

# Memorandum



DATE February 27, 2009

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 **DFW Airport – Interlocal Agreement & FlightSafety International, Inc., City  
Council Agenda, March 25, 2009**

The City of Dallas entered into an Interlocal Agreement with the Cities of Irving and Fort Worth and the Dallas/Fort Worth International Airport (DFW) Board pursuant to City of Dallas Resolution No. 98-3297, approved on November 11, 1998. Pursuant to the agreement, the City of Irving shares two-thirds of its increased revenues attributable to property within DFW Airport boundaries with the Cities of Dallas and Fort Worth. Increased revenues represent an amount equal to certain ad valorem taxes, sales and use taxes, utility franchise fees, municipal court revenues, mixed beverages taxes and all other general revenue tax levies (except those dedicated for specific purposes) attributable to property within the City of Irving and DFW Airport boundaries in excess of the revenues collected in 1998. The Cities of Dallas and Fort Worth receive two-thirds of the increased revenues and apportion said revenues according to proportional ownership of the Airport (7/11ths to Dallas, 4/11ths to Fort Worth).

Section III of the Interlocal Agreement provided that the City of Irving will not approve any tax abatement agreements, TIF Districts, Enterprise Zones, Public Improvement Districts or similar types of special incentive plans pertaining to developments at DFW Airport unless Dallas and Fort Worth agreed in writing in advance to such tax agreements and special incentive plans. The City of Irving and DFW Airport have requested the Cities of Dallas and Fort Worth consider an offer of incentives Irving has approved to FlightSafety International Inc. in order to secure the company's expansion at DFW Airport. The company plans to expand its existing operations by 215,000 sf at 3201 E. Airfield Drive in Irving, add 120 new jobs and invest up to \$100 million on new equipment. The City of Irving proposed a 15-year grant agreement whereby FlightSafety would benefit from an annual grant in an amount up to 45 percent of the business personal property (equipment) taxes the company pays from the expansion. The estimated total potential benefit to FlightSafety from the proposed incentives could reach approximately \$3 million over the 15-year term based on the company's planned investment of \$100 million. Forgone revenue by the City of Dallas in this case is estimated at \$1.16 million but revenue for the City of Dallas is estimated at \$1.42 million over the term.

The Interlocal Agreement was executed prior to the State Legislature establishing Chapter 380 of the Local Government Code, therefore, Chapter 380 economic development grants such as that proposed for FlightSafety were not specifically contemplated at the time the Interlocal Agreement was executed. The City Council will be asked to consider items authorizing (1) an amendment to the Interlocal Agreement with the Dallas/Fort Worth International Airport Board and the Cities of Irving and Fort Worth to clarify that certain Chapter 380 Economic Development Grants are included as special incentive plans that may be exempted from Irving's revenue sharing obligation subject to the approval of all parties and (2) a resolution consenting to the City of Irving providing FlightSafety a 15-year economic development grant.

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



A.C. Gonzalez  
Assistant City Manager

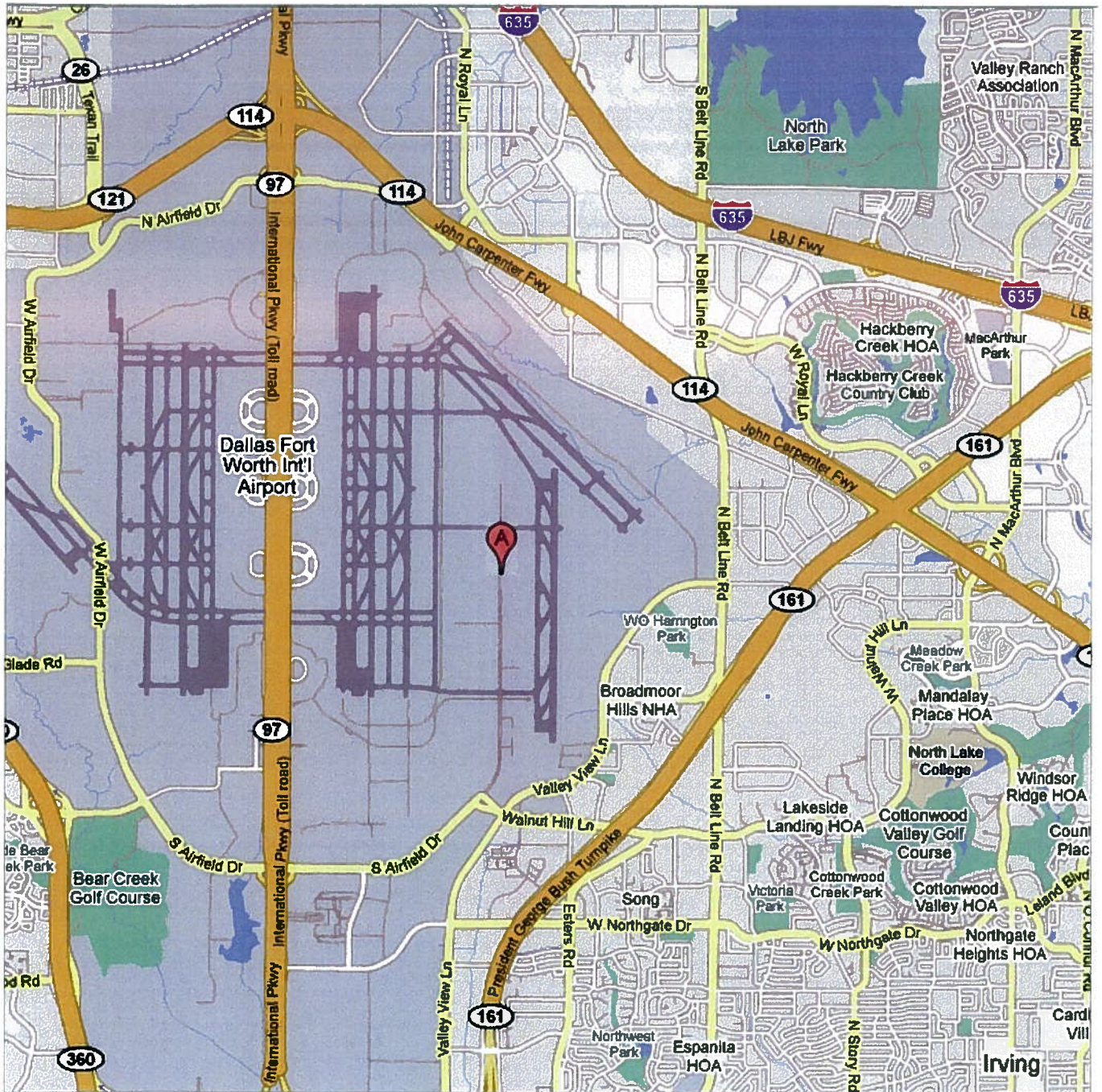
- C: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Deborah Watkins, City Secretary  
Tom Perkins, City Attorney  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Judiciary  
Ryan S. Evans, First Assistant City Manager  
Forest Turner, Interim Assistant City Manager  
Ramon Miguez, P.E., Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Jeanne Chipperfield, Director, Budget & Management Services  
David Cook, Chief Financial Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Helena Stevens-Thompson, Assistant to the City Manager



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**Dallas, TX 75261**

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# Memorandum



CITY OF DALLAS

DATE February 27, 2009

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 **Authorize contracts with Business Assistance Centers Hispanic Contractors Association of Dallas Forth Worth (BAC # 7) and, Greater Dallas Indo-American Chamber of Commerce (BAC #8) City Council Agenda, March 25, 2009**

## **SUBJECT**

Authorize a six-month service contract, with the option of two additional twelve-month renewals, each subject to funding availability with two Business Assistance Center contractors listed herein for each contract as follows: **(1)** Hispanic Contractors Association of Dallas and Fort Worth (BAC # 7) located at 2210 W. Illinois Avenue in an amount not to exceed \$40,000; **(2)** Greater Dallas Indo-American Chamber of Commerce (BAC # 8) 5930 LBJ Freeway in an amount not to exceed \$40,000; for each to manage and operate a business assistance center to assist potential and existing microenterprise businesses within the City from April 1, 2009 through September 30, 2009 - Not to exceed \$80,000 - Financing: 2008-09 Community Development Grant Funds

## **BACKGROUND**

Since 1993, the City has been using Community Development Block Grant (CDBG) funds in addition to other funding sources to fund the cost of management and operation of the Business Assistance Centers (BACs) in the City to promote community and economic development.

The City has recognized the importance of its role in supporting entrepreneurial and small business development to benefit CDBG eligible persons of the City by supporting the BAC program. BACs within the City will provide technical assistance and support services for residents of the City and for those intending to establish a Microenterprise business in the City. Services may include, but not be limited to, micro-enterprise development through business counseling, seminars/training, incubator space (Low-to-Moderate Income (LMI) persons, Area Benefit, create at least one job and hire/intend to hire LMI persons), business plan, loan packaging assistance, financial, business management, and other eligible services which foster economic development opportunities for LMI persons within the City.

On February 11, 2009, the City Council authorized the adoption of the FY 2008-09 Reprogramming Plan Budget which included funding for two BACs by Resolution No. 09-0466.

On February 2, 2009, the Housing Committee was briefed on the adoption of the FY 2008-09 Reprogramming Plan Budget which included two BACs.

Location for BAC #8 to be determined; however, the Greater Dallas Indo-American Chamber of Commerce has committed to establishing the BAC in a Low-to-Moderate Income area in a census tract with a poverty level of at least 20%.

**FISCAL INFORMATION**

\$80,000.00 - 2008-09 Community Development Grant Funds

Hispanic Contractors Association of Dallas Fort Worth BAC # 7 - Council District: 3	\$40,000.00
Greater Dallas Indo-American Asian Chamber of Commerce BAC # 8- Council District: 13	<u>\$40,000.00</u>
Total	\$80,000.00

**OWNER(S)**

**BAC # 7** - John H. Martinez, President

**BAC #8** - Hari Iyer, President

**STAFF**

Jiroko Rosales, Assistant Director

**RECOMMENDATION**

Staff recommends approval of the subject item.

Please contact me if you have any questions at 214-670-3314.



A.C. Gonzalez  
Assistant City Manager

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