

Memorandum



DATE December 30, 2008

TO Members of the Economic Development Committee:
Ron Natinsky (Chair), Tennell Atkins (Vice-Chair), Dwaine Caraway, Jerry R. Allen,
Sheffie Kadane, Mitchell Rasansky, Linda Koop, Steve Salazar

SUBJECT Advanced H2O, LLC. and DLH Dallas Logistics 634, LLC. – **City Council Agenda –
January 14, 2009 and January 28, 2009**

On January 14, 2009 Council will consider calling a public hearing to be held on January 28, 2009 to receive comments concerning the creation of City of Dallas Reinvestment Zone No. 72 located at 4800 Langdon Road, Dallas, Texas; and, at the close of the hearing, consideration of **(1)** an ordinance creating City of Dallas Reinvestment Zone No. 72 and **(2)** a 50 percent business personal property tax abatement for ten years with Advanced H2O, LLC. and DLH Dallas Logistics 634, LLC. - Financing: No cost consideration to the City

BACKGROUND

Advanced H2O, LLC. seeks City Council approval of incentives for a new water bottling and distribution facility at 4800 Langdon Road, Dallas, Texas. DLH Dallas Logistics 634, LLC. constructed a 635,040 speculative building on 37.80 acres in the Dallas Logistics Center. Advanced H2O, LLC. of Mercer Island, Washington desires to open a new water bottling and distribution facility in the Dallas area. In order to accomplish this, Advanced H2O, LLC. has negotiated a 15 year lease for 313,470 square feet of space within the 4800 Langdon Road facility. Advanced H2O, LLC. will create 100 jobs and invest \$29,000,000 for equipment and tenant improvements. The City Council will be asked to authorize a 50 percent business personal property tax abatement for ten years for Advanced H2O, LLC. and DLH Dallas Logistics 634, LLC. at 4800 Langdon Road after the public hearing on January 28, 2008. The estimated foregone revenue is \$1,009,665 and staff negotiated a business personal property tax abatement cap of \$1,021,000. This facility is slated for completion by April 2009.

ESTIMATED SCHEDULE OF THE PROJECT

Begin Construction	February 2009
Complete Construction	April 2009

Project Details

Project Site: 4800 Langdon Road

Acreage: 37.80 acres

Project Facility: 15 year lease of 313,470 square feet

Jobs: Minimum 100

Business Personal Property Investment:

- \$ 28,000,000

Real Property Tenant Improvements:

- \$ 1,000,000

Approved City Incentives

Business Property Tax Abatement,
on added value: 50% - 10 years

	<u>Investment</u>	<u>Annual Tax Abatement</u>	<u>Annual Foregone Revenue</u>	<u>Annual City of Dallas Tax Revenue</u>
Business Personal property	\$28	50% - 10yrs	\$ 104,706	\$ 104,706
10-year totals			\$1,009,665	\$1,009,665
Incentive Cap	\$1,021,000			

TENANT

PROPERTY OWNER / DEVELOPER

Advanced H2O, LLC.

DLH Dallas Logistics 634, LLC.

Robert Abramowitz,
 President And CEO

Dan McAuliffe,
 President

FISCAL INFORMATION


No cost consideration to the City

Advanced H2O
December 30, 2008
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MAP

Attached.

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



A.C. Gonzalez
Assistant City Manager

C: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
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Karl Zavitkovsky Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Helena Stevens-Thompson, Assistant to the City Manager

Exhibit B

Proposed Project Information Worksheet

Economic Development Committee

A. Project Summary

City Council District	8	
Project/Company Name	Advanced H20	
Project Location	Dallas Logistics Center	
Project Type	Water bottling and distribution	
Facilities (Square Feet)	315,000 sf - 15 year lease	
Construction Schedule	Begin	
	Complete	
Private Improvement Investment	Real Property	
	Business Property	\$28M
Jobs	Created	100
	Retained	
Average Wage Rate	Salary	\$42,607
	Hourly	
City Incentive Summary	Tax Abatement	BPP 50/10 years
	Infrastructure	
	Other	

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

	10-Year		30-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	50	\$ 63,583,785.00	50	\$ 162,047,466.00
Indirect and Induced Impact*	90	\$ 38,150,271.00	90	\$ 97,228,480.00
Total Impact	140	\$ 101,734,056.00	140	\$ 259,275,946.00

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

(From direct, indirect and induced economic impacts)

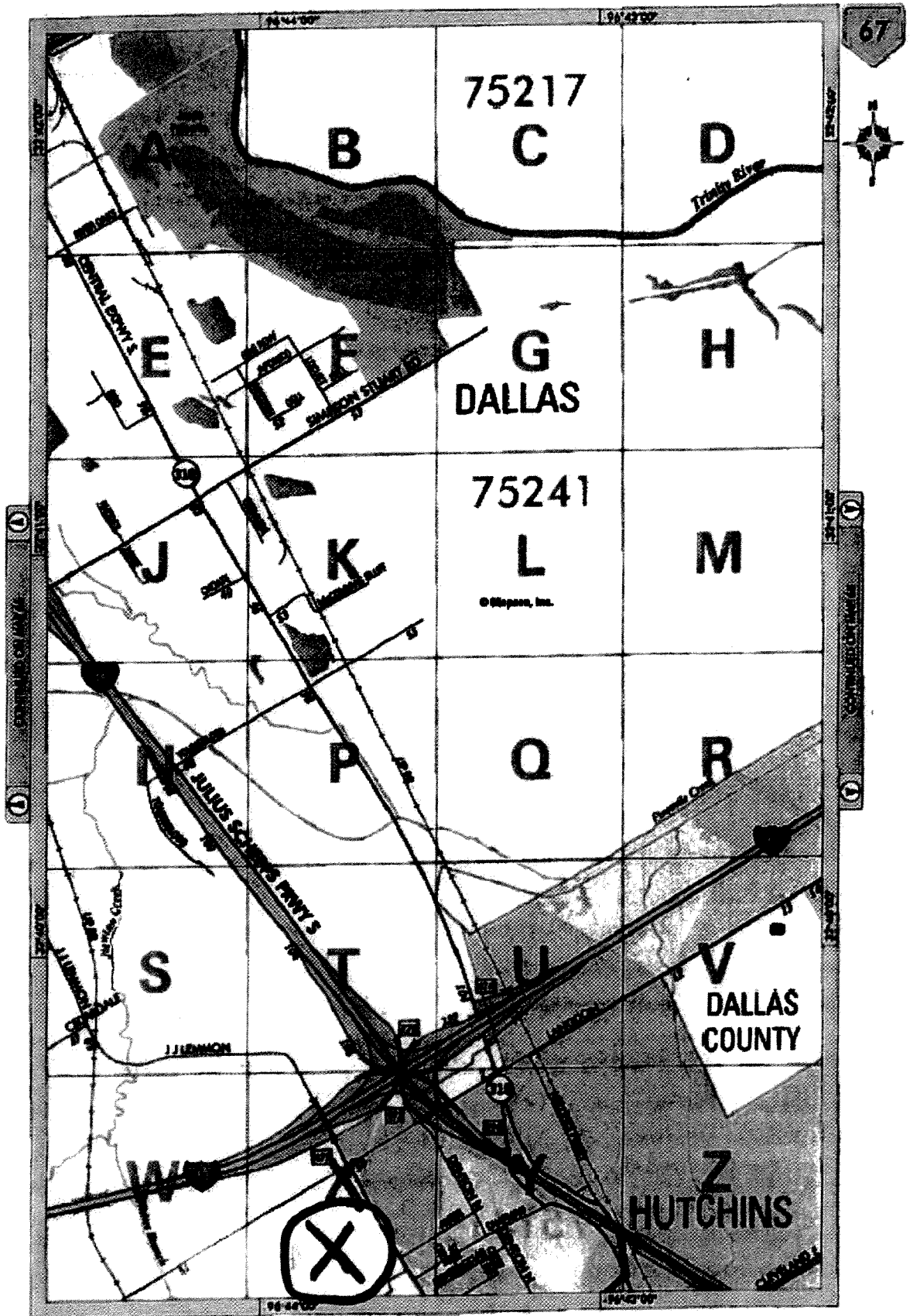
	10-Year		20-Year	
Total City GF Revenue Generated	\$	2,441,167.00	\$	5,824,602.00
Total City GF Service Costs	\$	1,180,337.00	\$	2,650,537.00
Net Impact Before Incentives	\$	1,260,830.00	\$	3,174,065.00
City Incentives	\$	908,730.00	\$	1,009,670.00
Net City Fiscal Impact	\$	352,127.00	\$	2,164,395.00

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

D. Other Taxing Jurisdiction 10-yr Estimated Tax Revenue

	Property Taxes	Sales Taxes
DISD	\$ 3,195,185.00	
Dallas County	\$ 628,597.00	
DCCCD	\$ 217,080.00	
Parkland Hospital	\$ 685,800.00	
DART		

ADVANCED H2O, LLC



4800 Langdon Road
Dallas, Texas

Memorandum



CITY OF DALLAS

DATE December 30, 2008

TO Members of the Economic Development Committee: Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Jerry R. Allen, Dwaine Caraway, Sheffie Kadane, Linda Koop, Mitchell Rasansky and Steve Salazar

SUBJECT **Authorize an amendment to the development agreement with Uptown Dallas Inc., (1) to increase the contract funding from \$2,300,000 to \$2,600,000, and (2) the ratification of the pledge and dedication of \$300,000 in State-Thomas TIF funds by the State-Thomas Board effective as of December 17, 2008
January 14, 2009 Council Agenda**

This action authorizes an amendment to the development agreement with Uptown Dallas Inc., to increase the contract funding by \$300,000 and to ratify the pledge and dedication of \$300,000 in State-Thomas funds by the State-Thomas TIF Board effective as of December 17, 2008, (the date the State-Thomas TIF Board pledged such funding).

Specifically, additional funds for payments related to the utility burial work, streetscape improvements for Block 547 in the State-Thomas Tax Increment Financing District (bounded by Maple-Routh Connection, Thomas Avenue, Routh Street and Colby Street) are recommended to be added to an existing contract with Uptown, Inc. The improvements to Block 547 were originally excluded from the State-Thomas Final Improvement Project list based on preliminary cost estimates indicating a shortage of funds. However, based on final bids, approximately \$300,000 can be allocated to these public infrastructure improvements.

CSW Development is constructing 267 apartment units at the site located on the corner of Maple Routh Connection and Thomas Avenue. The additional funding (\$300,000) will be used to upgrade the quality of streetscape improvements to conform to the State-Thomas Design Guidelines. The improvements include the burial of utility lines on the site, installation of the specialty pedestrian lights, and sidewalks with increased width and specialty paving features. TIF standard streetscape improvements are more extensive than minimum improvements required by zoning.

Tax Increment Financing (TIF) Districts are set up for a finite term and/or collection of funds related to a specific set of public improvements. The State-Thomas TIF District was created in 1989 and is set to terminate in 2008. Several of the planned public infrastructure improvements for the TIF District remain to be completed. Beginning in 2003, city staff began a process to work with various stakeholders including the community members, home owners, retailers, the State-Thomas TIF Design Review Committee (DRC), State-Thomas TIF Board of Directors and the Uptown Public Improvement District.

Staff developed a final strategy to identify and prioritize the final set of district wide improvement projects. The City of Dallas' Public Works and Transportation Department (PWT) selected consultants to design and determine final costs for the recommended projects.

Upon completion of the final design work, PWT conducted a bidding process for the construction of these projects and selected Gibson Associates as the lowest responsible bidder among the three bids that were received. The bid amount is approximately \$5.3 million.

Other utility burial work and coordination will be undertaken through a development agreement with the Uptown Public Improvement District. The amount of this contract will be increased from \$2.3 million to \$2.6 under this contract amendment. Completion of these projects and related utility work will close out the operations of the State-Thomas TIF District.

FISCAL INFORMATION

Increase of funding by \$300,000 from \$2,300,000 to \$2,600,000 – State-Thomas TIF District Funds

COUNCIL DISTRICT(S)

14

STAFF

Karl Stundins, Manager, Area Redevelopment Division
Vasavi Mallena, Economic Development Analyst

RECOMMENDATION

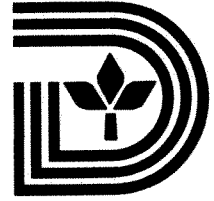
Staff recommends approval. Please contact me at (214) 670-3314, if you have any questions or concerns.



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SUBJECT UNT Law School Letter of Understanding – **City Council Agenda – January 14, 2009**

On January 14, 2009, Council will consider approval of a letter of understanding with UNT Systems concerning the UNT Law School project to be located at 106 S. Harwood. The letter of understanding outlines the respective roles and responsibilities as well as the basic arrangements expected to be incorporated in the final documentation for the Project.

BACKGROUND

The Historic Municipal Building at 106 S. Harwood was originally constructed in 1914 and served as Dallas City Hall until the current location was built at 1500 Marilla. The building is currently occupied by the Municipal Courts Judiciary. The Municipal Building is located at the intersection of Harwood and Main Street and contains five stories, plus basement and sub-basement levels. The Historic Municipal Building has been supported by the City Council as the future site of the University of North Texas law school.

The Courts Annex at 2014 Main Street was built in 1956 and connects to the adjacent Municipal Building. The Courts Annex is located between Main Street and Commerce and includes five stories plus a basement level.

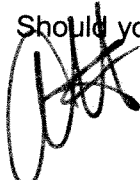
The Historic Municipal Building is currently in need of interior and exterior renovation. The building has experienced an on-going problem with water infiltration, which caused deterioration of perimeter structural components particularly at the basement and sub-basement. EBS staff has worked in conjunction with UNT's facility staff to develop a project scope of work and preliminary schedule. On October 8, 2008, the City Council approved a contract for design consultation for the Municipal Building between the City and Conley Group, Inc. The scope of work identified the need for exterior renovations including; structural testing, repair/replacement of the limestone hanging system, basement waterproofing, new utility service, window replacement, repair/replacement of the tile mansard roof and copper gutters, and exterior access to the building to be compliant with Texas Accessibility Standards.

In order to demonstrate the City's commitment for support of the project, UNT Systems has requested the City provide a letter of understanding. The letter of understanding states that the City and UNT have a shared vision of the Project and their respective roles and responsibilities. The letter of understanding also outlines the basic arrangements expected to be incorporated in the inter-local agreement including, but not limited to, a user agreement for ongoing maintenance and control of 106 S. Harwood. The City also agrees in principle, contingent upon approval of the law school by the 2009 State Legislature and final approval by City Council, of a formal inter-local agreement.

FISCAL INFORMATION

No cost consideration to the City

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