

Memorandum



DATE June 14, 2013

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

SUBJECT **Kohl's Department Stores, Inc. Project; Agenda Item, June 26, 2013**

City staff has been in negotiations with Kohl's Department Stores, Inc. to create a customer contact center operation in Dallas. The company provides customer contact center services to the credit card operations and e-commerce support for the national retailer. This contact center is integral in extending the Kohl's brand by ensuring world class customer care, merchandise sales and to provide payment solutions to customers that breed loyalty and enhance the shopping experience. This site will handle credit card operation functions such as inbound customer service, back office support (such as correspondence, disputes, fraud), all phases of collections, underwriting, e-commerce order fulfillment, back-office functional support and administrative areas in technology, finance, training, quality assurance and human resources.

The company will lease approximately 230,000 square feet in two Class A office buildings, at 17655-17657 Waterview Parkway, Dallas, Texas. These buildings are directly adjacent to The University of Texas at Dallas' main campus and the Texas A&M AgriLife Research and Extension Center at Dallas, which are essential to their employee recruitment. These buildings have been vacant for almost four years and were recently acquired out of foreclosure. Kohl's Department Stores, Inc. will make a minimum investment of \$15,000,000 in tenant improvements to the buildings.

Kohl's Department Stores, Inc. will create a minimum of 1,000 new, permanent, non-seasonal FTE jobs in Dallas by April 15, 2018. Kohl's Department Stores, Inc. has committed to hire and train workers from socioeconomically challenged backgrounds. In addition to gainful employment and full benefits, employees receive skills training for internal promotional or future employment opportunities.

Kohl's Department Stores, Inc. seeks City Council approval of an economic development grant in an amount not to exceed \$500,000 in consideration of the creation of Kohl's Department Stores, Inc.'s customer contact center operation in Dallas.

The economic development grant will be payable in one installment corresponding to the creation of 1,000 FTE jobs on site by April 15, 2018. The Chapter 380 Economic Development Grant will be terminated in the event that the total job creation requirement is not met by April 15, 2018.

Kohl's Department Stores, Inc. will be required to maintain a total minimum employment of 1,000 permanent, non-seasonal FTE jobs in Dallas until April 15, 2023. If Kohl's Department Stores, Inc. fails to maintain the minimum job requirement, Kohl's Department Stores, Inc. will be required to repay \$500 per job under the minimum 1,000 job creation requirement not to exceed \$250,000.

The proposed agreement will result in an estimated \$1,023,322 net fiscal impact over 20-years.

The proposed project meets the minimum eligibility requirements of the Public/Private Partnership Program as adopted by the City Council in Resolution No. 12-1520 on June 13, 2012.

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

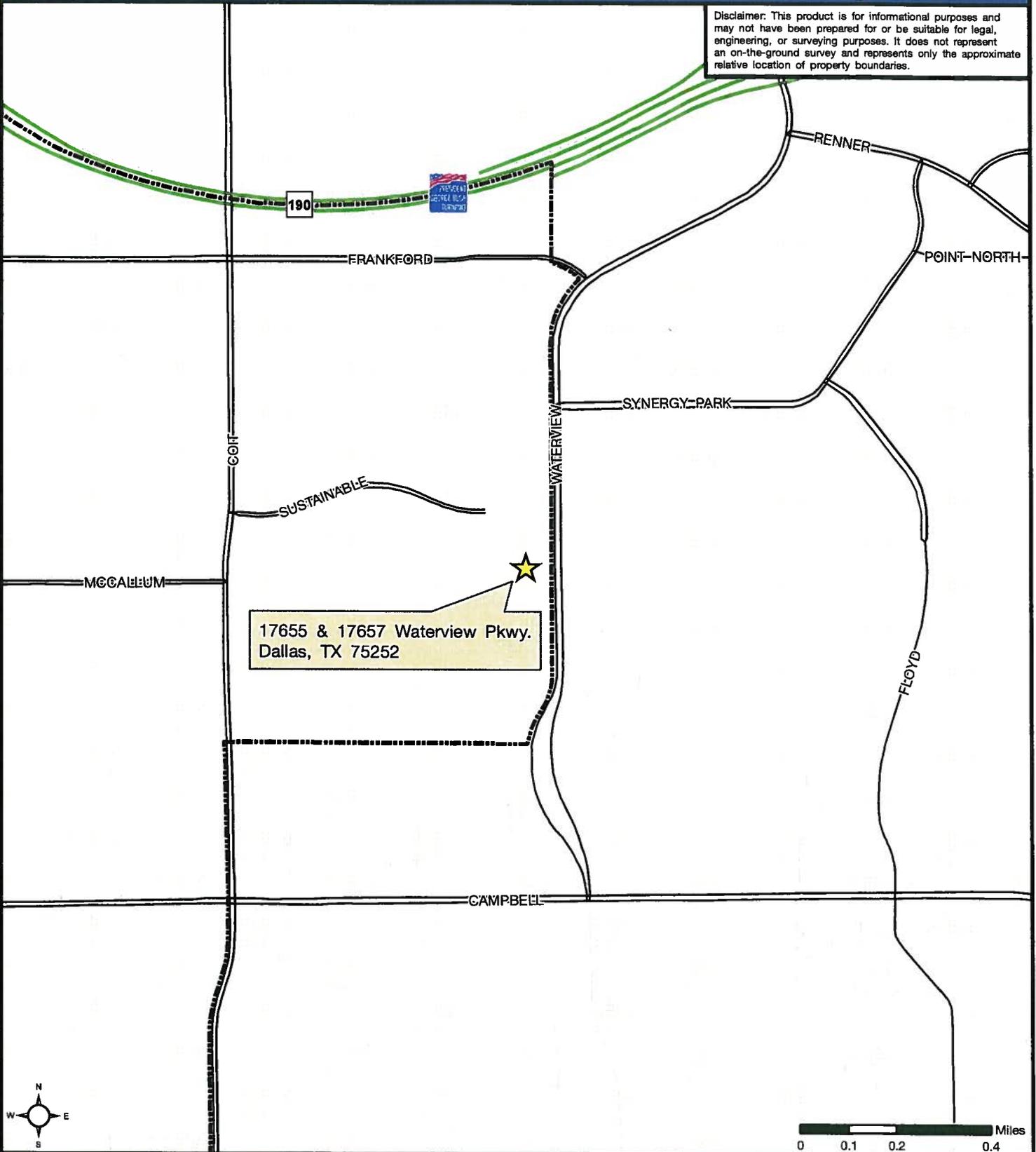


Ryan S. Evans
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J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager

17655 & 17657 Waterview Parkway

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.



17655 & 17657 Waterview Pkwy.
Dallas, TX 75252



**DALLAS
ECONOMIC
DEVELOPMENT**

Research & Information Division
214.670.1685
dallas-ecodev.org

Legend

- City of Dallas
- Tollway

- Arterial
- Local Road

Source: City of Dallas, 2013

Proposed Project Information Worksheet Economic Development Committee

A. Project Summary

City Council District	12	
Project/Company Name	Kohl's Department Stores, Inc.	
Project Location	17655-17657 Waterview Parkway	
Project Type	Customer contact center	
Facilities (Square Feet)	230,000	
Construction Schedule	Begin	1-Aug-13
	Complete	31-Dec-14
Private Improvement Investment	Real Property	\$15,000,000
	Business Property	\$13,000,000
Jobs	Created	1,500
	Retained	N/A
Average Wage Rate	Salary	\$30,351
	Hourly	N/A
City Incentive Summary	Tax Abatement	N/A
	Infrastructure	N/A
	Other - Grant	\$500,000

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

	10-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	1500	629,538,599	1500	1,681,631,639
Indirect and Induced Impact*	900	503,630,879	900	1,345,305,311
Total Impact	2400	1,133,169,478	2400	3,026,936,950

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

(From direct, indirect and induced economic impacts)

	10-Year	20-Year
Total City GF Revenue Generated	12,129,228	33,455,736
Total City GF Service Costs	14,034,700	32,967,414
Net Impact Before Incentives	-1,905,472	488,322
Unemployment Adjustment	517,500	1,035,000
City Incentives	500,000	500,000
Net City Fiscal Impact	-1,887,972	1,023,322

* Indirect impacts represent supplier effects, induced impacts represent spin-off household effects.

D. Other Taxing Jurisdiction 10-yr Estimated Tax Revenue

	Property Taxes	Sales Taxes
Plano ISD	\$ 2,541,889	N/A
Collin County	\$ 444,192	N/A
CCCCD	\$ 159,722	N/A
Parkland Hospital	\$ -	N/A
DART	\$ -	N/A

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TO Members of the Economic Development Committee:
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Sheffie Kadane

SUBJECT **Arboretum Village; June 26, 2013 Council Agenda**

BACKGROUND

For the past year, City staff has been in discussions with Lincoln Property Company regarding the redevelopment and expansion of the shopping center at 7301, 7305 and 7331 Gaston Avenue in Dallas. The proposed plan involves significant building improvements to the existing 79,936 square feet of space which will accommodate a new 15,000 square foot grocery anchor known as Fresh Market. In addition, the project is anticipated to result in construction of up to another 20,000 square feet of new space for restaurant or other retail based on market demand.

Gaston/Grand, Ltd., a general partner entity owned entirely by principals and executive officers of Lincoln Property Company, has acquired the property and plans to invest an additional \$10,000,000 to \$15,000,000 to make improvements and expand the shopping center. For years the shopping center has been underutilized. Recent tenants included a bingo parlor and a dance hall. These uses have been removed and another tenant, a YMCA, has been relocated across the street where it will continue to serve families in the neighborhood.

In order to qualify for City incentives, Gaston/Grand, Ltd. must secure the grocery anchor within the shopping center. Additionally, Gaston/Grand, Ltd. must invest a minimum of \$10,000,000 in project costs at the shopping center by December 31, 2015.

In order to offset substantial costs impacting the profitability of the project, the developer requests the described Economic Development Grant of \$1,000,000. City staff recommends approval of the incentives.

The terms of the proposed grant are as follows:

- A. Gaston/Grand, Ltd. must secure a grocer tenant of at least 15,000 square feet that is open by December 31, 2014; and
- B. Gaston/Grand, Ltd. must invest a minimum of \$10,000,000 in project costs at the shopping center located at 7301, 7305 and 7331 Gaston Avenue in Dallas by December 31, 2015. Project costs shall include renovations, new construction, site work, tenant relocation, tenant improvements, engineering, design and other related project soft costs.

This project conforms to Public/Private Partnership Program Guidelines and Criteria as it involves an investment of at least \$10,000,000 in the North Dallas zone.

OWNER

Gaston/Grand, Ltd.

Robert Dozier, Executive Vice President

STAFF

J. Hammond Perot, Assistant Director
Christopher O'Brien, Sr. Coordinator

MAP

Attached

RECOMMENDATION

Staff recommends approval of the subject item. Should you have any questions or concerns, please contact me at (214) 670-3296.

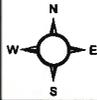
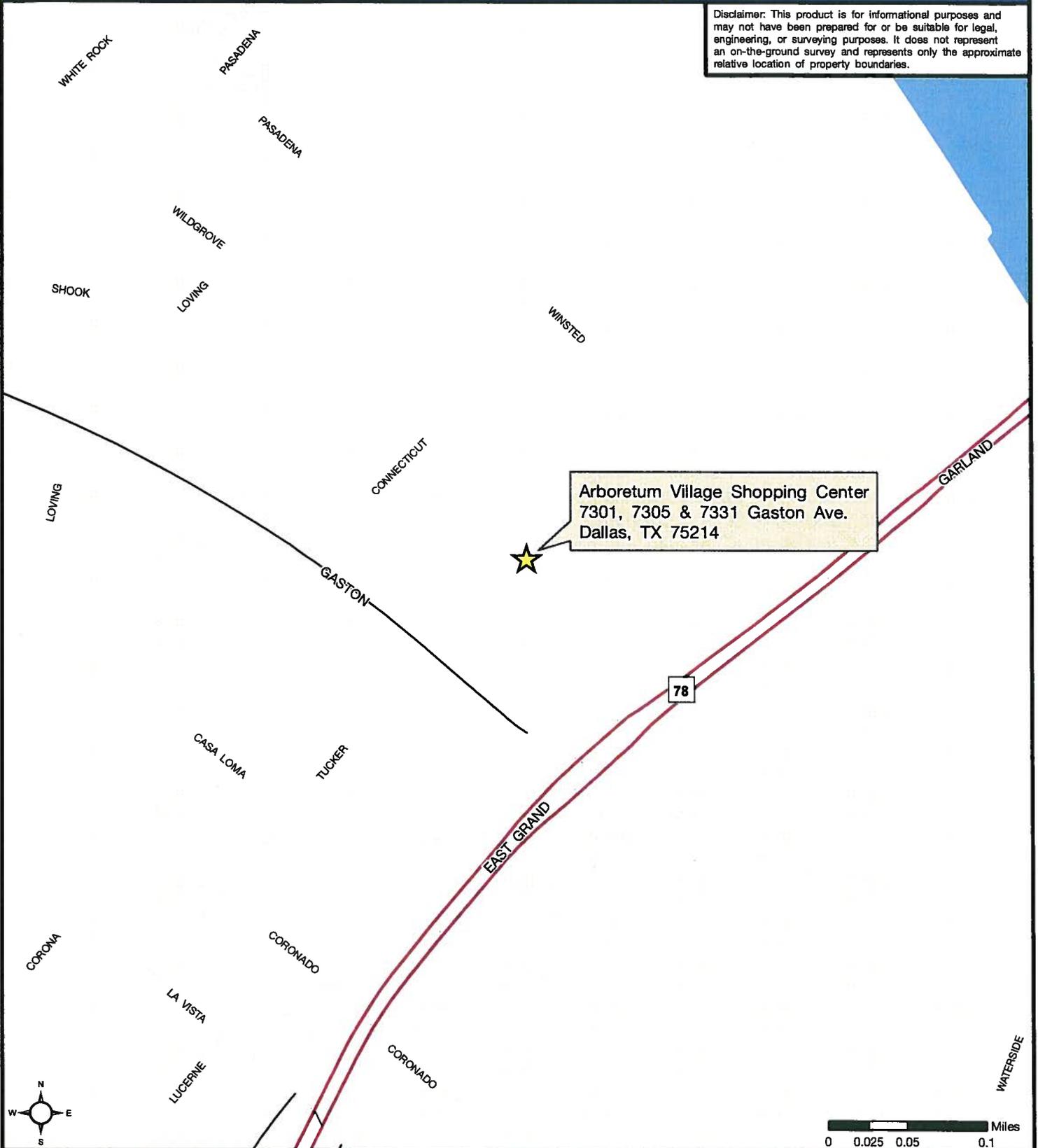


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Arboretum Village

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Legend

- Highway
- Arterial

- Local Road
- Lake

Source: City of Dallas, 2013

Memorandum



DATE June 14, 2013

TO Members of the Economic Development Committee:
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Monica Alonzo, Sheffie Kadane

SUBJECT **Authorize First TIF Development Agreement for Farmers Market
Improvements – Upcoming City Council Items**

Background

On February 27, 2013, the City Council authorized a Master Agreement for the redevelopment of the Dallas Farmers Market with DFM Developer, Ltd. (Brian Bergersen, Owner/Developer), which outlined a redevelopment plan for the Dallas Farmers Market. The agreement provides for: (1) the lease of Shed 1 for renovation and operation as a marketplace for local farmers and farm merchants and vendors to sell produce and other farm-related products; (2) the sale of Shed 2 for renovation for use by restaurants, specialty food vendors, other retail vendors, and a beer garden; (3) the sale of Sheds 3 and 4 for the development of retail, residential, and parking uses (including public parking for the market); (4) the sale of the auxiliary/administration building for its renovation for use as a culinary learning center, production studio, market administration office, retail leasing office, and retail; and (5) the sale of the remote parking area for redevelopment for outdoor activities, specifically a community garden and futsal fields.

On March 27, 2013, the City Council approved the lease and land sale items related to the Master Agreement. The various principals involved in the Dallas Farmers Market redevelopment project determined that the implementation of the redevelopment plan was better served by an organizational structure that allows for one manager of the entire project, Brian Bergersen. The entity name for the land transactions on Shed 1 and Shed 2 was modified by Council on the June 12, 2013 agenda. The City expects to close on the lease and land sale transactions on June 17, 2013.

An item scheduled for the June 26, 2013 addendum is related to a development agreement to use future TIF funds to reimburse the developer for design, demolition and infrastructure improvements that set the stage for the redevelopment of the various sheds located in the Dallas Farmers Market.

Specifically, the Project shall include the following components:

- 1) demolition of the vacant Taylor building located at 2101 Taylor Street;
- 2) demolition of the Kiosk building located in the right-of-way on Pearl Street south of Marilla Street;

- 3) design work and preliminary documentation needed for the City to purchase public parking in a new building designed to be located on the Shed 3/Shed 4 site;
- 4) the environmental assessment and abatement for the Kiosk building, Sheds 3 and 4 site, and the Remote Parking Area;
- 5) design work for the Remote Parking Area (for three to four Futsal fields and shade structures)

A related item is likely to be considered by Council in August or September that will relate to the purchase of air rights for public parking on the Shed 3- Shed 4 site. The developer is completing schematic design of the project. Once design is at a sufficient level, a survey will be completed of the air rights parcel, and staff will ask Council to consider a Purchase and Sale Agreement for this property.

A detailed schedule of proposed TIF expenditures is shown on the following page.

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



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Description		Amount
2111 / 2101 Taylor Street building		
Contingency	\$12,466	
Asbestos Survey	2,200	
Demolition of 2101 Taylor Street	33,300	
Abatement of Asbestos	37,951	
Engineering	17,750	
Air Quality Monitoring	10,000	
Consulting	353	
Temporary Green Space Grading /Irrigation	<u>25,000</u>	
		\$139,020
Kiosk building on Pearl Street		
Demolition of Kiosk Bldg on Pearl St.	50,000	
Architectural demolition plans	15,000	
Architectural design fee for Pearl and Taylor Street streetscaping	<u>242,500</u>	
		\$307,500
Sheds 3 and 4 / Mixed use development		
Architectural design fee for the public garage	275,000	
Purchase of Air Rights for Public Parking Facility	210,000	
Architectural design fee for streetscaping around shed 3 and 4	398,305	
Contingency for all Architectural	99,960	
Subsurface Investigation for Sheds 3 and 4	19,935	
Utilities 84" Storm Pipe Alignment	<u>5,000</u>	
		\$1,008,200
Remote parking area / Futsal field		
Architectural design fees	197,982	
Contingency	5,185	
Subsurface Investigation	<u>6,945</u>	
		\$210,112
TIF Funding Phase I		\$1,664,832

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On January 28, 2013, the Farmers Market TIF District board of directors approved an amendment to the Farmers Market TIF District Project and Financing Plan, including the expansion of the geographic boundaries of the TIF district to include the Dallas Farmers Market property.

On February 20, 2013, City Council was briefed on a Master Agreement for the Redevelopment of the Dallas Farmers Market and the proposed amendments to the Farmers Market TIF District Project and Financing Plan.

On February 27, 2013, by Resolution No. 13-0447, the City Council approved a Master Agreement for the Redevelopment of the Dallas Farmers Market with DFM Developer, Ltd.

On February 27, 2013, by Resolution No. 13-0448, the City Council authorized a public hearing to be held on March 27, 2013 to hear citizen concerns and comments regarding the proposed amendments to the Farmers Market TIF Project and Financing Plan, including the expansion of the geographic boundaries of the TIF district to include the Dallas Farmers Market property.

On March 27, 2013, by Ordinance No. 28951, the City Council approved amendments to the Farmers Market TIF Project and Financing Plan, including the expansion of the geographic boundaries of the TIF district to include the Dallas Farmers Market property.

On March 27, 2013, by Resolution No. 13-0535, the City Council authorized the City Manager to execute a 30-year lease agreement, with two, five-year renewal options, for the Dallas Farmers Market Shed 1, approximately 57,750 square feet of space, with Dallas Farmers Market Trust 1, LLC.

On March 27, 2013, by Resolution No. 13-0536, the City Council authorized the City Manager to sell the Dallas Farmers Market Shed 2 by executing: (1) a sale agreement with and (2) a deed without warranty conveying the property to Dallas Farmers Market Trust 2, LLC.

On March 27, 2013, by Resolution No. 13-0537, the City Council authorized the City Manager to sell the Dallas Farmers Market Sheds 3 and 4 by executing: (1) a sale agreement with and (2) a deed without warranty conveying the property to FM Harvest, Ltd.

On March 27, 2013, by Resolution No. 13-0538, the City Council authorized the City Manager to sell the Dallas Farmers Market auxiliary/administration building by executing: (1) a sale agreement with and (2) a deed without warranty

Update on Farmers Market District Redevelopment
June 14, 2013
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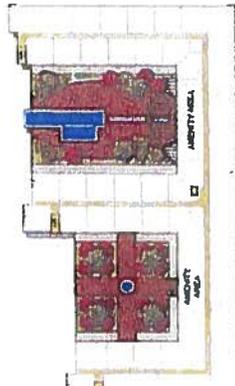
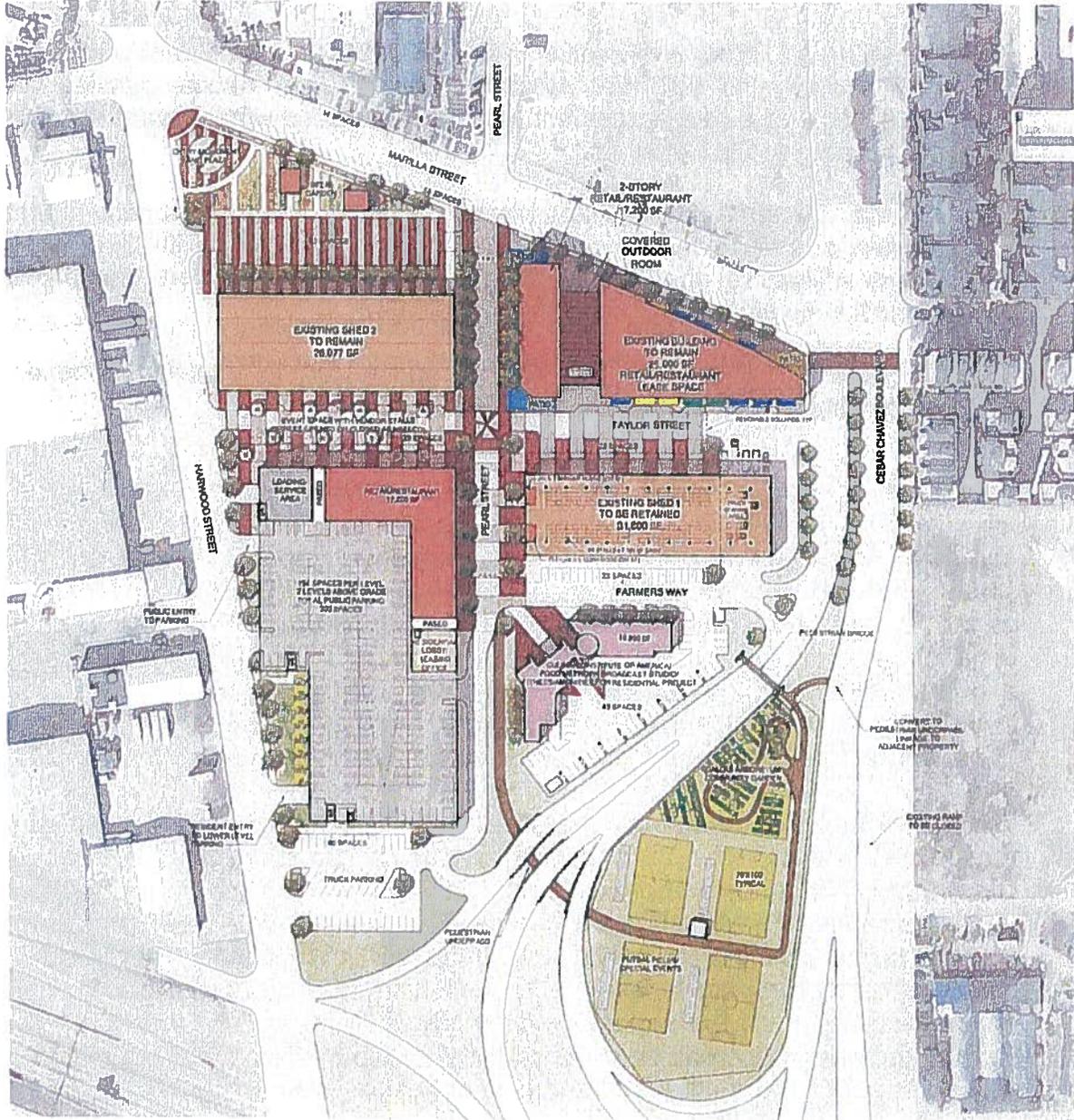
conveying the property to Dallas Farmers Market Trust, LLC.

On March 27, 2013, by Resolution No. 13-0539, the City Council authorized the City Manager to sell the Dallas Farmers Market remote parking area by executing: (1) a sale agreement with and (2) a deed without warranty conveying the property to FM Futsal, Ltd.

On May 30, 2013, the Farmers Market TIF Board of Directors recommended to Review and Consideration of a Development Agreement with DFM Developer, Ltd or affiliate for the Redevelopment of the Dallas Farmers Market Phase 1 Project in an amount not to exceed \$1,664,832.

On June 12, 2013, the City Council authorized a resolution amending the contracting entities for the land sale transactions.

Update on Farmers Market District Redevelopment
 June 14, 2013
 Page 6 of 6



NEW CONSTRUCTION ON 3RD & 4TH FLOORS
 FOR MULTY UNIT'S ON 4TH FLOOR'S
 716,000 SF NET RENTABLE SF

PARKING PROVIDED	
PUBLIC ON STREET PARKING SPACES	100 SPACES
PUBLIC OFF STREET SURFACE PARKING SPACES	151 SPACES
PUBLIC GARAGE PARKING SPACES	303 SPACES
TOTAL PUBLIC PARKING SPACES	601 SPACES
RESIDENTIAL PARKING SPACES	284 SPACES

Memorandum



CITY OF DALLAS

DATE June 14, 2013

TO Members of the Economic Development Committee: Tennell Atkins (Chair),
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SUBJECT **North Parking Garage Development Agreement Amendment, June 26, 2013
Council Agenda**

On June 13, 2012, City Council authorized the execution of a development agreement with Anland GP, L.P., (Anland) to construct a public parking garage (North Parking Garage) in the Victory Sub-district of the Sports Arena TIF District. The City will own the garage upon construction completion. The North Parking Garage will provide public parking that will support the American Airlines Center (AAC) public improvements and free up surface parking lots in the district to be developed.

The development agreement with Anland for the North Parking Garage includes the execution of separate Operation/Management agreements for AAC event and non-event times as a condition of TIF reimbursement. As such, reimbursement of construction costs for the North Parking Garage is dependent upon the execution of the agreements, over which Anland has no control. The City is currently negotiating separate management agreements with a third party for the operation and management of the North Parking Garage. Such agreements are anticipated to be finalized prior to completion of the North Parking Garage, therefore execution of the agreements are not necessary as a condition of TIF funding for the project.

The development agreement with Anland for the North Parking garage also requires a minimum of 1,200 parking spaces dedicated to AAC event parking. Current designs indicate approximately 1,271 spaces, 8.6 feet in width (standard parking size) can be housed in the garage. The operator of the AAC has indicated parking spaces 9 feet in width are preferred. This action will amend the development agreement to allow a reduction in the number of parking spaces conditioned upon: (1) the spaces being 9 feet in width and (2) the North Parking Garage receiving full credit from the operator of the AAC of 1,200 dedicated event parking spaces towards the 5,000 parking space requirement for the district.

Staff

Karl Stundins, Manager, Area Redevelopment
Tamara L. Leak, Senior Coordinator

Recommendation

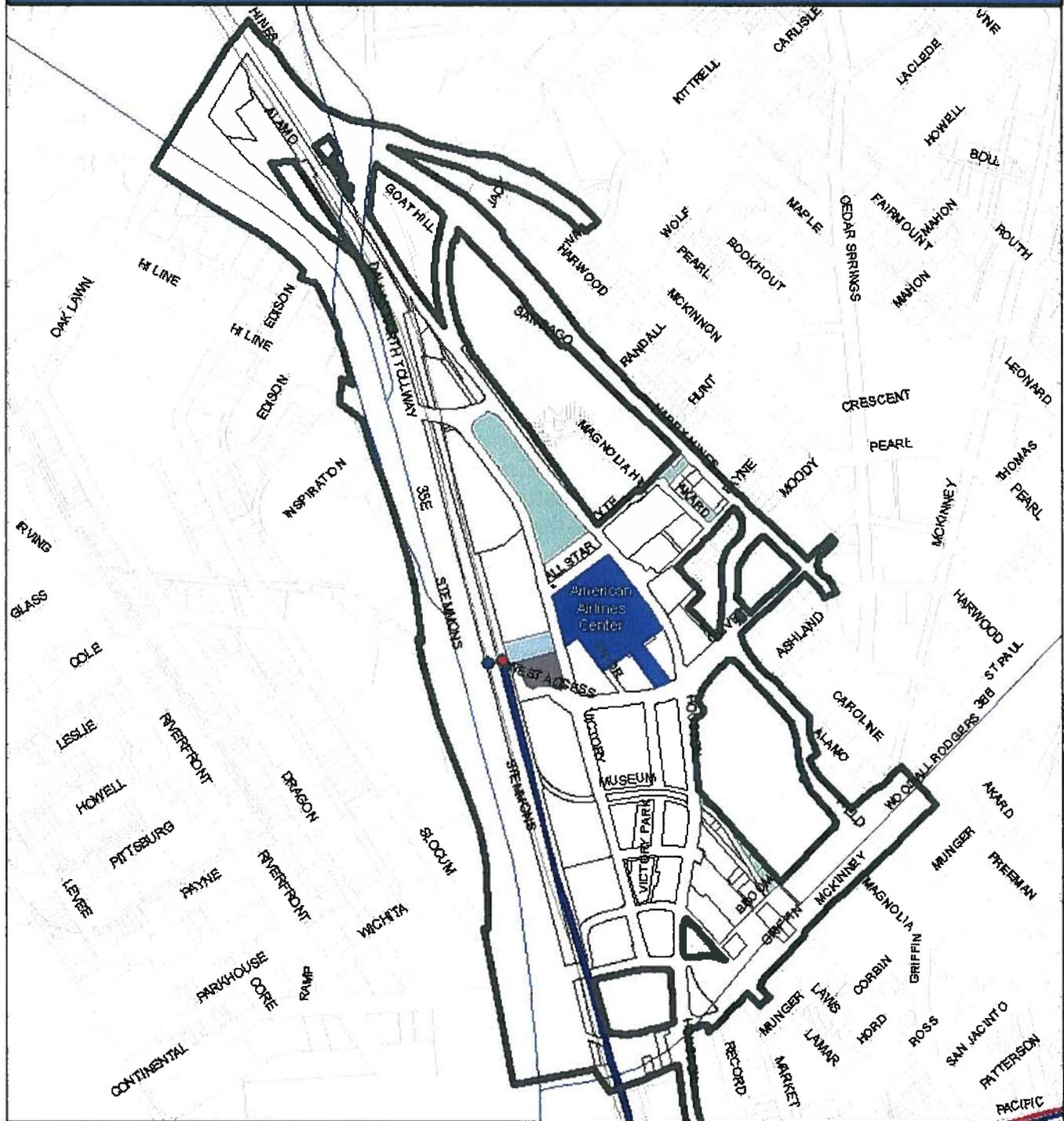
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North Parking Garage Sports Arena TIF District - Victory Sub-district

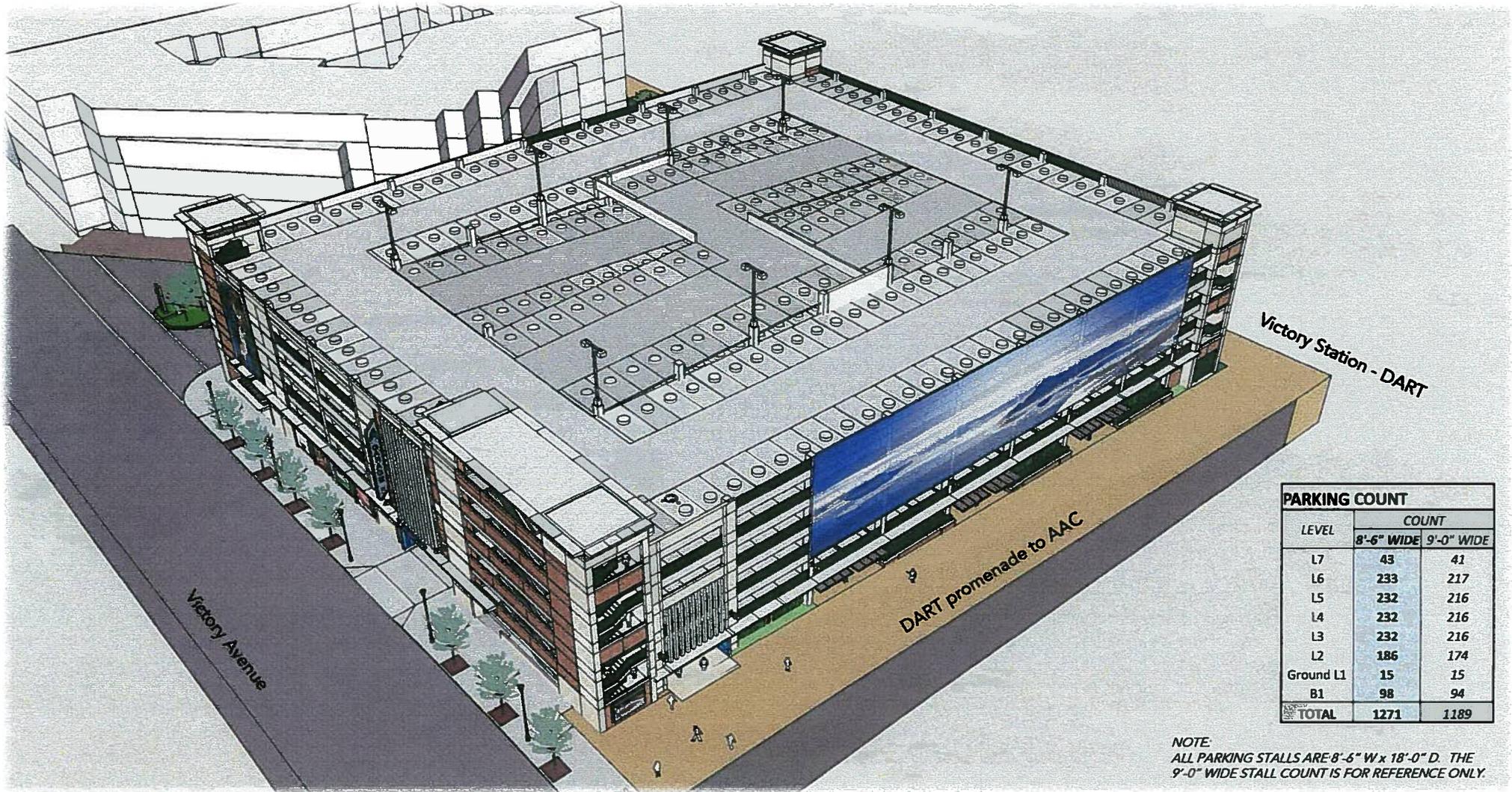


City of Dallas
Office of Economic Development
Area Redevelopment Division
<http://www.Dallas-EcoDev.org>

Legend

- Victory Sub-district
- DART Plaza (Victory LR Station)
- North Parking Garage
- Lots Released from Parking Requirement





Floor Plan/Perspective
Top Level (6-7)