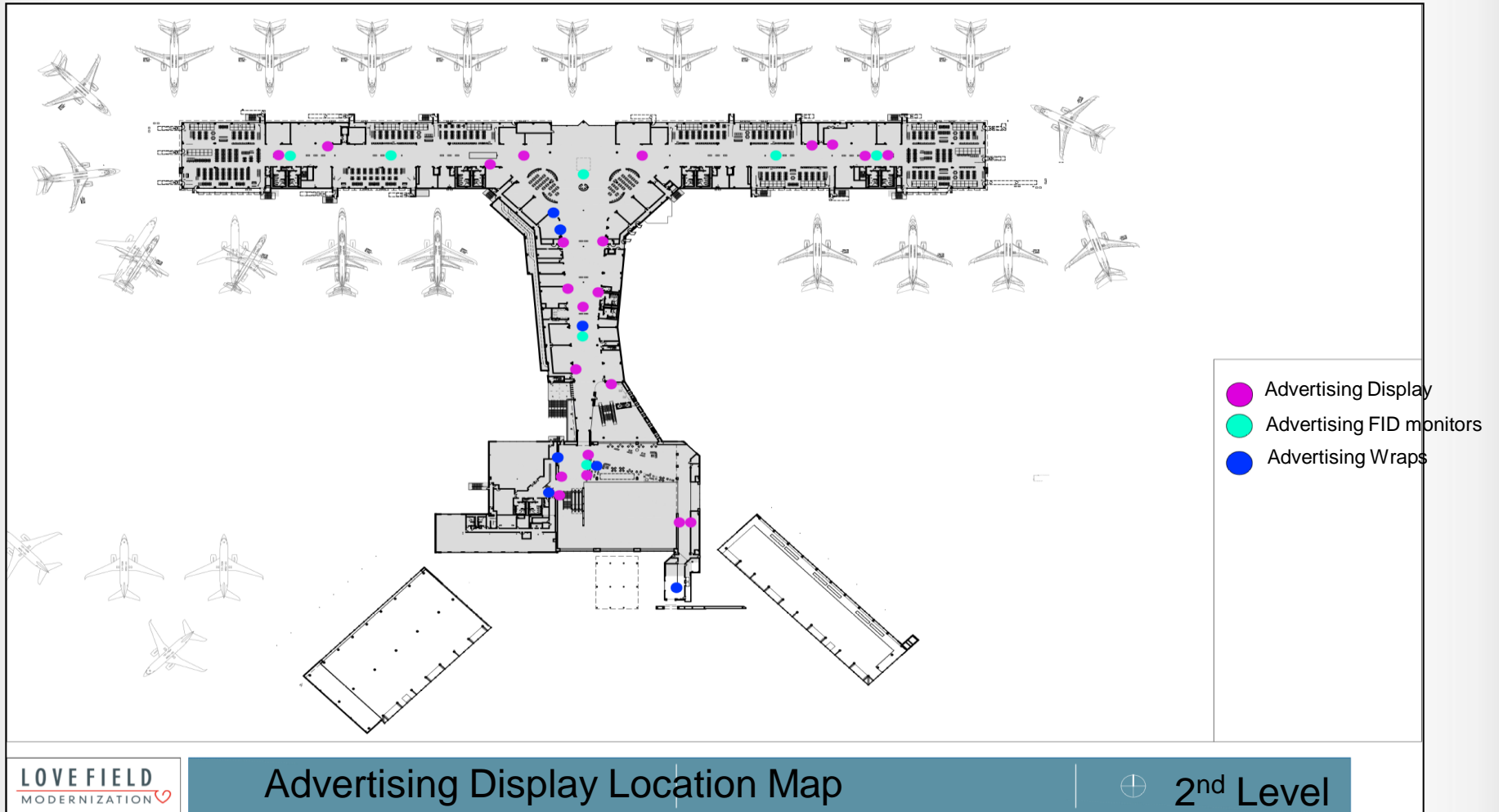
Flight Information Display



# Advertising Concession RFP



# Advertising Concession RFP



# Dallas Executive Airport

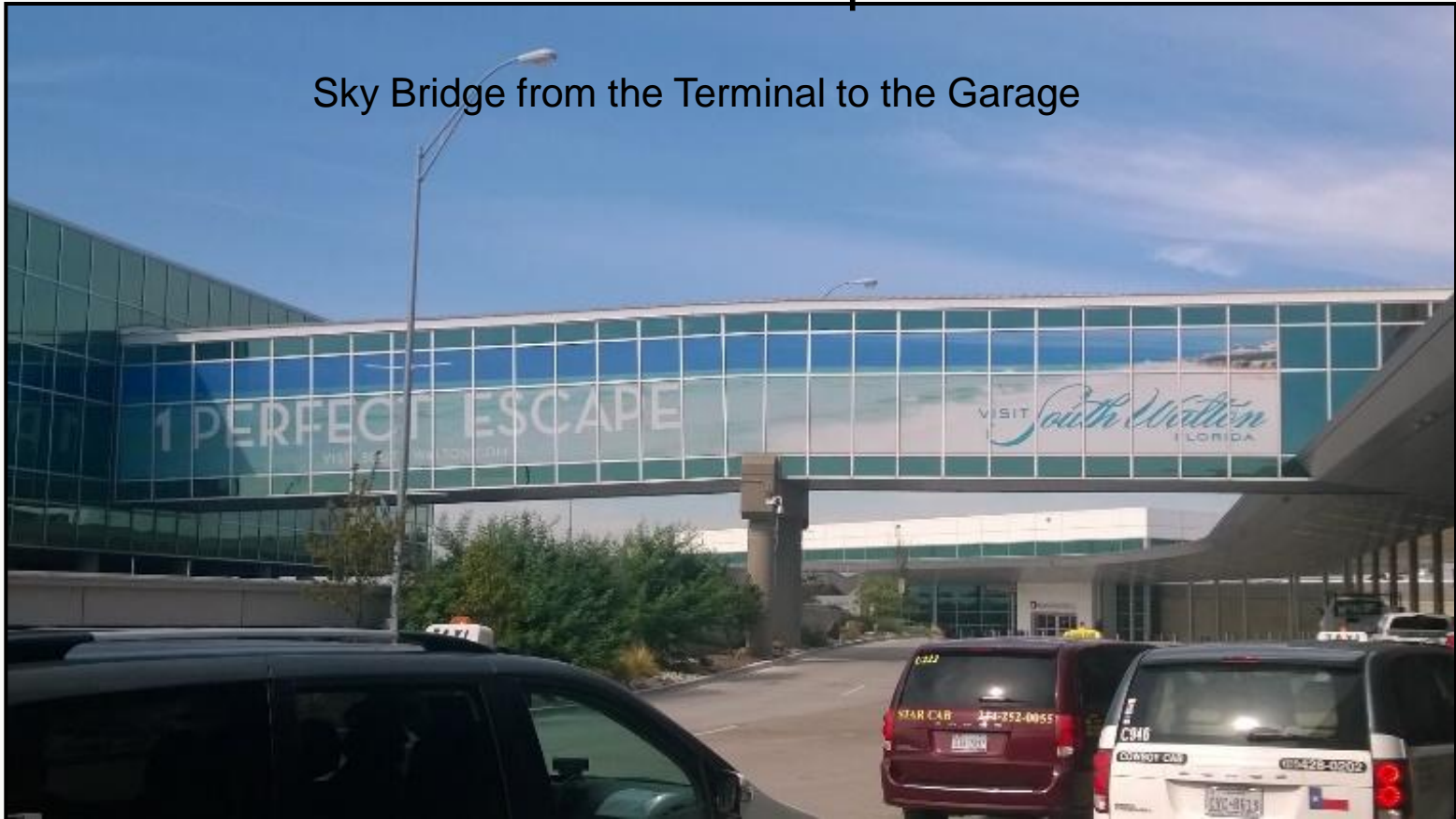


Terminal Lobby Interior



# Advertising Concession RFP

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



# Exterior Jet Bridges



16



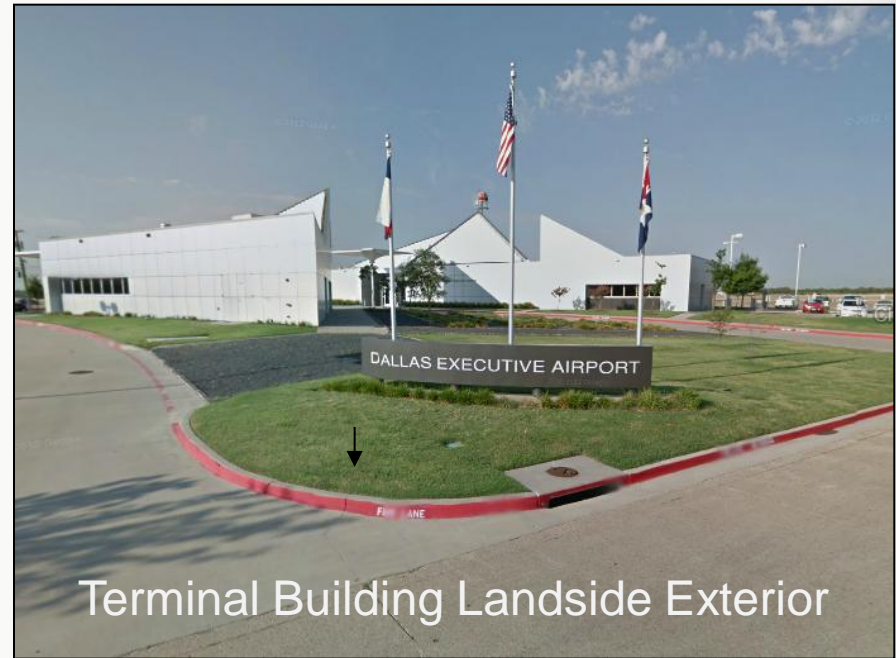


Perimeter Fence Lines

# Dallas Executive Airport



Terminal Building Airside Exterior



Terminal Building Landside Exterior

# 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 of Herb Kelleher Way

Any roadway sign or billboard location subject to FAA approval



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Google



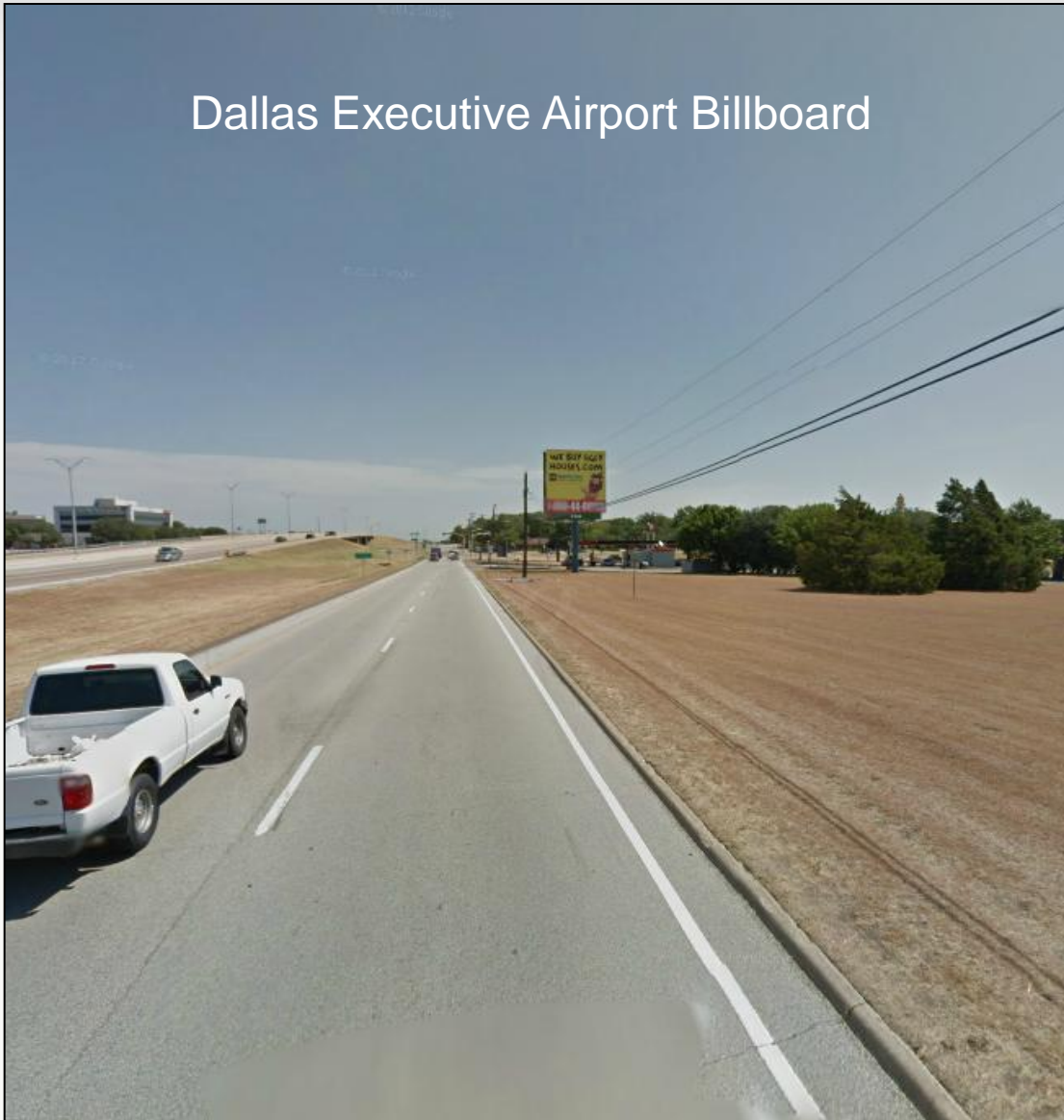
# Dallas Executive Airport



Any roadway sign or billboard location subject to FAA approval



# Dallas Executive Airport Billboard





# Advertising Concession RFP

## Approved Locations – Package #5



# 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	Titan Outdoor LLC
Focus Communications	SkyLife Ventures
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 LLC	Van Wagner 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	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

Package 4 Roadways	Percentage Rent	Locations
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	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	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	21.97	16.75	9.25	14	7.75	13	82.72
<b>Package 3 - Parking Garage at Dallas Love Field</b>	Titan Outdoor	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	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%
<b>Package 4 - Roadways</b>	Titan Outdoor	30	17.75	8.5	12	9	13	90.25
<b>Package 5 - Dallas Vertiport</b>	Titan Outdoor	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

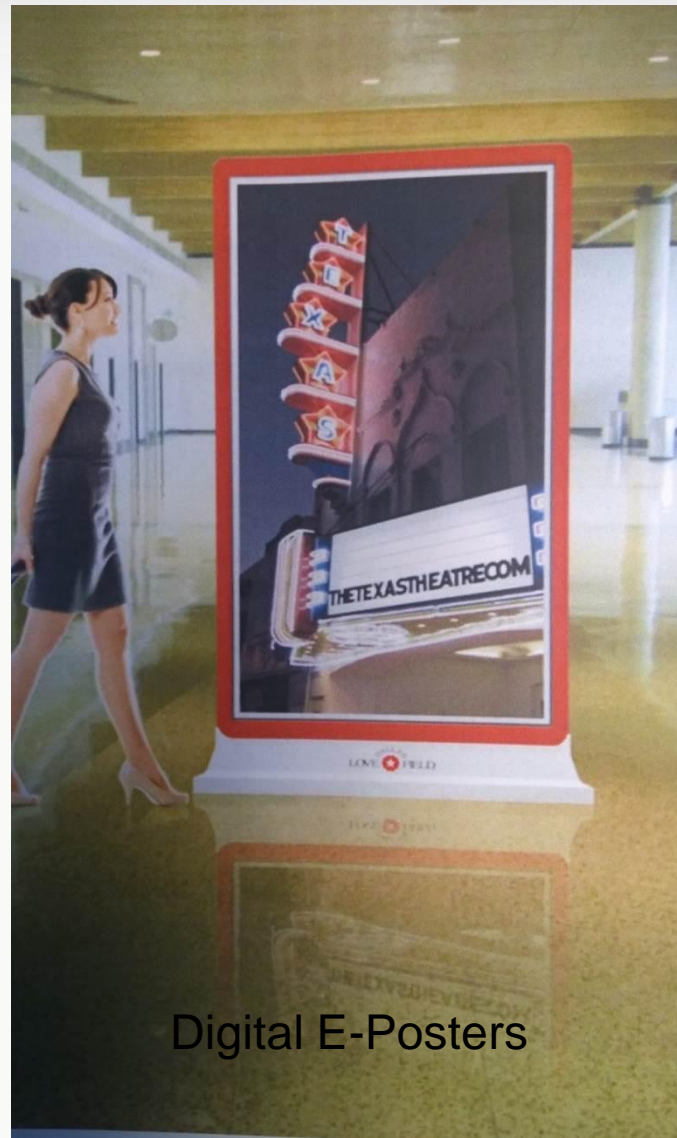
### Hattie Wayne Public Relations & Advertising (ACDBE)

- 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	-
Grow South 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

# Advertising Concession Request For Proposals

## Corey Airport Services - Recommended Proposer

- Based on Economic Development Committee discussion from November 17, 2014, staff recommends awarding Packages 1 – 5 to Corey Airport Services
- Financial Proposals for Packages 4 & 5 include:

<b>Package 4 Roadways</b>	<b>Percentage Rent</b>	<b>Locations</b>
Corey Airport Services	70% - 73%	Pole banners

<b>Package 5 Vertiport</b>	<b>Percentage Rent</b>	<b>Locations</b>
Corey Airport Services	70% - 73%	Exterior Signs

# Advertising Concession Request For Proposals

## Corey Airport Services - Recommended Proposer

### Operations and Management Plan

- Will open local office within close proximity to the airport
  - Office will serve as headquarters for the Joint Venture
  - Staffed with full-time General Manager to assist and support the Joint Venture in both sales and operations
    - Primary duties will be to sell and service local and regional advertising accounts and assist in operations of the concession
  - Corey's Atlanta team will support the JV with marketing, legal, administrative and accounting services

# Advertising Concession RFP

## Corey Airport Services - Recommended Proposer

### National Sales Experience & Capabilities

- Over 30 years of out of home media experience with dedicated personnel to sell and service national accounts
  - Sales offices located in Atlanta, New York, Southern California
  - Actively selling on national accounts for other airport advertising concessions
  - Fostered relationships with airport advertising buying services
- Extensive national advertising experience for large venues
- Sample of recent national accounts advertising in Corey's airports include:
  - AT&T
  - American Express
  - Gillette
  - Blue Cross/Blue Shield
  - Coca Cola
  - Proctor & Gamble
  - Ernst & Young
  - Northrup Grumman
  - Ticketmaster
  - PGA Superstores
  - Yum Brands
  - Westin Hotels



# Next Steps

Seek Council approval for a contract with Corey Airport Services for Advertising Concession Packages 1-5 on December 10, 2014 Agenda

# Memorandum



DATE November 26, 2014

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

SUBJECT **KRR Construction LTD, Simpson Stuart/Bonnie View Grocery Store Project**

On Monday, December 1, 2014, the Economic Development Committee will be briefed on proposed the KRR Construction LTD, Simpson Stuart/Bonnie View Grocery Store Project. Briefing material is attached.

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



Ryan S. Evans  
First Assistant City Manager

C: The Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
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Elsa Cantu, Assistant to the City Manager – Mayor & Council

# KRR Construction, LTD Simpson Stuart / Bonnie View Grocery Store Project

Economic Development Committee  
December 1, 2014



# Purpose

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- Authorize an increase in funding of \$1,300,000 to the Chapter 380 Economic Development Grant agreement with KRR Construction, LTD (KRR) to support the purchase/installation of business personal property, required equipment and tenant finish pursuant to lease agreement with Moran Foods (Save-A-Lot) re: Simpson Stuart/Bonnieview grocery anchored retail center

# Prior Action

- By CR 13-1864, October 23, 2013 Council approved an Economic Development Grant to KRR Construction Ltd. In the amount of \$1,500,000 for land assemblage, and pre-development costs related to a full-service grocery anchored retail site located at 3540 Simpson Stuart Rd in Dallas
- Funding was contingent on a 10 year lease with a national or regional grocer operating a store at the site
- Lease discussions over the past several months culminated in a lease agreement between KRR Construction Ltd. And Moran Foods, LLC (Save-A-Lot) that increased the project cost by \$1,300,000

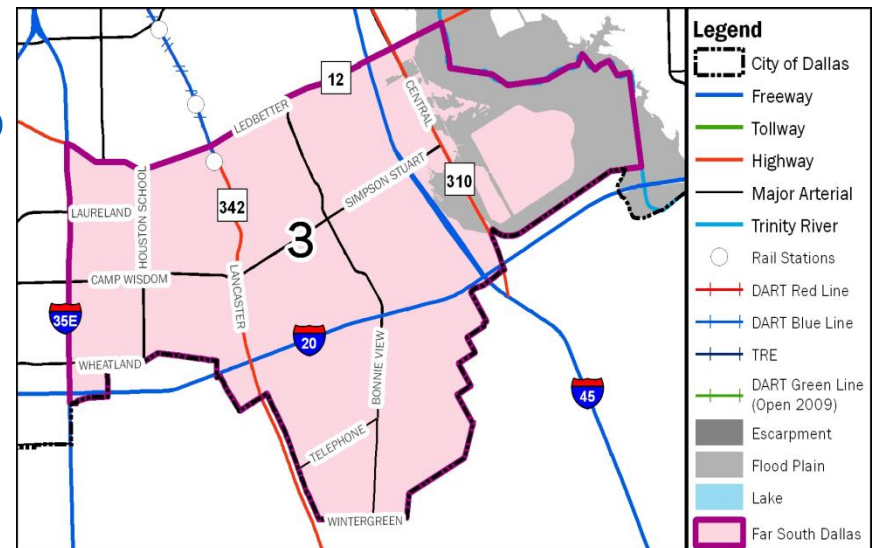


# Lease Conditions

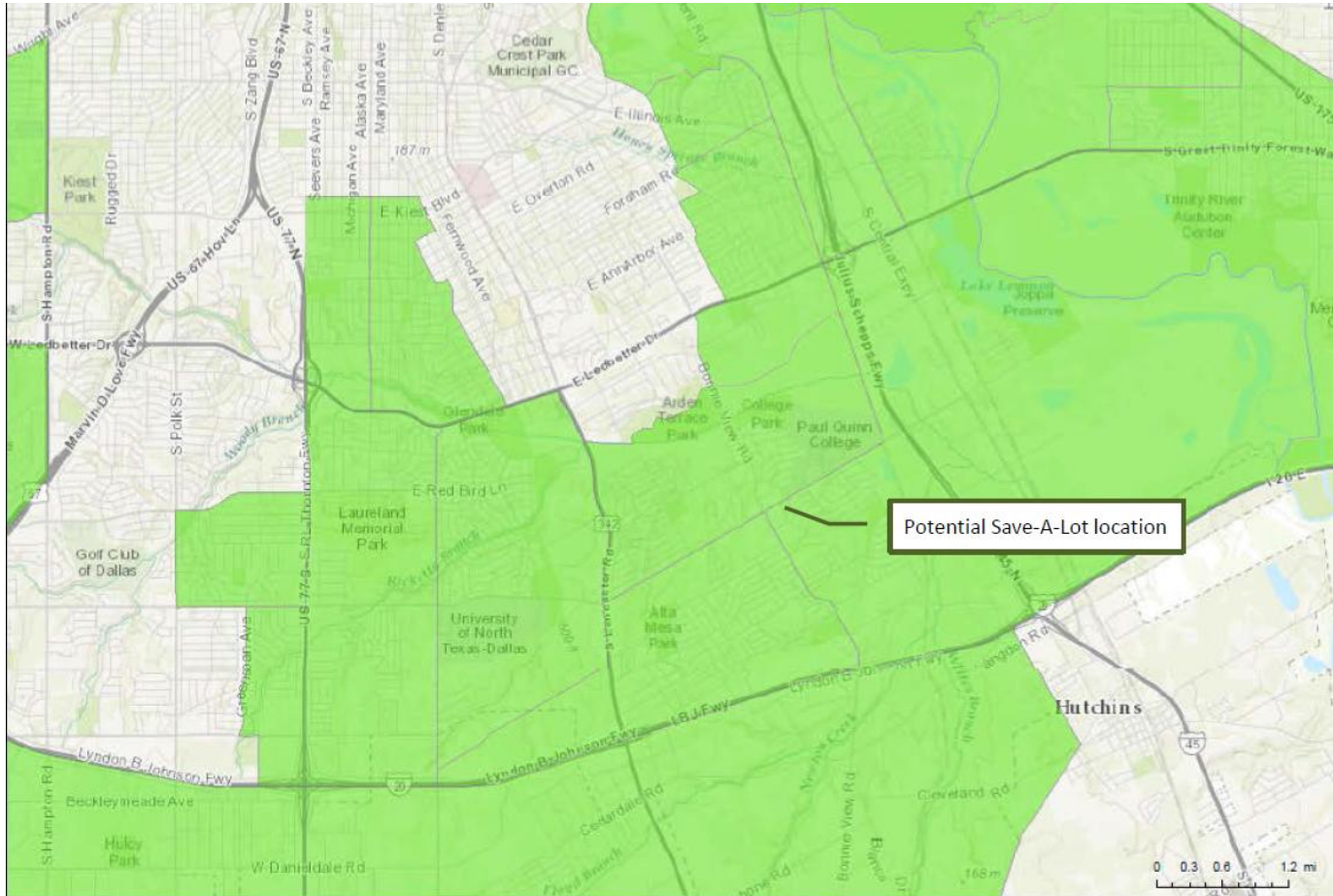
- Save-A-Lot lease in place for 10 years with the following conditions:
  1. Lessee “opt-out” after 5 years if sales don’t average \$70K weekly over 5 year period
  2. Developer/Lessor has first right of refusal to become Save-A-Lot franchisee for remaining five (5) years, if lessee opts out
  3. No investment from lessee in development of store
  4. Developer must provide turn key operation to include store reconstruction, finish out and all equipment (Developer retains ownership of equipment)

# The Coverage Area

- 22.5 square miles from Loop 12 on the North to I-20 on the south bounded on the east by I-45 and on the west by I-35
- The area is defined as **Food Desert** by USDA
- Population totals over 27,500 residents
- Home to:
  - University of North Texas at Dallas
  - Paul Quinn College
  - The Dallas Logistics Hub
  - Kathlyn Joy Gilliam
  - Collegiate Academy



# Food Desert Map



Food Desert | Bonnie View and Simpson Stuart

LILA at 1 and 10

Date: 11/11/2014 Source: USDA Economic Research Service, ESRI. For more information <http://www.ers.usda.gov/data-products/food-access-research-atlas/documentation.asp>

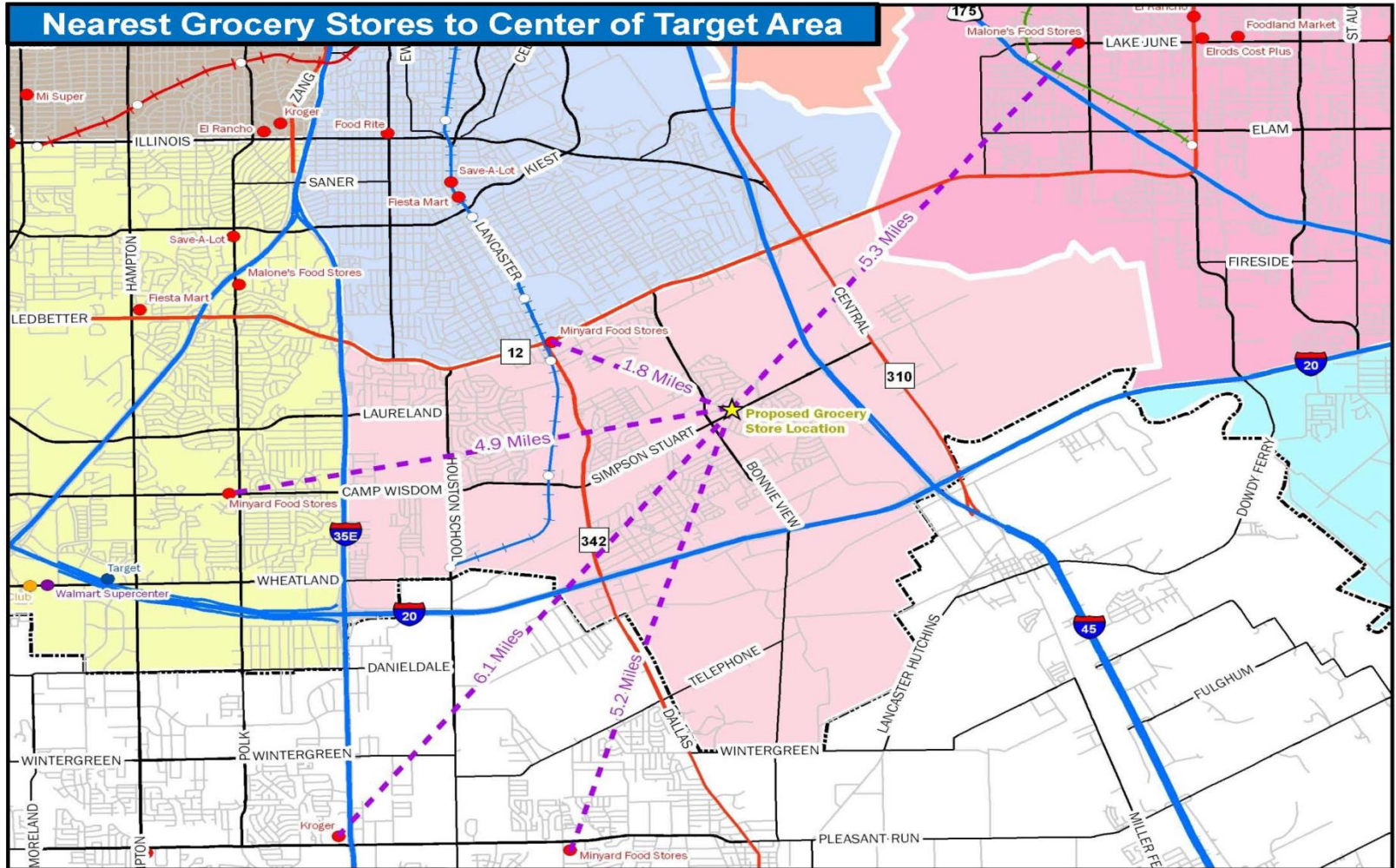
# Issues

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- Only one (1) full service grocery store south of Loop 12 to the southern city limits and east of I-35 to Highway 310
- Density of just over 1,200 people per square mile is an impediment to attracting established grocers
- Over the past eight (8) years, Economic Development Department efforts to attract national or regional chains have been unsuccessful
- A grocery store and other amenities are needed to attract greater density of mixed income residents who work at Inland Port locations and education institutions in the area



# Nearest Grocery Stores



# Area Development and Progress

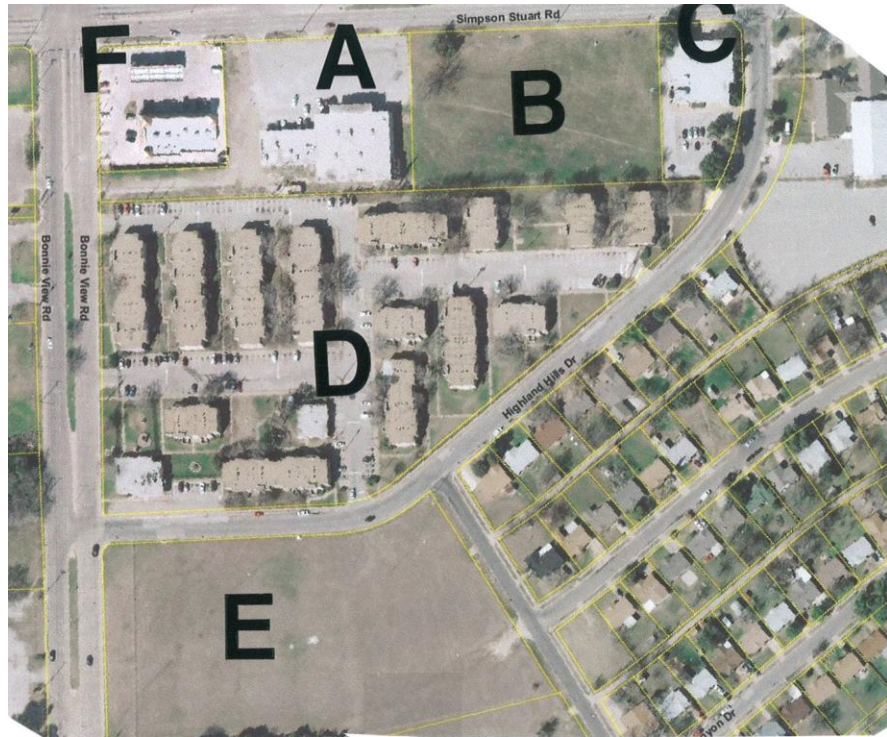
- DART Blue Line extension to UNT - Dallas is scheduled to be completed in 2016
- Two (2) new warehouses in the Dallas portion of the Inland Port will add 1.2 million sq. ft of space expandable up to 2 million and ultimately bring over 400 jobs (part of 18M+ sq. ft. of warehouse/distribution centers built or under construction)
- New Highland Hills library opened just south of Simpson Stuart on Bonnie View Road
- New Singing Hills Recreation Center has been approved
- Crime is down significantly



# Proposed Redevelopment Plan

- Redevelop the southeast quadrant at Simpson Stuart and Bonnie View Roads, south to Pinebrook and east to Highland Hill Blvd
  - 15,000 sq. ft. full service grocery store
  - 6,000 sq. ft. retail shops for three tenant spaces
  - New Multi Family housing replacing blighted units south of the site
  - Major upgrade to Highland Hills Dr. to compliment library and multifamily units (2012 Bond Funds designated)

# Existing and Future Development Sites



**Item A – Grocery Retail Facility / 21,000 SF / 3540 Simpson Stuart Rd**

**Item B – Proposed future development / 22,000 SF / 3546 Simpson Stuart Rd**

**Item C – Old Highland Hills Branch Library / 3624 Simpson Stuart Rd**

**Item D – Future Senior Development / 220 Units / 6271 Highland Hills Drive**

**Item E – New Highland Hills Branch Library / 6200 Bonnie Vie Rd**

**Item F – New Exxon Mobile Gas Station / 3502 Simpson Stuart Rd**

# Grocery Store/Retail Project Time Line

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- Acquire site of former neighborhood grocery (January 2015)
- Secure bank financing and gap financing (January 2015)
- Enter Lease Agreement with national or regional full service grocery (November 2015)
- Begin Redevelopment (First quarter 2015)

# Sources & Uses of Funds

Sources of Funds:	Amount			
City of Dallas				
City of Dallas Participation - Approved 10-23-13	1,500,000.00			
City of Dallas Participation - Additional Amount	1,300,000.00			
Bank Financing				
Construction Financing	1,100,000.00			
Owner Participation	150,000.00			
<b>Total Sources of Funds</b>	<b>4,050,000.00</b>			
Distribution of Funds	City of Dallas	City of Dallas	JP Morgan Chase	Owner Contribution
	( 1st Resolution )	( 2nd Resolution )	( Construction Loan )	( Owner Equity )
Land Acquisition	750,000.00			
Construction				
Construction - Grocery Store Equip & Fixtures		759,130.00	866,660.00	
Construction - Retail Stores			233,340.00	150,000.00
Construction - Interior Build-Out & Operations		540,870.00		
Design Fees				
Architectural Fee - Design	78,200.00			
Engineering	32,600.00			
Study and Agency Fees	79,126.00			
Construction Loan Fees	71,182.00			
Permanent Loan Fees	62,886.00			
Demolition & Environmental	195,240.00			
Developer Fee & Overhead	177,266.00			
Marketing & Equipment	25,100.00			
Site Security & Mobilization	28,400.00			
	1,500,000.00	1,300,000.00	1,100,000.00	150,000.00

# Proposed Grant Terms

- 1<sup>st</sup> Lien Deed of Trust on property being purchased with grant funds (will be subordinated to bank lender)
- Grant funds expended for real property will not exceed appraised value as determined by independent City approved appraiser
- Uniform Commercial Code (UCC) filing on FFE (subordinated to bank if needed)
- Minimum 10 year lease with national/regional full service grocer
- Commitment for bank financing of at least \$1.1M
- Permitted uses only for leased space
- Demolition complete within 1 year from 1<sup>st</sup> draw
- Construction complete within 18 months from 1<sup>st</sup> draw
- Extensions can be approved by Department Director
- Deed Restrictions to prevent property sale or transfer of ownership without consent and approval of the City

# Grantee/Developer

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- KRR Construction, LTD (Joseph Kemp, Principal) has 35 years experience in the construction industry
- Concentration is multi family development; with over 2,000 units developed
- Partnered on numerous commercial developments
- Development projects throughout the southwest



# Next Steps

- Economic Development Committee recommendation for consideration by Council on 12/10/14 of the following:
  - Authorization of \$1,300,000 increase to Economic Development Grant Agreement with KRR Construction LTD for purchase, installation of business personal property, required equipment and tenant finish, pursuant to lease agreement with Moran Foods (Save-A-Lot) re: Simpson Stuart/Bonnieview Grocery-Anchored Retail Project
  - Total grant amount not to exceed \$2,800,000, reflecting previously approved \$1,500,000 contract for land assemblage, demolition and pre-development costs

# Questions?

# Memorandum



CITY OF DALLAS

DATE November 26, 2014

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

SUBJECT **Authorize a Chapter 380 Conditional Economic Development Grant Agreement in the amount of \$225,000 with Almass Investment Group, LP for Buckner Plaza project; December 10, 2014 Council Agenda**

On Wednesday, December 10, 2014, City Council will be asked to consider authorizing a Chapter 380 Conditional Economic Development Grant Agreement in the amount of \$225,000.

Almass Investment Group, LP purchased the 2423 S. Buckner Blvd. property in December, 2012, for \$805,000. A former church serving the Pleasant Grove community, the vacant building became a haven for the homeless and illegal activity. As result a decision was made to demolish the building and construct a commercial center for retail, office and restaurant uses.

The 63,952 square feet site is situated in the heart of Pleasant Grove. Both major freeways I-30 and HWY 175, are just minutes away (see attached map). This project will consist of an attractive Class A, 14,690 square foot flagstone and brick structure that is expected to provide 10-15 spaces to be occupied by retail, office and restaurant establishments resulting in jobs and services to the Pleasant Grove community. Almass Investment Group, LP has successfully developed similar projects in the area.

The total project cost is \$2,636,519, Almass Investment Group, LP equity investment is \$1,454,519, with bank financing of \$957,000.

Development of the property will further the City's goals for development in southern Dallas by converting a vacant blighted property into a revenue generating asset. Funding of the proposed grant of \$225,000 is contingent upon completion of the project and issuance of a Certificate of Occupancy within two years from the date of the Grant Agreement.

Should you have any questions, please contact me at 214-671-3296

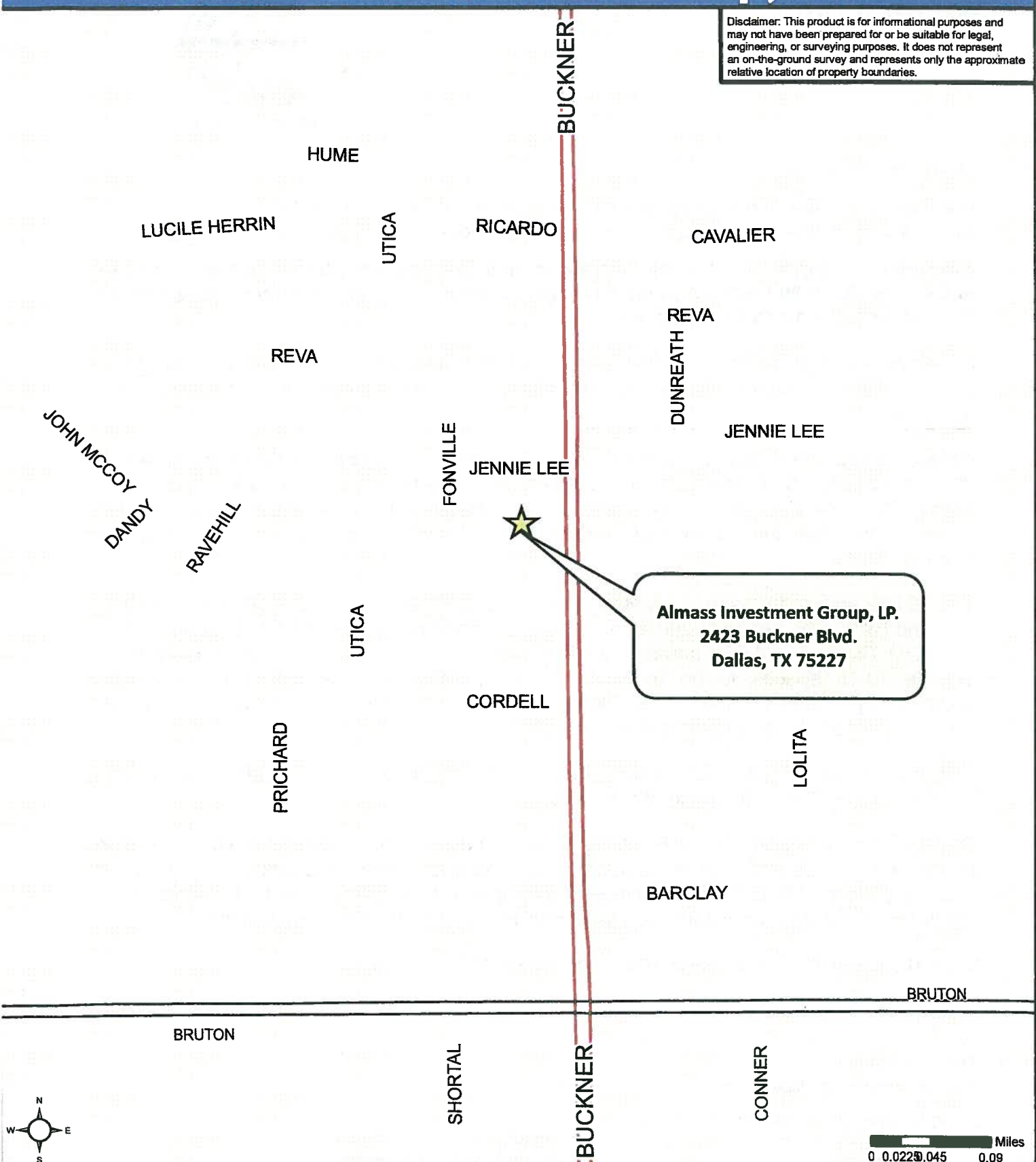
Ryan S. Evans  
First Assistant City Manager

C: The Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
Warren 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

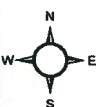
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Sana Syed, Public Information Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Elsa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

# Almass Investment Group, LP.

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.



**Almass Investment Group, LP.**  
**2423 Buckner Blvd.**  
**Dallas, TX 75227**



**DALLAS ECONOMIC DEVELOPMENT**  
 Research & Information Division  
 214.670.1685  
 dallas-ecodev.org  
Created 10.29.14 | Last Updated 10.29.14 - File Name: 2423Buckner

- Legend**
-  2423 Buckner Blvd
  -  Highway
  -  Arterial
  -  Local Road

Data Source: City of Dallas Enterprise GIS

# Memorandum



DATE November 26, 2014

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

SUBJECT **Authorize a Chapter 380 Economic Development Grant in the amount of \$250,000 to Silver Creek Investment, LLC a Texas Limited Liability Company (Glendale Shopping Center). Not to exceed \$250,000 – 2012 Bond Funds**

The Glendale Shopping Center is located in south central Oak Cliff at the intersection of Marsalis and Ann Arbor. The center, built in 1955 brings amenities and services to the surrounding communities, predominately foot traffic. Currently, there are 61 full time equivalent jobs resulting from businesses located in the Glendale Center. The shopping center had fallen into disrepair and has incurred numerous code violations.

The Family Dollar store has leased space in the center since 2007. Their business has increased and they have signed a conditional lease to move to a more accessible location in the shopping center. The move will increase their space by 50% to 9,500 square feet and add six new jobs. The space vacated by the Family Dollar is being renovated and the Developer is in discussions with a new tenant. When total renovations to the shopping center are complete, it is expected that businesses located there will have increased combined jobs by 30 to 40 FTE for a total of nearly 100.

Total project renovation cost is \$652,000, increasing total investment to \$1.8 million. Funding for needed improvements will come from owner equity and a loan from the Bank of De Soto. City Grant proceeds will be disbursed upon evidence of the following: execution of a lease with Family Dollar Store for a minimum of 5 years, issuance of a Certificate of Occupancy for the renovated Family Dollar Store and other renovated space, Family Dollar occupancy and commencement of operations and elimination of all code violations.

This project is consistent with the City's desire to support renovation of ageing southern Dallas retail centers

Should you have any questions, please contact me at (214) 670-3314.

Ryan S. Evans  
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  
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  
Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Elsa Cantu, Assistant to the City Manager – Mayor & Council







# Memorandum



CITY OF DALLAS

DATE November 26, 2014

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

Members of the Quality of Life & Environment Committee:  
Dwayne R. Caraway (Chair), Sandy Greyson (Vice-Chair), Adam Medrano,  
Rick Callahan, Carolyn. R. Davis, Lee M. Kleinman

SUBJECT Rest Break Ordinance Status

On Wednesday, November 12, 2014, City Council discussed a Rest Break Ordinance for the City of Dallas. Council directed staff to take the topic to the Economic Development committee in order to prepare an ordinance to present to City Council for consideration.

Since the Council meeting on November 12, 2014, staff met separately with both representatives from Workers Defense Project and representatives from the construction industry (Dallas Builders Association, Hispanic Contractors Association, TEXO, and Texas Real Estate Commission). Additionally, staff arranged for the parties to meet together to fashion a solution for Dallas. The meetings were productive; however a consensus has not yet been reached. Staff will continue to work with the parties to draft an ordinance to be presented for consideration.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "Ry - S. Evans".

Ryan S. Evans  
First Assistant City Manager

c: Honorable Mayor and Members of City Council  
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  
Jill A. Jordan, P.E., Assistant City Manager

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

# Memorandum



CITY OF DALLAS

DATE November 26, 2014

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

SUBJECT **Southwest Building Inspection District Office Lease**

On December 10, 2014, City Council will be asked to consider an agenda item to authorize a ten year lease agreement for the new Southwest Building Inspection District office. This item will provide enhanced customer service options for citizens by relocating the Southwest district office (SWDO) which is currently located in the Oak Cliff Municipal Center (OCMC). SWDO is the office for approximately 20 employees that work primarily in the Southwest portion of the City. The location is near the intersection of Coombs Creek Dr. and W. Illinois Ave. adjacent to the new Dallas County government office complex. This location provides customers in the southwest area of the city a more convenient location to obtain trade permits, register as a contractor and make fee payments.

In addition to the main office and southwest office located at OCMC, Building inspection has three other district offices, Northeast Building Inspection Office at 11910 Greenville Ave., Northwest District Office at 7610 N. Stemmons Fwy., and Southeast District Office at 725 N. Jim Miller Rd.

The proposed lease space is a new building located at 2726 Coombs Creek Drive, Dallas Texas and will comprise of approximately 4,996 square feet of space for the Building Inspection Southwest District offices. Services to be provided will include the intake of contractor's registrations, inspections and processing of permit applications.

This lease will be for a ten year term, commencing on February 1, 2015 and expiring on January 31, 2024.

The Proposed Rental Rates are as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5
Rate/sq. ft.:	\$18.50	\$19.00	\$19.50	\$20.00	\$20.50
Monthly:	\$7,702.17	\$7,910.33	\$8,118.50	\$8,326.67	\$8,534.83
Annual:	\$92,426.04	\$94,923.96	\$97,422.00	\$99,920.04	\$102,417.96

	Year 6	Year 7	Year 8	Year 9	Year 10
Rate/sq. ft.:	\$21.00	\$21.50	\$22.00	\$22.50	\$23.00
Monthly:	\$8,743.00	\$8,951.17	\$9,159.33	\$9,367.50	\$9,575.67
Annual:	\$104,916.00	\$107,414.04	\$109,911.96	\$112,410.00	\$114,908.04

The landlord, Mulix Investments, LLS will be responsible for all utilities, maintenance, sanitation and janitorial services. The landlord has agreed to provide:

- five (5) designated and marked City visitor parking spaces; and
- twenty-five (25) employee parking spaces; and
- a minimum of twenty-five (25) secured, keycard access parking spaces for City trucks/vehicles in a designated area; and
- outdoor signage

The landlord at its own cost and expense will make all improvements and present a turn-key finish-out to the lease space for City's use. The City will only be responsible for telephone, communication and security services.

In addition to providing another service location, the move will also free up needed space at OCMC to allow building inspection to enhance services there. Specifically, this enables the Q-Team (Express Plan Review), plan review and the permit center to remodel and expand. These changes will provide a better customer experience and provide our employees a more efficient work space.

Please feel free to contact me if you need additional information.



Ryan S. Evans  
First Assistant City Manager

C: A.C. Gonzalez, City Manager  
Warren M.S. Ernst, City Attorney  
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