

Memorandum

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CITY OF DALLAS

DATE May 17, 2013

2013 MAY 16 PM 3:20

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

SUBJECT **Economic Development Committee**
Monday, May 20, 2013, 9:00 – 10:30 a.m.
1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201

AGENDA

1. Approval of April 15, 2013 Minutes of the Economic Development Committee
2. Design District TIF District – Boundary & Plan Amendment
Karl Zavitkovsky, Director,
Office of Economic Development
(Estimated time 20 minutes)
3. 211 North Ervay Redevelopment Project - City Center TIF District (City Center Sub-District)
Karl Zavitkovsky, Director,
Office of Economic Development
(Estimated time 20 minutes)
4. Purse & Co. Lofts Redevelopment Project - City Center TIF District (Lamar Corridor/West End Sub-District)
Karl Zavitkovsky, Director,
Office of Economic Development
(Estimated time 20 minutes)
5. Convention Center Hotel Ancillary Development
Ron King, Director,
Convention & Event Services
(Estimated time 20 minutes)
6. Upcoming agenda items
 - Authorize an amendment to the Program Statement for the South Dallas/Fair Park Area Business Façade/Revitalization Program
 - Lakewood ALF Realty, LLC Senior Assisted Living Center


Tennell Atkins, Chair
Economic Development Committee

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

Ryan S. Evans, Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, CFO, OFS
Karl Zavitkovsky, Director, OED
J. Hammond Perot, Assistant Director, OED
Stephanie Pegues-Cooper, Asst. to the CMO

Note: A quorum of the Dallas City Council may attend this Council Committee meeting.

A closed session may be held if the discussion on any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested to the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The Purchase, exchange, lease or value of real property, if the deliberation in an Open Meeting would have a detrimental affect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if deliberation in an Open Meeting would have a detrimental affect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving appointments, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment or specific occasions for implementation of security personnel or device. Section 551.076 of the Texas Open Meetings Act.
6. Deliberations regarding Economic Development negotiations. Section 551.087 of the Texas Open Meeting Act.

Economic Development Committee DRAFT

Meeting Record

April 15, 2013

The Economic Development Committee meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Office of Economic Development, Staff Coordinator at 214-670-1686.

Meeting Date: April 15, 2013 **Meeting Start time:** 9:03 AM

Committee Members Present:

Tennell Atkins
Ann Margolin
Monica Alonzo
Jerry Allen
Sheffie Kadane

Staff Present:

Ryan Evans, *Assistant City Manager, City Managers Office*
Karl Zavitkovsky, *Director, Office of Economic Development*
Karl Stundins, *Manager, Office of Economic Development*

Other Council Members Present:

Other Presenters:

1. Approval of April 1, 2013 Minutes of the Economic Development Committee
Presenter(s):

Action Taken/Committee Recommendation(s): Motion made to approve the minutes.

Motion made by: Mr. Allen

Motion seconded by: Mr. Kadane

Item passed unanimously: X

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

Follow-up (if necessary):

2. Downtown Connection TIF District – Budget Amendment

Presenter(s): Karl Zavitkovsky, Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval

Motion made by: Mr. Allen

Motion seconded by: Mr. Kadane

Item passed unanimously: X

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

Follow-up (if necessary):

3. LTV Tower (1600 Pacific) Redevelopment Project Downtown Connection TIF District

Presenter(s): Karl Zavitkovsky, Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval

Motion made by: Mr. Allen

Motion seconded by: Mr. Kadane

Item passed unanimously: X

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

Follow-up (if necessary):

April 15, 2013

ED Committee Meeting Record – Page 2 of 2

4. Creation of New Public Improvement District, University Crossing PID (UCPID)

Presenter(s): Karl Zavitkovsky, Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval

Motion made by: Mr. Allen

Motion seconded by: Mr. Kadane

Item passed unanimously: X

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

Follow-up (if necessary):

4. Upcoming agenda items for April 2013

- Cypress Waters Municipal Management District Development and Operating Agreement (Cypress Waters MMD)
- United States Cold Storage – Real Property Tax Abatement Agreement Amendment
- Actions related to Setting Annual Assessment Rate for Tourism PID
- Renewal of Downtown Improvement District (DID)
- Patriot Tower

Action Taken/Committee Recommendation(s): Motion made to recommend items to council for approval.

Motion made by: Ms. Margolin

Motion seconded by: Mr. Kadane

Item passed unanimously: X

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

Follow-up (if necessary):

Meeting Adjourned: 10:11AM

Approved By: _____

Memorandum



DATE May 17, 2013

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

SUBJECT **Design District TIF District – Boundary and Plan Amendments**

On Monday, May 20, 2013, the Economic Development Committee will be briefed on amendments to the Design District TIF boundary, Project and Financing Plans, and Grant Program.

Briefing material is attached.

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, City Secretary
Thomas Perkins Jr., City Attorney
Judge Daniel Solis, Administrative Judge Municipal Court
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Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitskovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager

Design District TIF District – Boundary and Plan Amendments

Economic Development Committee
May 20, 2013



Office of Economic Development
WWW.DALLAS-ECODEV.ORG

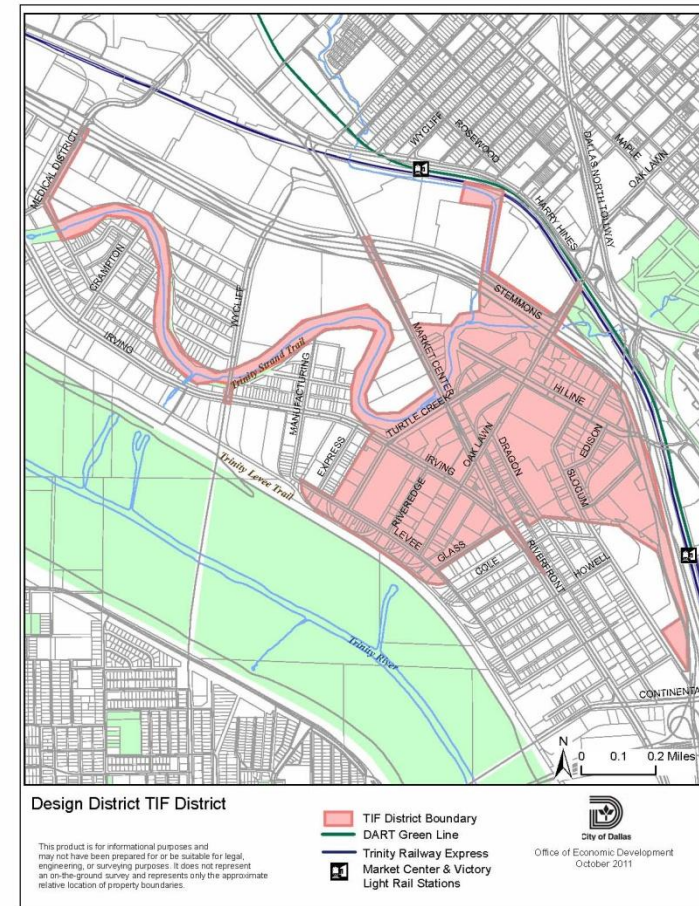


Purpose

- ◆ Provide background and update on the Design District TIF District
- ◆ Review boundary and plan amendments for the District
- ◆ Provide brief overview of upcoming TIF Project
- ◆ Obtain Economic Development Committee's Approval for Consideration by City Council of the Following:
 - Call a Public Hearing on May 22, 2013
 - Conduct a Public Hearing on June 12, 2013
 - Approve Proposed Boundary and Plan Amendments
 - Approve modifications to the District's Grant Program on June 12, 2013.

Design District TIF District: *Background*

- ◆ Created in 2005 with a budget of \$63.7 million total dollars (approximately \$34.8 million NPV)
- ◆ Legal term set at 22 years; no proposed extension at this time. The original district was expected to create \$1 billion in added property value compared to \$1.7 billion for the proposed expanded district.
- ◆ Created to assist in conversion of an industrial and warehouse district to a unique urban neighborhood to take advantage of the expanding DART light rail system, and to improve access to the Trinity River and the quality of development adjacent to the Trinity/Stemmons Corridor.
- ◆ Taxing Jurisdiction Participation Rates and Estimated Contribution (in estimated total dollars)
 - **City** – Participation Rate 90% **\$55,193,982**
 - **County** – Participation 55% **\$8,542,523**



Design District TIF District: *Development Projects*



1525 Turtle Creek Project



1400 Hi Line

Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value	TIF Investment
1525 Turtle Creek at the District (now Bell Design District)	1500 Block of Turtle Creek Blvd. at Oak Lawn Ave.	2010	Complete	214 residential units	\$26,925,000	\$4,402,000*
International on Turtle Creek	150 Turtle Creek Blvd.	2006	Complete	157,640 square feet showroom & retail space	\$12,567,880	\$0
Trinity Lofts & Work/Live Showrooms	1403 Slocum St. & 1430 Dragon St.	2007	Complete	~92 units & 28,063 square feet showroom (164,030 square feet total)	\$12,310,000	\$0
Alta Design District	1531 Inspiration Dr.	2009	Complete	309 residential units	\$36,250,000	\$0
Alexan Design District (now Camden Design District)	1551 Oak Lawn Ave.	2009	Complete	355 residential units	\$38,535,590	\$0
Green Zone, arts venue	161 Riveredge Dr.	2008	Complete	2,520 square feet performance space	\$500,000	\$0
Dallas Contemporary	161 Glass St.	2010	Complete	6,000 square feet office space & 11,000 square feet gallery space for Center; & 22,000 square feet office/retail for tenants	\$2,583,670	\$0
1400 Hi Line	1400 Hi Line Dr.	2013	Complete	314 residential units; 29,000 square feet retail	\$38,870,000	\$0
Total				1,284 residential units; 214,703 square feet retail/showroom; 13,520 square feet gallery/arts; 28,000 square feet office	\$168,542,140	\$4,402,000

Design District TIF District: *Current Status*

- ◆ Since 2005, the district has grown to include over a thousand apartments, new restaurants, and upgraded showrooms/retailers. Approximately \$168 million in new investment has been completed, underway or planned.
- ◆ There are still a significant number of underutilized properties and infrastructure improvements needed to create a vibrant neighborhood on a larger scale.
- ◆ An opportunity to expand the TIF District to facilitate the redevelopment of the former Dallas Apparel Mart site has been proposed by Market Center Land, L.P., (“MCL”), an affiliate of Crow Holdings.

Design District TIF District: *Current Status (continued)*

- ◆ Issues such as aging, poorly located storm sewers and the lack of modern infrastructure have hindered redevelopment of the former Dallas Apparel Mart site. TIF funding could assist in making this site comparable to a greenfield site.
- ◆ Based on the proposed MCL masterplan preliminary estimates for additional development at buildout, added value on the Apparel Mart site is estimated to be in the range of \$300-400 million in new value.

Design District TIF District: *Proposed Amendments*

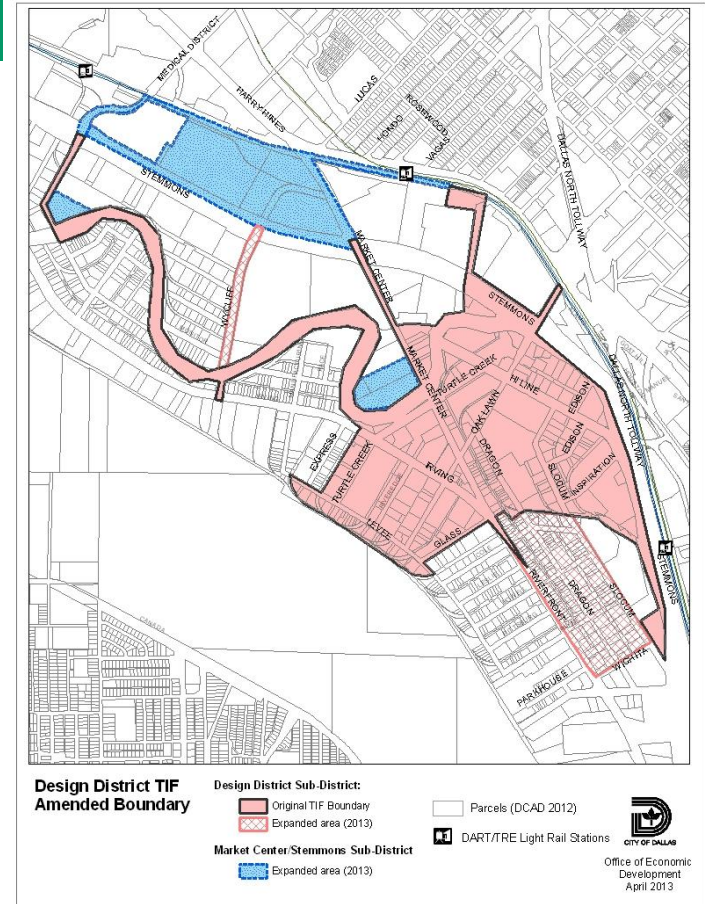
- ◆ The Design District TIF Board discussed and recommended the following amendments for the Design District TIF District:
 - Boundary Adjustment
 - Budget Increase
 - Restructuring the TIF budget to consolidate and broaden categories of eligible project costs.
 - Removing the restriction in the TIF Plan for costs associated with structured parking (the District's Grant Program, as amended would allow for offsetting costs such as structured parking as necessary to facilitate mixed use, higher density projects).
 - No changes have been proposed for the term or City/County participation rates.

Design District TIF District: *Proposed Grant Program Modification*

- ◆ The Design District TIF Board discussed and recommended modifications to the Design District TIF Grant Program, first adopted in 2006.
- ◆ Modifications to the Grant Program would clarify eligible uses including a provision for affordable housing.

Design District TIF District: *Proposed Boundary Amendment*

- ◆ **Creation of Sub-districts**
 - ◆ **Design District Sub-District** – the original boundary of the TIF District plus additional property along the Slocum, Dragon Street, and Riverfront Blvd. corridors (original shown in the solid coral and added property in hatched coral pattern)
 - ◆ **Market Center/Stemmons Sub-District** –encompasses the former Dallas Apparel Mart site and additional properties (shown in blue pattern)



Design District TIF District: *Proposed Budget Amendment*

- ◆ The District's budget will increase from \$34,825,000 NPV dollars (approximately \$63,736,506 total dollars) to \$76,976,666 NPV dollars (approximately \$132,433,370 total).
- ◆ The increased budget will:
 - Provide a source of funding to stimulate redevelopment of the former Dallas Apparel Mart site and increase pedestrian and transit connections.
 - Provide a source of funding to support additional projects in the expanded Design District Sub-District including future streetscape and other improvements enhancing the increased activity.
 - Increased value in the expanded district is estimated at \$1.7 billion

Category	Estimated TIF Expenditure NPV
Design District Sub-District:	\$87,485,550
Paving & Streetscape	
Wayfinding & District Signage	
Water, Wastewater & Storm	
Open Spaces, Plazas, Portals, Civic	
Environmental Remediation & Demolition	
Utility Burial	
Economic Development Grants	
Market Center/Stemmons Sub-District:	\$33,234,578
Paving & Streetscape	
Wayfinding & District Signage	
Water, Wastewater & Storm	
Open Spaces, Plazas, Portals, Civic	
Environmental Remediation & Demolition	
Utility Burial	
Economic Development Grants	
Old Trinity Trail	\$7,320,776
Administration and implementation	\$4,392,466
Total Project Costs, excluding interest	\$132,433,370

Note: All values discounted to 2006 dollars (2013 for Market Center/Stemmons Sub-District) at 4% annually. Design and engineering costs may be considered in the above categories.

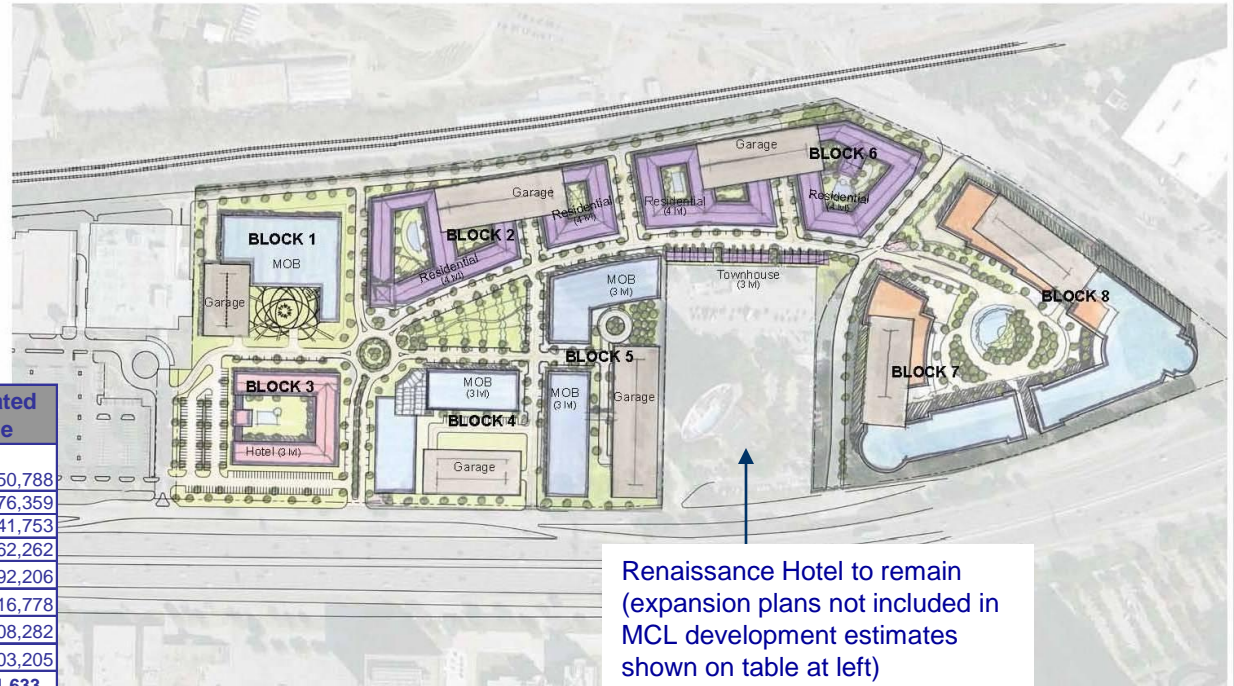
Plan Amendments *Benefits* – *New Investment*

- ◆ Market Center Land, L.P.'s masterplan for the redevelopment of the Dallas Apparel Mart site along Stemmons Freeway between Market Center Boulevard and Medical District Drive includes:
 - A Phase I major medical development project is in the active planning stages and a development agreement may be brought forward for consideration in the near term.
 - Phase II is anticipated to be a new hotel. Future phases include new multi-family, medical/office, and mixed use development.
- ◆ Proposed development in the expansion area will complement current and future development in the District and provide for office and hotel development opportunities that have not occurred within the existing District. To date, market conditions in the existing District have favored residential and retail development.

Plan Amendments *Benefits* – *New Investment (continued)*

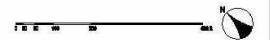
MCL Master Plan for former Dallas Apparel Mart site

Year	Block	Proposed Use	Estimated Value
2015	Block 1	Medical/Office	\$27,450,788
2016	Block 3	Hotel	\$18,576,359
2017	Block 2	Residential	\$38,441,753
2017	Block 4	Medical/Office	\$47,862,262
2019	Block 5	Medical/Office	\$61,792,206
2020	Block 6	Residential	\$50,916,778
2023	Block 7	Mixed Use	\$36,608,282
2025	Block 8	Mixed Use	\$49,103,205
Total			\$330,751,633



Masterplan

Scale 1" = 100'



CROW HOLDINGS

Proposed Design District TIF Expansion

11/27/2012

RTKL

Note: The above master plan is conceptual and anticipated development projects or phases are subject to market conditions and may change over time.

Plan Amendments *Benefits - Connectivity*

- ◆ The amendments provide opportunities for improved pedestrian and trail connections with the Trinity Strand Trail and Market Center DART and Medical Center TRE light rail stations.



Dart Rail and Trail Connectivity
Scale 1" = 300'

Proposed Design District TIF Expansion

08/09/2012

CROW HOLDINGS

RTKL

Summary

Benefits to the City

- ◆ Facilitates new catalyst development in the Design District TIF over the next 5-10 years.
- ◆ The Market Center/Stemmons Sub-District expansion area will bridge the core of the Design District and the nearby medical district increasing employment, housing, and transportation connections and better tying Design District to the Medical District to the northeast.
- ◆ Increment generated by the Market Center/Stemmons Sub-District will provide additional funding for district wide improvements, including trail improvement west of Stemmons.
- ◆ Creates linkages to DART/TRE light rail station areas and the Trinity Strand Trail.

Summary

Benefits to the City (continued)

- ◆ The tax base for the City is estimated to increase by \$1.7 billion by 2027 as a result of new development and growth in the expanded district.
- ◆ General Fund Contributions during the term of the District:
 - Original District (10% new revenue) annual average \$385,346
 - Expanded District (10% new revenue) annual average \$558,402
- ◆ When the District expires after 2028, general fund revenue is estimated to exceed \$14 million annually.
- ◆ Forgone revenue (City's 90% increment contribution) for the expanded district is estimated to be paid back within 9 years following the District's termination.

Recommendations & Next Steps

◆ Recommendations

- On May 22, 2013, Call a Public Hearing to be held on June 12, 2013, to consider boundary and plan amendments
- Hold a Public Hearing on June 12, 2013, to receive citizen comments on the proposed amendments to the Design District TIF District and Project and Reinvestment Zone Financing Plans
- At the close of the Public Hearing, Consider approval of the proposed amendments to the Design District TIF District and Project and Reinvestment Zone Financing Plans
- Approve modifications to the District's Grant Program on June 12, 2013.

◆ Next Steps

- Phase I Medical Office Development Agreement related to Dallas Apparel Mart Site Redevelopment.

APPENDICES

Appendix A: Design District Sub-District Increment Chart

PROJECTED TIF INCREMENT SCHEDULE									
Tax Year		Property Value	Property Value	Comp. Value	Anticipated Captured	Anticipated Increment	Anticipated Accumulated	Tax Increment Revenue into TIF	Tax Increment Revenue into TIF
		Estimate	Growth	Growth	Value	Revenue	Revenue (NPV)	CITY @ 90%	COUNTY @ 55%
Base	2005	\$141,852,062							
Adj	2013	\$193,949,815							
1	2006	\$161,328,660	13.73%	13.73%	\$19,476,598	\$0	\$0	\$0	\$0
2	2007	\$177,595,830	10.08%	25.20%	\$35,743,768	\$0	\$0	\$0	\$0
3	2008	\$233,718,204	31.60%	64.76%	\$91,866,142	\$673,629	\$598,854	\$566,332	\$107,297
4	2009	\$265,554,293	13.62%	87.21%	\$123,702,231	\$1,005,884	\$1,458,688	\$859,988	\$145,896
5	2010	\$276,848,629	4.25%	95.17%	\$134,996,567	\$1,165,261	\$2,416,448	\$983,504	\$181,758
6	2011	\$274,649,352	-0.79%	93.62%	\$132,797,290	\$1,130,112	\$3,309,592	\$952,555	\$177,557
7	2012	\$307,057,736	11.80%	116.46%	\$165,205,674	\$1,405,909	\$4,377,967	\$1,185,020	\$220,888
8	2013	\$424,642,033	38.29%	199.36%	\$230,692,218	\$1,963,202	\$5,812,459	\$1,654,755	\$308,447
9	2014	\$467,106,236	10.00%	229.29%	\$273,156,421	\$2,324,575	\$7,445,675	\$1,959,351	\$365,224
10	2015	\$567,347,113	21.46%	299.96%	\$373,397,298	\$3,177,630	\$9,592,367	\$2,678,379	\$499,251
11	2016	\$609,898,147	7.50%	329.95%	\$415,948,332	\$3,539,741	\$11,891,716	\$2,983,597	\$556,144
12	2017	\$650,709,058	6.69%	358.72%	\$456,759,243	\$3,887,044	\$14,319,552	\$3,276,334	\$610,710
13	2018	\$716,122,694	10.05%	404.84%	\$522,172,879	\$4,443,717	\$16,988,333	\$3,745,546	\$698,171
14	2019	\$777,194,534	8.53%	447.89%	\$583,244,719	\$4,963,442	\$19,854,597	\$4,183,614	\$779,827
15	2020	\$854,755,912	9.98%	502.57%	\$660,806,097	\$5,623,493	\$22,977,123	\$4,739,962	\$883,531
16	2021	\$920,268,664	7.66%	548.75%	\$726,318,849	\$6,181,010	\$26,277,215	\$5,209,885	\$971,125
17	2022	\$1,075,424,878	16.86%	658.13%	\$881,475,063	\$7,501,397	\$30,128,231	\$6,322,821	\$1,178,576
18	2023	\$1,170,174,292	8.81%	724.93%	\$976,224,477	\$8,307,719	\$34,229,155	\$7,002,458	\$1,305,261
19	2024	\$1,202,726,907	2.78%	747.87%	\$1,008,777,092	\$8,584,743	\$38,303,839	\$7,235,958	\$1,348,785
20	2025	\$1,314,999,838	9.33%	827.02%	\$1,121,050,023	\$9,540,192	\$42,657,858	\$8,041,292	\$1,498,900
21	2026	\$1,349,724,836	2.64%	851.50%	\$1,155,775,021	\$9,835,703	\$46,974,095	\$8,290,374	\$1,545,329
22	2027	\$1,439,570,708	6.66%	914.84%	\$1,245,620,893	\$10,600,296	\$51,446,947	\$8,934,839	\$1,665,457
Total (2006 - 2027)						\$95,888,188	\$51,446,947	\$80,835,031	\$15,053,157
2006 NPV @ 4%						\$51,446,947	-	\$43,374,067	\$8,072,880

Appendix B: Market Center/Stemmons Sub-District Increment Chart

PROJECTED TIF INCREMENT SCHEDULE									
Tax Year		Property Value Estimate	Property Value Growth	Comp. Value Growth	Anticipated Captured Value	Anticipated Increment Revenue	Anticipated Accumulated Revenue (NPV)	Tax Increment Revenue into TIF CITY @ 90%	Tax Increment Revenue into TIF COUNTY @ 55%
Base	2013	\$85,835,470							
1	2014	\$112,794,957	31.41%	31.41%	\$26,959,487	\$229,427	\$220,602	\$193,380	\$36,046
2	2015	\$147,616,593	30.87%	71.98%	\$61,781,123	\$525,760	\$706,698	\$443,156	\$82,604
3	2016	\$218,812,680	48.23%	154.92%	\$132,977,210	\$1,131,643	\$1,712,724	\$953,846	\$177,797
4	2017	\$308,398,886	40.94%	259.29%	\$222,563,416	\$1,894,026	\$3,331,745	\$1,596,447	\$297,578
5	2018	\$313,024,869	1.50%	264.68%	\$227,189,399	\$1,933,393	\$4,920,853	\$1,629,630	\$303,764
6	2019	\$379,512,448	21.24%	342.14%	\$293,676,978	\$2,499,206	\$6,896,012	\$2,106,545	\$392,661
7	2020	\$436,121,913	14.92%	408.09%	\$350,286,443	\$2,980,955	\$9,161,293	\$2,512,605	\$468,350
8	2021	\$442,663,742	1.50%	415.71%	\$356,828,272	\$3,036,626	\$11,380,126	\$2,559,529	\$477,097
9	2022	\$449,303,698	1.50%	423.45%	\$363,468,228	\$3,093,133	\$13,553,320	\$2,607,158	\$485,975
10	2023	\$492,651,535	9.65%	473.95%	\$406,816,065	\$3,462,025	\$15,892,140	\$2,918,092	\$543,933
11	2024	\$500,041,308	1.50%	482.56%	\$414,205,838	\$3,524,912	\$18,181,856	\$2,971,098	\$553,814
12	2025	\$556,645,133	11.32%	548.50%	\$470,809,663	\$4,006,614	\$20,684,375	\$3,377,118	\$629,496
13	2026	\$564,994,810	1.50%	558.23%	\$479,159,340	\$4,077,670	\$23,133,318	\$3,437,010	\$640,660
14	2027	\$573,469,732	1.50%	568.10%	\$487,634,262	\$4,149,792	\$25,529,719	\$3,497,801	\$651,991
Total (2013 - 2027)						\$36,545,182	\$25,529,719	\$30,803,414	\$5,741,768
2013 NPV @ 4%						\$25,529,719	-	\$21,518,637	\$4,011,082

Note: The base value will be revised when final 2013 tax roll figures are available for the expanded boundary and pending any litigation or tax roll corrections in the District. The City will monitor property with different base years separately. Taxable values may vary by taxing jurisdiction due to different exemption levels.

Appendix C: Design District TIF District Original Budget

Design District TIF District Project Plan Budget	
Category	TIF Estimated Total Dollar Budget*
Paving & streetscape	\$19,491,566
Wayfinding & District Signage	\$228,774
Water, Wastewater & Storm	\$7,595,305
Open Spaces, Plazas, Portals, Civic	\$12,811,358
Environmental remediation & Demolition	\$7,320,776
Utility burial	\$4,575,485
Trinity Strand Trail	\$7,320,776
Administration and Implementation	\$4,392,466
Total	\$63,736,506
¹ Budget shown above in current dollars; TIF Project Plan shows the budget in net present value.	

Memorandum



DATE May 17, 2013

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

SUBJECT **211 North Ervay Redevelopment Project – City Center TIF District (City
Center Sub-District)**

On Monday, May 20, 2013 the Economic Development Committee will be briefed
on the 211 North Ervay Redevelopment Project – City Center TIF District.

Briefing material is attached.

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



Ryan S. Evans
Assistant City Manager

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

211 North Ervay Redevelopment Project City Center TIF District (City Center Sub-District)

Economic Development Committee
May 20, 2013



Office of Economic Development
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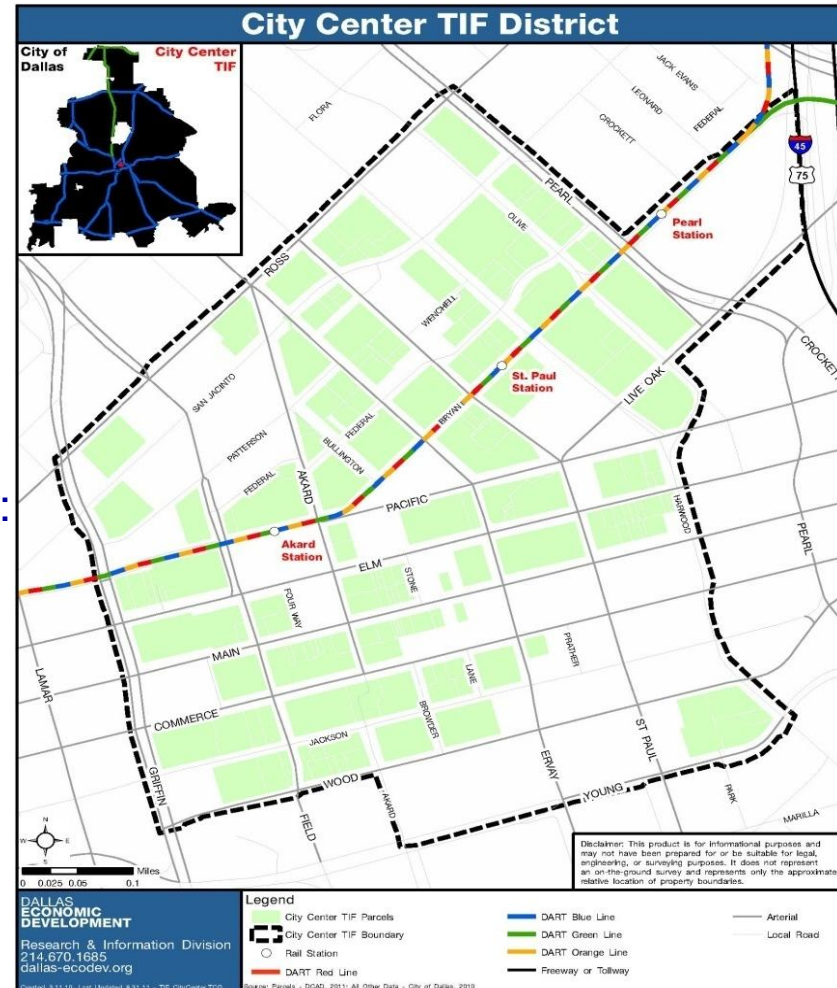


Purpose

- ◆ Provide background information on City Center TIF District and recent District amendments
- ◆ Review the 211 North Ervay redevelopment project
- ◆ Obtain Economic Development Committee's approval for consideration of the project by City Council on June 12, 2013

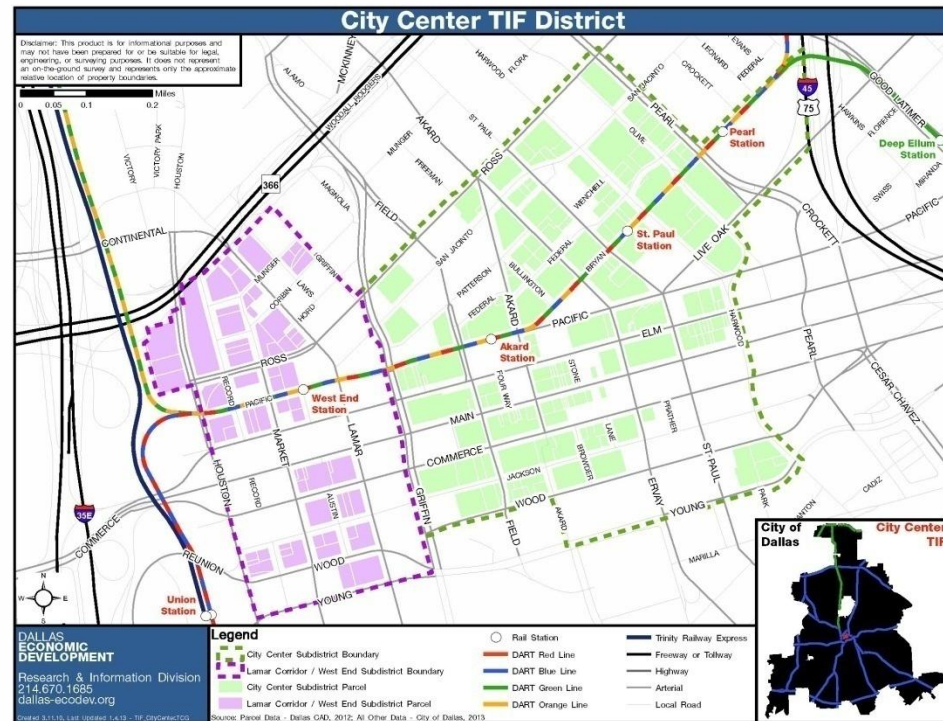
City Center TIF District *Background*

- ◆ Originally created in 1996 with a budget of \$87,567,717 and term of 15 years
- ◆ Originally created to develop an attractive, sustainable urban core and reimburse costs of public improvements and redevelopment of vacant or underutilized buildings downtown
- ◆ District was amended December 2012 to:
 - ◆ Adjust District's Boundary
 - ◆ Extend Term of District
 - ◆ Increase District's Budget
 - ◆ Decrease City Participation Rate
 - ◆ Establish Other Taxing Jurisdiction Participation Rates



City Center TIF District Amendments

- ◆ **Boundary Adjustment
(Creation of two Sub-districts)**
 - ◆ **City Center Sub-district** – original district boundary (green dashed line)
 - ◆ **Lamar Corridor/West End Sub-district** – approximately 27 acres; encompasses properties along the Lamar Corridor and properties in the Historic West End area (lavender dashed line)
- ◆ **Term Extension**
 - ◆ **City Center Sub-district** – 12/31/2012 to 12/31/2022 (10 yrs)
 - ◆ **Lamar Corridor/West End Sub-district** – 12/31/2012 to 12/31/2037 (25 year term)



City Center TIF District *Amendments (Continued)*

- ◆ **City Participation Rate**
 - ◆ ***City Center Sub-district*** – Decreased from 90% to 80% during extended term
 - ◆ ***Lamar Corridor/West End Sub-district*** – Established at 90% for 25 year term
- ◆ **Other Taxing Jurisdictions Participation Rates**
 - ◆ **Dallas County**
 - ◆ **City Center Sub-district** – 53% for 5 years
 - ◆ **Lamar Corridor/West End** – 53% for 20 years
 - ◆ **DISD, DCCCD and DCHD** – will not participate in District

City Center TIF District Amendments (Continued)

◆ District Budget Amendment

- ◆ The District's budget increased from \$87.6M to \$152M
- ◆ The increased budget:
 - ◆ Provides a source of funding to stimulate redevelopment of the Lamar Corridor and Historic West End area
 - ◆ Provides a source of funding to accomplish recommendations of the Downtown Dallas 360 Area Plan, that wouldn't otherwise be funded
 - ◆ Provides a source of funding to fill in redevelopment gaps in the downtown core

Category	Estimated TIF Expenditure*
Original City Center TIF Collections**	\$75,696,253
Public Infrastructure Improvements <i>Streetscape Improvements, Pedestrian Linkages, Lighting, Utility Burial, Utility Upgrades</i>	\$8,500,182
Parking	\$5,500,000
Acquisition & Restoration of Historic Sites	\$0
Redevelopment/Development Projects <i>Environmental Remediation, Interior & Exterior Demolition, Façade Improvements/Restoration, TIF Grants</i>	\$40,972,111
District Wide Improvements	\$4,000,000
Affordable Housing	\$6,500,000
Ground Floor Activation <i>(in the form of a TIF Grant)</i>	\$8,300,000
Plan Implementation/Administration	\$2,500,000
Total	\$151,968,546

*Estimated TIF Expenditure reflects actual project collections for the district.

**Only \$75,696,253 will be collected by 2012, the remaining funds have been reallocated in the budget for the extended term.

City Center TIF District

211 North Ervay Building



c. 1958

- ◆ Constructed 1958
- ◆ 18-story office building
- ◆ Azure and aquamarine spandrels on the façade to add color to urban skyline
- ◆ Mostly vacant since 1995



c. 1960

c. 1928



City of Dallas

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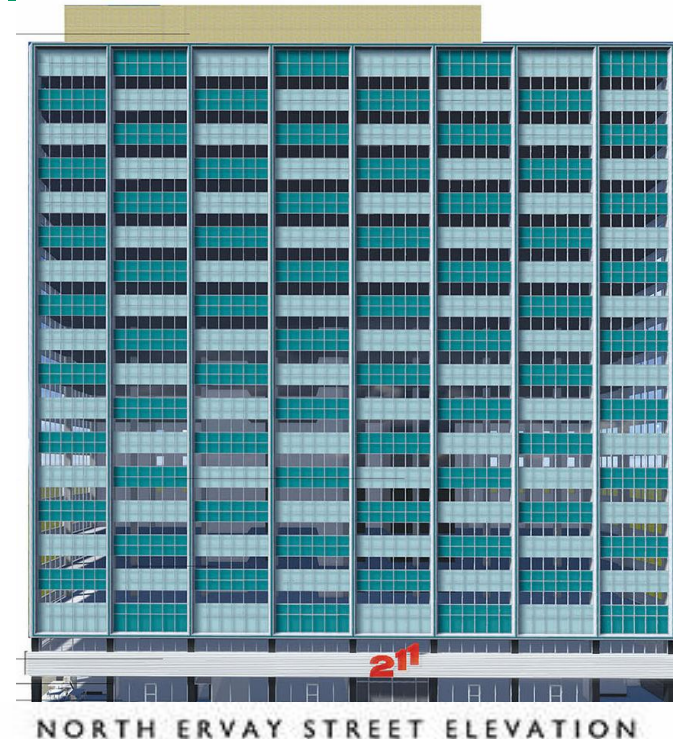
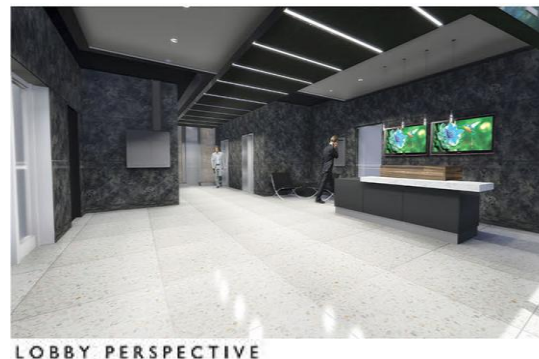
211 North Ervay *Project Location*



211 North Ervay

Project Description

- ◆ 22,000 square feet of Retail Space – floors 1 & 2
- ◆ 144,000 square feet of Office Space – floors 3 thru 18
 - ◆ 3rd floor slated to be collaborative office space
- ◆ Project Cost: \$13,458,630
- ◆ Project Start Date: July 31, 2013
- ◆ Project Completion Date: July 31, 2014



architects
maa
merriman
associates
© merriman associates architects, inc. 2013

ALTERRA

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211 North Ervay *Project Design*

- ◆ On February 22, 2013, Urban Design Peer Review Panel reviewed the project's design and provided recommendations that are reflected in the project's design at the ground floor level



PROPOSED EXTERIOR PERSPECTIVE

architects
maa
merriman
associates
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ALTERRA

211 North Ervay

Project Funding Sources and Uses

Funding Source	Amount		Use
Private Equity	\$13,458,630	100%	Acquisition and Construction
Total	\$13,458,630		

211 North Ervay

Proposed TIF Funding

- ♦ Majority of the TIF funds proposed will reimburse environmental remediation, demolition, and historic façade restoration
- ♦ The 211 North Ervay project would not occur, but for TIF funding

TIF Budget – 211 North Ervay	
Redevelopment/Development Projects	
<i>Environmental Remediation/Demolition</i>	\$1,150,000
<i>Façade Restoration</i>	\$600,000
<i>Engineering</i>	\$50,000
TIF Grant	\$150,000
Total	\$1,950,000
Public Infrastructure Improvements	
<i>Streetscape Improvements</i>	\$50,000
Total	\$50,000
Total TIF Funding	\$2,000,000

211 North Ervay

TIF Board Funding Recommendations

- ◆ On March 21, 2013, the City Center TIF District Board of Directors reviewed and approved TIF funding for the 211 North Ervay redevelopment project in an amount not to exceed \$2,000,000.

211 North Ervay

Conditions of TIF Funding

- ♦ Minimum private investment of \$9,665,000 for the Project (acquisition, construction and construction related soft costs).

The term “Invest” or “Investment” means the sum of all acquisition costs, construction costs (hard and soft) paid, payable or actually incurred by or on behalf of the Owner, with respect to the Property and the improvements thereon. Construction related soft costs include the following items: architecture and engineering, interior design, remediation and demolition. Carrying or other similar costs shall not be considered toward this definition of project investment. The owner must provide verification of all expenditures.

- ♦ Redevelopment of the Project shall include:
 - ♦ Redevelopment of 197,000 square feet of space in the building.
 - ♦ Minimum 15,000 square feet of retail/commercial; and
 - ♦ Minimum 144,000 square feet of office/commercial space.
 - ♦ Adjustments to the square footage of development categories require approval of the Director and City Center TIF District Board of Directors (“TIF Board”).
- ♦ Obtain a building permit and start construction for the Project by July 31, 2013;

211 North Ervay

Conditions of TIF Funding (Continued)

- ◆ Obtain Complete environmental, interior demolition and façade restoration by December 31, 2013.
- ◆ Obtain a Certificate of Occupancy (CO) for the Project by July 31, 2014;
- ◆ Obtain final acceptance of public infrastructure improvements associated with the Project, as evidenced by the issuance of a Green Tag from the Public Works and Transportation Department by July 31, 2014 and submit documentation to the Office of Economic Development (the “OED”);
- ◆ The Project shall not be eligible for subsequent TIF funding from the District
- ◆ Construction of Project improvements and building renovations shall be in general conformance with design plans approved by the City Center TIF Board of Directors and Dallas City Council;
- ◆ A minimum of 25% of the total net leasable square footage of non-residential space, with a minimum of at least 50% of ground floor space must be occupied prior to TIF Reimbursement;

211 North Ervay

Conditions of TIF Funding (Continued)

- ♦ The Project shall be managed by a management company acceptable to the Director of the OED, such approval not being unreasonably withheld;
- ♦ Owner shall submit to the Director of the OED a quarterly status report for ongoing work on the project, as well as public improvements. Status reports will be due once every three months after the Council approval date;
- ♦ Comply with the Business Inclusion and Development (“BID”) goal of twenty-five percent (25%) Minority/Women-owned Business Enterprise (M/WBE) participation for TIF reimbursable improvements, and the Owner shall make a good faith effort to achieve a goal of 25% certified M/WBE participation for total private improvement construction expenditures for the Project, and meet all reporting requirements for each. Any work (TIF reimbursable improvements and private improvements) completed prior to this letter is solely at the developer’s risk. Reimbursement is contingent on compliance with BID process; and
- ♦ If necessary, the project deadline can be extended up to 6 months, subject to the Office of Economic Development Director’s and City Center TIF District Board of Director’s approval;

Strategic Importance of Proposed Project

- ◆ Continues strategic redevelopment of vacant buildings in downtown's core
- ◆ Renovation of a vacant building
- ◆ Creates ground floor activity on Ervay and Elm Streets
- ◆ Maintains downtown redevelopment momentum

Recommendation

- ◆ Staff requests ECO Committee to approve and forward a recommendation of approval by City Council of a Development Agreement with Alterra 211 North Ervay, LLC for TIF reimbursement not to exceed \$2,000,000, of which \$150,000 is in the form of a TIF Grant, for the 211 North Ervay redevelopment project to be considered at the June 12, 2013 Council meeting.

APPENDICES

Appendix A: Project Requirements/Other Information

211 North Ervay – Project Facts	
Minimum Office/Commercial Space (required)	144,000 s.f.
Minimum Retail/Commercial Space (required)	15,000 s.f.
Required Private Investment	Min. \$9,665,000
Expected Total Project Cost	\$13,458,630
TIF Funding	\$2,000,000
% TIF funds to total project cost	14.9%
Return on Cost without TIF	7.7%
Return on Cost with TIF	9.1%
Deadline to Obtain Building Permit	July 31, 2013
Deadline to Obtain Final CO	July 31, 2014

Appendix B: 211 North Ervay Development Proforma

211 North Ervay Redevelopment Project Pro Forma		
City Center TIF District		
PROJECT ADDRESS:	211 N. Ervay	
PROJECT TYPE:	Mixed Use (Office, Retail/Restaurant)	
CONSTRUCTION START DATE:	July 31, 2013	
PROJECT COMPLETION DATE:	July 31, 2014	
<u>Use Breakdown</u>	<u>SF</u>	<u>Total Leasable SF</u>
Office	144,000	166,000
Retail	22,000	
		<u>Total Bldg SF (Gross)</u>
		196,925
<u>Project Costs</u>		<u>Revenue</u>
Hard Cost	\$9,615,630	\$1,728,000
Soft Cost (less Developer Fee)	\$1,023,000	Office 0
Acquisition	\$2,600,000	Retail \$165,000
Total Project Cost (without City \$)	\$13,238,630	\$1,893,000
		Total Revenue 0
		<u>Expenses</u>
Total Project Cost	\$13,238,630	Office Expenses (\$691,200)
TIF Assistance	\$2,000,000	Retail Expenses (\$41,250)
Net Cost to Developer (after TIF reimbursement)	\$11,238,630	Management Expense (\$94,650)
		Taxes (Property) (\$45,000)
		Total Expenses (\$872,100)
		\$1,020,900
<u>Return on Cost Analysis</u>		NOI 0
<u>NOI/Total Project Costs</u>		Notes: Stabilized rates in 2020; Revenues reflects vacancy rates of Office 20%; Retail 25%
Return on Cost (without City \$)	7.7%	
Return on Cost (with City \$)	9.1%	

Appendix C: 211 North Ervay

Development Team

- ◆ **Developer:** Alterra 211 North Ervay, LLC

Mukemmel Sarimsakci, Managing Partner - Over the past 20 years, Mr. Sarimsakci has worked on real estate projects worldwide with a strong track record of completing infrastructure and real estate development projects on time and on budget.

- ◆ **Architect:** Merriman and Associates Architects

- ◆ **General Contractor:** Andres Construction Service, LLC

Memorandum



DATE May 17, 2013

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

SUBJECT **Purse & Co. Lofts Redevelopment Project – City Center TIF District (Lamar Corridor/West End Sub-District)**

On Monday, May 20, 2013 the Economic Development Committee will be briefed on the Purse & Co. Lofts Redevelopment Project – City Center TIF District.

Briefing material is attached.

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, City Secretary
Tom Perkins Jr., City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, 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
J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager

Purse & Co. Lofts Redevelopment Project City Center TIF District (Lamar Corridor/West End Sub-District)

Economic Development Committee
May 20, 2013



Office of Economic Development
WWW.DALLAS-ECODEV.ORG

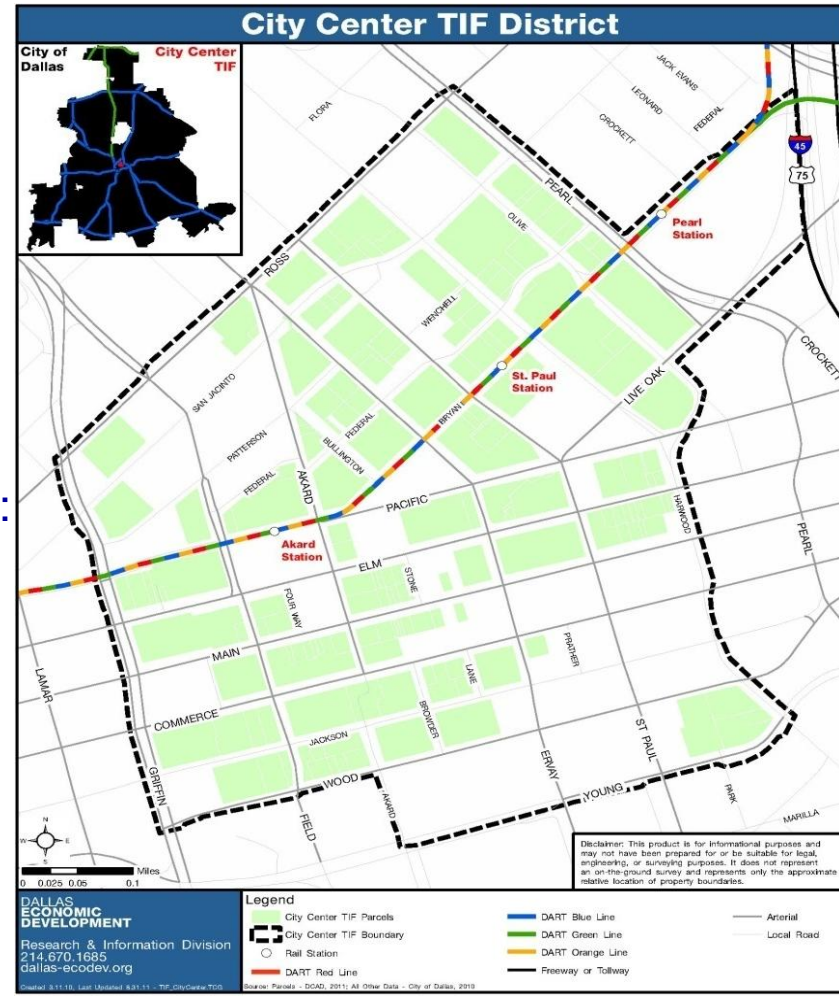


Purpose

- ◆ Provide background information on City Center TIF District and recent District amendments
- ◆ Review the Purse & Co. Lofts Redevelopment Project
- ◆ Obtain Economic Development Committee's approval for consideration of the project by City Council on June 12, 2013

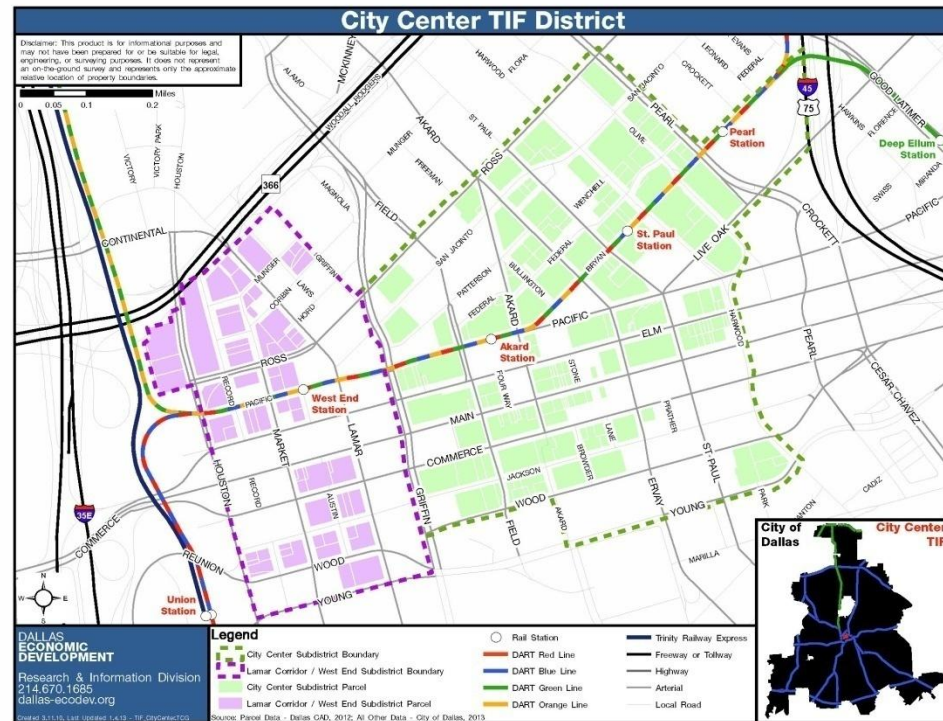
City Center TIF District *Background*

- ◆ Originally created in 1996 with a budget of \$87,567,717 and term of 15 years
- ◆ Originally created to develop an attractive, sustainable urban core and reimburse costs of public improvements and redevelopment of vacant or underutilized buildings downtown
- ◆ District was amended December 2012 to:
 - ◆ Adjust District's Boundary
 - ◆ Extend Term of District
 - ◆ Increase District's Budget
 - ◆ Decrease City Participation Rate
 - ◆ Establish Other Taxing Jurisdiction Participation Rates



City Center TIF District Amendments

- ◆ **Boundary Adjustment
(Creation of two Sub-districts)**
 - ◆ **City Center Sub-district** – original district boundary (green dashed line)
 - ◆ **Lamar Corridor/West End Sub-district** – approximately 27 acres; encompasses properties along the Lamar Corridor and properties in the Historic West End area (lavender dashed line)
- ◆ **Term Extension**
 - ◆ **City Center Sub-district** – 12/31/2012 to 12/31/2022 (10 yrs)
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City Center TIF District *Amendments (Continued)*

- ◆ **City Participation Rate**
 - ◆ ***City Center Sub-district*** – Decreased from 90% to 80% during extended term
 - ◆ ***Lamar Corridor/West End Sub-district*** – Established at 90% for 25 year term
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 - ◆ **Dallas County**
 - ◆ **City Center Sub-district** – 53% for 5 years
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 - ◆ **DISD, DCCCD and DCHD** – will not participate in District

City Center TIF District Amendments (Continued)

◆ District Budget Amendment

- ◆ The District's budget increased from \$87.6M to \$152M
- ◆ The increased budget:
 - ◆ Provides a source of funding to stimulate redevelopment of the Lamar Corridor and Historic West End area
 - ◆ Provides a source of funding to accomplish recommendations of the Downtown Dallas 360 Area Plan, that wouldn't otherwise be funded
 - ◆ Provides a source of funding to fill in redevelopment gaps in the downtown core

Category	Estimated TIF Expenditure*
Original City Center TIF Collections**	\$75,696,253
Public Infrastructure Improvements <i>Streetscape Improvements, Pedestrian Linkages, Lighting, Utility Burial, Utility Upgrades</i>	\$8,500,182
Parking	\$5,500,000
Acquisition & Restoration of Historic Sites	\$0
Redevelopment/Development Projects <i>Environmental Remediation, Interior & Exterior Demolition, Façade Improvements/Restoration, TIF Grants</i>	\$40,972,111
District Wide Improvements	\$4,000,000
Affordable Housing	\$6,500,000
Ground Floor Activation <i>(in the form of a TIF Grant)</i>	\$8,300,000
Plan Implementation/Administration	\$2,500,000
Total	\$151,968,546

*Estimated TIF Expenditure reflects actual project collections for the district.

**Only \$75,696,253 will be collected by 2012, the remaining funds have been reallocated in the budget for the extended term.

City Center TIF District

Lamar Corridor/West End Sub-district

- ◆ Lamar Corridor is a primary connection between key downtown destinations and public facilities, stretching from the Cedars Area to Victory Park
- ◆ Infill development along the Lamar Corridor, north of Young St., is vital to create a contiguous development pattern currently established on Lamar St., south of Young St.
- ◆ Historic West End area has experienced decline in occupancy rates over the years with little development/redevelopment activity or momentum
- ◆ Development on current surface parking lots, and redevelopment of vacant or underutilized buildings is possible with public investment
- ◆ **Downtown 360 Plan describes this area as:**
 - ◆ Underdeveloped with significant gaps in urban fabric
 - ◆ Infill development and improved public realm necessary to solidify connection between Convention Center and Historic West End area
 - ◆ Corridor should be developed with supporting tourist entertainment to activate the major gateway
 - ◆ **Residential and office development should fill in additional blocks to the east and west of Lamar St.**

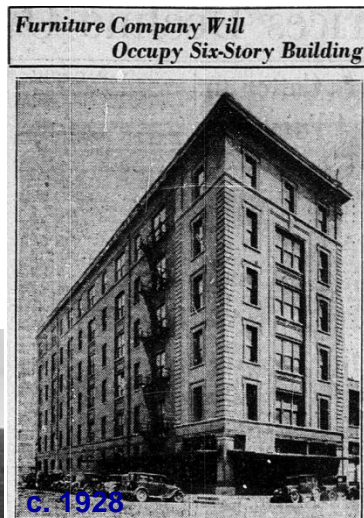


City Center TIF District

Purse Building



c. 1908



c. 1928



c. 1914

- ◆ 601 Elm Street building constructed 1905 and used by Parlin and Orendorff Implement Company, who sold agricultural implements
- ◆ In 1928, Hall & Purse Co. became the main tenant, and later changed its name to Purse & Company Wholesale Furniture.
- ◆ Located in the West End Historic District
- ◆ Listed on the National Register of Historic Places
- ◆ Vacant since early 1990's when Dallas County staff relocated
- ◆ Structural integrity of building has been compromised by water damage and neglect

Purse & Co. Lofts

Project Description

- ◆ 40 loft apartments with open floor plans, 14' ceilings
- ◆ 14,440 square feet of retail space that can accommodate 5 concepts
 - ◆ Restaurant for county employees and tourists
 - ◆ Specialty shop serving prepared foods
 - ◆ Basement speakeasy reminiscent of the 60's
 - ◆ Rooftop restaurant with downtown views
 - ◆ Coffee and wine bar opening to the light rail station
- ◆ Project Cost: \$14,867,948
- ◆ Project Start Date: December 31, 2013
- ◆ Project Completion Date: July 31, 2015



Purse & Co. Lofts

Project Design

- ◆ On March 22, 2013, Urban Design Peer Review Panel reviewed the project's design and provided recommendations for minor changes that are reflected in the project's design
- ◆ On May 6, 2013, the Landmark Commission approved the design of the Purse & Co. Lofts and issued a Certificate of Appropriateness



SW Perspective

NW Perspective



ARCHITEXAS



City of Dallas

Purse & Co. Lofts

Project Funding Sources and Uses

Funding Source	Amount		Use
Private Equity	\$2,539,078	17%	Acquisition and Construction
Historic Tax Credits	\$2,073,922	20%	Construction
Construction Loan	\$10,254,948	69%	Construction
Total	\$14,867,948		

Purse & Co. Lofts

Proposed TIF Funding

- ♦ Majority of the TIF funds proposed will reimburse environmental remediation, demolition, and historic façade restoration
- ♦ The Purse & Co. Lofts project would not occur, but for TIF funding

TIF Budget – Purse & Co. Lofts	
Redevelopment/Development Projects	
<i>Environmental Remediation/Abatement</i>	\$160,000
<i>Demolition</i>	\$385,500
<i>Historic Façade Restoration (including historic storefront 7 awning)</i>	\$1,650,000
Total	\$2,195,500
Public Infrastructure Improvements	
<i>Streetscape Improvements</i>	\$42,500
<i>Utilities</i>	\$562,000
Total	\$604,500
Total TIF Funding	\$2,800,000

Purse & Co. Lofts

TIF Board Funding Recommendations

- ◆ On April 11, 2013 the City Center TIF District Board of Directors reviewed and approved TIF funding for the Purse & Co. Lofts redevelopment project in an amount not to exceed \$2,800,000.

Purse & Co. Lofts

Conditions of TIF Funding

- ♦ Minimum private investment of \$12,000,000 for the Project (acquisition, construction and construction related soft costs).

The term “Invest” or “Investment” means the sum of all acquisition costs, construction costs (hard and soft) paid, payable or actually incurred by or on behalf of the Owner, with respect to the Property and the improvements thereon. Construction related soft costs include the following items: architecture and engineering, interior design, remediation and demolition. Carrying or other similar costs shall not be considered toward this definition of project investment. The owner must provide verification of all expenditures.

- ♦ Redevelopment of the Project shall include:
 - ♦ Minimum 30,000 square feet of residential space (approximately 32 residential units); and
 - ♦ Minimum 11,800 square feet of retail/restaurant/commercial space.
- ♦ Obtain a building permit and start construction for the Project by December 31, 2013;
- ♦ Obtain a Certificate of Occupancy (CO) for the Project by December 31, 2014;
- ♦ Execute an Operating and Maintenance agreement for public infrastructure improvements associated with the Project by December 31, 2014, for a period of 20 years;

Purse & Co. Lofts

Conditions of TIF Funding (Continued)

- ◆ Obtain final acceptance of public infrastructure improvements associated with the Project, as evidenced by the issuance of a Green Tag from the Public Works and Transportation Department by December 31, 2014 and submit documentation to the Office of Economic Development (the “OED”);
- ◆ Mixed Income Housing: A minimum of 10% of the Project’s total residential units must meet affordable housing standards in accordance with the District’s Mixed Income Housing Guidelines. These guidelines require, but are not limited to, the following:
 - ◆ Affordable units must be available for a 15 year period (from the date of CO).
 - ◆ If the total number of affordable units drops below 10%, a 90-day compliance period will be granted, after which the contract may be terminated.
 - ◆ Submit semi-annual reports to the OED Staff (from the date of CO).
- ◆ Construction of Project improvements and building renovations shall be in general conformance with design plans approved by the City Center TIF Board of Directors and Dallas City Council;
- ◆ A minimum of 25% of the total net leasable square footage of non-residential space, with a minimum of at least 50% of ground floor space must be occupied prior to TIF Reimbursement;



Purse & Co. Lofts

Conditions of TIF Funding (Continued)

- ◆ The Project shall be managed by a management company acceptable to the Director of the OED, such approval not being unreasonably withheld;
- ◆ Owner shall submit to the Director of the OED a quarterly status report for ongoing work on the project, as well as public improvements. Status reports will be due once every three months after the Council approval date;
- ◆ Comply with the Business Inclusion and Development (“BID”) goal of twenty-five percent (25%) Minority/Women-owned Business Enterprise (M/WBE) participation for TIF reimbursable improvements, and the Owner shall make a good faith effort to achieve a goal of 25% certified M/WBE participation for total private improvement construction expenditures for the Project, and meet all reporting requirements for each;
- ◆ Market the apartments pursuant to an affirmative fair housing marketing plan approved by the City;
- ◆ If necessary, the project deadline can be extended up to 6 months, subject to the Office of Economic Development Director’s and City Center TIF District Board of Director’s approval;

Strategic Importance of Proposed Project

- ◆ Project is consistent with Downtown Dallas 360 Area Plan
- ◆ Strengthens development momentum in the West End
- ◆ Adds 40 residential units (estimated 60 new residents), including 4 affordable units , increasing downtown residential population, specifically in the West End
- ◆ New residents in the area will support current retail and restaurant base in the West End
- ◆ Restaurant and retail space in the project will serve residents, workers and visitors to the Dealey Plaza, Sixth Floor Museum, County Offices and West End

Recommendation

- ◆ Staff requests ECO Committee to approve and forward a recommendation of approval by City Council of a Development Agreement with Purse Development Company, LLC for TIF reimbursement not to exceed \$2,800,000 for the Purse & Co. Lofts redevelopment project to be considered at the June 12, 2013 Council meeting.

◆ APPENDICES

Appendix A: Project Requirements/Other Information

Purse & Co. Lofts - Project Facts	
Minimum Residential Space (required)	30,000 s.f. Approx. 32 Units
Minimum Affordable Housing Units (required)	3 Units or 10% of Total Residential Units
Required Private Investment	Min. \$12,000,000
Expected Total Project Cost	\$14,867,948
TIF Funding	\$2,800,000
% TIF funds to total project cost	18.8%
Return on Cost without TIF	4.9%
Return on Cost with TIF	6.0%
Deadline to Obtain Building Permit	December 31, 2013
Deadline to Obtain Final CO	December 31, 2014

Appendix B: Purse & Co Lofts Development Pro Forma

Purse & Co. Lofts Project Pro Forma			
City Center TIF District			
PROJECT DESCRIPTION:		601 Elm Street	
PROJECT TYPE:		Mixed Use (Residential/Commercial)	
CONSTRUCTION START DATE:		December 31, 2013	
PROJECT SCHEDULE:		December 31, 2015	
<u>Residential Units</u>	<u>SF</u>	<u># of Units</u>	
Total/Avg	36,780	40	
<u>Use Breakdown</u>	<u>SF</u>	<u>Total Leasable SF</u>	
Residential	36,780	51,222	
Commercial	14,442		
Other	23,202		
		<u>Total Bldg SF (Gross)</u>	
		74,424	
<u>Project Costs</u>		<u>Income</u>	
Hard Cost	\$10,837,177	Residential Revenue	\$695,142
Soft Cost (less Developer Fee)	\$2,182,190	Commercial Revenue	\$361,050
Acquisition	\$1,848,581	Total Revenue	\$1,056,192
Total Project Cost (without City \$)	\$14,867,948		
		<u>Expenses</u>	
Total Project Cost	\$14,867,948	Operating Expense (Residential)	(\$278,057)
TIF Assistance	\$2,800,000	Operating Expense (Commercial)	(\$54,158)
Net Cost to Developer (after TIF reimbursement)	\$12,067,948	Total Expenses	(\$332,214)
		NOI	\$723,978
Return on Cost Analysis			
NOI/Total Project Costs			
Return on Cost (without City \$)	4.9%		
Return on Cost (with City \$)	6.0%		
		Notes: Stabilized rates in 2017; Revenue reflects a residential and commercial vacancy rate of 10% and 25% respectively	

Appendix C: Purse & Co. Lofts Project *Development Team*

◆ **Developer:** Purse Development Company, LLC

Todd Smith, Managing Partner

Craig Melde, Managing Partner

Ray Sanders, Partner

Terrence Wagner, Partner

Representative projects completed by development team:

Historic Harlan Building

Mixed Use - 22,000 square feet

Dallas 2005

Sheraton Hotel

382 Rooms

Houston 2004

Clearpoint Crossing Apartments

Multifamily - 252 Units

Houston 2009

2004 Main Street

Office 30,000 square feet

Dallas 1999

◆ **Architect:** ARCHITEXAS



Memorandum



DATE May 17, 2013

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

SUBJECT Convention Center Hotel Ancillary Development

On Monday, May 20th, 2013 the Economic Development Committee will be given a briefing titled, "Convention Center Hotel Ancillary Development." A copy of the briefing is attached for your review.

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


Ryan S. Evans
Assistant City Manager

Attachment

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, City Secretary
Thomas P. Perkins Jr., City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge Municipal Court
Frank Libro, Public Information Officer
A.C. Gonzalez, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Stephanie Pegues-Cooper, Assistant to the City Manager

CONVENTION CENTER HOTEL ANCILLARY DEVELOPMENT

Dallas City Council

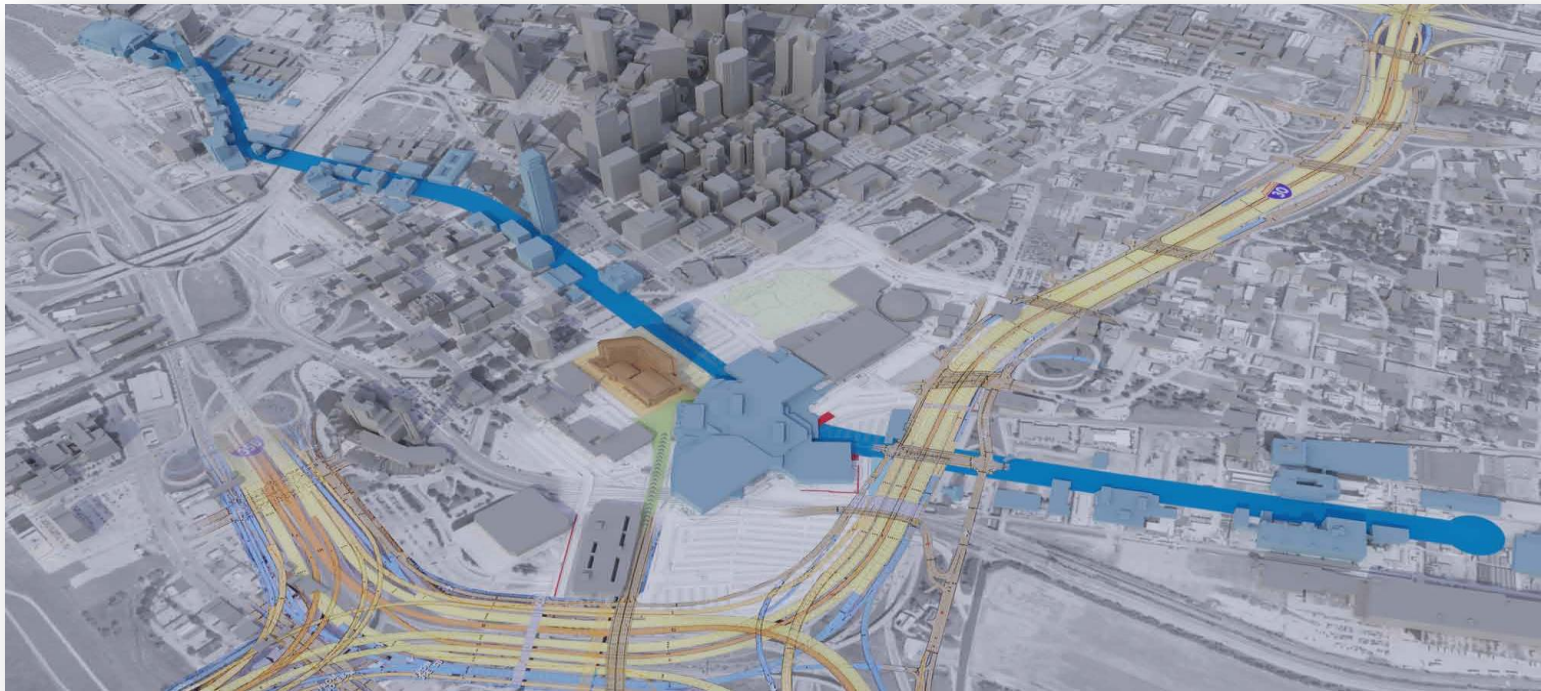
Economic Development Committee

May 20, 2013



Purpose

- Illustrate the opportunity to integrate the Dallas Convention Center into a revitalized and transforming Lamar corridor.



Dallas Convention Center

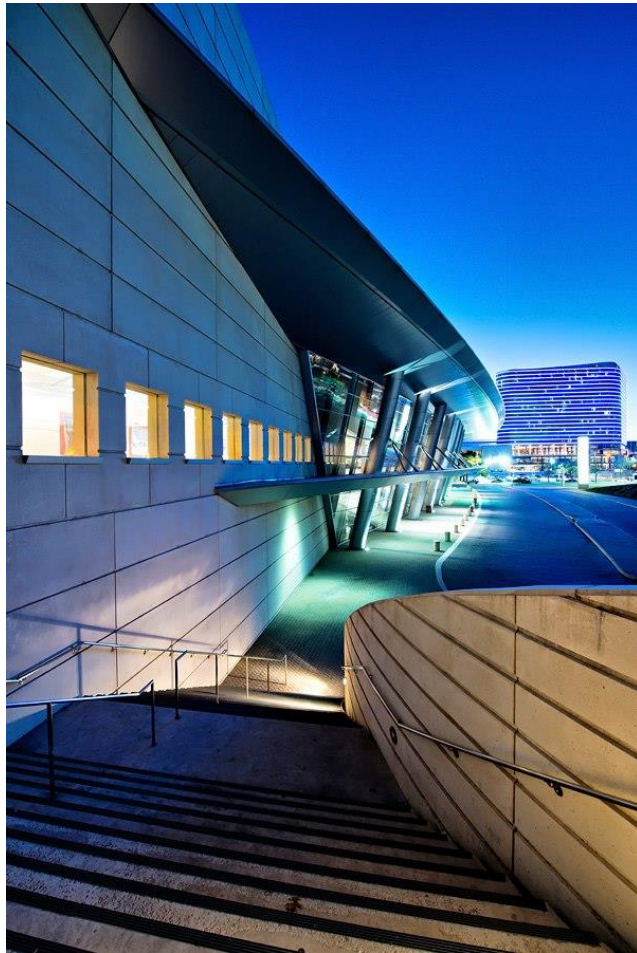


Image courtesy of: Urban Fabric Photography, Justin Terveen

- Over \$1B Asset for City of Dallas
- 2.1M square foot campus
- More than 1M square foot of exhibit space
- Existing Silver LEED Building Certification
- \$60M Capital Improvement Project underway
 - Renovating Existing Exhibit/Common space
 - Life Safety Systems
 - Mechanical and Electrical Systems

Dallas Convention Center



Dallas Convention Center's Economic Impact – Last year (2012), DCC hosted 105 events with approximately 1 million attendees bringing the City of Dallas an economic impact of over \$570 million. This is up by over \$168 million from the previous year.

Based on bookings, the DCVB estimates this year's (2013) economic impact will be over \$690 million.

Results



Image courtesy of: Urban Fabric Photography, Justin Terveen

Current/Projected Booking Information (October '12 – September '13)

Total Number of Events	105
Total Number of Attendees	1,182,351
Total Direct Dollar	\$231,428,359
Total Eco Impact	\$694,285,078
Budgeted Expenses	\$63,455,164
Total Room Nights Blocked	406,918
Return on Economic Impact	10.94%

Notable Conventions (past 24 months)

International Conventions		
Convention Name	Number of Attendees	Number of Room Nights
Solar Power International	24,000	4,801
American Meat Institute Food Marketing Institute United Fresh Produce Association (Joint Convention)	18,000	8,650
Regional / Nationwide Conventions		
Convention Name	Number of Attendees	Number of Room Nights
Air-conditioning, Heating and Refrigeration Expo	55,000	12,500
Lone Star Classic Volleyball Tournament	50,000	3,773
Mary Kay, Inc.	31,500	12,500
Local Conventions		
Convention Name	Number of Attendees	Number of Room Nights
Dallas Auto Show	325,000	200
Dallas Safari Club	20,000	1,500

Needs Analysis Completed

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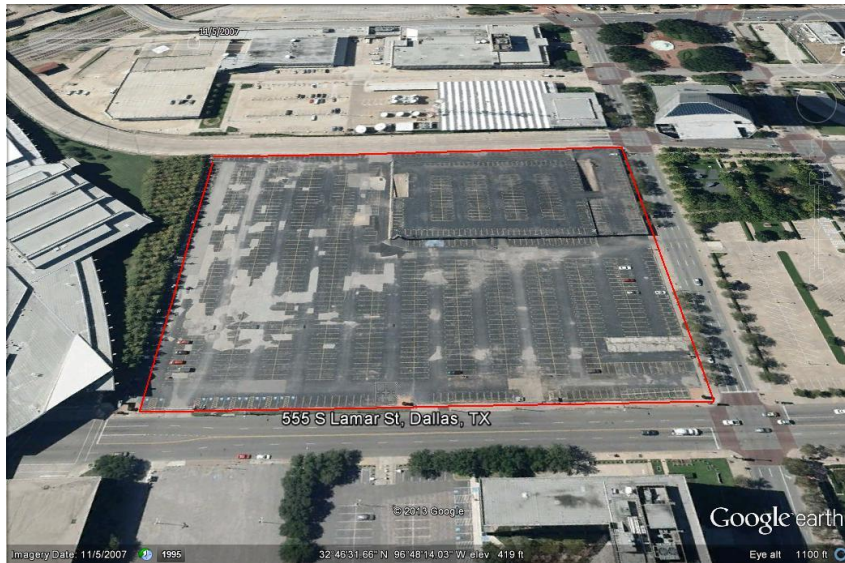
- ✓ Complete
- In Progress
- Still Needed

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Convention Center Hotel Site



(November 2007)

Completed Convention Center Hotel



Omni Success to date



The Hotel Closed Out 2012 with:

- Occupancy 9% over budget
- Revenue Per Available Room Exceeded budget by Over \$4.3M
- Food and Beverage Revenue Exceeded budget by \$9M
- Total Revenue Exceeded budget by Approximately \$14M

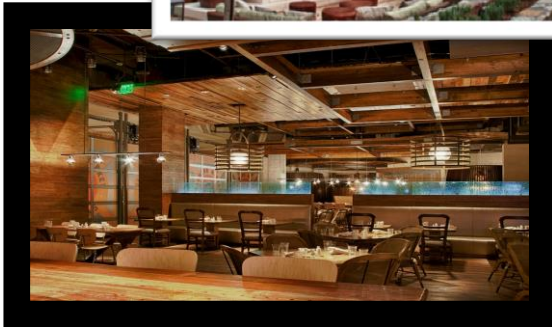
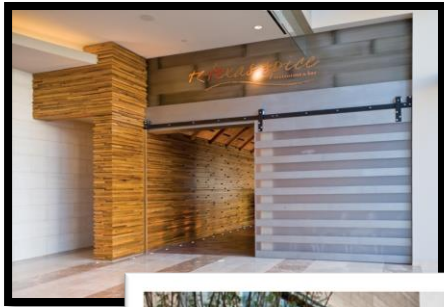
Additional Omni Success

- In the two years (24 months) prior to the approval of the Omni Dallas Hotel the Dallas CVB booked 18 citywide events.
- In the two years following the approval of the Omni Dallas Hotel the Dallas CVB has booked 44 citywide events.
- To date (5/10/13) the Dallas CVB has booked 87 citywide events.

M/WBE Success	
Hotel Construction	Hotel Operating
Significant joint venture between Balfour Beatty and two M/WBE firms: Pegasus Texas and H.J. Russell Co. (BRP JV)	Exceeded goal of 25% for 2012 calendar year at 31.7%
Exceeded goal of 30% for a total of 37.9% of the project value	Resulted in 27 separate contracts to M/WBE firms
Resulted in 163 separate contracts to M/WBE firms	

Omni Restaurant Outlets

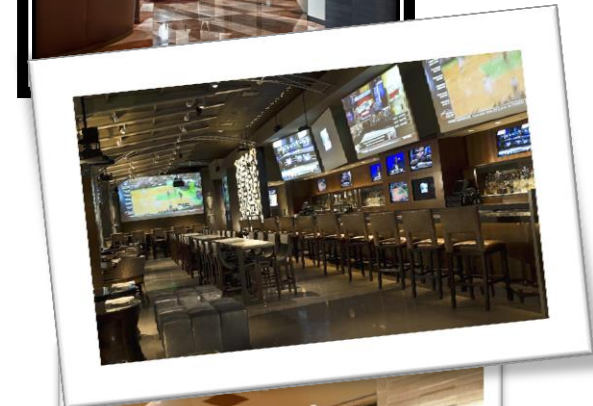
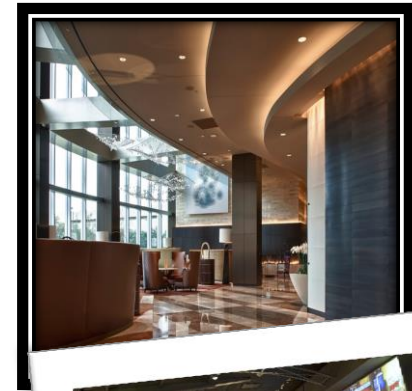
texas spice
restaurant & bar



Bob's
Steak & Chop House
Established 1993



THE owners
EST. 2011 **BOX**
SPORTS
BAR & GRILL



Needs Analysis Completed

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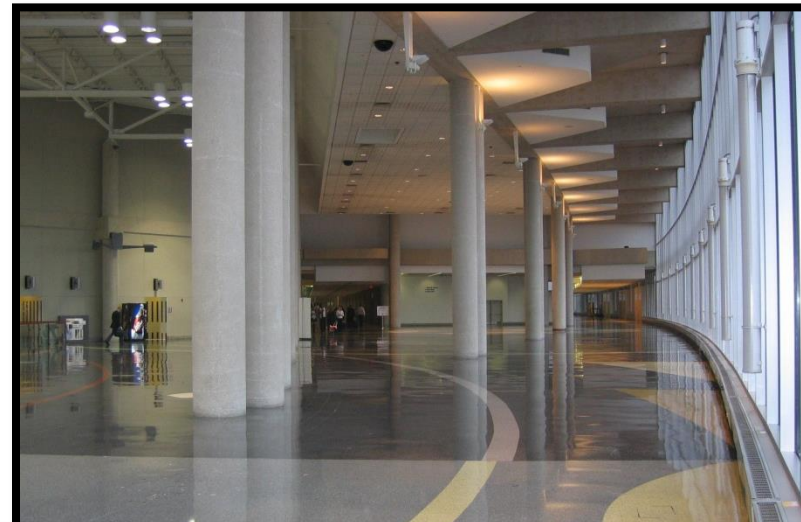
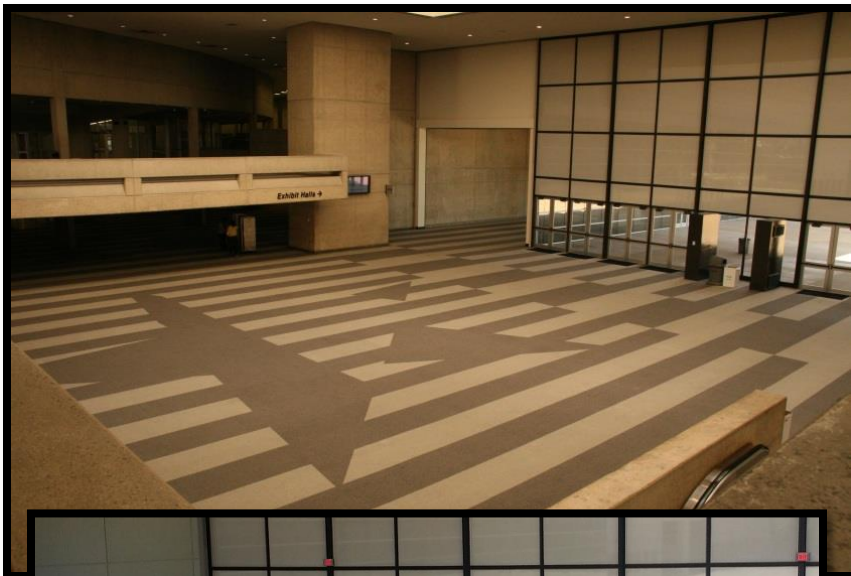
- ✓ Complete
- In Progress
- Still Needed

Renovate and modernize the Convention Center

- Convention and Event Services initiated a facility improvement program for the convention center to:
 - Better serve the DCC's customer requirements for selecting Dallas as their venue of choice.
 - Complement the hotel development by improving and upgrading the existing facility.
 - Become competitive among regional and national convention centers.
- The program's driving elements are to:
 - Preserve and enhance the City's investment.
 - Renovate DCC existing areas.
 - Implement DCC master plan elements.
- **Convention Center Capital Improvement Project** - \$60 million approved. Includes upgraded finishes in many areas, 19,000 square foot ballroom as well as roof and life safety upgrades.

Results of Capital Improvement Investments

BEFORE



AFTER





Upper Ballroom D

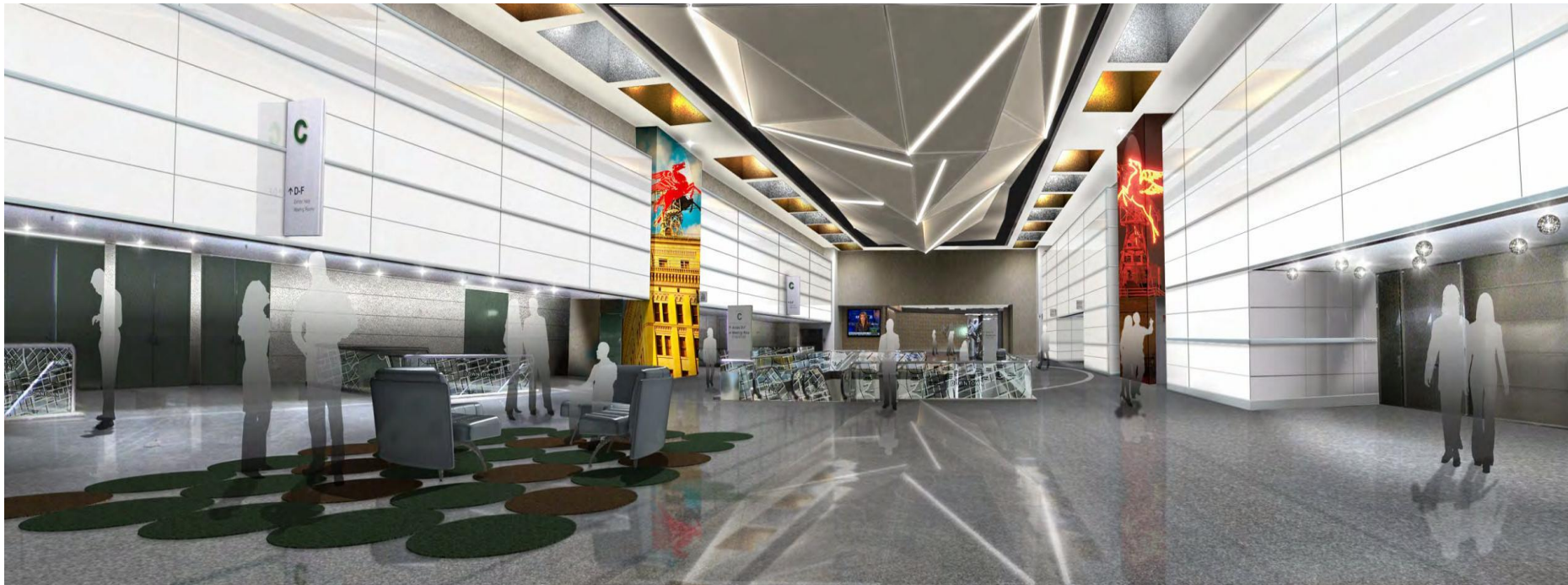


Bluffview Meeting Room



Upper D Corridor

Concept of C Lobby Improvements Still to come...



DCC FACILITY IMPROVEMENT PROGRAM

Phase I

	Estimate	Approval to Date	Complete
Completed Projects			
Assessment Study Fee			\$897,535
Central Plant Improvements / Chilled Water Loop			\$1,562,313
New Ballroom Upper Level D			\$17,316,830
Current project costs on awarded projects and in the punch list and change order phase			
A Lobby AB Pre-function Upgrades	\$1,895,471	\$1,877,135	
A/B Pre-function and Upper D Level Furnishings	\$419,564	\$413,385	
Subtotal	\$2,315,035	\$2,290,520	
Under Construction Now			
Fire Alarm and Emergency Lighting Upgrades	\$4,869,983	\$3,395,799	
Waterproofing Projects	\$2,234,980	\$767,063	
A/B Roof Replacement	\$6,929,716	\$4,244,391	
Subtotal	\$14,034,679	\$8,407,253	
Projects currently in Design Phase estimate of project costs			
C/D/E Roof Replacement	\$6,929,716	\$35,341	
Area C Concept Design	\$235,000	\$175,384	
Upgrades C Lobby, C Ballroom, C Meeting Rooms	\$13,921,996	\$817,205	
C Area Furniture Selection	\$79,800	\$7,480	
Lamar Streetscape	\$2,600,000	\$61,777	
Subtotal	\$23,766,512	\$1,097,187	\$19,776,678
Grand Total			\$59,892,904

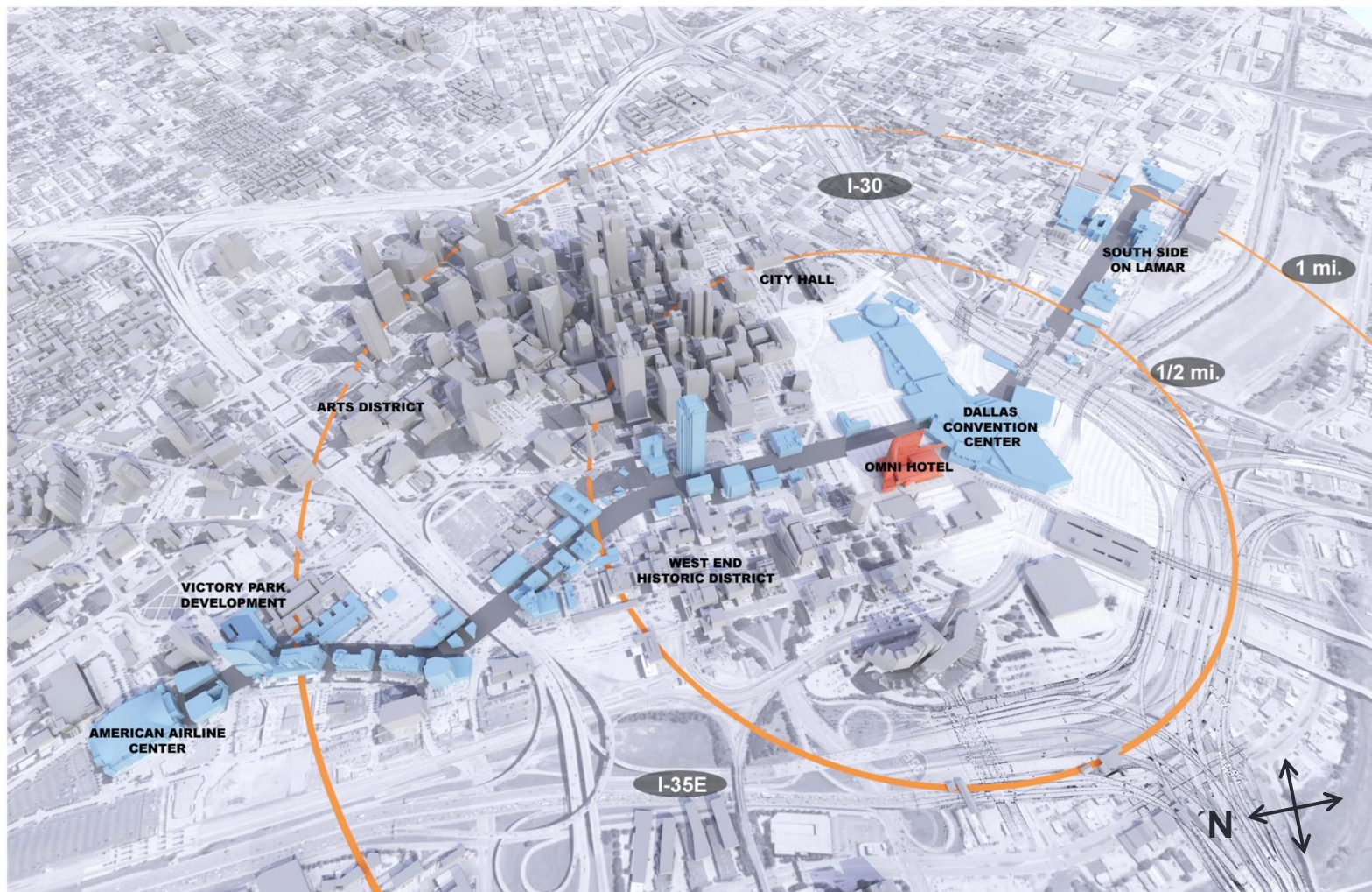
All projects are estimated to be complete by January 2015

Needs Analysis Completed

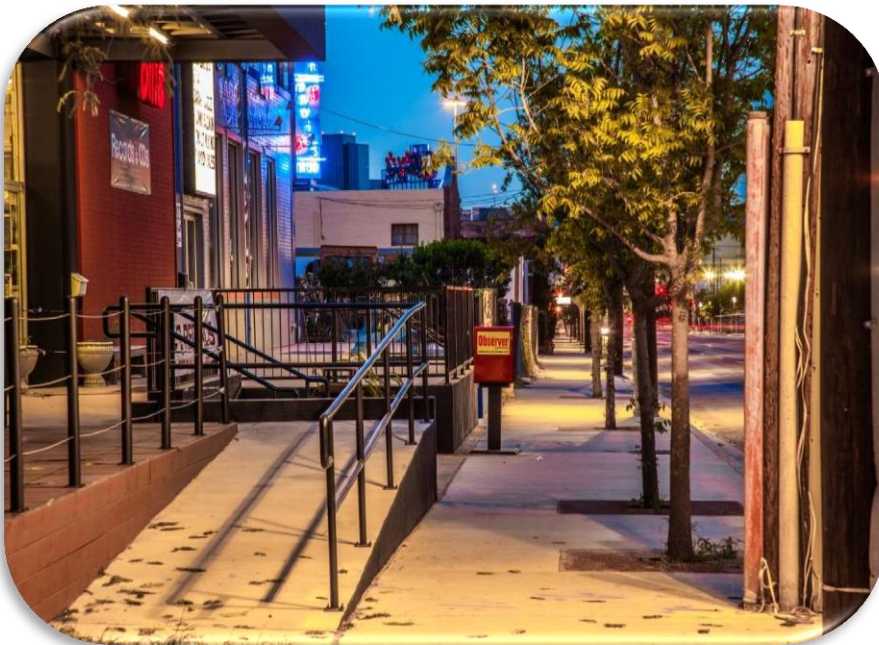
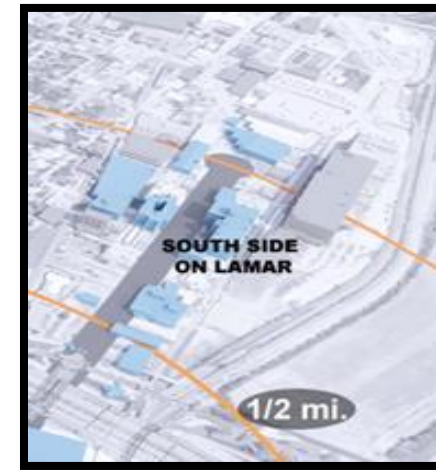
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Lamar Corridor



Lamar Streetscape

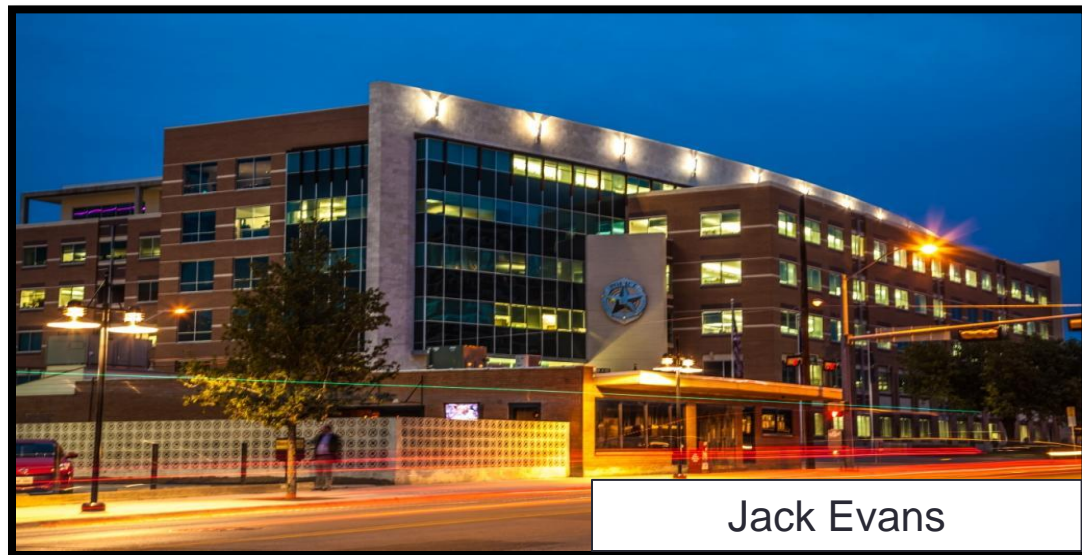


Lamar streetscape improvements

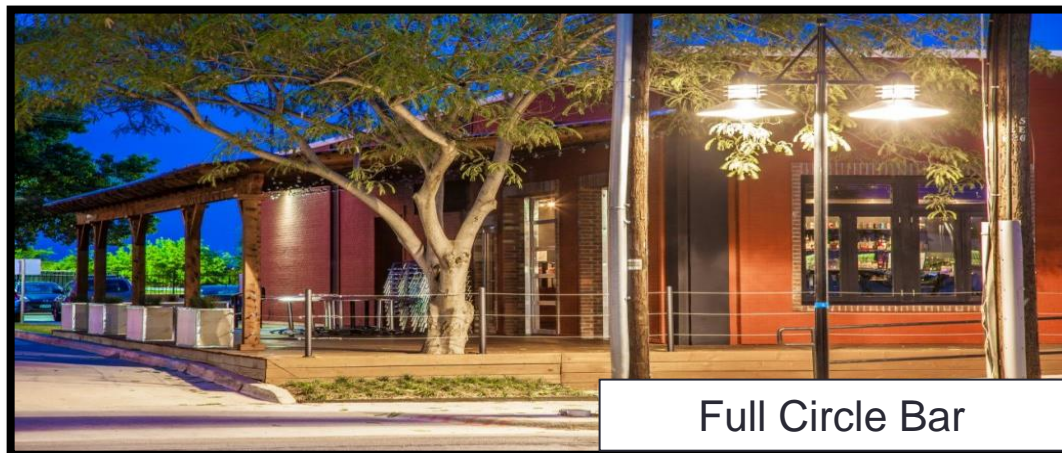


Pedestrian Improvements on Lamar

South Side

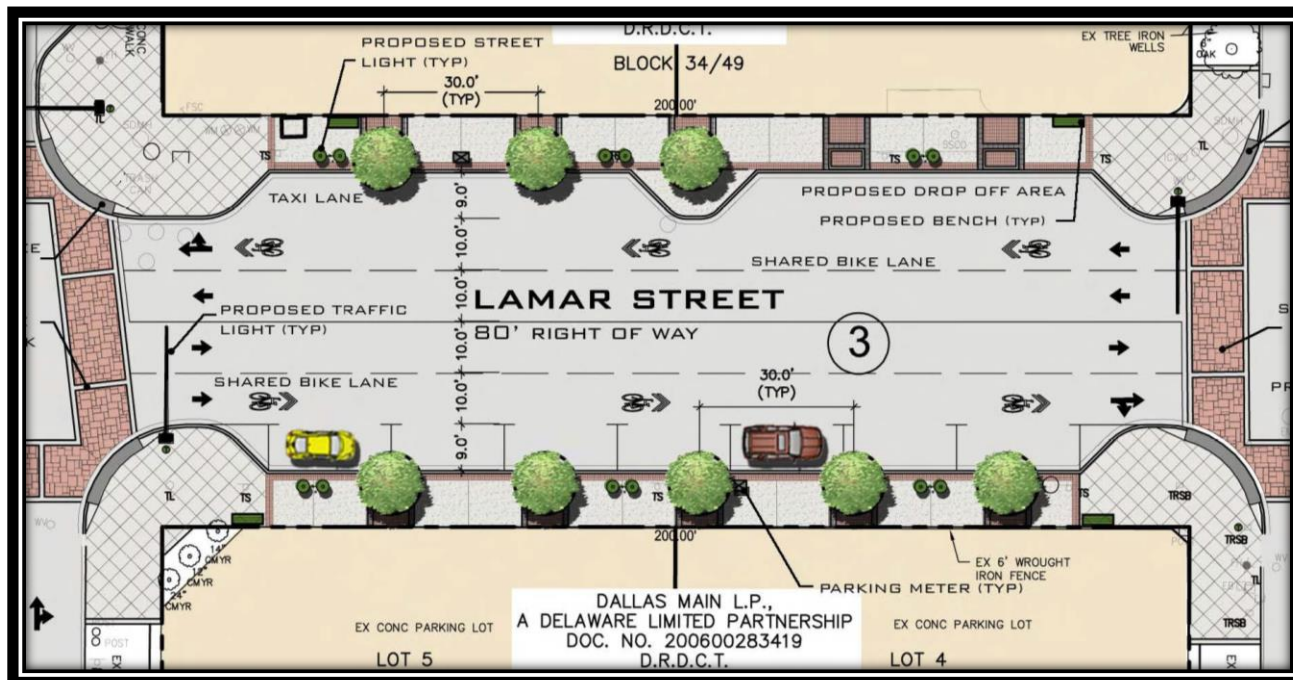


Jack Evans



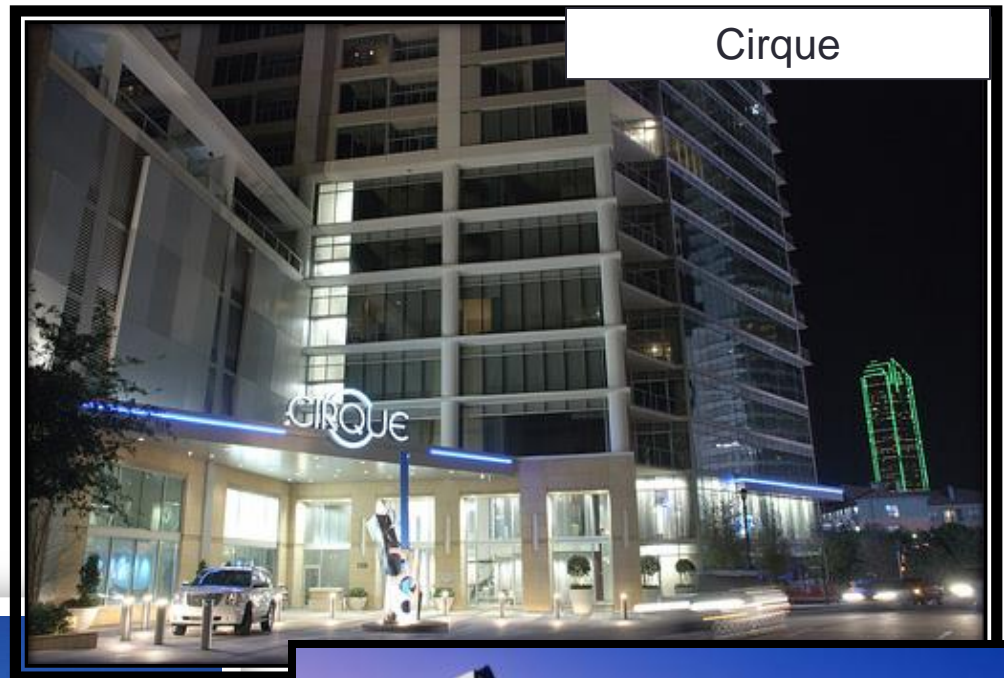
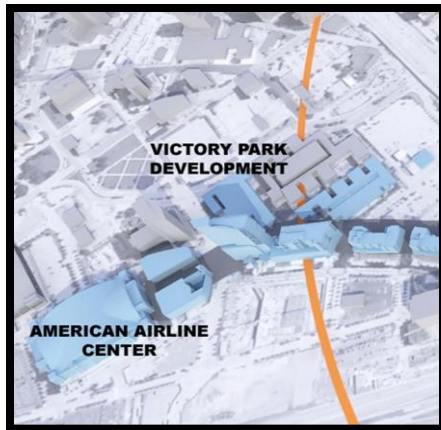
Full Circle Bar

Link to West End

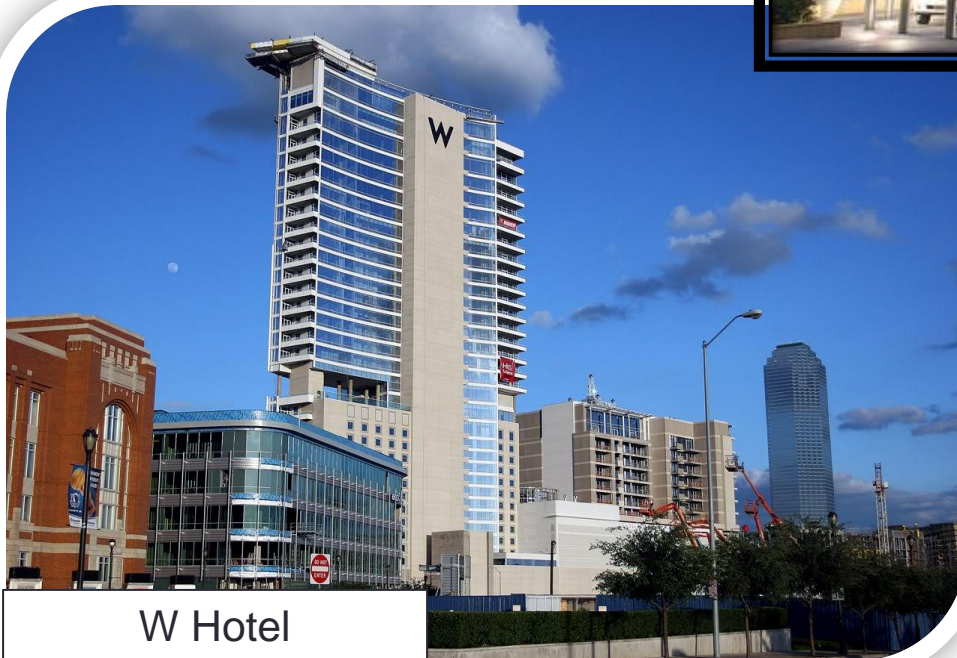


- **Lamar Street – From Young Street to Ross Avenue**
- \$6.7M in combined funding available from the 2009 NCTCOG Sustainable Development Program, the City's 2006 bond funds, and available Convention Center bond funds.
- Engineering design currently underway.
- Construction to start September 2013, anticipated to be complete November 2014
- Project includes sidewalks, street trees, landscaping, enhanced crosswalks, traffic signal improvements, and bicycle facilities.

Victory Park



Cirque



W Hotel



Victory Plaza / AAC

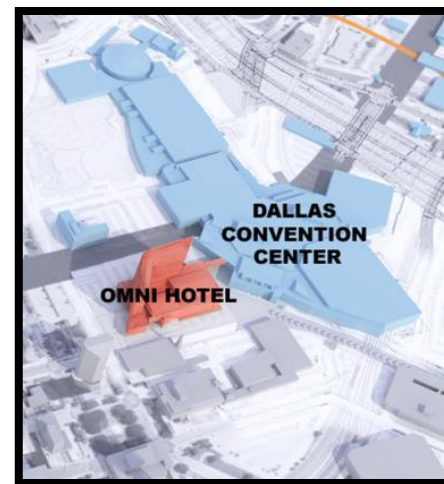
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- In Progress
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Omni/DART Lamar Connection Under the Convention Center

- The goal is to create an area of interest for people to visit
- Opportunities for improvement include:
 - Improved lighting
 - Cleaner environment
 - Better way-finding signage
 - Pedestrian enhancements



Schedule:

- **Lamar Street: Under the Convention Center**
 - Design – June 2013 through October 2013
 - Construction – February 2014 through October 2014

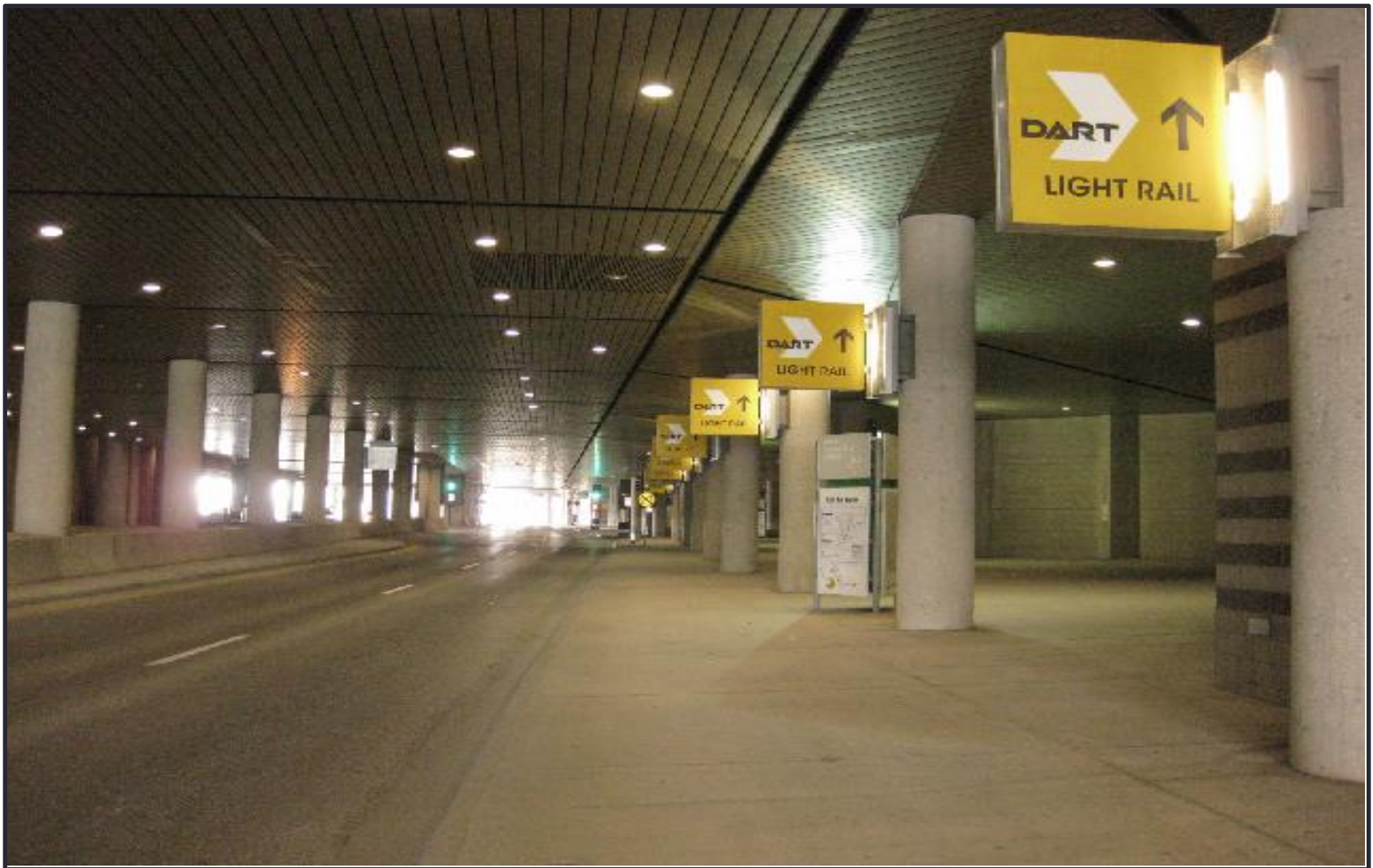
Omni/DART Lamar Connection Under the Convention Center



Example of similar entrance



Omni/DART Lamar Connection Under the Convention Center



Conceptual Rendering



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Tourism Public Improvement District

- Tourism PID passed – 2012
- Administered through a PID board
 - Comprised of local hoteliers and hospitality professionals
- Brings \$10 million to the Convention and Visitors Bureau to assist with marketing and incentives
- Estimated additional HOT tax of \$700,000 per year
- \$500,000 annually for capital improvements to the Dallas Convention Center

Tourism PID Progress

- **Secured an additional 38 meetings for Dallas over the next several years.**
 - These meetings represent more than 1.2 million room nights and \$59 million in hotel lodging revenues.
- **Helped Fund Dallas' new branding campaign “*Big Things Happen Here.*”**
 - TPID funds were used to help develop and produce a multi-million dollar advertising campaign to promote Dallas to visitors across the country.
- **Helping local arts organizations promote their performances to out of market visitors.**
 - To date, four arts related organizations have been approved for funding from the TPID's events marketing fund. More arts groups and other local organizations are expected to make use of this unique funding feature of the TPID as it becomes more well-known.
- **Helping smaller hotels in Dallas compete with suburban hotels for hotel specific meeting business.**
 - To date (5/8/13), the TPID has facilitated securing ten hotel specific meetings/groups within smaller Dallas hotels.

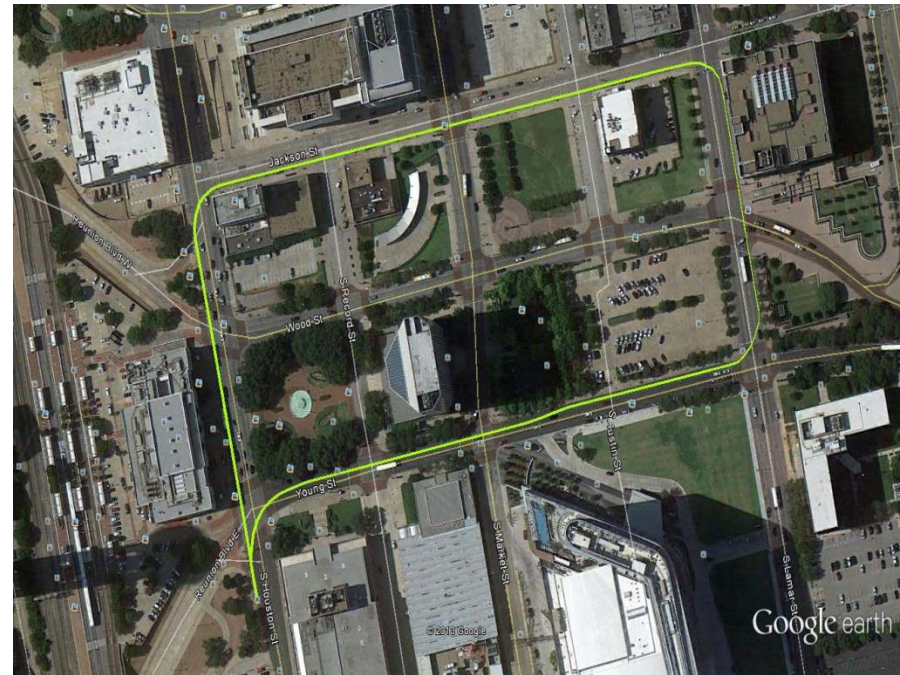
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Transit Connection

- The Oak Cliff Streetcar ("TIGER") project is being constructed to connect downtown to Oak Cliff, with a terminus at Union Station and at Methodist Hospital.
- An "Urban Circulator" streetcar loop is being constructed through the Arts District: from McKinney / St. Paul (South to Federal Street) to Federal and Olive (heading East), and North on Olive to McKinney Avenue (to the existing McKinney Avenue Trolley System).
- Future connection between the TIGER project and the Urban Circulator is pending determination of DART's "D2" light rail line through downtown Dallas.

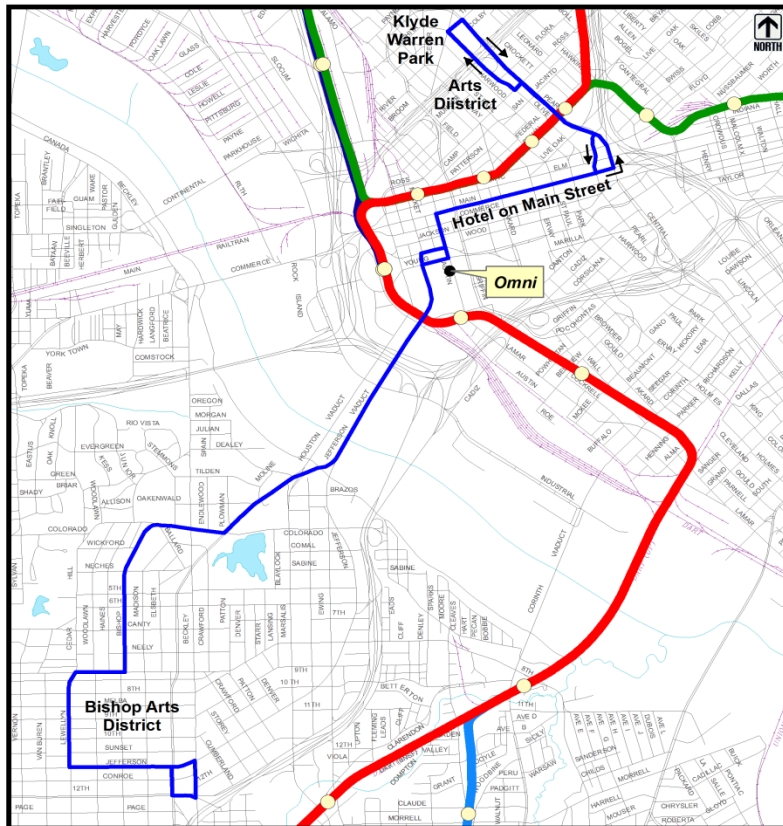


Rubber Tire Trolley

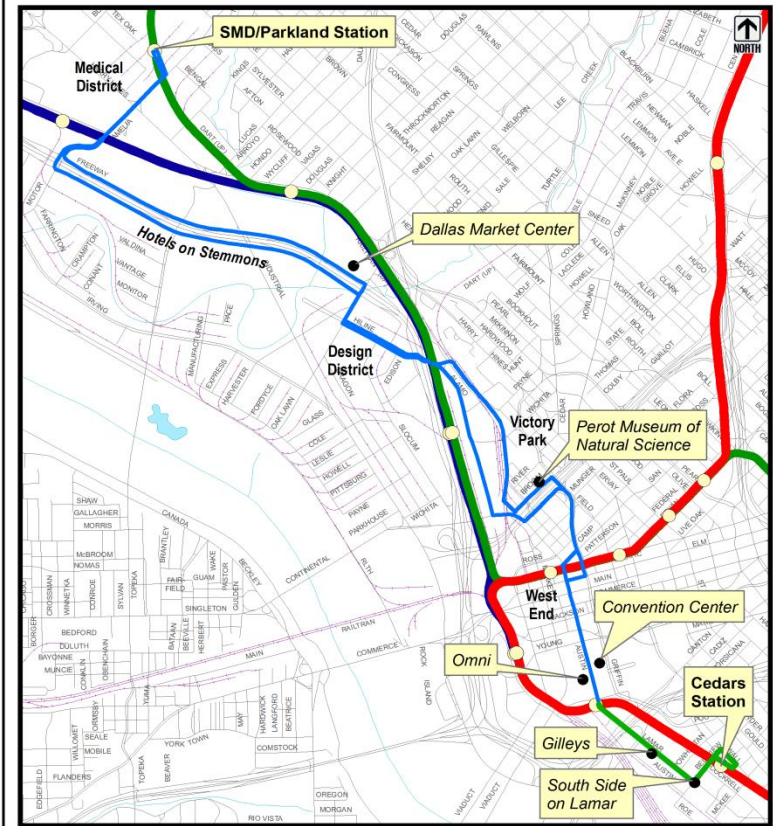
- Downtown Dallas Circulator will provide service throughout downtown connecting users to surrounding districts and destinations
- Neighborhoods served will include Bishop Arts District, The Cedars, Victory and the Design District
- The Downtown Circulators are intended to serve visitors, workers and students with enhanced shuttle service
- Service will provide easier access for Downtown workers, residents and visitors
- The vehicles and bus stops will be uniquely branded to be easily identifiable and accessible
- Service is anticipated to launch in August 2013
- **\$1.3M annual operating cost**
 - \$400,000 City Participation
 - \$365,730 DART Share
 - \$258,332 Job Access and Reverse Commute (JARC) Grants
 - \$250,000 Downtown Dallas, Inc.

Rubber Tire Trolley Service Areas

ROUTE 21
Shuttle Service



ROUTE 49
Shuttle Service



— Limited Service

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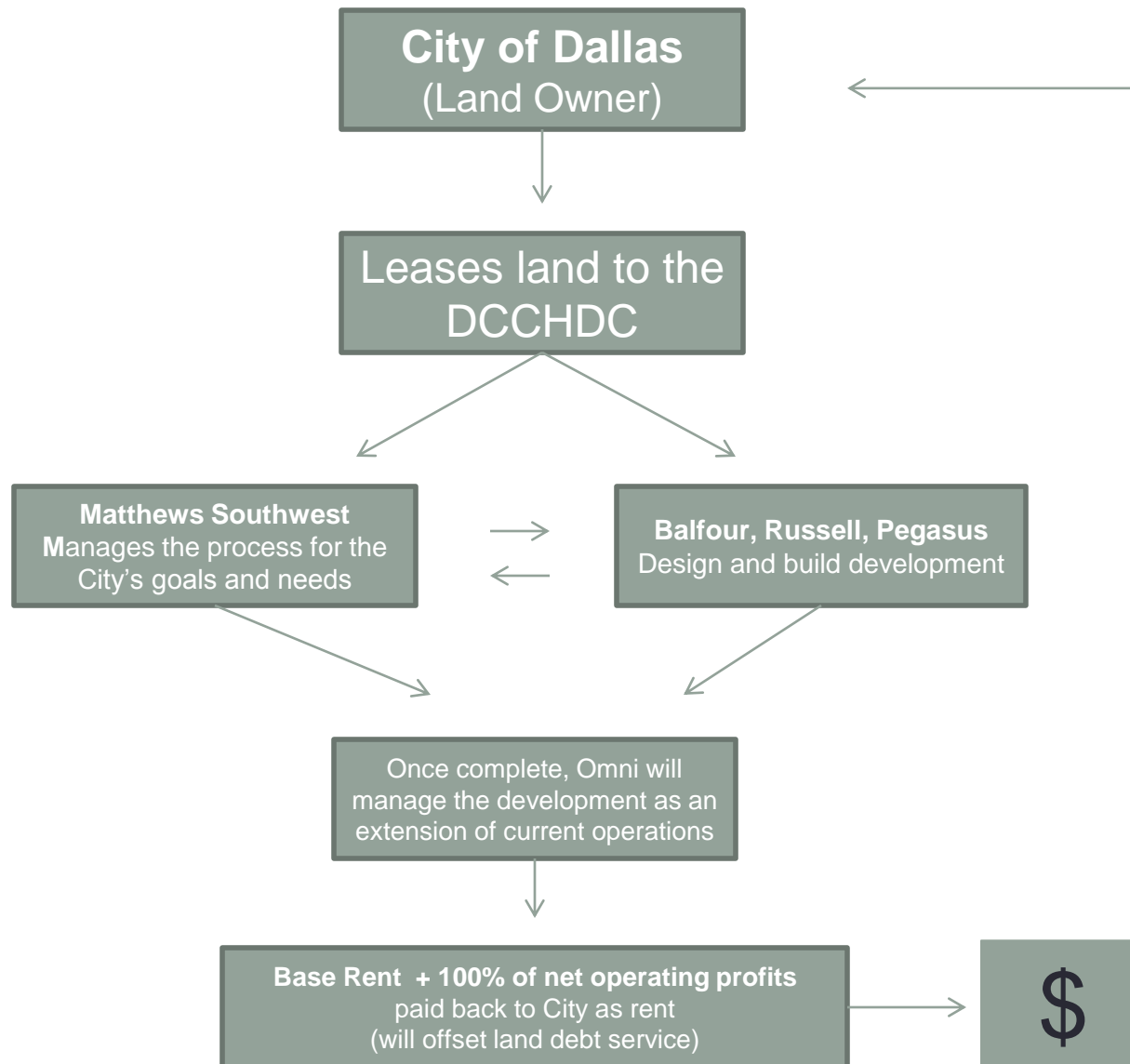
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- Still Needed

Ancillary Development Overview

- Original ancillary development anticipated additional debt.
- **Development plan is now to be paid with cash.**
 - Project paid from original hotel construction savings
 - Revenue will offset the approximate \$1.6M debt service payment on the land.
 - Plans include development of 2 acres of land in front of Dallas Omni Hotel:
 - 350 space below grade parking garage
 - Approximately 15k square foot of restaurant/retail
 - Land is owned by the City of Dallas
 - Land will be leased to the DCCHDC
 - Omni will manage/maintain the parking, retail and restaurants as an extension of current hotel operations.

Ancillary Development Always the Plan

- Makes Dallas as a destination more attractive
- Clients are requiring more restaurant and entertainment venues within walking distance of the Convention Center
- Increases the economic impact of the destination
- Enhances convention attendee experience
- Enhances the overall Lamar Streetscape Plan
- Enhances Lamar entertainment venues



Ancillary Lease

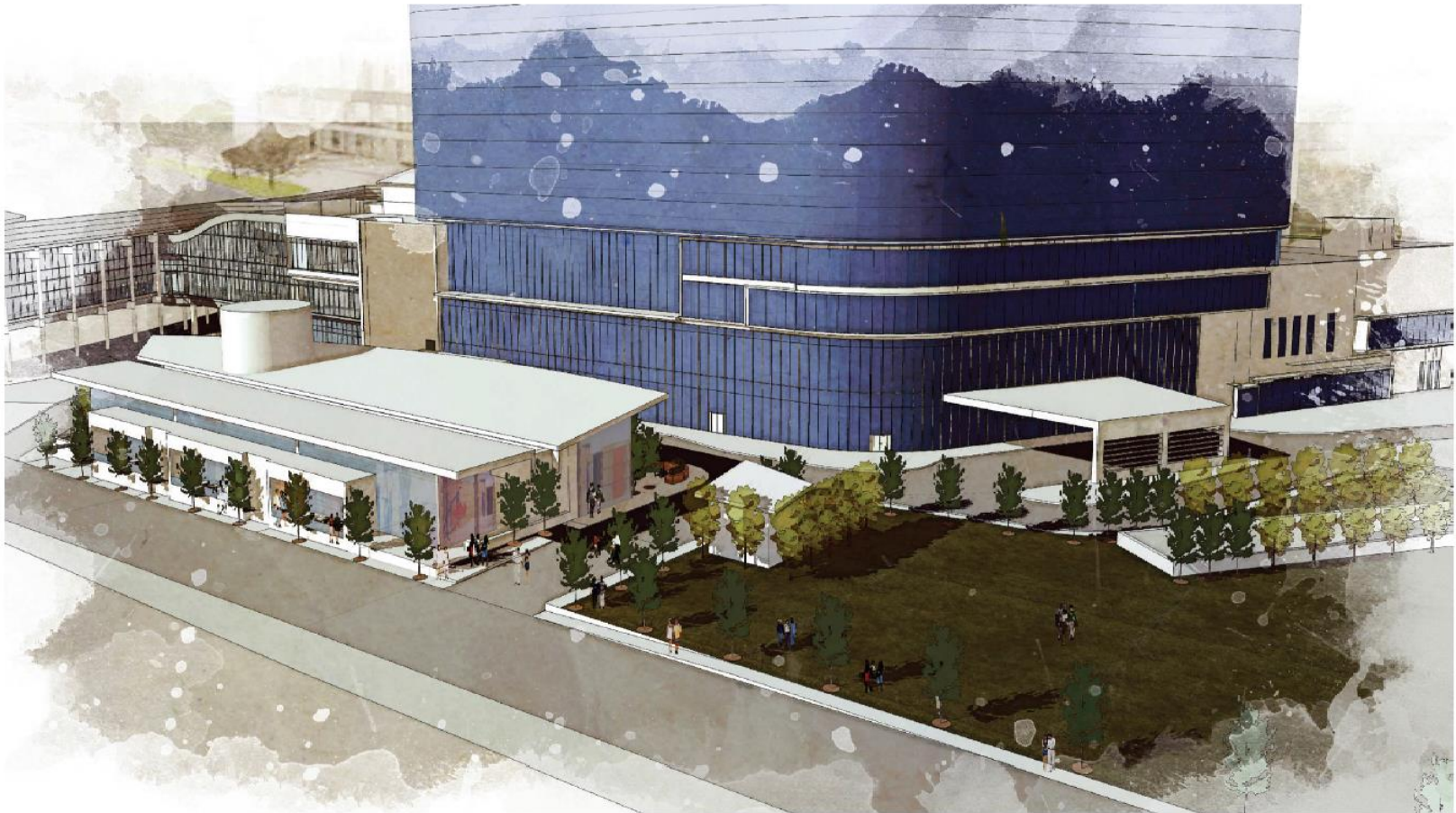
- Thirty–nine year land lease to be entered into between City of Dallas and DCCHDC
 - Two tier rental rate structure, payable in quarterly installments
 - Rental payments deferred until three months after certificate of occupancy is issued for the project
 - Provision for two 5 year extension options, upon mutual agreement
- Base rent of \$697,600 subject to Consumer Price Index adjustment
 - 8% of the Fair Market Value (FMV)
 - FMV appraisal is \$ 8,720,000
- Base rent plus 100% of the net operating profit from the ancillary development; projected estimate of \$42M over the term of the lease

Estimated Construction Budget and Ancillary Development Schedule

Amount	Component
\$20 M	Garage Construction
\$5 M	Retail Construction
\$2 M	Landscape and Lamar Street Improvements
\$27 M	Total Estimated Construction

Date	Action
May 2013	Council Consideration
May 2013	DCCHDC Consideration
May 2013	Notice to Proceed
June 2013	Permit Review
September 2013	Construction to Start
January 2015	Construction Complete

Concept Rendering



Below Grade Plan



EXISTING CURB & WALK
TO BE REMOVED AS
REQUIRED TO INSTALL NEW
HOV-3 LANE-OUT DRIVE
ENTRY & ACCESSIBLE RAMP -
REFER CIVIL

GENERAL PLAN NOTES:
1. REFER TO CIVIL FOR DIMENSIONAL
CONTROL. R/W.
2. REFER TO CIVIL PLANS FOR GRADING.
3. GO TO FIELD VERIFY EXISTING CONDITIONS
AND NOTIFY ARCHITECT OF ANY
DISCREPANCIES PRIOR TO START OF ANY
DEMOLITION AND/OR NEW CONSTRUCTION



architecture | interiors | planning | graphics
8010 Park Lane, Suite 200 | Dallas, Texas 75231
Tel 972.701.9000 | Fax 972.991.3008
www.bekapowell.com

Project Contact: Joe Hilliard

PRELIMINARY ISSUE

These documents are based for interior review
only and may not be used for bidding, permit
or other construction purposes.

Arch: Donald R. Powell, Jr. Reg. No.: 7206
Arch: Chris W. Barnes Reg. No.: 10187
Arch: John Orbell Reg. No.: 11184
Arch: Andrew Bennett Reg. No.: 18128

CITY OF DALLAS
320 E Jefferson Blvd, #321
Dallas, TX 75202
Contact: Thomas Wurtz, 214.948.4541

developer
MATTHEWS SOUTHWEST
1660 S Stemmons Fwy, #100
Lewisville, TX 75067
Contact: David Smith, 972.221.1199

architect of record
BOKA POWELL, LLC
8070 Park Lane, #300
Dallas, TX 75231
Contact: Joe Hilliard, 972.701.9000

structural engineer
BROCKETTE DAVIS DRAKE, INC.
4144 H Central Expressway, #1650
Dallas, TX 75204
Contact: Ryan Denaher, 214.824.3647

map engineer
BLUM CONSULTING ENGINEERS, INC.
8144 Walnut Hill Lane, #200
Dallas, TX 75231
Contact: John Mosh, 214.373.8222

design builder
BALFOUR, RUSSELL, PEGASUS, a joint venture
3100 McKinney Street, 7th Floor
Dallas, TX 75201
Contact: Jeff Parsons, 214.468.4700

civil engineer
PEDREZO KOCH
8300 N. Central Expy, Suite 1000
Dallas, TX 75206
972.235.2031

landscape architect
TBC PARTNERS
5307 E. Brooklight Lane, #300
Dallas, TX 75206
Contact: Mark Meyer, 214.744.0757

project
THE ANCILLARY GARAGE
155 South Lamar Street
Dallas, TX 75202

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PRICING PACKAGE

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- In Progress
- Still Needed

Stakeholder Involvement

Destination Dallas Task Force

- **Taskforce Members:**

- Delia Jasso, Chairperson – Dallas City Council
- Ryan Evans – City Manager's Office
- John Scovell – Woodbine Development Corporation
- Jack Matthews – Matthews Southwest
- John Crawford – Downtown Dallas
- Don Freeman – Freeman Companies
- Cindy Allen – Mary Kay Cosmetics
- Ray Hammer – Dallas Sheraton
- Darren Temple – Dallas Convention & Visitors Bureau
- Ron King – Convention & Event Service

- **Goals of the Taskforce:**

- Customer Satisfaction Recommendations
- Prioritization of Infrastructure and Capital Improvements
- Omni/Convention Center Operational Coordination
- CVB Booking Improvements
- Convention Center Booking Improvements

Summary

- Omni Dallas Convention Center Hotel Complete
- Dallas Convention Center Capital Improvement Plan underway
- Streetscape improvements in progress along Lamar from South Side to West End/Victory areas
- Planned transformation/renovation of transit under the Dallas Convention Center
- Improve transportation facilities for our customers
- Ancillary development addresses Convention Center Hotel Master Plan and would provide additional retail and parking for the Lamar corridor

Questions?

Memorandum



CITY OF DALLAS

DATE May 17, 2013

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

SUBJECT **Authorize an Amendment to the Program Statement for the South Dallas/Fair Park Area Business Façade/Revitalization; May 22, 2013 Council Agenda**

On May 22, 2013, City Council will consider authorizing an amendment to Resolution No. 13-0176, previously approved on January 23, 2013, to amend the Program Statement for the South Dallas/Fair Park Area Business Façade/Revitalization Program requiring business owners to provide verification of current insurance coverage.

BACKGROUND

On January 23, 2013, City Council authorized the Program Statement for the South Dallas/Fair Park Area Business Façade/Revitalization Program by Resolution No. 13-0176.

The South Dallas/Fair Park Area Business Façade/Revitalization Program (SDFPAB Façade Revitalization Program), formerly known as the MLK Business Façade Program, provides façade improvement grants up to \$20,000 to building, serving at least 51% of low to moderate income residents, within the South Dallas/Fair Park area bounded by Grand, Robert Cullum/Scyene, Hatcher, and Lamar. Businesses must be located in primarily residential areas and are not located in central business districts.

The SDFPAB Façade Revitalization Program will address deteriorating property conditions and provide façade enhancements, as viewed from the public right-of-way, in order to spur further business growth by increasing retail sales and to promote economic development in the South Dallas/Fair Park area.

The Program is authorized by Resolution No. 12-0985 with maximum funding of \$92,522.

SDFPAB Façade/Revitalization Program

- Award façade improvement grants to building which will enhance aesthetic appeal and promote economic viability of businesses within the South Dallas/Fair Park targeted area
- The program will promote a positive/proactive business climate which encourages business retention/expansion attracting desirable new businesses
- The building tenants and/or eligible business owners must provide goods and services to primarily low to moderate income residents (restaurants, barber/beauty shops, etc.)
- Building Owners applying for a façade improvement grant must ensure to maintain a 3 year lease with business tenants located at property receiving façade improvements
- The Office of Economic Development Department (ECO) will manage the SDFPAB Façade/Revitalization Program on behalf of the City of Dallas. ECO will:
 - Screen grant applicants for eligibility
 - Award façade improvement grants on a first come, first served basis, of up to \$20,000 per business, and establish grant agreements with approved grant applicant

- Conduct applicable environmental reviews for each approved property/business assisted
- Conduct façade improvement site visits and coordinate code inspections
- Monitor compliance of Davis-Bacon Labor standards for all activities over \$2,000
- Process contractor payments upon completion of work and verification of code compliance
- Set up and update activity information per business project in IDIS for duration of the grant period which would be equivalent to 3 years from the completion date of façade improvement
- Maintain all required CDBG documentation per grant award/business project and overall City of Dallas, CDBG funded, façade improvement program

FISCAL INFORMATION

No cost consideration to the City

STAFF

Lee McKinney, Assistant Director, Office of Economic Development
Venus Cobb, Senior Coordinator, Office of Economic Development

MAP

Attached

Exhibit A

Program Statement

RECOMMENDATION

Staff recommends City Council approval of amendment to the Program Statement for the South Dallas/Fair Park Area Business Façade/Revitalization.

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



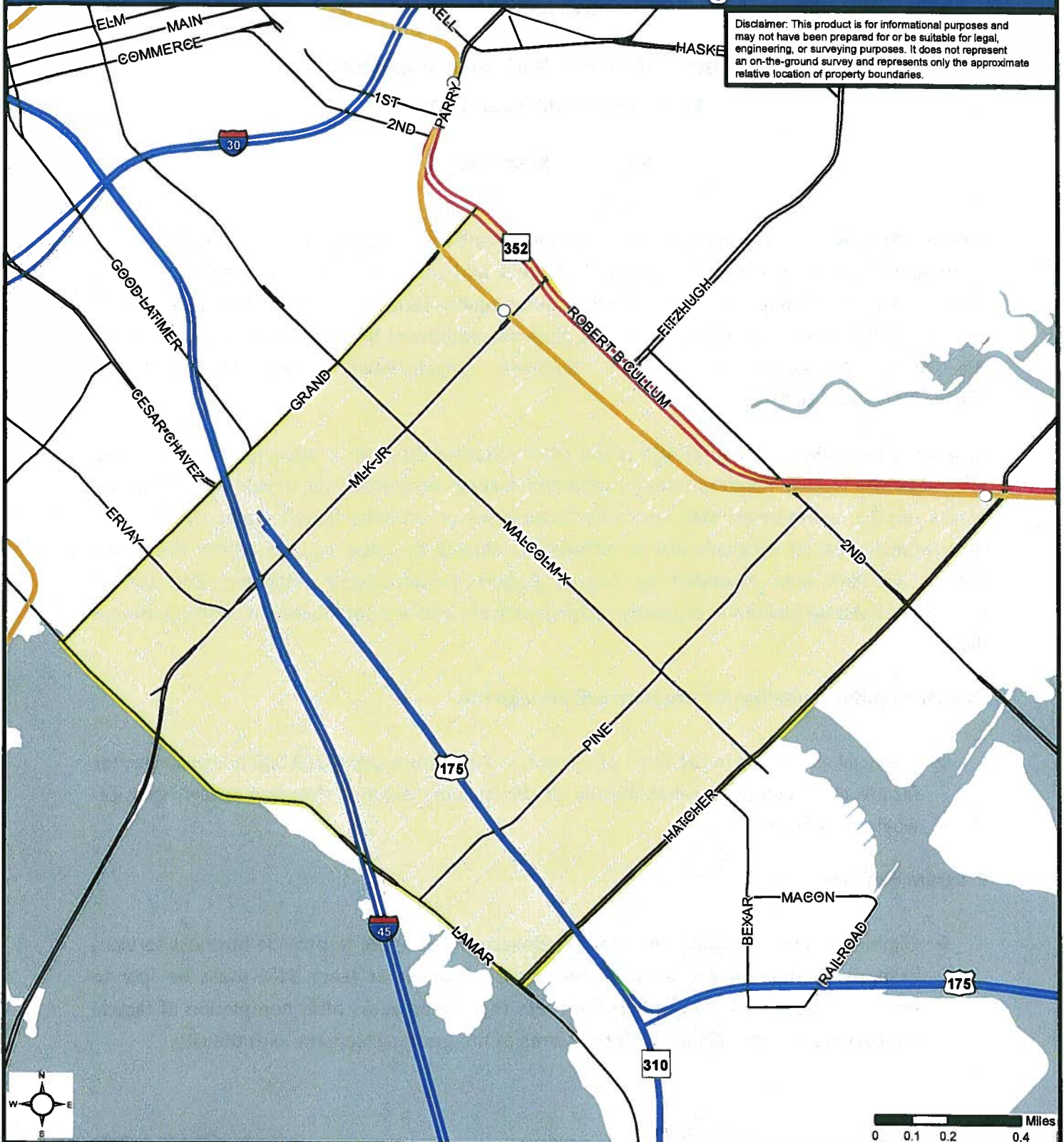
Ryan S. Evans
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, City Secretary
Thomas Perkins Jr., City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, 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

J. Hammond Perot, Assistant Director, OED
Lee McKinney, Assistant Director, OED
Stephanie Pegues-Cooper, Assistant to the City Mgr.

South Dallas/Fair Park Area Business Facade/Revitalization Program

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.



DALLAS
ECONOMIC
DEVELOPMENT

Research & Information Division
214.670.1685
dallas-ecodev.org

Created: 10/17/2012 12:10:30 Veritas/Geo: LCG

Legend

- Program Boundary
- Rail Station
- DART Light Rail

- Freeway
- Highway
- Arterial

- Local Road
- Flood Plain

Source: City of Dallas, 2012

Exhibit A

South Dallas/Fair Park Area Business Façade/Revitalization Program

Program Statement

Program Purpose: To provide Community Development Block Grant (CDBG) funding for façade improvements that will enhance aesthetic appeal and promote economic viability of area businesses by increasing retail sales and encourage enhancements to the property as viewed from the public right of way as a means to generate additional business for businesses within the South Dallas/Fair Park Area Business Façade/Revitalization Area (SDFPAB Façade/Revitalization Program).

Program Description: The SDFPAB Façade /Revitalization Program is designed to benefit the low/moderate income neighborhood(s) served by incentivizing economic development through grants serving commercial/retail and other businesses on an Area Benefit basis. The SDFAB Façade/Revitalization Program will be offered to eligible business owners within the South Dallas Fair Park area bounded by Grand, Robert Cullum/Scyene, Hatcher, and Lamar. Businesses must be located in primarily residential areas and are not located in central business districts.

SDFPAB Façade/Revitalization Program will provide for:

- ❖ Financial assistance in the form of a grant, in an amount up to \$20,000 per business, for façade improvements, rehabilitation of the building exterior (fronting public rights-of-way), and code violations.

Program Requirements:

- ❖ Eligible Commercial/retail and other businesses must agree to provide business services primarily benefiting residents of the area, of which at least 51% must be low to moderate income, for a period of not less than three years after completion of façade improvements, and comply with the terms of the grant agreement with the city.

Exhibit A

South Dallas/Fair Park Area Business Façade/Revitalization Program

Program Statement (continued)

Applicants must fill out a formal application with the City of Dallas and assemble/submit a packet of information and supporting documentation. The following is a list of application and eligibility requirements, required documentation, and program procedures.

Application/Eligibility Requirements:

- Building Owners, applying for a façade improvement grant, must provide Proof/evidence of property ownership and a current 3 year lease with business owners located at property receiving façade improvements.
- Business Owners, applying for a façade improvement grant, must provide a 3 year lease agreement and written approval of façade improvements with building owner of property receiving façade improvements.
- Building and/or eligible business owners must provide verification of business existence/operation for a minimum of three (3) years while providing goods and services primarily to a low/moderate income clientele.
- ~~Building and/or eligible business owners must provide verification of current \$1 million liability insurance coverage on the property.~~
- Applicants shall provide a certificate of insurance naming the City of Dallas as an additional insured in accordance with the requirements and policy limits as determined by the City's Risk Management Department.
- Building and/or eligible business owners must provide verification of current property taxes and other taxes and liabilities owed to the city.
- Provide verification of correct zoning for the business including historic preservation, street cafes, signage, and ordinances and current building code inspection. Businesses cannot be located in areas primarily zoned commercial.

Exhibit A

South Dallas/Fair Park Area Business Façade/Revitalization Program

Program Statement (continued)

- A detailed description of the proposed scope of work to include professional design sketch/rendering of proposed improvements, site map of building location, photograph of building façade in its current state, and three (3) cost estimates of proposed façade improvements. Proposed façade improvements must be approved by Code Compliance.

Program Procedures:

- Once approved by the Office of Economic Development and Code Compliance, applicants will be required to execute a grant agreement with the City of Dallas.
- The Office of Economic Development is responsible for implementation, monitoring, and evaluation under this program. The City Council delegates authority to the Director of the Office of Economic Development (or designee) to provide approval of individual applications, based upon the above referenced criteria, and execute all documentation required under this program to include:
 - Date/monitor application submittals, review supporting documentation to verify accuracy, determine eligibility, and approve grants on a first come first serve basis until funds are depleted.
 - Monitor building/business activities for three years following completion of façade improvements to ensure grant compliance.

Memorandum



DATE May 17, 2013

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

SUBJECT **Lakewest ALF Realty, LLC Senior Assisted Living Center June 12, 2013 Council Agenda**

BACKGROUND

Lakewest ALF Realty, LLC (Lakewest) seeks City Council approval to extend by twelve (12) months the term of a \$1,500,000 bridge loan to build a 71,000 s.f. senior assisted living facility on property located at 2696 Bickers, Dallas, Texas 75212. The proposed facility will have 65 apartment units, average 700 s.f. in size, each with two bedrooms and one bath with a living/dining room and kitchen. The total private investment by Lakewest on the project will be approximately \$9,400,000, excluding land and will have 75 jobs.

Lakewest has secured financing for the project from the City of Dallas Regional Center (CDRC) in the amount of \$10 million through the EB-5 visa program. The City's loan was to "bridge" the estimated time frame for US Citizenship and Immigration Service (USCIS) approval of the EB-5 investor applications. Civitas, fund manager for the CDRC, has raised the funding necessary to repay the bridge loan and finance the project as intended. The bridge financing closed on November 30, 2011, and the maturity was previously extended to May 30, 2013 in accordance with the agreement due to delays in the USCIS approval process. At the closing of the bridge loan, the average EB-5 investor application processing time was approximately 5.5 months. Since that time, their stated processing time has increased to over 12 months. The USCIS attributes this increase in processing time to an increase in EB-5 investor applications. To date, Civitas has a 100 percent approval rate on its investors with the USCIS.

Lakewest ALF Realty, LLC has complied with the terms and conditions of the bridge loan including making all required interest payments. The company will continue to pay interest at a 6.5 percent interest rate during the extension period. If the bridge loan goes into default, the City has a Corporate Guaranty, CEO Guaranty and Assignment of the Developer's equity interest in the project. The primary source of repayment for the bridge loan will be the first \$1,500,000 of CDRC financing that is raised for the overall \$10,000,000 loan.

The proposed senior assisted living facility will complete an existing senior healthcare campus in West Dallas. The campus currently includes 360 units of independent senior apartments and a 118 bed skilled nursing facility. In addition, Lakewest plans to build three additional senior living facilities throughout the city bringing the total investment to \$37,600,000 and 300 jobs.

FISCAL INFORMATION

No cost consideration to the City

STAFF

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

MAP

Attached

RECOMMENDATION

Staff recommends City Council approval of subject item.

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

2696 Bickers Street



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Legend

- Arterial
- Local Road

Source: Aerial Photography - NCTCOG, 2008; All Other Data - City of Dallas, 2011