

# Memorandum



DATE **May 29, 2015**

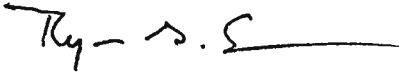
TO **Members of the Economic Development Committee: Tennell Atkins (Chair),  
Rick Callahan (Vice Chair) Scott Griggs, Adam Medrano, Jerry R. Allen, Lee Kleinman**

SUBJECT **Cypress Waters: TIF Plan and MOU Amendments, Related Service Plan/Development  
Agreements and Boundary Adjustments**

On Monday, June 1, 2015, the Economic Development Committee will be briefed on the proposed amendments to the TIF plan and Cypress Waters memorandum of understanding, a related interlocal agreement with Irving, a related development agreement with Billingsley Company, TIF development agreement amendments, and a city boundary adjustment (Cypress Waters TIF District).

Briefing material is attached.

Should you have any questions, please contact me.



**Ryan S. Evans**  
First Assistant City Manager

C:   The Honorable Mayor and Members of the City Council   Mark McDaniel, Assistant City Manager  
A.C. Gonzalez, City Manager   Joey Zapata, Assistant City Manager  
Warren M.S. Ernst, City Attorney   Jeanne Chipperfield, Chief Financial Officer  
Craig D. Kinton, City Auditor   Sana Syed, Public Information Officer  
Rosa A. Rios, City Secretary   Karl Zavitkovsky, Director, Office of Economic Development  
Daniel F. Solis, Administrative Judge   J. Hammond Perot, Assistant Director, Office of Economic Development  
Eric D. Campbell, Assistant City Manager   Elsa Cantu, Assistant to the City Manager – Mayor & Council  
Jill A. Jordan, P.E., Assistant City Manager

# Cypress Waters: TIF Plan and MOU Amendments, Related Service Plan/Development Agreements and Boundary Adjustments

Economic Development Committee  
June 1, 2015



# Purpose

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- Update status of Cypress Waters project
- Amend Cypress Waters TIF District Project and Finance Plan to reduce budget by \$110M, terminate TIF after Phase I and Phase II project reimbursement, and make boundary adjustments
- Review proposed development agreement between DWU and Billingsley
- Propose inter-local agreement with Irving, including a City boundary adjustment:
- Amend MOU with Billingsley to reflect updated development plans

# Purpose - continued

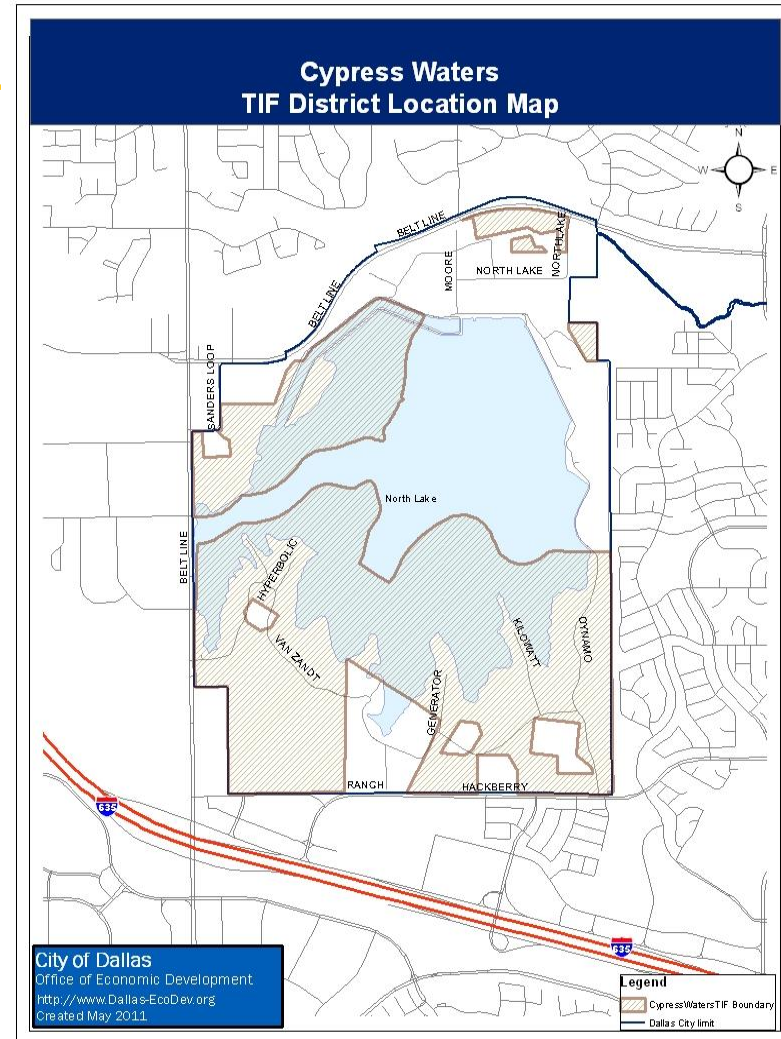
- Seek Economic Development Committee approval for Council consideration of the following items:
  - June 10, 2015, authorizing:
    - Ordinance to amend the Cypress Waters TIF District Project Plan and Reinvestment Zone Financing Plan
  - June 17, 2015, authorizing
    - Amendment to the Cypress Waters MOU with Billingsley LD, Ltd.
    - Development agreement between DWU and Billingsley LD, Ltd.
    - Inter-local agreement with the City of Irving
    - Boundary adjustment agreement with Irving
- August 2015: Ordinance to complete the City boundary adjustment with Irving.

# Briefing Highlights

- Success of initial projects and increased efficiency in providing water/wastewater, created by collaborative agreement between Dallas and Irving, allows developer to terminate TIF 13 years early (after Phase 1 and 2 project reimbursements)
- \$12M in total cost saving generated by water/wastewater agreement
- Dallas transfers 6 acres of vacant and inaccessible land to Irving in exchange for Irving's Agreement to Service 22 acres of Dallas Land
- TIF budget reduced by \$110M (\$160M to \$50M)
- Upon projected termination of TIF in 2028, general fund will receive approximately \$6.9M annually (Repays TIF Investment in 7 years)

# Project Update – Background/Location

- Created December 8, 2010 (See past Council agenda timeline, Appendix 10)
- Generally bounded by East Belt Line to north, South Belt Line Road to west, Ranch Trail Drive and Hackberry Road to south, and the City of Irving to east.
- City of Coppell lies to north and west. City of Irving to east and south.
- Entire Cypress Waters area includes approximately 1,661 acres.
- The TIF district contained approximately 939 acres (excluding public rights-of-way).



# Project Update – Background/Location

- Upon creation, entire district was under an agricultural exemption.
- Area is adjacent to North Lake and a former power plant.
- District created because of difficulty providing water and wastewater services to area
- Planned construction includes 10,000 residential units, 4 million square feet of office, and 150,000 square feet of retail.
- Total build-out is \$1.5 billion+



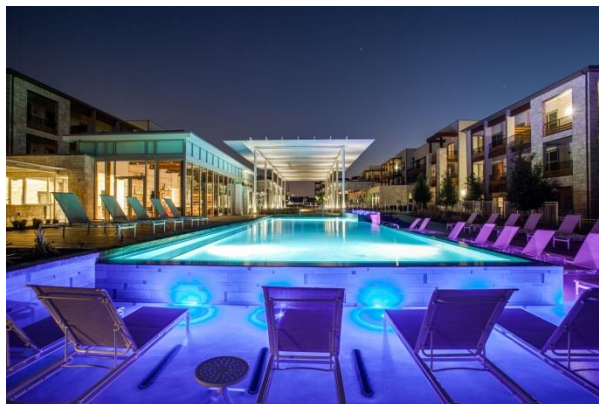


# Project Update – Phase I

- \$9,757,267 TIF investment (approved June 11, 2011)
- 673 units of multi-family, associated infrastructure, and a temporary public safety building nearly complete
- \$45 million private investment
- Construction nearly complete
- Exceeding mixed income housing goals by 4 units
- Reimbursement expected 2021 (See Appendix 2)



Westwood Residential Cypress Waters Phase 1  
Print #140902698  
Date: 09/02/14  
Lat/Lon: 32.932917 -96.968263  
Order No. 51650  
Aerial Photography, Inc. 954-688-0481



Pump station

Westwood Residential Cypress Waters Phase 1  
Print #140102614  
Date: 01/02/14  
Lat/Lon: 32.932917 -96.968263  
Aerial Photography, Inc. 954-688-0481





# Project Update – Phase II

- Infrastructure improvements for future office
  - \$6,522,398 TIF investment (approved November 14, 2012)
  - Extensions of Cypress Waters Boulevard and Saintsbury Street, entryways for both streets, associated sidewalks/cycle track, and green space
  - Reimbursement expected by 2023 (See Appendix 2)
- Recently completed and under construction:
- 8950, 8951, and 8840 Cypress Waters Blvd (520,585 sf)
  - 141 residential units - Parsons Green (72 units in TIF district, providing 14 additional affordable units)
  - \$114 million private investment
- Planned construction
- 9001 Cypress Waters Boulevard (218,395 sf)
  - CoreLogic building (325,600 sf)
  - \$99 million total private investment



Billingsley

Cypress Waters  
Office Buildings

Proj #14120601  
Date: 12/29/14  
Lot/Lin: 32 20944 06 08702  
Order No: 06000  
Aerial Photography, Inc. 954 588 0344



# Project Update – Planned Additional Development

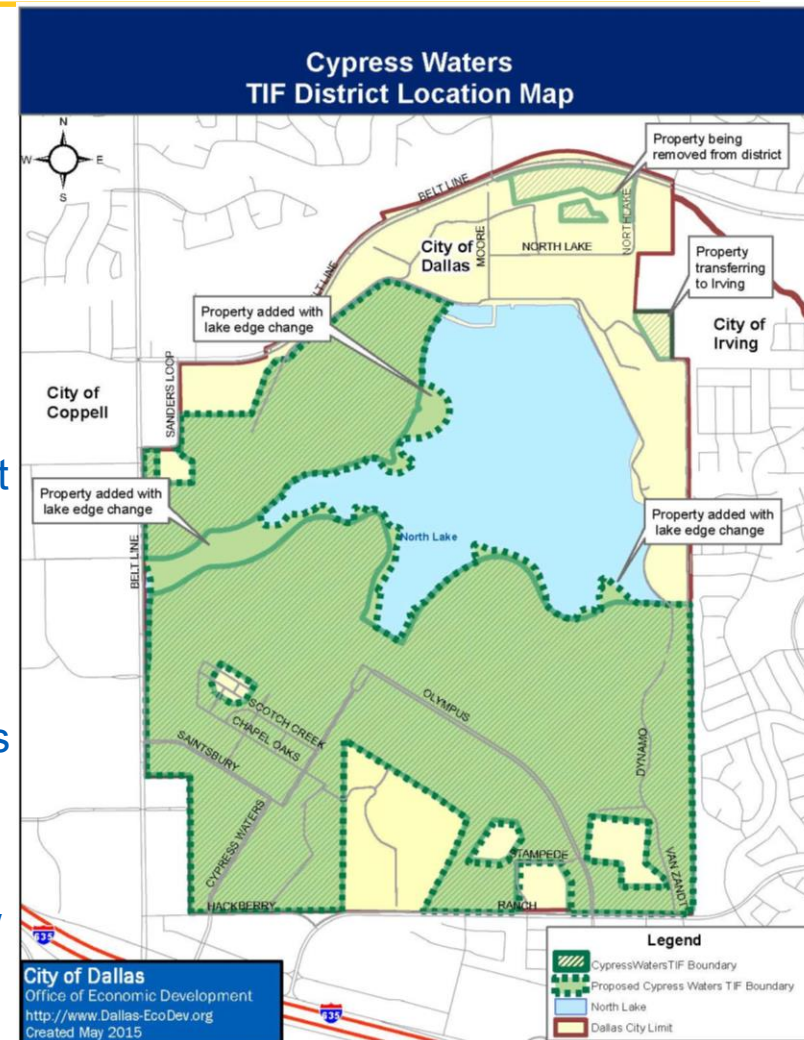
- Future development
  - 2,900,000 sf, primarily office space
  - 9,186 residential units
  - 150,000 sf retail
- Schools
  - Three Coppell ISD schools and one potential administrative site in and adjacent to TIF district
- Total build-out value
  - \$1,509,507,625
- Estimated annual revenue to general fund by year 2028
  - \$6,863,308





# Proposed Modifications – TIF Plan Amendments

- Terminate TIF early
  - Save \$110 million in potential TIF incentives (See Appendix 2)
  - Developer privately funds water and wastewater infrastructure
  - Existing contracts honored
- Amend TIF boundary
  - Remove 6 acres transferring to Irving
  - Remove 22 acres not served by district (property stays in Dallas)
  - Update to reflect new lake edge
  - Changes increase district to 960 acres
- Additional administrative changes
  - Updated base value once 2015 parcels and values are available
    - Agricultural exemption – minimal base value impact
  - Update infrastructure category to allow TIF funding to be used for Irving-led projects, if necessary



# Overview – New Service Proposal

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- New service proposal involves an inter-local agreement with Irving and saves nearly \$12 million
- Dallas to help fund Irving-led water/wastewater infrastructure projects in return for permanent water and wastewater capacity
  - New elevated storage tank in Irving
  - Improvements to Irving's Hackberry pump station
  - New 5 million gallon ground storage tank at Northgate pump station
- Dallas to transfer to Irving 6 acres of vacant property more efficiently served by Irving. In return, Irving serves 22 acres on north side of Cypress Waters
- Dallas will make system improvements to Dallas' water system to improve service to Irving.
- See Appendices 4-7 for details

# Interlocal Agreement with Irving – Plan for Water/Wastewater

- 2009 plan for water and wastewater provision for area did not include participation with Irving.
- Current plan shares costs for large storage tanks, pump stations, lift stations, transmission lines, etc. between Irving, Dallas, and Billingsley.
- New plan saves \$12 million for the build-out of the area.

Original Water & Wastewater Budget	
Water transmission improvements	\$26,648,440
Sewer transmission improvements	\$26,648,440
<b>Total Estimated Cost</b>	<b>\$48,619,740</b>

Proposed Water & Wastewater Budget	
Water transmission improvements	\$20,140,000
Sewer transmission improvements	\$16,540,000
<b>Total Estimated Cost</b>	<b>\$36,680,000</b>

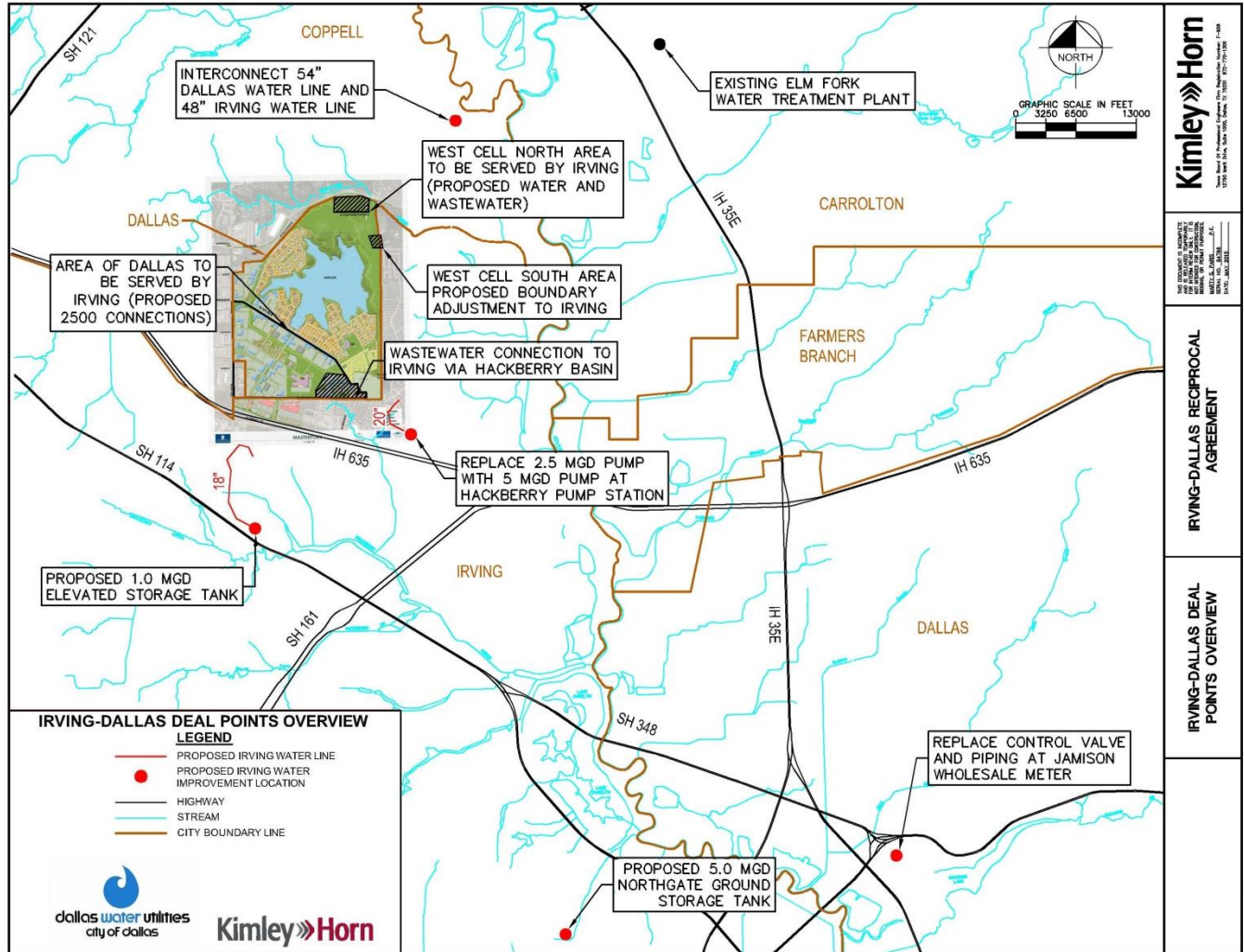
Total Savings \$11,939,740
*\$12M savings above includes \$8M saved through interlocal with Irving plus additional savings through phasing changes and value engineering. City is using its savings to improve the system.



# New Service Proposal – Inter-local Agreement with Irving

- Meetings took place May 2014 - March 2015
- Freese and Nichols evaluated scenarios with Dallas, Irving, and Billingsley
- Water
  - Provides more redundancy between both Dallas and Irving systems
  - Reduces capital costs to both Dallas and Irving
  - Shares water elevated tank capacity with Irving (cost share)
  - Shares water ground storage capacity with Irving
  - Provides 8.2 MGD in existing 48” line in lieu of new pipe from Elm Fork water transmission pipeline
  - Constructs smaller infrastructure for Dallas in the future
  - Provides reciprocal water service for West Cell North
  - Provide system improvements to Dallas system at Jamison pump station and to Dallas’ 48” water line
- Wastewater
  - Reciprocal service for area near Hackberry Road
  - Reciprocal wastewater service for West Cell North
- See Appendix 3: Reciprocity Plan for details

# Interlocal Agreement with Irving – Map



# New/modified agreements – DWU Development Agreement with Billingsley

- Billingsley will finalize engineering studies and master plan analysis and advance funds to the City of Dallas to support Irving-led water and wastewater infrastructure improvements.
  - New elevated storage tank in Irving
  - Improvements to Irving's Hackberry pump station
  - New 5 million gallon ground storage tank at Northgate pump station
  - Related water lines
  - Developer cost: \$4M
- Billingsley will design and construct developer-led water and wastewater projects.
  - Water projects: various connections, vaults, lines, and valves for water service
  - Wastewater projects: a 12 MGD lift station; 12,000 LF of force main; and 2,900 LF wastewater main
  - Developer cost: \$7.6M

# New/modified agreements – DWU Development Agreement with Billingsley

- Dallas will negotiate with Irving to finalize contracts
- DWU will participate up to 30% per standard Chapter 49 procedures
  - City cost for Irving-led infrastructure: \$1.7M
  - City cost for developer-led infrastructure: \$3.3M
- Billingsley receives permanent water and wastewater service to support new construction in Cypress Waters
- Projects to be designed to each city's standards
- No TIF funding

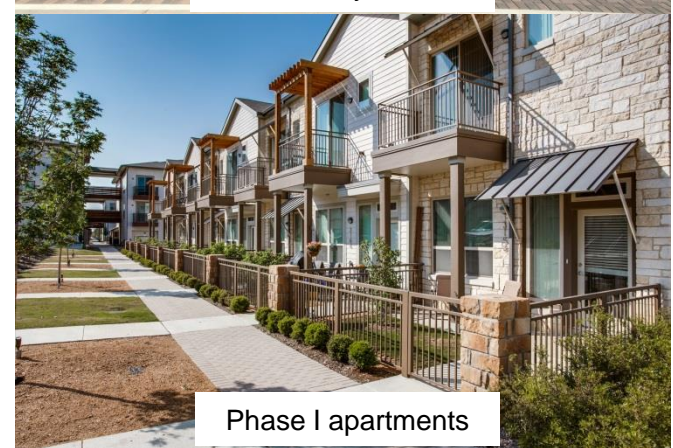
# New/modified agreements – Amend MOU with Billingsley

- MOU amendments reflect updated development plans
  - Inter-local agreement between Dallas and Irving
  - Proposed development agreement with DWU
  - Amended TIF Project and Finance Plan
  - Developer meets all TIF policy requirements, including requirement for affordable housing, within boundaries of project served by Cypress Waters Phase I and Phase II
  - Developer released from future mixed income housing, M/WBE, and design review obligations for remaining build-out of the District (outside of the Phase I and II areas) in consideration for early termination of the district.
- See Appendices 8 and 9 for water and wastewater details



# New/modified agreements – Phase I and II Amendments

- Cypress Waters Phase I
  - Redirect approximately \$206,681 in savings from roadways to temporary public safety building.
  - Extend completion deadlines from December 2014 to July 2015
  - Make minor design updates
- Cypress Waters Phase II
  - Originally divided into three portions over next several years.
  - Amendments move Saintsbury Street from Phase 2c to Phase 2a
  - Extend start and completion dates by approximately one year:
    - Amended start: April 2014
    - Amended completion: April 2015
  - Make minor design updates
- O&M to be executed by July 2015



# Recommended Actions

## Economic Development Committee approval for Council consideration of following items:

### June 10, 2015

- Approve minor amendments to Phase I and II development agreements
- Hold a public hearing on June 10, 2015 to amend the Cypress Waters TIF District Project Plan and Reinvestment Zone Financing Plan to:
  - Amend the geographic area to remove 6 acres being transferred to Irving and 22 acres not served by the District and incorporate changes to the lake edge.
  - Decrease the TIF budget by approximately \$110M total dollars (\$39M NPV) to reflect reduced TIF needs in the area

### June 17, 2015

- Authorize interlocal agreement with Irving for reciprocal water/wastewater
- Authorize development agreement between DWU and Billingsley LD, Ltd.
- Authorize amendment to the MOU between City and Billingsley LD, Ltd.
- Resolution to authorize boundary adjustment agreement with Irving

### August 2015

- Ordinance to complete boundary adjustment with Irving

- Appendices

# Appendix 1

## TIF Plan Amendments

- Amended budget reflects:
  - Reimbursement of Phase I and II projects
  - Funding for future permanent public safety building
  - Funding for Irving-led infrastructure (if needed)
  - Administration expenses
- Budget projected to be met in 2027, approximately 7 years early

Original TIF District Project Plan Improvement Budget		
Category	Total Estimated TIF Expenditure (NPV - 2010 Dollars)*	Estimated TIF Expenditure (Total)**
Infrastructure Improvements	\$58,198,683	\$146,736,338
Public Safety Improvements	\$6,000,000	\$11,313,895
Administrative & Implementation***	\$1,500,000	\$2,065,585
<b>Total Project Costs</b>	<b>\$65,698,683</b>	<b>\$160,115,818</b>

\* All values discounted to 2010 dollars at 5% annually. Total dollar expenditure value will depend on timing of project cost.

\*\* All values are estimated based on annual TIF project costs and debt service schedules. These values depend on timing of projects and will fluctuate. An interest rate of 5% is used throughout the TIF term.

\*\*\*Admin is calculated at \$60,000 per active year, in 2010 dollars. Estimated total admin is inflated at 3% per year

Note: in addition, DWU may agree to fund up to 30% of TIF-eligible water and sewer improvements.

Amended TIF District Project Plan Improvement Budget		
Category	Total Estimated TIF Expenditure (NPV - 2010 Dollars)*	Estimated TIF Expenditure (Total)**
Infrastructure Improvements	\$18,279,665	\$35,273,767
Public Safety Improvements	\$6,000,000	\$11,313,895
Administrative & Implementation***	\$1,500,000	\$2,878,190
<b>Total Project Costs</b>	<b>\$25,779,665</b>	<b>\$49,465,852</b>

\* All values discounted to 2010 dollars at 5% annually. Total dollar expenditure value will depend on timing of project cost.

\*\* All values are estimated based on annual TIF project costs and debt service schedules. These values depend on timing of projects and will fluctuate. An interest rate of 5% is used throughout the TIF term.

\*\*\*Admin is calculated at \$60,000 for 25 years, in 2010 dollars. Estimated total admin follows total dollar growth

Note: In addition, DWU may agree to fund up to 30% of TIF-eligible water and sewer improvements.

# Appendix 2

## TIF Increment Chart

PROJECTED TIF INCREMENT SCHEDULE									
Tax Year	Property Value Total	Anticipated Captured Value	Part'n Rate City	TIF Contribution City*	Part'n Rate County	TIF Contribution Dallas County	Total TIF Contribution	TOTAL TIF 2009 NPV @ 5.00%	
Original base	\$73,382		.797		.2431				
new base	2010	\$71,372	\$0	\$0		\$0	\$0		
1	2011	\$73,382	\$0	0.00%	\$0	0.00%	\$0	\$0	
2	2012	\$219,395	\$146,013	85.00%	\$989	0.00%	\$0	\$989	
3	2013	\$9,625,083	\$9,551,701	85.00%	\$64,708	0.00%	\$0	\$64,708	
4	2014	\$59,427,196	\$59,353,814	85.00%	\$402,092	55.00%	\$79,359	\$481,451	
5	2015	\$108,834,211	\$108,762,839	85.00%	\$736,814	55.00%	\$145,421	\$882,235	
6	2016	\$176,515,946	\$176,444,574	85.00%	\$1,195,324	55.00%	\$235,915	\$1,431,239	
7	2017	\$220,366,220	\$220,294,848	85.00%	\$1,492,387	55.00%	\$294,545	\$1,786,933	
8	2018	\$277,783,900	\$277,712,528	85.00%	\$1,881,364	55.00%	\$371,316	\$2,252,679	
9	2019	\$363,395,558	\$363,324,186	85.00%	\$2,461,340	55.00%	\$485,783	\$2,947,122	
10	2020	\$406,908,992	\$406,837,620	85.00%	\$2,756,121	55.00%	\$543,962	\$3,300,084	
11	2021	\$489,439,953	\$489,368,581	85.00%	\$3,315,227	55.00%	\$654,310	\$3,969,538	
12	2022	\$523,679,053	\$523,607,681	85.00%	\$3,547,180	55.00%	\$700,090	\$4,247,270	
13	2023	\$603,717,263	\$603,645,891	85.00%	\$4,089,399	55.00%	\$807,105	\$4,896,504	
14	2024	\$625,460,522	\$625,389,150	85.00%	\$4,236,699	55.00%	\$836,177	\$5,072,875	
15	2025	\$693,253,507	\$693,182,135	85.00%	\$4,695,962	55.00%	\$926,819	\$5,622,782	
16	2026	\$728,245,252	\$728,173,880	85.00%	\$4,933,014	55.00%	\$973,605	\$5,906,619	
17	2027	\$823,257,397	\$823,186,025	85.00%	\$5,502,184	55.00%	\$1,100,641	\$6,602,825	
18	2028	\$861,214,201	\$861,142,829	0.00%	\$0	0.00%	\$0	\$25,779,665	
19	2029	\$918,840,991	\$918,769,619	0.00%	\$0	0.00%	\$0	\$25,779,665	
20	2030	\$932,623,606	\$932,552,234	0.00%	\$0	0.00%	\$0	\$25,779,665	
21	2031	\$1,007,123,484	\$1,007,052,112	0.00%	\$0	0.00%	\$0	\$25,779,665	
22	2032	\$1,044,939,439	\$1,044,868,067	0.00%	\$0	0.00%	\$0	\$25,779,665	
23	2033	\$1,105,322,107	\$1,105,250,735	0.00%	\$0	0.00%	\$0	\$25,779,665	
24	2034	\$1,145,626,041	\$1,145,554,669	0.00%	\$0	0.00%	\$0	\$25,779,665	
25	2035	\$1,222,305,956	\$1,222,234,584	0.00%	\$0	0.00%	\$0	\$25,779,665	
26	2036	\$1,263,349,648	\$1,263,278,276	0.00%	\$0	0.00%	\$0	\$25,779,665	
27	2037	\$1,341,795,417	\$1,341,724,045	0.00%	\$0	0.00%	\$0	\$25,779,665	
28	2038	\$1,384,631,451	\$1,384,560,079	0.00%	\$0	0.00%	\$0	\$25,779,665	
29	2039	\$1,464,896,448	\$1,464,825,076	0.00%	\$0	0.00%	\$0	\$25,779,665	
30	2040	\$1,509,578,997	\$1,509,507,625	0.00%	\$0	0.00%	\$0	\$25,779,665	
31	2041			0.00%	\$0	0.00%	\$0	\$25,779,665	
32	2042			0.00%	\$0	0.00%	\$0	\$25,779,665	
33	2043			0.00%	\$0	0.00%	\$0	\$25,779,665	
34	2044			0.00%	\$0	0.00%	\$0	\$25,779,665	
35	2045			0.00%	\$0	0.00%	\$0	\$25,779,665	
36	2046			0.00%	\$0	0.00%	\$0	\$25,779,665	
37	2047			0.00%	\$0	0.00%	\$0	\$25,779,665	
38	2048			0.00%	\$0	0.00%	\$0	\$25,779,665	
39	2049			0.00%	\$0	0.00%	\$0	\$25,779,665	
40	2050			0.00%	\$0	0.00%	\$0	\$25,779,665	
41	2051			0.00%	\$0	0.00%	\$0	\$25,779,665	
*TIF fund collection includes both RP tax and agricultural exemption rollback taxes				\$41,310,805		\$8,155,047	\$49,465,852		
NPV				\$21,534,143		\$4,245,522	\$25,779,665		

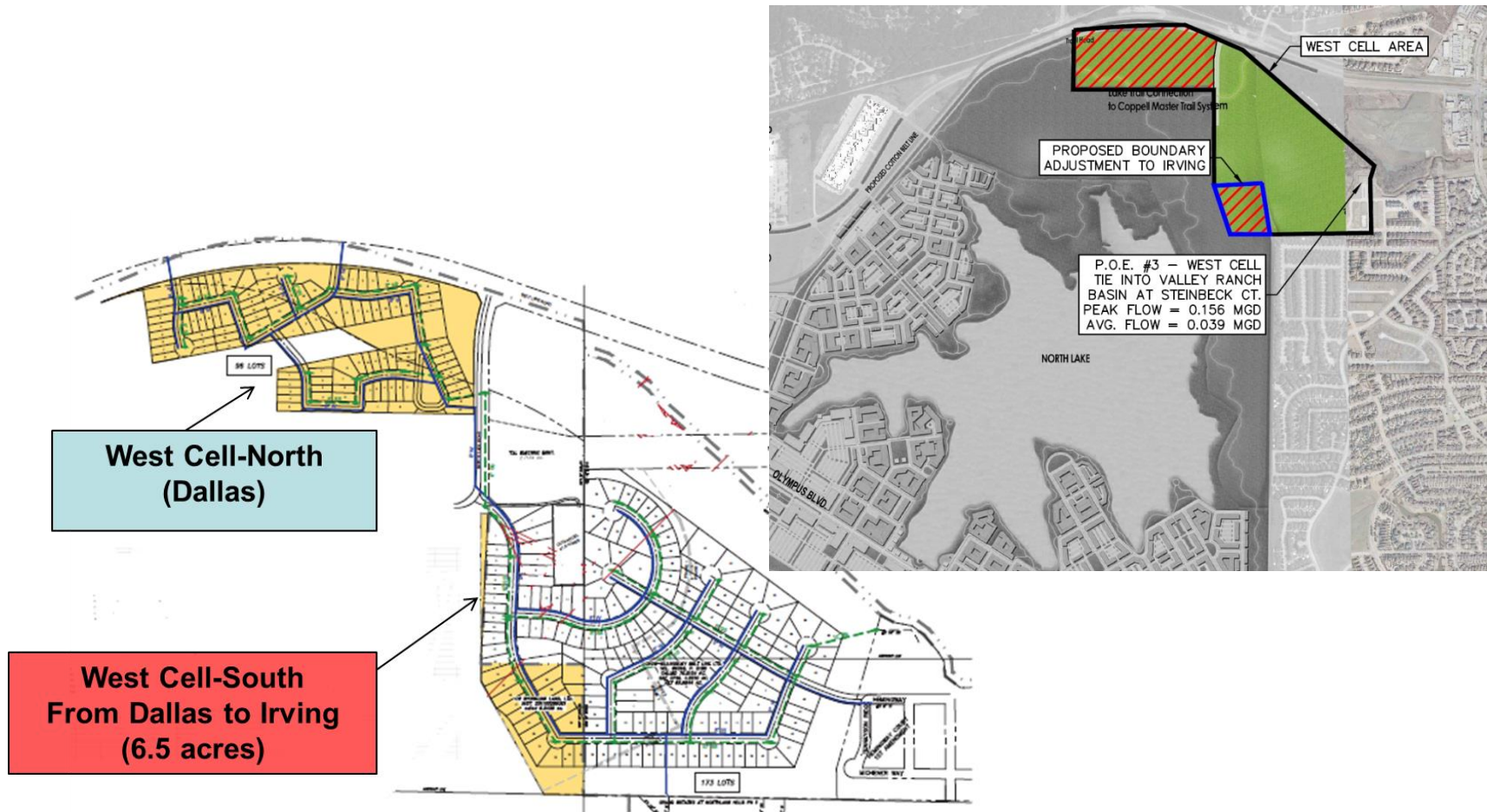


# Appendix 3 – Interlocal Agreement Reciprocity Plan

DALLAS-IRVING WATER-WASTEWATER			
ITEM	Summary	DALLAS GIVES (IRVING GETS)	DALLAS GETS (IRVING GIVES)
A	Reciprocal Service-West Cell	6.5 acres Residential Development in Dallas to Irving (Boundary Adjustment) of South West Cell	Water, Wastewater, and stormwater reciprocal services for 22 acres of North West Cell (in Dallas) from Irving
B	Water Connections	25% of the cost of Irvings 1 MG Elevated Storage Tank & 18" Water Line	2500 Permanent water connections for SW Cypress Waters Smaller future Dallas ground storage tank
		100% of applicable Irving Hackberry Pump Station Improvements and 20" Water line	Smaller future Dallas elevated tank in the future
C	Supply Exchange	80% of the cost of Irving Northgate ground storage project	8.2 MGD of water from Irving's 48" waterline; No need for Dallas to build new line from Elm Fork in the future
		Jamison meter station upgrade to move more water north*	
		54"-48" Water Transmission Interconnect*	
D	Wastewater Reciprocal	NA	0.3 MGD Flow into Irving along Hackberry for Coppell ISD and other Dallas uses
*Does not involve Billingsley Development, Dallas System Improvement			

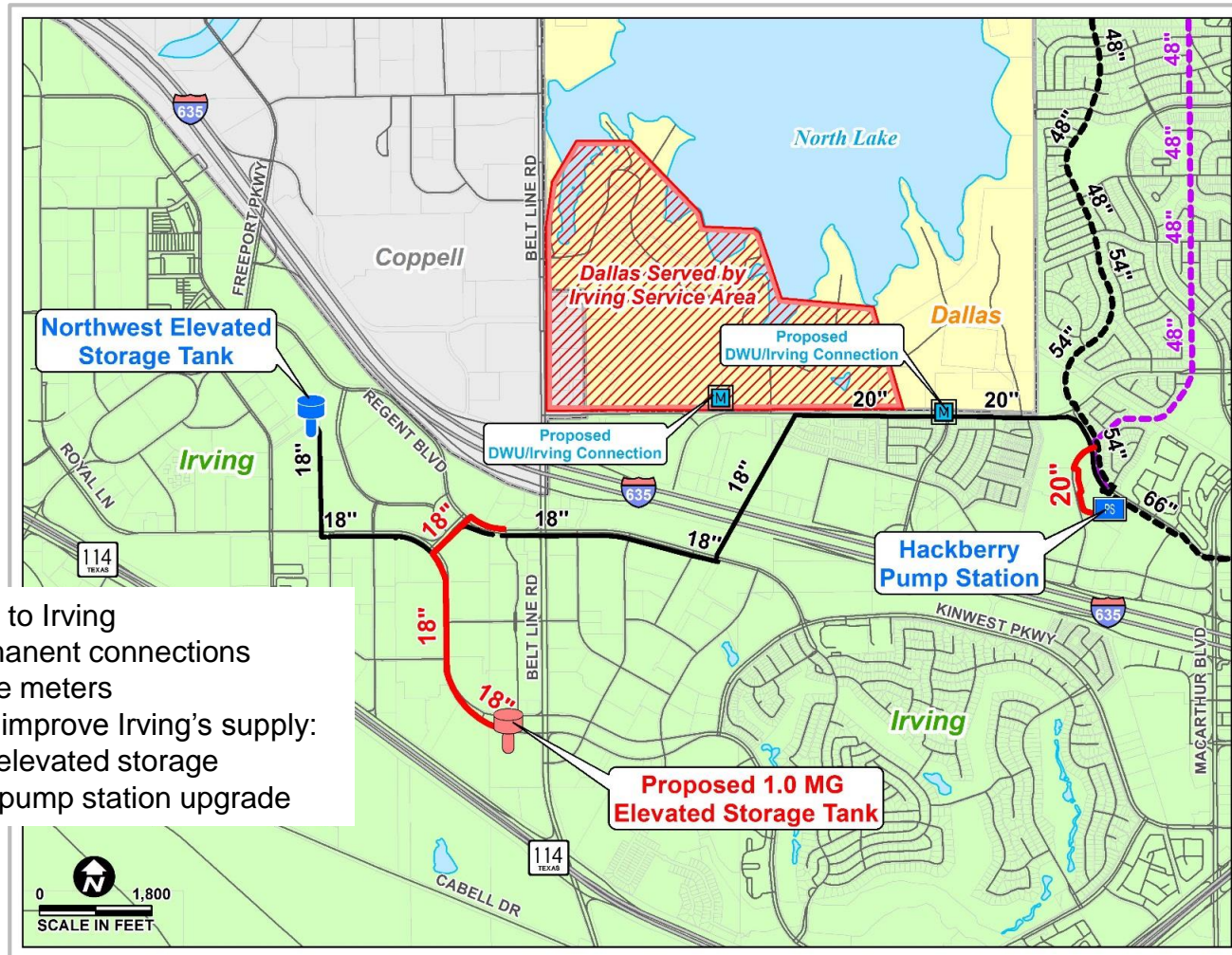
# Appendix 4

## Maps for ILA – West Cell



# Appendix 5

## Maps for ILA - Water Service (southwest)



Connect Dallas to Irving

- 2,500 permanent connections
- 2 wholesale meters

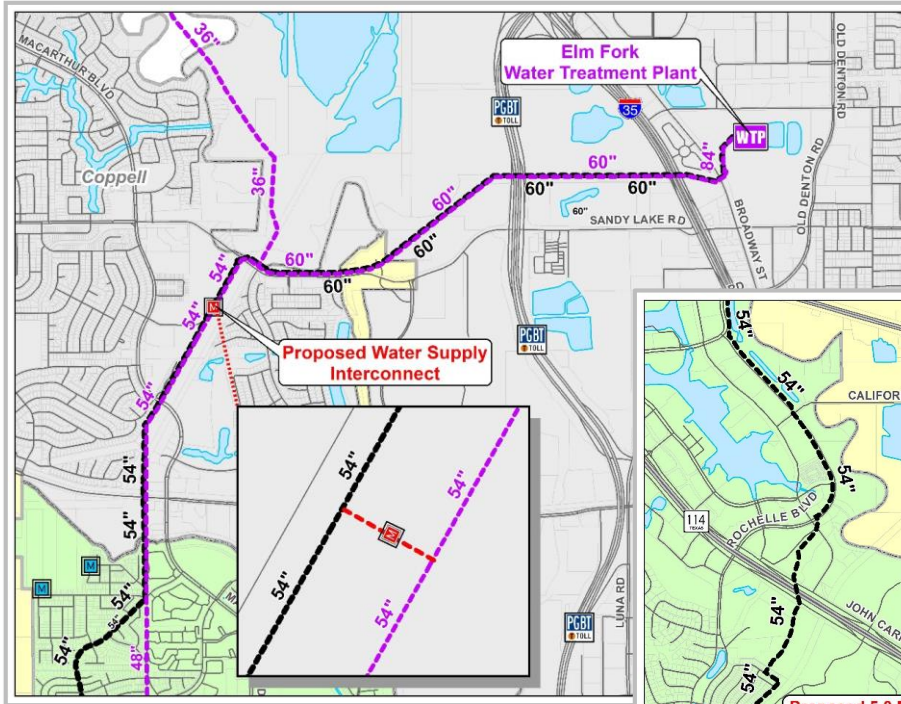
Dallas helps to improve Irving's supply:

- New 1MG elevated storage
- Hackberry pump station upgrade



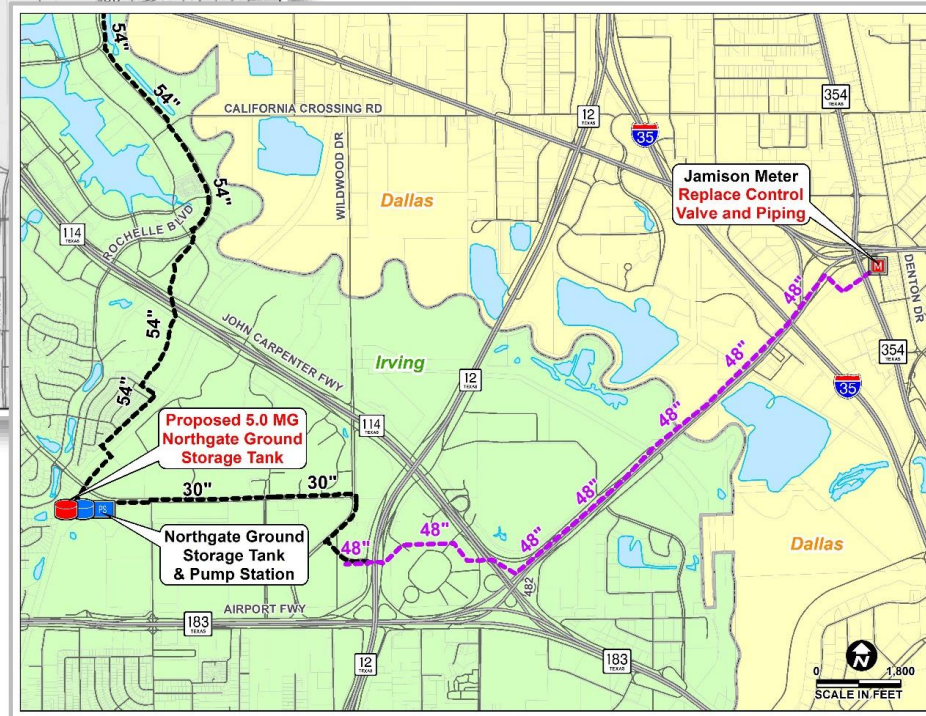
# Appendix 6

## Maps for ILA - Water Supply



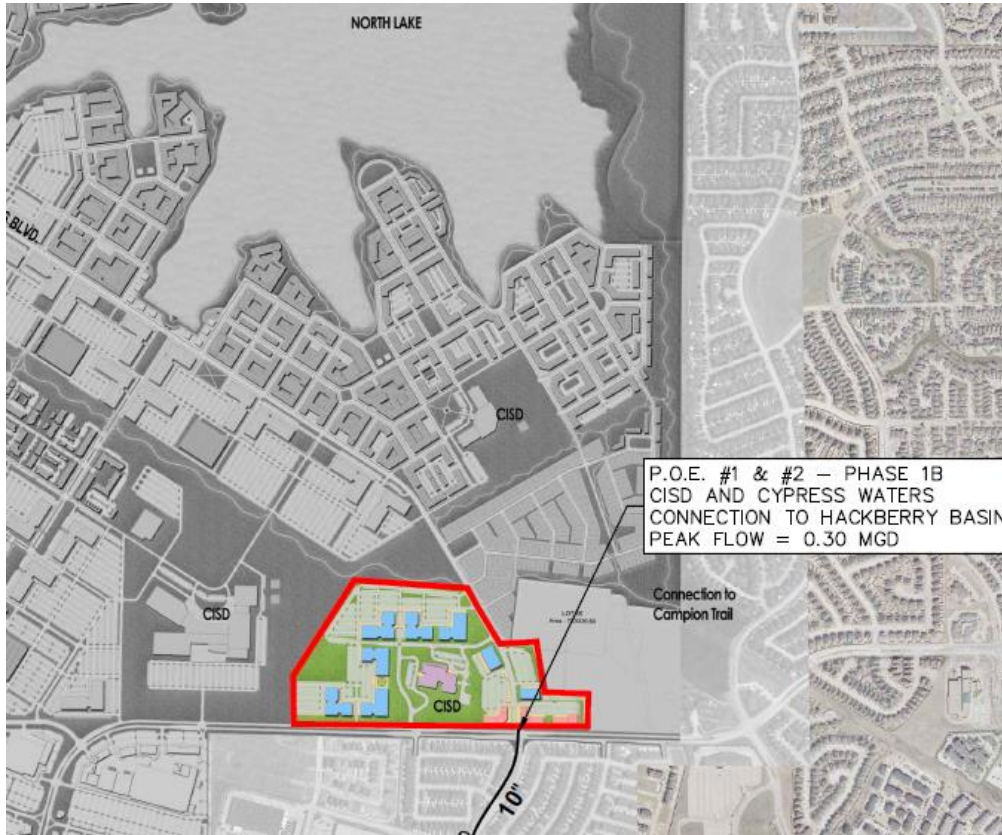
Dallas helps to improve Irving's supply:

- Dallas upgrades its Jamison station
- Install 5 MG ground storage at Northgate
- Install 54"-48" connection



# Appendix 7

## Maps for ILA - Wastewater Reciprocal



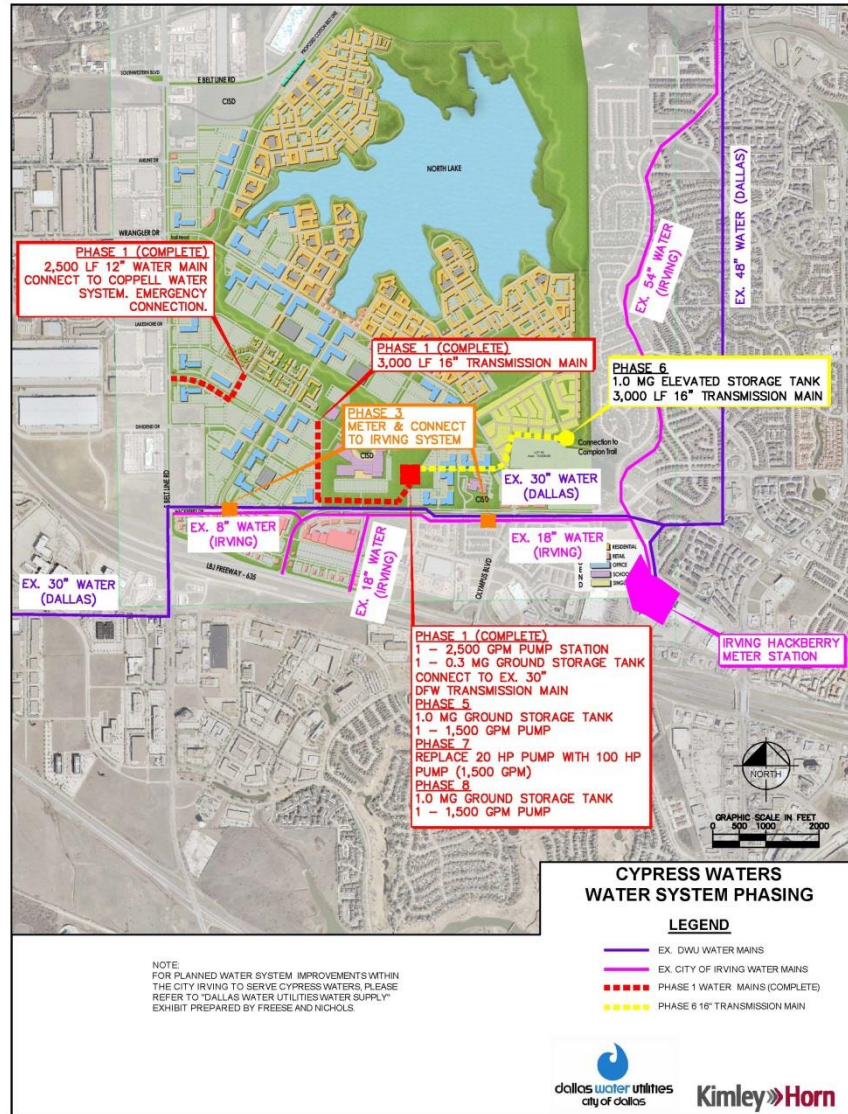
Connect Dallas to Irving for wastewater service at Hackberry to serve:

- Coppell ISD
- Commercial buildings



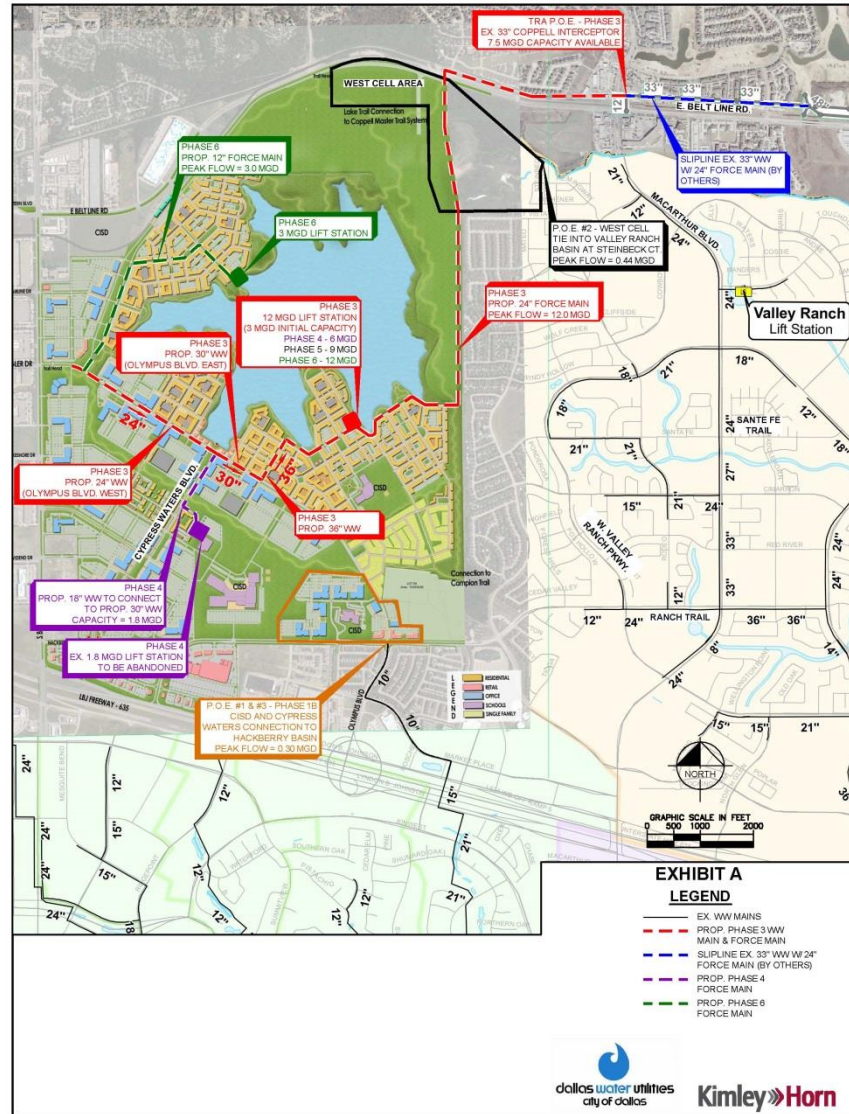
# Appendix 8

## Maps for MOU – Water Phasing



# Appendix 9

## Maps for MOU – Wastewater Phasing



# Appendix 10

## Past City Council Actions - Timeline

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- **May 26, 2010** – original approval of Cypress Waters MOU
- **December 8, 2010** – establish Cypress Waters TIF District
- **June 8, 2011** – approve Cypress Waters Final Plan
- **June 8, 2011** – approve funding for Cypress Waters Phase I
- **November 14, 2012** – approve funding for Cypress Waters Phase II
- **June 10, 2015** – amend Cypress Waters TIF Plan