

# Memorandum

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DATE July 30, 2010

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

CITY SECRETARY  
DALLAS, TEXAS

SUBJECT **Economic Development Committee**  
**Monday, August 2, 2010, 9:30 – 11:30 a.m.**  
**1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201**

## AGENDA

1. Approval of June 21, 2010 Minutes of the Economic Development Committee
2. The Reserve on the North Campus Streetscape Improvement Project – Maple/Mockingbird TIF District  
Karl Zavitkovsky, Director  
Office of Economic Development  
**(Estimated time 10 minutes)**
3. Effective Business Strategies to Support Sustainable Growth  
Theresa O'Donnell, Director  
Sustainable Development & Construction  
**(Estimated time 15 minutes)**
4. City of Dallas' Regional Super Bowl XLV Participation – Update  
Al Rojas, Interim Director  
Convention & Event Services  
**(Estimated time 20 minutes)**
5. Upcoming agenda items for August 2010
  - Consolidated Container Company and Weingarten Realty Investors
  - Call a Public hearing regarding Enterprise Zone Program Participation in order to Nominate by Ordinance DRS Technologies for Enterprise Zone Project Designation
  - Cambium Learning Group, Inc.
  - Authorize amendments Santa Fe IV Hotel, LP Development Agreement - Downtown Connection TIF

Ron Natinsky, Chair  
Economic Development Committee

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 Municipal Court  
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  
Jeanne Chipperfield, CFO, OFS  
Karl Zavitkovsky, Director, OED  
Helena Stevens-Thompson, Asst. to the CMO

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**  
**June 21, 2010**

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:** June 21, 2010      **Meeting Start time:** 9:35 AM

**Committee Members Present:**

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

**Other Council Members Present:**

David Neumann  
Delia Jasso

**Staff Present:**

Jeanne Chipperfield, *Chief Financial Officer, City Managers Office*  
AC Gonzalez, *Assistant City Manager*  
Karl Zavitkovsky, *Director, Economic Development*  
Rick Galceran, *Director, Public Works & Transportation*  
Jack Ireland, *Executive General Manager, City Managers Office*  
Hammond Perot, *Assistant Director, Economic Development*  
Art Hudman, *City Attorney, City Attorneys Office*

**1. Approval of June 7, 2010 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:** Mr. Atkins

Item passed unanimously:  X

Item passed on a divided vote:  \_

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

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

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

**2. FY 2010-11 Economic Vibrancy Key Focus Area Preliminary Ranking of Bids**

**Presenter(s):** Jeanne Chipperfield, Chief Financial Officer, City Manager's Office

**Action Taken/Committee Recommendation(s):** No action taken on this item.

**Motion made by:**

**Motion seconded by:**

Item passed unanimously:  \_\_\_\_\_

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

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

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

**Economic Development Committee**

**May 17, 2010**

**Meeting Record – Page 2 of 3**

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

**Councilmember Atkins** requested schedule of 12 cycles for mowing and wants more details on transportation user fee.

**City Attorney Art Hudman** recommended an executive session to explain subtleties of the lease/contract for Burlington and other leases/contracts.

**Councilmember Natinsky** requested breakdown of all fees that are supposed to get full cost recovery (for all council members). **Councilmember Koop** asked to include what state law is regarding fees.

**3. INCAP I-30 Frontage Road TIF Redevelopment Agreement**

**Presenter(s): Karl Zavitkovsky, Director, Economic Development**

**Action Taken/Committee Recommendation(s):**

**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):**

**Councilmember Atkins** requested offline discussion.

**4. Public Private/Partnership Program**

**Presenter(s): Hammond Perot, Assistant Director, Economic Development**

**Action Taken/Committee Recommendation(s):**

**Motion made by:** Mr. Caraway

**Motion seconded by:** Mr. Atkins

Item passed unanimously:  X

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

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

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

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

**5. Upcoming agenda items for June 2010:**

**Presenter(s): Ron Natinsky, Councilmember**

- Historic Preservation Tax Incentive – 3819 (3849) Maple Avenue
- By-Laws for the Davis Garden TIF District
- By-Laws for the TOD TIF District
- Authorize a Chapter 380 economic development grant agreement pursuant to the Public/Private Partnership Program with CCH Lamar Partners I, L.P., in association with redevelopment of the company's property located at 2901 S. Lamar Street in an amount not to exceed \$100,000
- TCDFW I20 II, LP

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

**Motion made by:** Mr. Atkins

**Motion seconded by:** Mr. Kadane

Item passed unanimously:  X

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

**Economic Development Committee  
May 17, 2010  
Meeting Record – Page 3 of 3**

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

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

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

**Meeting Adjourned: 10:44 AM**

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

**Ron Natinsky, Chair**

# Memorandum



CITY OF DALLAS

DATE July 30, 2010

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 The Reserve on the North Campus Streetscape Improvement Project –  
Maple/Mockingbird TIF District

Attached is the briefing material on the Reserve on the North Campus Streetscape Improvement project – Maple/Mockingbird TIF District to be presented to the Economic Development Committee on Monday, August 2, 2010.

Please contact me if you need additional information.

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez', with a large, sweeping flourish extending to the left.

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  
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Jeanne Chipperfield, Chief Financial Officer  
Karl Zavitkovsky, Director of Office of Economic Development  
Hammond Perot, Assistant Director, Office of Economic Development  
Helena Stevens-Thompson, Assistant to the City Manager

# ***The Reserve on the North Campus Streetscape Improvement Project Maple/Mockingbird TIF District***

Economic Development Committee

August 2, 2010



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

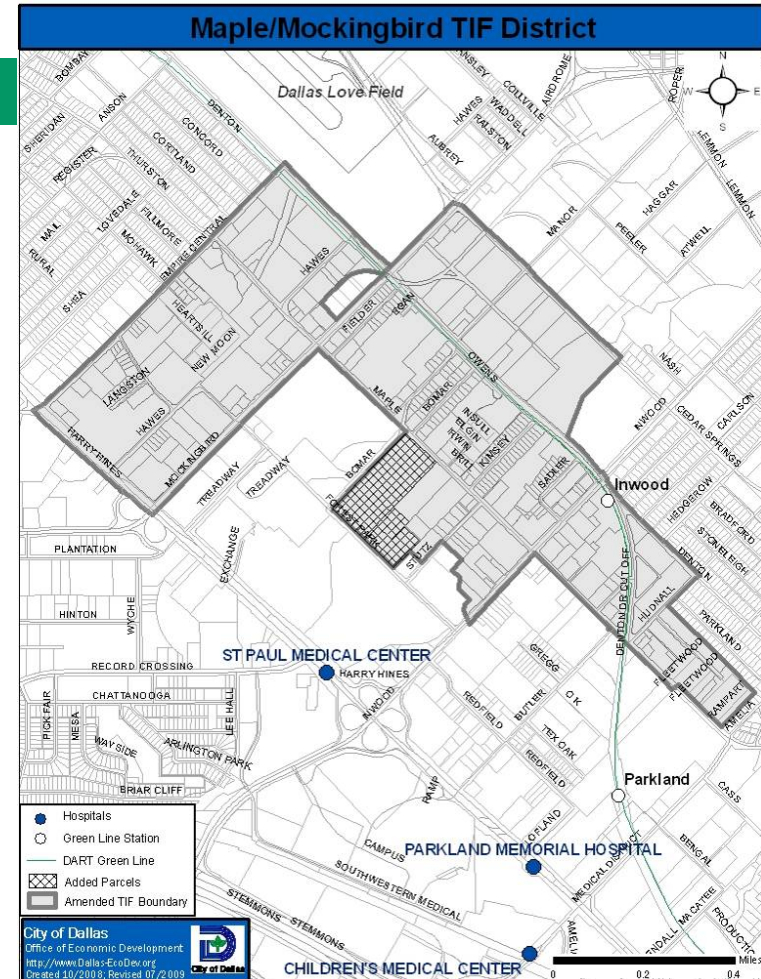


# Purpose

- ◆ Review the Reserve on the North Campus Streetscape Improvement project proposal for TIF funding in the Maple/Mockingbird TIF District.
- ◆ Obtain Economic Development Committee approval for consideration of the project by City Council on August 25, 2010

# Maple/Mockingbird TIF District: *Background*

- ◆ The Maple/Mockingbird TIF District was created December 2008
- ◆ In 2009, the district's boundary was amended to add 19 acres of property adjacent to the district
- ◆ The District will expire December 31, 2023, or when approximately \$56 million in TIF increment has been collected
- ◆ The district was established to encourage redevelopment of obsolete multi-family and commercial buildings, inadequate retail centers, and underutilized industrial facilities in the area between Love Field Airport and the medical district to the southwest.



# Maple/Mockingbird TIF District: TIF Budget

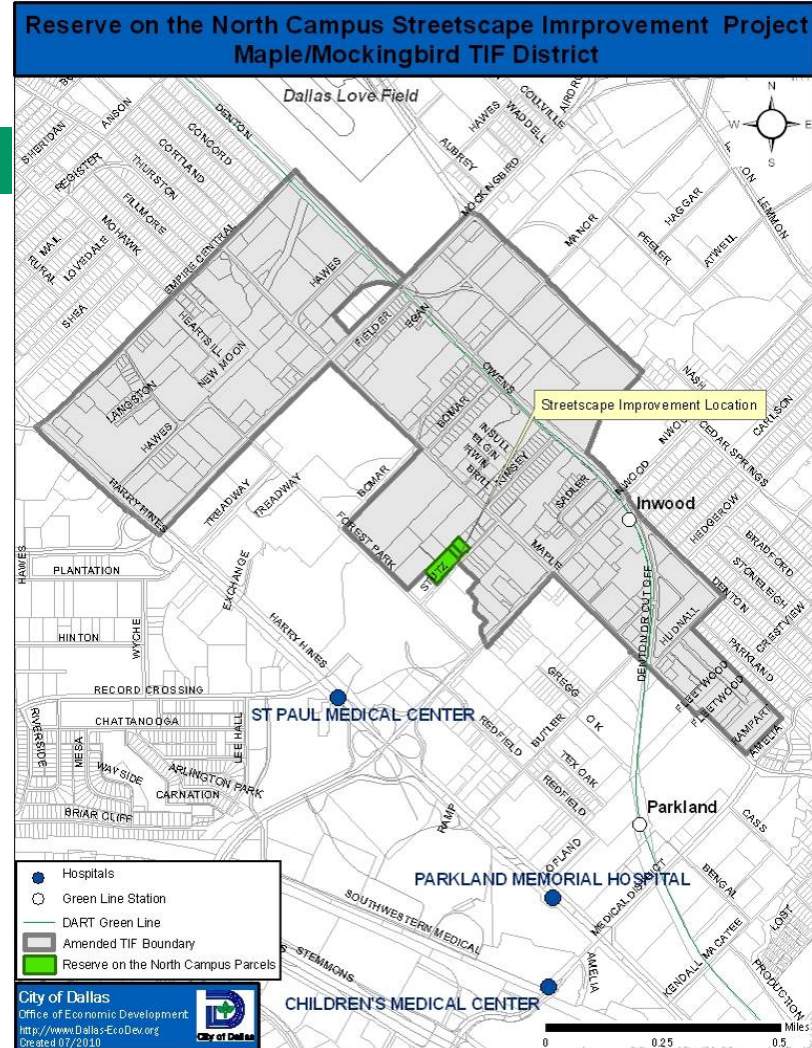
<b>Maple/Mockingbird TIF District Projected Increment Revenue of Retire TIF Fund Obligations</b>			
<b>Category</b>	<b>TIF Budget<sup>1</sup></b>	<b>Allocated</b>	<b>Balance</b>
<b>Infrastructure/Utility Improvements</b> - design and engineering; street paving construction and resurfacing; utility improvement, relocation and burial; streetscape; open space	\$31,377,605	\$0	\$31,377,605
<b>Environmental Remediation and Demolition</b>	\$4,468,330	\$0	\$4,468,330
<b>Affordable Housing</b>	\$8,440,179	\$0	\$8,440,179
<b>Retail/High Density Grant Program</b>	\$8,052,923	\$0	\$8,052,923
<b>Administration and Implementation<sup>2</sup></b>	\$2,830,683	\$31,247	\$2,799,436
<b>Total Project Costs</b>	<b>\$55,169,721</b>	<b>\$31,247</b>	<b>\$55,138,473</b>

<sup>1</sup>Budge shown in total dollars. TIF Project Plan shows the budget in Net Present Value.  
<sup>2</sup>Administrative costs are pending until increment collection begins in 2010.

# Reserve on the North Campus Streetscape Improvement Project

## ◆ Project Location

- The project is on Stutz Road, south of Maple Avenue – 2303 Stutz Road
- The project site is ½ block from the University of Texas North Campus Moncrief Cancer Center and the T. Boone Pickens Research Tower
- The proposed public improvements are directly adjacent to a town home project called the Reserve on the Campus



# Reserve on the North Campus Streetscape Improvement Project (continued)

## ◆ Project Description

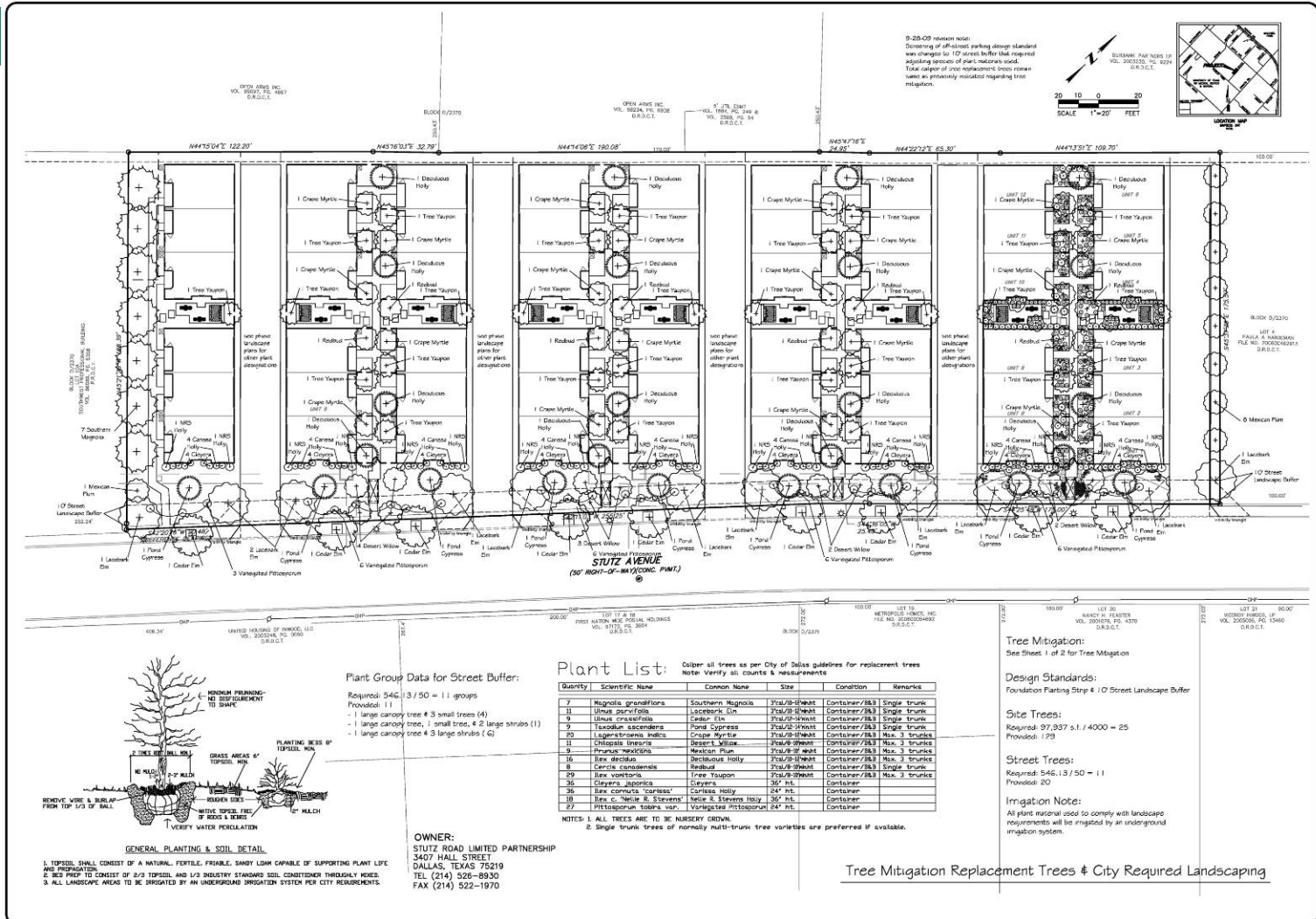
- The Maple/Mockingbird TIF Board recommended funding of the proposed streetscape project because improvements beyond the minimum requirements of the City Code would not be constructed without TIF assistance
- Public improvements will include
  - Minimum 10' wide sidewalk
  - Street trees
  - Pedestrian lighting
- The improvements are consistent with the long term vision of the TIF District
- This will be the first public improvement project for the District and will set the standard for future district wide improvements

# Reserve on the Campus Townhome Project

## ◆ Project Description

- 54 town home (for-sale) units
- 1,772 square feet is the average size of the units
- Target sale price for the units is \$250,000
- Anticipated build out date is December 2011
- For-sale housing projects developed within TIF Districts receiving TIF funding have been minimal because it is difficult to create provisions for permanent affordable housing
- As a result, these types of projects are unable to satisfy the 20% affordable housing requirement for all TIF Districts
- This is the case with the for-sale town home development adjacent to the proposed streetscape project
- The town home project will not receive any TIF funding

# Reserve on the North Campus Streetscape Improvement Project - Site/Landscape Plan



**VZRR**  
 Van Zandt Resources  
 Landscape Architecture  
 Dallas, Texas 75226  
 214.897.0195  
 www.vanzandr.com

**REVISIONS:**  
 DATE: 11-23-2007  
 BY: J.V.Z.  
 DESCRIPTION: Adjustment to street tree mitigation to match 10' street buffer.  
 DATE: 11-08-2007  
 BY: J.V.Z.  
 DESCRIPTION: Update to match 10' street buffer.

**Landscape Plan**  
 2303 Stutz Rd  
 Dallas, Texas

**Sheet**  
 2 of 2

**Job No: 0718**

Tree Mitigation Replacement Trees # City Required Landscaping

# Reserve on the North Campus Streetscape Improvement Project - Proposed TIF Funding

- ◆ The enhanced streetscape proposed in the Reserve on the North Campus Streetscape Project would not be developed, but for TIF funding
- ◆ TIF funds for the project would be used to offset the cost of the following improvements:
  - Demolition
  - Streetscape/utilities design and construction

Description	Amount
Environmental Remediation and Demolition	\$14,200
Infrastructure/Utility Improvements – Streetscape (Design and Construction)	\$84,000
<b>Total TIF Funding Request</b>	<b>\$98,200</b>

# Reserve on the North Campus Streetscape Improvement Project - *Funding Sources & Uses*

- ◆ Funding Sources and Uses

Funding Source	Amount	Use
Private Equity	\$2,700,000	Land Acquisition and Construction
1 <sup>st</sup> Mortgage Bank Loan	\$9,102,832	Construction
<b>Total</b>	<b>\$11,802,832</b>	

# Reserve on the Campus Town Home and Streetscape Improvement Project Summary

Proposed Reserve on the North Campus Streetscape Improvement Project	
<b>Project Square Footage</b>	≈ 95,688 square feet – 54units
<b>Private Investment</b> <i>(land acquisition, hard and soft costs)</i>	\$11,802,832
<b>Total Project Costs</b> <i>(actual investment, land acquisition, soft costs, debt expenses, etc)</i>	\$12,137,109
<b>TIF Funding</b>	\$98,200
<b>% TIF Funds to Total Project Costs</b>	<1%
<b>Return on Cost with TIF Reimbursement</b>	5.7% <i>(See Appendix 4 for calculation)</i>
<b>Return on Cost without TIF Reimbursement</b>	4.9% <i>(See Appendix 4 for calculation)</i>
<b>Developer Fee</b>	0%
<b>Anticipated Construction Start Date</b>	December 31, 2010
<b>Anticipated Project Completion Date</b>	December 31, 2011



# Recommendations

- ◆ The following action is recommended:
  - Approval of a Development Agreement with Reserve at Stutz Road, LLC, for TIF reimbursement for the Reserve on the North Campus Streetscape Improvement Project

# ◆ Appendices

# Appendix 1: Reserve on the North Campus Streetscape Project Budget

Reserve on the North Campus Streetscape Improvement Project Budget	
<b>Private Costs</b>	
<b>Land/Building:</b>	<b>Amount</b>
Land Cost (Acquisition)	\$0
Other Cost (specify)	
Less Pad/Land Sales	
<b>Total Land Acquisition</b>	<b>\$0</b>
<b>Hard Costs:</b>	
Site work	\$0
Building construction costs	\$0
Garage construction costs	
Hard cost contingency	\$0
Other hard costs (specify) Engineering, Erosion Control, Retaining Walls	\$0
<b>Total Hard (total construction)</b>	<b>\$0</b>
<b>Soft Costs:</b>	
Marketing expenses, advertising, etc.	\$0
Architects/Engineers/Consultants Total	\$0
Appraisal, market study, & feasibility	\$0
Legal & Accounting	\$0
Loan expenses	\$0
Title & Closing Costs	\$0
Consulting/Developer Fee & Reimbursable expenses	\$0
Property Taxes	\$0
Security	\$0
Surveys	\$0
Soft cost contingency	\$0
<b>Total Soft Costs</b>	<b>\$0</b>
<b>Public Costs</b>	
<b>Environmental/Demo</b>	
Demolition	
Grading, Erosion Control	\$7,500
Engineering	\$6,700
<b>Total Environmental/Demo</b>	<b>\$14,200</b>
<b>Streetscape/Utilities:</b>	
Streetscape (sidewalk, pavers, tree, tree grates)	\$50,000
Lighting	\$18,000
Other: Contingency	\$4,500
<b>Total Streetscape</b>	<b>\$72,500</b>
<b>Other:</b>	
Construction Management	\$4,500
Permits	\$2,500
Other (describe)	
<b>Total Other</b>	<b>\$7,000</b>
<b>Total Development Costs (private plus public)</b>	<b>\$98,200</b>

# Appendix 2: Reserve on the Campus Town Home Project Proforma

## The Reserve on the Campus Proforma - Maple/Mockingbird TIF District

PROJECT NAME:	The Reserve on the Campus
PROJECT TYPE:	For Sale Town Homes
SITE AREA:	2.25
NUMBER OF FLOORS/STORIES:	3
CONSTRUCTION START DATE:	May 2010
PROJECT SCHEDULE:	May 2010 - December 2011

<u>Residential Unit Breakdown</u>	<u>Avg. SF</u>	<u># of Units</u>	<u>Total SF</u>	<u>Target Sale Price PSF</u>
For Sale Town Home Units	1,772	54	95,688	\$141
<b><u>Project Costs</u></b>		<b><u>Sales</u></b>		
Hard Cost	\$8,924,454	Town Homes	\$13,500,000	
Soft Cost	\$384,883	- Commission	(742,500)	
Land Cost	\$2,489,272	- Title & Closing Fees	(21,712)	
Public Cost	\$338,500			
<b>Total Project Costs</b>	<b>\$12,137,109</b>	<b>Net Sales</b>	<b>\$12,735,788</b>	
		<b>TIF Assistance</b>	<b>\$98,200</b>	

<b>Return on Cost Analysis</b>	
<small>(Net Sales-Total Project Costs)/Total Project Costs</small>	
Return on Costs without assistance	4.9%
Return on Cost with assistance	5.7%

# Appendix 3: TIF Increment Chart

Maple/Mockingbird TIF District Projected TIF Increment Schedule									
Tax Year		Property Value Total	Cumulative Prop Val Growth	Anticipated Captured Value	Part'n Rate City	TIF Contribution City	Part'n Rate County	TIF Contribution Dallas County	Total TIF Contribution
Base	2008	\$176,690,019							
Adj to Base		\$6,449,999							
New Base	2009	\$183,140,018							
1	2009	\$189,047,915	7.0%	\$12,357,896	70%	\$64,697	0%	\$0	\$64,697
2	2010	\$175,027,467	-4.4%	(\$8,112,551)	70%	\$0	0%	\$0	\$0
3	2011	\$179,252,879	-2.1%	(\$3,887,139)	70%	\$0	55%	\$0	\$0
4	2012	\$224,285,419	22.5%	\$41,145,401	85%	\$261,567	55%	\$51,619	\$313,187
5	2013	\$286,458,771	56.4%	\$103,318,753	85%	\$656,813	55%	\$129,619	\$786,432
6	2014	\$337,614,013	84.3%	\$154,473,995	85%	\$982,014	55%	\$193,795	\$1,175,810
7	2015	\$444,707,939	142.8%	\$261,567,921	85%	\$1,662,827	55%	\$328,150	\$1,990,977
8	2016	\$521,452,635	184.7%	\$338,312,617	85%	\$2,150,704	55%	\$424,430	\$2,575,135
9	2017	\$561,543,725	206.6%	\$378,403,707	85%	\$2,405,569	55%	\$474,726	\$2,880,296
10	2018	\$578,144,051	215.7%	\$395,004,033	85%	\$2,511,100	55%	\$495,552	\$3,006,653
11	2019	\$586,816,211	220.4%	\$403,676,193	85%	\$2,566,230	55%	\$506,432	\$3,072,663
12	2020	\$595,618,455	225.2%	\$412,478,437	85%	\$2,622,187	55%	\$517,475	\$3,139,663
13	2021	\$604,552,731	230.1%	\$421,412,713	85%	\$2,678,984	55%	\$528,683	\$3,207,668
14	2022	\$613,621,022	235.1%	\$430,481,004	85%	\$2,736,632	55%	\$540,060	\$3,276,693
15	2023	\$622,825,338	240.1%	\$439,685,320	85%	\$2,795,146	55%	\$551,607	\$3,346,753
16	2024	\$632,167,718	245.2%	\$449,027,700	85%	\$2,854,536	55%	\$563,328	\$3,417,865
17	2025	\$641,650,234	250.4%	\$458,510,216	85%	\$2,914,818	55%	\$575,224	\$3,490,043
18	2026	\$651,274,987	255.6%	\$468,134,969	85%	\$2,976,004	55%	\$587,299	\$3,563,303
19	2027	\$661,044,112	261.0%	\$477,904,094	70%	\$2,501,971	55%	\$599,555	\$3,101,526
20	2028	\$670,959,774	266.4%	\$487,819,756	70%	\$2,553,883	55%	\$611,994	\$3,165,878
21	2029	\$681,024,170	271.9%	\$497,884,152	70%	\$2,606,573	55%	\$624,621	\$3,231,194
22	2030	\$691,239,533	277.4%	\$508,099,515	70%	\$2,660,053	55%	\$637,436	\$3,297,490
23	2031	\$701,608,126	283.1%	\$518,468,108	70%	\$2,714,336	0%	\$0	\$2,714,336
24	2032	\$712,132,248	288.8%	\$528,992,230	70%	\$1,406,121	0%	\$0	\$1,406,121
25	2033	\$722,814,231	294.7%	\$539,674,213	0%	\$0	0%	\$0	\$0
						\$47,282,767		\$8,941,605	\$56,224,383
2009 NPV						\$23,295,187		\$4,485,179	\$27,780,373

## Appendix 4: Reserve at Stutz, LLC

- ◆ The members of Reserve on Stutz, LLC include William White, Dan Shreimann, and Joe McQuillan
  - Dan Shreimann, President – Practicing tax and real estate attorney and C.P.A. Shreimann has over 25 years of experience in entity formation and structure, tax planning and analysis, tax compliance and litigation, etc.
  - William White, Vice President – Over the past 12 years White has concentrated on “in fill” development throughout eastern and central Dallas. White has experience in design, development and construction of single family homes and town homes. Since 1994, White has completed and sold nearly \$75M in single family subdivision and residences
  - Joe McQuillan, Treasurer – Former Vice Chairman and director of Associates First Capital Corporation (The Associates)

# Memorandum



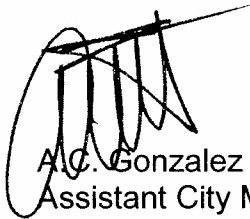
Date: July 30, 2010

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

Subject: Effective Business Strategies to Support Sustainable Growth

On Monday, August 2, the Economic Development Committee will be briefed on the recommended adjustments to Sustainable Development and Constructions existing fee structure. A copy of the briefing Material 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

c: The Honorable Mayor and Members of the City Council  
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Helena Stevens-Thompson, Assistant to the City Manager

# Effective Business Strategies to Support Sustainable Growth

Sustainable Development and  
Construction – Enterprise Program

August 2, 2010



# Purpose

- To recommend adjustments to the existing Building Inspection Enterprise Fund fee structure to recover the true costs of delivering services to our customers

# Covered in this briefing

- Quick overview of BI and Zoning Divisions
- Recent economic trends in development industry
- Impact of the current budget and staffing levels
- Transitioning the Department
- Potential fee adjustments
- Potential organizational changes
- Recommendations
- Questions

# Overview

## Building Inspection

- The Building Inspection Office is charged with
  - Ensuring compliance with construction standards
  - Enforcing City codes
  - Archiving/record keeping of permits
- Services provided include:
  - Issuing building permits and Certificates of Occupancy
  - Reviewing and approving site and construction plans for compliance with zoning and building codes
  - Researching information about development activity, past uses on property, allowed uses, etc.
  - Performing construction inspections
  - Responding to Open Records Requests

# Overview

## Zoning and Planning Division

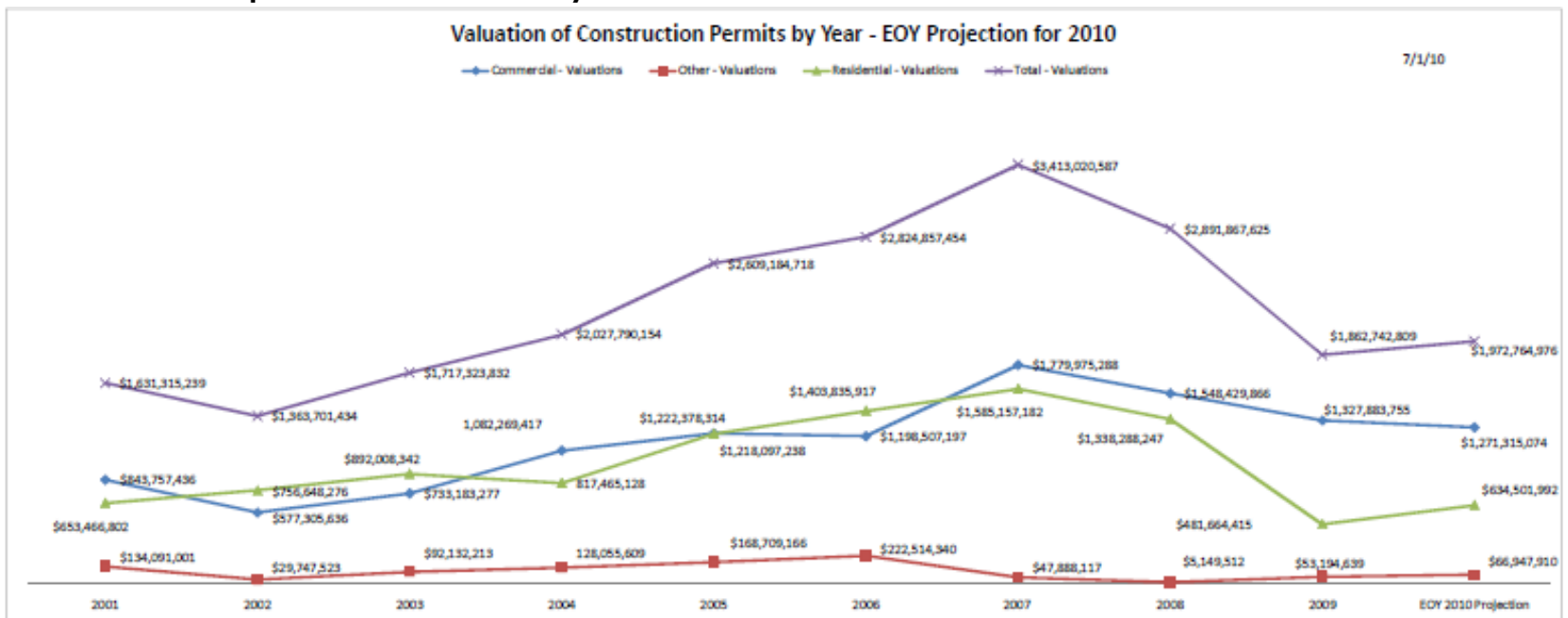
The Zoning/Planning is responsible for

- Reviewing and processing: zoning requests, SUPs, variances, special exceptions, street name changes, plats, development code amendments and other miscellaneous land use applications
- Maintaining the official zoning maps and providing all legally required notification
- Providing staff support for the Council Transportation and Environmental Committee, City Plan Commission, Board of Adjustment, Landmark Commission, the Zoning Ordinance Advisory Committee, and other affiliated subcommittees and task forces



# Impact of the Recent Economic Downturn on the Enterprise Fund

- Comparing FY 06-07 to FY 08-09
  - Revenues generated from fees fell by 34%
  - Customer load fell by 16%
  - Number of building permits issued fell by 12%
  - Inspections fell by 17%



# Impact on the Current Budget and Staffing Levels

- Budgeted funding and revenues were reduced by 48%
- Staff was reduced by 51%
- Staffing assignments and allocations were adjusted to meet anticipated workload
- Core functions were prioritized
- All specialized services were eliminated

# Impact on current budget and staffing levels

Significant and sudden reduction in staff has resulted in a sharp increase in customer complaints and dissatisfaction

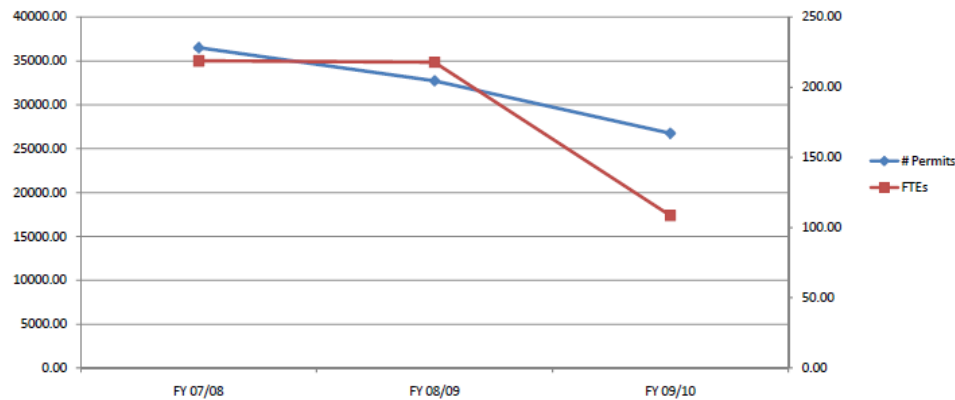
- Length of time to review and approve construction plans increased
- Length of time to review and process zoning cases increased
- Length of time to provide inspections increased
- Staff not readily accessible for consultation, information requests and reviews
- Continued demand/expectation for services that were eliminated

# Transitioning the Department

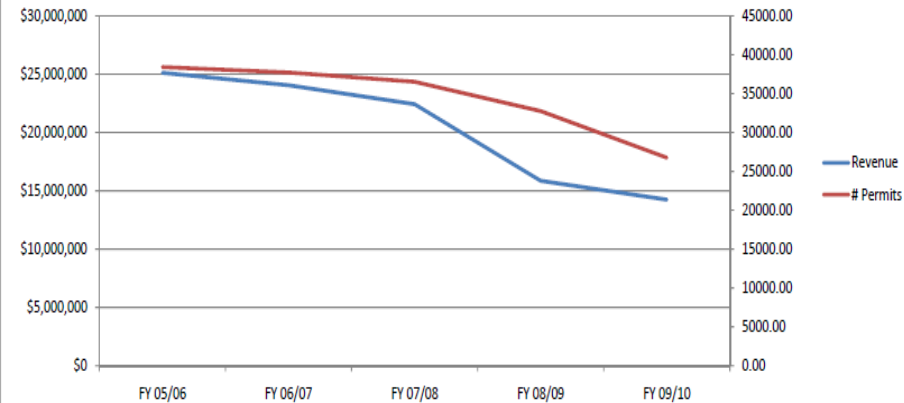
## Managing the Gap

- Funding and revenues declined much greater and faster than workload
  - Workload decreased between 12% and 42%
  - Revenues decreased between 30% and 50%
  - Staffing levels were reduced by 50%

Number of Building Permits Issued vs. FTEs



Number of Building Permits Issued vs. Revenue



# Transitioning the Department

## Changing our business model

New economic circumstances have forced an assessment of the construction and development industry and a new approach to our service delivery

Initiated discussions with key industry stakeholders

- Listen and understand their priorities and challenges
- Explore new opportunities and expectations
- Re-examine performance targets
- Realign staffing to meet mission critical tasks
- Reach agreement on service delivery and fee adjustments

# Fee Adjustments

- FY 10-11 Proposal – Building Inspections
  - Adjust fees to better capture actual costs
  - Increase revenue projections to realign the organization with customer expectations
  - Restructure staffing levels to improve customer service and response time

# Fee Adjustments

- FY 10-11 Proposal – Zoning
  - Create new fees to allow for accelerated zoning review
  - Adjust fees to realize full cost recovery on “under-valued” work, such as PD amendments
  - Eliminate fee exemptions for certain types of uses.
  
- Critical factor in re-aligning business model
  - Prioritize and limit staff time on uncompensated work, cases and hearing
  - Fairness and equity to our customers

# Continued Analysis and Due Diligence

- Staff continues to
  - Monitor key workload indicators and revenues on daily and weekly basis
  - Perform in-depth revenue analysis
  - Scrutinize fee structure to discover gaps and undervalued and “free” work and services

# Building Inspection Proposed Fees for FY10-11

Permit Service/Justification	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Multi Family Development Permit Fee is based on the number of units	\$215 per unit	\$225 per unit	\$20,000
Register new types of contractors similar to those currently registered. Annual registrations to be required for: residential general, commercial general, concrete/ asphalt /paving, demolition, landscape contractors, commercial pool, fence, back flow testers contractors and energy code providers	\$0	\$120	\$457,200

# Building Inspection Proposed Fees for FY10-11

Permit Service/Justification	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Single Trade Permits	\$60	\$100	\$852,960
Building Inspection Board Fees for appeals to BI Board (Consistent with Board of Adjustment fees)	\$0	\$600	\$1,200
Reinspection fee	\$25	\$75	\$144,760
Unauthorized cover up fee for any work concealed without first obtaining the required inspection	\$0	\$200	\$10,000
Expedited Priority Inspection (same day call BEFORE 2:00PM)	\$0	\$250	\$25,000

# Building Inspection Proposed Fees for FY10-11

Permit Service/Justification	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Expedited Priority Inspection (same day call AFTER 2:00PM). Replaces current after hour inspection	\$173	\$300	\$30,000
After hour release for gas and electric	\$0	\$50	\$10,200
Record change on registrations	\$10	\$30	\$3,000
Temporary Certificate of Occupancy (CO) Extension (record change)	\$0	\$30	\$7,200

# Building Inspection Proposed Fees for FY10-11

Permit Service/Justification	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Duplicate CO	\$0	\$30	\$4,500
Parking agreement amendment/termination	\$0	\$100	\$600
Zoning determination letter (similar to zoning verification letter). This fee is only for the letter. Includes up to one hour of research time.	\$0	\$100	\$1,200
Zoning research only fee	\$0	\$50 per hour	\$600

# Building Inspection Proposed Fees for FY10-11

Permit Service/Justification	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Plan reviews, site verification and inspections for installation or construction of signs	\$0	\$75	\$138,750
<u>Pre-Development meetings:</u> structure is less than or equal to 25,000 sq ft.	\$0	\$250	\$13,750
structure is greater than 25,000 and less than 50,000 sq ft.	\$0	\$500	\$27,500
structure is greater than or equal to 50,000 sq ft.	\$0	\$750	\$37,500

# Building Inspection Proposed Fees for FY10-11

Green Plan Review/Conservation District Plan Review/Other Consultation/Zoning/Building	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
<p>Consultations - Fee per hour after free 20 minutes (in person meetings). Staff time required to guide applicants requiring this level of service. These fees do not apply to customers that come in to discuss an active permit application.</p>	\$0	\$50 per hour	\$7,500

# Building Inspection Proposed Fees for FY10-11

Plan Reviews	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Conservation District reviews when building permit is required; Covers cost of performing review (checking ordinance, copying plans, entering Posse information, correspondence with applicant)	\$0	10% of building permit valuation per application	\$60,000
Conservation District review when building permit is not required. *Online permit will be available free of charge for simple permit requests.	\$0	\$50 per application	\$6,000

# Building Inspection Proposed Fees for FY10-11

Plan Reviews	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Overtime (OT) Review - per trade (no meeting with staff required). Pays staff OT for plan reviews. Work assignments based on criteria that qualifies plan reviewer to work OT.	\$0	\$250 per hour	\$12,500
Expedited Plan Review per trade	\$0	\$250 per hour	\$25,000
Historic District - building permit surcharge for performing review (check ordinance, copy plans, etc.)	\$0	10% of valuation	\$24,000

# Building Inspection Proposed Fees for FY10-11

Plan Reviews	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Expedited Plan Review (no meeting with staff; partial team, less than 3 trades)	\$500	\$600	\$38,000
Express Plan Review (includes meeting with all trades simultaneously, plus coordinator's time. Does not include permit application fees.)	\$500	\$1,000 per hour	\$30,000
<b>Projected New Revenue- BI</b>			<b>\$1,988,920</b>

# Current Planning Inspection Proposed Fees for FY10-11

Current Planning	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Eliminate fee exemptions for schools and governmental entities	\$0	varies	\$30,000
Historic Districts - Certificate of appropriateness review for "full process" (Task Force, Landmark Commission) cases only.	\$0	\$300 SF/ \$600 Com per case	\$78,000
Historic Districts - Certificate of appropriateness review for Routine Maintenance cases only	\$0	\$25 per case	\$7,925

# Current Planning Inspection Proposed Fees for FY10-11

Current Planning	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Amendment to planned development district or institutional overlay district site plan and/or conditions only	\$0	varies	\$25,000
Certificate of demolition	\$0	\$1,000	\$29,000
<b>Projected New Revenue- Current Planning</b>			<b>\$169,925</b>

# Organizational Changes

- Restructure current staff, eliminate some positions, and add positions to staff specific functional areas to
  - Enhance productivity, accountability and responsiveness
  - Improve Customer Service
- New functional areas
  - Customer Consultation Center and Training
  - Rapid Response Team
  - Plan Review Teams assigned to a specific Inspection District

# Organizational Changes

- Provide new Customer Consultation Center
- Provide new Rapid Response Team
- Integrate the Green Team into core functions



# Staff Recommendation

- Staff is seeking support for the recommended fee adjustments that are supported by our industry
- Direct staff to process the necessary amendments to the fee schedules that would make these changes effective immediately

# Questions



# Memorandum



CITY OF DALLAS

Date July 30, 2010

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

Subject City of Dallas' Regional Super Bowl XLV Participation – Update Briefing

The Convention and Events Services Department will be briefing the Economic Development Committee on the City of Dallas' Regional Super Bowl XLV Participation – Update on August 2, 2010.

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

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez', written over a circular stamp or mark.

A.C. Gonzalez  
Assistant City Manager

C: Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Deborah Watkins, City Secretary  
Thomas P. Perkins, Jr., 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  
Jeanne Chipperfield, Chief Financial Officer  
Al Rojas, Interim Director, Convention and Event Services  
Helena Stevens-Thompson, Assistant to the City Manager

# City of Dallas' Regional Super Bowl XLV Participation – Update

Economic Development  
Committee  
August 2, 2010



# Purpose

- Brief the City Council regarding the impact of Super Bowl XLV on the local economy
- Explain the State Trust Fund structure and process
- Describe the funding mechanisms for Super Bowl XLV expenses
- Seek recommendation of approval for contribution to the State Trust Fund

# Background

- February 7, 2007 - City Council briefing
  - City Manager authorized to work with the Bidding Committee to bring Super Bowl XLV to the North Texas Region
- March 28, 2007 – City Council approved two resolutions in support of Super Bowl XLV
- May 22, 2007 - Super Bowl XLV awarded to the North Texas Region

# Economic Impact

- February 2010 – Local Organizing Committee issued economic impact study to the State Comptroller of Public Accounts Office information upon which to make a determination of the incremental increase in tax receipts
- March 10, 2010 – Texas Comptroller of Public Accounts published its analysis of tax revenue associated with Super Bowl XLV

# Incremental Tax Revenue Impact

- Local Organizing Committee Study

State	\$ 36.2M
Regional	10.5M
Dallas	5.0M

- State Comptroller Determination

State	\$ 26.8M
Regional	8.5M
Dallas	4.6M

# State Comptroller Determination

- City of Dallas revenue impact of \$4.6M

– Hotel Occupancy Tax	\$ 3.149M
– Sales Tax	1.237M
– Mixed Beverage Tax	<u>.177M</u>
Total	\$ 4.563M

# Trust Fund Deposit Requirements

- Amount deposited by the State into the Trust is determined by the deposit made by the endorsing municipalities
- Each dollar deposited by endorsing municipality is matched by the State with \$6.250 dollars
- The maximum increment of \$26.8M requires communities to deposit \$4.3M
- If communities contribute \$4.3M
  - Trust Fund total will be \$31M

# Trust Fund Deposit Requirements

- City is to contribute \$2.702M of which \$1.465M will come from the Dallas Convention & Visitors Bureau
- Other participating endorsing municipalities contribute the remaining balance
- The largest portion of Dallas' tax increment impact is Hotel Occupancy Tax which is bond pledged to the Convention Center debt

# City of Dallas Event Budget

● DPD	\$ 2.135M
● DFD	486K
● Support Departments	229K
● Supplies & Materials	52K
● Equipment & Fuel	<u>98K</u>
Total Budget	\$3.000M

# Budget Summary

- Super Bowl XLV activities are scheduled January 27<sup>th</sup> through February 6<sup>th</sup>
- DPD expenses are primarily sworn salary and overtime costs to staff officers:
  - At the key Dallas venues, i.e., Media Center, NFL Experience, etc.
  - For deployment teams responding to incidents
  - To ensure safety and circulation in the downtown core
- DFD expenses are primarily emergency medical services and monitoring life safety issues
- Smaller amount for incremental expenses for additional fuel and supplies

# Key Dallas Venues

- NFL Headquarters Hotel
  - Hilton Anatole
- NFL Fan Experience
  - Dallas Convention Center
- NFL Media Center
  - Sheraton Dallas
- NFL Commissioners Party
  - Hilton Anatole

# Trust Fund Agreement

- Sets Dallas' Event Budget at \$3.0M
- Establishes that Dallas Costs will be reimbursed (other than \$1.237M which is offset by the sales tax increment)
- Identifies Dallas' remittance of \$2.702M to the Trust Fund
  - \$1.237M City of Dallas obligation
    - This is fully reimbursed by the trust fund
  - \$1.465M Dallas Convention & Visitors Bureau obligation (to be deposited with the City of Dallas 75 days after the event)
- Dallas' remittance due 90 days after the event
- Establishes Dallas is to be paid on a first priority basis

Note: All incremental Hotel Occupancy Tax included in the \$3.1M protected tax impact and the Mixed Beverage Tax of \$177K go directly to the Convention Center

# Next Steps

- City Council approval of the Event Trust Fund Agreement on August 4, 2010

# Memorandum



CITY OF DALLAS

DATE June 30, 2010

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

SUBJECT **Consolidated Container Company and Weingarten Realty Investors; Agenda Item, October 11 and 25, 2010**

## **Background**

On Wednesday, August 11, 2010 City Council will be asked to call a public hearing August 25, 2010 in order to receive comments on the creation of a reinvestment zone. At the close of the public hearing, Council will consider creating Reinvestment Zone 74 and consider economic development incentives for Consolidated Container Company and Weingarten Realty Investors.

For the past several months, city staff has negotiated with Consolidated Container Company regarding a possible reactivation of its 45,000 sq. ft. manufacturing facility located at 4525 Joseph Hardin Drive in Dallas, Texas. This plant was closed in 2008 and plans had called for the site to be sub-leased or remain vacant until the termination of the company's lease in 7 years. Sites in Houston and Sherman were also considered for this expansion project.

The company plans to invest approximately \$7.8 million in business personal property in order to reactivate the site, as well as make an investment of \$100,000 in real property improvements resulting in a minimum of 40 new jobs, with an average salary of \$36,400.

Consolidated Container Company and Weingarten Realty Investors seek City Council approval of a 60 percent real property abatement on the added value of business personal property related to this project. The creation of a reinvestment zone is necessary in order to provide an abatement for this project.

Consolidated Container Company is a leading provider of blow-molded plastic packaging with over 3,400 employees and 71 manufacturing facilities across North America.

The proposed agreement is estimated to result in approximately \$116,672 of new direct annual revenue for the City of Dallas and annual forgone revenue of approximately \$175,000. In addition to the proposed abatement, a Chapter 380 Economic Development Grant of \$25,000 is proposed to offset project related fees and other costs.

## **Project Details**

**Project Site:** 4525 Joseph Hardin Drive, Dallas, Texas

**Facilities:** 45,000 sq. ft. Manufacturing and Warehouse Building

**Business Personal Property Investment:** approximately \$7.8 million

**City Incentives**

**New Business Personal Property Tax Abatement:** 60% - 5yrs Tax abatement will commence on or before January 2012.

	<u>Investment</u>	<u>Tax Abatement</u>	<u>Foregone Revenue</u>	<u>City of Dallas Tax Revenue</u>	
<b>BPP One</b>	\$7.8M	60% - 5yrs	\$35,000	\$23,334	<b>Year</b>
<b>5-year totals</b>			\$175,000	\$116,667	

**Proposed Estimated Schedule of the Project**

Begin Construction July 2010  
Substantial Completion October 2010

**Fiscal Information**

- Revenue: First year revenue estimated at \$23,334; five-year revenue estimated at \$116,667; (Estimated revenue foregone for five-year abatement estimated at \$175,000).
- Economic Development Grant: \$25,000 Public Private Partnership Program

**Owner**

Weingarten Realty Investors

**Staff**

J. Hammond Perot, Assistant Director  
Christopher O'Brien, Sr. Coordinator

**Recommendation**

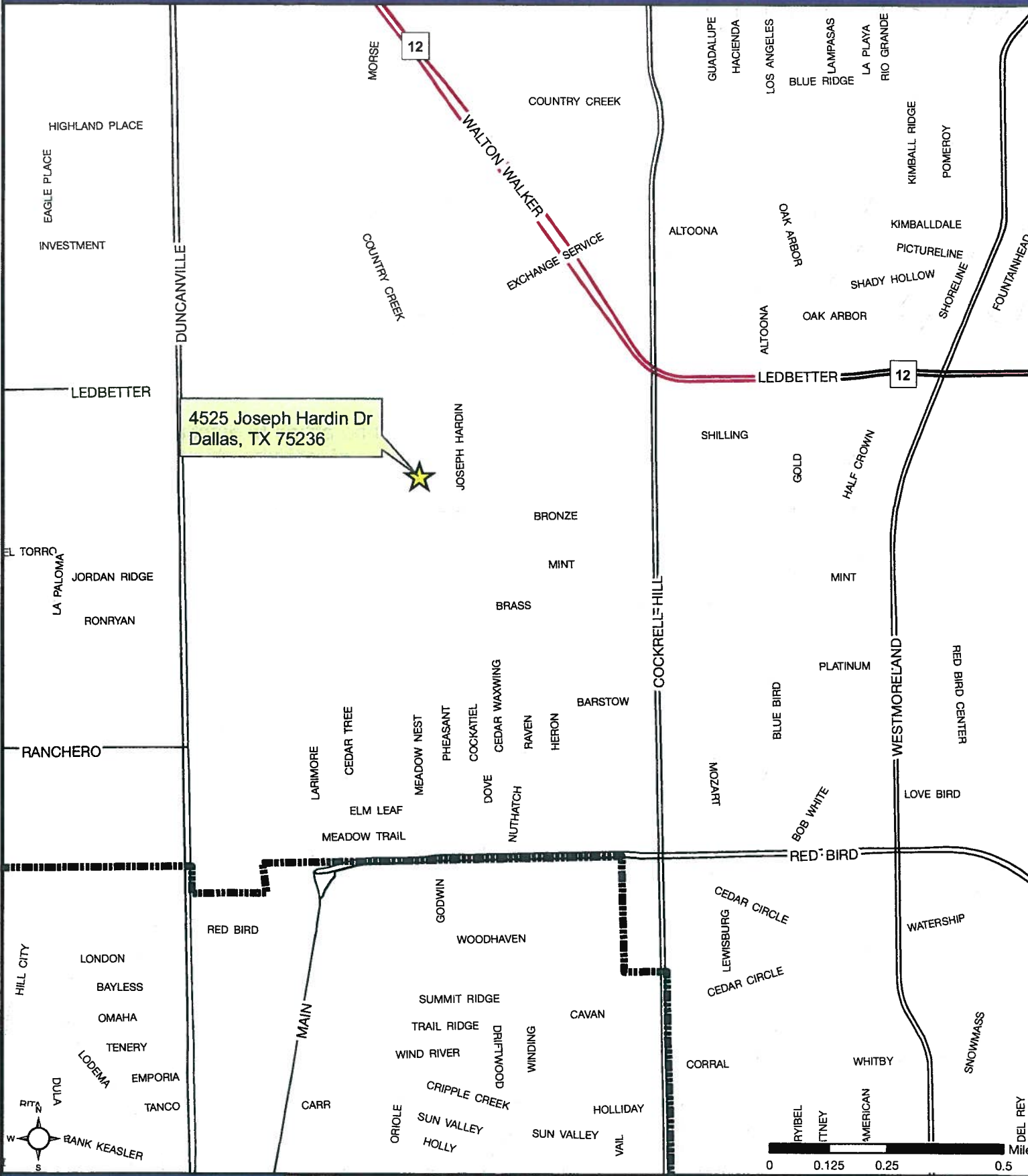
Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3314.



A.C. Gonzalez  
Assistant City Manager

- 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 Municipal Court  
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Forest Turner, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Karl Zavitkovsky, Director, OED
- Hammond Perot, Asst. Director, OED  
Helena Stevens-Thompson, Asst. to the CMO


# 4525 Joseph Hardin Dr.



4525 Joseph Hardin Dr  
Dallas, TX 75236

**DALLAS ECONOMIC DEVELOPMENT**  
 Research & Information Division  
 214.670.1685  
 dallas-ecodev.org

**Legend**

-  City of Dallas
-  Highway
-  Arterial
-  Local Road

Source: City of Dallas, 2010

# Memorandum



DATE July 30, 2010

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

SUBJECT **Call Public Hearing regarding Enterprise Zone Program Participation in Order to  
Nominate by Ordinance DRS Technologies for Enterprise Zone Project  
Designation**

## Background

On Wednesday, August 11, 2010 the City Council will be asked to authorize a public hearing to take place on August 25, 2010 for the purpose of receiving citizen comments on the city's participation in the Texas Enterprise Zone Program as required by the Texas Enterprise Zone Act, Chapter 2303 Texas Government Code. Upon completing the public hearing, Council will then be asked to approve an ordinance to ordain the City of Dallas' participation in the Texas Enterprise Zone Program. The recent adoption of new guidelines and criteria for the Public/Private Partnership Program necessitates the new ordinance and public hearing.

The City of Dallas has been approached by DRS Technologies to nominate by ordinance its application for an Enterprise Project designation to the Governor's Office of Economic Development and Tourism. The designation will allow for a rebate of state sales and use tax refunds on qualified expenditures of up to \$2,500 per job created or retained. DRS currently employs over 400 jobs at its Dallas facility and plans to apply for the Retention designation of the Enterprise Zone program. This project has no cost consideration to the City of Dallas.

DRS Technologies, a defense technology solutions and services leader with revenue of \$3.9 billion, plans to make significant investments in its Dallas facility for lab and production equipment, computer and systems upgrades as well as other leasehold improvements. DRS anticipates spending approximately \$30 million over the five year Enterprise Zone project designation period to expand the capabilities of its Dallas facility.

The Dallas facility is part of DRS' Reconnaissance, Surveillance & Target Acquisition Division (RSTA). Globally, DRS employs over 10,000 people at facilities in 27 U.S. states, Canada, the U.K., Germany and Kuwait in functions such as Naval Displays and Networks, Ruggedized Computing, Electro-optical and Infrared Technologies.

## Project Details

**Project Site:** 13544 & 13532 Central Expressway

**Existing Facility:**

**Jobs:** 400

Retention:

- 400 jobs

**New Real & Business Personal Property Investment:** Approx. \$30,000,000

Incentives

Authorize and Enterprise Zone Project application for State of Texas incentives

Proposed Estimated Schedule of the Project

Begin Tenant Improvements	September 2010
Substantial Completion	December 2015

Fiscal Information

No Cost Consideration to the City

Staff

J. Hammond Perot, Assistant Director  
Christopher O'Brien, Sr. Coordinator

Recommendation

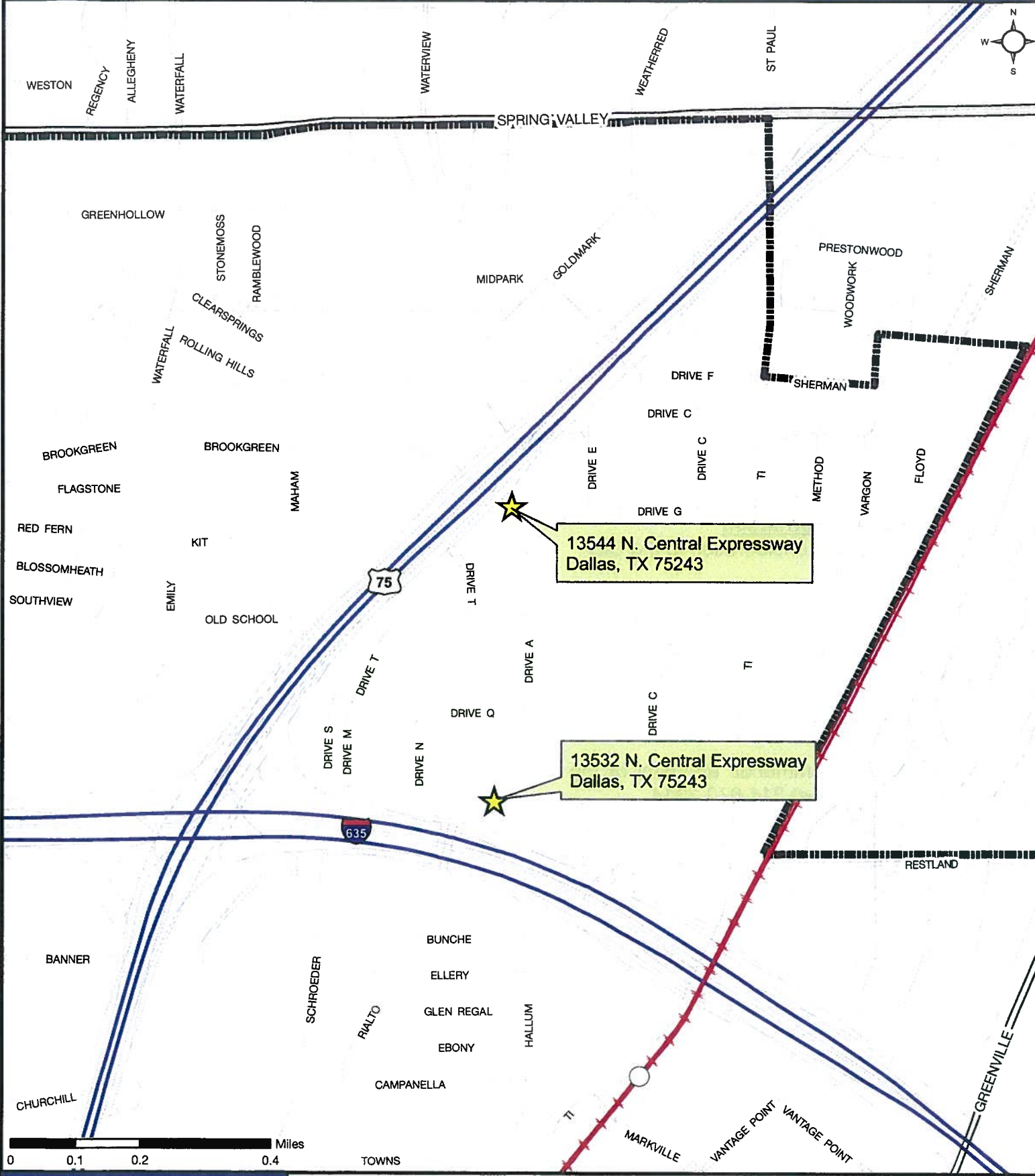
Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3314.



A.C. Gonzalez  
Assistant City Manager

C: The Honorable Mayor and Members of the City Council  
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Jeanne Chipperfield, 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

# 13532 & 13544 N. Central Expressway



**DALLAS ECONOMIC DEVELOPMENT**  
 Research & Information Division  
 214.670.1685  
 dallas-ecodev.org

**Legend**

- Rail Station
- +— DART Red Line
- City of Dallas
- Freeway
- Arterial
- Local Road

Source: City of Dallas, 2010

# Memorandum



DATE July 30, 2010

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

SUBJECT **Cambium Learning Group; Agenda Item, August 11, 2010**

## **Background**

Cambium Learning Group, Inc. (Cambium) seeks City Council approval of an economic development grant in an amount not to exceed \$100,000 in consideration of the relocation of its regional headquarters to Dallas. In addition to the Dallas site, Cambium considered Addison, Allen, Farmers Branch, Frisco, Irving, Plano and Richardson as potential locations for this operation. Cambium will lease 32,756 square feet of the 127,083 square foot Class A office building for 7 years.

Cambium will make a private investment of approximately \$1,000,000 in tenant improvements, as well as relocate and maintain 200 positions in order to be eligible for the proposed economic development grant. The city grant will be payable upon the substantial completion of the approximately \$1,000,000 in improvements and the relocation of 200 jobs to the site by November 30, 2010. Cambium is subject to repaying the grant if the any of the following occurs: (a) if during the first 5 years of the lease, Cambium fails to maintain at least 200 jobs then Cambium repays the City \$1,000 per every employee below the minimum not to exceed \$100,000 and (b) if Cambium leaves the City of Dallas prior to the 5<sup>th</sup> year, Cambium repays the entire \$100,000.

## **PROJECT DETAILS**

**Project Site:** 17855 N. Dallas Parkway

**Jobs:** 200

**New Real Property Improvements:** \$1.0 million

**Annual Payroll:** \$19,000,000

**Average Salary:** \$77,870

## **PROPOSED ESTIMATED SCHEDULE OF THE PROJECT**

Begin Construction September 1, 2010

Complete Relocation December 31, 2010

**CITY INCENTIVES**

Economic Development Grant: \$100,000

**FISCAL INFORMATION**

Revenue: Ten-year revenue estimated at \$878,421.

**Owner**

**Cambium Learning Inc,**

**Brad Almond, CFO**

**Staff**

J. Hammond Perot, Assistant Director  
Carlos Guzman, Economic Development Analyst  
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

- C: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Deborah Watkins, City Secretary  
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Jeanne Chipperfield, 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

# 17855 N. Dallas Parkway





**DALLAS  
ECONOMIC  
DEVELOPMENT**

Research & Information Division  
214.670.1685  
dallas-ecodev.org

## Legend

-  Tollway
-  Arterial

-  Local Road
-  City of Dallas

# Memorandum



CITY OF DALLAS

DATE July 30, 2010

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 amendments Santa Fe IV Hotel, LP Development Agreement – Downtown Connection TIF District – Agenda Item, August 11, 2010**

This action will authorize amendments to the development agreement with Santa Fe IV Hotel, LP for the redevelopment of 1033 Young Street to: (1) adjust the valuation year to the earlier of: (a) tax year 2013, or (b) the year in which the TIF Funding becomes available for project reimbursement; (2) update the listing of projects to be funded; and (3) update and replace Exhibit F to reflect the revisions made to the administration of future available TIF revenues in accordance with the Modified Queue System approved by the Downtown Connection TIF District Board of Directors on September 30, 2009.

Santa Fe IV Hotel, LP, represented by Larry and Ted Hamilton, request the City's approval of several amendments the development agreement between the City of Dallas and Santa Fe IV Hotel, LP. Those amendments are as follows:

- (1) Adjust the valuation year to the earlier of: (a) tax year 2013, or (b) the year in which the TIF Funding becomes available for project reimbursement -

The development agreement with Santa Fe IV Hotel, LP, was approved with the valuation year as "one year after completion of the renovations". Due to the certain bond obligations and unexpected changes in the current financial environment, updates to the TIF increment projections indicate that funds are not expected to be available until 2017. This amendment will adjust the valuation year to the earlier of: (a) tax year 2013, or (b) the year in which the TIF Funding becomes available for project reimbursement.

- (2) Update the listing of projects to be funded –

This action removes projects which are no longer eligible for TIF District funds or which have been funded by other sources. Such projects include: Tower Petroleum/1900 Pacific, Main Street Gardens Park, The Park, Cedar Springs Median improvements, and the McKinney Avenue Trolley extension.

- (3) Update and replace Exhibit F -

Exhibit F of the Santa Fe IV Hotel LP development agreement documents was a chart documenting the administration of future available TIF revenues for reimbursement of certain project costs.

The Modified Queue Reimbursement System, which was approved by the Downtown Connection TIF District Board of Directors on September 30, 2009, establishes a set position with the reimbursement queue for each project. This change adds a level of comfort to financial institutions seeking to invest funds in Dallas' central core.

On June 10, 2010, the Downtown Connection TIF District Board of Directors reviewed and approved amendments to the Development Agreement with Santa Fe IV Hotel LP as described above.

**OWNER**

Santa Fe IV Hotel LP

Lawrence E. Hamilton, III  
1310 Elm Street, Suite #140  
Dallas, TX 75202

**DEVELOPER**

Hamilton Properties

Lawrence E. Hamilton, III  
1310 Elm Street, Suite #140  
Dallas, TX 75202

**Fiscal Information**

No Cost Consideration.

**Council District(s)**

14

**Staff**

Karl Stundins, Manager, Area Redevelopment Division  
Bryan Haywood, Senior Coordinator

**Recommendation**

 Staff recommends approval. Please contact me if you have any questions.  
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
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- Jeanne Chipperfield, Chief Financial Officer
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- Hammond Perot, Asst. Director, OED
- Helena Stevens-Thompson, Asst. to the CMO

**Exhibit F**

**TIF Increment Allocation Policy  
Downtown Connection TIF District  
As of September 30, 2009**

It is important for the City of Dallas to encourage as many projects as possible in the Downtown Connection TIF District (the "Downtown Connection TIF" or "District"). After satisfying all bond Downtown Dallas Development Authority ("DDDA") obligations related to reserves and debt service coverage requirements, Downtown Connection TIF funds will be allocated to Developers based on the increment created by the Project (as defined below) and Related Projects/Developers (as defined below) within the District and the distribution of any remaining funds in accordance with the reimbursement queue policy.

**Definitions**

Accrued Priority Increment - The unpaid balance of the *Individual Increment* owed to a project.

Administrative Expenses – the City will take a share of the District's annual TIF revenue to compensate for the amount billed to the District for costs related to the administration of its TIF program. This may include charges from the Office of Economic Development as well as other departments.

Available Funds – Total Increment less: (1) debt service on DDDA Bonds excluding Bonds issued pursuant to the Continental Building Improvements, (2) Bond trustee fees and expenses, (3) Administrative Expenses, (4) payment of any other DDDA obligations related to Bonds issuance, and (5) reimbursement to the City of Dallas for any grant of loan payments made to the DDDA.

Completed Projects – Projects which received City approval for satisfying all of its project obligations and approval on all supporting documentation required by their executed development agreements.

Cumulative Individual Increment – sum of all *Individual Increment* that a Project or Related Project produces in all years since its completion.

Developer/Owner – a person or entity that has completed all the requirements for a TIF-eligible Project as prescribed by the Project's fully executed development agreement.

District-Wide Improvements – improvements that benefit multiple properties or blocks but are not specific to a single development site such as public parks, gateways, trails, public open space, public facilities, or utility/streetscape improvements.

Individual Increment – the annual amount of increment deposited into the District’s TIF fund by its participating jurisdictions that is generated by a Project eligible for TIF reimbursement. Dallas Central Appraisal District (DCAD) certified values for each tax year will be the data source used to determine values for the increment allocation procedure.

Performance Percentage – percentage of Individual Increments divided by the total Shared Increment.

Project (TIF-eligible) – development or redevelopment that increases the taxable value of real property at a particular site or a space or facility of public benefit such as improvements to City parks, open space, trails or cultural facilities. The Project has been approved for TIF funds and all requirements set forth in the development agreement have been completed.

Related Project/Developer – if a Developer or a Developer’s affiliates (as defined in a development agreement) has other development or redevelopment projects in addition to a TIF-eligible Project, increment from those Related Project(s) may be included in Individual Increment for reimbursement of the TIF-eligible Project expenses. A Developer of a TIF-eligible Project must have at least 50% ownership in any Related Project. These requirements will be further specified in a development agreement where applicable.

Related Projects must create new taxable real property value for the District based on the following criteria:

- New development on previously vacant land or site of demolished structures.
- Redevelopment or major modification of an existing building that exceeds the building’s original taxable value by 50% or more, or any increase in a building’s original floor area if the expansion exceeds 50% for residential projects, 65% for mixed-use projects, and 75% for office/showroom projects

Remaining Funds – Funds leftover after distribution of all *Accrued Priority Increment* payments and all Individual Increment payments to *Completed Projects*.

Shared Increment – the sum of all Individual Increments generated by all Completed Projects in a given year.

Total Increment – the annual amount of increment deposited into the District’s TIF fund by its participating jurisdictions.

## **Procedure**

Annually, after the *Total Increment* has been deposited in the TIF Fund, the funds shall be used to meet the financial obligations of the Downtown Connection TIF District in the following order:

1. Payment of all principal, interest, premium (if any) and fund any reserves necessary or desirable in connection with outstanding District Bonds (excluding Bonds issued pursuant to Section 2.07 of the Mercantile Development Agreement for the Continental Building Improvements) pursuant to Bonds issued by the DDDA and to pay any DDDA obligations which are on a parity with such Bonds;
2. Payment of any fees and expenses of the trustee and paying agent/registrars due and owing;
3. Reimbursement to the City for staff costs, administrative costs and other costs and expenses of the City and the Downtown Connection TIF District;
4. Payment of any other DDDA obligations which are subordinate to the Bonds, but are related to the DDDA's role in issuing the Bonds and administering contracts to be funded with Bond proceeds;
5. Reimbursement to the City for any grant or loan payments made to the DDDA to cover debt service on the Bonds or other DDDA obligations pursuant to the Chapter 380 Program as a result of any shortfalls in tax increment of the Downtown Connection TIF District;

Should for any reason the District fail to meet all of the above financial obligations and satisfying all DDDA bond obligations related to reserves and debt service coverage requirements, no funds shall be distributed to any projects

If, after meeting the above financial obligations and satisfying all DDDA bond obligations related to reserves and debt service coverage requirements, the remaining funds may be used as *Available Funds* to meet other TIF financial obligations including but not limited to the reimbursement of certain project costs for eligible projects.

A *Completed Project* shall be entitled to receive its *Individual Increment* each year if the total amount of *Available Funds* is greater than the total *Shared Increment* for all *Eligible Projects*. Should the amount of *Available Funds* be less than the total *Shared Increment* in a given year, a *Completed Project* shall be reimbursed based on their *Performance Percentage*. The unpaid balance of the *Individual Increment* owed to a project shall be deemed as "*Accrued Priority*

*Increment* and shall be paid in the following year(s) prior to the distribution of any Individual Increment payments.

Should any *Available Funds* remain after distribution of all *Accrued Priority Increment payments* and all *Individual Increment payments* to *Eligible projects*, the *Remaining Funds* shall be distributed in accordance to the Downtown Connection TIF District Modified Queue Reimbursement Policy approved by the Downtown Connection TIF District Board of Directors on September 30, 2009.

## **THE REIMBURSEMENT QUEUE**

The *Reimbursement Queue* shall list all approved Downtown Connection TIF District projects in order of priority based upon the earlier date in which the developer submits evidence of an executed construction loan and receipt of a building permit. Projects, such as Stoneleigh Hotel and Santa Fe IV, which were completed prior to the adoption of this policy, shall be placed in the queue based on their date of completion.

Each year, City staff is required to verify the status of all approved Downtown Connection TIF District projects as of June 1st. Those projects which have been completed shall be eligible to receive their Individual Increment; and shall be eligible to receive all or a portion of those funds which remain after the distribution of all Individual Increment payments. Payments from the *Remaining Funds* shall be made to completed projects in order of their priority ranking.

The amount of *Remaining Funds* distributed to a project shall not exceed the project's Total TIF Award (including interest when applicable) less the amount of *Cumulative Individual Increment* paid to date for a project. After such payment(s) are made, any leftover funds shall be distributed to the next completed project in order of their priority ranking.

Should a project which has not been completed as of June 1<sup>st</sup> of a given year have priority ranking over a project which has been completed, the uncompleted project shall be deemed "bumped" and shall not receive any payments for that year. A project may be "bumped" by more than one project in a given year. However, a "bumped" project shall retain its priority ranking for subsequent years.

As projects are approved by City Council for funding from the Downtown Connection TIF Fund, they shall be given the lowest priority ranking until such time the developer submits evidence of: (1) an executed construction loan and receipt of a building permit or (2) final certificate of occupancy. At which time, the reimbursement queue shall be updated. Once a project has been completed, its priority ranking shall not be subject to change. The City's Director of Economic Development will make the final determination in applying future available revenues in the TIF Fund among Projects.

Downtown Connection TIF District  
Reimbursement Queue  
(as of June 1, 2010)

	Project Name	Priority Date	Construction Status	TIF Funding	Increment Only	Reimbursement Status
1	Stoneleigh Hotel	05/30/2010	Completed	\$ 2,500,000	Yes	To Be Paid
2*	Hall Lone Star Project - Phase I	05/30/2010	Completed	\$ 4,000,000	No	To Be Paid
3**	Santa Fe IV	05/30/2010	Completed	\$ 4,296,000	No	To Be Paid
4***	Grand Ricchi Dallas	TBD	Under Construction	\$ 8,830,000	No	N/A
5****	Continental Building	TBD	Approved	\$ 22,528,288	No	N/A
6****	Atmos Complex	TBD	Approved	\$ 23,000,000	No	N/A
7****	Joule Hotel Expansion	TBD	Approved	\$ 20,658,500	No	N/A
8****	Hall Lone Star Project - Phase II	TBD	Approved	\$ 5,000,000	Yes	N/A

Notes:

- \* Hall Lone Star Project is eligible to receive up to \$2M in interest. That amount has been added to Phase 1.
- \*\* Santa Fe IV development agreement amendments must be approved by Dallas City Council.
- \*\*\* Grand Ricchi Dallas project must be approved by Dallas City Council.
- \*\*\*\* The priority ranking of any project which has not been completed is subject to change pending the submittal of evidence of an executed construction loan and building permit for the project.

# Santa Fe IV Building



City of Dallas  
Office of Economic Development



Area Redevelopment Division  
<http://www.Dallas-EcoDev.org>

### Legend

- Santa Fe IV
- Downtown Connection TIF Boundary
- Downtown Connection TIF Parcels