

Memorandum



DATE February 1, 2013

TO Members of the Economic Development Committee:
Tennell Atkins (Chair), Ann Margolin (Vice-Chair), Jerry R. Allen, Monica Alonzo,
Sheffie Kadane

SUBJECT **Summary of FY 2012 Activity in Dallas TIF Districts – TIF Annual Report Items,
February 27, 2013 Council Agenda**

Background

During FY 2012 the eighteen (18) TIF Districts continued to experience increased activity overall. Growth in property values compared to the base year of the districts has been strong. Overall taxable real property value in TIF Districts increased by 9.2% (\$530,969,795) from last year compared to a 2% increase for the City as a whole. Twelve of the eighteen districts increased in value over last year with the largest percent increases in Cypress Waters, 199%; Oak Cliff Gateway, 34%; Southwestern Medical, 27%; TOD TIF, 14.6%; and Downtown Connection, 13.9%.

Overall TIF District property value growth since inception thru 2012 is 105.8%. For the six TIF Districts created between 1988 and 1998, overall value has grown by 140.4%. The State-Thomas TIF, since it is officially closed, is excluded from the district totals. Based on available 2012 data, the property value growth in State-Thomas TIF exceeded \$404 million or 851% from inception.

The Sports Arena TIF District had the highest rate of overall growth rate, 2,382% above the base year. The Cityplace Area TIF District, which officially closed in December 2012, had a 1,069% increase from the base year. Newer TIF Districts created after 2005, had an overall value growth of 88.3%. Among those that had the highest increases were the Downtown Connection (211.9%), Cypress Waters (199%), and Design District (117%) TIF Districts.

Total TIF expenditures or allocations of \$799 million leveraged over \$6 billion in added or anticipated property value in TIF Districts since the inception of each TIF District. For every TIF dollar committed, \$7 was returned in private investment. This return does not include the amount of increased sales tax, hotel/motel taxes and personal property taxes, nor does it include the taxes paid to the various taxing jurisdictions, including the Dallas Independent School District (DISD). We estimate the amount of additional taxes paid to DISD for increased property value in Dallas TIF Districts is over \$44 million for the fiscal year 2012.

TIF District Property Value Growth from Inception to 2012

TIF District	Initial (Base)	2011 Taxable Value	2012 Taxable Value	2011 vs 2012 (% Change)	Initial vs 2012 (% Change)
TIF Districts created between 1988-1998					
Cityplace	\$45,065,342	\$476,832,820	\$526,628,309	10.4%	1068.6%
Oak Cliff Gateway (Zone A-B)	\$40,097,623	\$95,104,431	\$127,411,066	34.0%	217.8%
Cedars	\$35,300,760	\$78,357,617	\$76,404,425	-2.5%	116.4%
City Center	\$866,044,996	\$1,141,620,880	\$1,228,203,267	7.6%	41.8%
Farmers Market	\$27,706,851	\$101,234,097	\$111,686,928	10.3%	303.1%
Sports Arena - Victory Sub-district	\$16,423,773	\$396,487,661	\$407,717,569	2.8%	2382.5%
Sports Arena - West Dallas Sub-district	\$12,278,597	n/a	\$12,278,597	n/a	n/a
Sports Arena - Riverfront Gateway Sub-district	\$18,944,160	n/a	\$18,944,160	n/a	n/a
Subtotal	\$1,030,639,345	\$2,289,637,506	\$2,478,051,564	8.2%	140.4%
TIF Districts created after 2005					
Design District	\$141,852,062	\$274,649,352	\$307,974,106	12.1%	117.1%
Vickery Meadow	\$161,270,320	\$342,386,650	\$341,865,080	-0.2%	112.0%
Southwestern Medical (Zone A-B)	\$67,411,054	\$109,399,401	\$139,196,520	27.2%	106.5%
Downtown Connection (Zone A-B)	\$564,917,317	\$1,546,807,101	\$1,761,856,555	13.9%	211.9%
Deep Ellum (Zone A-B)	\$113,885,770	\$149,135,375	\$160,159,315	7.4%	40.6%
Grand Park South	\$44,850,019	\$44,832,415	\$42,878,702	-4.4%	-4.4%
Skillman Corridor	\$335,957,311	\$412,663,658	\$448,622,015	8.7%	33.5%
Fort Worth Avenue	\$86,133,447	\$108,901,754	\$109,070,598	0.2%	26.6%
Davis Garden (Zone A-B)	\$137,834,597	\$140,853,001	\$140,160,429	-0.5%	1.7%
TOD TIF (all subdistricts)	\$202,074,521	\$185,071,771	\$212,063,516	14.6%	4.9%
Maple-Mockingbird (Zone A-B)	\$184,005,009	\$185,074,829	\$178,338,196	-3.6%	-3.1%
Cypress Waters	\$73,383	\$73,382	\$219,394	199.0%	199.0%
Subtotal	\$2,040,264,810	\$3,499,848,689	\$3,842,404,426	9.8%	88.3%
Total All Districts	\$3,070,904,155	\$5,789,486,195	\$6,320,455,990	9.2%	105.8%

Notes: State-Thomas TIF legally expired 12/2008 and no longer officially reporting
 Cityplace TIF no longer collecting increment with 2009 tax year
 Districts with Zone A & B reflect original boundary (Zone A) plus accounts added with different base yr (Zone B)
 Sports Arena TIF was amended in May 2012 and includes the Victory Sub-district (reflecting most of the original 1998 boundary) and two new sub-districts that have a longer legal term.

Although most new taxable value growth in TIF Districts is captured to fund public improvements in those Districts, there has been some added benefit to the City's general fund. The Cityplace Area TIF District reached its budget cap early, has stopped collecting increment, and is estimated to contribute \$3,856,996 to the City for tax year 2012. Districts created in 2005 and later have varied City participation ranging from 55-90% of total taxes, and some have delayed increment collection in the initial years, allowing some new growth into the general fund. Total increment shown below includes both the estimated City contribution and any contributions from other participating taxing jurisdictions. For older TIF districts, there was more participation from other taxing entities whereas those districts created since 2005 have primarily had only City and County participation. Estimates for the prior year 2011, 2012 and projected 2013-2014 increment collection and new general fund revenue is shown below:

Estimated TIF District Increment Collection and Added General Fund Revenue

Tax Year	City Center & Downtown Connection TIFs	Non-Downtown TIFs	Total All Districts
2011 Total Increment	\$10,969,390	\$12,253,280	\$23,222,670
2011 (City) Increment	\$9,212,346	\$7,739,038	\$16,951,384
2011 new City General Fund	\$1,002,200	\$7,739,038	\$8,363,963
2012 Total Increment	\$13,226,800	\$14,037,509	\$27,264,309
2012 (City) Increment	\$11,183,406	\$8,902,223	\$20,085,630
2012 new City General Fund	\$1,242,601	\$8,240,440	\$9,483,041
2013 Projected Total Increment [^]	\$14,247,378	\$11,482,114	\$25,729,492
2013 Projected (City) Increment	\$11,976,417	\$9,821,972	\$21,798,389
2013 Projected new City Gen. Fund	\$1,673,177	\$8,960,878	\$10,634,055
2014 Projected Total Increment	\$14,776,601	\$17,164,630	\$31,941,231
2014 Projected (City) Increment	\$12,418,800	\$14,348,942	\$26,767,742
2014 Projected new City Gen.Fund	\$1,762,008	\$9,799,931	\$11,561,939

Total increment is estimated TIF collections for all participating taxing jurisdictions.

City Increment is the estimated City contribution to the TIF Funds.

New City General Fund is the estimated added revenue from increased property value above the base value not captured by TIF Funds (includes estimated \$3,601,492 annually from State-Thomas TIF, now expired)

Estimates for the prior 2011 tax year based on final values; however, actual collection may vary

[^]Decrease in estimated total increment is attributed to older TIFs that will have a reduction/elimination in participation by other taxing entities.

TIF Districts have also been catalysts for improving the real estate market in areas that were lagging, drawing new residents into the city's core and DART station areas, and creating new mixed-use neighborhoods. As of FY 2012, approximately 18,541 new residential units were completed in the City's nineteen TIF Districts (including State-Thomas), an additional 3,475 are under construction, and another 9,334 units are planned. Over 6.7 million square feet of new or redeveloped retail, office, and other commercial space has been completed. Over 347,000 square feet of commercial space is under construction and another 5.1 million square feet of space is planned. New hotel construction includes 3,147 completed rooms, 162 under construction and another 560 rooms planned.

During FY 2012, an estimated 506 total multi-family units were demolished in four TIF districts including 335 units in the TOD TIF District related to the redevelopment of the former Signature Pointe apartments on Lovers Lane. Other demolitions included 18 units in the Cedars, 28 units in Grand Park South, and 125 units in the Maple-Mockingbird TIF districts.

The following table summarizes new development in downtown and non-downtown TIF Districts. The two downtown TIFs, City Center and Downtown Connection, comprised 21% of constructed or planned residential units, 29% of commercial space and 74% of completed or planned hotel rooms.

New Residential and Commercial Development in TIF Districts

Development	City Center & Downtown Connection TIFs	Non-Downtown TIFs	Total All Districts
Residential Units			
Completed	5,338	13,203	18,541
Under Construction	381	3,094	3,475
Planned	901	8,433	9,334
Resid. Total	6,620	24,730	31,350
Commercial (retail, office, other com.) Square Footage			
Completed	2,521,400	4,185,162	6,706,562
Under Construction	38,921	308,500	347,421
Planned	979,737	4,130,349	5,110,086
Com. Total	3,540,058	8,624,011	12,164,069
Hotel Rooms			
Completed	2,693	454	3,147
Under Construction	162	0	162
Planned	0	560	560
Hotel Total	2,855	1,014	3,869

Construction activity in TIF Districts is on-going. Major TIF-related projects that completed construction in FY 2012, with a combined value nearly \$146 million are shown in the following table and took place in several districts. City Council also authorized development agreements for four new development projects in the City's eighteen TIF Districts. These anticipated projects will have an estimated value of \$272 million at completion.

Major TIF-Related Projects Completed or Approved in FY 2012

Project	District	Description	Value^	TIF Investment
Completed In FY 2012				
1400 Hi Line	Design District	110 resid units complete (204 units; 29,000 sf under const.)	\$38,870,000	\$0
Zang Triangle	Oak Cliff Gateway	256 resid. units; 3,000 sf flex space	\$16,179,240	\$7,250,000
Taylor Farms	Davis Garden	160 resid. Units	\$4,393,960	\$2,071,197
Metro Paws Animal Hospital	Fort Worth Avenue	4,700 sf vet clinic	\$1,247,136	\$116,000
The Reserve on the Campus	Maple/ Mockingbird	36 resid. Units	\$2,300,160	\$0
Eon at Maple JLB	Maple/ Mockingbird	300 resid. units	\$12,200,000	\$0
Zang Triangle	Oak Cliff Gateway	256 resid. units; 3,000 sf flex space	\$16,179,240	\$7,250,000
The BLVD	TOD TIF	417 resid units; 9,100 sf retail	\$39,465,231	\$0
NYLO Dallas South Side Hotel	TOD TIF	76 hotel rooms	\$15,000,000	\$0
Approved In FY 2012				
Sylvan Thirty	Fort Worth Avenue	200 resid. Units; 55,000 sf retail	\$30,000,000	\$7,500,000
Forest City West Village	Cityplace	391 resid. units; 37,000 sf retail	\$63,675,011	\$2,851,000
Tower Petroleum/Corrigan Tower	Downtown Connection	258 resid. Units; 4,400 sf retail	\$44,660,000	\$10,300,000
Davis Street Market	Davis Garden	150 resid. units; 68,000-96,000 sf of retail/office space	\$33,700,000	\$4,000,000
North Parking Garage	Sports Arena	1,200 space parking garage	\$100,000,000	\$33,271,841

*^Values reflect current DCAD market value for completed projects or estimated value for those planned
 For North Parking Garage - TIF infrastructure investment is opening up potential for new development*

State law requires the preparation of an annual report for each TIF District that summarizes the activities of each area. The state requirements for this report are minimal. In order to better explain the progress of each TIF District, staff has created a report that shows additional information. The reports include the following information:

- Mission Statement for the TIF District
- Accomplishments to Date
- Project Status – Type and amount of new development by project including private investment, new residential units, commercial space created, TIF investment, completion (or expected completion) date
- Other District-wide initiatives, where applicable
- Map of the TIF District
- Taxable value and increment revenue summary – what is the captured appraised value for the District and the expected increment collection
- Objectives and Success Indicators for the TIF District
- Summary of City Council actions related to the TIF District
- TIF Project Plan budget status – projected increment revenues to retire TIF fund obligations, expenditures, and the total plan budget
- M/WBE participation in TIF Contracts
- Bond sales and repayment, where applicable
- FY 2013 Work Program

Seventeen of the TIF District Boards of Directors have met and voted to recommend the annual reports for City Council approval. The Grand Park South TIF Board does not currently have the minimum five appointed members to convene a meeting; therefore, the annual report is being forwarded without a Board recommendation. State law does not require that the Board approve the report prior to City Council. The Annual Reports, upon adoption by City Council, will be submitted to the other taxing jurisdictions participating financially in each District and to the State Comptroller.

Financing

No cost consideration to the City.

Recommendation

Staff recommends City Council approval of all the TIF Annual Reports.

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



Ryan S. Evans
Assistant City Manager

C: The Honorable Mayor and Members of the City Council

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Rosa Rios, City Secretary

Tom Perkins Jr., City Attorney

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Jeanne Chipperfield, Chief Financial Officer

Karl Zavitkovsky, Director, Office of Economic Development

J. Hammond Perot, Assistant Director, Office of Economic Development

Stephanie Pegues-Cooper, Assistant to the City Manager

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TO Members of the Economic Development Committee:
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Sheffie Kadane, Jerry R. Allen

SUBJECT **Trinity Industries, Inc. – Enterprise Zone Application – Council Agenda
February 13, 2013**

Background

On Wednesday, February 13, 2013, City Council will be asked to consider authorizing the nomination of Trinity Industries, Inc. located at 2525 North Stemmons Freeway to receive designation as an Enterprise Project under the Texas Enterprise Zone Act, as amended (Government Code, Chapter 2303) to the Office of the Governor's Economic Development and Tourism Division through the Economic Development Bank.

The City of Dallas has been approached by Trinity Industries, Inc. ("Trinity") to nominate by resolution its application for an Enterprise Project designation to the Economic Development Bank, part of the Governor's Office of Economic Development and Tourism Division. The designation will allow for a rebate of state sales and use tax refunds on qualified expenditures of up to \$2,500 per new job created or retained for benefit up to a maximum of \$1,250,000 over a five-year designation period. By participating in the program, the company is committing to retain its 743 jobs located in Dallas. This project has no cost consideration to the City of Dallas.

Trinity is a multi-industry company that owns a variety of market-leading businesses which provide products and services to the industrial, energy, transportation, and construction sectors. Trinity has five principal business segments: the Rail Group, the Railcar Leasing and Management Services Group, the Inland Barge Group, the Construction Products Group and the Energy Equipment Group.

Trinity's businesses provide capital goods and services ranging from railcars to barges, concrete to propane tanks, highway guardrail to structural wind towers, railcar parts to crash cushions, and railcar leasing and management services.

Trinity's Dallas facility located at 2525 North Stemmons Freeway is planning to spend over \$40 million in capital investment over the next few years. Specifically, Trinity plans on making a significant investment to remodel three of its nine floors at its headquarters and to upgrade its Oracle accounting system. With a City of Dallas nomination to the Texas Enterprise Program ("Program"), Trinity can request approval from the State of Texas to participate in the Program.

Owner

Trinity Industries, Inc.
Mr. S. Theis Rice
Sr. Vice President HR and Chief Legal Officer

Staff

J. Hammond Perot, Assistant Director
Christopher O'Brien, Sr. Coordinator

Recommendation

Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3296.

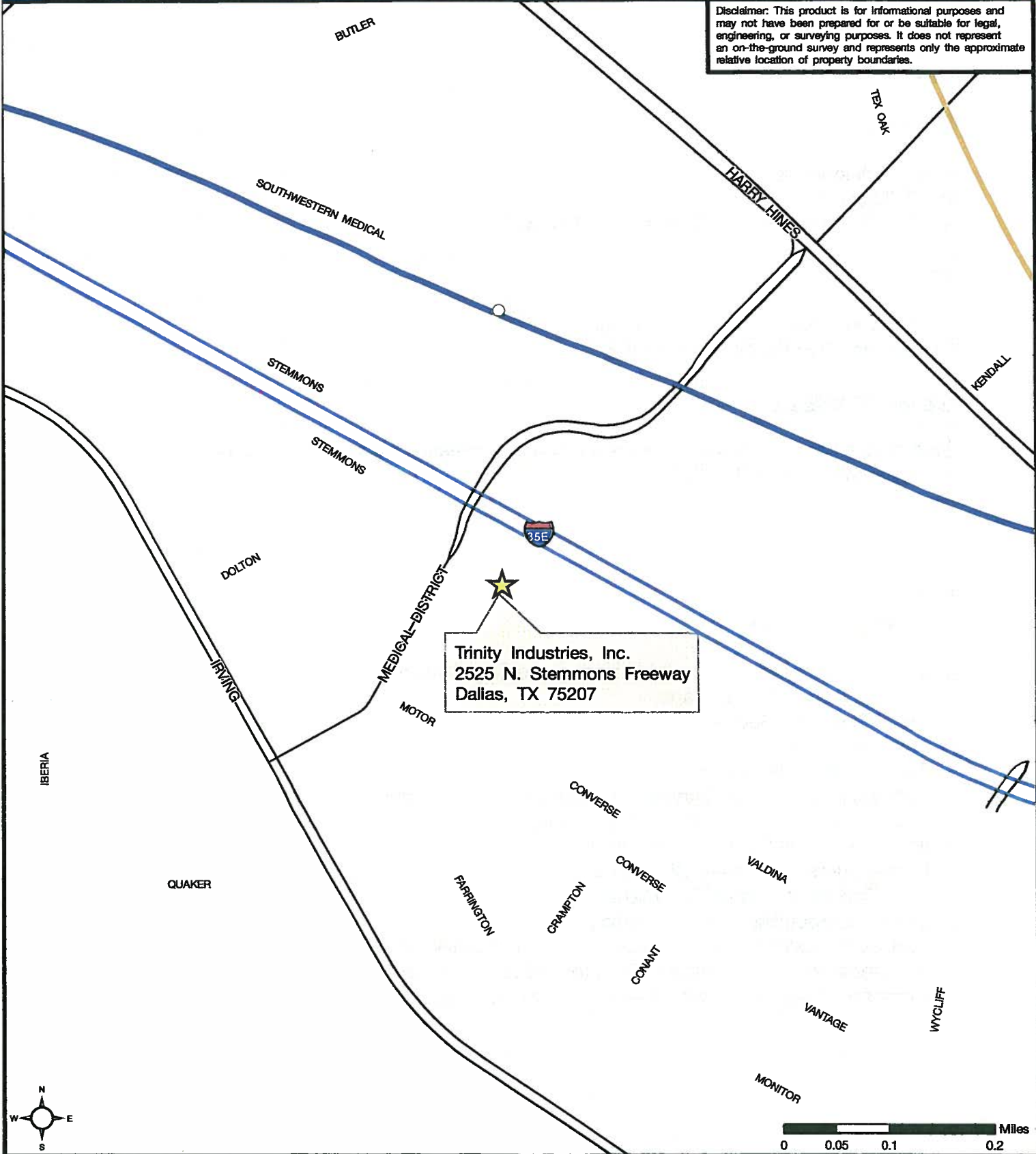


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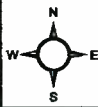
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J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager

Trinity Industries

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.



Trinity Industries, Inc.
2525 N. Stemmons Freeway
Dallas, TX 75207



DALLAS ECONOMIC DEVELOPMENT
Research & Information Division
214.670.1685
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Legend

- Rail Station
- Commuter Rail
- DART Light Rail
- Freeway
- Arterial
- Local Road

Source: City of Dallas, 2013

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Sheffie Kadane

SUBJECT **Dallas Development Fund Bylaws and Certificate of Formation Changes**

At the February 13th, 2013 Council meeting, you will consider an agenda item to make revisions to the Dallas Development Fund's (DDF) bylaws and certificate of formation to comply with IRS recommendations for a 501(c)3 designation.

The City of Dallas authorized the creation of the Dallas Development Fund (DDF), a non-profit Community Development Entity (CDE), by Resolution No. 09-0461 on February 11, 2009, to apply for a New Market Tax Credit (NMTC) allocation from the U.S. Department of Treasury's Community Development Financial Institutions Fund in its 2009 funding cycle. DDF was awarded a \$55 million allocation under the 2009 cycle, and that allocation was officially accepted by DDF on March 31, 2010.

The NMTC program permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated CDEs. These investments must be used by the CDE for projects and investments in low-income communities, as defined by the NMTC program. The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year credit allowance period. To date, DDF and the City Council have authorized \$42.5 million in NMTC allocation to three projects throughout the City.

In June of 2011, the DDF submitted an application to the IRS for a 501(c)3 non-profit status designation. After a thorough review, the IRS has requested changes to the organization documents of the Dallas Development Fund which clarifies the purpose of the organization and that the City of Dallas serves as the controlling entity of the Dallas Development Fund.

Specifically, under the revised certificate of formation and bylaws, the City Manager will appoint four of the seven board members, and City Council will confirm the City Manager's selections when the positions are reappointed. The City Manager currently appoints three members to the DDF board.

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



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SUBJECT **Dallas Entrepreneur Network Management Agreement with the City of Dallas**

At the February 13 Council meeting, you will consider an agenda item to authorize the City Manager to enter into a management agreement between the Dallas Entrepreneur Network (DEN) and the City, for the City to provide services to the DEN in administering and managing the SourceLinkDallas program and other small business and entrepreneurship programs pursued by the DEN.

The City of Dallas Office of Economic Development (OED) has been actively working to increase support to entrepreneurs and small businesses in the City of Dallas. Meaningful support for small growing companies offers the potential for a big return. One method to achieve this goal is through the development of a SourceLink program, which Council authorized on March 28, 2012.

In addition to authorizing the Sourcelink program, on September 26, 2012, the City Council authorized the creation of a nonprofit corporation governed by representatives from the City and its funding partners to administer the SourceLink program and related entrepreneurial and small business support services. Through Council action, the City Manager approved the organization documents and was authorized to file these documents with the State.

The organizational documents for the Dallas Entrepreneur Network (DEN), which oversees the Sourcelink program as well as the larger initiative, were filed on November 27, 2012, establishing the corporation. The Corporation is recognized as a Texas non-profit and intends to seek a 501(c)3 non-profit designation from the IRS; until that designation is granted, the Communities Foundation of Texas (CFT) has been identified as the Corporation's fiscal sponsor.

City Council has provided funds for operational support for the SourceLink initiative and DEN to manage the program for five years, in an amount not to exceed \$750,000, by Resolution No. 12-0906, on March 28, 2012. This City participation is expected to represent half the program budget with the other half coming from funds raised through the fiscal sponsorship.

The City Council is now being asked to approve a contract between the City of Dallas and the DEN. The purpose of the contract is to state the terms and conditions under which the City will provide services to assist the DEN in administering and managing the SourceLinkDallas program and other small

business and entrepreneurship programs pursued by the DEN.

City staff will provide the day to day support to operate the SourceLink program and assist the DEN board in developing new entrepreneurship and small business initiatives. Funding for staff activities will come from the \$750,000 approved in the SourceLink fund augmented by funding from external sources raised by the DEN from community partners. Citi Bank has awarded the first contribution to the initiative at the \$75,000 level.

Under the contract, OED is authorized to submit routing reports, documents and filings on behalf of DEN to the CFT, the Texas Secretary of State, or other government or non-governmental entities as is necessary to conduct the business of DEN. OED will also provide recommendations to the DEN for approval to retain outside assistance to aid in the administration of the corporation, which may include consultants, financial managers, and auditors. Upon approval, the DEN will enter into contracts with the sources of outside assistance; the contracts will be managed on behalf of the DEN by OED.

In addition, the City Attorney's Office (CAO) will serve as counsel to the DEN for matters involving the Texas Open Meetings Act and the Texas Public Information Act. For all other legal matters, CAO will recommend counsel to the DEN for approval. Upon approval, the DEN will enter into any contracts with counsel; such contracts shall be managed on behalf of the DEN by CAO.

The contract between the DEN and the City will end when the DEN achieves its financial independence, which is defined as within 60 days from the date that cumulative expenditures for the benefit of DEN from the City are exceeded by cumulative expenditures for the benefit of DEN from other sources, and DEN has received its 501(c)3 designation from the IRS.

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



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