

# Memorandum



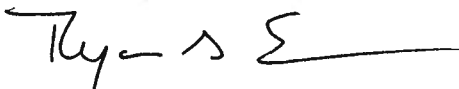
DATE March 2, 2012

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

SUBJECT **SourceLink Update**

On Tuesday, January 17, 2012, the Economic Development Committee was briefed on the Dallas SourceLink initiative. The project is scheduled for Council consideration on March 28<sup>th</sup>. The attached frequently asked questions note provides updated information on the project and how it will be implemented.

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



Ryan S. Evans  
Assistant City Manager

C: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Rosa Rios, Acting City Secretary  
Tom Perkins, City Attorney  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Administrative Judge Municipal Court  
A.C. Gonzalez, First Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest Turner, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Director, Chief Financial Services  
Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Stephanie Pegues-Cooper, Assistant to the City Manager

## Dallas SourceLink Program FAQs

March 2, 2012

### **What is SourceLink?**

SourceLink is an interactive website and database that connects small businesses to local service providers and it includes offline facilitation by professional development staff to strengthen the provider network.

Small business success depends on the ability to access an entire network of services to solve key business challenges such as planning, hiring, regulations, taxes, marketing, government procurement, workforce training and numerous others. As a business evolves from concept to venture, and as it grows, its challenges change. The time an owner spends trying to meet these challenges costs money and takes away time spent serving customers. SourceLink provides immediate access to the right business resources at the right time.

### **How will SourceLink work?**

SourceLink speeds up the connections between service providers and entrepreneurs. Online and offline components are included in the program:

Online, businesses can access:

- An interactive database of small business service providers that match business needs to available services
- A shared community calendar of seminars, training, meet-ups
- A small business resource library

Offline, staff maintains:

- A hotline for more complicated or detailed requests and referrals
- A social media, marketing and community engagement campaign to introduce the program to prospective and existing business owners and promote the network, the providers and their services
- A specialized tracking system for follow-up, referral and performance monitoring

### **Why use the SourceLink approach?**

#### **To help small businesses:**

There are over 150,000 businesses in Dallas, including 85,000 sole proprietorships. It is not cost effective for the City to work with smaller firms on a one-on-one basis. The SourceLink model takes three cost effective approaches to helping small businesses:

1. Helps businesses find existing resources such as: counseling, funding, technical assistance, training, networking and sales opportunities

2. Strengthens the existing network of service providers by helping them network, coordinate and market their services
3. Identifies and fills gaps in the service provider network by facilitating collaboration, capacity building and new provider recruitment

**To benefit Dallas:**

- Businesses become more aware of existing providers and gain faster access to their services.
- Resource partners receive better-matched clients, experience greater exposure in the community and learn about service gaps and collaboration opportunities.
- Funding partners can more effectively allocate resources and build provider capacity.
- Community enjoys increased economic activity.

**Why create a new small business support program in Dallas?**

Dallas' business development programs focus on large firms and micro businesses. SourceLink will address the small to mid-size companies that account for the most job growth and make up almost 40% of Dallas' business community.

**What types of organizations will be included in the Dallas SourceLink network?**

Most non-profit organizations that offer some type of support for small businesses and entrepreneurs can be included. Service providers that should be in the network include: city government departments, foundations, funding institutions, major corporations, regional community & social service organizations, colleges, universities and work force training organizations, business planning, training and mentoring groups, chambers of commerce and business networking groups, research centers, libraries, incubators and accelerators, economic development organizations, banks, venture capital firms, angel investor networks.

**How will the program measure success?**

The City and its funding partners will create a system of performance measures. These include: number of new business starts, new jobs added or retained, new investments and tax base created and other measures of small business success. Program clients will be surveyed to provide this information.

**How much will the initiative cost and what are the major budget items?**

Annual estimate is \$300,000. The majority of the budget, approximately \$225,000 at stabilization, will be for staff to maintain the offline networking activities, staff the hotline and update the website. The budget also includes license fees for the SourceLink software which is \$75,000 in the first year and \$15,000 in subsequent years. The balance of the budget will be for marketing materials, facility expenses (rent, utilities) and miscellaneous.

**How will SourceLink be funded?**

The City is proposing that one half of the first five years of funding be provided by the City from Public Private Partnership Funds (\$750,000 total City participation) and that foundations, banks and other community partners provide the balance of the funding (an additional \$750,000.) A detailed budget is included on page 4.

**How will the program be administered?**

The City is proposing to jump-start the program by entering into an interlocal agreement with the license-holder, the University of Missouri-Kansas City. City staff will implement the program by recruiting additional funding partners and identifying and engaging resource partners to include in the network and launch the website.

It is anticipated that a nonprofit corporation will be created to house the SourceLink program long-term with funding and guidance jointly provided by the City and its funding partners until year six. At that point, City financial participation is anticipated to end and the organization will be self-supporting.

**What will happen with the City's SourceLink program in the next year?**

The City will initiate the program in the next six months:

- City of Dallas provides initial staff and funding, procures SourceLink software
- Build a circle of founding / funding partners
- Begin mapping and recruiting the provider community
- Build provider database and launch Dallas SourceLink Web site

Prepare the way for long-term sustainability in the next year:

- Create a 501(c)(3) to manage / operate the program
- City and founding partners secure multi-year funding commitments – anticipate \$300,000 annual budget, 50% City financial participation for first five years
- Select permanent staff, establish physical presence

**When and where did the program originate?**

In 2003 a joint effort between the Kaufmann Foundation, the University of Missouri-Kansas City and the Small Business Administration pioneered the SourceLink program for the Kansas City area.

**Has the program been implemented in other communities?**

Yes. SourceLink is being used in twenty cities, counties and states around the U.S., including Atlanta, Cincinnati, Cleveland, Jacksonville, Kansas City, New Orleans, St. Louis, and Tulsa.

**What Council action is required?**

On March 28th, Council will be asked to:

- (1) authorize the City Manager to dedicate approximately \$150,000 in City of Dallas Public/Private Partnership Funds annually for five years (not to exceed \$750,000) beginning in FY 2011-2012 to operate the Dallas SourceLink program,
- (2) authorize the City Manager to enter into an interlocal agreement with the University of Missouri-Kansas City for a three year license and technical support for the SourceLink software totaling \$115,000 (license fees of \$75,000 for year one, \$15,000 for each of years two and three and up to \$10,000 for custom changes to the software), these funds are included in the \$750,000, and
- (3) authorize the City Manager to develop a plan to create a nonprofit corporation governed by representatives from the City and its funding partners to administer the SourceLink program.

At a later date, staff will prepare for Council consideration, the documents of incorporation for the nonprofit and spending approvals for the remainder of the \$750,000 being dedicated to SourceLink. At this time, no additional spending beyond the \$115,000 for the interlocal agreement is being requested.

**Five Year Source Link Budget**

Public funding = \$750,000 (Public Private Partnership Funds)

Private funding = \$750,000

Total budget = \$1,500,000

<b>Fiscal Year</b>	<b>License Fee/Tech Support</b>	<b>Staff</b>	<b>Marketing</b>	<b>Facilities &amp; Miscellaneous</b>	<b>Total</b>
2012	\$85,000	\$175,000	\$25,000	\$15,000	\$300,000
2013	\$15,000	\$215,000	\$35,000	\$35,000	\$300,000
2014	\$15,000	\$215,000	\$35,000	\$35,000	\$300,000
2015	\$15,000	\$215,000	\$35,000	\$35,000	\$300,000
2016	\$15,000	\$215,000	\$35,000	\$35,000	\$300,000
<b>Total</b>	<b>\$145,000</b>	<b>\$1,035,000</b>	<b>\$165,000</b>	<b>\$155,000</b>	<b>\$1,500,000</b>

This note was prepared by the City of Dallas Office of Economic Development.  
The Office provides a full spectrum of services to the business community.  
For more information visit [www.Dallas-EcoDev.org](http://www.Dallas-EcoDev.org) or call 214-670-1685.

# Memorandum



DATE March 2, 2012

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

SUBJECT **Mercantile Block Development Agreement Amendment (Downtown Connection TIF District), March 28, 2012 Council Agenda**

In August 2005, City Council approved a development agreement with Forest City for the redevelopment of the Mercantile Block, Continental Building and the Atmos Complex. Since then, the Mercantile Block was completed in 2009, the redevelopment of the Atmos Complex was transferred to Hamilton Properties, and redevelopment of the Continental Building remained the responsibility of Forest City.

The Mercantile Block was developed into two multi-family properties, Mercantile Place (213 residential units) and the Element (153 residential units). The project also includes approximately 40,000 square feet of commercial space that currently houses PageSoutherlandPage, Wild Salsa restaurant, and Mercantile Coffee Shop. Forest City is seeking to replace its expiring construction loan with permanent financing for the Mercantile Block and is currently under application with Freddie Mac to complete a \$39,000,000 loan to pay off the construction lender.

One of the original provisions of the development agreement for the Mercantile Block is the City will have a 20% participation in cash flow, financing and sales proceeds from the Mercantile Block project after recovery of all costs plus Forest City receiving a 12% per annum cumulative rate of return compounded monthly on Forest City's invested cash equity. To date, this profit sharing provision has not generated any revenue for the City of Dallas. Upon consultation with outside legal counsel, it was determined that modification of this language will not affect the City's anticipated revenue from the project.

## Financing

No Cost Consideration

## Recommendation

Staff recommends City Council approval of the item. Please contact me if you have any questions.

Ryan S. Evans  
Assistant City Manager

C: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Rosa Rios, Acting City Secretary  
Tom Perkins, City Attorney  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Administrative Judge Municipal Court  
A.C. Gonzalez, First Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest Turner, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
Hammond Perot, Assistant Director, Office of Economic Development  
Stephanie Pegues-Cooper, Assistant to the City Manager

# Memorandum



DATE March 2, 2012

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

SUBJECT **Grant Agreement for Affordable Housing Grant to Dallas Housing Finance Corporation from the City Center TIF District (City Center TIF District), March 28, 2012 Council Agenda**

The City Center TIF District Project and Financing Plan was amended December 2002 to create an Affordable Housing budget line item to fund new affordable housing throughout the City. 12.55% of each year's increment over the remaining life of the TIF District, in an amount not to exceed \$5,000,000, will be dedicated to support efforts to create affordable housing. During FY 2011, the City Center TIF district generated approximately \$350,458 in funds for the Affordable Housing line item.

It is estimated an additional \$300,000 in Affordable Housing funds will be generated during FY 2012. FY 2012 TIF increment for the district will not be collected until June of this year and will not be available at the time of approval of this grant. As a result, the Public/Private Partnership Fund will provide a temporary transfer of \$300,000 (amount of estimated FY 2012 affordable housing TIF funds) to the TIF District and will be reimbursed in June after increment collection.

In the past these funds have been transferred to the Housing Department for such programs as the Affordable Housing Cost Participation Program (rebates paid to developers of new affordable housing) and Green Buildings Incentives Program (funding to upgrade to Energy Star appliances in new affordable housing). In 2011, \$1.5M in funds from the line item was transferred to Housing and provided as a conditional grant to the Atmos Complex Phase I project (107 affordable rental units downtown).

FY 2011 and 2012 affordable housing funds are proposed to be granted to the Dallas Housing Finance Corporation (DHFC) to support their development of affordable housing throughout the City. The DHFC provides tax-exempt mortgage revenue bond financing for the acquisition and substantial rehabilitation of existing and new low and moderate income multifamily developments. Recent projects of the DHFC include the Jubilee Elder Project (a 24 unit senior housing development project located in the Jubilee Park neighborhood) and Cottages at Hickory Trail (a 50 unit supportive housing development project to be located on Malcolm X Street).

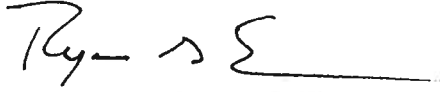
As a condition of the grant, project fees received by the DHFC as a result of the investment of the TIF funds will be required to be used to create additional affordable housing throughout the City.

**Financing**

\$650,458 – City Center TIF District Funds

**Recommendation**

Staff recommends City Council approval of the item. Please contact me if you have any questions.



Ryan S. Evans  
Assistant City Manager

Dallas-**Together**, we do it better

- C: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Rosa Rios, Acting City Secretary  
Tom Perkins, City Attorney  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Administrative Judge Municipal Court  
A.C. Gonzalez, First Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest Turner, Assistant City Manager  
Joey Zapata, Interim Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
Hammond Perot, Assistant Director, Office of Economic Development  
Stephanie Pegues-Cooper, Assistant to the City Manager

Dallas-**Together**, we do it better



# Memorandum



DATE March 2, 2012

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

SUBJECT **Summary of ordinance and by-law amendments approved by the boards for the City's TIF districts, March 28, 2012 Council Agenda**

## Background

During the 2011 State legislative session, there were amendments to the Tax Increment Financing Act, as amended, V.T.C.A Texas Tax Code, Chapter 311 (the "Act") that impact the composition of TIF district boards of directors. Previously the Act allowed taxing entities, other than the City that created the district, to have at least one representative on a TIF board of directors (the "Board") regardless of financial participation. Effective September 1, 2011, only those taxing units that have approved the payment of all or a portion of the tax increment produced by the unit into the TIF fund for that district may appoint one member to the Board.

Among the City's 18 active TIF Districts, the impact on other taxing entities' representation is primarily with the newer districts created since 1999. For most of the newer districts only the City and Dallas County are financially participating. The Act also provides that appointments are for two year terms; therefore, those entities that had appointed a representative but are no longer eligible have been given notice of their term expiration.

The changes in the Act with respect to board composition, do not affect the Downtown Connection TIF district. The Downtown Connection TIF district was initiated by property owners within the district that petitioned the City to create the district; therefore, there are different provisions within the Act. As such, the composition of the board includes: one appointee by the State Senator in whose district the TIF District is located and one appointee by the State Representative in whose district the TIF District is located, in addition to appointees by the City and Dallas County.

The City is also in the process of creating a city-wide design peer review process for development projects. In lieu of individual TIF board design review committees, all TIF projects would go through a peer review process supported by the City Design Studio. The goal of the peer review process is to provide objective, consistent design review across all of the TIF Districts.

The amendments to the By-Laws will reflect this change in design review and will also provide for the ability to reinstate a TIF district design review committee if it becomes necessary in the future. When District projects are reviewed, one TIF Board member may serve on the peer review committee in an ex-officio capacity during the review of the District's project.

The by-law amendments were approved by seventeen of the City's TIF boards. The Grand Park South TIF Board action is pending and will be submitted for consideration at a later date.

The recommended action would amend both the ordinances that created the districts, as necessary, to accommodate changes in Board composition to conform to the Act and the by-laws of the districts for both changes in Board composition and the design review process.

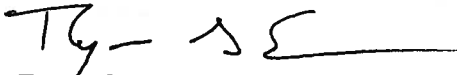
### **Financing**

No cost consideration to the City.

### **Recommendation**

Staff recommends City Council approval of all the TIF ordinance and by-law amendment items.

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  
Mary K. Suhm, City Manager  
Rosa Rios, Acting City Secretary  
Tom Perkins, City Attorney  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Administrative Judge Municipal Court  
A.C. Gonzalez, First Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest Turner, Assistant City Manager  
Joey Zapata, Interim Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
Hammond Perot, Assistant Director, Office of Economic Development  
Stephanie Pegues-Cooper, Assistant to the City Manager

# Memorandum



DATE March 2, 2012  
TO The Honorable Mayor and Members of the City Council  
SUBJECT **DealerTrack, Inc.; Agenda Item, March 28, 2012**

## **Background**

City staff has been in negotiations with DealerTrack, Inc. to consolidate and relocate DealerTrack, Inc.'s software development and transaction processing operation to Dallas. The company will lease approximately 49,000 square feet of Galleria North (Tower I), a 379,518 square foot office building, at 13737 Noel Road, Dallas, Texas. The company has negotiated a 10-year lease. In addition to Dallas, several other DFW metropolitan area cities were considered for this project.

With this project, DealerTrack, Inc. will consolidate 170 jobs from two existing regional operations located at 5307 E. Mockingbird Lane in Dallas and in Irving, Texas to the Galleria North property. Further, the company anticipates its operation may grow over time to as many as 490 total employees (potentially 320 new employees).

DealerTrack, Inc. seeks City Council approval of an economic development grant in an amount not to exceed \$210,000 in consideration of the consolidation and expansion of DealerTrack, Inc.'s software development and transaction processing operation in Dallas.

DealerTrack, Inc. will make a minimum investment of \$1,000,000 in tenant improvements as well as relocate, create and maintain a minimum of 250 jobs in order to be eligible to receive the economic development grant. The economic development grant will be payable upon the substantial completion of the required tenant improvements and verification of 250 jobs on site by April 15, 2014. DealerTrack, Inc. will forfeit the economic development grant if the company fails to reach 250 jobs on site by April 15, 2014.

DealerTrack provides software solutions and services designed to enhance efficiency and profitability for all major segments of the retail automotive industry, including dealers, lenders, OEMs, agents and aftermarket providers. DealerTrack's vehicle inventory management and merchandising solutions help dealers drive higher in-store and online traffic with state-of-the-art, real-time listings.

The proposed agreement will result in an estimated net 10-year fiscal impact of \$8,878,921 and an estimated \$27,127,429 net fiscal impact over 20-years.

The proposed project meets the minimum eligibility requirements of the Public/Private Partnership Program as adopted by the City Council in Resolution No. 10-1721 on June 23, 2010.

**PROJECT DETAILS**

**Project Site:** 13737 Noel Road  
**Jobs:** 250  
**New Real Property Improvements:** \$1,000,000  
**Annual Payroll:** \$20,000,000  
**Average Salary:** \$80,000

**CITY INCENTIVES**

Economic Development Grant: \$210,000

**PROPOSED ESTIMATED SCHEDULE OF THE PROJECT**

Begin Construction March 2012  
Complete Construction May 2012

**FISCAL INFORMATION**

Public Private Partnership Program Funds - \$210,000

**Owner**


**DealerTrack, Inc.**  
Ana Herrera, SVP, Human Resources

**Staff**

J. Hammond Perot, Assistant Director  
Kim L. Moore, Manager, Marketing

**Recommendation**

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



Ryan S. Evans  
Assistant City Manager

C: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Rosa Rios, Acting City Secretary  
Tom Perkins, City Attorney  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Administrative Judge Municipal Court  
A.C. Gonzalez, First Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager  
Forest Turner, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Karl Zavitkovsky, Director, OED  
Hammond Perot, Assistant Director, OED  
Stephanie Pegues Cooper, Assistant to the CMO

## Proposed Project Information Worksheet Economic Development Committee

### A. Project Summary

<b>City Council District</b>	11	
<b>Project/Company Name</b>	DealerTrack, Inc.	
<b>Project Location</b>	13737 Noel Road	
<b>Project Type</b>	Software Development and Transaction Processing operation for their Inventory division	
<b>Facilities (Square Feet)</b>	49,000	
<b>Construction Schedule</b>	Begin	1-Mar-12
	Complete	31-May-12
<b>Private Improvement Investment</b>	Real Property	\$1,250,000
	Business Property	\$1,050,000
<b>Jobs</b>	Created	420
	Retained	70
<b>Average Wage Rate</b>	Salary	\$80,000
	Hourly	N/A
<b>City Incentive Summary</b>	Tax Abatement	N/A
	Infrastructure	N/A
	Other	\$210,000 Grant

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

	10-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	420	1,375,250,000	420	4,775,250,000
Indirect and Induced Impact*	756	1,100,200,000	756	3,820,200,000
<b>Total Impact</b>	<b>1176</b>	<b>2,475,450,000</b>	<b>1176</b>	<b>8,595,450,000</b>

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

(From direct, indirect and induced economic impacts)

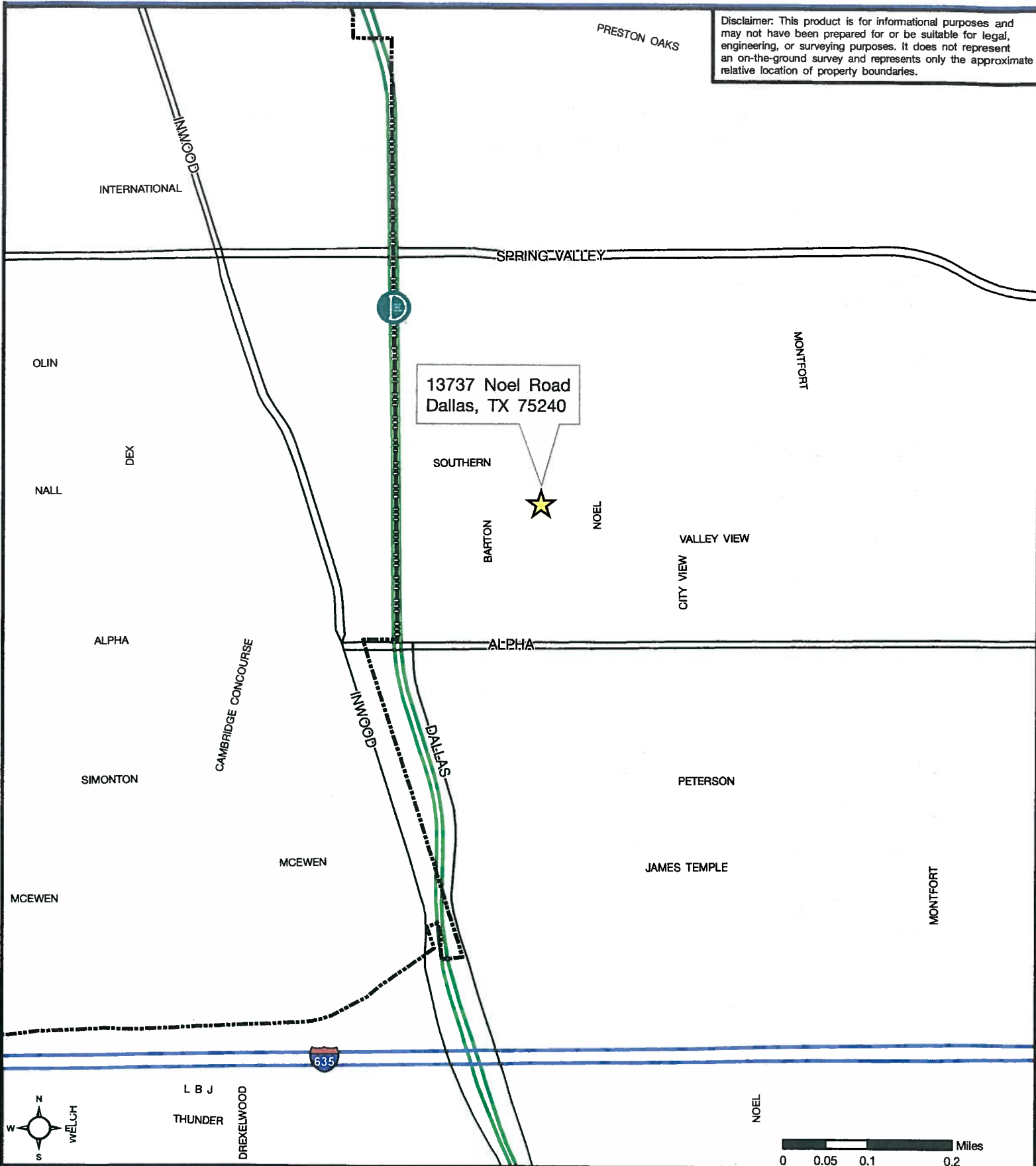
	10-Year	20-Year
Total City GF Revenue Generated	18,609,446	48,009,208
Total City GF Service Costs	9,520,525	20,671,779
Net Impact Before Incentives	9,088,921	27,337,429
City Incentives	210,000	210,000
<b>Net City Fiscal Impact</b>	<b>8,878,921</b>	<b>27,127,429</b>

\* 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	\$ 53,485	N/A
Dallas County	\$ 10,491	N/A
DCCCD	\$ 4,131	N/A
Parkland Hospital	\$ 11,233	N/A
DART	\$ -	N/A

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.



**Legend**

-  City of Dallas
-  Freeway
-  Arterial
-  Local Road