

# Memorandum

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CITY OF DALLAS

DATE October 16, 2009

TO Members of the Economic Development Committee  
Tennell Atkins (Vice-Chair), Dwaine Caraway, Jerry P. Allen,  
Sheffield Kadane, Ann Margolin, Linda Koop, Steve Salazar

SUBJECT **Economic Development Committee**  
**Tuesday, October 20, 2009, 9:30 – 11:30 a.m.**  
**1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201**

## AGENDA

1. Approval of October 5, 2009 Minutes of the Economic Development Committee
2. Refining TIF Policy: Term Extension  
Karl Zavitkovsky, Director  
Office of Economic Development  
**(estimated time 15 minutes)**
3. Oak Cliff Gateway TIF District: Term Extension and Zang Triangle Project  
Karl Zavitkovsky, Director  
Office of Economic Development  
**(estimated time 15 minutes)**
4. Southern Skates  
Karl Zavitkovsky, Director  
Office of Economic Development  
**(estimated time 15 minutes)**
5. Streetscape License Fees  
Bonnie Meeder Assistant Director  
Sustainable Development & Construction  
**(Estimated time 15 minutes)**
6. NBA All-Star Other Event Trust Fund Agreement  
Frank Poe, Director  
Convention & Event Services  
**(Estimated time 15 minutes)**
7. Upcoming Agenda Items for October 2009
  - Assuming the functions from DCVB to market and promote the City of Dallas as a desirable location for the Entertainment Industries including film and digital image

Ron Natinsky, Chair  
Economic Development Committee

C: The Honorable Mayor and Members of the City Council  
Deborah Watkins, City Secretary  
Tom Perkins, City Attorney  
Judge C. Victor Lander, Judiciary  
Jill A. Jordan, P.E., Assistant City Manager  
Jeanne Chipperfield, Director, Office of Financial Services  
Karl Zavitkovsky, Director, Office of Economic Development  
Hammond Perot, Assistant Director, Office of Economic Development  
Helena Stevens-Thompson, Assistant to the City Manager

Mary K. Shum, City Manager  
Ryan S. Evans, First Assistant City Manager  
Craig Kenton, City Auditor  
A.C. Gonzalez, Assistant City Manager  
Forest Turner, Assistant City Manager

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 effect 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 effect 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.

# DRAFT

## Economic Development Committee

Meeting Record  
October 5, 2009

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: October 5, 2009 Meeting Start time: 9:36 AM

**Committee Members Present:**

Ron Natinsky  
Tennell Atkins  
Sheffie Kadane  
Linda Koop  
Ann Margolin  
Steve Salazar  
Jerry Allen  
Dwayne Caraway

**Staff Present:**

AC Gonzalez, *Assistant City Manager*  
Karl Zavitkovsky, *Director, Economic Development*  
Dan Weber, *Director, Aviation Department*  
Hammond Perot, *Assistant Director, Economic Development*  
Thomas Poole, *Real Estate Manager, Dallas Airport System*

**Other Council Members Present:**

Dave Neumann

**Other Presenters:**

Jim Watts, *Principal, Deloitte LLP*

**1. Approval of September 22, 2009 Minutes of the Economic Development Committee**  
Presenter(s):

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

Motion made by: Mr. Kadane

Motion seconded by: Ms. Margolin

Item passed unanimously:  X

Item passed on a divided vote:  \_\_\_\_\_

Item failed unanimously:  \_\_\_\_\_

Item failed on a divided vote:  \_\_\_\_\_

**Follow-up (if necessary):**

**2. Southwest Airlines Co. Proposal Fuel Facility Lease at Dallas Love Field**  
Presenter(s): AC Gonzalez, Assistant City Manager; Dan Weber, Director, Aviation Department; Thomas Poole, Real Estate Manager, Dallas Airport System:

**Action Taken/Committee Recommendation(s):** Motion made to move item subject to environmental clearance

Motion made by: Ms. Koop

Motion seconded by: Mr. Atkins

Item passed unanimously:

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

**Follow-up (if necessary):**

- Councilman Atkins inquired if the removal site of the old underground fuel tanks from the fuel facility had been environmentally certified and what was the impact to the city
- Staff will provide a memo that details Southwest's removal of the underground fuel tanks in accordance with applicable environmental regulations and the new aboveground fuel tanks that were certified for use by the Texas Commission on Environmental Quality (TCEQ)

**3. Deloitte LLP-Corporate Office Consolidation & Expansion in Downtown Dallas**

**Presenter(s): AC Gonzalez, Assistant City Manager; Karl Zavitkovsky, Director, Economic Development; Hammond Perot, Assistant Director, Economic Development; Jim Watts, Principal, Deloitte LLP:**

**Action Taken/Committee Recommendation(s):** Motion made to support item.

**Motion made by:** Mr. Atkins

**Motion seconded by:** Mr. Salazar

Item passed unanimously:

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

**Follow-up (if necessary):**

- Councilwoman Margolin requested to set up meeting with staff to learn about fiscal impact model
- Councilwoman Koop requested staff to provide a direct impact chart that details revenue generated from the project

**4. Upcoming Agenda Item for October 2009**

- Historic Tax Incentive for 501 2<sup>nd</sup> Avenue – Hickory Street Annex
- Softlayer Technologies Inc., and DCI Technology Infomart, LP
- Forest Park Realty Partners III, LP and Forest Park Medical Center, LLC
- Authorize Development Agreement with Twelve Hills Nature Center, Inc (Davis Garden TIF District)
- Amendment to NCTCOG Interlocal Agreement related to the Comprehensive Area Plan for the International Inland Port of Dallas
- Authorize a resolution amending the City of Dallas Public Improvement District (PID) policy

**Presenter(s): AC Gonzalez, Assistant City Manager; Karl Zavitkovsky, Director, Economic Development; Hammond Perot, Assistant Director, Economic Development:**

**Economic Development Committee**

**October 5, 2009**

**Meeting Record – Page 3 of 3**

**Action Taken/Committee Recommendation(s):** Motion made to recommend item

**Motion made by:** Mr. Atkins

**Motion seconded by:** Mr. Kadane

Item passed unanimously:

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

**Follow-up (if necessary):**

**Meeting Adjourned:** 10:52 AM.

**Approved By:** \_\_\_\_\_

**Ron Natinsky, Chair**



# Memorandum



DATE October 16, 2009

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

SUBJECT **Briefing on Refining TIF Policy – Term Extension**

On Tuesday, October 20, 2009, the Economic Development Committee will be briefed on Refining TIF Policy – Term Extension.

Briefing material is attached.

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

  
A.C. Gonzalez  
Assistant City Manager

C: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Deborah Watkins, City Secretary  
Tom Perkins, City Attorney  
Judge C. Victor Lander, Judiciary  
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Dave Cook, Chief Financial Officer  
Jeanne Chipperfield, Director, Budget & Management Services  
Karl Zavitkovsky, Director, Office of Economic Development  
Hammond Perot, Assistant Director, Office of Economic Development  
Helena Stevens-Thompson, Assistant to the City Manager

# Refining TIF Policy - Term Extension

Economic Development Committee

October 20, 2009



Office of Economic Development  
[WWW.DALLAS-ECODEV.ORG](http://WWW.DALLAS-ECODEV.ORG)



# Overview

- ◆ In June, 2009 the **State Legislature** Amended the Tax Increment Financing Act (Chapter 311 of the Tax Code) to:
  - Allow **extension** of a **reinvestment zone's termination date**
  - Give taxing jurisdictions originally participating in the reinvestment zone the option to continue or discontinue their involvement for an extended term
- ◆ Five of the City's 17 TIF Districts will terminate by 12/13/14
- ◆ It is appropriate to review our TIF Policies, last updated in March, 2007, and establish renewal criteria

# Background: TIFs Defined

- ◆ Tax Increment Financing (TIF):
  - A tool to finance improvements within a **defined geographic area** to stimulate new private investment and generate increased real estate values
  - Any **increase in property tax revenues in excess** of the **base year** value of the District is paid into a special TIF fund to finance improvements within the District
  - **Developer funds** and **completes improvements** and is subsequently **reimbursed** from TIF revenue, as funds are available
  - Limits the financial risk of both the City and taxpayers

# Background: History

- ◆ First implemented in Dallas in 1988 with the creation of State-Thomas TIF District
- ◆ Seven Districts created between 1988 and 1999
  - State-Thomas
  - Cedars
  - Sports Arena
  - Cityplace
  - City Center
  - Oak Cliff Gateway
  - Farmers Market
- ◆ State-Thomas terminated in 2008 and Cityplace met forecasted increment projections in 2008, ceased collections and is working to build out final infrastructure improvements.
- ◆ Five other districts will either reach the termination date or maximum collection amount by 2014. (See Appendix 1)

# Background: Criteria for TIF Formation Updated in 2007

## ◆ “New Era” Financial Performance

- Assists projects that would otherwise not occur with desired densities/quality (“but for”)
- Generate income for the district, but also enhances revenue for the General Fund
- Taxes generated exceed taxes foregone
- Financial participation by other taxing entities
- Catalyst Projects: Minimum \$100 million investment over 5-year period

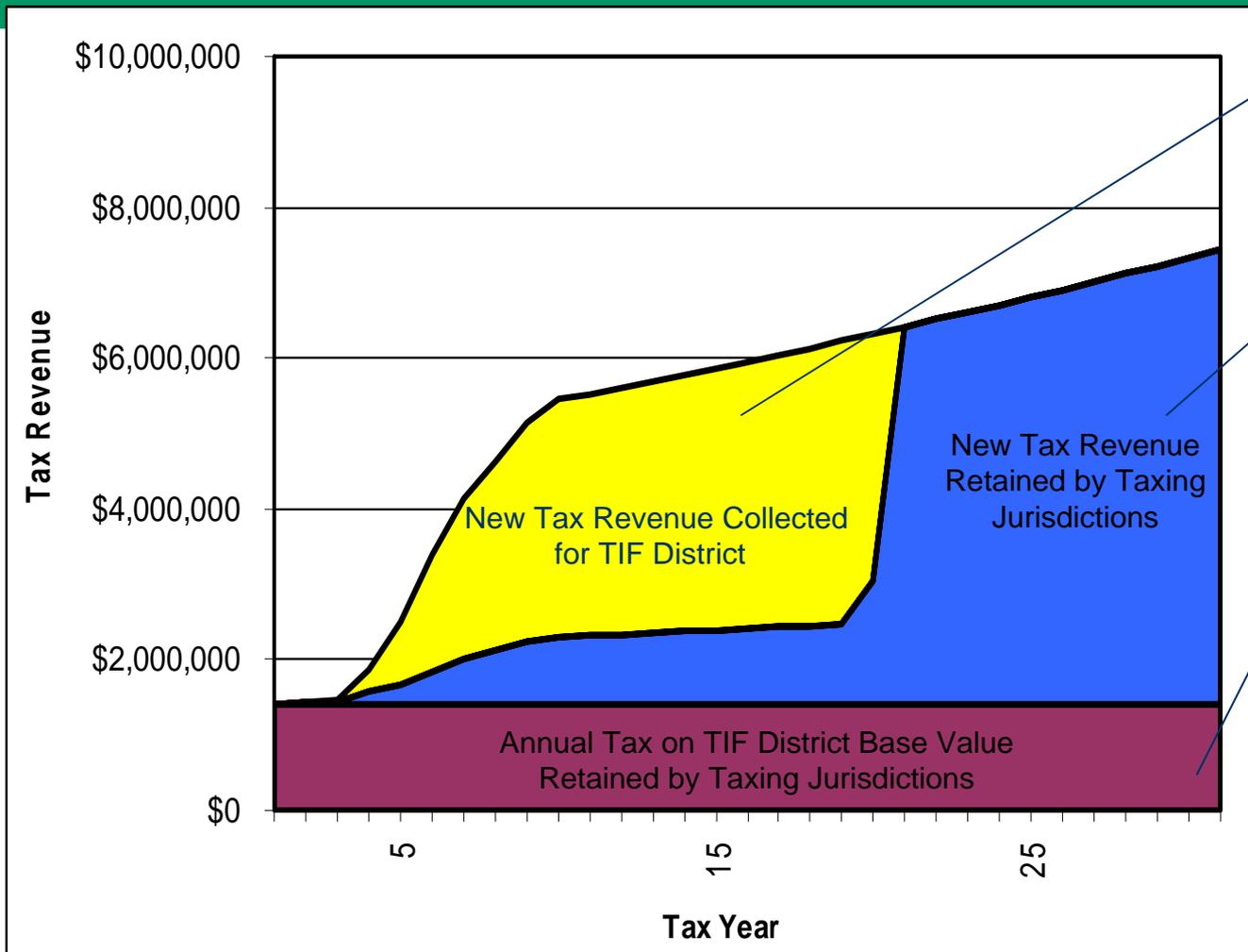
# Background: Criteria for TIF Formation

(continued)

## ◆ Public Policy Initiatives

- Affordable housing
- Strong urban design
- Promote hiring of neighborhood residents
- Enhancement of other public investments and core assets of the City of Dallas
- Benefits statistically low-income areas
- Provides for and enhances park/trail/green space
- M/WBE business hiring

# Background: Property Tax Flow within TIF Districts



Portion of revenue due to new development that flows to the TIF District

Portion of revenue due to new development that flows to the City's General Fund

Amount of Tax Revenue that flows to General Fund, TIF or no TIF

Additional revenue that flows to General Fund as a result of new development within a TIF District include:

- \*Sales Tax
- \*BPP
- \* Water Utilities

# Existing State Law

- ◆ **Reinvestment Zones** must be created to form a TIF
- ◆ No Reinvestment Zone can be created if its total **appraised real property tax value** plus the total appraised value of existing reinvestment zones exceeds 15% of the City's taxable real property tax base
- ◆ No Reinvestment zone can be created if more than 10% of the property (land mass), excluding publically owned property, is used for residential purposes (five or fewer living units)
- ◆ Currently the portion of the **City's real property tax value in Reinvestment Zones is 8.55% vs. a 15% cap**

# Dallas Financial Management Performance Criteria (FMPC)

- ◆ No Reinvestment Zone (TIFs and abatement zones) can be created if its total appraised property tax value, plus the total appraised value of existing reinvestment zones (**real and business personal property**) exceeds 10%
- ◆ The **FMPC cap calculation excludes Reinvestment Zones** that are **contributing 100%** of tax revenue generated to the City's **General Fund (i.e. Citypace TIF)**
- ◆ No Reinvestment zone can be created if more than 10% of the property (land mass), excluding publically owned property, is used for residential proposes (five or fewer living units)
- ◆ Currently the portion of **City real property and business personal property value in Reinvestment Zones is 6.87% vs. 10% cap**



# Background: Comparative State and FMPC Chart

	State Law	Dallas FMPC
<b>Tax Base Definition</b>	Real Property	Real Property + BPP
<b>Reinvestment Zones Included</b>	TIFs and Other Reinvestment Zones	TIFs and Other Reinvestment Zones
<b>Exclusions</b>	None	Excludes Reinvestment Zones contributing 100% of Revenue to City's General Fund
<b>Cap Level</b>	15%	10%
<b>Current Ratio</b>	8.55%	6.87%

# What TIFs Have Accomplished

- ◆ TIF Districts saw a 107% increase in taxable value over their base years in 2008
- ◆ In 2008, citywide property value increased by 1.05% vs. TIF Districts increase of 21.7%
- ◆ As of 2008, total TIF expenditures and allocations of \$547 million have leveraged approximately \$7.66 billion in property value
  - Each public dollar has leveraged \$14 in private investment
  - These investments will continue to:
    - Generate tax revenue, produce employment and improve quality of life
    - Enhance values in areas adjacent to targeted investment and protect surrounding neighborhoods from decline and disinvestment
    - Change the perception of investment potential of the area

# What TIFs Have Accomplished (continued)

- ◆ Cityplace and State-Thomas are examples of fully successful TIF implementation – property value increases by approximately 9 times; reconstruction of aging public infrastructure, higher development density, pedestrian amenities and ties to light-rail
- ◆ New Districts like TOD, Fort Worth Avenue, Davis Garden and Grand Park South create opportunities in Southern Sector

# Challenges Going Forward

- ◆ World has changed
- ◆ Financial institutions face regulatory constraints, real estate capital markets are frozen, and little liquidity is available for new loans
  - HUD is only game in town for residential finance
- ◆ Industrial, office, and retail markets are overbuilt nationally and locally, constraining new development opportunities
- ◆ More requirements for public support, but limited resources
  - Falling commercial property values reduce TIF increment growth
  - Bond issuances delayed
  - Public-Private Partnership and HUD 108 funds available, but demand exceeds supply

# Combining TIFs with Other Public and Private Sources

- ◆ Traditional TIF, Public-Private Partnership and Bond Investments will generate less private leverage because of more conservative lending standards
- ◆ TOD TIF promotes sharing of northern increments with southern neighborhoods
- ◆ TIF reimbursements must be effectively used to support capital repayment/debt service for new financial tools that include
  - HUD Section 108 Program
  - EB-5 City of Dallas Regional Center
  - Municipal Management Districts (MMD)

# Change in State Law Permits TIF Termination Date Extension

- ◆ In June, 2009, Chapter 311 of the Tax Code (Tax Increment Financing Act) was amended by the State Legislature to allow the extension of a reinvestment zone's termination date
  - Taxing jurisdictions originally participating in the reinvestment zone have the option to continue or discontinue their participation for the extended term

# TIF Policy Consideration: Term Extension Criteria

- ◆ With the changes in legislation, City policy needs to be updated to set parameters for term extensions of existing TIF Districts
- ◆ Below are recommended criteria for term extension:
  - **Meets same basic guidelines as “New Era” TIF formation and falls within FMPC cap requirement**
  - **Changing market conditions** (not present when the zone was established) **within the District will:**
    - Allow pending development to occur immediately, or
    - Support the expansion of a major employer, or
    - Support significant public investment and publically funded initiatives

# TIF Policy Consideration

## Term Extension Criteria (continued)

- **Extension of the District's term will:**
  - **Attract substantial redevelopment** projects with a private investment of \$100 million or more over the first 5 years of the extension period
  - **Generate satisfactory TIF increment to meet specific infrastructure and development needs** necessary to change the real estate market for the area
  - **Reduce the City's TIF contribution to allow greater general fund cash flow** and meet District 'pay back' goals (time after TIF closes for new revenue generated within the District to reimburse the General Fund for total City TIF contributions)
  - **Participation by other taxing entities**

# TIF Policy Consideration

## Term Extension Criteria (continued)

- **Term Extension Limit**
  - **10 years** – to allow enough time to fund infrastructure improvements for the targeted area
  - Can be extended if similar criteria are met
- ◆ **Continued existence of the following pre-conditions:**
  - Low housing values
  - Low income population
  - High vacancy rates for commercial buildings
  - An abundance of undeveloped or underdeveloped land
  - Substandard Infrastructure

# Recommendation

- ◆ Committee recommendation for approval of proposed TIF Policy amendment
- ◆ City Council consideration of TIF policy amendment on November 9, 2009

# ◆ Appendices

# Appendix 1: TIF Districts that have Expired or near Expiration

- ◆ State-Thomas TIF District officially terminated in 2008
- ◆ Cityplace TIF District ceased TIF increment collection in 2008, but the District does not officially expire until 2012
- ◆ Oak Cliff Gateway, Cedars and City Center TIF Districts expire in 2012
- ◆ Farmers Market TIF District expires in 2014

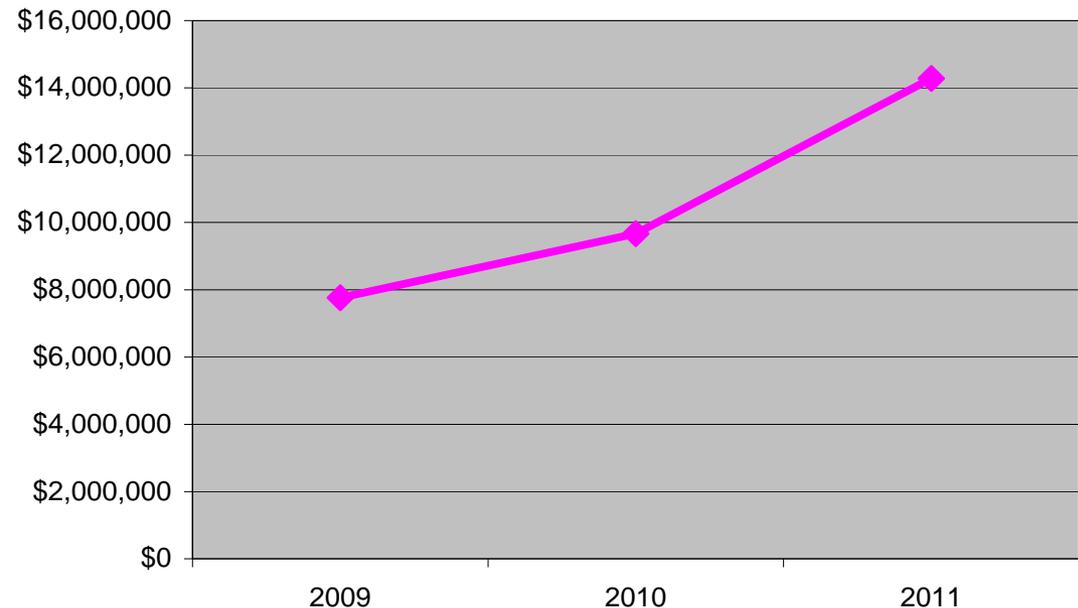
TIF District	Termination Date	2009 District Value	2009 Captured Value	Current City Contribution to TIF District (%)	Current City Contribution to TIF District
Oak Cliff TIF District	2012	\$110,576,980	\$72,006,852	100%	\$538,539
Cedars Area TIF District	2012	\$88,310,318	\$53,009,558	100%	\$396,458
City Center TIF District	2012	\$1,361,888,486	\$485,698,421	90%	\$3,269,285
Farmers Market TIF District	2014	\$107,740,320	\$80,033,469	100%	\$598,570
Sports Arena TIF District*	2019	\$502,927,411	\$486,503,638	100%	\$3,638,561

\*Sports Arena TIF District is anticipated to complete TIF collections in 2012

# Appendix 2: General Fund Revenue

- Existing TIFs will provide \$31.7 million in new General Fund revenue by 2011
  - \$7.8M in 2009
  - \$9.7M in 2010
  - \$14.2M in 2011

**General Fund Revenue from TIFs**



# Memorandum



DATE October 16, 2009

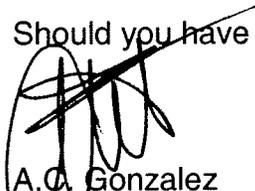
TO Members of the Economic Development Committee: Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Jerry R. Allen, Dwaine Caraway, Sheffie Kadane, Ann Margolin, Linda Koop, and Steve Salazar

SUBJECT **Briefing on Oak Cliff Gateway TIF District: Term Extension and Zang Triangle Project**

On Tuesday, October 20, 2009, the Economic Development Committee will be briefed on Oak Cliff Gateway TIF District: Term Extension and Zang Triangle Project.

Briefing material is attached.

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



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# ***Oak Cliff Gateway TIF District: Term Extension and Zang Triangle Project***

Economic Development Committee

October 20, 2009



Office of Economic Development  
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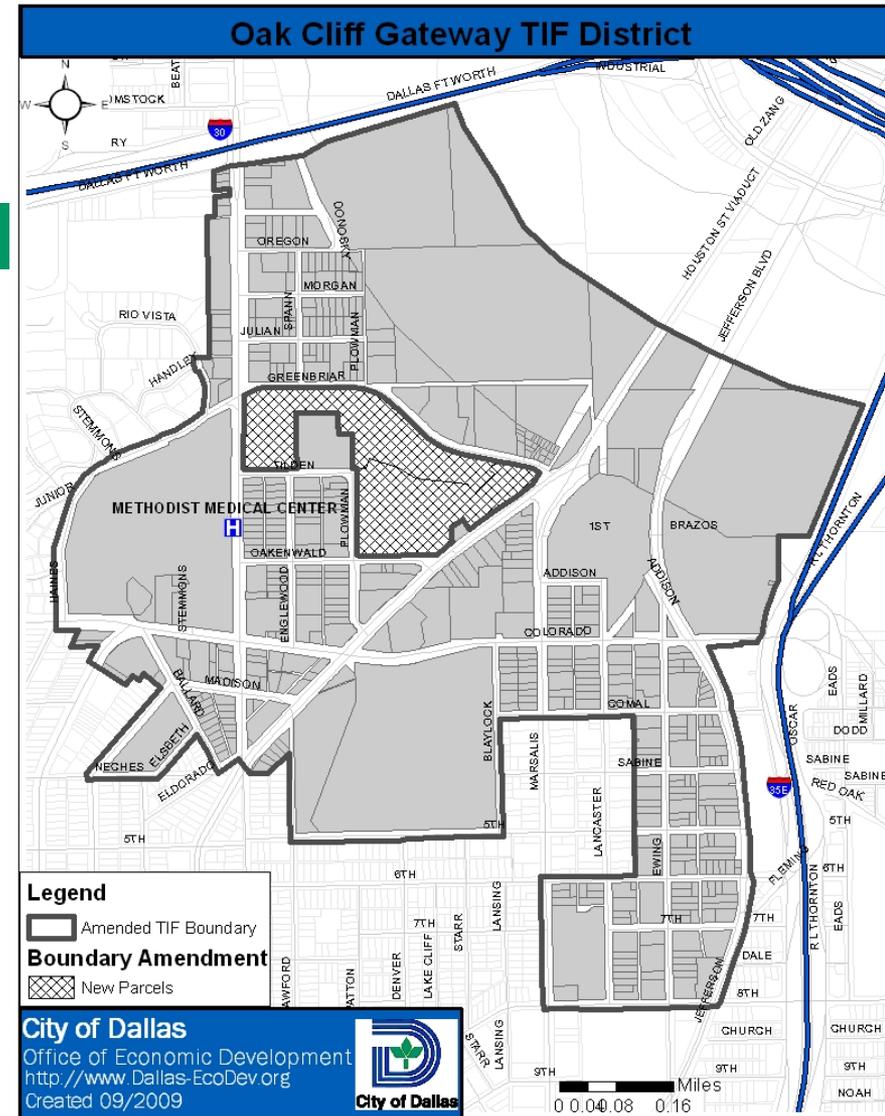
# Overview

- ◆ **Request to Extend Oak Cliff Gateway TIF Term**
  - Various amendments have been proposed for the Oak Cliff Gateway including a 10-year term extension
    - December 31, 2012 to December 31, 2022
  - Prior to considering this term extension, the TIF Policy must be amended
- ◆ **Request to amend the Oak Cliff Gateway TIF District and Project Plan**
  - Boundary Amendment
  - Decrease taxing jurisdiction participation rate in the extended term of the District
  - Increase TIF Budget
  - Create Grant Program
- ◆ **Request to fund Zang Triangle Project/1335 North Zang Blvd**
  - \$5,500,000 requested for TIF eligible improvements associated with the proposed Zang Triangle Project



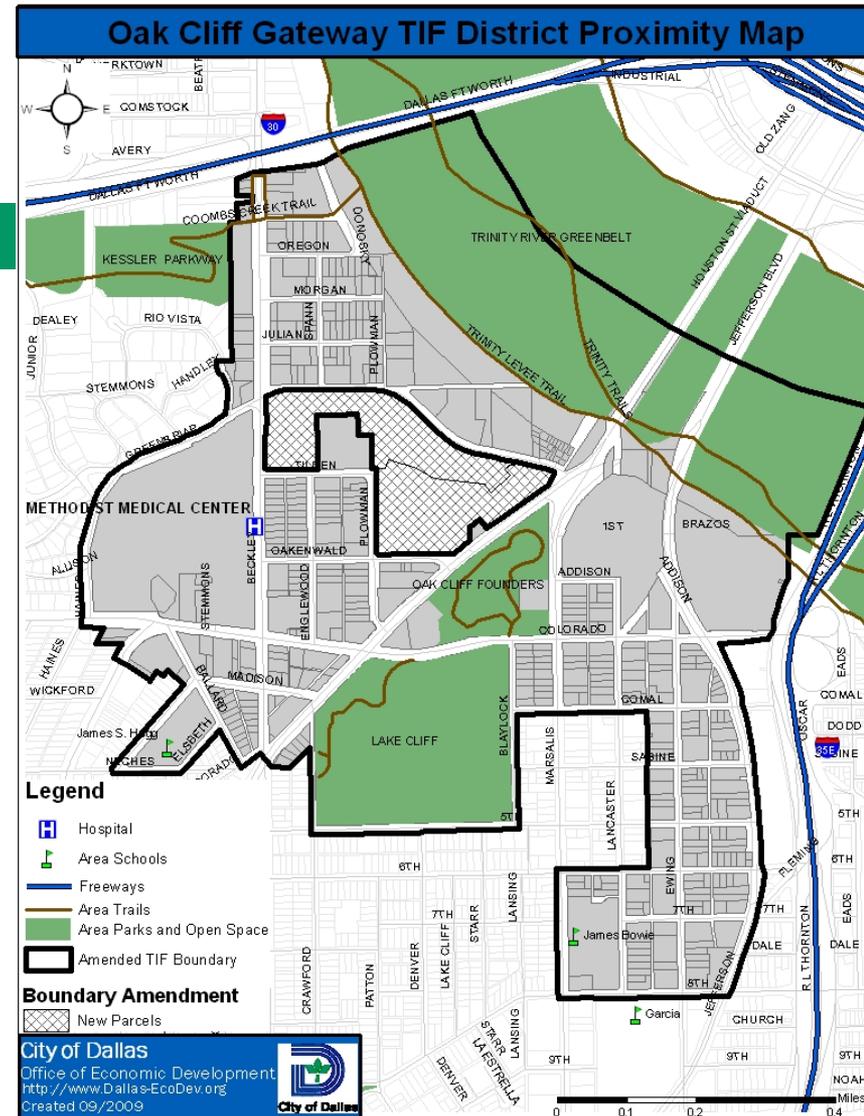
# Oak Cliff Gateway: Background

- ◆ The Oak Cliff Gateway was originally created in 1992, the same year as the creation of Cityplace TIF District, but has not achieved similar development success
- ◆ The District is located adjacent to the Trinity River and southwest of Downtown Dallas



# Oak Cliff Gateway: Background (continued)

- ◆ This area is prime for residential and commercial redevelopment due to its adjacency to the Trinity River, proximity to Interstates 30 and 35, proximity to the expansion of operations at Methodist Medical Center
- ◆ Additional assets in and near the District include Lake Cliff Park, Founders Park, the Trinity River and Bishop Arts District



# Oak Cliff Gateway: Current Status

## ◆ Remaining Term of the District

- The **expiration** of the TIF District is **December 31, 2012**
- The current expiration date **discourages new development** projects within the District as the length of time remaining is not sufficient to generate project increment for TIF reimbursement



# Oak Cliff Gateway: Current Status

## ◆ Original District Development Goals Unmet

- Over the years, the Oak Cliff Gateway TIF District has spurred development within the area, but at a slower rate than anticipated
- Original development goals within the District were not met
- Original Development Goals and Development Outcomes
  - **Add 500 market rate apartment**
    - *Approximately 368 units have been constructed within the District*
  - **Add 150 elderly housing units including assisted living facilities**
    - *No elderly housing units have been constructed within the District*
  - **Add 100 single family units**
    - *Approximately 121 owner occupied units have been constructed within the District*
  - **Add 90,000 square feet of additional industrial space**
    - *Approximately 60,000 square feet of light industrial space has been constructed within the District*
  - **Add 140,000 square feet of additional retail/commercial space**
    - *Approximately 38,000 square feet of retail/commercial space has been constructed in the District*

# Oak Cliff Gateway: Changing Market Conditions

## ◆ Changing market conditions within the District

- Recent development activity within the District indicates redevelopment interest exists in the area
  - **Methodist Medical Center** expansion completed in 2007 was a \$40M investment in the District
  - **Methodist Medical Center** has plans for \$30 to \$50 million expansion across from their facility on Beckley Avenue
  - **Grand Bank**, a \$2M investment, was completed in 2008
  - **Wachovia Bank**, a \$1.1M, investment was completed in 2008
  - **Bishop Colorado Retail Plaza**, a \$5.12M investment was completed this year
  - **Trinity Town Homes Phase II**, a \$20M investment, completed this year



# Does the Oak Cliff Gateway Request Meet TIF Extension Criteria?

- ◆ **The Oak Cliff Gateway TIF District meets guidelines for a “new era” TIF and falls within the FMPC cap requirement**
- ◆ **Changing market conditions within the District will:**
  - **Allow pending development to occur immediately** – Zang Triangle Project, a \$31M investment
  - **Support the expansion of a major employer** – Methodist Medical Center has plans to expand across Beckley Avenue
  - **Supports significant public investment and publically funded initiatives** – The Trinity River is the northern boundary of the TIF District as serves the Oak Cliff Gateway’s front door
- ◆ **Attract substantial redevelopment projects with a private investment of \$100M or more over the first 5 years of the extension period (See Appendix 1)**
  - Zang Triangle Project/1335 N. Zang – \$31M investment (256 residential units, 4000 square feet retail space)
  - 1720 Plowman: estimated \$20M investment (42 town home units)
  - 421 E. Greenbriar Street: estimated \$30M investment (260 residential units)
  - 265 Tilden Street: estimated \$30M investment (270 residential units)
  - Methodist Medical Expansion: estimated \$30M to \$50M investment (office and commercial space)



# Does the Oak Cliff Gateway Meet Extension Criteria? (continued)

- ◆ **Generate satisfactory TIF increment to meet specific infrastructure and development needs**
  - Development within the TIF District over the 10 year extended term is estimated to generate \$21.4M in TIF increment (See Appendix 2)
  - The increment generated would fund approximately 80% of the district infrastructure improvements
- ◆ **Reduce the City's TIF contribution to allow greater general fund cash flow**
  - **City's participation rate reduced from 100% to 85%**, increasing funding to the general fund immediately and reducing the City's payback period once the district terminates
- ◆ **Participation by other taxing entities**
  - Dallas County is anticipated to participate in the extended term at a rate of 65% (original participation rate of 100%, but normal participation is 55%)
  - DISD, Dallas County Hospital District and Dallas County Community College District are not anticipated to participate in the 10-year extended term
    - DISD could potentially lose state funding
    - DCCCD and DCHD do not participate due to financial constraints
- ◆ **Extension limit**
  - 10 years **Term**



# Proposed Term Extension Benefits

- ◆ Allow the District to take advantage of increases in the tax base generated by changing market conditions:
  - Trinity River Corridor Project
  - Methodist Medical Center expansion
  - Limited developable land near downtown
  - Redevelopment activity already taking place within the district
- ◆ Allow the District to take advantage of increases in the tax base due to development in the Oak Cliff Gateway district
- ◆ Provide a funding mechanism for needed public infrastructure improvements to support new development (See Appendix 3)

# Term Extension Benefits (continued)

- ◆ Provide for the inclusion of an **affordable housing requirement** (20% of residential units) for residential development within the District, which was not a requirement when the district was created in 1992
- ◆ Allow the District to collect increased revenue as two properties, proposed to be added to the District, tax abatement periods end during the 10-year period in order to generate adequate funds for needed infrastructure improvements
- ◆ Enable a new project, Zang Triangle, to proceed (additional information provided on slides 15 through 21)



# Proposed Boundary Amendment

- ◆ Two parcels totaling approximately 30 acres in size are proposed to be added to the Oak Cliff Gateway TIF District and will generate approximately \$4,000,000 to complete public infrastructure improvements in the area
  - 1401 Zang Boulevard
  - 1520 N. Beckley Avenue

# Proposed Budget Amendment

- ◆ The TIF Budget is proposed to increase from \$13,001,357 total dollars to \$33,432,572 total dollars
- ◆ The increased budget will support the infrastructure and financing needs of planned and anticipated development within the District
- ◆ A Grant line item has been added to provide financing flexibility in support of affordable housing and other economic development related priorities

# Proposed Budget Amendment *(continued)*

## Oak Cliff Gateway TIF District Project Plan Improvements Budget

*Project costs are public improvements paid or reimbursed by TIF.*

*Project costs may be changed in subsequent project and financing plans.*

Category	Approved TIF Budget (Actual)*	Recommended TIF Budget (Actual)*
<b>Public Infrastructure Improvements – Streets, Streetscape, Water, Wastewater, Utility Burial</b>	\$3,699,430	\$11,015,728
<b>Façade Improvements</b>	\$1,950,000	\$3,653,116
<b>Environmental Remediation and Demolition</b>	\$2,527,310	\$6,642,028
<b>Pedestrian Linkages/Lighting</b>	\$3,121,927	\$1,660,507
<b>Educational/Training Facilities</b>	\$900,000	\$664,203
<b>Economic Development Grants</b>	\$0	\$8,302,535
<b>Administration</b>	\$802,690	\$1,494,456
<b>Total Project Costs</b>	<b>\$13,001,357</b>	<b>\$33,432,572</b>



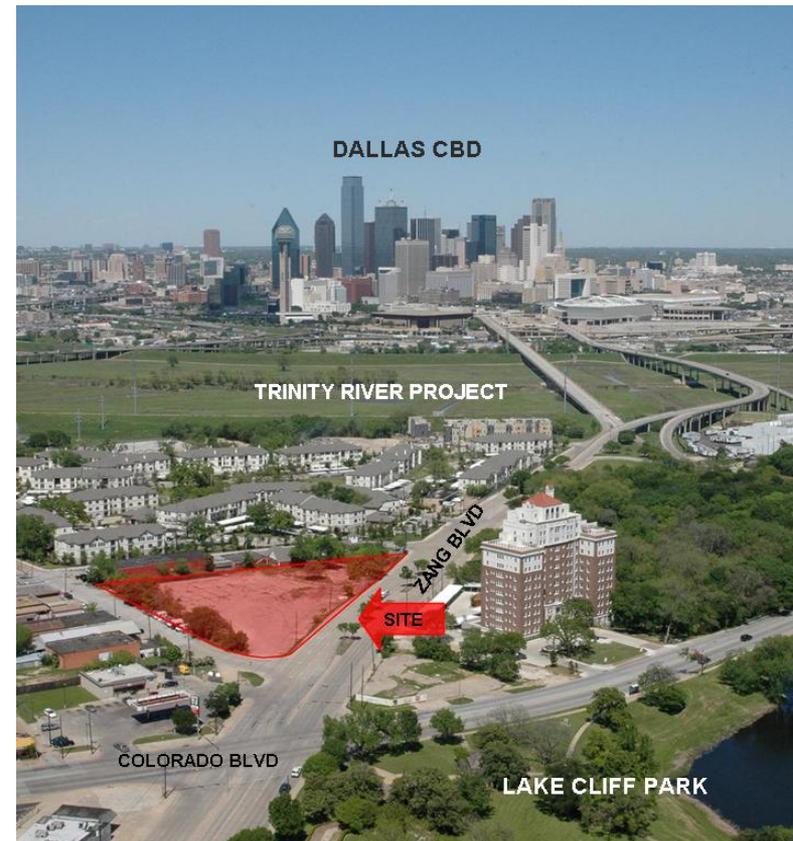
\* All values discounted to 2008 dollars at 5% annually. Actual expenditure value will depend on timing of project cost.

# Zang Triangle Development

- ◆ If the proposed amendments to the Oak Cliff Gateway TIF District and Project Plan are approved, Zang Triangle will be the first project considered for TIF Funding. Developer is Lang Partners (See Appendix 4)

- **Project Location**

- Located at the intersection of Zang Boulevard and Plowman Avenue – 1335 N. Zang Boulevard
- The site is 3.3 acres in size
- The site is adjacent to the Lake Cliff Tower and Park and 5 minutes from downtown Dallas



# Zang Triangle Development (continued)

## ◆ Project Description

- A 4-story, mixed use building with 256 residential units (approximately 216,000 square feet of residential space) and 4,000 square feet of retail
- 52 units (20% of total project units) will meet affordable housing requirements
- Estimated investment of \$32M
- On-site amenities for the project include a pool, 2 court yards, fitness center, tenant lounge/internet café, and mail room



# Zang Triangle Project – Site Plan



# Zang Triangle Project Proposed TIF Funding

- ◆ TIF funds for the Zang Triangle Project would be used to offset the cost of the following improvements:
  - Site assessment, demolition and engineering
  - Streetscape/utilities design and construction
  - Structured parking
  - Affordable housing requirement

Description		Amount
<b>Environmental Remediation and Demolition</b>		
Site assessment & demolition	\$92,398.50	
Engineering	\$7,601.50	\$100,000
<b>Public Infrastructure Improvements -</b>		
Streetscape/Utilities (Design and Construction)		\$1,300,000
<b>Economic Development TIF Grant – reimbursement to offset portion of cost affordable housing and structured parking</b>		\$4,100,000
<b>Total TIF funding request</b>		<b>\$5,550,000</b>

# Zang Triangle Project

## NCTCOG Grant

- ◆ A proposal has been submitted to the NCTCOG Sustainable Development Grant Program for the Zang Triangle Project
- ◆ \$1,750,000 in grant money has been requested for the following offsite improvements:
  - Street easement abandonment
  - Water/wastewater and storm sewer line relocation
  - Pedestrian crossing improvements
  - Streetscape Improvements
- ◆ Projects selected for grant funding will not be announced until March 2010

# Zang Triangle Project Funding Sources & Uses

- ◆ Funding Sources and Uses
  - HUD 221(d)(4) program – Construction loan
  - HUD Section 108 funding – Mezzanine debt
  - Sustainable Development Grant - NCTCOG Funding
  - Lang Partners – Equity

<b>Funding Source</b>	<b>Amount</b>	<b>Use</b>
HUD 221(d)(4)	\$20,000,000	Construction Loan
City of Dallas - Section 108	\$6,000,000	Mezzanine Loan
Lang Partners, LLC	\$3,684,000	Equity
NCTCOG Sustainable Development Grant	\$1,750,000	Public Improvements
<b>Total</b>	<b>\$31,434,000</b>	

# Zang Triangle Project Summary

Proposed Zang Triangle Project	
<b>Project Square Footage</b>	216,000 square feet - 256 units 4,000 square feet - retail space
<b>Private Investment</b> <i>(land acquisition, hard and soft costs)</i>	\$31,051,000
<b>Total Project Costs</b> <i>(actual investment, land acquisition, soft costs, debt expenses, etc)</i>	\$32,393,000
<b>Total Costs per SF</b>	\$147.24
<b>TIF Funding</b>	\$5,550,000
<b>Return on Cost with TIF Reimbursement</b>	6.8%
<b>Return on Cost without TIF Reimbursement</b>	5.8%
<b>% TIF Funds to Total Project Costs</b>	17.13%
<b>Proposed Construction Start Date</b>	September 30, 2010
<b>Proposed Project Completion Date</b>	December 31, 2011



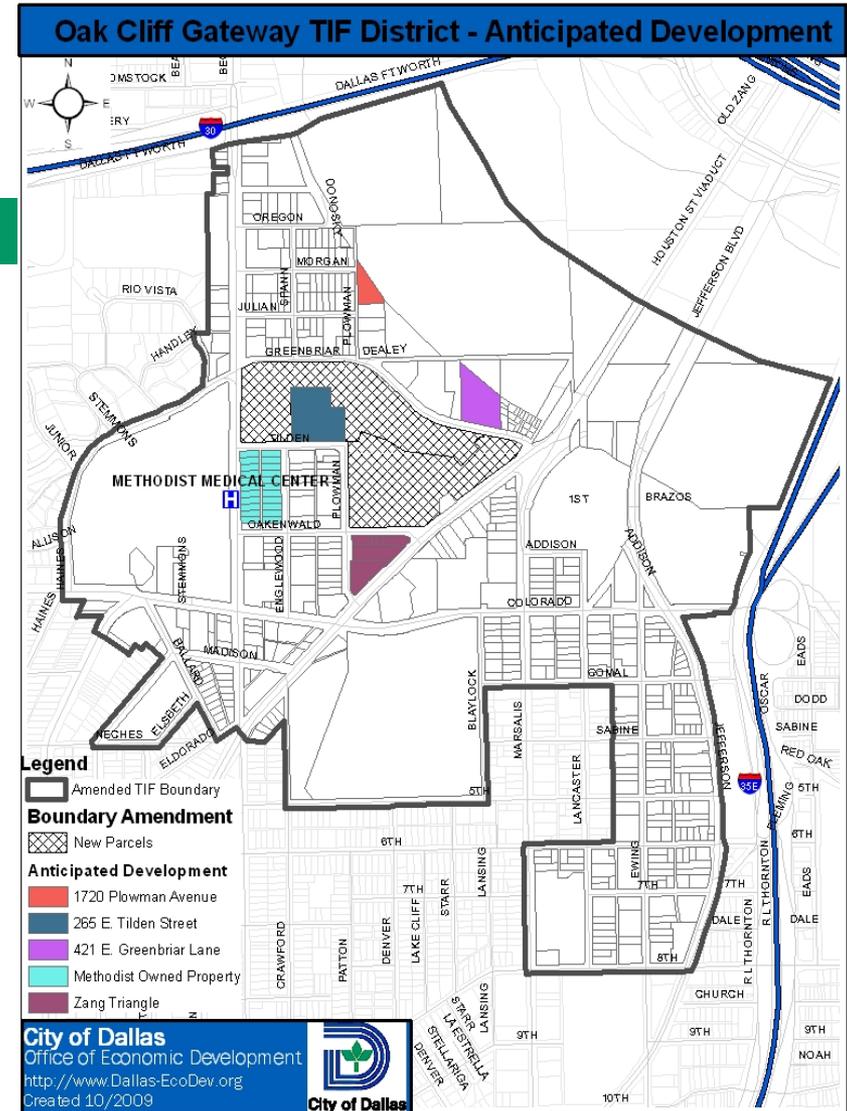
# Recommendations

- ◆ The following actions are recommended:
  - Conduct a Public Hearing on November 9, 2009, to receive citizen comments on the various proposed amendments to the Oak Cliff Gateway TIF District and Project Plan
  - Approval of the various proposed amendments to the Oak Cliff Gateway TIF District and Project Plan, at the conclusion of the public hearing
  - Approve a Development Agreement with Lang Partners LLC, for TIF reimbursement for the Zang Triangle Project

# ◆ Appendices

# Appendix 1: Map of Anticipated Development

- Zang Triangle Project/1335 N. Zang – \$31M investment (256 residential units, 4000 square feet retail space)
- 1720 Plowman: estimated \$20M investment (42 town home units)
- 421 E. Greenbriar Street: estimated \$30M investment (260 residential units)
- 265 Tilden Street: estimated \$30M investment (270 residential units)
- Methodist Medical Expansion: estimated \$30M to \$50M investment (office and commercial space)

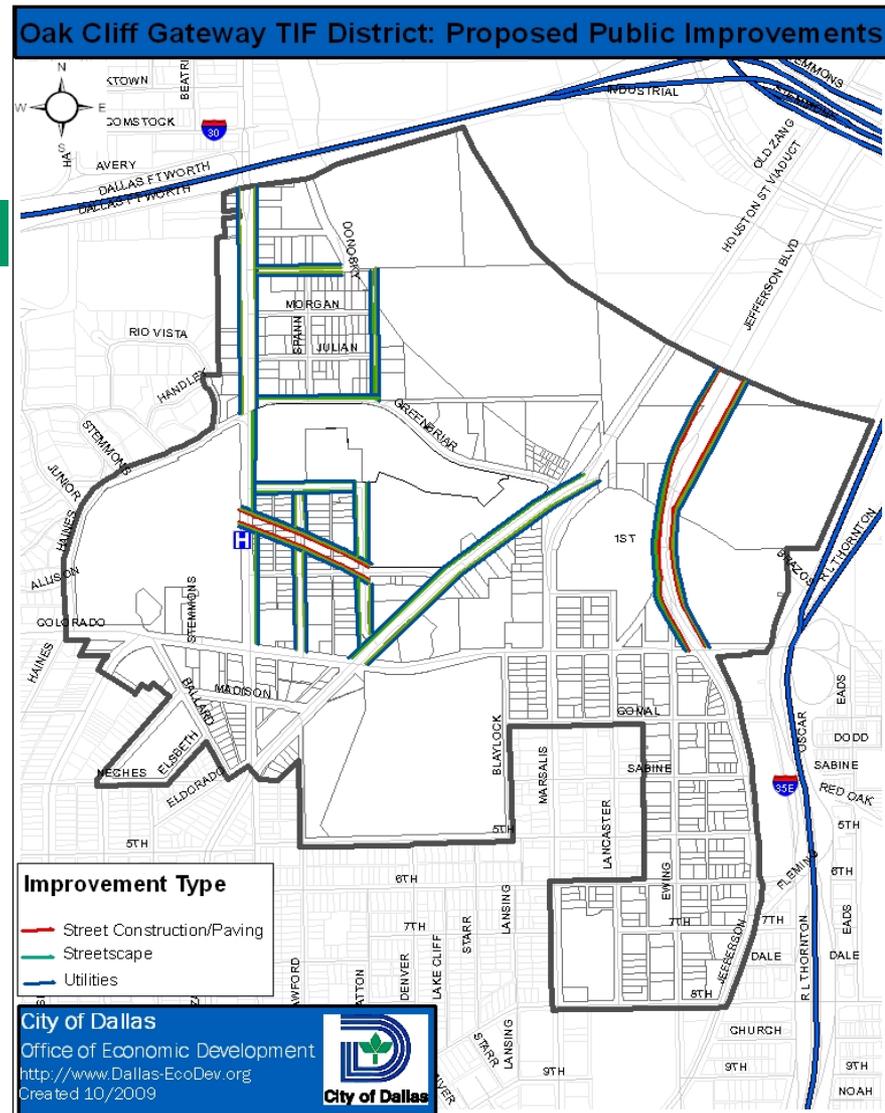


# Appendix 2: TIF Increment Chart

## Projected TIF Increment Schedule

Tax Year	Net Taxable Assessed Value	Cumulative Prop Val Growth	Captured Appraised Value	Tax Increment Revenue	Accumulated Net Present Value	Tax Increment Revenue					
Year	City		City	Total Dollars	Value	City	DISD	Dallas County	DCHD	DCCCD	
Base Year	1992	\$38,570,128									
1	1993	\$38,245,158	-0.84%	(\$324,970)	\$0	\$0	\$0	\$0	\$0	\$0	
2	1994	\$38,699,692	0.34%	\$129,564	\$0	\$0	\$0	\$0	\$0	\$0	
3	1995	\$38,323,980	-0.64%	(\$246,148)	\$0	\$0	\$0	\$0	\$0	\$0	
4	1996	\$39,118,366	1.42%	\$548,238	\$0	\$0	\$0	\$0	\$0	\$0	
5	1997	\$41,514,962	7.64%	\$2,944,834	\$59,146	\$44,722	\$19,189	\$27,095	\$5,919	\$5,471	\$1,472
6	1998	\$43,746,236	13.42%	\$5,176,108	\$103,331	\$118,606	\$33,598	\$47,625	\$10,207	\$9,312	\$2,588
7	1999	\$45,659,848	18.38%	\$7,089,720	\$142,199	\$214,752	\$47,324	\$63,573	\$13,868	\$13,868	\$3,566
8	2000	\$51,431,069	33.34%	\$12,860,941	\$266,401	\$385,083	\$85,847	\$116,281	\$25,188	\$32,641	\$6,444
9	2001	\$54,818,286	42.13%	\$16,248,158	\$339,026	\$590,062	\$108,456	\$147,727	\$31,827	\$41,245	\$9,771
10	2002	\$56,761,977	47.17%	\$18,191,849	\$385,383	\$810,400	\$127,307	\$165,313	\$35,636	\$46,181	\$10,947
11	2003	\$52,797,457	36.89%	\$14,227,329	\$260,649	\$951,319	\$85,116	\$110,378	\$24,785	\$30,875	\$9,496
12	2004	\$55,421,996	43.69%	\$16,851,868	\$324,311	\$1,117,124	\$111,266	\$133,818	\$30,582	\$36,950	\$11,695
13	2005	\$57,308,839	48.58%	\$18,738,711	\$412,881	\$1,316,733	\$138,985	\$170,975	\$40,039	\$47,546	\$15,336
14	2006	\$60,675,614	57.31%	\$22,105,486	\$485,923	\$1,538,881	\$161,193	\$203,393	\$47,284	\$56,148	\$17,905
15	2007	\$76,125,212	97.37%	\$37,555,084	\$772,572	\$1,872,871	\$256,776	\$316,447	\$84,545	\$87,155	\$27,649
16	2008	\$95,665,708	148.03%	\$57,095,580	\$1,302,824	\$2,405,469	\$418,060	\$556,443	\$122,836	\$152,368	\$53,118
17	2009	\$110,576,980	186.69%	\$72,006,852	\$1,612,593	\$3,028,857	\$538,539	\$662,535	\$164,248	\$182,897	\$64,374
18	2010	\$121,233,905	214.32%	\$82,663,777	\$1,851,255	\$3,705,593	\$618,242	\$760,589	\$188,556	\$209,966	\$73,901
19	2011	\$150,914,752	291.27%	\$112,344,624	\$2,515,958	\$4,575,307	\$840,225	\$1,033,683	\$256,258	\$285,355	\$100,436
20	2012	\$178,187,621	361.98%	\$139,617,493	\$1,219,356	\$4,973,894	\$1,044,199	\$0	\$175,157	\$0	\$0
1	2013	\$182,642,311	233.18%	\$144,072,183	\$1,129,497	\$5,323,032	\$915,888	\$0	\$213,609	\$0	\$0
2	2014	\$224,348,792	309.26%	\$185,778,664	\$1,456,468	\$5,748,760	\$1,181,023	\$0	\$275,445	\$0	\$0
3	2015	\$280,420,512	411.55%	\$241,850,384	\$1,896,059	\$6,272,847	\$1,537,479	\$0	\$358,579	\$0	\$0
4	2016	\$310,160,942	465.80%	\$271,590,814	\$2,129,218	\$6,829,380	\$1,726,544	\$0	\$402,674	\$0	\$0
5	2017	\$342,660,527	525.08%	\$304,090,399	\$2,384,006	\$7,418,628	\$1,933,148	\$0	\$450,860	\$0	\$0
6	2018	\$369,099,345	573.31%	\$330,529,217	\$2,591,283	\$8,024,283	\$2,101,224	\$0	\$490,059	\$0	\$0
7	2019	\$416,789,938	660.31%	\$378,219,810	\$2,965,168	\$8,679,641	\$2,404,400	\$0	\$560,768	\$0	\$0
8	2020	\$465,672,796	749.48%	\$427,102,668	\$3,348,399	\$9,379,462	\$2,715,156	\$0	\$633,244	\$0	\$0
9	2021	\$497,905,421	808.28%	\$459,335,293	\$3,478,667	\$10,066,977	\$2,797,634	\$0	\$681,033	\$0	\$0
10	2022	\$530,943,861	835.39%	\$492,373,733	\$0	\$0	\$0	\$0	\$0	\$0	\$0
					<b>\$33,432,572</b>	<b>\$10,066,977</b>	<b>\$21,946,819</b>	<b>\$4,515,875</b>	<b>\$5,323,204</b>	<b>\$1,237,978</b>	<b>\$408,701</b>

# Appendix 3: Map of Anticipated Public Improvements



# Appendix 4: Lang Partners, LLC

- ◆ The principals of Lang Partners include John Ausburn, Dirik Oudt and Kyle Oudt
- ◆ While functioning as the development team of Lang Partners, they all represent INCAP fund in their roles listed below
  - John Ausburn, Managing Director – over 25 years of real estate and development experience focusing the 12 years on urban infill projects
  - Dirik Oudt, Vice President, Acquisitions and Dispositions – directs INCAP's Fort Worth and San Antonio land acquisition and development program
  - Kyle Oudt, Vice President, Asset management



# Memorandum



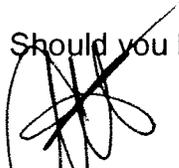
DATE October 16, 2009

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, Steve Salazar

SUBJECT **Southern Skates**

On Tuesday, October 20, 2009, you will be briefed on United Front of Dallas, Inc. (Southern Skates). Briefing material attached.

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

  
A.C. Gonzalez  
Assistant City Manager

C: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Deborah Watkins, City Secretary  
Tom Perkins, City Attorney  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Judiciary  
Ryan S. Evans, First Assistant City Manager  
Forest Turner, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Jeanne Chipperfield, Director, Office of Financial Services  
David Cook, Chief Financial Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
Hammond Perot, Assistant Director, Office of Economic Development  
Helena Stevens-Thompson, Assistant to the City Manager

# Southern Skates Update

**Economic Development Committee**

**October 20, 2009**



# Purpose

- Update Economic Development Committee on Southern Skates facility
- Seek direction from Economic Development Committee on next steps

# Prior Action

- Economic Development Committee was briefed on Southern Skates on August 17, 2009. Committee actions were the following:
  - Committee voted to sell the Southern Skates facility
  - Committee recommended closing the facility October 1, 2009
  - Committee requested that staff contact HUD to determine the impact of October 1<sup>st</sup> closing

# HUD Response

- The HUD Fort Worth Regional Office sent written responses concerning the impact of closing and selling the Southern Skates facility to City staff, referencing the HUD Regulations that govern the impact of a change of use and the process.
- The owner (City) of real property purchased with CDBG funds must keep the property in use for the original purpose unless the change of use is for another eligible use or the property is sold. If the real property is sold, the original planned use must continue until title changes.

# HUD Response, cont'd.

- A recipient may not change the planned use of any such real property from that which CDBG funds were used without providing affected citizens a Public Hearing to comment on the proposed change and the proposed change meets an eligible National Objective.
- Selling the property would constitute a change of use.
- Notice of Public Hearing for HUD projects must be posted for 30 days prior to the hearing. The full Public Hearing process, from agenda through committee and council approval, the actual hearing, close of the Hearing and council action, could take up to 60 days. Time will increase if Public Hearing is extended.

## HUD Response, cont'd.

- If the project is found to be in non compliance, HUD may take actions that range from a warning to reimbursement to the City's CDBG line of credit of up to \$1,060,000 from the City's General Fund.
- If the City chooses to sell the facility, the City's CDBG program would be reimbursed from sale proceeds and not the City's General Fund.

# HUD Response, cont'd.

- HUD has conveyed the following conditions for selling the facility:
  - Public bid – aggressive, comprehensive marketing
  - No advertised minimum bid
  - Deed restrictions prohibiting disfavored uses are permitted provided they are reviewed by HUD
  - Sale proceeds to be shared pro rata to HUD and City's General Fund based on contributions
  - HUD pro rata share reprogrammed to City CDBG line of credit
  - HUD is open to state mandated publicly advertised bid process to establish Fair Market Value

# Current Status

- Skating rink continues to operate
- Facility operating schedule is Thursday, Saturday and Sunday Matinee
- The current schedule generates revenues sufficient to meet operating expenses
- The facility is in need of foundation repairs and routine maintenance
  - Cost estimate is \$40,000 to be funded from PKR capital budget

# Recent Inquiries

- Staff has received three inquiries to operate, lease or buy the facility. All require subsidies from the City. (See Appendix A)
- To be compliant with HUD regulations, lease, operation or sale of the facility must be done through a competitive bid process. If the facility is contracted to an outside entity to operate the skating rink or use it for another eligible use that meets a National Objective, the following compliance conditions would apply:
  - Operator would be subject to a “normal/reasonable” return
  - “Normal/reasonable” return methodology would be determined by HUD and the City
  - Profit in excess of “normal/reasonable” will be considered program income
  - Program income must be returned to the City’s CDBG line of credit
  - HUD monitoring would continue throughout any contract period
  - City is responsible for any HUD non compliance during any contracted period
  - HUD reimbursement may be required for any unresolved non compliance issues

# Next Steps

- Receive guidance from the Economic Development Committee
- Follow through on decision to sell:
  - Continue to operate on breakeven schedule
  - Call for Public Hearing (to be held January 2010)
  - Move forward with sale of facility working with HUD

# Appendix A

## (Inquiries/Conditions)

- September 22, 2009 – Skate America
  - Five (5) year lease with four (4) five (5) year options
  - Option to purchase building at anytime during lease for \$300,000
  - \$25,000 annually from City during the lease for facility security
  - Repair of any structured defects
  - PKR guarantee of 5,000 children annually to the rink at \$8 per child

# Appendix A

## (Inquiries/Conditions) cont'd

- October 6, 2009 – Fred H. Porter (former skating rink manager) with The Missionary Group (local Dallas churches)
  - Three (3) year lease agreement with an option to renew or purchase on or before end of lease with the following stipulations
    - Landlord will give tenant four months free rent at the signing of lease with no up front capital required of Landlord or Tenant
    - Rent for the first year will be \$3,500 per month and will begin March 1, 2009 and will increase \$550 each year at renewal of lease until property is purchased
    - Landlord and Tenant will agree to a firm purchase price of property with tenant having the option to purchase property at anytime.

# Appendix A

## (Inquiries/Conditions) cont'd

- Tenant will maintain \$1,000,000 liability insurance at all times
- Tenant will utilize property as initial design and purpose
- Tenant will provide economic stimulus in neighborhood to fulfill initial purpose of building
- Tenant will implement positive youth programs to address dropout rate in neighborhood
- Tenant will implement adult training programs to increase employability of residents
- Tenant will implement senior program to enhance quality of life for neighborhood seniors
- Tenant will implement food program to assist nutritional viability of neighborhood
- Tenant will implement after-school programs to assist with neighborhood educational improvement
- Tenant will implement summer programs to assist with positive youth activities

# Appendix A

## (Inquiries/Conditions) cont'd

- October 5, 2009 – Dr. Shirley King – Pleasant Grove Weed and Seed
  - Requesting tax abatements and other available incentives

# Memorandum



Date: October 16, 2009

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

Subject: Streetscape License Fees

On Tuesday, October 20, you will be briefed on recommendations regarding licenses issued for use public rights-of-way. This is a follow-up briefing as requested at your August 17, 2009 meeting. A copy of the briefing is attached for your review.

If you need further information, please call Theresa O'Donnell at 214-670-4127.

  
A.C. Gonzalez  
Assistant City Manager

cc: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Deborah Watkins, City Secretary  
Thomas Perkins, City Attorney  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Judiciary  
Ryan S. Evans, First Assistant City Manager  
A.C. Gonzalez, Assistant City Manager  
Forest Turner, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
David K. Cook, Chief Financial Officer Manager  
Jeanne Chipperfield, Director, Budget & Management Services  
Theresa O'Donnell, Director, Sustainable Development & Construction  
Karl Zavitkovsky, Director of Economic Development  
Hammond Perot, Assistant Director, Office of Economic Development  
Helena Stevens-Thompson, Assistant to the City Manager

# STREETSCAPE LICENSE FEES

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Economic Development Committee  
October 20, 2009



# Purpose

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- Briefed Committee on August 17, 2009
- Committee requested more detail on specific recommendations for revisions

# Recommendations

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- ❑ Separate residentially based projects from commercial or for-profit business projects
- ❑ Standardize process and fees to minimize fees and paperwork for HOAs and other neighborhood-based groups
- ❑ Ensure city public safety, utility and liability concerns are addressed

# Recommendations

---

- ❑ Residential Communities (including HOA's)
  - Continue pilot program that reduces fees for:
    - ❑ Subdivision signs – one-time \$1,000 fee per sign
    - ❑ Landscaping and appurtenant irrigation systems – one-time \$1,000 fee
    - ❑ Landscaping should include plantings and architectural elements that help define the space
    - ❑ Continue to allow HOA's to obtain Commercial General Liability Insurance through the City of Dallas homeowners' association insurance program administered by City of Dallas Risk Management.

# Recommendations

---

- Commercial/Business Communities
  - Amend Code to provide a one-time cost-recovery fee of \$5,400 for processing and review of enhancement items in ROW:
    - Street trees, shrubbery, planter boxes, pots
    - Awnings with no advertising
    - Streetscape and architectural elements
    - Off-street parking

# Recommendations

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- Commercial/Business, cont.
  - Continue standard fee assessment for items in the ROW that generate revenue:
    - Sidewalk cafes
    - Advertising on signs or awnings
    - Telecommunication cables
    - Skybridges
  - Formula based on square footage x market value x percent

# Recommendations

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- Commercial/Business, cont.
  - Require permanent license, indemnification and insurance on structures and architectural elements
  - Assess a minimal fee for using public right-of-way allowed under future PD-Zoning Ordinance for landscaping, awnings and signs, and/or sidewalk cafes
  - Do not grant moratoriums on license fees

# Recommendations

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- Commercial/Business cont.
  - Alternatives for non-payment of license fees:
    - Require removal and reinstatement of ROW to previous condition; or
    - Undertake legal proceedings, if necessary for:
      - unpaid license fees
      - amounts assessed for reinstatement of the right-of-way by the City

# Next Step

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- Prepare ordinance revisions for Council approval before December 31, 2009

# Memorandum



CITY OF DALLAS

DATE October 16, 2009

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

SUBJECT NBA All-Star Game – Major Events Trust Fund Agreement Briefing

The Convention & Event Services Department will be briefing you on the NBA All-Star Game –Major Events Trust Fund Agreement on October 20, 2009.

Please let me know if you have any questions regarding this matter.

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

A.C. Gonzalez  
Assistant City Manager

Attachment

c: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Deborah Watkins, City Secretary  
Tom Perkins, City Attorney  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Administrative Judge  
Ryan S. Evans, First Assistant City Manager  
Forest Turner, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Dave Cook, Chief Financial Officer  
Frank Poe, Director, Convention & Event Services  
Helena Stevens-Thompson, Assistant to the City Manager

# NBA All-Star Game Major Events Trust Fund Agreement

Briefing to the City Council's  
Economic Development Committee  
October 20, 2009



# Purpose

- Review:
  - Local Organizing Committee (LOC)/NBA Planning Team members;
  - Events – activities, locations and NBA All-Star Week;
  - Current state of preparedness for the 59<sup>th</sup> NBA All-Star Event – February 8 - 14, 2010;
    - Identify the city planning and operational team
  - Event planning schedule and activities established to date;
    - Event Plan
    - Major Events Trust Fund schedule
    - Review of potential governmental assurance
- Major Event Trust Fund Process
  - Review the Economic Impact Assessment;
  - Major Events Trust Fund Agreement;
  - Recommendation and
  - Next steps

# Background

- The City of Dallas has participated in city-wide and regional special events.
- City Council authorized resolutions regarding governmental assurances and the initiation of the Major Events Trust Fund (METF) with respect to the:
  - Super Bowl (Council Action – March 28, 2007) and
  - NCAA Men’s and Women’s Final Four (Council Action – October 22, 2008)
- On October 15, 2008, City Council was briefed on the NBA All-Star Game.
- October 30, 2008, NBA announced the award to Dallas of the 2010 All-Star Game
- In April, 2009 the City Council Economic Development Committee was briefed on the NBA All-Star Game

# Background (cont.)

- In May, 2009 the City Council authorized a resolution supporting the City of Dallas' participation as an:
  - Endorsing municipality under the METF;
  - City of Dallas' contribution of its incremental tax gain (sales) to the METF for the NBA All-Star Game;
  - Authorize the City Manager to work closely with the NBA All-Star Games LOC as a city-wide and/or regional events, which qualifies under the State of Texas statute, Article 5190.14 Vernon's Texas Civil Statutes, Section 5A to address the following:
    - City of Dallas' participation as an endorsing municipality under the METF
    - City of Dallas' contribution of its incremental tax gain (sales) to the METF
  - .

# Background (cont.)

- City of Dallas' requirement to enter into an event support contract (Trust Fund Agreement) with the LOC, which provides that the City of Dallas has a priority position for reimbursement of its incremental expenses from the METF and
- To the extent not reimbursed from the METF, the City's incremental expenses shall be reimbursed from the LOC

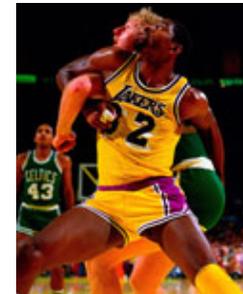
# LOC/NBA Planning Team



- LOC –
  - All – Star North Texas Basketball Local Organizing Committee, Inc.
    - Terdema Ussery – President of LOC
    - Steve Letson/Melanie Lusk – Logistic and Planning (Maverick Staff)
    - Floyd Jahner – Finance (Maverick Staff)
    - Denis Braham/David Staas – Winstead PC (LOC legal counsel)
- NBA
  - NBA Staff (to date)
    - Ski Austin – EVP Events & Attractions for NBA Entertainment
    - Gail Hunter – on site logistics & planning
    - Bernie Tolbert & Dwayne Bishop - NBA Security
    - Kirkwood Buckman – Transportation

# 59<sup>th</sup> NBA All-Star Event

- NBA All-Star week is February 8 -14, 2010
- First All-Star Game to use a stadium for game day competition
  - Ticketed game day attendance projected at 85,000
  - Non-game attendance is estimated to be in excess of 300,000 (NBA projects a 4:1 ratio of non-ticketed attendees that will be in the host city during the game week)
- Event venues:
  - AAC – Rookie Challenge, Wheelchair Classic, Three-Point Shoot-Out, Slam Dunk Contest and other events (Feb. 12-13, 2010)
  - Dallas Convention Center – Jam Fest, basketball games, and other events (Feb. 10 – 14, 2010)
  - Dallas Cowboys Stadium – NBA All-Star Game (Feb. 14, 2010)



# 59<sup>th</sup> NBA All-Star Event (cont.)

- Hotels secured to date:
  - Hilton Anatole, Hotel Indigo, Hyatt Regency, Renaissance, Ritz-Carlton, Rosewood Crescent, Rosewood Mansion, Sheraton, Stoneleigh, W, Westin City Center and Courtyard Marriott in Arlington
- Other NBA sanctioned events still being developed – NBA areas of interest include: West End, Deep Ellum, McKinney Ave/Uptown



# Current State of Preparedness

- City Planning Team (to date):
  - Ryan Evans – First Assistant City Manager – Team Leader
    - Frank Poe – Director, Convention and Event Services
  - First Assistant Chief (DPD) David Brown
  - Fire Chief Eddie Burns
  - Kenny Shaw – OEM Director
    - Raymond Rivas – Logistics/Technical Projects Lead
    - Matthew Garrett – Lead Planner
    - Cassandra Wallace – Volunteer Liaison
    - Kwa heri Heard – Training Programs
  - Lori Chance – Office of Special Events
  - Al Rojas – Dallas Convention Center
  - Dana Risinger – Dallas Convention Center
  - Dave Brown – American Airlines Center



# Current State of Preparedness (cont.)

- City will use its standard practice for an advanced incident command operation
- A Master NBA Public Safety Plan Book is under development and will include:
  - Event Overview
  - Event Action Plan – Venue location for NBA sanctioned events
  - Event Site Security Plan
  - Traffic/Escort Plans
  - Contingency Plan – Spontaneous Celebrations/Unsanctioned Events
  - Related material
- Since June – Incident Command basic and advanced ICS 300 and 400 training courses have been provided



# Current State of Preparedness (cont.)

- More advanced courses can be scheduled as necessary
- UASI program funding two major exercises focused on NBA All-Star and Super Bowl games
  - Communication or Mass Casualty exercise – Fall 2009
  - Full-scale exercise – 2010 (date to be determined)
- NBA has provided draft event schedules to City
- Site specific staffing plan for known NBA sanctioned events underway



# Event Planning Schedule

- July 2009 – Following the NBA Playoffs & Championship Game – NBA turned attention to the 2010 All-Star Game.
- Local Organizing Committee (LOC) and NBA staff have been meeting with representatives of Dallas/Arlington/Ft. Worth planning teams.
- Information provided by LOC/NBA has been used to prepare event plan and preliminary City budget.



# Event Planning Schedule (cont.)

- **August – Sept 2009 –**
  - Event Plan development.
- **Sept 2009 –**
  - The LOC submitted an Revenue and Tax Estimate Study and a request to the Texas Comptroller of Public Accounts (the "Comptroller") for a revenue determination regarding NBA All-Star 2010.
  - The City requested the Comptroller to initiate Major Events Trust Fund for 2010 NBA All-Star (prior council action May 2009).
- **Oct 2009 –**
  - The Comptroller made the revenue determination regarding NBA All-Star 2010. The City and the LOC finalize the event plan taking into account Comptroller's revenue determination.

# Event Planning Schedule (cont.)

- **Feb 5, 2010 –**
  - City's agreed upon portion of the Comptroller's determined incremental amount of City funds are deposited into the Fund.
- **Late Feb, 2010 –**
  - After local funds have been deposited, the Comptroller deposits State funds into the Fund. The Comptroller will then begin making disbursements from the Fund to reimburse eligible expenses for NBA All-Star 2010 G



# Major Events Trust Fund

## Why Participate

- Hosting City-wide and regional special events generate millions of dollars of economic impact.
- Sanctioning organizations sponsor Community Awareness programs/initiatives.
- Global exposure from media broadcasts will allow the City of Dallas to showcase the investment in its image and infrastructure.
- The City of Dallas can benefit by providing the majority of the required hotel room nights. A large portion of the visitors to the region will visit the city's restaurants and other entertainment venues.



# Major Events Trust Fund (METF) – What is it?

- A legislatively available process to access incremental state and local taxes in support of qualified special events.
- State of Texas statute, Article 5190.14 Vernon's Texas Civil Statutes, Section 5A, provides for the establishment of the METF to access the incremental state and local sales and use tax, hotel occupancy tax, and mixed beverage tax revenues that are attributable to a qualifying special event within the State of Texas.
- An endorsing municipality or county may restrict taxes that are determined necessary to meet obligations of the municipality or county.
- The City of Dallas' hotel occupancy tax is restricted by bond covenants and contractual requirements. The mixed beverage tax is also restricted by bond covenants to the extent needed for operation and maintenance of the convention center complex.

# Major Events Trust Fund (cont.)

- To request the establishment of the METF, a site in Texas must be selected by a site selection organization for a qualifying event pursuant to an application by a Local Organizing Committee (LOC) or a municipality or county.
- A site selection organization as defined by the state statute is:
  - National Football League
  - National Collegiate Athletic Association
  - National Basketball Association
  - National Hockey League
  - Major League Baseball
  - United States Olympic Committee



# Major Events Trust Fund (cont.)

- In the state statute, the following events are identified as a qualifying games:
  - Super Bowl
  - NCAA Final Four game
  - NBA All-Star game
  - NHL All-Star game
  - MLB All-Star game
  - NCAA Bowl Championship Series game
  - World Cup
  - World Games
  - Events sanctioned by US Olympic Committee



# Major Events Trust Fund (cont.)

- The Texas Comptroller of Public Accounts (Comptroller) determines (based upon the Comptroller's review and analysis of the revenue impact study prepared by the LOC's consultant) the geographic boundaries of the market area in which there is a reasonable likelihood of economic impact directly attributable to the preparation for and presentation of the game and related events, including areas likely to provide venues, accommodations, and service in connection with the game.
- Following the City's and the LOC's request, the Comptroller provides an estimate of the incremental increase in certain tax revenues directly attributable to the game and its related events.
- This estimate serves as the basis for determining amounts to be deposited in the METF.

# Major Events Trust Fund (cont.)

- The METF is established outside the state treasury and is held in trust by the Comptroller and may be disbursed without appropriations, as provided by state statute.
- Each endorsing municipality or county will enter into a Trust Fund Agreement with the LOC to authorize the disbursement of the funds to reimburse event-related costs.
- The Comptroller shall deposit to the trust fund a portion of the state incremental tax revenue in an amount to equal to the lesser of (1) the state portion of the estimate or (2) 6.25 times the amount of the local City/County incremental tax revenue contributed to the fund.

# Major Events Trust Fund (cont.)

- **State vs. Local Money**

- As an example, if the total estimated City and County incremental taxes are \$150,000, and the City and County (as determined by each jurisdiction) agreed to the deposit of only \$50,000 into the trust fund, then
  - 6.25 times \$50,000 = \$312,500
- The Comptroller will deposit into the trust fund \$312,500, to the extent that amount of State tax increment is available.
- Under this example, the total amount deposited into the trust fund from City, County and State incremental taxes for the game and related events would be \$362,500.

Note: The hotel occupancy tax is restricted by bond covenants and contractual requirements. The mixed beverage tax is also restricted by bond covenants to the extent needed for operation and maintenance of the convention center complex.

# Revenue and Tax Estimate Study

- As stipulated in the statute, the LOC contracted Marketing Information Masters, Inc. (Masters), to calculate the tax revenues estimates for the 2010 NBA All-Star Game and related events.
- LOC considered Masters well qualified based upon their prior experience with similar studies for other Host Committees established under the Texas Trust Fund statute.
  - 2004 Super Bowl and MLB All-Star Game
  - 2006 NBA All-Star Game
  - 2007 NHL All-Star Game
  - 2008 NCAA Men's South Regional



# Revenue and Tax Estimate Study (cont.)

- Masters has been retained to provide tax revenue estimates for the following qualifying events:
  - 2010 NCAA Men's South Regional
  - 2011 North Texas Super Bowl
  - 2011 NCAA Men's Final Four



# Revenue and Tax Estimate Study (cont.)

- The Revenue and Tax Estimate Study (Study) included:
  - NBA All-Star Game and related events:
    - NBA All-Star Game, NBA Jam Session, All-Star Friday Night, All-Star Saturday Night, Rookie Challenge, 3-Point Shootout and Slam Dunk Contest
  - Utilized data developed from prior NBA All-Star Game studies for the Phoenix Suns, New Orleans Sports Foundation, Las Vegas Convention & Visitors Authority & the 2006 NBA All-Star Game.
  - Game & event ticket allocations; media hospitality & production budgets; NBA's blocked hotel rooms; visiting public ticket buyers not part of the NBA's blocked rooms; expenditures for non-NBA related visiting public; corporate budgets; merchandise/concessions.

# Revenue and Tax Estimate Study cont

- 2010 All-Star Game will mark first time that an 80,000 seat stadium will host the NBA All-Star Game (almost a sell-out through internet sales). Over four times the capacity of the typical NBA All-Star Game
- Study Methodology
  - Local market area identified – 5 cities (Dallas, Arlington, Ft. Worth, Irving & Grapevine)
  - Analysis could only consider direct spending associated with the event
  - Trust Fund Statute and Comptroller rules require tax revenue estimates be adjusted to consider only out of state visitors' spending. (Spending impacts generated from within market area were removed from State & local city/county tax estimates.)

# Revenue and Tax Estimate Study cont

- The Study provided input for the Comptroller's impact determination process.
- Comptroller's Staff evaluated the Study over a 30 day-review period.
- The Comptroller counts only spending estimates associated with "out of state visitors".

# Comptroller of Public Accounts - Assessment

- Comptroller, as required by the Trust Fund Statute, provided a determination of the incremental tax revenue impact to the State and City.

## State

- The Comptroller's Office determined the estimated incremental tax revenue gain attributable to the 2010 NBA All-Star Game and related events from direct and secondary spending for the State to be - \$13.3M

# Comptroller of Public Accounts - Assessment (cont.)

## City of Dallas

- The Comptroller's Office determined the incremental tax revenue gain attributable to the 2010 NBA All-Star Game and related events from direct (not including secondary) spending for the City to be \$2.49M based upon its evaluation of the Study.

# Comptroller of Public Accounts - Assessment (cont.)

## Staff Note:

- The Comptroller's \$2.49M finding, while based upon the expert's study, is a projection, and not a guarantee, of the amount the City may expect.
- City's current Event Plan Budget projects reimbursable costs of \$1.73M including:
  - Public Safety (Police/Fire)
  - Emergency Management
  - Traffic
  - Other City Departments
- City's Event Plan Budget also includes various contingencies.

# Trust Fund Agreement

- While a number of elements in the Trust Fund Agreement have been resolved between City Staff and the LOC, we have a few items remaining to be addressed with the LOC, which we anticipate will be completed before the briefing.
- The following represent key elements of the agreement:
  - Sets forth the rights and obligations of the parties required under the State act.

# Trust Fund Agreement cont

- Establishes the Event Plan outlining the following:
  - Incremental staffing to support the NBA All-Star Game and events to include:
    - Public safety; emergency medical support; emergency management; crowd and traffic control and other incremental City Services
    - Event Plan contains budget for direct incremental costs incurred by the City in connection to the Event Plan.
- Term – Upon Council Action – October 28, 2009 thru December 31, 2010
- Will identify the City Remittance to be deposited with the Comptroller on or before February 5, 2010.

# Trust Fund Agreement cont

- City Incremental Event Budget cost estimate in support of the NBA All-Star Game and other events - \$1.73M.
- City Remittance to be deposited with the Comptroller - \$1.73M.
- City to be reimbursed on a first priority basis from the Fund.
- City will have the right to periodically review the LOC budget.
- City and LOC will deal directly with the Comptroller for reimbursements for their respective costs.

# Flow of Funds

Based upon Comptroller's projections of City tax gain for the NBA All-Star Game and related events.

City		State
\$1.73M	→	\$1.73M
(Deposited with State)		(reimbursed from State to City)
\$2.49M	←	\$2.49M
\$1.73M	←	(Incremental tax gain Projected for City)
(Event plan budget –City's incremental costs)		
\$0.76M		
(potential net tax gain to City)		

# Impact to the City

- Potential tax revenue gain to the city is estimated to be \$760,000.
  - Difference between the City's estimated incremental costs in support of the NBA All-Star Game and related events and the Comptroller's estimate of tax revenues, the City would realize:

Comptroller's Tax Revenue Estimate -	\$2.49M
City's est. of incremental costs (remittance) -	<u>1.73M</u>
Net difference	\$0.76M
  - Other potential revenue and non-revenue impacts to the City not examined (secondary spending, media exposure, growth to visitor industry, etc.)
- Additionally, should a force majeure event(s) occur and/or events added by the LOC/NBA which were not included in the City's Event Plan Budget, City's incremental costs that exceeds its remittance to the Comptroller will be reimbursed by the LOC.

## Impact to the City (cont.)

- City staff using available information provided by the NBA and LOC has developed its best estimate of the City's incremental costs to properly secure and service this event.
- Due to the uncertainty of the amount required to deposit with the Comptroller, appropriations were not included in the FY 2009/10 budget.
- A provision to appropriate \$1.73M from Contingency Reserves from disbursement to the State Comptroller would be included in the October 28, 2009 resolution.
- The incremental expense increases will be offset by anticipated increases in tax revenues.

# Recommendation

- Staff recommends City Council approval of resolution on its October 28, 2009 agenda:
  - Authorizing the City Manager to execute the City/LOC Trust Fund Agreement.
  - Authorizing the City Manager to increase appropriations in an amount not to exceed \$1.73M from Contingency Reserves.
  - Authorizing the City Controller to make a deposit of \$1.73M to the State Comptroller to initiate the METF.



# Next Steps

- Finalize the Trust Fund Agreement
- City Council approval of the Trust Fund Agreement at its October 28, 2009 council meeting
- Finalize list of NBA sanctioned events
- Finalize the transportation plan
- Finalize public safety plan
- Complete the EOC Event Planning documents
- Complete venue event plans
- Continue to refine budget for city related costs



# Questions



# Memorandum



CITY OF DALLAS

DATE October 16, 2009

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

SUBJECT Authorize supplemental agreement No.9 to the contract with the Dallas Convention and Visitors Bureau

On Wednesday, October 28, 2009, you will be considering the authorization of supplemental agreement No. 9 to the contract with the Dallas Convention and Visitors Bureau (DCVB) whereby the City will be assuming the function to market and promote the City as a desirable location for the entertainment industry (i.e. film, digital image and other) through the transfer of said function from DCVB to the City. The move of this function into the City organization does not increase the City's financial commitment of the past several years. In addition, through this supplemental agreement, DCVB will also continue their funding level commitment.

## SUBJECT

Authorize **(1)** supplemental agreement No.9 to the contract with the Dallas Convention and Visitors Bureau (DCVB) for the City to assume the function to market and promote the City as a desirable location for the entertainment industry (i.e. film, digital image and other) through the transfer of said function from DCVB to the City, as well as, the use of the related Film Commission's property, rights and other assets as applicable; **(2)** acceptance of funds from DCVB in the amount of \$100,000 annually, deposit the funds into the City's coffers, transfer and appropriation of those funds in the Office of Economic Development to partially fund this new function and authorization to expend an additional \$80,000 annually to be funded and paid by DCVB to cover the cost of marketing and entertainment activity related to this new function; Office of Economic Development to expend an additional \$100,000 for this new function to be reimbursed from: the Dallas Convention and Event Services Department in the amount of \$70,000 annually and a reimbursement of funds from the City's non-departmental funds in the amount of \$30,000 annually; **(3)** increase the appropriations of the Office of Economic Development by \$100,000 from \$2,533,436 to \$2,633,436 **(4)** addition of three positions to support this new function - Not to exceed \$280,000 - Financing: 2009-10 Dallas Convention and Event Services Current Funds \$70,000, City Non-Departmental Current Funds \$30,000, and Private Funds from Dallas Convention and Visitors Bureau \$180,000.

October 16, 2009

Members of the Economic Development Committee

Authorize supplemental agreement No.9 to the contract with the Dallas Convention and Visitors Bureau (DCVB)

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## **BACKGROUND**

Since October of 2002, the Dallas Convention and Visitors Bureau has assumed the responsibility of marketing and promoting Dallas to film, television and media industry and professionals as a desirable and attractive destination/location for the industry, serving as a liaison between filmmakers scouting sites for feature films, television, documentaries, commercials, videos and all forms of media seeking suitable venues in the area. It has also been providing information regarding local resources such as crew, equipment and other industry related services. Its mission has included educating, promoting and advocating for the growth of the local industry. Over the past several years, the City has been funding this function within the DCVB.

Due to changes in the entertainment industry (i.e. film, digital image and other), and its tie into economic development it is considered that the function of marketing and promoting Dallas as an attractive and desirable location for the industry will find a natural synergy with the City's multifaceted economic development strategy.

It is intended for this new function to be integrated within the Office of Economic Development that not only will continue to strive to help in the creation of excellent film productions and the advancement of the digital image industries, but also pursue other areas of the entertainment industry.

The City will strive to market and promote Dallas as a place to hold major events, establish entertainment related agency headquarters/regional offices, develop the local interests, talent and businesses that can support the industry. At the same time, this will help to expand the City's economic development strategy and benefit that comes from further development in the form of an increase/retention in the tax base, and local job creation/retention. These efforts are also expected to have secondary impact derived from those that will be supporting the entertainment industry - all in a synergistic environment that fosters progressive and diversified development in the City and its community.

The City has recognized the importance of the role of this function to further support economic activity, promote and expand arts and culture, add another dimension to the city's economic development strategy and become another economic development engine for the City that also has the potential to impact the tax base and the job market. For the City to assume this new function, represents a solid commitment to supporting the effort within a large and strong organization. The City would also be able to provide the leadership, advocacy, synergy, progressive and forward-thinking economic development strategies and initiatives in the body of its elected officials and the City's management.

October 16, 2009

Members of the Economic Development Committee

Authorize supplemental agreement No.9 to the contract with the Dallas Convention and Visitors Bureau (DCVB)

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It is anticipated that during FY 2009-10, the activity generated by this function will assist in attracting an estimated \$35 million in direct business to the Greater Dallas Metro area generating an estimated \$87.5 million induced and indirect economic impact. In addition, there is an employment impact estimated at about 12.1 jobs in the region for every \$1 million spent on a motion picture/video production (freelancers excluded).

During FY 2008-09 (thru 3<sup>rd</sup> Quarter) this function attracted an estimated 228 projects with and estimated direct spend value of \$24.01 million and an indirect economic impact of \$60.03 million to the Greater Dallas Metro area.

During FY 2007-08 this function attracted an estimated 337 projects with an estimated direct spend value of \$46,980,959 and an indirect economic impact of \$117.45 million to the Greater Dallas Metro area.

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



A.C. Gonzalez, Assistant City Manager

C: The Honorable Mayor and Members of the City Council

Mary K. Suhm, City Manager

Deborah Watkins, City Secretary

Tom Perkins, City Attorney

Craig Kinton, City Auditor

Judge C. Victor Lander, Judiciary

Ryan S. Evans, First Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager

Forest Turner, Assistant City Manager

Dave Cook, Chief Financial Officer

Jeanne Chipperfield, Director, Budget & Management Services

Karl Zavitkovsky, Director, Office of Economic Development

Joseph H. Perot, Assistant Director, Office of Economic Development

Helena Stevens-Thompson, Assistant to the City Manager

