

## Memorandum



CITY OF DALLAS

**DATE** April 15, 2011

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

**SUBJECT** **Danieldale Distribution Facility Project**

On Monday, April 18, 2011 Economic Development Meeting, you will be briefed on the Danieldale Distribution Facility Project. A copy of the briefing is attached.

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

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez', written over a printed name and title.

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, 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

# Danieldale Distribution Facility Project

Economic Development Committee  
April 18, 2011



**DALLAS  
ECONOMIC  
DEVELOPMENT**



City of Dallas

# Introduction

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- Discuss a new distribution facility for The Home Depot USA, Inc. (Home Depot) in Southern Dallas
- Present proposed City of Dallas economic incentives for the project

# Background

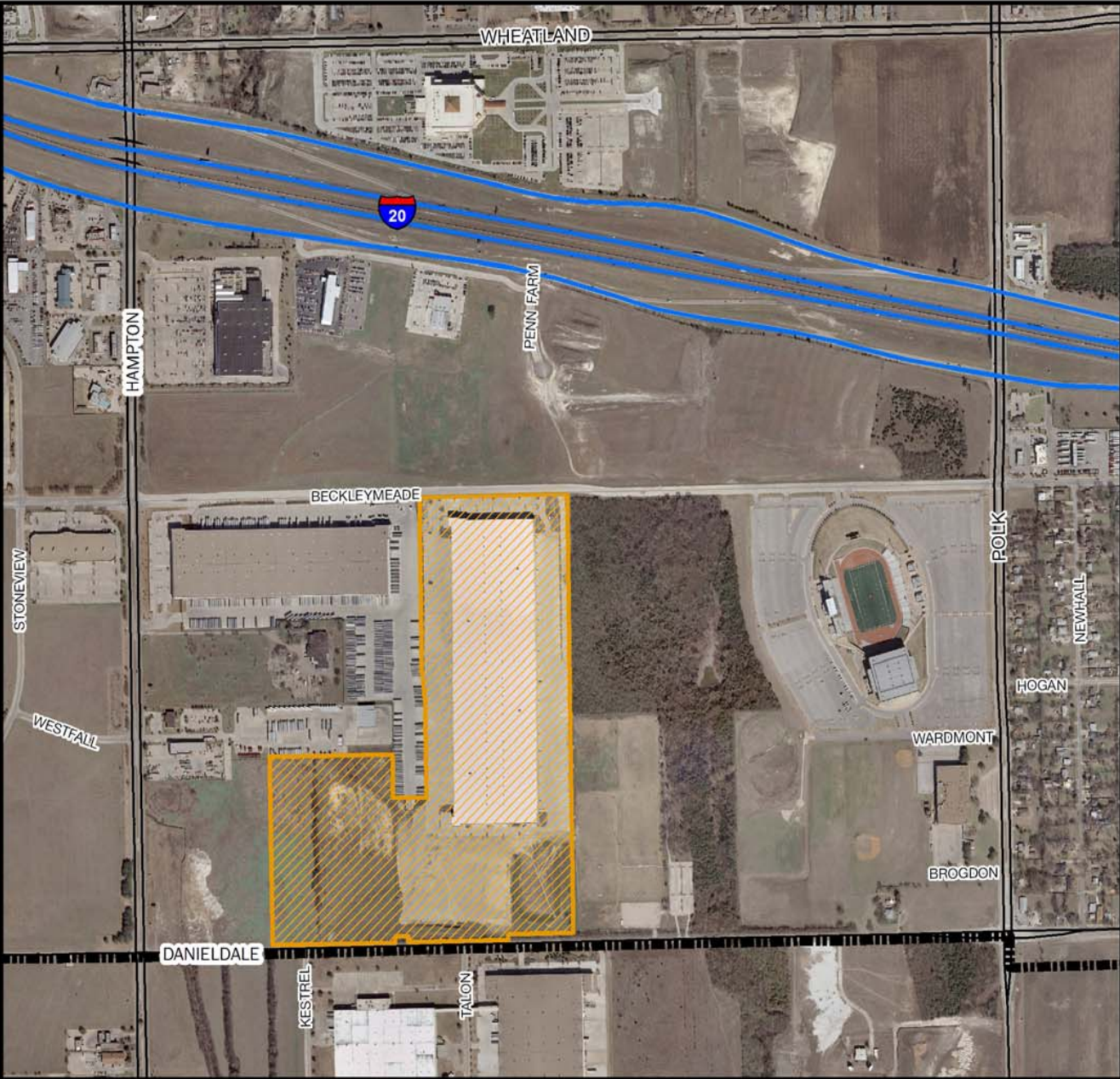
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- The Home Depot, Inc.
  - World's largest home improvement chain and second largest US retail chain;
  - Operates about 2,200 stores across North America, Puerto Rico and China;
  - Approximately 321,000 employees worldwide.
  - Has seven retail locations in the city and a 530,000 s.f. distribution facility on Beckleymeade Avenue in Southern Dallas

# Project Description

- Expand a vacant 887,000 s.f. facility built by Trammell Crow in 2008 by 287,000 s.f. (1,174,000 s.f total) to house a new distribution facility for Home Depot
- Reconstruct Danieldale Road between Hampton Road and Polk Street to facilitate access to the project from the south
  - Construct three lanes from Hampton Road to the east approximately 2,850 ft and two lanes the remaining 2,400 ft east to Polk Street
- Site: 74 acres at 2320 Beckleymeade
  - adjacent to an existing Home Depot distribution facility
- Company also considered other sites in Texas

# PROJECT SITE



- ### Legend
-  Reinvestment Zone #76
  -  Freeway
  -  Arterial
  -  Local Road
  -  City of Dallas



Source: Aerial photo - NCTCOG, 2009;  
All Other Data - City of Dallas, 2011



# Project Description

- Project Estimates
  - Building, Site and Tenant Improvements - \$15 million+
  - Business Personal Property and Inventory - \$70-\$80 million
  - Approximately \$4.1million for Danieldale Road improvements
  - Employment – required 75 within 12 months of substantial completion (estimated up to 250 over 5-years)



# Proposed Incentives

- 10-year 75 percent Business Personal Property Tax Abatement for Home Depot
  - Estimated forgone City revenue: \$4,184,250
- \$2,475,000 Chapter 380 Economic Development Grant to Trammell Crow Company affiliate (PR Crow I-20 II, LLP) from 2006 Bond Funds (Proposition 8) for road and site infrastructure
- City will terminate a previously approved City agreement related to the existing facility that included a 90 percent real property tax abatement and infrastructure participation of \$442,000 (no costs have been incurred by the City at this time)
- Estimated 10-year economic impact from the project is \$206 million.
- Net fiscal impacts are as follows:
  - 10-years: \$1,102,786
  - 20-years: \$9,716,728
  - A summary of estimated fiscal impacts is attached



# Proposed Incentives

- Project Partners
  - The project has received valuable commitments from other entities toward the \$4.1M Danieldale Road improvements:
    - \$1.3M in matching funds from Dallas County
    - \$300,000 from Desoto Economic Development Corporation
    - \$500,000 from private landowners in Desoto

Note: This section of Danieldale Road is entirely within the City of Dallas but is adjacent to and services property within the city of Desoto.

# Proposed Terms

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- Minimum of \$10M in Real Property Improvements
- Minimum of 75 full time jobs within 12 months of substantial completion
- Trammell Crow to deliver an improved Danieldale Rd. between Hampton Rd and Polk St. to City's thoroughfare standards
- City of Dallas participation is subject to finalizing funding agreements with other entities

# Recommendation

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- Staff recommends approval of the proposed \$2,475,000 economic development grant to Trammell Crow and a ten-year 75 percent business personal property tax abatement for Home Depot.

# Next Steps

- On April 27, 2011, City Council will consider authorizing a public hearing for the purpose of creating Reinvestment Zone 76 (required by Chapter 312 of the Texas Tax Code) to be held on May 25, 2011.
- On April 27, 2011, City Council will consider authorizing a) the described Chapter 380 Economic Development Grant, b) Project Supplemental Agreement to the Master Interlocal Agreement with Dallas County for the construction of Daniieldale Road and c) Participation Agreement with Trammell Crow for the construction of traffic signals on Daniieldale Road.

Questions?



# Attachment: Fiscal Impact

	10-Year	20-Year
Total City GF Revenue Generated	\$ 10.21M	\$ 21.59
Total City GF Service Costs	\$2.45M	\$5.21M
Net Impact Before Incentives	\$7.76M	\$16.38M
City Incentives	\$6.66M	\$6.66M
Net City Fiscal Impact	\$1.10M	\$9.72M