

Memorandum



DATE April 4, 2008

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

SUBJECT **Authorize a Purchase and Sale Agreement and Development Agreement with Margaux City Lights Partners - April 9, 2008 Council Agenda**

On April 9, 2008, City Council will hold a public hearing and at the close of the hearing, consider ordinances (1) to increase the geographic area of the Deep Ellum TIF District to include the Latino Cultural Center and certain adjacent properties, including property owned by the City that the City desires to have developed pursuant to the Deep Ellum TIF District Project Plan and Reinvestment Zone Financing Plan ("Plan") and (2) to increase the total estimated project costs of the Deep Ellum TIF District by \$9,484,962 (in 2005 dollars) of which \$5,000,000 is for improvements to the Latino Cultural Center and the remaining increase is allocated to other budget categories to accommodate additional private development.. These items were previously discussed by the Economic Development Committee on January 22, 2008.

In addition, upon approval of the boundary amendment and Plan amendment, the City Council will be asked to consider two items related to the construction of a new parking facility for the Latino Cultural Center and the development of the 'City Lights' Mixed-Use project:

- A Purchase and Sale Agreement with Margaux City Lights Partners to allow the sale of City owned land to Margaux City Lights Partners for fair market value; and,
- A Development Agreement with Margaux City Lights Partners for reimbursement of expenses incurred by Margaux City Lights Partners in constructing a parking facility and other improvements to benefit the Latino Cultural Center.

These actions were initiated to address parking and other public improvement needs at the Latino Cultural Center. Further, it will allow the redevelopment of public and privately owned property directly north of the Latino Cultural Center as a high density mixed-use development called City Lights in accordance with the Deep Ellum TIF District Project Plan.

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SUBJECT **Davis Garden Tax Increment Financing District Final Plan Amendment**

Background

Tax Increment Financing Reinvestment Zone Number Sixteen was established as the Davis Garden Tax Increment Financing District by Ordinance No. 26799, which was approved by City Council on June 13, 2007.

The Davis Garden TIF District is located southwest of downtown Dallas near the Trinity River corridor. It includes portions of the Davis Street, Fort Worth Avenue, and Hampton Road corridors, as well as land adjacent to Pinnacle Park, commercial property and multi-family developments. The TIF District features numerous redevelopment opportunities within the areas surrounding Coombs Creek Trail, Kidd Springs Park, Stevens Park, Stevens Park Golf Course, and the Twelve Hills Nature Center. The Davis Garden TIF District's Final Plan, which was approved on February 27, 2008 by Ordinance No. 27090, forecasts the planned private development projects and public infrastructure improvement expenditures over its 22-year term. The City of Dallas will contribute approximately \$49,945,951 in total dollars (\$31,739,834 in 2008 dollars) to the TIF District. It is expected that Dallas County will contribute approximately \$10,185,004 in total dollars (net present value of \$6,527,249 in 2008 dollars) to the TIF District. The TIF Project Plan Improvements include line items for infrastructure Improvements; environmental remediation; affordable housing; historic façade restoration; parks, open space, trails, and streetscapes; and administration.

The proposed amendments to the Final Plan are as follows:

1. Affordable Housing – the provision of affordable housing is an essential element of the Davis Garden TIF District Final Plan's work program. The language comprising the provision is being modified to ensure fulfillment of the following objectives:
 - 20% of all TIF increment after administrative costs is set aside for affordable housing
 - Minimum of 50% of the required affordable housing units are supplied within the TIF District's boundaries
 - Developers provide at least 50% of the required affordable housing units at their own costs

2. Budget Categories – the Final Plan’s initial budget:

Category	Estimated TIF Expenditure (npv)	Estimated TIF Expenditure (actual)
Infrastructure Improvements	\$26,368,323	\$41,433,848
Environmental Remediation	\$7,265,575	\$11,416,757
Affordable Housing	\$1,305,498	\$2,051,394
Historic Façade Restoration	\$635,738	\$998,966
Parks, open space, trails, streetscapes	\$1,543,935	\$2,426,061
Administration and Implementation	\$1,148,014	\$1,803,929
Total Project Costs (excluding interest)	\$38,267,083	\$60,130,955

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

** All values in column (c) are estimated expenditures based on Annual TIF Project Costs and Debt Service schedules. These values depend on timing of projects and will fluctuate. An interest rate of 5% is used throughout the TIF term.

The proposed amendment to the Final Plan’s budget categories:

Category	Estimated TIF Expenditure (npv)	Estimated TIF Expenditure (actual)
Infrastructure Improvements	\$22,074,732	\$34,687,115
Environmental Remediation	\$6,131,870	\$9,635,310
Affordable Housing	\$7,072,911	\$11,114,014
Historic Façade Restoration	\$536,539	\$843,090
Parks, open space, trails, streetscapes	\$1,303,023	\$2,047,504
Administration and Implementation	\$1,148,008	\$1,803,922
Total Project Costs (excluding interest)	\$38,267,083	\$60,130,955

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

** All values in column (c) are estimated expenditures based on Annual TIF Project Costs and Debt Service schedules. These values depend on timing of projects and will fluctuate. An interest rate of 5% is used throughout the TIF term.

Financing

No cost consideration to the City.

Schedule

Consider Final Plan Amendment

April 9, 2008

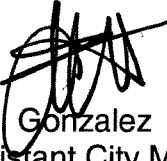
Recommendation

Staff recommends City Council approval.

Map

Attached

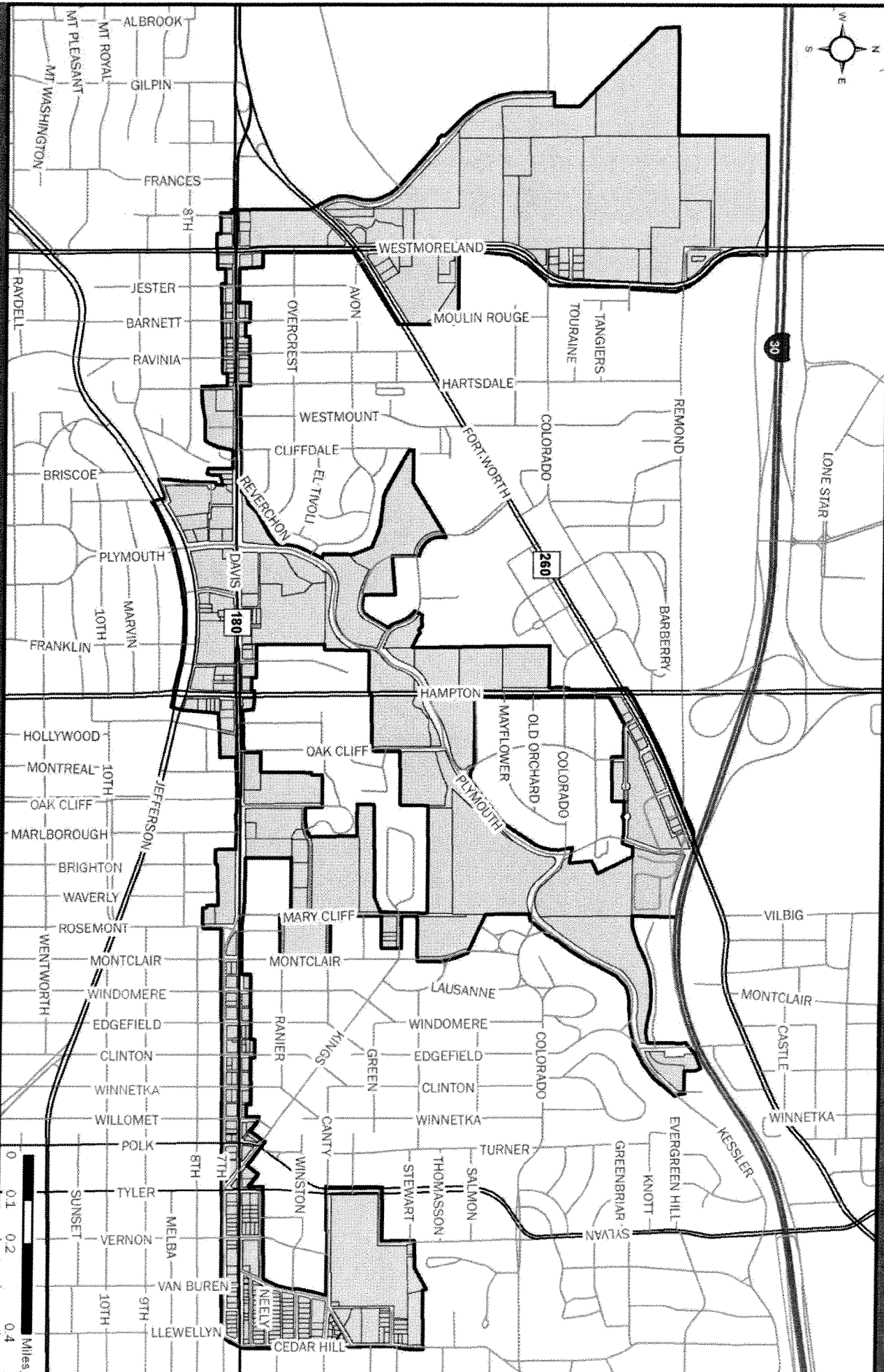
Should you have any questions, please contact me at (214) 670-3314.



A.C. Gonzalez
Assistant City Manager

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Verna Martin, Assistant Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Chandra Marshall-Henson, Assistant to the City Manager

Davis Garden TIF District



City of Dallas - Office of Economic Development

Research & Information Division
 (214) 670-1685
<http://www.Dallas-EcoDev.org>

City of Dallas
 Created 1/16/08, last updated 1/29/08 - RZ16, Web Map TCG

- Legend**
- Davis Garden TIF Boundary
 - Davis Garden TIF Parcels
 - Primary Highway
 - Secondary Highway
 - Major Arterial
 - Local Streets

Source: Parcels - DCAD, 2007;
 All Other Data - City of Dallas, 2007-08

City of Dallas
 RZ-16
 TIF

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SUBJECT **Transystems Contract for Agile Port Feasibility Study**

One component of the International Inland Port of Dallas (IIPOD) project has been the creation of an Agile Port System (APS); however, more needs to be done to further develop this concept and its applicability to Dallas. An Agile Port System has been defined by the U.S. Maritime Administration as “the physical design, business processes, and operational characteristics that increase the velocity of cargo moving through ports or terminals compared to current practices.” The city is interested in exploring how this concept relates to IIPOD and how IIPOD could benefit.

To further develop the APS, the City of Dallas issued an Agile Port System RFQ to evaluate the competitive position (location, infrastructure, industry, logistics, etc.) and opportunities for directly or indirectly advancing freight movement into, out of and through the Metroplex area. The assessment would analyze, evaluate and identify the highest opportunities and roles for the City to participate in the improvement of freight movement.

The top (and sole) respondent to the RFQ was TranSystems. TranSystems is a broad-based consulting firm, offering transportation, management and supply chain, and architectural and engineering consulting services, among others. Specifically, in response to this RFQ, TranSystems will be providing services related to conception and strategic planning related to ports and maritime issues and strategy, logistics and facility solutions related to management and supply chain consulting.

Some of TranSystems’ previous clients include the Center for Commercial Deployment of Transportation Technologies (CCDoTT), a Congressional and Department of Defense funded research center at Cal State-Long Beach, the Delaware River Port Authority and TxDOT. Work for these clients included an APS demonstration project at the Port of Tacoma, the Philadelphia Regional Agile Port System Study, and the TTC-35 Freight Corridor Study. They have also done work involving Kansas City SmartPort, the Port of Corpus Christi, and the Port of Guaymas.

Specifically, the TranSystems contract will be providing the following services:

- Task 1: Existing & Projected Cargo Volumes: Provide a baseline of cargo flows into and out of the greater DFW region, including an identification of trade lanes, origin and destination points, cargo volumes, commodity types and transportation modes. Key trends will also be illustrated and 30-year cargo projections for road, air and rail will be made.
- Task 2: Global, National & Regional Freight Transportation Influences: Identify influences that may impact freight flows (such as the Panama Canal expansion, growth of Gulf ports, etc) and model what these impacts may be.
- Task 3: Competitive Assessment: Analyze the DFW metroplex against other regional and national freight transportation hub locations, taking into consideration location and population, transportation, real estate, infrastructure, financial incentives and government.
- Task 4: Recommendations: Based on tasks 1-3, TranSystems will identify and recommend market opportunities and identify best strategies to implement.

The Office of Economic Development supports retaining TranSystems on a contract to complete these tasks. It is estimated it will take about four months to complete the analysis and it will cost \$150,000. Funding will come from the Public Private Partnership Fund.

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



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David Cook, Chief Financial Officer
Jerry Killingsworth, Director, Housing Department
Karl Zavitkovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Chandra Marshall-Henson, Assistant to the City Manager

The City Lights project and the improvements for the Latino Cultural Center will create a destination with the needed density to promote further redevelopment efforts in the Deep Ellum TIF District and support ridership at the DART Light Rail Station located at Live Oak and Elm Streets.

The City Lights Project

- A minimum of 110,000 square feet of retail, commercial and services
- 350 residential market rate units (minimum of 275,000 square feet)
- Minimum Private Investment: \$75,000,000

Latino Cultural Center

- 224 space parking facility
- Other improvements including, lighting, streetscape and pedestrian amenities

The Deep Ellum TIF Board met on February 22, 2008 to discuss the recommended boundary amendment and plan modifications to accommodate parking increases and other improvements for the Latino Cultural Center and also for the inclusion of other selected adjacent properties both publicly and privately owned for the private construction of a new high-density, mixed-use project. The Board voted to recommend the boundary amendment and project plan changes to accommodate the improvements for the Latino Cultural Center and, the sale of the city owned land and also approved a recommendation for a development agreement with Margaux City Lights Partners for the construction of a parking structure and other improvements for the Latino Cultural Center.

The Deep Ellum TIF District represents the outgrowth of the City's effort to provide a model for redeveloping districts to take full advantage of the expanding DART light rail system; to promote transit-oriented development, and to improve the quality of development east of Downtown.

The Deep Ellum TIF District currently exhibits high commercial vacancy rates, deteriorated structures, inadequate sidewalks and streets, faulty lot layouts, unsanitary or unsafe conditions, and deteriorated site improvements. These conditions substantially arrest or impair the sound growth of the City and property within the area.

Fiscal Information

Purchase and Sale Agreement - Revenue to the General Fund from the sale of City owned land: \$3,339,120

Development Agreement - Cost Consideration to the City - \$5,000,000, Deep Ellum TIF District Finds

Staff

Karl Stundins, Manager, Area Redevelopment Division
Stan Prichard, Economic Development Analyst

Recommendation

Staff recommends approval of the subject items. Please contact me if you have any questions.



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Assistant City Manager

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