

Memorandum



CITY OF DALLAS

DATE August 29, 2008

TO Members of the Economic Development Committee:
Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Dwaine Caraway, Jerry R. Allen, Sheffie Kadane, Mitchell Rasansky, Linda Koop, and Steve Salazar

SUBJECT Elgin Robertson Park

Attached are the briefing materials on Elgin Robertson Park to be presented to the Economic Development Committee on Tuesday, September 2, 2008.

Please contact me if you need additional information.

A handwritten signature in black ink, appearing to be 'A.C. Gonzalez'.

A.C. Gonzalez
Assistant City Manager

C: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah A. Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
Judge C. Victor Lander
Ryan S. Evans, First Assistant City Manager
Chief David Brown, Interim Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Ramon F. Miguez, P.E., Assistant City Manager
David K. Cook, Chief Financial Officer
Theresa O'Donnell, Director of Development Services
Helena Thompson-Stevens, Assistant to the City Manager

Elgin B. Robertson Park

Economic Development
Committee Briefing
September 2, 2008



City of Dallas



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Purpose of Briefing

- ❑ To update the Committee on the status of Elgin B. Robertson Park as it relates to future development for the City of Dallas
- ❑ Outline the costs for the future development of each tract of the Park
- ❑ Review related issues with the property
- ❑ Recommend action to move forward with development to be revenue positive for the City

Elgin B. Robertson Park



Elgin B. Robertson Park North
Approximately 142 Acres

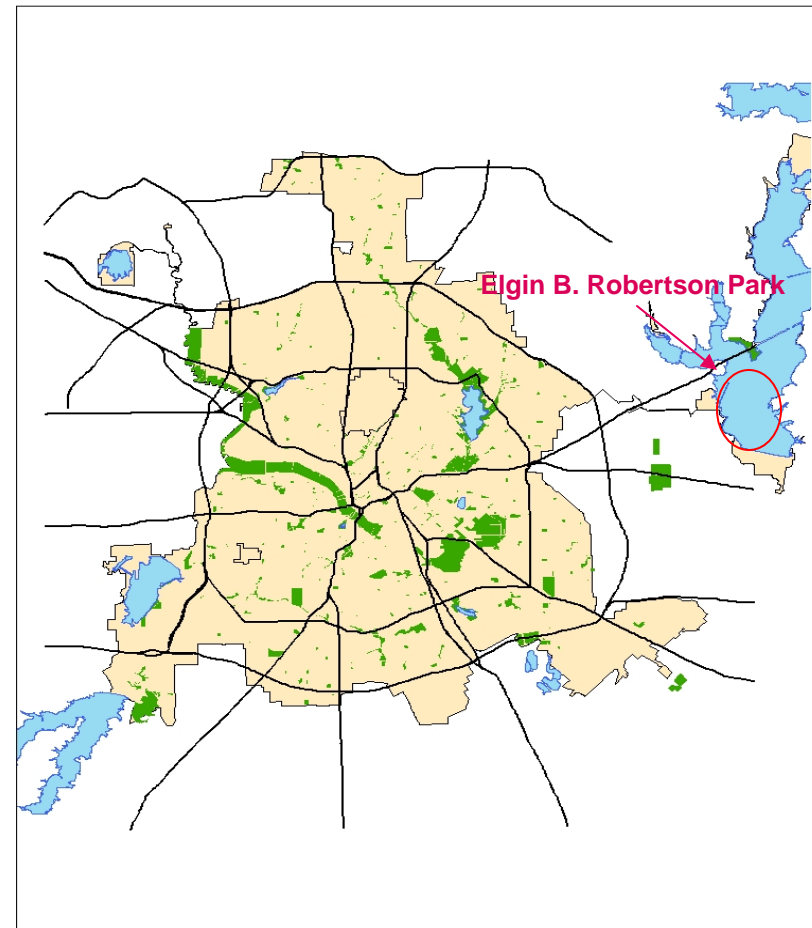
Elgin B. Robertson Park South
Approximately 115 Acres



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Background

- Elgin B. Robertson Park was acquired in 1966 as part of the Forney Reservoir development (now known as Lake Ray Hubbard)
 - The park was purchased with Dallas Parks and Recreation Department bond funds.
 - The land was immediately designated park upon purchase
- This 257 acre park site is located approximately 10 miles outside of the main limits of Dallas





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Background

- Elgin Robertson Park is divided by Interstate 30 into two separate tracts
 - The north tract of 142 acres
 - The south tract of 115 acres

- Normal lake level is 435.5 feet

- Dallas Water Utilities maintains control of the water levels up to 440.5 feet



Options

- ❑ Because of its location, the City has been approached several times by private developers and neighboring Cities seeking to privately develop the land
- ❑ Dallas has 3 options with regard to Elgin B. Robertson park
 - Option A: Maintain as park and explore possibilities for better recreational uses
 - Option B: Sell land to private developer and provide full level of services with City of Dallas personnel
 - Option C: Enter into a cooperative agreement with another city



Private Development

- ❑ A sale of park land requires a public referendum
 - Sale proceeds are required to be used for park system improvements
 - Proceeds cannot be used to directly offset or maintain general service costs for the park
- ❑ Distance from the rest of the City of Dallas has raised site development and operational costs
- ❑ Development would require extension of sufficient water and waste water service
- ❑ DWU has suggested that any and all development be made at or above 441 feet to avoid major flooding, thus decreasing developable area



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Private Development

- ❑ Even with challenges city should explore achieving a higher and better use for the land
- ❑ City of Dallas residents get little benefit either through recreational use or revenue generation



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Current Park Status

- Park land – 257 acres
- Marina – located on south tract
- Few Dallas residents utilize the park
 - 88% of visitors of the park live outside of the City of Dallas
 - Park's User Survey was conducted in 2005



Appraisal Value

- The Economic Development Committee was briefed on the potential sale of the property on August 16, 2005 and April 17, 2006
- A Property appraisal completed in July 2006
 - North tract - 142 acres
 - With Utilities: \$18.8 million
 - Without Utilities: \$13.9 million
 - South tract - 115 acres:
 - With Utilities: \$15.0 million
 - Without Utilities: \$10.0 million



Past Efforts

- ❑ In 2005, Rowlett offered \$15 million for both tracts and a 20 year tax sharing agreement
- ❑ City of Dallas declined the offer
- ❑ City explored the sale to private developers
- ❑ RFP was issued
 - City did not move forward



Past Planning

- ❑ Master plan was developed for Rowlett by RTKL Associates Inc.
- ❑ North tract was most feasible for residential development
 - ❑ Narrow
 - ❑ Bordered by residential neighborhood
- ❑ South tract was most feasible for mixed use
 - ❑ Attractive location



Moving Forward

- ❑ Rowlett has again approached the City of Dallas in effort to develop park
- ❑ Discussions addressed difficulty in Dallas providing services to park due to remote location
- ❑ Rowlett expressed interest primarily in north tract to have control over land use decisions for area contiguous to existing neighborhoods



Development Assumptions

- ❑ Development scenarios assume residential development on north tract
 - Average home value at \$300,000
 - Average build out of 75 units per year for a total of 500
- ❑ Mixed use development on south tract includes 1,700 residential units, office, retail, and hotel mix
- ❑ All property value growth at 7%
- ❑ Development costs include full service and City of Dallas infrastructure improvements
- ❑ Does not include utility improvements which would be assumed by developer



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Development Assumptions

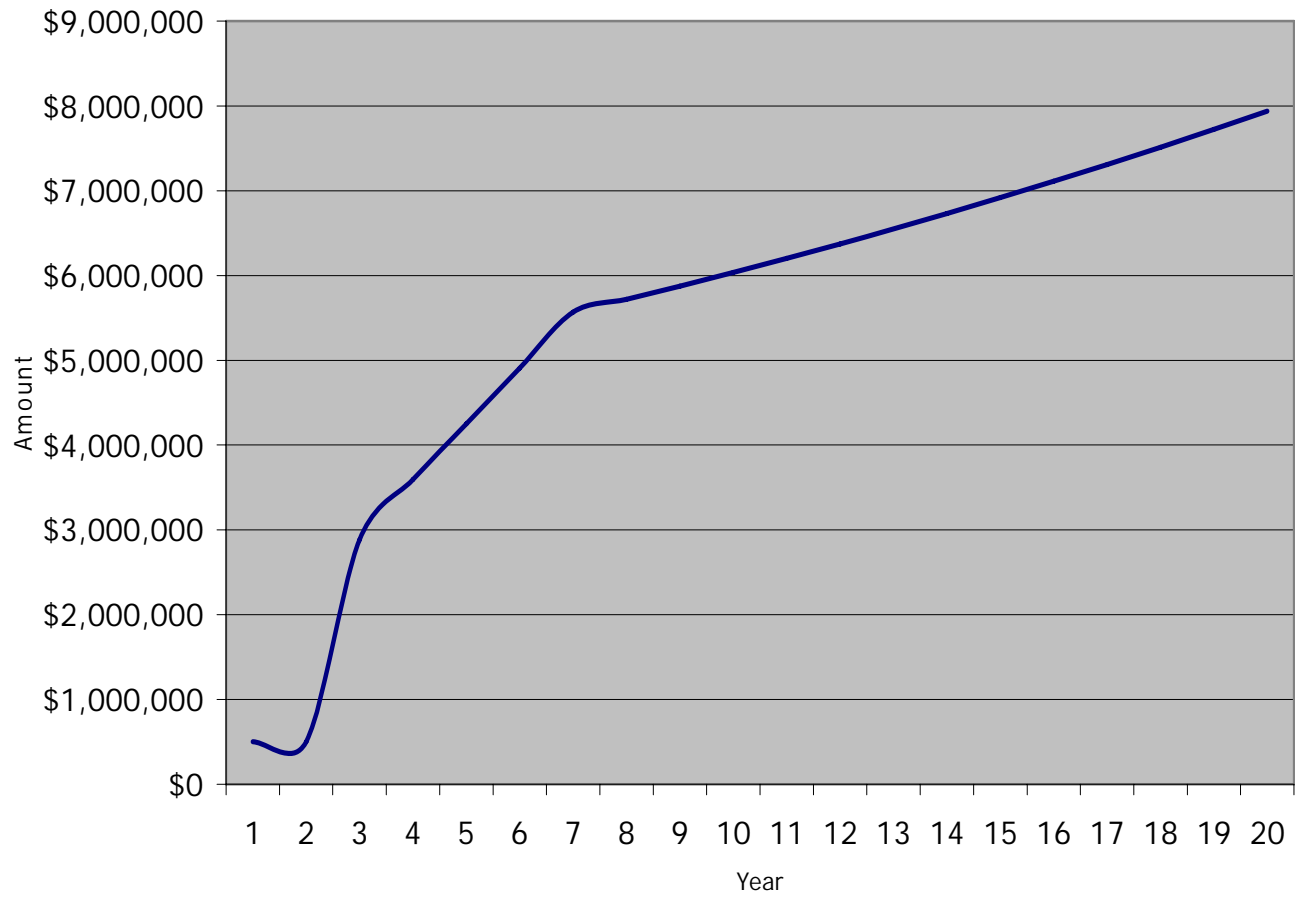
- ❑ Do not include sales proceeds in revenue estimates
- ❑ Include debt service costs for infrastructure including facilities, e.g. fire station
- ❑ City Services costs include 3% inflation



Option B: Dallas Development

Option B: City of Dallas Development			
Elgin B. Robertson Park			
Costs	North Tract	South Tract	Total Park
Improvements:			
Streets & Bridges	\$2,224,167	\$1,803,071	\$4,027,238
Capital & Service Costs:			
Fire Station	\$6,000,000		\$6,000,000
Fire O & M	\$9,578,633	\$32,567,351	\$42,145,984
Police O & M	\$7,577,366	\$22,287,712	\$29,865,078
Municipal Services**	\$6,324,832	\$21,846,790	\$28,171,622
** Municipal services include parks, recreation, library, etc.			
Total Costs	\$31,704,998	\$78,504,924	\$110,209,922
Average Annual Cost*	\$5,510,496		
* based on 20 year Build Out			
Revenues			
Residential Ad Valorem Taxes	\$18,800,453	\$34,275,347	\$53,075,800
Commercial Ad Valorem Taxes	\$12,095,406	\$24,189,834	\$36,285,240
Sales Tax	\$3,546,000	\$7,092,000	\$10,638,000
Total Revenues	\$34,441,859	\$65,557,181	\$89,361,040
Net Return	-\$20,848,882		
* based on 20 year Build Out			

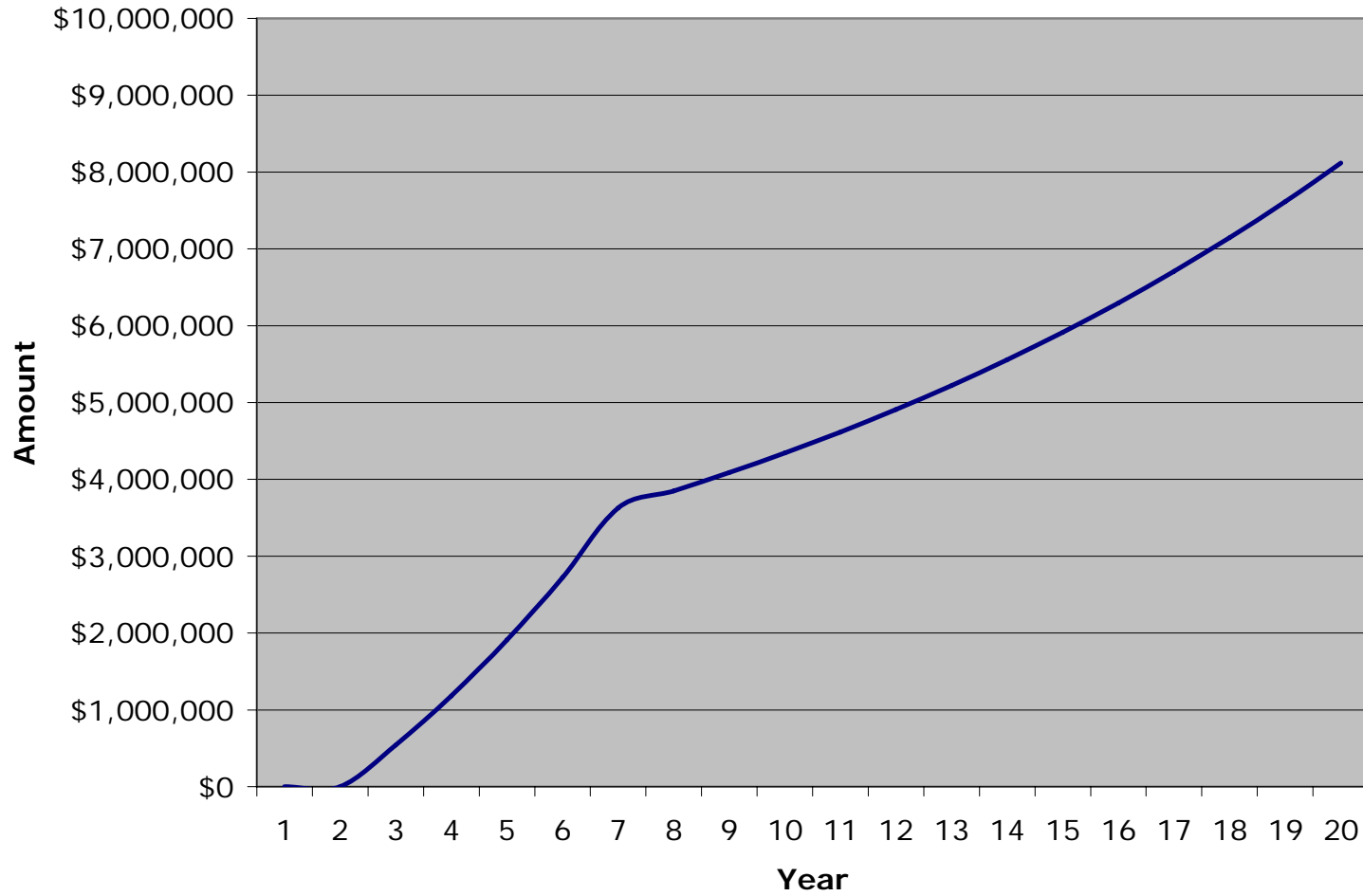
**Option B:
City of Dallas Development
Annual Total Costs**





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Option B:
City of Dallas Development
Annual Total Revenues





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Option B: Dallas Development

□ Pros

- Dallas Park system benefits from sale of park land – sale proceeds cannot contribute directly to offset service costs
- Land area remains in City of Dallas tax base

□ Cons

- Sale requires voter approval
- Significant challenges remain with regard to utility service
- Dallas incurs negative return of approximately \$8 million over 20 year period
- Additional service and infrastructure costs will continue to rise



Option C: Cooperative Development

- Rowlett is willing to assist in service provisions for sale and control of north tract
 - Area buffers residential neighborhoods
 - Maintains access and view to Lake Ray Hubbard
 - Contiguous to greater part of Rowlett



Option C: Cooperative Development

- For sale and control of north tract, Rowlett will provide:
 - 1st response police and fire
 - New fire station recently built
 - Library and Recreation services to COD any residents on South Tract
 - Total Value of Services: \$48 Million
 - Rowlett to provide utility connections to south tract in necessary capacity for Development
- Dallas and Rowlett will sign an interlocal agreement for services



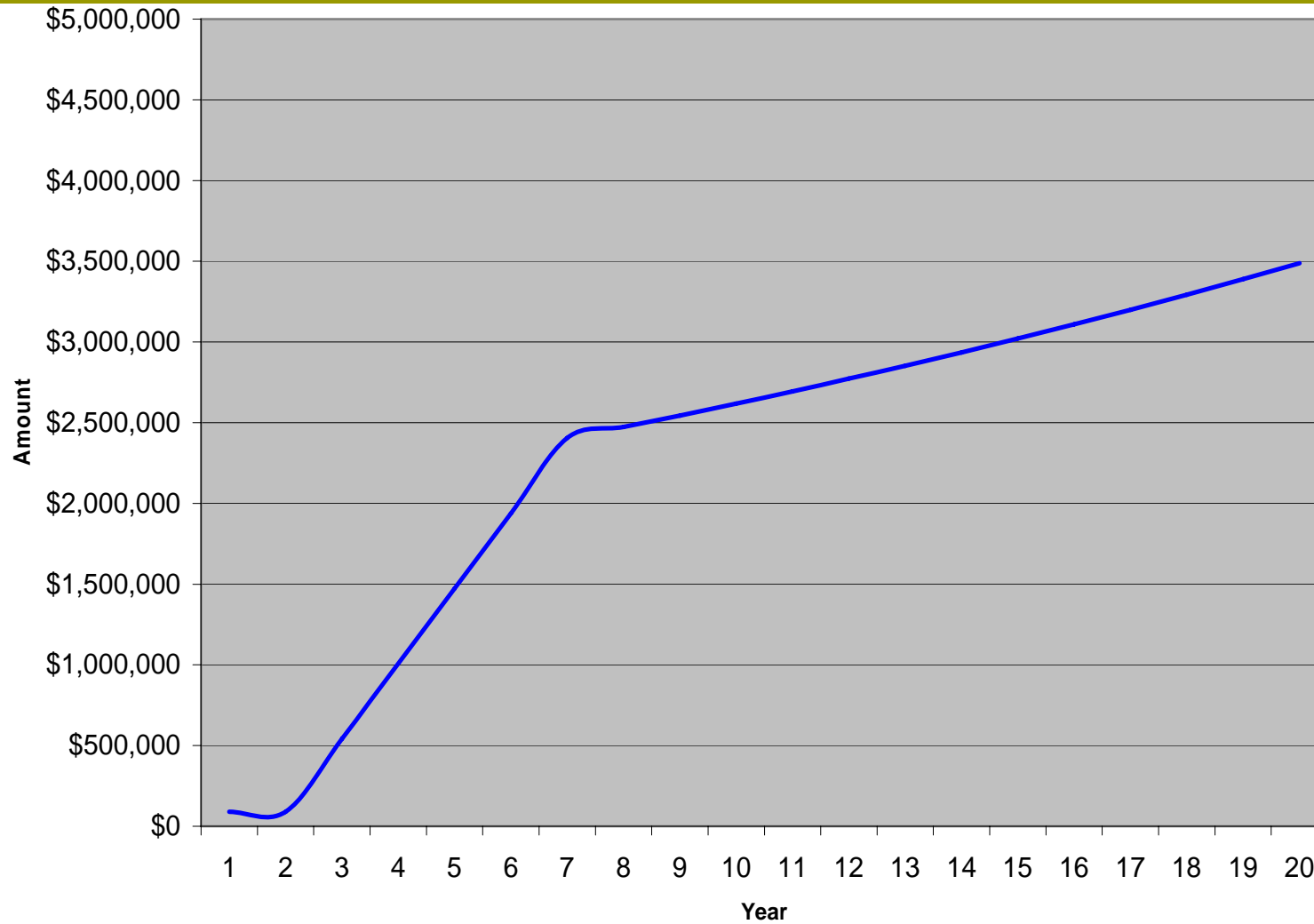
Option C: Cooperative Development

- ❑ City of Dallas & Rowlett will jointly issue RFP for 2 appraisals
- ❑ Appraisal instructions to appraise value at “highest & best use” with utilities
- ❑ Average of both appraisals will be the sales price of the north tract



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**Option C:
Cooperative Agreement Development
COD's Annual Total Costs**





Option C: Cooperative Development

□ Pros

- Dallas Park system benefits from sale of park land
- South tract remains in City of Dallas tax base
- Service delivery will be minimal and scaled to development
 - Even if development does not meet projections, Dallas has low investment
- City realizes positive revenue returns

□ Cons

- Needs voter approval for south tract sale
- Loss of 142 acres of Dallas tax base



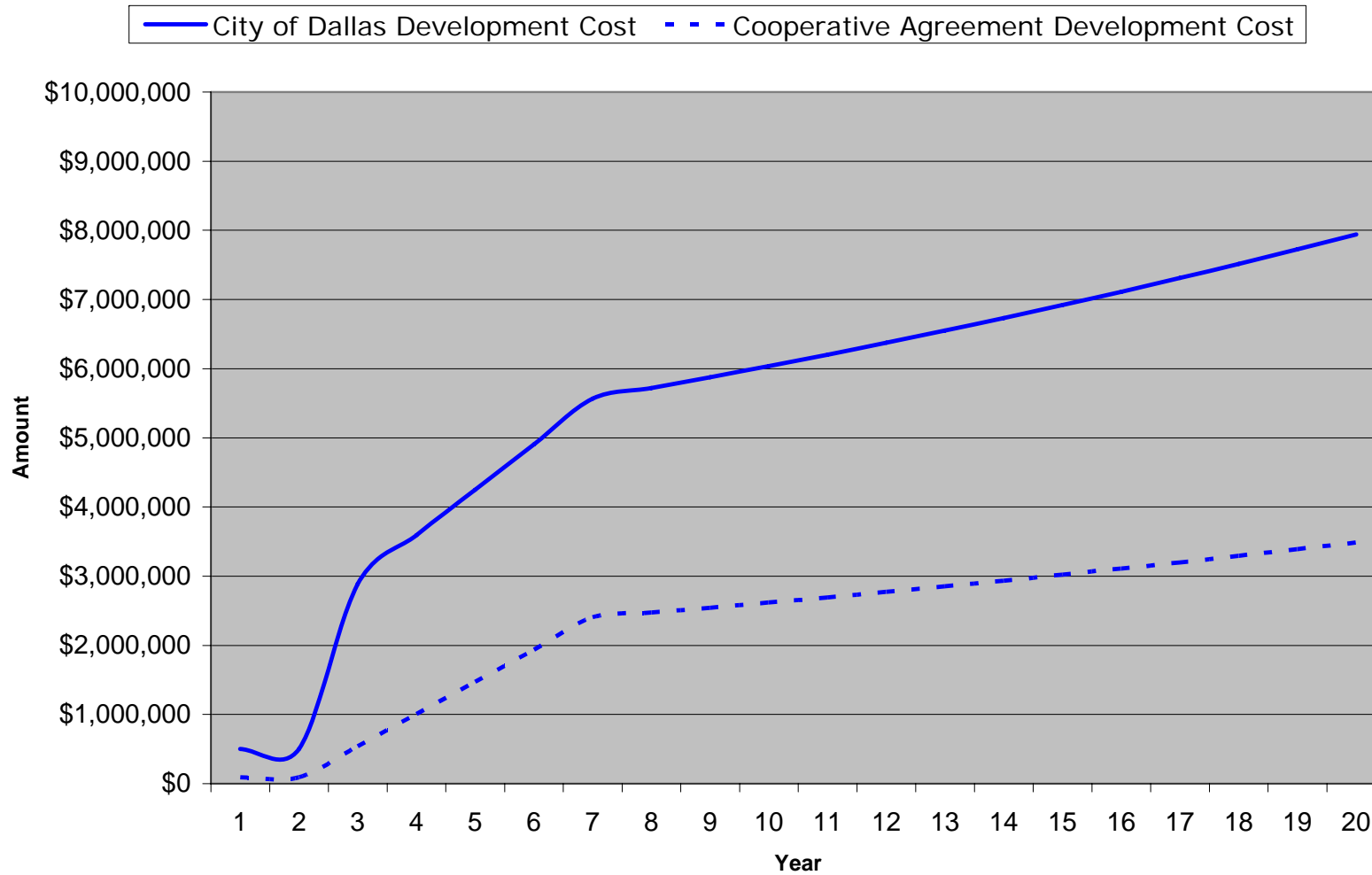
Option C: Cooperative Development

Option C: Cooperative Agreement Development	
Elgin B. Robertson Park	
Costs	Total Park
Improvements:	
Streets & Bridges	\$1,803,071
Capital & Service Costs:	
Fire Station	N/A
Fire/Police O & M	\$22,287,712
Municipal Services**	\$21,846,790
** Municipal services include parks, recreation, library, etc.	
Total Costs	\$45,937,573
Average Annual Cost*	
	\$2,296,879
* based on 20 year Build Out	
Revenues	
Residential Ad Valorem Taxes	\$34,275,347
Commercial Ad Valorem Taxes	\$24,189,834
Sales Tax	\$7,092,000
Total Revenues	\$65,557,181
Net Return	\$19,619,608
* based on 20 year Build Out	



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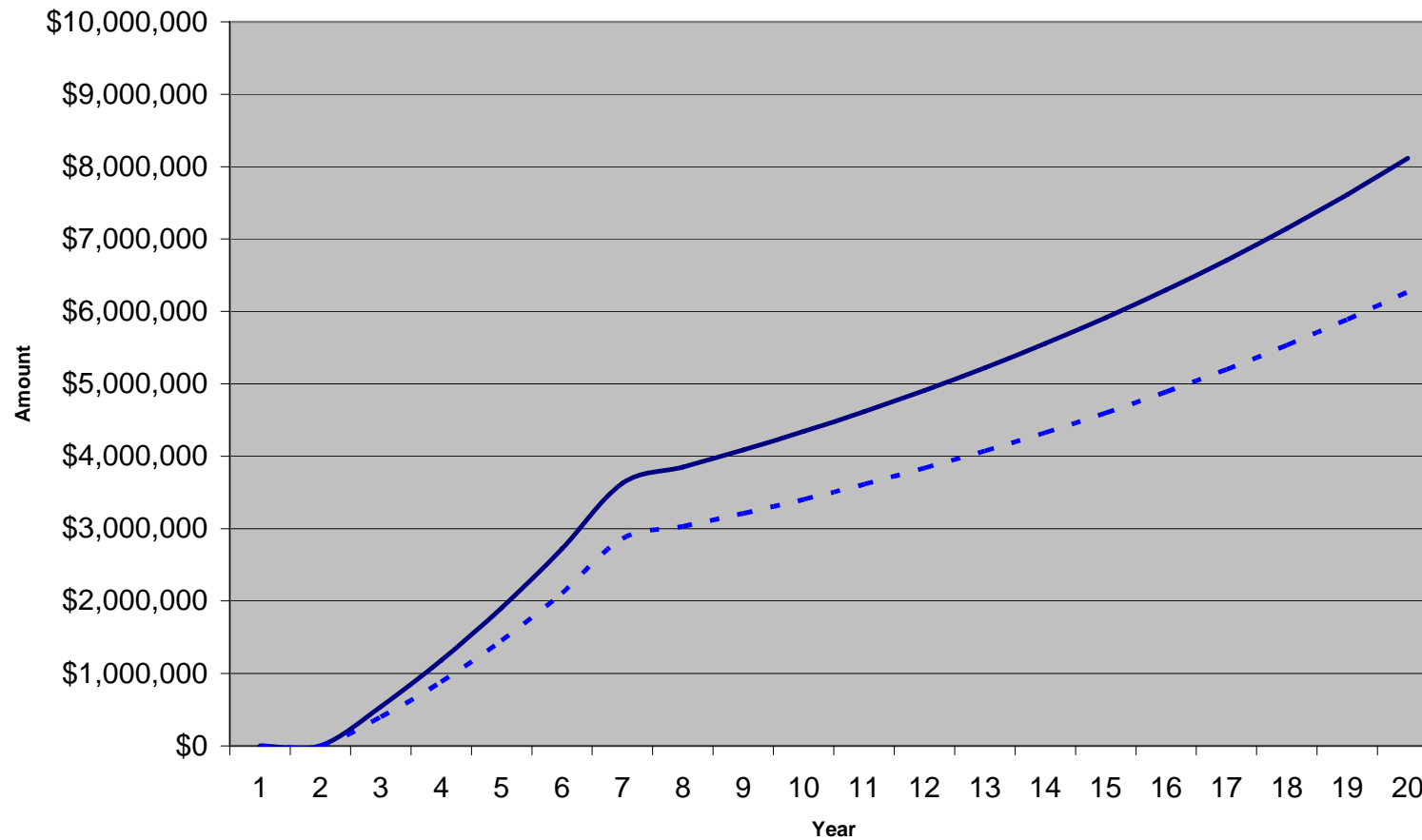
Elgin B. Robertson Park Development: Comparison of Scenario Annual Costs





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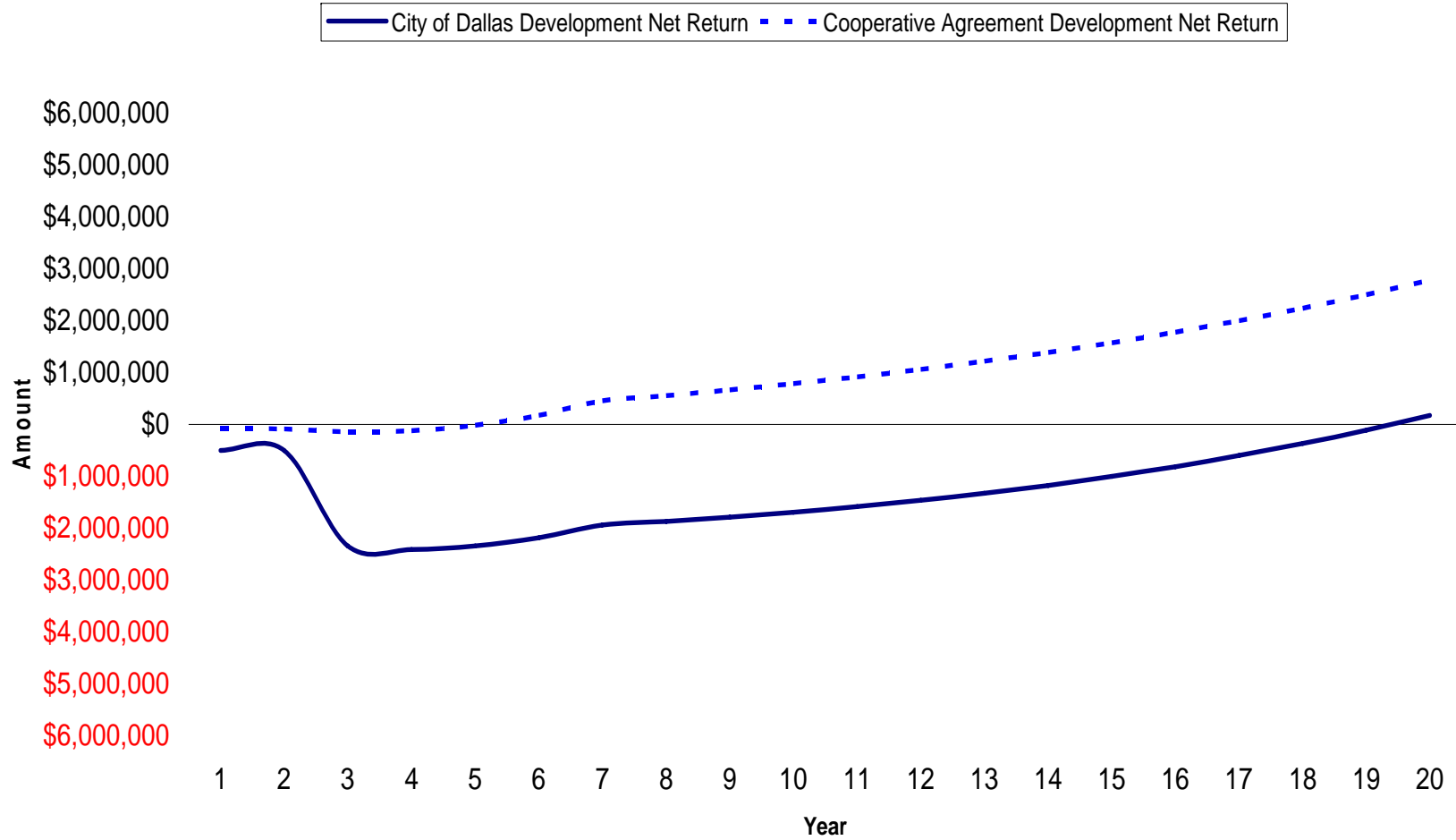
Elgin B. Robertson Park Development: Comparison of Scenario Annual Revenues





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Elgin B. Robertson Park Development: Comparison of Scenario Total Net Return (Revenue - Service Cost)





Additional Issues

- Sale of park land must be authorized by voters
 - North tract can be sold to Rowlett without election
- Existing marinas have contract ending in 2010
 - Leaseholder has requested 10-year extension of lease – City has not agreed
- Value of land may have decreased due to poor real estate market
 - Dallas Morning News reported June 2007 to June 2008 home prices were down 3.2% in Dallas area
 - Rowlett/Sachse home sales were down 16% but median price rose by 3%

Recommendation



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- Enter into cooperative development agreement with City of Rowlett
 - Negotiate inter-local agreement for service provision
 - Begin appraisal process to determine current value for both tracts
 - Place on May ballot for voter approval to sell tracts
 - Bring final interlocal agreement and sale price back to City council for approval