

Memorandum



CITY OF DALLAS

DATE April 4, 2008

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

SUBJECT Update - City of Dallas Downtown Retail Program

The Office of Economic Development is providing an update to the briefing presented to the Committee on March 3, 2008 on the proposed City of Dallas Downtown Retail Program. The attached briefing outlines the details of the program. Staff desires to obtain a formal recommendation from the Economic Development Committee.

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
Thomas Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Judge Jay Robinson, Judiciary
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Ramon Miguez, P.E., Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
David O. Brown, Interim Assistant City Manager
Dave K. Cook, Chief Financial Officer
Jeanne Chipperfield, Interim Budget Director, Office of Financial Services
Karl Zavitkovsky, Director, Office of Economic Development
Verna Martin, Assistant Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Chandra Marshall-Henson, Assistant to the City Manager

UPDATE

City of Dallas

Downtown Retail Program



Economic Development Committee Briefing

April 7, 2008

Presented by
Office of Economic Development
Downtown Initiatives



Office of Economic Development
www.Dallas-ECODEV.org



Background



At the March 3, 2008 Economic Development Committee, staff presented the framework and program concepts for the Downtown Retail Program as highlighted below:

- ❖ The creation of a Downtown Retail Business Cooperative to assist emerging, local retail business in establishing and maintaining downtown locations;
- ❖ Job training opportunities in the retail industry for Dallas area students;
- ❖ The development and implementation of an updated Retail Recruitment Strategy;
- ❖ Marketing and retail recruitment services to be provided by a Downtown Marketing Partner;
- ❖ Administration of existing grant agreements with downtown retailers;
- ❖ Future Initiatives: Retail Catalyst Project; Vendor Cart Micro-Business Program

Funding Background: Existing Funds

- **Balance of Main Street District Loan & Grant Initiative Program:**
 - Unallocated Program Funds: \$337,588
 - Previously Pending Funds Allocated: \$250,000
- **Additional/Existing Funding Sources To Support The New Program:**
 - OED, Downtown Initiatives 2006/07 Budget: \$100,000
 - DDDA Merc Bond Proceeds: \$232,300
(DDDA Board approved the redirection of bond proceeds to City retail initiatives)
- **Downtown Retail Program**
Total Program Budget – 2008-2013: \$919,888

Downtown Retail Program Overview

DOWNTOWN RETAIL PROGRAM

Phase I Retail Business Assistance

Downtown Retail Resource Center

- Merchandising Internship Program
- Downtown Retail Implementation Program: Recruitment & Marketing
- Downtown Retail Business Cooperative
- Vendor Cart Micro-Business Program
- Administration of Grandfathered Agreements - Main Street District Initiative Loan and Grant Program

Phase II Retail Catalyst Incentives

Downtown Retail Growth Initiative

- A public/private program to stimulate catalyst retail projects.
- Target a one to two block area within the downtown for a catalyst, superblock, retail development project (eg., Elm Street)
- Potential incentives may include rent subsidies, tenant improvements, façade grants, loans/grants.
- Input to be obtained from Mayor's Downtown Task Force - Retail Subcommittee.

Proposed Downtown Retail Program

A. Merchandising Internship Program

Job training opportunities and stipend for DISD&DCCCD students; part-time labor for small downtown retailers; participation of retailers as contractors for merchandising workshops.

B. Downtown Retail Business Cooperative

The establishment of a downtown incubator location to assist the small, emerging retail business in getting started and gaining a presence in the marketplace. Partnerships with SBA, SCORE & SBDC to provide technical business assistance.

C. Downtown Retail Implementation Program – Retail Recruitment & Marketing

The downtown retail strategy will be updated to reflect current market needs and structure an implementation plan; a full-time recruiter will be hired and trained based on the implementation plan.

D. Administration of Grandfathered Agreements

All established grant agreements under the Main Street District Loan and Grant Program will grandfathered and managed by OED staff.

E. Downtown Vendor Cart Micro-Business Program (Conceptual)

Further coordination with city departments regarding ordinance revisions and feasibility of the program.

F. Development/Incentives for large-scale catalyst retail project (Conceptual)

Maximize public/private resources by focusing incentives on a key project or block to stimulate retail development.

Funding Summary – By Program Component

- A. Merchandising Internship Program - \$200,000
- B. Downtown Retail Business Cooperative – \$383,638
(includes program, lease, operations & tenant improvements)
- C. Downtown Retail Implementation Program – Retail Recruitment & Marketing - \$336,250
- D. Administration of Grandfathered Agreements – No Additional Cost
- E. Downtown Vendor Cart Micro-Business Program – Future Funding to be identified
- F. Development/Incentives for large-scale catalyst retail project – Future Funding to be identified

Funding Sources and Uses

Funds	Amount	
Remaining Balance from Main Street Program	\$587,588	
Set aside funds from FY06-07 Budget Year	\$100,000	
DDDA - Mercantile Bond Proceeds	\$232,300	
	\$919,888	

Uses	Amount	Term
Merchandising Internship	\$200,000	1.5 years
Retail Cooperative Program	\$58,638	1.5 years
Retail Cooperative Lease*	\$181,500	5 years
Retail Cooperative Operational Costs*	\$75,000	5 years
Retail Cooperative Space Improvements*	\$68,500	1 year
Retail Implementation Consultant*	\$100,000	1.5 years
Full-Time Retail Recruiter Position*	\$105,000	1.5 years
Retail Marketing & Administrative Activities*	\$131,250	1.5 years
	\$919,888	

**These program components to be administered through the City's Marketing Partner Agreement*

Retail Recruitment/Marketing Partner

DOWNTOWNDALLAS

- **DOWNTOWNDALLAS** has partnered with the City since 2003 to facilitate retail development and market downtown. The organization has been instrumental in bringing new retail business to downtown, implementing broad marketing and promotional programs, recruiting and pre-qualified retailers for the Main Street District Retail Recruitment Initiative.
- **DOWNTOWNDALLAS** is a privately funded 501(c)(6) organization with approximately 200 member companies.
- The overarching mission of **DOWNTOWNDALLAS** is to promote the interests of Downtown. Since 1958, **DOWNTOWNDALLAS** has served as the leading advocate for Downtown businesses, residents, employees, visitors and cultural, entertainment and educational institutions.
- For the proposed Downtown Retail Program, staff recommends the continuation of the partnership with a specific focus on retail recruitment and marketing.

Retail Recruitment/Marketing Partner DOWNTOWNDALLAS

Staff proposes a chapter 380 Grant Agreement in an amount not to exceed \$661,250 to be executed with DOWNTOWNDALLAS for the following services:

Downtown Retail Recruitment & Marketing

- Full-Time Retail Recruiter - \$105,000
(Includes salary, benefits, travel)
- Retail Implementation & Recruitment Training - \$100,000 (Consultant services)
- Retail Recruitment and Marketing - \$91,000
 - Leasing Kits
 - Database Development & Maintenance
 - Broker Relations
 - ICSC Activity

Total: \$296,000

Downtown Retail Business Cooperative

- Retail Cooperative / Resource Center - \$325,000
 - Lease – 5 year term
 - Operations- 5 year term
 - Tenant Improvements – One time cost

Total: \$325,000

Administrative Fee

- 10% Administrative Fee - \$40,250
 - Retail Cooperative - \$32,500
 - Leasing Kits/Database/Broker Relations - \$7,750

Total: \$40,250

Retail Recruitment/Marketing Partner

DOWNTOWNDALLAS

Grant Agreement Terms:

- The grant agreement will provide for:
 - 18 months of funding to **DOWNTOWNDALLAS** for retail recruiter staff salary, retail implementation consultant services, retail marketing and recruitment deliverables, and associated administrative fees.
 - Payment of monthly lease fees for downtown property for the operation of the Retail Cooperative/ Resource Center for 5 year term.
- Grant funds will be disbursed contingent upon invoices submitted, schedule of work activities as outlined in monthly workplan, documentation of benchmarks and deliverables completed.
- Monthly progress reports are to be submitted to identify workplan for upcoming month and to document accomplishments/completion of contracted services.

Recommendations & Next Steps



- Economic Development Committee recommends the City of Dallas Downtown Retail Program.
- Item scheduled for City Council April 9th Agenda.