

Memorandum

REVISED



CITY OF DALLAS
CITY SECRETARY
DALLAS, TEXAS
FEB - 4 AM 10:10
RECEIVED

DATE February 4, 2011

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

SUBJECT **Economic Development Committee**
Monday, February 7, 2011, 9:30 – 11:30 a.m.
1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201

AGENDA

1. Approval of December 6, 2010 Minutes of the Economic Development Committee
2. Kroger Grocery Store: New Market Tax Credit Transaction
Lee McKinney, Assistant Director
Office of Economic Development
(Estimated time 20 minutes)
3. Amendment to Digital Billboard Regulations: Status Update
Theresa O'Donnell, Director
Sustainable Development & Construction
(Estimated time 20 minutes)
4. Upcoming agenda item for February 2011
 - On February 9, 2011 the City will consider **(1)** Purchase Agreement; **(2)** acquisition; and **(3)** acceptance of charitable donation from Union Pacific Railroad Company of approximately four miles of abandoned, unimproved railroad right-of-way, between Rylie and Cloverhill Roads for the Kleberg Trail Corridor Project - Not to exceed \$310,000 (\$300,000 plus closing cost not to exceed \$10,000) – Financing: Public/Private Partnership Funds (\$26,000) and 2003 Bond Funds (\$50,000)

Ron Natinsky, Chair
Economic Development Committee

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge Municipal Court
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Jeanne Chipperfield, CFO, OFS
Karl Zavitkovsky, Director, OED
Helena Stevens-Thompson, Asst. to the QMO

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 effect 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 effect 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.

DRAFT

Economic Development Committee Meeting Record January 18, 2011

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: January 18, 2011 Meeting Start time: 9:40 AM

Committee Members Present:

Ron Natinsky
Tennell Atkins
Dwayne Caraway
Sheffie Kadane
Ann Margolin
Steve Salazar
Jerry Allen
Linda Koop

Staff Present:

AC Gonzalez, *Assistant City Manager, City Managers Office*
Karl Zavitkovsky, *Director, Office of Economic Development*

Other Presenters:

Bill Carson, *V.P., Operations Strategy and Director of Sustainability, McCormack, Baron & Salazar*

Other Council Members Present:

Carolyn Davis
Delia Jasso
David Neumann

1. Approval of December 6, 2010 Minutes of the Economic Development Committee
Presenter(s):

Action Taken/Committee Recommendation(s): Motion made to approve the minutes.

Motion made by: Mr. Kadane

Motion seconded by: Mr. Atkins

Item passed unanimously: X

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

Follow-up (if necessary):

2. A New Paradigm: Strategies for Revitalizing Dallas Distressed Neighborhoods

Presenter(s): Karl Zavitkovsky, Director, Office of Economic Development, Bill Carson, V.P., Operations Strategy and Director of Sustainability, McCormack, Baron & Salazar

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

Motion made by:

Motion seconded by:

Item passed unanimously:

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

Follow-up (if necessary):

3. HUD Community Challenge Grant for Transit Oriented Development and Affordable Housing

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

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

Motion made by: Mr. Caraway

Item passed unanimously: X

Item failed unanimously: _____

Motion seconded by: Ms. Margolin

Item passed on a divided vote: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

4. Upcoming agenda items for January 2011

- Resolution Supporting S.H. 183 from S.H. 161 to I-35E

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

Motion made by: Mr. Kadane

Item passed unanimously: X

Item failed unanimously: _____

Motion seconded by: Mr. Caraway

Item passed on a divided vote: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

Meeting Adjourned: 11:09 AM

Approved By: _____
Ron Natinsky, Chair

Memorandum



CITY OF DALLAS

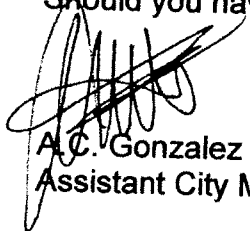
DATE February 4, 2011

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

SUBJECT **Kroger Grocery Store: New Markets Tax Credit Transaction**

At your February 7, 2011 meeting, you will be briefed on "Kroger Grocery Store: New Markets Tax Credit Transaction." A copy of that briefing is attached.

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


A.C. Gonzalez
Assistant City Manager

cc: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge Municipal Court
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Helena Stevens-Thompson, Assistant to the City Manager

Kroger Grocery Store: New Markets Tax Credit Transaction

Economic Development Committee
February 7, 2011



Briefing Purpose

- Review the New Markets Tax Credit (NMTC) program
- Present Dallas Development Fund (DDF) recommendation for an \$12.5 million NMTC allocation (\$3.56 million cash equity) for the Kroger Grocery Store project
- Seek committee approval for Council action on February 23rd

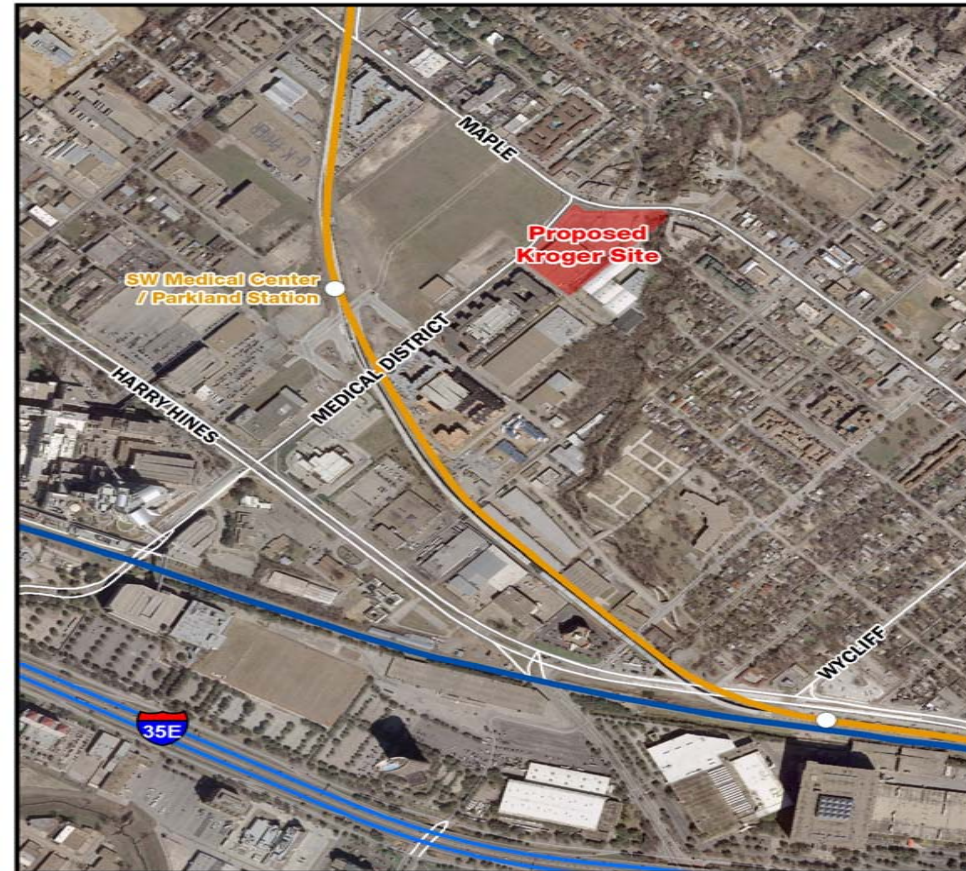


Review of the NMTC program

- Permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in eligible projects
- In 2009, Dallas created the Dallas Development Fund (DDF) as a qualified non-profit to apply for a U.S. Treasury NMTC allocation
- The same year, the DDF was awarded a \$55 million allocation
 - This is worth approximately \$14 million in up front subsidy to projects
- Investments must be used in low-income communities
- The credit provided to the investor equals \$.39 on the dollar of qualified equity investment to the project and is claimed over a 7-year credit allowance period
- NMTCs encourage investment by providing up to 25% of total project costs
- DDF will apply for a second allocation in the 2011 round

Kroger Project

- Kroger Co.
 - Location: 4901 Maple Ave (Maple and Medical District)
 - 76,000 SF Renovation of Elliot's Hardware (possible alt: new construction)
 - Total Project Cost: \$16,232,000
 - Highly Distressed Tract
 - 27.8% Unemployed
 - 28.2% Poverty rate
 - 47% of Area Median Family Income
 - Potential Closing June 2011



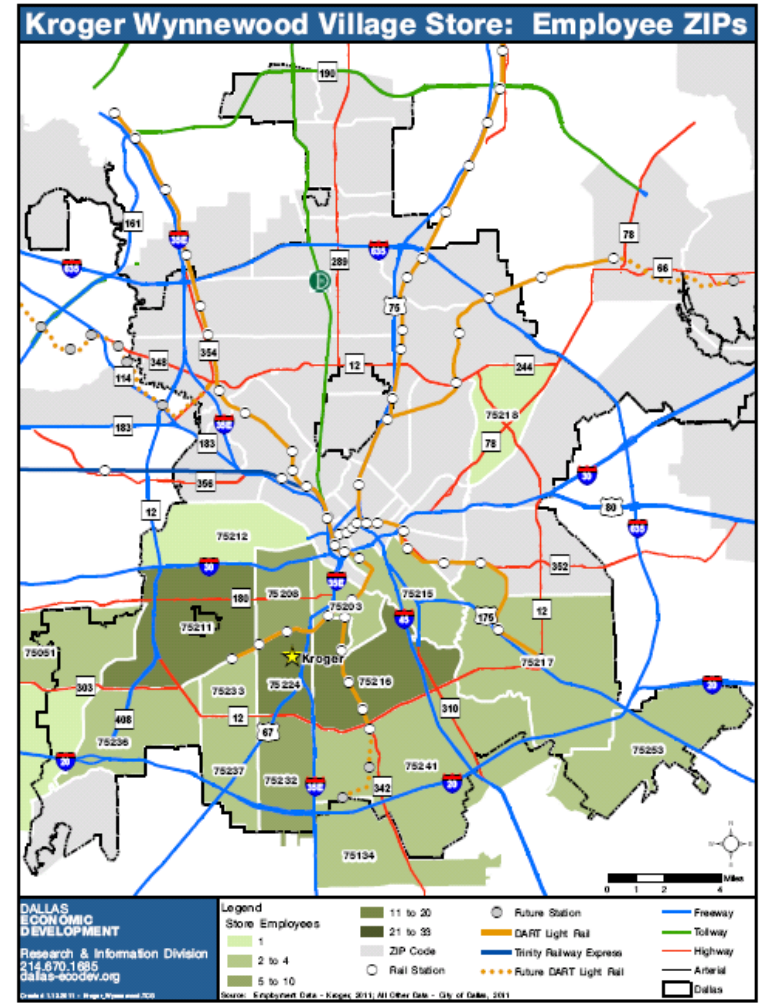
Community Benefits

- 145 Full-Time Equivalent Jobs
 - 75 Full Time Hourly
 - 125 Part Time Hourly
 - 8 Salaried (\$75k/yr)
 - Full Benefits (Medical, dental, vision, short term disability, life insurance)
 - \$11/hour base
 - \$14.30/hour including benefits



Community Benefits

- 25% M/WBE target on construction
- Commitment to local/low-income job hiring (see map to the right)
- Expanded healthy food choices
- Energy Star rated project
- Top-brand grocery provider
- Less than 1/2 mile from new Medical Center DART Green Line station (TOD)



Demonstrated Need for NMTC Benefits

- The project exhibits a financing gap without NMTC assistance, based on Return on Investment (ROI) projections provided by Kroger and reviewed by staff
- Without NMTC financing, the store is projected to produce ROI that falls below the level typically deemed acceptable by Kroger's capital committee
- Additionally, because the project is a renovation, construction costs are less predictable than normal and add another layer of risk
- NMTC assistance will help ensure that the project is completed, even if additional costs arise
- Kroger has stated unequivocally that its pursuit of a store in this location is contingent on availability of NMTC financing

DDF Criteria

Kroger Project				
Location	Southern Dallas		Distressed Community	
	No		Yes; Highly distressed tract with 27.8% Unemployed, 28.2% Poverty rate and 47% of Area Median Family Income	
Proposed Uses	Job Training	TOD	Mixed-use, community oriented	
	No	Within .5 miles of Medical District DART station	Community oriented (grocery store)	
Demonstrated need for NMTC	Yes- hurdle rate analysis			
Likely community impact	Job creation for LIC	Increased wages LIC	LIC owned business?	M/WBE owned business?
	Yes, 145 FTE	Yes, \$14.30/hr	No	No
	Community services business?	Facilitates wealth creation for LICs?	Provides goods or services to LICs?	Environmentally sustainable?
	No	No	Yes	Yes (EnergyStar; TOD)

Transaction Details

- Total Project Costs:
\$16.2MM
- DDF NMTC Allocation:
\$12.5MM (\$3.56 M cash equity)
- Financing Sources
 - Kroger Co. (Leverage Lender)
 - JPMorgan Chase (NMTC Equity)
- NMTC Benefit
 - Helps store achieve “hurdle rate” needed for approval

Source of Funds	Amount
Kroger Leverage Loan	\$8,940,000
NMTC Equity	\$3,560,000
Total QEI	\$12,500,000

Recent Southwestern Medical District Developments

- The Kroger grocery store is adjacent to the Southwestern Medical District TIF.
- Recently completed projects in the TIF district include:
 - Cityville at Southwestern Medical: 278 rental units, 45,000 sq ft of retail space.
 - The Alexan: 396 units of residential rental units
 - Ronald McDonald House: 64,000 sf of low-cost rental units for 60 families
 - DART Southwestern Medical District/Parkland station opened in December 2010.
- Projects scheduled to be completed in 2011:
 - Maple Garden Apartments: 120 rental units

Next Steps

- Economic Development Committee recommendation for Council action on February 23
- Project closing projected early June 2011



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Memorandum

Date: February 4, 2011

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

Subject: Amendment to Digital Billboard Regulations: Status Update

On Monday, February 7, you will be presented a status update on an amendment to billboard regulations. A copy of the briefing is attached for your review.

If you need further information, please call Theresa O'Donnell at 214-670-4127.

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez', written over a circular stamp or seal.

A.C. Gonzalez
Assistant City Manager

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Thomas Perkins, City Attorney
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Craig Kinton, City Auditor
Judge C. Victor Lander, Judiciary
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Jack Ireland, Director, Office of Financial Services
Theresa O'Donnell, Director of Sustainable Development and Construction
Karl Zavitkovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Helena Stevens-Thompson, Assistant to the City Manager

Amendment to Digital Billboard Regulations: Status Update

City Council
Economic Development Committee
February 7, 2011



Background

- On April 14, 2010, Clear Channel Outdoor submitted a request to amend the City of Dallas Code, Section 51A, Article VII, sign regulations, to allow digital billboards.
- Section 51A-7.306 prohibits the installation or maintenance of a detached non-premise sign in the City of Dallas.
- The proposed amendment would allow the replacement of a traditional billboard with a billboard utilizing digital technology; therefore, no new billboard structures will be installed.

Background

- The Special Sign District Advisory Committee (SSDAC) considered this issue at two public meetings in June and July of 2010 and again on January 11, 2011 at the request of the City Plan Commission (CPC). The meetings were attended by billboard industry representatives and interested citizens.
- CPC considered the proposed amendments on December 16, 2010 and on January 2011, and has recommended approval of the amendments.

CPC Recommendation

1. Allow digital billboards to replace existing billboards along expressways only.
2. For every one square foot of digital billboard constructed, a minimum of 3 square feet of traditional billboard must be removed except that each sign company is allowed one 1 square foot for 1 square foot replacement.
3. Reconstructed digital signs shall not increase the number of faces on the original billboard.
4. Reconstructed digital signs must upgrade supports to monopole supports that meet current building codes.

CPC Recommendation

5. Reconstructed digital signs may not increase the height above the height of the sign it is replacing.
6. Digital billboards must be spaced a minimum of 1500 ft from another digital billboard oriented to the same traffic direction.
7. Messages on digital billboards must be static messages with no moving or flashing images.
8. Digital billboards must not change message more than once every 8 seconds.
9. Digital billboards must be equipped with light sensors which dim the billboards based on ambient light conditions

Issues

- Should one 1 to 1 square foot replacement be allowed for each billboard company or is there another mechanism to accommodate smaller companies (let market control, percentage of time for city messages)
- Billboard companies decide which traditional faces to take down in order to erect a digital face
- Higher energy consumption of digital boards

Issues

- Allowing the replacement of support structures with digital boards extends the life of the billboard
- Difference in lighting/glare impact of digital boards compared to traditional billboards (which has less an impact)
- Is the net reduction of smaller boards along city arterials in exchange for a digital sign face a benefit consistent with the objectives of the sign ordinance to minimize visual clutter?

Next Steps

- Department will complete research
- Return to the Economic Development Committee for final direction and recommendation
- Schedule for City Council action

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DATE February 4, 2011

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Ron Natinsky (Chair), Tennell Atkins (Vice-Chair), Jerry R. Allen, Dwaine Carraway, Sheffie Kadane, Linda Koop, Ann Margolin, Steve Salazar

SUBJECT On February 9, 2011 the City Council will consider **1)** Purchase Agreement; **(2)** acquisition; and **(3)** acceptance of a charitable donation from Union Pacific Railroad Company of approximately four miles of abandoned, unimproved railroad right-of-way, between Rylie and Cloverhill Roads for the Kleberg Trail Corridor Project - Not to exceed \$310,000 (\$300,000 plus closing cost not to exceed \$10,000) - Financing: Public/Private Partnership Funds (\$260,000) and 2003 Bond Funds (\$50,000)

Background

The Mayor's Southern Dallas Task Force was formed in August 2008 to bring together local citizens and others interested in the redevelopment of southern Dallas. Thirteen "working teams" with an average of 20 persons were established. Ten teams were divided geographically throughout southern Dallas. Each team committed to engage for a 24 month period to identify and offer one action initiative that could have impact in their assigned sub geography.

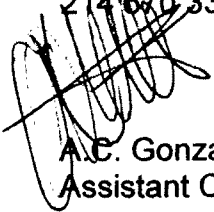
Seven of the thirteen teams identified actions that could be started and or implemented in the near term. Other teams submitted action plans for funding from future GO Bonds and/or action items that will require further development. The Mayor and the City Manager endorsed pursuit of immediate City funding for the seven action items that could be started and or implemented in the near term. Staff was assigned to identify possible funding sources for each action item.

The West Kleberg Community Team identified the "Kleberg Trail" corridor acquisition as a priority, to preserve the ability for future development of the trail. This future six-mile major trail is identified in the Dallas Trail Network Plan and will connect the Crawford Memorial Park area to the Kleberg area of Southeast Dallas.

Approximately four-mile of this trail will be located within an abandoned railroad corridor that is currently owned by the Union Pacific Railroad Company. The City of Dallas will purchase the property from Union Pacific Railroad Company at approximately \$505,000 below market value, based on an independent appraisal, which will represent a charitable donation to the city. The purchase price and closing cost of \$310,000 will be split between Park and Recreation Department and the Economic Development Department Public Private Partnership Fund (\$50,000 Park and Rec/\$260,000 PPP)

In order to manage this property in the most flexible and efficient manner until development funding is identified, it is recommended that the property not be officially dedicated as municipal park land until such time it is developed for park purposes.

Should you have any questions concerning this information, please contact me at
214 670 3314



A.C. Gonzalez
Assistant City Manager

- cc: The Honorable Mayor and Members of the City Council
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