South Dallas/Fair Park Trust Fund

Economic Development and Housing Committee
May 9, 2006
PURPOSE

- Summarize findings of the thorough review of the South Dallas/Fair Park Trust Fund.

- Make recommendations for the future of the South Dallas/Fair Park Trust Fund.
HISTORY

- The South Dallas/Fair Park Trust Fund (Trust Fund) was created by recommendation from the South Dallas/Fair Park Neighborhood and Economic Development Preservation Plan submitted by a specially commissioned Task Force and adopted by Council Resolution 87 0632, dated February 18, 1987.

- Fair Park, located in the South Dallas community is the biggest public attraction in Texas, with nearly 7 million visitors annually. The park generates $1.3 million in revenue to the City of Dallas.

- Access to Fair Park is largely through South Dallas Neighborhoods.
The Task Force concluded that “reinvesting a portion of the revenue generated by Fair Park would be a unique opportunity for South Dallas residents, business owners and community organizations to carry out activities that promote economic, social and community development for the mutual benefit of Fair Park and South Dallas neighborhoods”.
## Trust Fund Target Area and Demographics / MAP

### 2000 Census Data

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households</td>
<td>10,272</td>
</tr>
<tr>
<td>Population</td>
<td>27,805</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$17,242</td>
</tr>
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</table>

### 2005 Estimated Values

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households</td>
<td>9,745</td>
</tr>
<tr>
<td>Population</td>
<td>28,542</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$17,792</td>
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</table>

### Business Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employee Estimate</td>
<td>10,213</td>
</tr>
<tr>
<td>Total Establishment Estimate</td>
<td>1,134</td>
</tr>
</tbody>
</table>

### Non Profit Organizations

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Churches</td>
<td>102</td>
</tr>
<tr>
<td>Museums, and Botanical Gardens</td>
<td>8</td>
</tr>
<tr>
<td>Social Advocacy Organizations</td>
<td>2</td>
</tr>
<tr>
<td>Civic and Social Organizations</td>
<td>10</td>
</tr>
<tr>
<td>Business Associations</td>
<td>3</td>
</tr>
<tr>
<td>Labor Unions and Political Orgs</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>135</strong></td>
</tr>
</tbody>
</table>
MISSION

The Trust Fund was established in deference to the symbiotic relationship between the South Dallas Community and Fair Park:

To be a catalyst for economic and social impact in the South Dallas Community by making grants and loans using a portion of the funds generated by Fair Park events and an annual allocation from the General Fund (the annual allocation requires City Council approval).

Trust fund monies are used to augment funds available from other sources (match) to achieve the following objectives:

- To provide a vehicle for area residents and or potential residents to obtain quality, affordable housing
- To enhance the aesthetic environment of the target area
- To increase economic development activity in the target area (emphasis on job creation and strengthening local businesses)
- To assist residents in the target area in meeting basic human and social needs in order to protect and sustain economic, housing and neighborhood improvement gains.
TRUST FUND PROGRAMS

**Loans:**
- Maximum amount: $50,000
- Term: 5 years
- Rate: 3%

Must meet stated mission of the Trust Fund to specifically impact housing and neighborhood improvement, business and economic development and community service and job related assistance.

**Grants:**
- Three grant programs authorized by Council Resolution are currently being funded.
TRUST FUND PROGRAMS

Community Based Non Profit Grant:
Purpose:
Support efforts that address housing and neighborhood improvement, business and economic development and/or community service and job related assistance, maximum grant $35,000 to be awarded for no more than 3 years, aggregate grant total not to exceed $75,000.

Neighborhood Challenge Grant:
Purpose:
To provide direct assistance to community based self-help groups generally operated by unpaid community volunteers where projects are limited in scope and duration. Maximum amount $5,000
TRUST FUND PROGRAMS

Emergency Minor Home Repair Program
Purpose:
To provide grants for low income and elderly homeowners for emergency home repairs. Maximum amount: $8,000. Other conditions and limits should be consistent with those used in the Community Development Block Grant Program

Specific Purpose Grant/Public Safety:
Purpose:
Funded by a corporate donation from the Diagio Company, the parent of Smirnoff. The grant is for 8 years at $50,000 annually through 2008. Grants are to be used for public safety initiatives. Maximum amount: $10,000. Eligible applicants must be an organized entity with members and officers.
STRUCTURE

- The Trust Fund is a City of Dallas dependent operating unit currently under the administration of the Office of Economic Development.

- The Trust Fund does not have the resources to operate as an independent unit or enterprise and is supported by several City departments.

  - Parks and Recreation – manages the contract with PACE Entertainment Group and the City for use of certain Fair Park facilities. $.15 from each ticket sold for events held at the Smirnoff Music Center, Antique Shows and Flea Markets is allocated and deposited to the Trust Fund. Parks and Recreation is responsible for generating an Annual Visitors Survey to compile statistics for the Visitors Formula (Council Resolution 91 1597) and allocate a representative amount to the General Fund for Trust Fund programs.
STRUCTURE cont’d

- **Housing** - manages the Minor Home Repair Program funded if recommended by the Trust Fund Board from the General Fund allocation to the Trust Fund.

- **Water** - sets up loan accounts and handles billing. Accepts loan payments at Special Collections (SC) and posts cash received for payments. SC generates loan payment histories needed to manage delinquency. They are currently responsible for loan delinquency follow up.
STRUCTURE cont’d

- **City Attorney** - prepares loan documents, reviews/approves documentation for loans and grants. Makes demand on delinquent loan accounts and facilitates collateral lien perfection and replevin.

**GOVERNANCE:**

- **Advisory Board** - members are appointed by City Councilpersons, one per district. The Board Chair is appointed by the Mayor.
- Advisory Board approves loan/grant applications and makes recommendation for payment. All final decisions are made by OED, CMO and/or City Council.
- Qualifications for Board members are very specific as stated in Section 2-130 of the Dallas City Code.
- Board vacancies are difficult to fill due to strict qualifications.
FUNDING:

- Annual funding for the Trust Fund comes from allocations
  - General Fund (Council approval)
  - $.15 per ticket sold at certain Fair Park events
  - Fair Park Visitors Formula (established in CR 91 1597)
  - Interest from loan payments
  - Interest from cash invested
  - Corporate donations ($50M annually 2000-2008 – specific use)
South Dallas Fair Park Trust Fund – Org 0351
Budget for FYE 05/06

Beginning Fund Balance on 10/1/2005 $1,248,908

Projected sources of funds

- Loan payments received $62,191
- Smirnoff ticket sales $30,000
- Flea market rentals $19,500
- Corporate Donation $50,000
- Interest Income $11,500

Allocation available for use $1,422,099
South Dallas Fair Park Trust Fund 0351 Annual Budget for FYE 05/06.

Projected uses of funds:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security cameras (proposed)</td>
<td>$250,000</td>
</tr>
<tr>
<td>General Fund Reimbursement</td>
<td>$142,638</td>
</tr>
<tr>
<td>(operating expenses)</td>
<td></td>
</tr>
<tr>
<td>EuroStaff (temporary staff)</td>
<td>$16,000</td>
</tr>
<tr>
<td>Un-disbursed 04/05 grants</td>
<td>$165,443</td>
</tr>
<tr>
<td>Un-disbursed Grants prior to 04/05</td>
<td>$85,529</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>$10,000</td>
</tr>
<tr>
<td>Loans</td>
<td>$200,000</td>
</tr>
<tr>
<td>CBN Grants</td>
<td>$125,000</td>
</tr>
<tr>
<td>Challenge Grants</td>
<td>$50,000</td>
</tr>
<tr>
<td>Public Safety Grants</td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td><strong>$1,084,610</strong></td>
</tr>
<tr>
<td><strong>Projected Ending FY Balance</strong></td>
<td><strong>$337,489</strong></td>
</tr>
</tbody>
</table>
PRIOR AUDIT ISSUES

FISCAL ACCOUNTING MANAGEMENT:
- General Fund transfers not documented
- Minor Home Repair Program funding not recommended by Trust Fund Board
- Minor Home Repair Program funding paid directly from General Fund; no reduction to Trust Fund Allocation
- Smirnoff ticket sales not validated for accuracy
- Visitors Formula not recalculated annually
- Loan payments posted improperly
- No loan payment billing function (payment book, notice)
- Doubtful accounts management inadequate
- No process for reprogramming expired grants
- Annual audit timelines (two audits in 5 years)
PRIOR AUDIT ISSUES

PROGRAM MANAGEMENT:

- Limited/non existent loan/grant program guidelines
- Lack of loan underwriting criteria
- Board positions not filled
- Board limited in understanding of loan underwriting
- Staff has limited knowledge in grant/loan programs management
- Less than quality loan applicants
- Limited business development efforts
- Lack of clarity relative to expense management

OTHER:
Collateral Management
RECOMMENDATIONS

Recommendations are intended to address operating issues, audit concerns and the prudent efficient management of the Trust Fund.

Audit

- Hire “outside” accountant to compile financial statements based on transactions from 2000-2005 (in process)
- Hire “outside” auditor to audit financial statements from 2000-2005 (in process). Expected 2006 audit to be complete by 6/1/06.
- Develop comprehensive policies, procedures and guidelines for operation, including loan underwriting criteria (draft complete)
- Establish processes for grant funding and reprogramming (complete)
- Loan underwriting training for Board and staff (in process)
- Establish process for loan delinquency management (complete)
- Provide audit compliance training for staff (in process)
- Update marketing literature to reflect updated policies procedures and guidelines (complete)
- Use Board meetings and other forums to communicate updated policies, procedures and guidelines to the community (complete)
RECOMMENDATIONS

Council Resolutions Modifications
Review all authorizing Council Resolutions and recommend the following modifications:

- **Advisory Board Qualifications**
  - Eight members must have direct connection to South Dallas community (live, own a business, work, community involvement).
  - Seven “At Large” positions to have qualifications related to business, housing, non-profit management, community building.
  - At least 2 board members must have loan and grant underwriting experience.

- **Minor Home Repair Program - Housing Department shall submit a request for funding to Trust Fund Advisory Board for recommendations to fund the program.**

- **Fiscal Management - Fiscal management of the Trust Fund to be the responsibility of the Budget/Finance Manager of the Office of Economic Development or the responsible administrative oversight department.**
RECOMMENDATIONS

Council Resolution Modifications

- **Internal Department Service Agreement** - Service Support Agreements are to be negotiated and documented between Trust Fund administrative oversight department and identified City departments supporting the Trust Fund. Audits accordingly.

- **Operating Expenses** - Trust Fund operating expenses are to be budgeted annually by administrative department Budget/Finance Manager in collaboration with Trust Fund Staff and Advisory Board for no more than 25% of beginning program year allocation balance. Expenses to be appropriated and paid from the General Fund. The General Fund will be reimbursed from Trust Fund Org 0351 up to no more than 15% of the Trust fund Allocation balance at the beginning of the program year **Not to Exceed Actual Expenses.**
RECOMMENDATIONS

Council Resolution Modifications

- **Additional Grant/Loan Program** – Authorize a grant/loan program to be used as a “catalyst” fund for purposes and amounts different than current programs i.e. interim financing, subordinated debt, workforce development projects, retail development projects, development studies, pilot programs. Funding for such grants/loans must meet the following criteria.

  - Loans made to for profit community entities in good standing with the State of Texas
  - Grants made to community entities with 501(c) 3 IRS determination
  - Projects must meet objectives of the Trust Fund and have significant, tangible, immediate (within one year) economic or community impact.
  - Loans/grants shall be recommended by the Trust Fund Advisory Board and approved by the OED and CMO or City Council
  - May or may not have match funding
  - May or may not have collateral support
  - Disbursement may be reimbursement or direct payment of vendor invoice
RECOMMENDATIONS

Council Resolution Modifications

- **Annual Audit** - Budget/Finance Manager of administrative oversight department to request City Auditor engage an audit annually.

- **Name Change** - Change the name of the Trust Fund to eliminate negative perceptions and redefine it as a community, social and economic development engine.

  **Suggested Name**: “South Dallas/Fair Park Neighborhood Development Fund”.

STRATEGIC PLANNING

Planning for Success

- Develop 3-5 year Business Plan for the Trust Fund
  - Set Performance Goals
  - Develop Action Plans
- Institute calling program to become more familiar with viable businesses and community organizations.
- Look for opportunities to participate in financing structures (gap financing, subordinated debt)
- Identify viable projects that have community impact for Trust Fund financial support
- Review Grant Programs to determine if they are designed to best promote community, social and economic development
- Plan annual Board/Staff retreat to generate ideas for development that can have impact
- Hold community forums at least annually for information dissemination and community input
STAFFING

Recommended Staffing – 1 FTE

Manager
Responsible for meeting objectives of the South Dallas/Fair Park Trust Fund through prudent, compliant management of Loan/Grant programs. Additionally, responsible for Trust Fund office and staff management.

- Areas of defined responsibility
  - Business Development and Marketing
    - Source for opportunities that have economic impact
    - Source for Public/Private Partnership opportunities
    - Communicate Trust Fund Mission, Policies, Procedures and Guidelines to constituent community
  - Advisory Board Management
    - Assist with filling positions
    - Meetings
    - Timely Agenda Filing
STAFFING

✓ Program Coordination/Management
  - Adhere to established policies, procedures and guidelines
  - Make Loan/Grant recommendations to Board sub committees
  - Conduct Grant Information Sessions
  - Facilitate grant application announcement period/process
  - Make on site business/agency visits

✓ Engage Annual Audit

✓ Staff Management
  - Set challenging performance standards
  - Conduct timely performance evaluations
  - Coach and council for success
STAFFING

**Administrative Assistant – 1 FTE**
Assist manager with meeting objectives of the Trust Fund

- **Defined responsibilities**
  - Open and close office
  - Answer phones
  - Provide information
    - Walk ins
    - Call ins
  - Manage mail
  - Manage grants/loan files
  - Assist with Advisory Board
    - Meetings
    - Support
  - Assist with Grant Information Sessions
  - Review and verify grant/loan documentation for funding
  - Manage grants/loan follow-up tickler log
  - Manage delinquent account collection
## City Supported Economic Development Projects / MAP

<table>
<thead>
<tr>
<th>SITE</th>
<th>SYMBOL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eban Village</td>
<td>1</td>
</tr>
<tr>
<td>St. Philips School &amp; Community Center</td>
<td>2</td>
</tr>
<tr>
<td>Forest Heights Development Center</td>
<td>3</td>
</tr>
<tr>
<td>Turner Courts</td>
<td>4</td>
</tr>
<tr>
<td>Rhodo Terrance</td>
<td>5</td>
</tr>
<tr>
<td>Proposed MLK Rail Station (TOD)</td>
<td>6</td>
</tr>
<tr>
<td>Bexar I</td>
<td>1</td>
</tr>
<tr>
<td>Bexar II</td>
<td>2</td>
</tr>
<tr>
<td>Grand Park South TIF</td>
<td></td>
</tr>
<tr>
<td>Frazier Courts/ DHA Redevelopment District</td>
<td></td>
</tr>
<tr>
<td>South Blvd Historic Preservation District</td>
<td></td>
</tr>
<tr>
<td>NIP Area I</td>
<td></td>
</tr>
<tr>
<td>NIP Area II</td>
<td></td>
</tr>
</tbody>
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Office of Economic Development

BigD-ED
SUMMARY

- The South Dallas Community is experiencing development and redevelopment at an accelerating pace. The Trust Fund should be used to leverage investment into projects already underway or planned that help neighborhoods to be vibrant, safe, expanding their business base and attractive for investment.
  - Frazier Courts/DHA Redevelopment Project
  - Bexar Street/Turner Courts Redevelopment
  - Grand Park South TIF District
  - St. Phillips /Forest Heights Housing and Redevelopment
  - 4th Avenue Dart Rail Station Development
  - South Blvd/Park Row Historic Preservation District
  - Community organization programs and activities
  - Expansion for viable businesses
SUMMARY

- South Dallas/Fair Park Trust Fund is a source of funding for projects and activities that promote community, social and economic development in the South Dallas Fair Park Community.

- The Trust Fund has operated with limited guidance and oversight throughout its existence.

- Operating parameters necessary for a program such as the Trust fund to be successful have been addressed and implemented.

- Policies, procedures and guidelines have been instituted to address operating deficiencies and audit exceptions.
SUMMARY

- Recommendations have been developed for clarification and/or changes to Council Resolutions that will facilitate a more efficient and prudent operation.

The rationale for establishing the Trust Fund, was to help to underwrite programs and activities that would have positive impact in Fair Park neighborhoods to the mutual benefit of the Park and the South Dallas/Fair Park community. The rationale for the ongoing operation of the Trust Fund continues to be the same sound rationale that created it.
South Dallas/Fair Park Trust Fund
Authorizing Resolutions and Pertinent Documents

CR 87 0632 – March 18, 1987
CR 89 1159 – April 12, 1989
CR 89 1674 – May 24, 1989
CR 89 3605 – November 8, 1989
CR 91 1597 – May 22, 1991
CR 93 1145 – March 24, 1993
CR 93 2939 – July 19, 1993 (Ordinance 21765)
Budget Amendment – September 13, 1999
CR 04 0801 – February 25, 2004
Dallas City Code Article XIV Sec. 2-130
Fair Park Task Force Final Report
Lease/Use Agreement – City of Dallas and Pace Entertainment Group
(see page 23 – ticket sales)
NEXT STEPS

Consideration of recommendations for South Dallas/Fair Park Trust Fund modifications

Economic Development & Housing Committee  May 9, 2006

City Council  June 14, 2006