

Memorandum



DATE : September 30, 2011

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

SUBJECT: **Home Depot Amendment; Agenda Item, October 10, 2011**

Background

On April 27 and May 25, 2011, the City Council authorized a development agreement and economic development incentives for a new 1,187,000 sf Home Depot distribution facility on Daniieldale Road in Southern Dallas. Real property and tenant improvements for the facility are anticipated to exceed \$20 million. In addition to the distribution facility, the project requires reconstructing Daniieldale Road (from Hampton Road to Polk Street) which is currently two lanes and does not meet City thoroughfare standards. Necessary Daniieldale Road improvements include replacing the existing road by constructing three lanes from Hampton Road approximately 2,850 feet to the east and two lanes an additional 2,400 feet to the east to Polk Street at City thoroughfare standard. Additional public improvements associated with the road include street lighting, traffic signals and drainage among other items. The total cost for the described Daniieldale Road improvements is estimated at \$4,066,000.

Dallas County has agreed to support Daniieldale Road construction on a matching and reimbursement basis up to a maximum of \$1.3 million subject to approval and execution of a Project Supplemental Agreement to the City's Master Agreement with Dallas County. Additional funding contributions include \$500,000 from adjacent property owners in Desoto and \$300,000 from the Desoto Economic Development Corporation. Through the proposed Chapter 380 economic development grant, the City of Dallas will contribute up to \$2 million for Daniieldale improvements and an additional \$475,000 for additional site development costs including drainage detention ponds. In addition to the costs associated with the site and facility improvements, Trammell Crow is responsible for any cost overruns related to the public infrastructure.

On June 23, 2010, pursuant to Resolution No. 10-1731, the City Council adopted Guidelines and Criteria for the Public Partnership Program governing tax abatements and other business incentives such as Economic Development Grants. The City Council is requested to adopt an amendment to the guidelines to authorize Staff to administer and to accept resources from other political subdivisions of the state to administer our economic development program in accordance with Chapter 380.001(b) (2) and (3). This amendment will allow the City to receive and disburse resources from other governmental entities such as Dallas County for agreements such as the Home Depot development.

The City Council is requested to authorize amendments to the development agreement executed pursuant to Resolution No. 11-1190 approved on April 27, 2011, to reflect the proposed Public Private Program modifications, allow the acceptance of funds from Dallas

County, and the administration of a development agreement in accordance with Chapter 380.001(b) (2) and (3). In addition, the City Council is requested to extend the completion

date for the project from March 31, 2012 to August 31, 2012. This extension is necessary as there was a delay in getting a lease executed between the developer and Home Depot.

Another element of the project approved by the City Council on April 27, 2011, was authorization of PR Crow I-20 II, LP to install traffic signals at the intersection of Hampton Road and Daniieldale Road and Polk and Daniieldale Road. Subsequent traffic studies have shown that no traffic signal is warranted at the Daniieldale Road and Polk intersection. Home Depot has approached the City requesting authorization for an alternative traffic signal at Kestrel and Daniieldale Road. This traffic signal is desired to manage the increased traffic in a safer manner that will result from Home Depot occupying the distribution center. Conservative traffic estimates range from 250 to 500 daily inbound and outbound trucks using this intersection. While the proposed traffic signal at Kestrel is not warranted, Home Depot believes a traffic signal at this intersection would make the road safer for commuter traffic and provide safe ingress and egress for truck traffic to the property. The City Council is requested to amend Resolution No. 11-1192 to a) authorize the installation and procurement of a traffic signal at the intersection of Kestrel and Daniieldale Road and b) rescind the authority to install and procure a traffic signal at the intersection of Polk and Daniieldale Road.

PROJECT DETAILS

Business: Distribution Center for Home Depot

Facility: 887,000 square foot existing warehouse building with a planned 287,000 square foot expansion on 2320 Beckleymeade Avenue.

Jobs: 75 within 12 months of issuing certificate of occupancy (estimated up to 250 over 5 years)

Estimated Investment: \$70-80M- BPP and Inventory
\$15M-Building, Site and Tenant Improvements
\$4.1M-Approximately for Daniieldale Rd. improvements

City Incentives

- **Real Property Abatement:** 75% abatement on business personal property for 10 years,
- **Chapter 380 Economic Development Grant:** \$2,475,000 to Trammell Crow affiliate for road and site infrastructure

Proposed Estimated Schedule of the Project

Construction start: October 2011

Completion: August 31, 2012

Fiscal Information

Forgone revenue: \$4,617,602

Economic Development Grant for Daniieldale Road and other associated public improvements: \$2,475,000

Contributions from other Entities:

\$1,300,000- Dallas County matching funds
\$300,000-Desoto Economic Development Corporation
\$500,000-Private landowners in Desoto

Economic Impact

Estimated 10 year economic impact from the project is \$206M

Net fiscal impacts are as follows:

- o 10 years: \$1,102,786
- o 20 years: \$9,716,728

Owner

PR Crow II, LP. (Trammell Crow)
Scott Krikorian, Managing Director

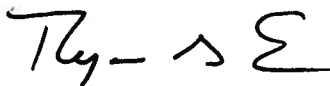
Home Depot
Al Boschen, Director of Real Estate/Office Properties

Staff

J. Hammond Perot, Assistant Director
Carlos Guzmán, Senior Coordinator

Recommendation

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

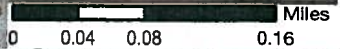
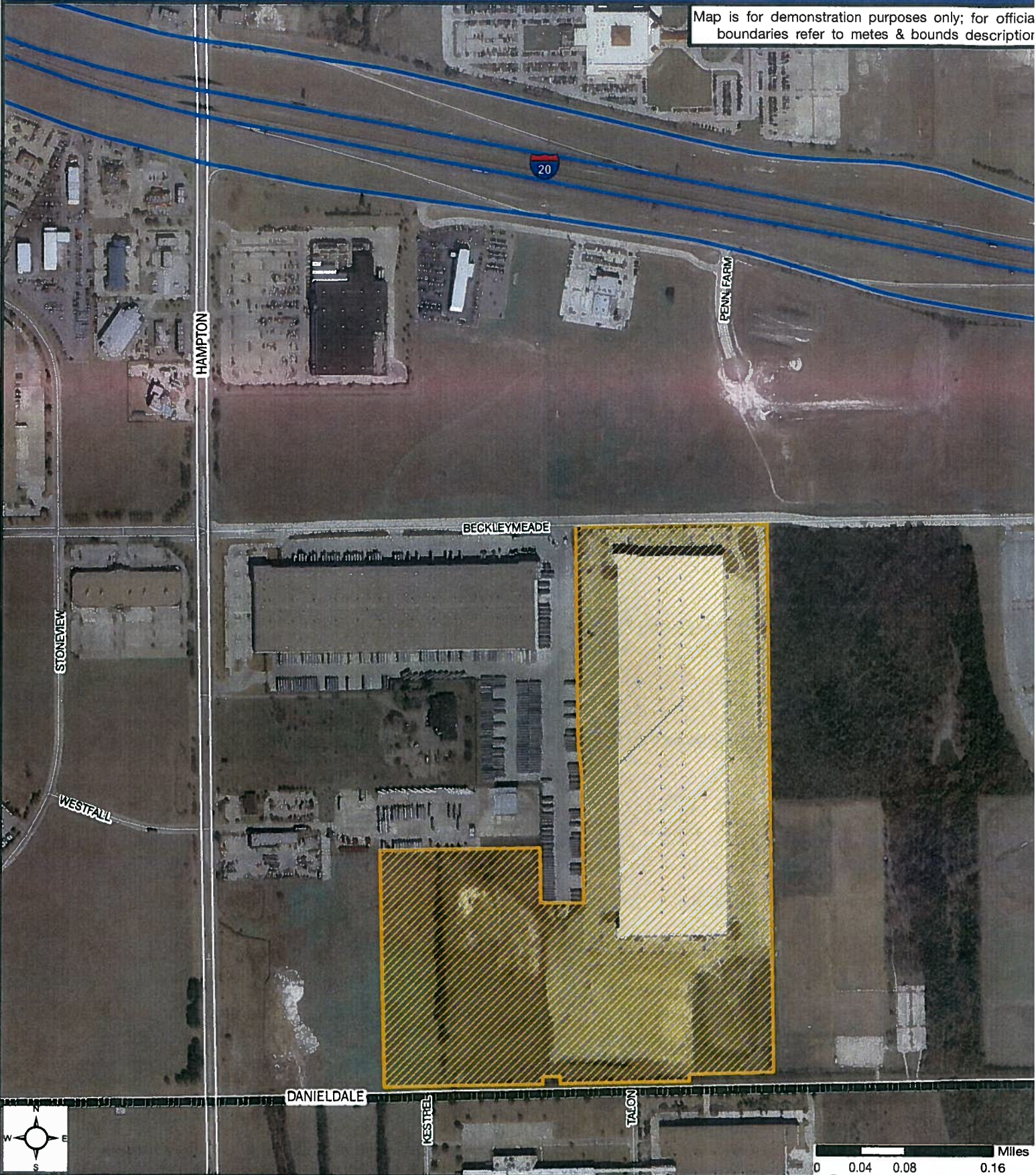


Ryan S. Evans
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, Acting City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
A.C. Gonzalez, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Interim Assistant City Manager
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Helena Thompson, Assistant to the City Manager

Reinvestment Zone #76

Map is for demonstration purposes only; for official boundaries refer to metes & bounds description



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Research & Information Division
214.670.1685
dallas-ecodev.org

Legend

- Reinvestment Zone #76
- Freeway

- Arterial
- Local Road
- City of Dallas

Traffic Light Locations



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Created: 4/13/11, Updated: 6/18/11
11-05-11, Carlos, Guzman, Traffic Light, TGG

Legend

- New Traffic Light
- Freeway

- Arterial
- Local Road
- City of Dallas

Source: Aerial photo - NGTCOG, 2009; All Other Data - City of Dallas, 2011

