



CITY OF DALLAS

Memorandum

Date: October 8, 2010

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: **Historic Preservation Tax Incentive – 1325 S. Lamar**

On August 2, 2010 the Landmark Commission recommended approval of a ten year 100% tax exemption for the Dallas Coffin Company Building, a contributing structure within the Sears Buildings Historic District. The Dallas Coffin Company Building, designed by prominent local architectural firm of C.W. Bulger and Son, was constructed in 1910.

The Historic Preservation Tax Incentive Program offers tax exemptions to historic properties that have undergone or are currently undergoing rehabilitation. This application complies with all requirements of that program. The Code requires City Council approval for any exemption over \$50,000. The City Council may approve or deny any portion of the exemption over \$50,000. This request is for approximately \$497,330 over ten years.

The application has been submitted by CCH Lamar Partners I LP. The "Based on Major Rehab" exemption allows for up to a 100% exemption of the city portion of the property taxes for up to a ten year period. To qualify for this exemption, the cost of rehabilitation must exceed 75 percent of the pre-rehabilitation value of the structure. Prior to the initiation of the tax exemption, verification of expenditures is required.

The 2009 DCAD appraised value of the Dallas Coffin Company Building is \$740,000, with an improvement value of \$525,500 and land value of \$214,500. The applicant is planning on investing approximately \$5,500,000 of eligible expenses into the property to redevelop the complex into a boutique hotel.

FISCAL INFORMATION

Revenue: First year tax revenue foregone estimated at \$49,733 (Estimated revenue foregone over ten years is \$497,330)

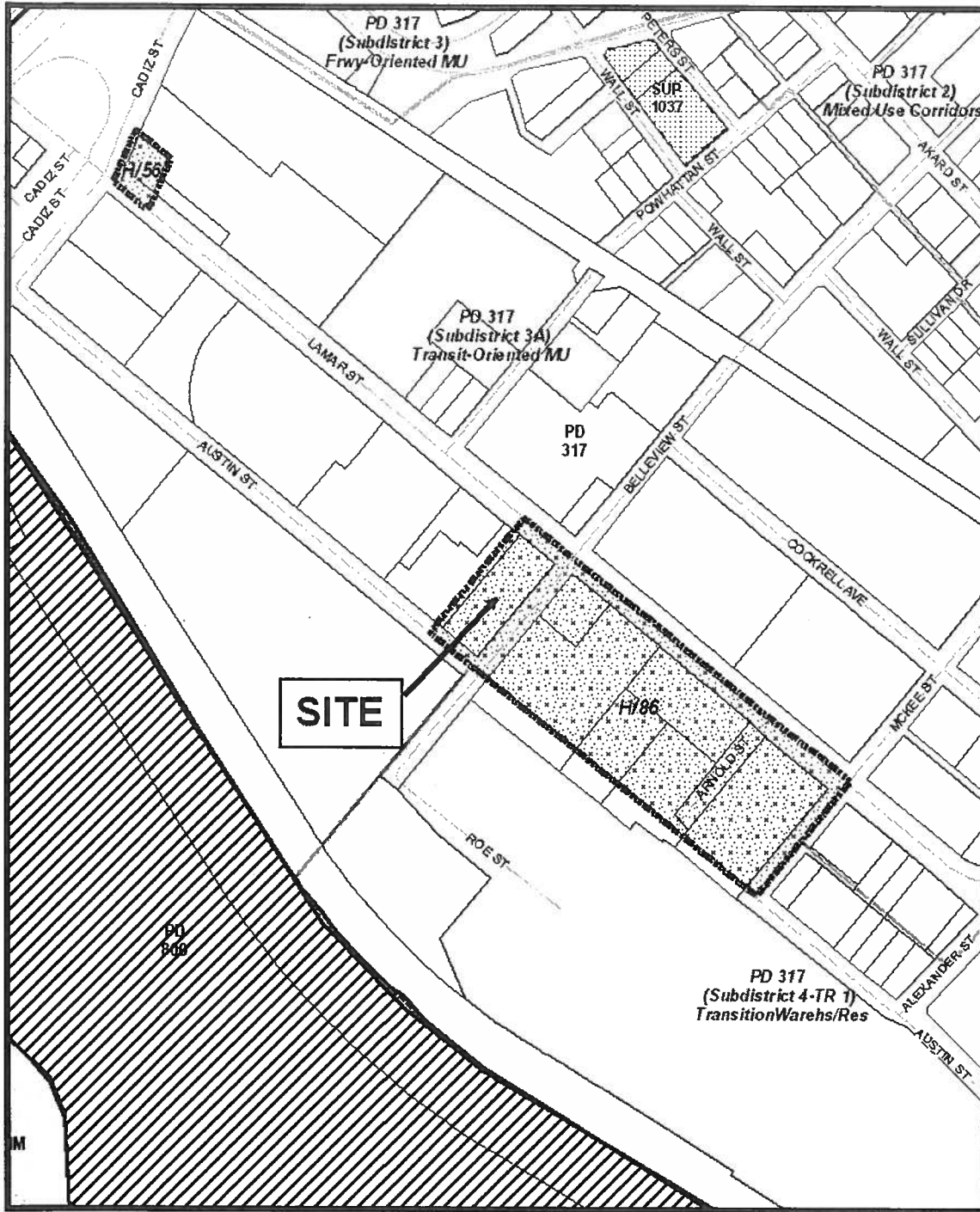
MAP

Attached

A handwritten signature in blue ink, appearing to read 'A.C. Gonzalez', is written over the typed name and title.

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
- Thomas Perkins, City Attorney
- Craig Kinton, City Auditor
- Judge C. Victor Lander, Administrative Judge Municipal Court
- Ryan S. Evans, First Assistant City Manager
- Jill A. Jordan, P.E., Assistant City Manager
- Forest Turner, Assistant City Manager
- Jean Chipperfield, Chief Financial Officer Manager
- Theresa O'Donnell, Director Sustainable Development & Construction
- Karl Zavitkovsky, Director, Office of Economic Development
- Hammond Perot, Assistant Director, Office of Economic Development
- Helena Stevens-Thompson, Assistant to the City Manager



1:3,600

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SUBJECT **MoneyGram International Inc.; Agenda Item, October 13, 2010**

Background

MoneyGram International Inc. (MoneyGram), the No. 2 money transfer company in the world, is a financial services company specializing in payment services and money transfers. MoneyGram seeks City Council approval of a 50 percent business personal property tax abatement for 10 years and an economic development grant in an amount not to exceed \$278,500 in consideration of the relocation of its global headquarters to Dallas. In addition to the Dallas site, MoneyGram considered Denver, Colorado and Minneapolis, Minnesota as potential locations for this operation. MoneyGram will lease 46,000 square feet of the 220,661 square foot Class A office building at 2828 N. Harwood Street, Dallas, Texas for at least 10 years.

MoneyGram will make a minimum private investment of \$750,000 in tenant improvements and \$3,300,000 in business personal property, as well as relocate and maintain 150 positions in order to be eligible for the proposed business personal property tax abatement. The economic development grant will be payable upon the substantial completion of a minimum of \$750,000 in improvements and the relocation of an initial 65 executive jobs to the site by March 31, 2011. MoneyGram will forfeit the business personal property tax abatement if MoneyGram fails to reach 150 total jobs on site by April 15, 2012.

The proposed agreement will result in a 10-year net fiscal impact of \$4,989,152 and a \$13,979,543 20-year net fiscal impact.

PROJECT DETAILS

Project Site: 2828 N. Harwood Street

Jobs: 150

New Real Property Improvements: \$750,000

Annual Payroll: \$17,350,000

Average Salary: \$115,667

CITY INCENTIVES

Business Personal Property Tax Abatement: 50% for 10 years

	<u>Investment</u>	<u>Tax Abatement</u>	<u>Foregone Revenue</u>	<u>City of Dallas Tax Revenue</u>
Business Personal Property Year One	\$3.3M	50% - 10yrs	\$13,151	\$13,151
10-year totals			\$131,505	\$131,505

Economic Development Grant: \$278,500

PROPOSED ESTIMATED SCHEDULE OF THE PROJECT

Begin Construction October 1, 2010

Complete Relocation August 31, 2011

FISCAL INFORMATION

Revenue: First year revenue estimated at \$13,151; ten-year revenue estimated at \$131,505; (Estimated revenue foregone for a ten-year new business personal property abatement estimated at \$131,505)

Owner

MoneyGram International Inc.

Lee Statsny, CFO

Staff

J. Hammond Perot, Assistant Director

Kim L. Moore, Senior Coordinator, Marketing

Recommendation

Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3314.



A.C. Gonzalez

Assistant City Manager

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Tom Perkins, City Attorney
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Karl Zavitkovsky, Director, OED
Hammond Perot, Asst. Director, OED
Helena Stevens-Thompson, Asst to the CMO

Exhibit B

Proposed Project Information Worksheet

Economic Development Committee

A. Project Summary

City Council District	2	
Project/Company Name	MoneyGram International Inc.	
Project Location	2828 N. Harwood Street	
Project Type	Headquarters Relocation	
Facilities (Square Feet)	46,000	
Construction Schedule	Begin	1-Oct-10
	Complete	31-Aug-11
Private Improvement Investment	Real Property	\$1,100,000
	Business Property	\$3,300,000
Jobs	Created	150
	Retained	0
Average Wage Rate	Salary	\$115,667
	Hourly	N/A
City Incentive Summary	Tax Abatement	50%/10 year BPP
	Infrastructure	N/A
	Other	\$278,500 Grant

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

	10-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	150	263,437,534	150	664,391,571
Indirect and Induced Impact*	120	210,750,027	120	531,513,257
Total Impact	270	474,187,561	270	1,195,904,828

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

(From direct, indirect and induced economic impacts)

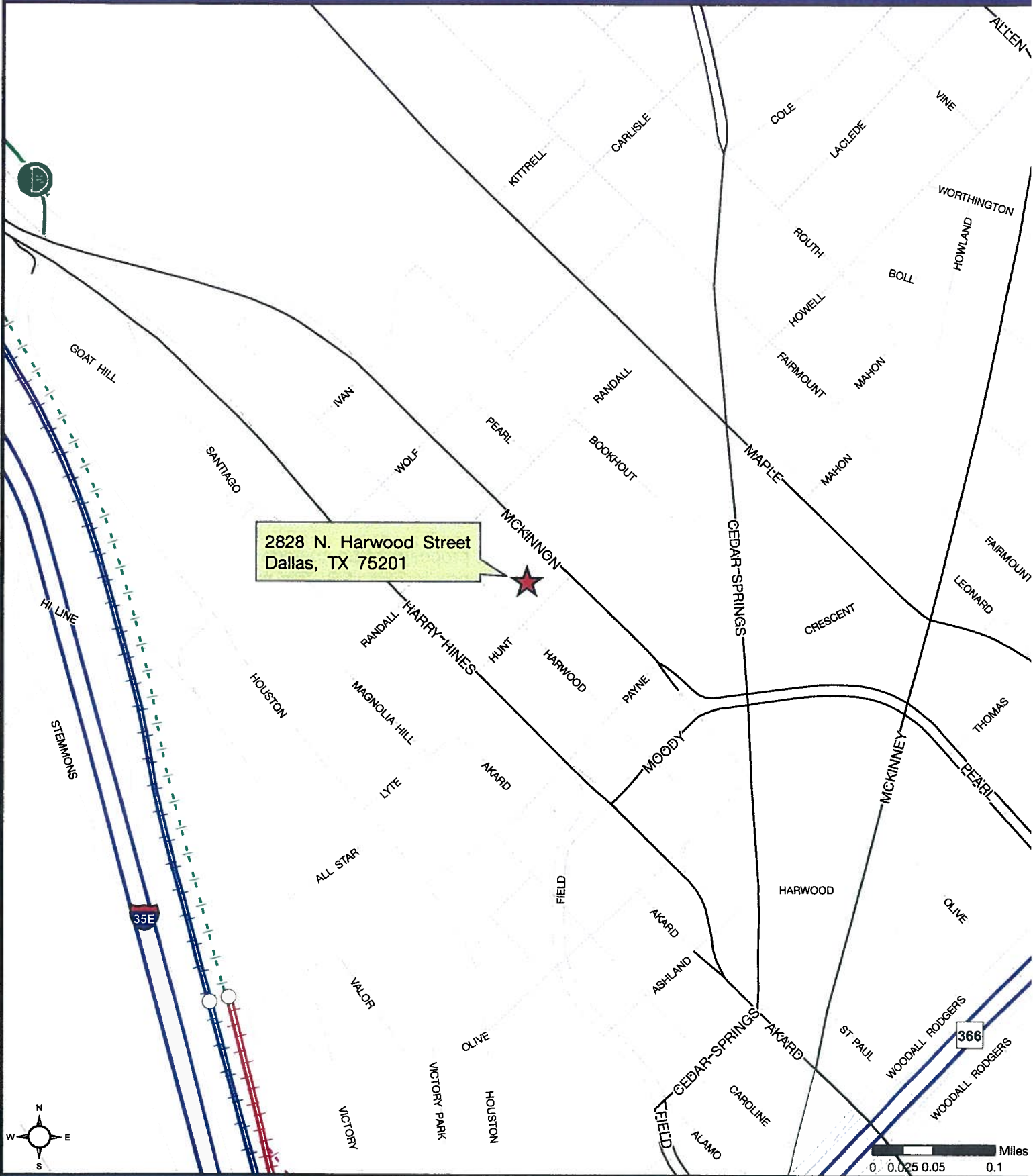
	10-Year	20-Year
Total City GF Revenue Generated	7,762,149	19,643,695
Total City GF Service Costs	2,383,434	5,262,248
Net Impact Before Incentives	5,378,715	14,381,447
City Incentives	389,563	401,904
Net City Fiscal Impact	4,989,152	13,979,543

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

D. Other Taxing Jurisdiction 10-yr Estimated Tax Revenue

	Property Taxes	Sales Taxes
DISD	\$ 559,391	N/A
Dallas County	\$ 106,964	N/A
DCCCD	\$ 41,756	N/A
Parkland Hospital	\$ 120,560	N/A
DART	\$ -	N/A

Exhibit A: 2828 N. Harwood Street



2828 N. Harwood Street
Dallas, TX 75201

**DALLAS
ECONOMIC
DEVELOPMENT**

Research & Information Division
214.670.1685
dallas-ecodev.org

Legend

- Rail Station
- DART Red Line
- Trinity Railway Express
- Freeway
- DART Green Line
- DART Green Line Extension (2010)
- Tollway
- Arterial
- Local Road

Source: City of Dallas, 2010

Memorandum



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SUBJECT **Authorize a public hearing to be held on November 10, 2010 on a proposed boundary and plan amendment to the TOD TIF District, October 26, 2010 Council Agenda**

Background

A public hearing is required any time the boundaries or budget of an existing TIF District is expanded. As such, this action authorizes a public hearing to be held November 10, 2010, to hear comments on the addition of certain properties into the boundary of the TOD TIF District.

The geographic area of the TIF District is proposed to be amended as shown on the maps in Exhibit A1-A2 and further described in Exhibit B. The proposed boundary amendment would add the former Lancaster-Kiest Library building at 3039 Lancaster Road (currently city owned but vacant surplus property) along with adjacent blighted commercial properties into the TOD TIF District (Lancaster Corridor Sub-District). Adjacent properties include 2809, 2815, 2901, 2911, 2915, 2919, 2935, 3005, 3011, 3015, 3023, 3025 Lancaster Road on the western frontage between Corning Avenue and Saner Avenue.

Proposed changes to the adopted Project and Financing Plan are minor and include incorporating new boundary maps. No modifications to the budget are proposed.

The City's Real Estate division plans to market the former Lancaster-Kiest Library property for sale in the near future and if renovated or redeveloped would add value to the TOD TIF District. The adjacent commercial properties to be added would provide a connection along the Lancaster Road frontage between the Crest Plaza shopping center which has undergone renovation, the former library property and the existing TIF boundary at the corner of Lancaster Road and Kiest Boulevard.

The TOD TIF District was created by Ordinance No. 27432 on December 10, 2008, to provide a source of funding for public infrastructure improvements that will help create a series of unique destinations, as well as foster the construction of structures or facilities that will be useful or beneficial to the development of transit stations along the DART light rail system in the central portion of the City.

On April 14, 2010, the TOD TIF District boundary was amended by Ordinance No. 27853 and the final Project Plan and Reinvestment Zone Financing Plan approved by Ordinance No. 27854.

Redevelopment of the Lancaster Corridor and encouragement of transit-oriented development (TOD's) around DART stations are top City priorities. Linkage of sub-

and Lancaster Corridor transit stations via the DART Rail Lines facilitates higher density urban development in all areas and permits tax increment sharing to occur.

On September 29, 2010, the TOD TIF District Board of Directors discussed and recommended approval of a boundary and plan amendment for the TOD TIF District as described in the attached exhibits.

At the close of the public hearing on November 10, 2010, City Council will consider an ordinance authorizing the amendment to the TIF District boundary and plan for the District.

Financing

No cost consideration to the City.

Recommendation

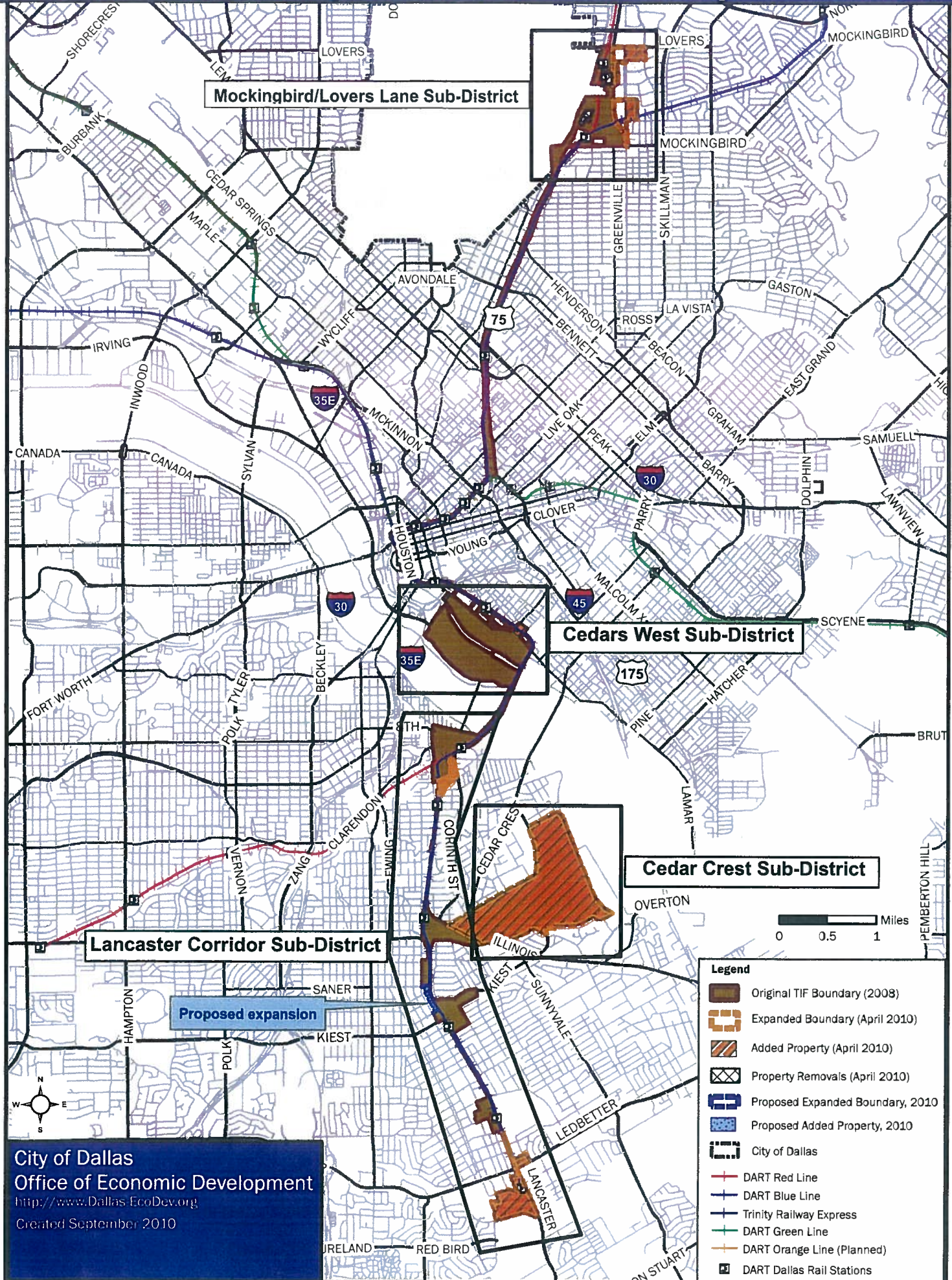
Staff recommends approval. Should you have any questions, please contact me at (214) 678-3314.



A.C. Gonzalez
Assistant City Manager

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Helena Stevens-Thompson, Assistant to the City Manager

TOD TIF District - Proposed Amended Boundary - Exhibit A-1



City of Dallas
 Office of Economic Development
<http://www.DallasEcoDev.org>
 Created September 2010

**Exhibit B
TOD TIF District
Potential Boundary & Plan Amendment
September 2010**

A proposed boundary and plan amendment would expand the geographic area of the TOD TIF District (in the Lancaster Corridor Sub-District) to add the former Lancaster-Kiest Library building at 3039 Lancaster Road (currently city owned but vacant surplus property) along with adjacent blighted commercial properties into the TOD TIF District. Adjacent properties include 2809, 2815, 2901, 2911, 2915, 2919, 2935, 3005, 3011, 3015, 3023, 3025 Lancaster Road on the western frontage between Corning Avenue and Saner Avenue.

The City owned 3039 Lancaster property is currently tax exempt; however, the City's Real Estate division plans to market the property for sale in the near future. If added to the TIF District, its base value would be \$0 but would add value in the future if privately purchased and renovated or redeveloped.

The 2010 taxable value of the adjacent commercial properties totals \$1,126,690 and including these properties provides a connection along the Lancaster Road frontage between the Crest Plaza shopping center which has undergone renovation, the former library property and the existing TIF boundary at the corner of Lancaster Road and Kiest Boulevard.

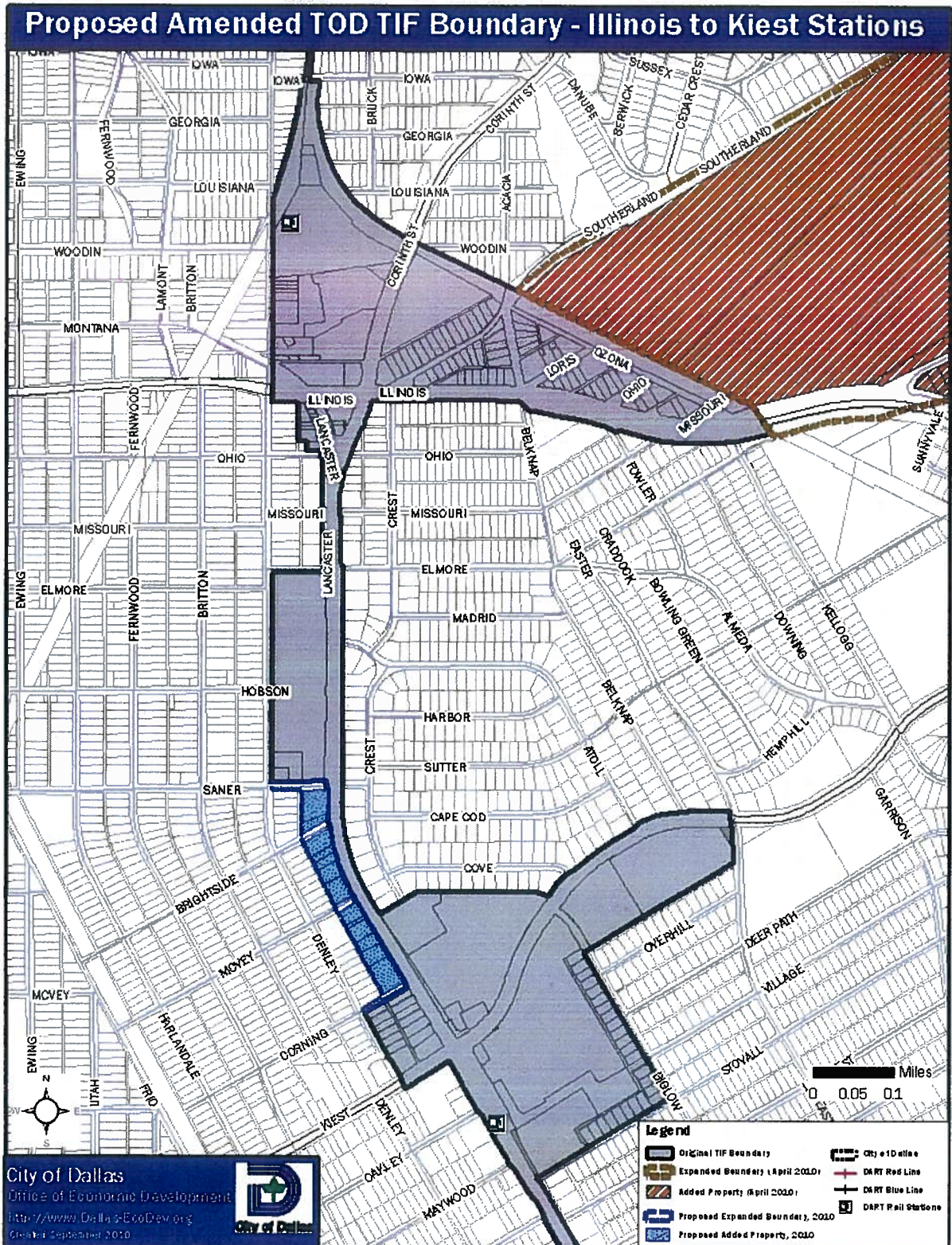
Properties Recommended to be Added to TOD TIF District

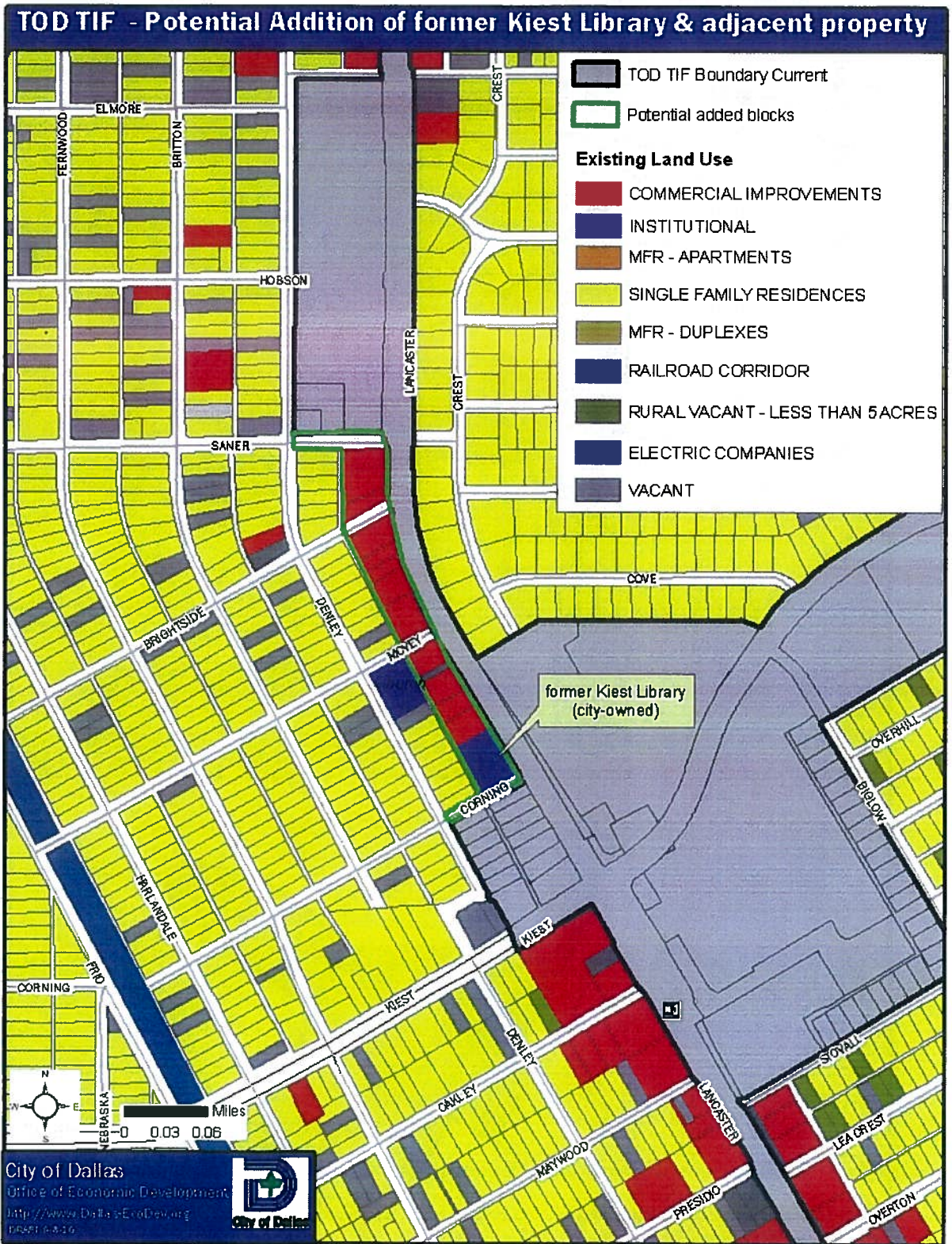
Account	Address	Owner	2010 Taxable Value*
003888000A07C0000	2809 S Lancaster Rd	Park Jae Won	\$260,830
00000294949000000	2815 S Lancaster Rd	Gorman Bob	\$43,560
00000294979000000	2901 S Lancaster Rd	Established Inverstor Inc	\$116,470
00000294982000000	2911 S Lancaster Rd	McGriff Bennie	\$40,060
00000294985000000	2915 S Lancaster Rd	McGriff Bennie	\$58,400
00000294988000000	2919 S Lancaster Rd	Lew Edwin J & Christine	\$35,040
00000294994000000	2935 S Lancaster Rd	McGriff Weldon &	\$173,830
00000295021000000	3005 S Lancaster Rd	Irving Bernard C & Betty	\$75,130
00000295024000000	3011 S Lancaster Rd	Hatley Ashford Dewitt	\$6,250
00000295027000000	3015 S Lancaster Rd	Hatley Ashford Dewitt	\$33,000
00000295030000000	3023 S Lancaster Rd	Sarkis J Kechejian Trust	\$91,000
00000295033000000	3025 S Lancaster Rd	Reeves Group Ltd Ps	\$193,120
00000295036000000	3039 S Lancaster Rd	City of Dallas	\$0
		Total	\$1,126,690

**Certified Values per DCAD and subject to change pending any litigation*

Proposed changes to the adopted Project and Financing Plan are minor and include updating boundary and other maps as necessary and modifying the estimated base value of the district from \$207,594,073 to \$208,720,763 to reflect the added property. The base value is still subject to revision when final 2010 values are available. No modifications to the budget are proposed.

Attached are maps showing the proposed boundary expansion, existing land use, and photos of existing conditions.





Photos for former Lancaster-Kiest Library property and adjacent retail blocks
For potential TOD boundary addition



Former library building side view across Lancaster Road and front facade



Back side view of library building and adjacent commercial along alley



Retail block adjacent to former library along Lancaster Rd.