

# Memorandum



DATE June 12, 2015

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

SUBJECT **Adaptive Reuse Grant Program Expansion**

On June 17, 2015, the City Council will be asked to consider authorization to expand its existing Southern Dallas Adaptive Reuse Grant Program by \$250,000, from \$150,000 to \$400,000.

The Adaptive Reuse Grant Pilot Program was approved by CR 14-0703, dated April 23, 2014 and funded at a level of \$150,000 by the City's Public Private Partnership Fund (PPPF). Established to award building improvement grants to eligible commercial building owners who operate businesses in the building being improved, the program's objective is to repurpose underutilized buildings in southern Dallas and/or to support new and expanded uses as an alternative to demolition or vacancy (See attached program statement and eligibility criteria).

Program highlights are as follows:

- Buildings must be located in southern Dallas (The South Dallas Fair Park area has a specially designated adaptive reuse initiative and is not included in the geography of this program)
- Maximum grant/project: \$30,000
- Minimum owner investment: \$250,000 (recommend lowering to \$150,000 which is deemed to be a more realistic small business investment hurdle)
- Grant recipient must own the building and utilize a minimum of 51% for business operations
- Maximum building size: 10,000 square feet
- Grant payment tied to verification of code compliance and certificate of occupancy

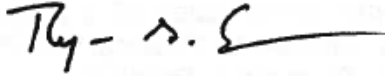
The pilot program has been a success and current funding is now fully utilized. Three grants, totaling \$90,000, have been approved and funded, with two additional grant applications, totaling \$60,000, pending final approval. There are a significant number of existing occupied or vacant small buildings in southern Dallas that have fallen into disrepair and have become eyesores in their communities. Many are boarded and have code violations. There are opportunities to transform this existing building stock to better serve needs of the community, while removing urban blight. Adaptive reuse of these existing buildings contributes to economic vitality, aesthetic appeal and a more vibrant community and complements grow South and Neighborhood Plus objectives.

Additional Public Private Partnership funding for the program in an amount not to exceed \$250,000 will be awarded on a project by project basis via Administrative Actions, approved by the City Manager in accordance with the attached program eligibility criteria. A grant agreement will define and secure obligations of the grantee.

## RECOMMENDATION

Staff recommends approval of the subject item.

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  
Warren M.S. Ernst, City Attorney  
Craig D. Kinton, City Auditor  
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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

# Adaptive Reuse Opportunity - Rendering

Before



After





# Adaptive Reuse Opportunity- Rendering

Before



After



## **ATTACHMENT A**

### **Southern Dallas Adaptive Reuse Grant Program Statement**

Award Adaptive Reuse Grant Program (Adaptive Reuse Program) building improvement grants up to \$30,000 from Public/Private Partnership funds to eligible commercial building owners who are business operators in the building being improved to repurpose underutilized buildings in southern Dallas to support new and/or expanded uses as an alternative to demolition, vacancy and/or undesirable uses.

- The Office of Economic Development (OED) will manage the Adaptive Reuse Program on behalf of the City of Dallas. The OED will:
- Post the Program on the City's Web Site
- Screen grant applicants for eligibility
- Award improvement grants up to \$30,000 per business, and execute grant agreements with the approved grant applicant
- Conduct annual environmental and code compliance reviews for each approved property/business assisted
- Conduct improvement site visits and coordinate code inspections
- Process payments upon verification of code compliance, maintenance of the improvements and certificate of occupancy
- Maintain all relevant project documentation

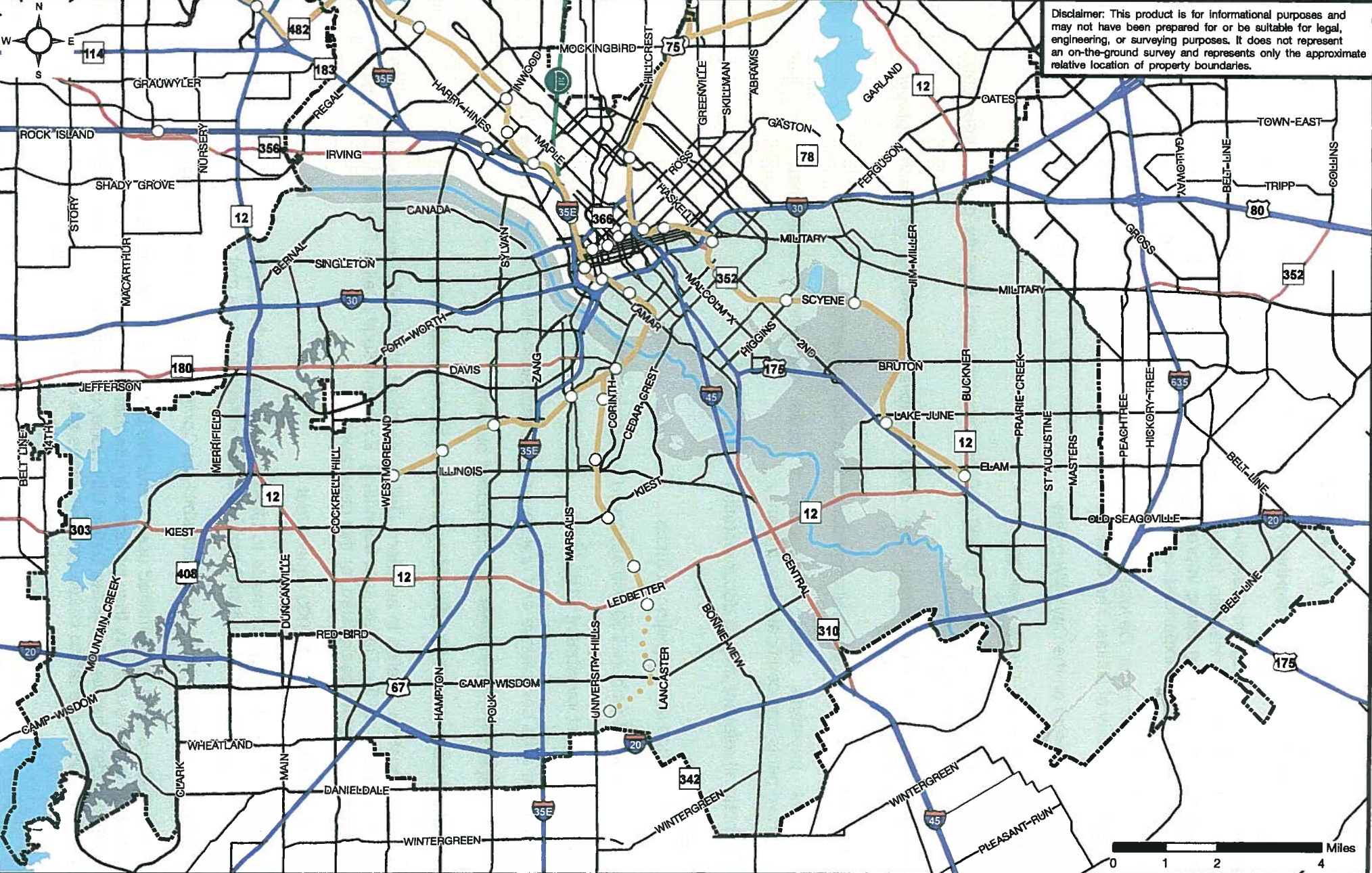
#### **Eligibility and Criteria**

- Program period until depletion of funds
- Maximum Grant amount \$30,000 approved by Administrative Action
- Minimum project investment \$150,000
- Document code compliance and maintenance of improvements for a period of 5 years
- Grant recipient must be owner of repurposed building
- Recipient must utilize 51% of building for owner business operation
- Building must be located in southern Dallas (south of the Trinity River and south of I 30 from downtown to the Dallas east boundary). Excludes South/Dallas Fair Park area which will have a program designated for this geography
- Maximum building size 10,000 square feet
- Payment of Grant proceeds made to Grantee with Invoice for payment and approval from Code Compliance for the building and job creation requirements met and documented
- If requested, ECO to verify funds availability to Contractor prior to work starting
- Funds may be used for permitted uses under the Dallas Development Code on the property, but no event may they include any use that requires a sexually oriented business license under Chapter 41A of the Dallas City Code, or a liquor store, a pawn shop, a body piercing studio, or a tattoo studio as those terms are defined by the Dallas Development Code.



# Adaptive Reuse Grant Program

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

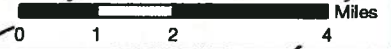
Research & Information Division  
214.670.1685  
dallas-ecodev.org

Version: 3.15.15, Last Updated: 6.5.15 - AdaptiveReuse\_TCG

## Legend

- Program Eligible Area
- Rail Station
- Future Station
- DART Light Rail
- Commuter Rail
- Future DART Light Rail
- Freeway
- Tollway
- Highway
- Arterial
- Trinity River
- Flood Plain
- Lake
- City of Dallas

Source: City of Dallas, 2015



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CITY OF DALLAS

DATE June 12, 2015

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

SUBJECT **Economic Development Grant Agreement with Toyota Industries Commercial Finance, Inc.**

On June 17, 2015, the City Council will be asked to consider authorization of a Chapter 380 economic development grant agreement with Toyota Industries Commercial Finance, Inc. (TICF), in an amount not to exceed \$277,500 pursuant to the Public/Private Partnership Program.

For the past several months, city staff has been in discussions with representatives of TICF as they have been evaluating sites in southern California and in the North Texas area for the location of its new U.S. headquarters.

The proposed economic development grant will incent TICF to locate its new U.S. headquarters (approximately 60,000 square feet) to an existing office facility at 8951 Cypress Waters Boulevard within the Cypress Waters development. TICF will lease the facility for seven (7) years with two (2) additional 5-year options. TICF also anticipates investing approximately \$4 million in real property improvements (i.e. leasehold improvements).

The terms of the proposed Chapter 380 economic development grant payment are as follows:

- TICF will be eligible for payment of the proposed grant (\$277,500) upon verification of: (1) a Certificate of Occupancy and at least \$4 million invested in real property improvements associated with design, engineering, and construction (including hard and soft costs) of leasehold improvements at the facility, and (2) at least 150 FTE's located at the facility on or before December 31, 2016.
- TICF will be required to reimburse the City in the amount of \$138,750 should it not maintain at least 150 FTE's at the facility for a period of five (5) years beginning from the date of payment of the grant.

The proposed project surpasses minimum Public/Private Partnership Program guidelines and results in an estimated 10-year net fiscal impact of \$3.6 million.

Toyota Industries Corporation (TICO) is the original Toyota company founded in 1926. TICO manufactures automatic looms, forklifts, A/C compressors, and engines, which are distributed in North America through Toyota Material Handling North America (TMHNA) and distributed in the U.S. through Toyota Material Handling USA (TMHU), both of which are located in Columbus, Indiana.

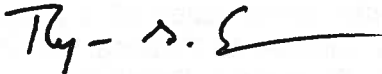
In conjunction with some recent corporate restructuring, TICO has formed a new wholly-owned subsidiary called Toyota Industries Commercial Finance (TICF). This new entity will function as the U.S. headquarters for TICO's commercial sales finance company in order to strengthen and expand TICO's industrial vehicle/materials handling equipment operations (i.e. lending money to businesses to acquire TICO's forklifts and industrial trucks).



The planned move of Toyota's North American headquarters to Plano specifically includes Toyota Motor Sales (TMS) and Toyota Motor Credit Corporation (TMCC), which are separate from TICO and TICF. None of the assets or employees related to TICF are a part of the TMS/TMCC planned move to Plano.

Due to TICF's preferred timeline for the project, they have requested that this item be acted on before the next available agenda in August. As such, this item has been placed on the June 17 Addendum.

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	Mark McDaniel, Assistant City Manager
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## Proposed Project Information Worksheet Economic Development Committee

### A. Project Summary

<b>City Council District</b>	6	
<b>Project/Company Name</b>	Toyota Industries Commercial Finance, Inc.	
<b>Project Location</b>	8951 Cypress Waters	
<b>Project Type</b>	existing office facility	
<b>Facilities (Square Feet)</b>	60,000	
<b>Construction Schedule</b>	Begin	September 2015
	Complete	December 2015
<b>Private Improvement</b>	Real Property	\$4,000,000
	Business Property	\$2,000,000
<b>Jobs</b>	Created	169
	Retained	0
<b>Average Wage Rate</b>	Salary	\$80,237
	Hourly	n/a
<b>City Incentive Summary</b>	Tax Abatement	n/a
	Infrastructure	n/a
	Other - Grant	up to \$277,500

### B. Economic Impact Estimates (Dallas City Economy Only)

	10-Year	
	Jobs	Economic Output
Direct Impact	169	\$237,175,305
Indirect and Induced Impact*	321	\$236,375,305
<b>Total Impact</b>	<b>490</b>	<b>\$473,550,610</b>

### C. City of Dallas General Fund Fiscal Impact

(From direct, indirect and induced economic impacts)

	10-Year
Total City GF Revenue Generated	\$8,046,070
Total City GF Service Costs	\$4,093,060
Net Impact Before Incentives	\$3,953,010
City Incentives	\$277,500
<b>Net City Fiscal Impact</b>	<b>\$3,675,510</b>

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

### D. Other Taxing Jurisdictions 10-yr Estimated Tax Revenue (based on \$6 million in private improvements)

	Property Taxes (Real & Business Personal)	Sales Taxes
Coppell ISD	\$521,640	n/a
Dallas County	\$87,516	n/a
DCCCD	\$44,892	n/a
Parkland Hospital	\$99,360	n/a
DART	n/a	n/a

**Fact Sheet**  
**June 17, 2015 Council Agenda Item**  
**Chapter 380 Economic Development Grant Agreement with**  
**Toyota Industries Commercial Finance Inc. (TICF) for**  
**new U.S. headquarters in Cypress Waters**

Authorize a Chapter 380 economic development grant agreement pursuant to the Public/Private Partnership Program with Toyota Industries Commercial Finance, Inc. in an amount not to exceed \$277,500 to stimulate business development activity in the City of Dallas in conjunction with the location of its new U.S. headquarters to an existing office facility at 8951 Cypress Waters Boulevard - Not to exceed \$277,500 - Financing: Public/Private Partnership Funds

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For the past several months, city staff has been in discussions with representatives of Toyota Industries Commercial Finance, Inc. (TICF) as TICF has been evaluating sites in southern California and in the North Texas area for the location of its new U.S. headquarters.

The proposed economic development grant will stimulate TICF to locate its new U.S. headquarters (approximately 60,000 square feet) to Dallas in an existing office facility within the Cypress Waters development. TICF will lease the facility for seven (7) years with two (2) additional 5-year options. With the project, TICF also anticipates investing approximately \$4 million in real property improvements (i.e. leasehold improvements).

The terms of the proposed Chapter 380 economic development grant payment are as follows:

- TICF will be eligible for payment of the proposed grant (\$277,500) upon verification of: (1) a Certificate of Occupancy and at least \$4 million invested in real property improvements associated with design, engineering, and construction (including hard and soft costs) of leasehold improvements at the facility, and (2) at least 150 FTE's located at the facility on or before December 31, 2016.
- TICF will be required to reimburse the City in the amount of \$138,750 should it not maintain at least 150 FTE's at the facility for a period of five (5) years beginning from the date of payment of the grant.

The proposed project surpasses minimum Public/Private Partnership Program guidelines and results in an estimated 10-year net fiscal impact of \$3.6 million.

**Background Information about Toyota Industries Commercial Finance, Inc.**

Toyota Industries Corporation (TICO) is the original Toyota company founded in 1926. TICO manufactures automatic looms, forklifts, A/C compressors, and engines, which are distributed in North America through Toyota Material Handling North America (TMHNA) and distributed in the U.S. through Toyota Material Handling USA (TMHU), both of which are located in Columbus, Indiana.

In conjunction with some recent corporate restructuring, TICO has formed a new wholly-owned subsidiary called Toyota Industries Commercial Finance (TICF). This new entity will function as the U.S. headquarters for TICO's commercial sales finance company in order to strengthen and expand TICO's industrial vehicle/materials handling equipment operations (i.e. lending money to businesses to acquire TICO's forklifts and industrial trucks).

The planned move of Toyota's North American headquarters to Plano specifically includes Toyota Motor Sales (TMS) and Toyota Motor Credit Corporation (TMCC), which are separate from TICO

and TICF. None of the assets or employees related to TICF are a part of the TMS/TMCC planned move to Plano.

Estimated Schedule of Project

Begin tenant improvements	September 2015
Complete tenant improvements	December 2015

Fiscal Information

\$277,500 (Ch. 380 economic development grant) – Financing: Public/Private Partnership Funds

Fiscal Impact

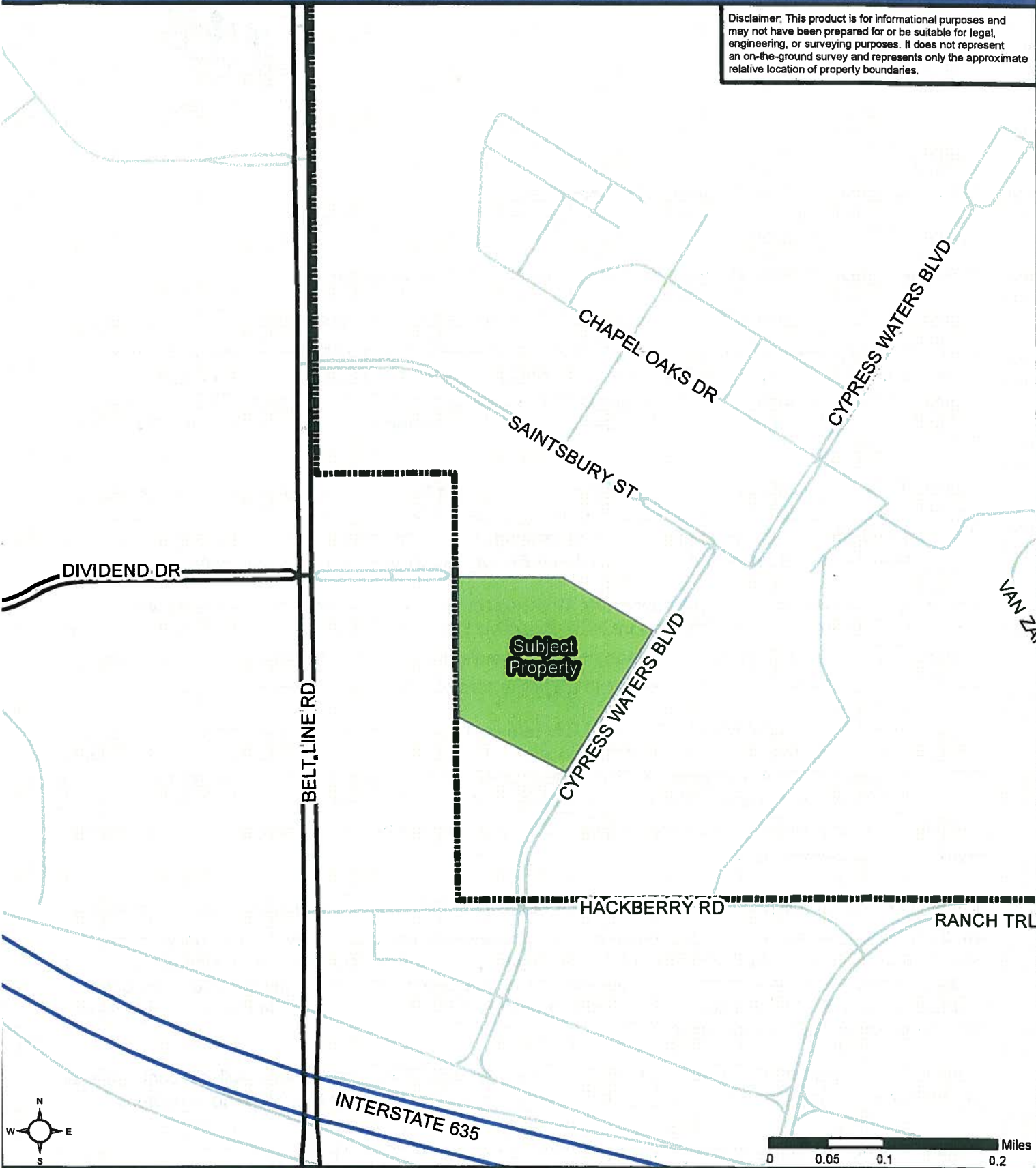
Net fiscal impacts to the City are as follows:

- 10 years: \$3.6 million



# Exhibit B

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DALLAS  
ECONOMIC  
DEVELOPMENT  
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### Legend

- Highway
- Arterial

- Local Road
- City of Dallas

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DATE June 12, 2015

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

SUBJECT **Economic Development Grant Agreement with TVM Productions Inc.**

On August 12, 2015, the City Council will be asked to consider authorization of a Chapter 380 economic development grant agreement pursuant to the City's Public/Private Partnership Program with TVM Productions Inc. in an amount up to \$150,000 to promote local economic development, stimulate business and commercial activity and provide significant media exposure for the city from the production of 12 episodes of the first season of a new USA Network television series QUEEN OF THE SOUTH.

City staff has been in negotiations with representatives of TVM Productions, Inc., which is a production arm of Fox 21 Television Studios, regarding locating the production of this television series in Dallas. The pilot episode was filmed in Mexico due to requirements in the storyline, but studio executives have agreed to move the series to Dallas and set it in Dallas in the program with the assistance of this grant.

The State of Texas will also be supporting this project with a grant from the Texas Moving Image Incentive Program. Due to highly aggressive incentive programs in other cities, states and countries and the recent reduction in the appropriation to the state's program, the City's supplement to the state's incentives is needed to secure this project in Dallas and retain local crew, vendors and talent.

The operation of the QUEEN OF THE SOUTH television series is expected to result in jobs for 390 crew members with average salaries of \$29/hour or \$250/day, plus 84 cast members and 1,800 extras hired. Additionally they anticipate approximately 2,000 hotel night stays by 25 visitors who will be spending money while living in the city temporarily. Future seasons are, of course, the desire of the company and, with the city's assistance, they will strive to get the best shows possible on the air so that there will be future seasons.

Local spending for the first season's production of QUEEN OF THE SOUTH is estimated at \$18 million (or \$1.5 million per episode for 12 episodes, 7 shoot days per episode). This is only the amount spent locally, not their overall budget. The total economic impact from the first season is estimated at \$41.4 million. The fiscal impact to the City from the projected spending levels would account for approximately \$407,160 in fiscal impact. After providing the \$150,000 grant, the City would still receive an estimated net fiscal impact of \$257,160.

The proposed economic development grant agreement with TVM Productions will be contingent on verification of compliance with an agreement. The agreement will include the following conditions:

- Shoot a minimum of 12, one-hour episodes of QUEEN OF THE SOUTH.
- An episode will be defined by a minimum seven (7) days of shooting principle photography.
- A minimum of 60 crew members/technicians hired and footage shot will constitute a day of principle photography.

- Production's base of operations (to include production offices, studio/permanent sets) must be located within the City of Dallas proper.
- Shoot primarily within Dallas.
- Include a "Shot on Location in Dallas, Texas" credit in each episode.
- Agree, in good faith, to be good partners with the City and the community, shooting important City landmarks and locations and promoting the City via inclusion in the program and promotional activities of the show when appropriate.
- Provide call sheets, shooting schedules, crew & vendor lists in order to confirm shoot days, numbers of episodes, job creation & commercial activity.

QUEEN OF THE SOUTH is based on the international best-selling book, *La Reina Del Sur* (aka Queen of the South), by Arturo Perez-Reverte. The novel initially spawned a Spanish-language series on Telemundo in 2011, the network's highest-rated premiere for a telenovela to date that often out ranked English-language programming on broadcast networks. The series ran for 63 episodes, with 4.2 million viewers tuning in for the series finale, a figure that ranks as Telemundo's highest-rated broadcast and one of its most popular shows in its 19-year history.

QUEEN OF THE SOUTH tells the powerful story of Teresa Mendoza (played by Alice Braga). When her drug-dealing boyfriend is unexpectedly murdered in Mexico, Teresa is forced to go on the run and seek refuge in America, where she teams with an unlikely figure from her past to bring down the leader of the drug trafficking ring that has her on the run. QUEEN OF THE SOUTH is executive produced by M.A. Fortin and Joshua John Miller ("The Final Girls"), along with David Friendly ("Little Miss Sunshine, "Big Mamas House") and Pancho Mansfield ("Damien").

Fox Television Studios was formed in 1997 alongside its existing fellow corporate units, 20th Century Fox Television and Twentieth Television. The studio was initially designed to house smaller production units and produced shows such as *Malcolm in the Middle*, *The Bernie Mac Show*, *Burn Notice* and *The Good Guys* (which was shot in Dallas in 2009-2010). Fox 21 was founded by 20<sup>th</sup> Century Fox Television in 2004 to develop smaller-budgeted but unique and daring shows such as *Homeland* for Showtime, *Sons of Anarchy*, *Breakout Kings*, *Salem* and *Witches of East End*. In December of 2014, Fox 21 and Fox Television Studios were merged into Fox 21 Television Studios, current shows in production include *The Americans*, *Graceland* & *White Collar* to name a few.

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



Ryan S. Evans  
First Assistant City Manager

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# Memorandum



CITY OF DALLAS

DATE June 12, 2015

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

SUBJECT **Dallas Love Field Lease Amendments with Signature Flight Support - June 17, 2015 Council Addendum Item**

Signature Flight Support Corporation currently has multiple leases with the City of Dallas at Dallas Love Field Airport. One of those leases, Lease No. 1, currently consists of two office buildings and a hangar fronting Lemmon Ave. The two office buildings, a one-story building (20,000 sf.) and a two-story building (25,000 sf.), have been vacant and unused since 2010. This lease expires on October 31, 2043, creating the potential to remain vacant and unused for the remaining twenty eight years of the lease term. While Signature continues to pay ground rent of \$31,344 annually, the buildings are not being used to the highest and best use as contemplated by FAA regulation and state statutes.

The recommendation is to terminate Signature's Lease No. 1 and reclaim the two office buildings. The hangar referred above on Lease No. 1 premises will be annexed into Signature's existing Lease No. 2. The use for the property will be consistent with the airports' Good Neighbor Plan (GNP) initiative. The two-story building will be renovated and will be used by the Department of Aviation. It will provide office space for a number of functions that will be displaced by the construction of the new parking garage adjacent to the terminal. The remaining property will be marketed for the opportunity to generate far greater revenue to support the Airport System and meet the goals of the GNP.

The second action is to amend Lease No. 3, which expires on April 30, 2022. This will return approximately 3 acres to the airport along Lemmon Avenue and will extend the remaining portion of the lease to October 31, 2043, which will be coterminous with Lease No. 2. The portion that the City would regain also falls into the Good Neighbor Plan zone and would allow for development and greater revenue production. These amendments also reduce the rent paid by signature by \$600,000 annually, in consideration of continued capital improvement and return of the 7.34 acres of property for new development. The opportunity for new revenue is substantial.

These actions will continue the Airport's efforts to create development along the Lemmon Avenue corridor, while preserving and promoting the general aviation development at Dallas Love Field. .

A handwritten signature in blue ink, appearing to read 'Ry - S. E'.

Ryan S. Evans  
First Assistant City Manager

**Attachment**

**C: Honorable Mayor and Members of City Council  
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**Legend**

**Lease No. 2  
Expires (10/31/43)**

**Lease No. 3 Take-Back  
May 1, 2022**

**Revised Lease No. 3  
Expires (10/31/43)**

**Lease No. 1  
Take-Back**

**Revised Lease No. 2  
Expires (10/31/43)**

