NOVEMBER 17, 2010 CITY COUNCIL BRIEFING AGENDA
CERTIFICATION

This certification is given pursuant to Chapter XI, Section 9 of the City Charter for the City Council Briefing Agenda dated November 17, 2010. We hereby certify, as to those contracts, agreements, or other obligations on this Agenda authorized by the City Council for which expenditures of money by the City are required, that all of the money required for those contracts, agreements, and other obligations is in the City treasury to the credit of the fund or funds from which the money is to be drawn, as required and permitted by the City Charter, and that the money is not appropriated for any other purpose.

Mary K. Suhm
City Manager

11-12-10
Date

Edward Scott
City Controller

11/12/10
Date

COUNCIL BRIEFING AGENDA

November 17, 2010

DATE

(FOR GENERAL INFORMATION AND RULES OF COURTESY PLEASE SEE OPPOSITE SIDE.)
(LA INFORMACIÓN GENERAL Y REGLAS DE CORTESÍA QUE DEBEN OBSERVARSE DURANTE LAS ASAMBLEAS DEL CONSEJO MUNICIPAL APARECEN EN EL LADO OPUESTO, FAVOR DE LEERLAS.)

General Information

The Dallas City Council regularly meets on Wednesdays beginning at 9:00 a.m. in the Council Chambers, 6th floor, City Hall, 1500 Marilla. Council agenda meetings are broadcast live on WRR-FM radio (101.1 FM) and on Time Warner City Cable Channel 16. Briefing meetings are held the first and third Wednesdays of each month. Council agenda (voting) meetings are held on the second and fourth Wednesdays. Anyone wishing to speak at a meeting should sign up with the City Secretary's Office by calling (214) 670-3738 before 9:00 a.m. on the meeting date. Citizens can find out the name of their representative and their voting district by calling the City Secretary's Office.

Sign interpreters are available upon request with a 48-hour advance notice by calling (214) 670-5208 V/TDD. The City of Dallas is committed to compliance with the Americans with Disabilities Act. ***The Council agenda is available in alternative formats upon request***.

If you have any questions about this agenda or comments or complaints about city services, call 311.

Rules of Courtesy

City Council meetings bring together citizens of many varied interests and ideas. To insure fairness and orderly meetings, the Council has adopted rules of courtesy which apply to all members of the Council, administrative staff, news media, citizens and visitors. These procedures provide:

- That no one shall delay or interrupt the proceedings, or refuse to obey the orders of the presiding officer.
- All persons should refrain from private conversation, eating, drinking and smoking while in the Council Chamber.
- Posters or placards must remain outside the Council Chamber.
- No cellular phones or audible beepers allowed in Council Chamber while City Council is in session.

"Citizens and other visitors attending City Council meetings shall observe the same rules of propriety, decorum and good conduct applicable to members of the City Council. Any person making personal, impertinent, profane or slanderous remarks or who becomes boisterous while addressing the City Council or while attending the City Council meeting shall be removed from the room if the sergeant-at-arms is so directed by the presiding officer, and the person shall be barred from further audience before the City Council during that session of the City Council. If the presiding officer fails to act, any member of the City Council may move to require enforcement of the rules, and the affirmative vote of a majority of the City Council shall require the presiding officer to act." Section 3.3(c) of the City Council Rules of Procedure.

Informacion General

El Ayuntamiento de la Ciudad de Dallas se reúne regularmente los miércoles en la Cámara del Ayuntamiento en el sexto piso de la Alcaldía, 1500 Marilla, a las 9 de la mañana. Las reuniones informativas se llevan a cabo el primer y tercer miércoles del mes. Estas audiencias se transmiten en vivo por la estación de radio WRR-FM 101.1 y por cablevisión en la estación *Time Warner CityCable* Canal 16. El Ayuntamiento Municipal se reúne el segundo y cuarto miércoles del mes para tratar asuntos presentados de manera oficial en la agenda para su aprobación. Toda persona que desee hablar durante la asamblea del Ayuntamiento, debe inscribirse llamando a la Secretaría Municipal al teléfono (214) 670-3738, antes de las 9 de la mañana del día de la asamblea. Para enterarse del nombre de su representante en el Ayuntamiento Municipal y el distrito donde usted puede votar, favor de llamar a la Secretaría Municipal.

Intérpretes para personas con impedimentos auditivos están disponibles si lo solicita con 48 horas de anticipación llamando al (214) 670-5208 (aparato auditivo V/TDD). La Ciudad de Dallas se esfuerza por cumplir con el decreto que protege a las personas con impedimentos, *Americans with Disabilties Act*. ***La agenda del Ayuntamiento está disponible en formatos alternos si lo solicita***.

Si tiene preguntas sobre esta agenda, o si desea hacer comentarios o presentar quejas con respecto a servicios de la Ciudad, llame al 311.

Reglas de Cortesia

Las asambleas del Ayuntamiento Municipal reúnen a ciudadanos de diversos intereses e ideologías. Para asegurar la imparcialidad y el orden durante las asambleas, el Ayuntamiento ha adoptado ciertas reglas de cortesía que aplican a todos los miembros del Ayuntamiento, al personal administrativo, personal de los medios de comunicación, a los ciudadanos, y a visitantes. Estos reglamentos establecen lo siguiente:

- Ninguna pesona retrasará o interrumpirá los procedimientos, o se negará a obedecer las órdenes del oficial que preside la asamblea.
- Todas las personas deben de abstenerse de entablar conversaciones, comer, beber y fumar dentro de la cámara del Ayuntamiento.
- Anuncios y pancartas deben permanecer fuera de la cámara del Ayuntamiento.
- No se permite usar teléfonos celulares o enlaces electrónicos (*pagers*) audibles en la cámara del Ayuntamiento durante audiencias del Ayuntamiento Municipal.

"Los ciudadanos y visitantes presentes durante las asambleas del Ayuntamiento Municipal deben de obedecer las mismas reglas de comportamiento, decoro y buena conducta que se aplican a los miembros del Ayuntamiento Municipal. Cualquier persona que haga comentarios impertinentes, utilice vocabulario obsceno o difamatorio, o que al dirigirse al Ayuntamiento lo haga en forma escandalosa, o si causa disturbio durante la asamblea del Ayuntamiento Municipal, será expulsada de la cámara si el oficial que esté presidiendo la asamblea así lo ordena. Además, se le prohibirá continuar participando en la audiencia ante el Ayuntamiento Municipal. Si el oficial que preside la asamblea no toma acción, cualquier otro miembro del Ayuntamiento Municipal puede tomar medidas para hacer cumplir las reglas establecidas, y el voto afirmativo de la mayoría del Ayuntamiento Municipal precisará al oficial que esté presidiendo la sesión a tomar acción." Según la sección 3.3(c) de las reglas de procedimientos del Ayuntamiento.

AGENDA
CITY COUNCIL BRIEFING MEETING
WEDNESDAY, NOVEMBER 17, 2010
CITY HALL
1500 MARILLA
DALLAS, TEXAS 75201
9:00 A.M.

9:00 am Invocation and Pledge of Allegiance 6ES

Special Presentations

Open Microphone Speakers

VOTING AGENDA 6ES

1. Approval of Minutes of the October 20, 2010 City Council Meeting

2. Consideration of appointments to boards and commissions and the evaluation and duties of board and commission members (List of nominees is available in the City Secretary's Office)

ITEMS FOR INDIVIDUAL CONSIDERATION

City Secretary's Office

3. A resolution designating absences by Councilmembers Tennell Atkins and Steve Salazar as being for "official city business" - Financing: No cost consideration to the City

DESIGNATED PUBLIC SUBSIDY MATTERS

Economic Development

4. Authorize a Modification, Assumption and Extension Agreement with City Wide Community Development Corporation (CWCDC) to: **(1)** modify the two prior Chapter 380 agreements, and related Real Estate Lien Notes, Deeds of Trust and Deed Restrictions (Loan Documents) that have been executed between the City and CWCDC for the development of the Lancaster Corridor to: **(a)** realign the total funding amount of $3,850,000 that has been advanced to CWCDC with the separate projects comprising the Lancaster Corridor Development; **(b)** provide for the release of City liens on the Lancaster Corridor properties upon start of construction; and **(c)** extend the demolition and construction commencement dates to a date 12 months after the date of execution for the modified Loan Documents; **(2)** assign the Loan Documents to Catalyst, with Catalyst expressly assuming and agreeing to pay and to perform all obligations detailed in the Loan Documents; and **(3)** authorize the Director of the Office of Economic Development to execute such other instruments including subordinations as necessary to accommodate the financing structure for this project - Financing: No cost consideration to the City

AGENDA
CITY COUNCIL BRIEFING MEETING
WEDNESDAY, NOVEMBER 17, 2010

PUBLIC HEARINGS AND RELATED ACTIONS

Housing/Community Services

5. A public hearing to receive comments on an amended City of Dallas proposal to submit an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant Section 108 Guarantee Loan Program loan in the amount of $8,492,000 for a loan for Lancaster Urban Village Commercial LLC to develop the Lancaster Urban Village project including land acquisition at the southwest quadrant of the intersection of South Lancaster Road and Ann Arbor Avenue, sitework, commercial development and development of a parking garage for a mixed-use, transit-oriented development along the South Lancaster Road corridor across from the Veterans Affairs Medical Center (V.A.) and for a loan interest reserve; and at the close of the public hearing, authorize **(1)** submission of an application to HUD for a CDBG Section 108 Guarantee Loan Program loan for Lancaster Urban Village Commercial LLC in an amount not to exceed $8,492,000; and **(2)** the City Manager to submit the application and take necessary actions in connection with the application submission - Financing: No cost consideration to the City

Briefings 6ES

A. Dallas/Fort Worth International Airport M/WBE Program

B. School Bus Crossing Zones

Lunch - *Friends of the Katy Trail*

C. Sales Tax Overview

Closed Session 6ES
Attorney Briefings (Sec. 551.071 T.O.M.A.)
- Legal issues involving the Downtown solicitation ordinance
- Claudette Drake, Individually and as Next Friend of Sashambry Hollins, a minor v. City of Dallas, Cause No. 10-03831-B
- Julie Anne London v. The City of Dallas, Cause No. 10-00794-D
- Braulio Xolio v. City of Dallas, Cause No. 10-01780-C
- Gas Utility Docket (GUD) No. 10000
- Legal issues involving the local option elections on sale of alcoholic beverages under the Texas Election Code
- Legal issues involving registered sex offenders residential restrictions

Security Briefings (Sec. 551.076 T.O.M.A.)
- Security Table Top Exercises

AGENDA
CITY COUNCIL BRIEFING MEETING
WEDNESDAY, NOVEMBER 17, 2010

Open Microphone Speakers 6ES

The above schedule represents an estimate of the order for the indicated briefings and is subject to change at any time. Current agenda information may be obtained by calling (214) 670-3100 during working hours.
Note: An expression of preference or a preliminary vote may be taken by the Council on any of the briefing items.

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested of 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 the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.

4. Personnel matters involving the appointment, 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 devices. Section 551.076 of the Texas Open Meetings Act.

6. Deliberations regarding economic development negotiations. Section 551.087 of the Texas Open Meetings Act.

Memorandum

CITY OF DALLAS

DATE **NOVEMBER 12, 2010**

TO **HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

SUBJECT **BOARDS AND COMMISSIONS NOMINEES/RENOMINEES**

The following Board and Commission nominees/renominees will be considered on November 17, 2010 for appointment.

The list represents the following category for your consideration:

- Full Council Nominee (application attached)

The nominee meets all qualifications for service on these boards.

If you need additional information, please advise.

Deborah Watkins
City Secretary

c: Mary K. Suhm, City Manager
Thomas P. Perkins, Jr., City Attorney

CITY OF DALLAS BOARDS AND COMMISSIONS
NOMINEES FOR FULL COUNCIL APPOINTMENT
CLEARED FOR COUNCIL ACTION

CSB CIVIL SERVICE BOARD

03 ED HICKSON — NOMINATED REC 10/20/2010
W M 03 C
Nominated by: NEUMANN

RZ05 REINVESTMENT ZONE FIVE BOARD (CITY CENTER)

03 LUCY BURNS — NOMINATED REC 10/11/2010
W F 14 C
Reg. Voter
Nominated by: HUNT

RZ11 REINVESTMENT ZONE ELEVEN BOARD (DOWNTOWN CONNNECTION)

02 LUCY BURNS — NOMINATED REC 10/11/2010
W F 14 C
Reg. Voter
Nominated by: HUNT

AGENDA ITEM # 3

KEY FOCUS AREA: Make Government More Efficient, Effective and Economical

AGENDA DATE: November 17, 2010

COUNCIL DISTRICT(S): All

DEPARTMENT: City Secretary

CMO: Deborah Watkins, 670-0653

MAPSCO: N/A

SUBJECT

A resolution designating absences by Councilmembers Tennell Atkins and Steve Salazar as being for "official city business" - Financing: No cost consideration to the City

BACKGROUND

Chapter III, Section 4(e) of the Dallas City Charter provides in part, "If any city council member, including the mayor, misses more than 10 percent of the total number of regular meetings held by the city council during any compensation year, then the city council member's compensation...for that year will be reduced proportionately by the number of meetings missed... Meetings missed by a city council member while he or she is on official business of the city and at the direction of the city council will not be counted towards the percentage of meetings missed for which compensation reduction is required... but will be counted as though the member had attended the meetings that are missed while so engaged in city business."

Section 4.11(b) of the City Council Rules of Procedure provides that an absence by a council member for (1) attending a meeting or conference of a professional organization or association of municipalities or municipal officers, (2) testifying at a legislative hearing at the request of the mayor, the city council, the chair of the council's legislative affairs committee or the city manager, or (3) attending a meeting of a board, commission, or committee to which the council member has been appointed by the mayor, or the city council, will automatically be deemed to be for "official city business at the direction of the city council" and will not be counted against a city council member for purposes of determining the council member's annual compensation.

BACKGROUND (continued)

Section 4.11 (c) of the City Council Rules of Procedure provides that in addition to those absences automatically considered to be on "official city business at the direction of the city council," under Section 4.11(b) above, the city council may by resolution designate whenever a council member's absence is for official city business and not counted as a missed meeting for purposes of determining the council member's annual compensation under Chapter III, Section 4 of the Dallas City Charter.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

This item has no prior action.

FISCAL INFORMATION

No cost consideration to the City.

November 17, 2010

WHEREAS, Chapter III, Section 4(e) of the Dallas City Charter provides in part:

> If any city council member, including the mayor, misses more than 10 percent of the total number of regular meetings held by the city council during any compensation year, then the city council member's compensation … for that year will be reduced proportionately by the number of meetings missed…. Meetings missed by a city council member while he or she is on official business of the city and at the direction of the city council will not be counted towards the percentage of meetings missed for which compensation reduction is required… but will be counted as though the member had attended the meetings that are missed while so engaged in city business; and

WHEREAS, Section 4.11(b) of the City Council Rules of Procedure provides that an absence by a council member for (1) attending a meeting or conference of a professional organization of or association of municipalities or municipal officers, (2) testifying at a legislative hearing at the request of the mayor, the city council, the chair of the council's legislative affairs committee or the city manager, or (3) attending a meeting of a board, commission, or committee to which the council member has been appointed by the mayor or the city council, will automatically be deemed to be for "official city business at the direction of the city council" and will not be counted against a city council member for purposes of determining the council member's annual compensation; and

WHEREAS, Section 4.11 (c) of the City Council Rules of Procedure provides that in addition to those absences automatically considered to be on "official city business at the direction of the city council," under Section 4.11(b) above, the city council may by resolution designate whenever a council member's absence is for official city business and not counted as a missed meeting for purposes of determining the council member's annual compensation under Chapter III, Section 4 of the Dallas City Charter; and

WHEREAS, Councilmembers Tennell Atkins and Steve Salazar were out of the city as noted in **Exhibit A**, which required each to miss a city council committee meeting; and

WHEREAS, the purpose for being out of the city is noted in **Exhibit A**; **Now**, **Therefore**,

BE IT RESOLVED BY THE CITY COUNCIL OF CITY OF DALLAS

SECTION 1. That, in accordance with Chapter III, Section 4(e) of the Dallas City Charter and Section 4.11(c) of the City Council Rules of Procedure, the purpose of Councilmembers Tennell Atkins and Steve Salazar being out of the city is noted in **Exhibit A**, is hereby deemed to be for "official city business" and any absence associated with being out of the city will not be counted against Councilmembers Tennell Atkins and Steve Salazar in determining their annual compensation under Chapter III, Section 4 of the Dallas City Charter.

SECTION 2. That, in accordance with Section 4.11 of the City Council Rules of Procedure, the City Secretary shall maintain a record of this absence so that such absence will not count against Councilmembers Tennell Atkins and Steve Salazar in determining their annual compensation under Chapter III, Section 4 of the Dallas City Charter.

SECTION 3. That this resolution shall take effect immediately from and after its passage in accordance with the Charter of the City of Dallas and it is accordingly so resolved.

EXHIBIT A
CITY COUNCIL MEMBER(S)
TRIPS – REQUEST ABSENT ON OFFICIAL CITY BUSINESS

COUNCILMEMBER	TRIP/EVENT	LOCATION	DATE	PURPOSE	MEETINGS MISSED	STATUS
Tennell Atkins	U.S.-Mexico Chamber of Commerce Bi-national Conference	Mexico City, Mexico	11/08/2010 thru 11/10/2010	Participate in the U.S.-Mexico Chamber of Commerce Bi-national Conference	Transportation & Environmental City Council Committee - 11/08/2010	Complete
Steve Salazar	U.S.-Mexico Chamber of Commerce Bi-national Conference	Mexico City, Mexico	11/08/2010 thru 11/10/2010	Participate in the U.S.-Mexico Chamber of Commerce Bi-national Conference	Quality of Life City Council Committee - 11/08/2010	Complete

AGENDA ITEM # 4

KEY FOCUS AREA: Economic Vibrancy

AGENDA DATE: November 17, 2010

COUNCIL DISTRICT(S): 5

DEPARTMENT: Office of Economic Development

CMO: A. C. Gonzalez, 671-8925

MAPSCO: 65 G

SUBJECT

Authorize a Modification, Assumption and Extension Agreement with City Wide Community Development Corporation (CWCDC) to: **(1)** modify the two prior Chapter 380 agreements, and related Real Estate Lien Notes, Deeds of Trust and Deed Restrictions (Loan Documents) that have been executed between the City and CWCDC for the development of the Lancaster Corridor to: **(a)** realign the total funding amount of $3,850,000 that has been advanced to CWCDC with the separate projects comprising the Lancaster Corridor Development; **(b)** provide for the release of City liens on the Lancaster Corridor properties upon start of construction; and **(c)** extend the demolition and construction commencement dates to a date 12 months after the date of execution for the modified Loan Documents; **(2)** assign the Loan Documents to Catalyst, with Catalyst expressly assuming and agreeing to pay and to perform all obligations detailed in the Loan Documents; and **(3)** authorize the Director of the Office of Economic Development to execute such other instruments including subordinations as necessary to accommodate the financing structure for this project - Financing: No cost consideration to the City

BACKGROUND

The Lancaster Corridor is a vital main street for South Central Dallas and is a high priority for the City Council for development and redevelopment that will improve communities all along the corridor and in the Lancaster Neighborhood Investment Program (NIP) area. The City Council has approved two (2) Chapter 380 Forgivable Economic Development loans to City Wide Community Development Corporation (CWCDC) for redevelopment of land on Lancaster Road across from the North Texas Veterans Administration Hospital.

BACKGROUND (Continued)

The first loan in the amount of $850,000 was for acquisition and demolition of two undesirable motels to make way for a collaborative development effort between CWCDC and the Dallas Urban League for two (2) commercial buildings on each of the sites. The second loan in the amount of $3,000,000 was for land assemblage and pre-development related costs for construction of a skills training center at the Urban League as well as construction of a mixed-use project on property adjacent to the Urban League.

Both Loan Agreements required demolition if necessary within one year from the date of the initial advance of funds. Construction was to commence within two years from the date of the initial advance of funds. The first advance on the $850,000 loan was dated August 1, 2008. The first advance on the $3,000,000 loan was dated May 4, 2009. Loan maturities are five years from the date of initial advances under each Loan Agreement Development will be in two phases which will be financed independently. The assembled land encompasses 5.2 acres fronting on Lancaster Road from Ann Arbor on the north to the Chase Bank at Mentor Ave and Lancaster Road. Developers for both phases of the project are CWCDC and Catalyst Urban Development, LLC

Phase I is a $26.8 million project which will include 193 units of affordable multi-family housing, 13,926 square feet of retail space and 405 parking spaces to be shared by housing tenants, retail traffic and the Urban League. Financing sources will include HUD 221(d)4, HUD Section 108, New Markets Tax Credits, City of Dallas Public/Private Partnership funds and TIF reimbursements. Construction is expected to start in the Spring of 2011.

Phase II is the development of a 50,000 square foot skills training center for the Dallas Urban League. Funding sources will include New Markets Tax Credits, City of Dallas Public/Private Partnership grants and money raised from an Urban League Capital campaign. The campaign is planed to officially launch in the Spring of 2011, and construction will commence upon successful completion of the Capital Campaign.

All land assemblage required for the development of both phases have been purchased or is under contract. Title is vested to CWCDC. Architectural drawings and a development model have been completed for both phases. Preliminary development and site plans have been modified to maximize land use efficiency. The model was shown to Council members and is on display at the Urban League for community viewing. Zoning has been approved and bids are in the process of being let for vertical construction on Phase II.

The original Council Resolutions approving the Chapter 380 forgivable loans from the Public/Private Partnership program established specific time deadlines for demolition and commencement of construction.

BACKGROUND (Continued)

Additionally, the Urban League Skills Center development and the Lancaster Urban Village mixed-use project were combined rather than separate phases. Additional due diligence as well as architectural and site planning created a site configuration that improved on the original vision, but differed from language in the original Resolutions.

The capital structure for Phase I requires that funding sources be strictly aligned with component pieces of the Lancaster Urban Village (housing, commercial, garage) and that the Urban League expansion be separated. The HUD Section 108 loan and the New Markets Tax Credits equity also have complex requirements that will necessitate CWCDC transferring title to the land to another entity. CWCDC as the borrower for Phase I financing cannot be the owner of the land at the time of the HUD Section 108 loan application.

The land serves as collateral for the Chapter 380 loans. CWCDC is proposing to transfer the land and the project indebtedness to co-developer, Catalyst Urban Development, LLC. To accommodate the separation of funding identified for Phase I ($3,200,000) and the funding identified for Phase II, ($650,000), the total Chapter 380 funding amount of $3,850,000 must be realigned.

An Assumption and Extension Agreement between CWCDC and Catalyst Urban Development will be necessary in order to facilitate the required HUD Section 108 and New Markets Tax Credits compliance.

PRIOR ACTION / REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On May 28, 2008, the City Council authorized a Chapter 380 Forgivable Loan in the amount of $850,000 to City Wide Development Corporation to purchase and demolish the Sunset Motel located at 4343 Lancaster Road, Dallas Texas and the Southern Comfort Motel located at 4411 Lancaster Road, Dallas, Texas for development of commercial buildings on the site by Resolution No. 08-1583.

On September 10, 2008, the City Council authorized a loan in the amount of $500,000 at 0% interest to City Wide Community Development Corporation for acquisition and related cost of improved and unimproved properties on Lancaster Road bounded by Illinois Avenue and Ledbetter Drive for the purpose of constructing residential, commercial or mixed-use redevelopment as part of the Lancaster Corridor Economic Development Plan by Resolution No. 08-2433.

PRIOR ACTION / REVIEW (COUNCIL, BOARDS, COMMISSIONS) (Continued)

On April 22, 2009, the City Council authorized a Chapter 380 Forgivable Loan in the amount of $3,000,000 to City Wide Community Development Corporation for development and other related cost including land assemblage for a skills training center for the Dallas Urban League, mixed-use retail, housing, office and other commercial uses in the Lancaster Corridor Neighborhood Investment Program area by Resolution No. 09-1101.

On May 3, 2010, a memo was submitted to the Economic Development Committee regarding an amendment to extend the terms of Section 2a of Resolution No. 08-1583 regarding the commencement of construction from 24 months to 30 months.

On May 12, 2010, the City Council authorized Resolution No. 10-1237, extending the required start of redevelopment on real estate parcels commonly known as 4343 and 4412 Lancaster Road, Dallas, Texas from August 1, 2010 to February 1, 2011.

On November 1, 2010, a briefing was presented to the Economic Development Committee regarding authorizing a Modification, Assumption and Extension Agreement with City Wide Community Development Corporation to: (1) modify the prior two Chapter 380 Agreements, Real Estate Lien Notes, Deeds of Trust and Deed Restrictions (Loan Documents) that have been executed between the City and CWCDC for development of the Lancaster Corridor; (2) assign the loan documents to Catalyst Urban Development, LLC (Catalyst) with Catalyst expressly assuming and agreeing to pay and to perform all obligations detailed in Loan Documents; and (3) authorize the Director of the Office of Economic Development to execute such other instruments including subordinations as necessary to accommodate the financing structure of the Lancaster Urban Village/Urban League project.

FISCAL INFORMATION

No cost consideration to the City

OWNER

City Wide Community Development Corporation

Sherman Roberts,
President/CEO

DEVELOPER

City Wide Community Development Corporation

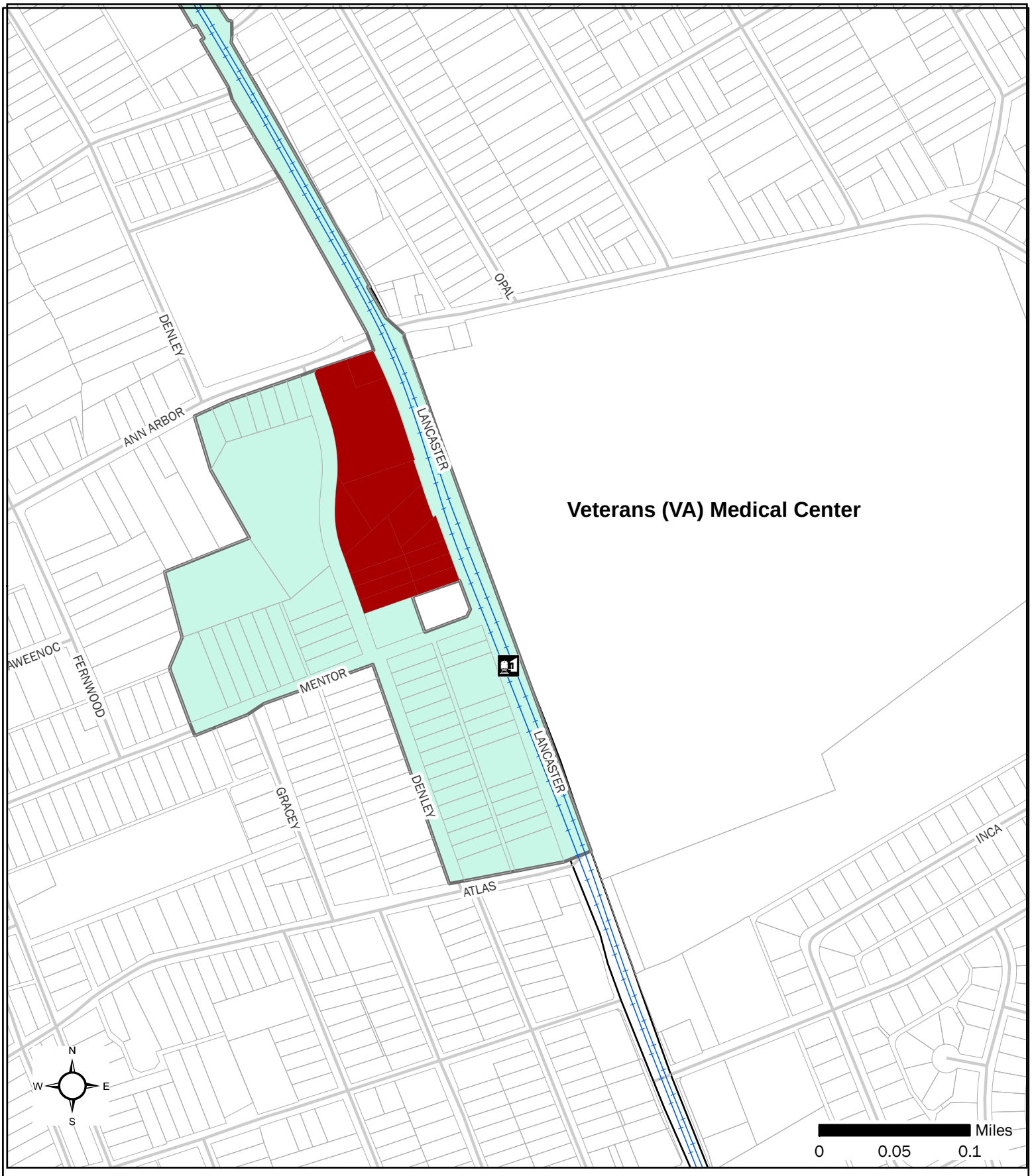
Sherman Roberts,
President/CEO

Catalyst Urban Development, LLC

Paris Rutherford, President

MAP

Attached.



Lancaster Urban Village Project Location

Project Site
TIF Boundary
City of Dallas
DART Red Line
DART Blue Line
DART Stations

City of Dallas
Office of Economic Development
http://www.Dallas-EcoDev.org
Created April 2010

WHEREAS, the City recognizes the importance of its role in local economic development; and

WHEREAS, the City seeks to spur acquisition and redevelopment of certain areas in the southern sector, including the Lancaster Corridor, to foster the public purpose of economic development; and

WHEREAS, on April 9, 2008, the City Council elected to continue its participation in economic development grants per Chapter 380 of the Texas Local Government Code with adoption of its Public/Private Partnership Program guidelines criteria by Resolution No. 08-1050, as amended; and

WHEREAS, the City Wide Community Development Corporation seeks to redevelop sites in the Lancaster Corridor; and

WHEREAS, the City entered into a Chapter 380 forgivable economic development forgivable loan agreement with City Wide Community Development Corporation, located at 3440 S. Polk, Suite B, Dallas, Texas in the amount of $850,000 for the acquisition, demolition and redevelopment of real property commonly known as 4343 Lancaster Road and 4411 Lancaster Road, both in Dallas, Texas; and

WHEREAS, on September 10, 2008, the City Council authorized a loan in the amount of $500,000 at 0% interest to City Wide Community Development Corporation for acquisition and related cost of improved and unimproved properties on Lancaster Road bounded by Illinois Avenue and Ledbetter Drive for the purpose of constructing residential, commercial or mixed-use redevelopment as part of the Lancaster Corridor Economic Development Plan by Resolution No. 08-2433; and

WHEREAS, on April 22, 2009, the City Council authorized a Chapter 380 economic development Forgivable Loan in the amount of $3,000,000 to City Wide Community Development Corporation for development and other related cost including land assemblage for a skills training center for the Dallas Urban League, mixed-use retail, housing, office and other commercial use in the Lancaster Corridor Neighbor Investment Program area from Stella Avenue north on Lancaster Road to Simpson Stuart/Camp Wisdom Road south of Lancaster Road by Resolution No. 09-1101; and

WHEREAS, on May 12, 2010, the City Council by Resolution No. 10-1237 authorized an extension of the start date for redevelopment construction at 4343 and 4411 Lancaster Road from August 1, 2010 pursuant to Article IV, Section 4.10a of the Chapter 380 Loan Agreement dated August 1, 2008 to February 1, 2011; and

WHEREAS, the City, pursuant to Resolution No. 10-1721 authorized by the City Council on June 23, 2010 to: (1) adopted revised Public/Private Partnership Program - Guidelines and Criteria, which established certain guidelines and criteria for the use of City incentive programs for private development projects; and (2) established programs for making loans and grants of public money to promote local economic development and to stimulate business and commercial activity in the City of Dallas pursuant to the Economic Development Programs provisions under Chapter 380 of the Texas Local Government Code, (the "Act"); and

WHEREAS, the City Council has determined that the proposed projects will foster the public purpose of economic development in accordance with the City Council's goals as outlined in the City's Public/Private Partnership Program.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. That the City Manager, upon approval as to form by the City Attorney hereby authorizes a Modification, Assumption and Extension Agreement with City Wide Community Development Corporation (CWCDC) to: (1) modify the two prior Chapter 380 agreements and related, Real Estate Lien Notes, Deeds of Trust and Deed Restrictions (Loan Documents) that have been executed between the City and CWCDC for the development of the Lancaster Corridor to: (a) realign the total funding amount of $3,850,000 that has been advanced to CWCDC with the separate projects comprising the Lancaster Corridor Development; and (b) provide for the release of City liens on the Lancaster Corridor properties upon start of construction; and (c) extend the demolition and construction commencement dates to a date 12 months after the date of execution for the modified Loan Documents; (2) assign the Loan Documents to Catalyst with Catalyst expressly assuming and agreeing to pay and to perform all obligations detailed in the Loan Documents; and (3) authorize the Director of the Office of Economic Development to execute such other instruments including subordinations as necessary to accommodate the financing structure for this project.

Section 2. That if the Borrower or Assignee fails to timely comply with amended requirements hereof, the City of Dallas has the option to require the Borrower to convey to the City of Dallas fee simple title to the properties acquired with funds under the loan from the City of Dallas, free of any liens or encumbrances not acceptable to the City.

Section 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

Distribution: Office of Economic Development, Tenna Kirk, 5CS
Office of Economic Development, Sajid Safdar, 2CN
Office of Economic Development, Lee McKinney, 5CS
City Attorney's Office, Warren Ernst

AGENDA ITEM # 5

KEY FOCUS AREA: A Cleaner, Healthier City Environment

AGENDA DATE: November 17, 2010

COUNCIL DISTRICT(S): 5

DEPARTMENT: Housing/Community Services

CMO: A. C. Gonzalez, 671-8925

MAPSCO: 65G

SUBJECT

A public hearing to receive comments on an amended City of Dallas proposal to submit an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant Section 108 Guarantee Loan Program loan in the amount of $8,492,000 for a loan for Lancaster Urban Village Commercial LLC to develop the Lancaster Urban Village project including land acquisition at the southwest quadrant of the intersection of South Lancaster Road and Ann Arbor Avenue, sitework, commercial development and development of a parking garage for a mixed-use, transit-oriented development along the South Lancaster Road corridor across from the Veterans Affairs Medical Center (V.A.) and for a loan interest reserve; and at the close of the public hearing, authorize **(1)** submission of an application to HUD for a CDBG Section 108 Guarantee Loan Program loan for Lancaster Urban Village Commercial LLC in an amount not to exceed $8,492,000; and **(2)** the City Manager to submit the application and take necessary actions in connection with the application submission - Financing: No cost consideration to the City

BACKGROUND

This item calls for a public hearing to allow the public an opportunity to comment on an amended City of Dallas proposal to submit an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant Section 108 Guarantee Loan Program loan (Section 108 Loan) in the amount of $8,492,000 to provide funds for a loan for Lancaster Urban Village Commercial LLC (Lancaster Urban Village Project Loan) to develop the Lancaster Urban Village project including land acquisition at the southwest quadrant of the intersection of South Lancaster Road and Ann Arbor Avenue, sitework, commercial development and development of the commercial spaces of a parking garage for a mixed-use, transit-oriented development along the South Lancaster Road corridor across from the Veterans Affairs Medical Center (V.A.) and for a loan interest reserve. This will make possible a project with a total budget of $26.8M.

BACKGROUND (continued)

In pursuit of programs to help fill the gap in financing for development projects during the economic downturn beginning since the fall of 2008, City staff has researched, and in November 2008, briefed the City Council Economic Development and Housing Committees.

The Committees gave preliminary approval for application to U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grant (CDBG) Section 108 Guarantee loan funds for individual projects with the total of all applications not to exceed $75,000,000.

The City seeks to fund projects that increase the level of business activity by expanding economic activities and increase the level of affordable housing in the project area. It is also important to the City that Section 108 loan repayments from borrowers match the City's required repayments to HUD on the Section 108 Guarantee Loan. Annual repayments of Section 108 Guarantee loans should be credit enhanced to eliminate risk of City making payments from annual CDBG allocations.

The City received a proposal from Lancaster Urban Village Commercial LLC for a loan in the amount of $7,400,000 in Community Development Block Grant Section 108 Guarantee Loan funds for acquisition of 3.5 acres of land located at the southwest quadrant of the intersection of South Lancaster Road and Ann Arbor Avenue to be developed into 14,131 square feet of retail/office space to create employment opportunities and provide community-serving businesses for the area. Additionally, the proposal called for the development to provide 193 apartment units with 20% (39) of the units deed restricted for 15 years for affordability to families with incomes at 80% or less of Area Median Family Income. The total development also provided for a 395-space parking garage to be completed in conjunction with a proposed expansion of the Dallas Urban League Campus directly north of the project. The Lancaster Urban Village project site is located in CDBG-eligible Census Tract 57.

The Housing Committee was briefed on the Community Development Block Grant Section 108 Guaranteed Loan Application to HUD for the Lancaster Urban Village on May 3, 2010.

The City held a neighborhood public hearing at the Dallas Urban League on May 13, 2010, and comments from the hearing were compiled.

The City Council public hearing held on June 23, 2010, complied with HUD regulations and the City's Citizen Participation Plan of 30 days comment period from date of call of public hearing.

BACKGROUND (continued)

The City has received an amended proposal from Lancaster Urban Village Commercial LLC for funding for Lancaster Urban Village project increasing the amount from $7,400,000 to $8,492,000 in Community Development Block Grant Section 108 Guarantee Loan funds for acquisition of an additional 1.7 acres of land, increasing the total acquisition from 3.5 acres to 5.2 acres of land located at the southwest quadrant of the intersection of South Lancaster Road and Ann Arbor Avenue, to be developed into 13,926 square feet of retail/office space to create employment opportunities and provide community-serving businesses for the area. Additionally, the development will provide 193 apartment units with an increased percentage of affordable units from 20% (39) of the units to 51% (98) of the units deed restricted for 15 years for affordability to families with incomes at 80% or less of Area Median Family Income. The amended proposal also seeks Section 108 funding for an additional 10 parking spaces increasing the total spaces in the parking garage from 395 to 405.

Total project costs to acquire property and to fund sitework, interest reserve, and development of the Lancaster Urban Village mixed-use, transit-oriented development consisting of commercial/retail/office space and 193 apartment units at southwest quadrant of intersection of South Lancaster Road and Ann Arbor Boulevard are approximately $26.8M with the City contributing 44%. Funding for the project will come from the proposed $8.5M Section 108 Loan funds and from public private partnership funding of $3.85M, a first lien note of $12.0M, and new market tax credits of $3.1M.

The Section 108 loan application will request $8,492,000 for the project at an interest rate determined by the 3 month London Interbank Offered Rate (LIBOR) plus 300 basis points, with three years of interest reserve escrowed at the construction loan closing. Tax Increment Financing District (TIF) proceeds will be used to make the Section 108 Lancaster Urban Village Loan payments for the five years starting in 2013 until the Section 108 Lancaster Urban Village Loan is paid. The interest rate on the Section 108 Lancaster Urban Village Loan will be .5% higher than the Section 108 loan from HUD and both loans will have matching amortization. All loan payments by borrower will provide adequate funds for the City to make its payments on the Section 108 Loan from HUD.

The Section 108 Loan funds will be used to acquire property and fund sitework, commercial development and development of the commercial spaces of a parking garage and to fund interest reserve. The project will meet the statements of community development objectives in the City's Consolidated Plan dealing with creation of employment opportunities with the creation of 72 jobs for low/moderate-income employees. Further, the HUD national objective of creating affordable housing will be met with the provision of 51% of the units reserved for low/moderate-income families.

BACKGROUND (continued)

The City Council public hearing being held on this date complies with HUD regulations and City's Citizen Participation Plan of 30 days comment period from date of call of public hearing. With submission of the application the City must certify that the City Manager is authorized to submit the application and all related documents and take necessary actions in connection with the application submission.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On November 17, 2008, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used.

On January 5, 2009, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for City to apply for up to a total of $75,000,000 in guarantee loans.

On January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291.

On May 3, 2010, the Housing Committee was briefed on the Community Development Block Grant Section 108 Guaranteed Loan Application to HUD for the Lancaster Urban Village Development and voted to favorably recommend that the City apply for Section 108 Guarantee Loan funds for the project.

On May 12, 2010, the City Council authorized a public hearing to be held on June 23, 2010 to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed $7,400,000 for the Lancaster Urban Village project by Resolution No. 10-1265.

On June 23, 2010, the City Council held a public hearing and authorized submission of a Section 108 Guarantee Loan Program loan application to HUD for a Community Development Block Grant Section 108 Program loan in the amount of $7,400,000 to fund Lancaster Urban Village Commercial LLC for land acquisition at the southwest quadrant of the intersection of South Lancaster Road and Ann Arbor Avenue and to fund sitework, a loan interest reserve, and commercial development for a mixed-use, transit-oriented development along the South Lancaster Road corridor across from the Veterans Affairs Medical Center by Resolution No. 10-1678.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS) (continued)

On October 13, 2010, the City Council authorized a public hearing to be held on November 17, 2010, to receive comments on an amended City of Dallas proposal to submit an application to the U.S. Department of Housing and Urban Development for a Community Development Block Grant Section 108 Loan Program loan in the amount of $8,492,000 by Resolution No. 10-2599.

FISCAL INFORMATION

No cost consideration to the City.

OWNERS

City Wide Community Development Corporation

Sherman Roberts, President/CEO

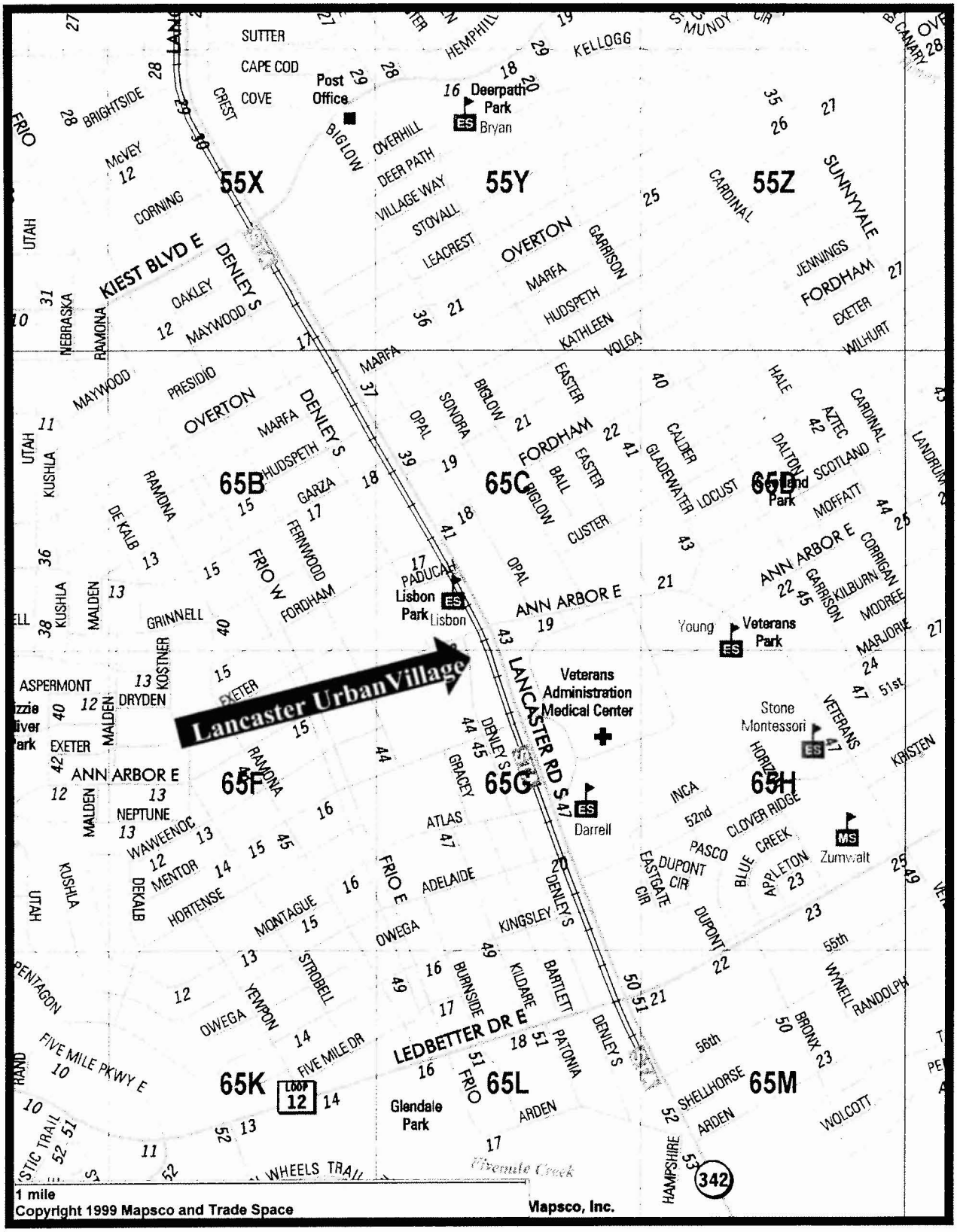
DEVELOPERS

Catalyst Urban Development

Paris Rutherford, Member
Rhys Heinsch, Member

MAP

Attached


Lancaster Urban Village
LANCASTER RD S
LEDBETTER DR E
KIEST BLVD E
ANN ARBOR E
FIVE MILE PKWY E
55X
55Y
55Z
65B
65C
65D
65F
65G
65H
65K
65L
65M
Post Office
Deerpath Park
Bryan
Lisbon Park
Lisbon
Darrell
Young
Veterans Park
Veterans Administration Medical Center
Stone Montessori
Zumwalt
Glendale Park
Fivemile Creek
SUTTER
CAPE COD
COVE
BRIGHTSIDE
CREST
BIGLOW
HEMPHILL
KELLOGG
OVERHILL
DEER PATH
VILLAGE WAY
STOVALL
LEACREST
OVERTON
MARFA
GARRISON
HUDSPETH
KATHLEEN
VOLGA
CARDINAL
SUNNYVALE
JENNINGS
FORDHAM
EXETER
WILHURT
McVEY
CORNING
OAKLEY
MAYWOOD
RAMONA
NEBRASKA
UTAH
PRESIDIO
DENLEY S
OPAL
SONORA
EASTER
BALL
CUSTER
CALDER
GLADEWATER
LOCUST
HALE
AZTEC
SCOTLAND
MOFFATT
DALTON
KUSHLA
DE KALB
GARZA
FERNWOOD
FRIO W
PADUCAH
GRINNELL
KOSTNER
ASPERMONT
DRYDEN
MALDEN
NEPTUNE
WAWEENOC
MENTOR
HORTENSE
DEKALB
RAMONA
GRACEY
ATLAS
ADELAIDE
FRIO E
MONTAGUE
OWEGA
KINGSLEY
KILBURN
CORRIGAN
MODREE
MARJORIE
51st
VETERANS
KRISTEN
INCA
52nd
CLOVER RIDGE
PASCO
BLUE CREEK
APPLETON
DUPONT CIR
EASTGATE CIR
DUPONT
55th
WYNELL
RANDOLPH
BRONX
56th
SHELLHORSE
ARDEN
WOLCOTT
HAMPSHIRE
342
KILDARE
BARTLETT
PATONIA
BURNSIDE
STROBELL
YEWPON
PENTAGON
FIVE MILE DR
LOOP 12
WHEELS TRAIL
1 mile
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MAPSCO 65G

WHEREAS, the City of Dallas seeks to keep momentum going in growth prone areas and stimulate investment in more challenged areas by providing a substitute for declining availability of capital funding while banks are not willing to loan as much against collateral, interest rates for available funding have increased and proceeds from sales of tax credits has declined; and

WHEREAS, on November 17, 2008, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used; and

WHEREAS, on January 5, 2009, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for the City to apply for up to a total of $75,000,000 in guarantee loans; and

WHEREAS, on January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291; and

WHEREAS, on May 3, 2010, the Housing Committee was briefed on the Community Development Block Grant Section 108 Guaranteed Loan Application to HUD for the Lancaster Urban Village Development and voted to favorably recommend that the City apply for Section 108 Guarantee Loan funds for the project; and

WHEREAS, on May 12, 2010, the City Council authorized a public hearing to be held on June 23, 2010 to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan in an amount not to exceed $7,400,000 for the Lancaster Urban Village project by Resolution No. 10-1265; and

WHEREAS, on June 23, 2010, the City Council held a public hearing and approved submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant Section 108 Guaranteed Loan Program loan in the amount of $7,400,000 to fund Lancaster Urban Village Commercial, LLC for land acquisition, sitework, a loan interest reserve, and commercial development for a mixed-use, transit-oriented development along the South Lancaster Road corridor across from the Veterans Affairs Medical Center by Resolution No. 10-1678; and

WHEREAS, the developer has submitted an amended project proposal to increase the amount of the Section 108 loan funds from $7,400,000 to $8,492,000 to increase the total land acquisition from 3.5 acres to 5.2 acres located at the southwest quadrant of the intersection of South Lancaster Road and Ann Arbor Avenue; to increase the number of affordable units from 20% (39) of total units to 51% (98) of total units deed restricted for 15 years for affordability for families with incomes at 80% or less of Area Median Family Income; and to add 10 additional parking spaces increasing the total spaces in the parking garage from 395 to 405; and

WHEREAS, on October 13, 2010, the City Council authorized a public hearing to be held on November 17, 2010, to receive comments on an amended City of Dallas proposal to submit an application to the U.S. Department of Housing and Urban Development for a Community Development Block Grant Section 108 Loan Program loan in the amount of $8,492,000 by Resolution No. 10-2599.

WHEREAS, the City of Dallas now desires to apply to HUD for Community Development Section 108 Guarantee Loan funds in the increased amount of $8,492,000 for a Section 108 loan for Lancaster Urban Village Commercial LLC to develop Lancaster Urban Village, a mixed-use, transit-oriented project at the southwest quadrant of the intersection of South Lancaster Road and Ann Arbor Avenue, which consists of land acquisition, sitework, commercial development, development of a parking garage, and funding of a loan interest reserve; and

WHEREAS, HUD requires the City to certify that its governing body has duly adopted a resolution (a) authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required; and (b) authorizing such official representative to execute such documents as may be required in order to implement the application and issue debt obligations pursuant thereto (provided that the authorization required by this paragraph may be given by the local governing body after submission of the application but prior to execution of the contract required by §570.705(b); **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

November 17, 2010

SECTION 1. That the City Council hereby authorizes the submission of the application to the U.S. Department of Housing and Urban Development (HUD) for a CDBG Section 108 Guarantee Loan Program loan in an amount not to exceed $8,492,000 for a Section 108 loan for Lancaster Urban Village Commercial LLC to develop Lancaster Urban Village, a mixed-use, transit-oriented project at the southwest quadrant of the intersection of South Lancaster Road and Ann Arbor Avenue, including 5.2-acre land acquisition, sitework, commercial development, development of a parking garage, and funding of a loan interest reserve including 193 multi-family residential units with 51% (98) of the units to be deed restricted for 15 years for affordability to families with incomes at 80% less of Area Median Family Income as established by HUD.

SECTION 2. That the Section 108 loan application will request an amount not to exceed $8,492,000 with interest payments for the first three years of the loan funded out of three years of interest reserve and with Tax Increment Financing District (TIF) reimbursements to be used to make the Section 108 Lancaster Urban Village Loan payments until the Section 108 Lancaster Urban Village Loan is paid in full. Both the Section 108 Loan from HUD and the Section 108 Lancaster Urban Village Loan will have matching amortization, and the Section 108 Lancaster Urban Village Loan will have an interest rate which is .5% higher than the Section 108 Loan from HUD. All loan payments by borrower will provide adequate funds for City to make its payment on the Section 108 Loan from HUD.

SECTION 3. That the City Manager is authorized to submit the application and amendments thereto and all understandings and assurances contained therein, and the City Manager is the official representative of the City of Dallas authorized to act in connection with the application to provide such additional information as may be required.

SECTION 4. That the City Manager is authorized to take necessary actions as may be required in connection with the submission of the Section 108 application.

SECTION 5. That this resolution shall take effect immediately from and after its passage in accordance with the Charter of the City of Dallas, and it is accordingly so resolved.

DISTRIBUTION:

Housing/Community Services Department
Economic Development Department
City Attorney's Office
Budget and Management Services/Community Development, 4FS

Memorandum

CITY OF DALLAS

DATE November 12, 2010

TO The Honorable Mayor and Members of the City Council

SUBJECT Dallas/Fort Worth International Airport Briefing

On Wednesday, November 17, 2010, you will be briefed on the Dallas/Fort Worth International Airport M/WBE program. Jeff Fegan, CEO of DFW Airport, will provide the briefing as requested by members of the City Council on October 13, 2010 when DFW Airport presented its FY2011 budget.

If you have questions or need additional information, please let me know.

Mary K. Suhm
City Manager

c: Deborah A. Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
C. Victor Lander, Administrative Judge
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Frank Librio, Public Information Office
Helena Stevens-Thompson, Assistant to the City Manager

Dallas/Fort Worth International Airport M/WBE Briefing

Dallas City Council

November 17, 2010

Agenda Overview

- Business Diversity Strategy
- M/WBE Contracting
- M/WBE Concessions
- Future Opportunities
- Awards and Recognition

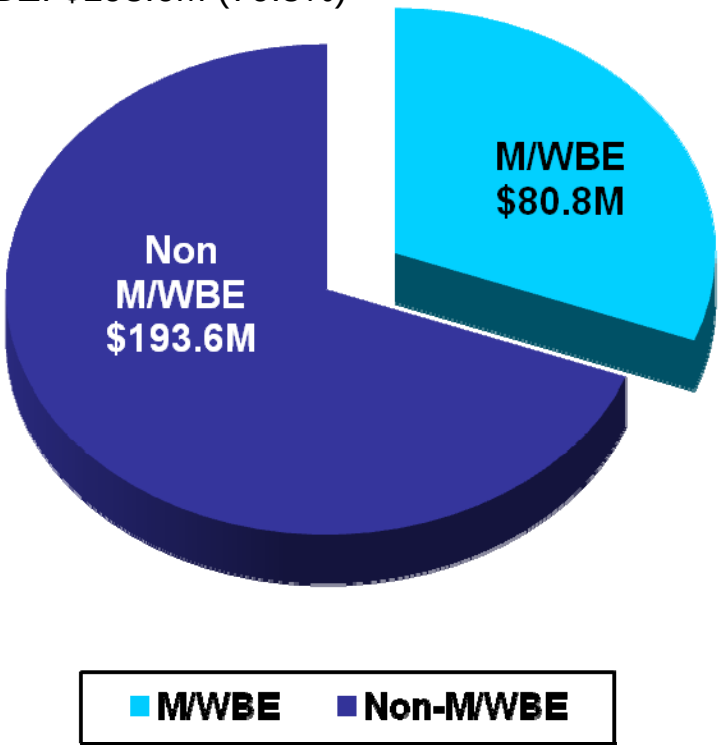
DFW Business Diversity Strategy

- Operate as a catalyst for economic development in North Texas through supply chain inclusion
  - D/M/WBE spending and concession operations at DFW Airport boosted total economic activity in the DFW Metropolitan region by $1.2 billion
  - Created over 14,000 job years of employment, increased regional labor income by $455 million
  - Supported $170 million in property income
- Facilitate and maximize business and capacity building opportunities for small, minority and women-owned businesses through the following programs:
  - Minority and Women Owned Business (M/WBE) Program – locally funded contracts
  - Disadvantaged Business Enterprise (DBE) Program – federally funded contracts
  - Airport Concessions Disadvantaged Enterprise (ACDBE) Program – federally mandated program
- In accordance with regulations of the U.S. Department of Transportation (DOT) 49 CFR Part 23 and 26

Statistics Source: University of North Texas, Center for Economic Development and Research, DFW International Airport's Minority and Women-Owned Business Enterprises Program: Economic and Fiscal Impacts from 2006 - 2008, June 26, 2009.

D/M/WBE Participation FY10 – All Contracting Categories
Total M/WBE Participation: 29.4%

TOTAL AMOUNT SPENT: $274.4 Million
M/WBE: $80.8M (29.4%)
NON-M/WBE: $193.6M (70.5%)



Ethnicity Dollar Breakdown

- African American
  $22.3M (8.1%)
- Asian American
  $12.1M (4.4%)
- Hispanic American
  $19.7M (7.2%)
- Native American
  $.3M(0.1%)
- White Female
  $25.2M (9.2%)
- Other Minority
  $1.2M (0.4%)

The report numbers reflect Pay Period Activity Reports from October 1, 2009 – September 30, 2010, entered into the B2Gnow system through the time of this presentation.

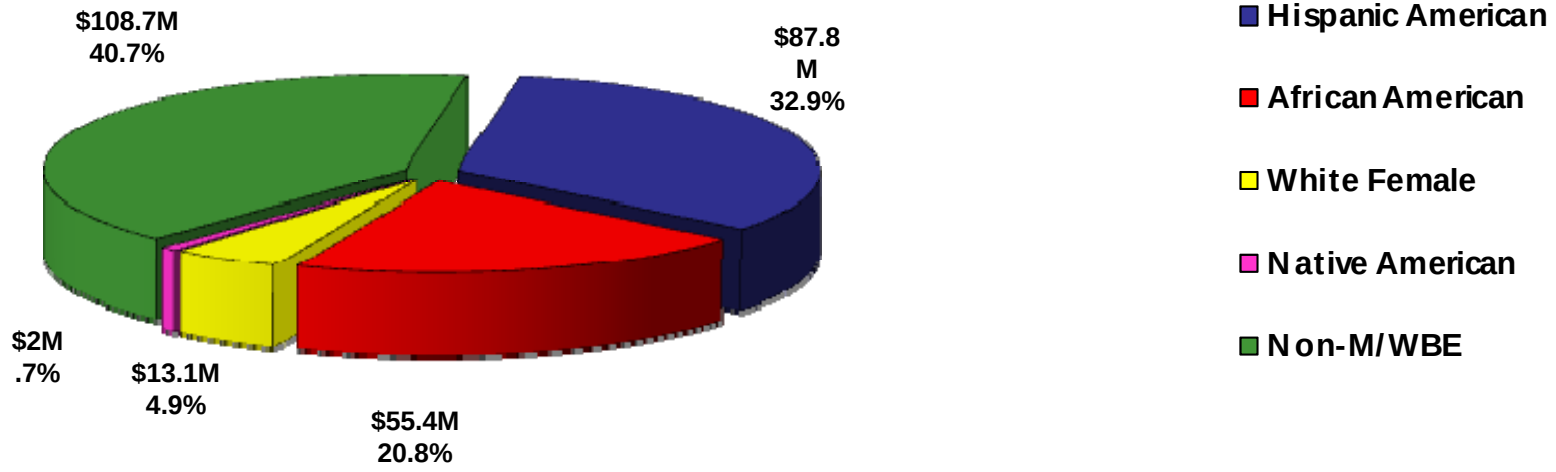
D/M/WBE Participation FY10 – By Category

Category	Annual Goal	Achieved
Construction	30%	33.6%
Professional Services	27%	34.5%
Goods & Services	25%	30.4%
Contracts & Purchase Orders under $50K	N/A	20.8%

The report numbers reflect Pay Period Activity Reports from October 1, 2009 – September 30, 2010, entered into the B2Gnow system through the time of this presentation.

D/M/WBE Participation FY10 – Concessions
M/WBE Gross Revenues: 59.3%

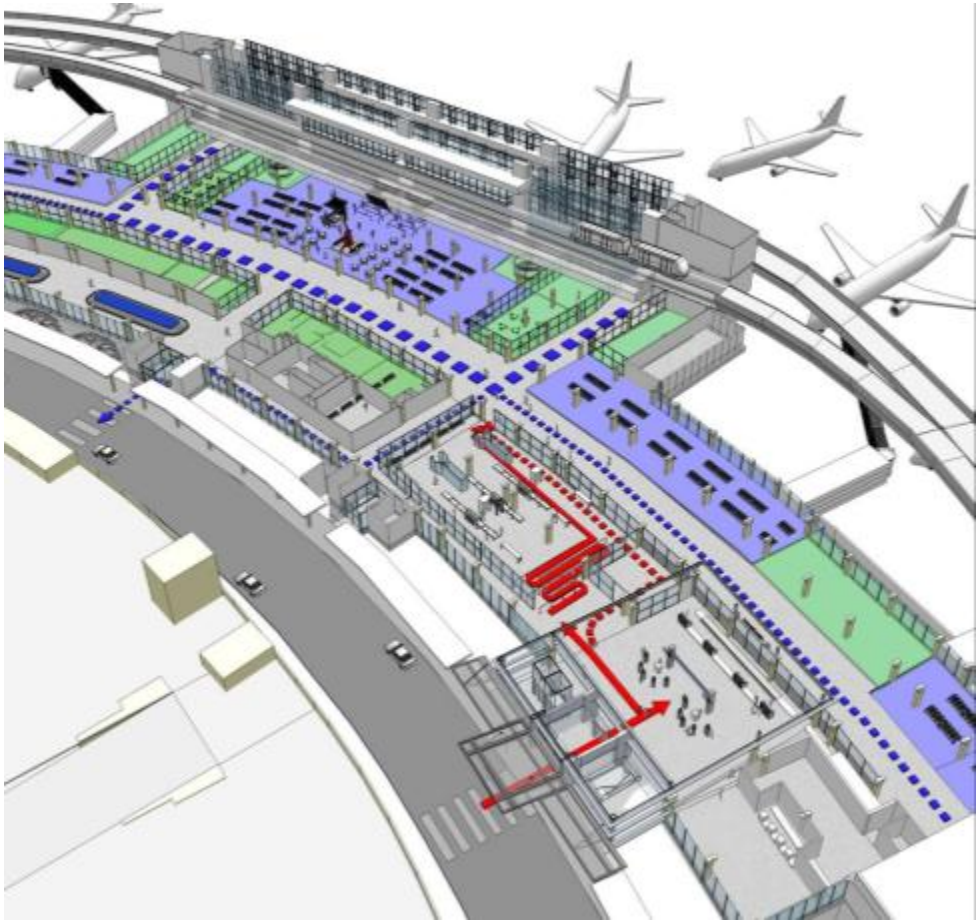
TOTAL GROSS REVENUE: $267 Million
M/WBE: $158.3M (59.3%)
NON-M/WBE: $108.7M (40.7%)



The report numbers reflect Pay Period Activity Reports from October 1, 2009 – September 30, 2010, entered into the B2Gnow system through the time of this presentation.

Future Opportunities: Terminal Renewal and Improvement Program (TRIP) for Terminals A,B,C,E : $1.74 Billion*

- Selected Elements of Highest Value from each short-listed alternative
- Replace building systems
  - Ensure operational reliability
  - Address code and regulatory requirements
- Reconfigure ticketing areas to enhance self-service
- Expand/reconfigure security screening checkpoints to improve operational efficiency
- Enhance Concessions
- Accommodate Parking Demand
- Enhance Airside Efficiency and Effectiveness



* Present value of 2010 dollars.

Recent Awards and Recognition

Regional Hispanic Contractor's Association "Luna Awards"
- "2010 M/WBE Advocate of the Year Award"

Fort Worth Metropolitan Black Chamber of Commerce
- "2010 M/WBE Advocate of the Year Award"

Fort Worth Metropolitan Black Chamber of Commerce
- "2010 Corporation of the Year Award"

Greater Dallas Asian American Chamber of Commerce
- "2010 Corporate Diversity Award"

Black Contractors Association
- "2010 Chairman of the Year Award"

Dallas/Fort Worth Minority Supplier Development Council
- "2009 Buyer of the Year Award"

Federal Aviation Administration
- "2009 Exceptional DBE Program"

Summary

- DFW is fully committed to integrated diversity and inclusion practices in our supply chain.
- We have an established and successful track record as a responsive community partner and we continue to build on existing partnerships.
- We recognize that challenges exist and look forward to collaborating with our community and business partners on future opportunities.

Dallas/Fort Worth International Airport M/WBE Briefing

Dallas City Council

November 17, 2010

Memorandum

CITY OF DALLAS

DATE: November 15, 2010

TO: Honorable Mayor and Members of the City Council

SUBJECT: School Bus Crossing Zones Briefing Postponement

Dallas County Schools has requested the School Bus Crossing Zones briefing be postponed. It was scheduled to be presented to City Council on November 17, 2010.

Should you have any questions, please let me know.

Ryan S. Evans
First Assistant City Manager

CC: Tom Perkins, City Attorney
Deborah Watkins
Craig Kinton, City Auditor
Judge Victor Lander
Mary K. Suhm, City Manager
AC. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forrest E. Turner, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Frank Librio, Public Information Officer
Helena Stevens-Thompson, Assistant to the City Manager

Memorandum

CITY OF DALLAS

DATE November 12, 2010

TO The Honorable Mayor and Members of the City Council

SUBJECT Sales Tax Overview

Your November 17th agenda includes an informational briefing entitled Sales Tax Overview. The briefing materials are attached for your review.

If you have questions or need additional information, please let me know.

Jeanne Chipperfield
Chief Financial Officer

Attachment

c: Mary K. Suhm, City Manager
Thomas P. Perkins, Jr., City Attorney
Deborah A. Watkins, City Secretary
Craig Kinton, City Auditor
C. Victor Lander, Judiciary
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
A.C. Gonzales, Assistant City Manager
Forest Turner, Assistant City Manager
Helena Stevens-Thompson, Assistant to the City Manager

Sales Tax Overview

Presented to Dallas City Council

November 17, 2010

Key Focus Area

E3

Efficient, Effective, Economical Government

Purpose and Outline

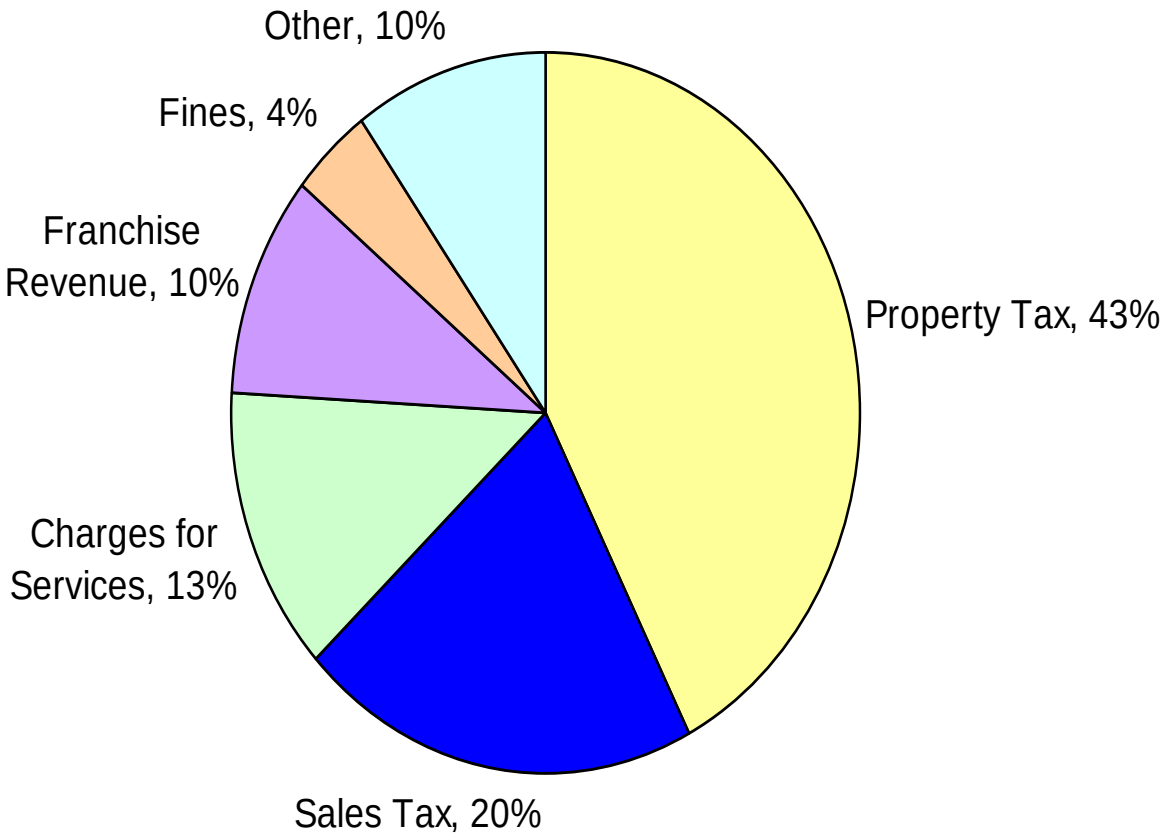
- Overview of sales tax is provided for informational purposes
  - No action is required

- Outline
  - State Law – tax rate and taxable items
  - Taxable vs. non-taxable sales
  - Historical trends
  - Forecasting model
  - Geographic and demographics
  - Internet sales
  - Summary

Tax Rate

- Sales tax is governed by and capped by State law
- Dallas is at maximum sales tax permitted under State law which is 8.25%
  - State levies 6.25% tax
  - Local jurisdictions are allowed to levy up to 2% tax
    - Cities
    - Counties
    - Transit authorities
    - Special purpose districts created to generate revenue for a specific reason such as for crime control, libraries, emergency services
- In Dallas, sales tax includes
  - 6.25% - State
  - 1.0% - City's general fund
  - 1.0% - Dallas Area Rapid Transit

General Fund Revenue Sources (FY10)



Source: City of Dallas, Office of Financial Services

Taxable Items

- Only the sale or lease of tangible personal property or the sale of taxable services as defined by State are subject to sales tax
- Not all sales are taxable - taxable sales are a subset of gross sales
- Sales tax revenue comes from much more than retail activity, because most industries (categorized below; examples in appendix) have at least some portion of their sales that are subject to sales tax
- Retail and wholesale trade accounts for about 34% of Dallas' sales tax revenue

Retail Trade	Admin Support, /Waste, Remediation	Transportation & Warehousing
Wholesale Trade	Professional, Scientific, Technical Services	Health Care & Social Services
Information	Other Services (Except Public Administration)	Public Administration
Utilities	Arts, Entertainment, Recreation	Educational Services
Accommodations & Food Service	Real Estate, Rental, Leasing	Agriculture, Forestry, Fishing. Hunting
Manufacturing	Mining-Quarrying, Oil & Gas Extraction	Mgmt of Companies & Enterprises
Construction	Finance & Insurance	Other and Nonclassifiable

Taxable Sales

- Economic growth does not always translate into sales tax revenue growth
- For example, between 2002 and 2009, fastest growing gross sales in City were in industries that only account for 7.3% of sales tax revenue in City
  - Real estate, rentals and leasing industry – 833%
  - Finance and insurance – 608%
  - Health care and social services – 519%
  - Educational services – 123%
- The fastest-growing industries in terms of taxable sales from 2002 to 2009 account for only 3.6% of Dallas' sales tax revenue and were
  - Mining-quarrying-oil & gas extraction – 71%
  - Agriculture-forestry-fishing-hunting – 54%
  - Finance and insurance – 51%
  - Arts-entertainment-recreation – 38%

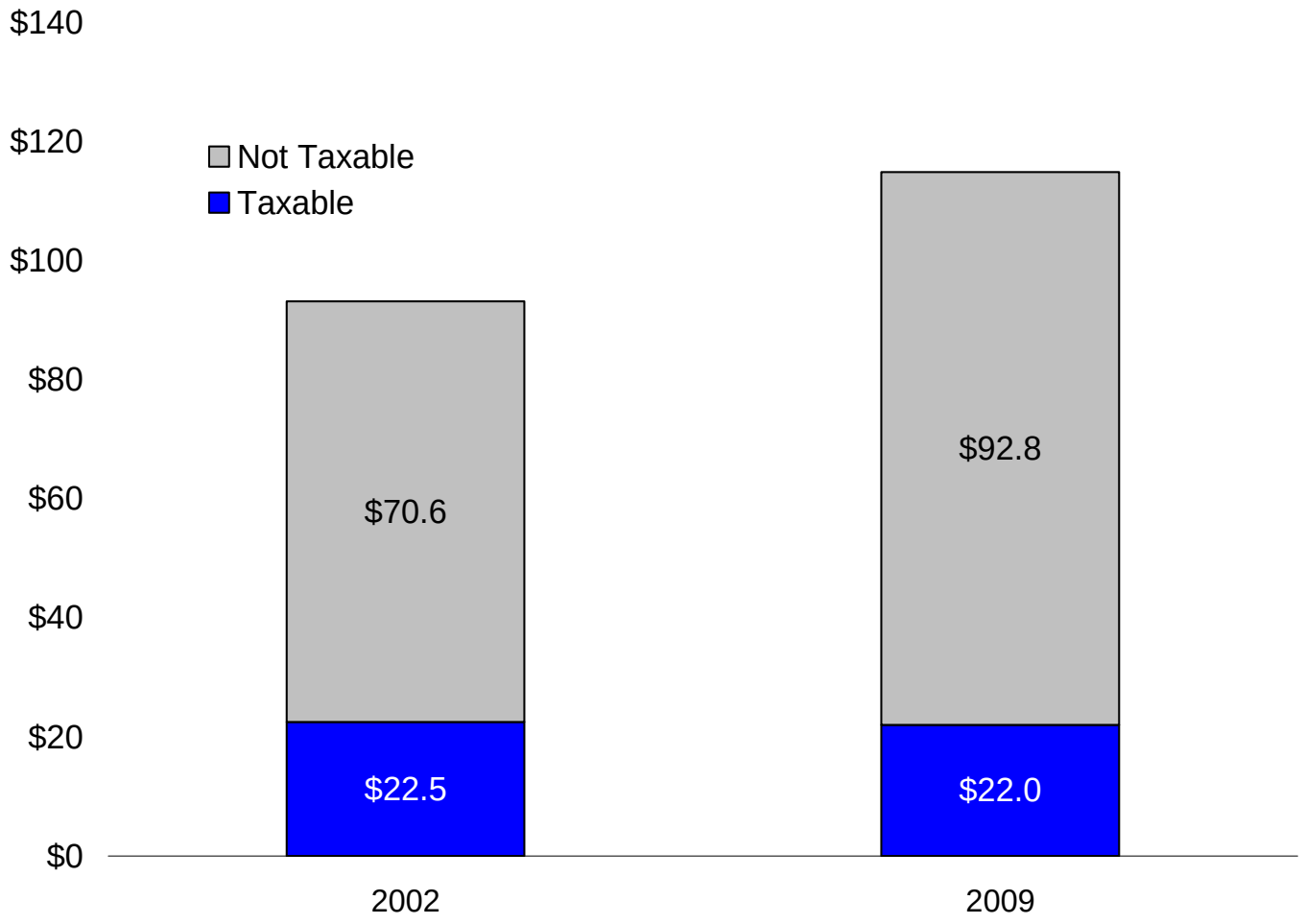
Note: Data for briefing from State Comptroller unless otherwise Specified

Taxable Sales

- Declining share of taxable sales: 31% in 1992 to 19% in 2009
  - Proportion of goods verses services in economy has decreased for decades
  - Internet has facilitated or maybe accelerated growth of novel services to compete for household dollars
  - Business transactions have “thinned” with more activity taking place on-line

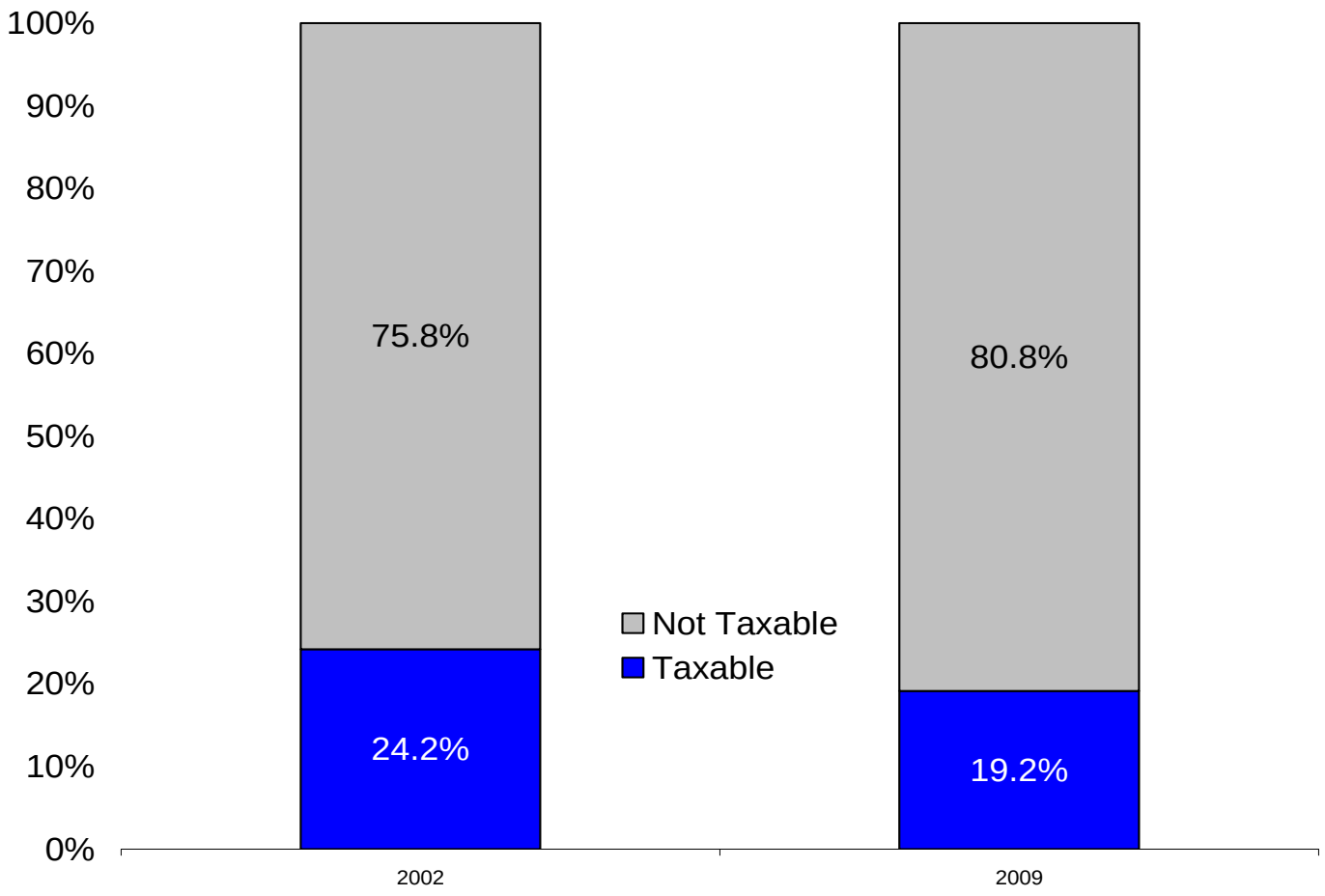
Taxable and Non-Taxable Sales

($ Billion)



Taxable and Non-Taxable Sales

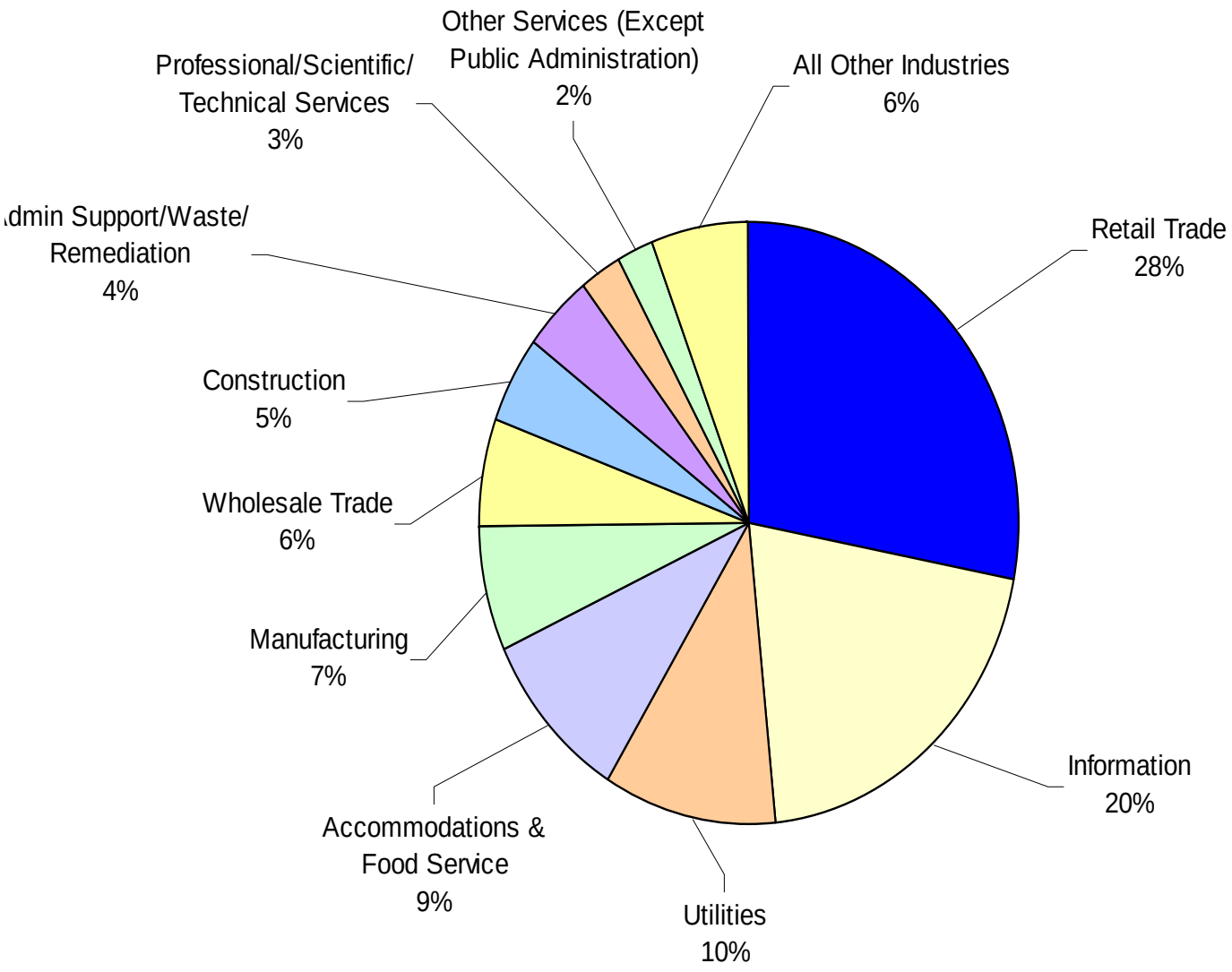
(% of Gross Sales)



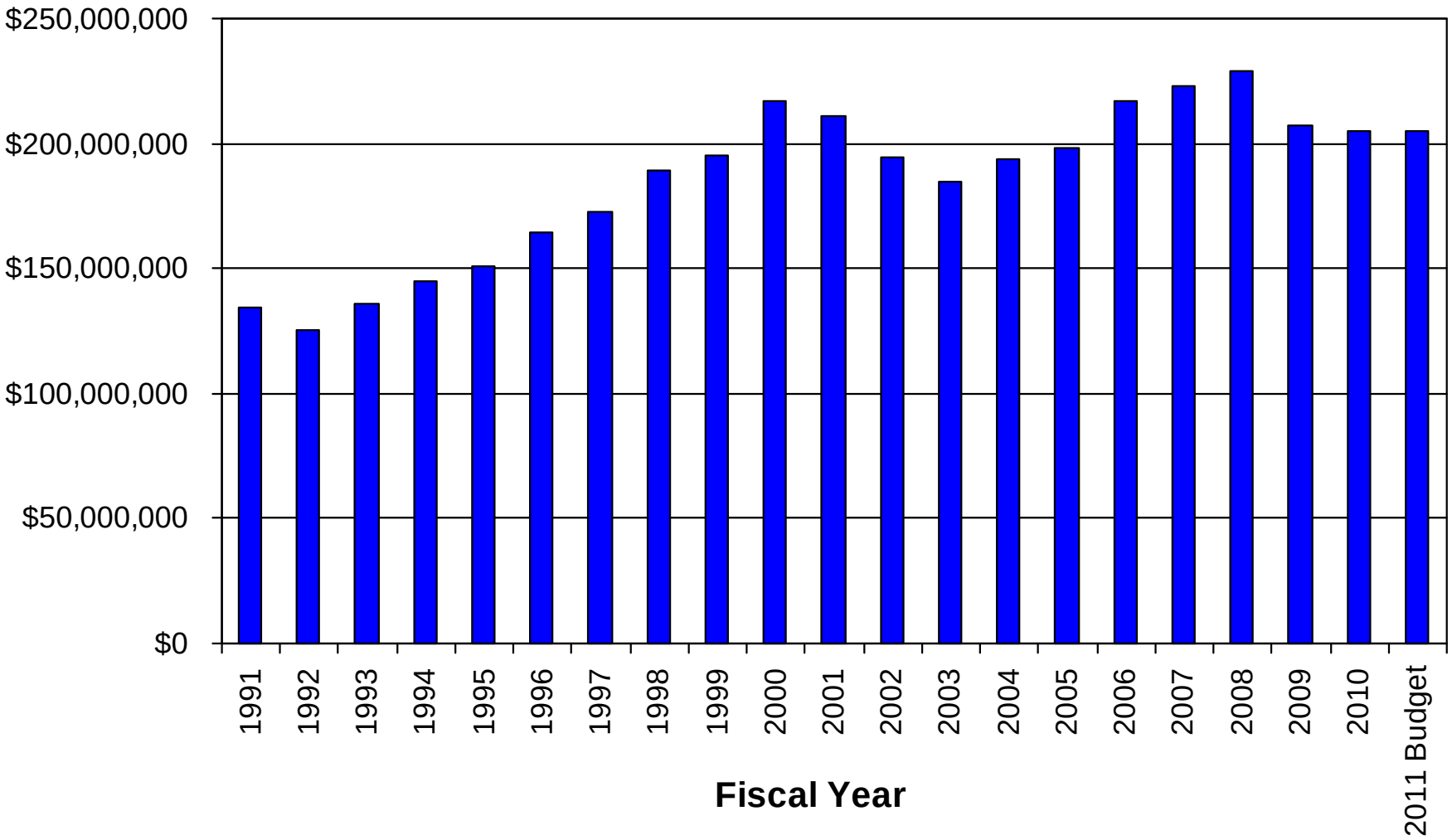
Taxable Sales by Industry

Type of Industry	2002		2009		Change
Retail Trade	$6,070,459,589	27.0%	$6,194,075,334	28.2%	+2%
Information	$5,326,175,189	23.7%	$4,428,644,112	20.1%	-17%
Utilities	$2,383,700,880	10.6%	$2,298,120,036	10.4%	-4%
Accommodations & Food Service	$1,774,202,402	7.9%	$2,061,842,057	9.4%	+16%
Manufacturing	$1,775,366,831	7.9%	$1,463,735,789	6.7%	-18%
Wholesale Trade	$1,243,047,608	5.5%	$1,291,224,030	5.9%	+4%
Construction	$768,858,409	3.4%	$1,012,378,818	4.6%	+32%
Admin Support, Waste, Remediation	$943,755,461	4.2%	$914,985,054	4.2%	-3%
Professional, Scientific, Technical Service	$637,162,028	2.8%	$584,710,641	2.7%	-8%
Other Services (except Public Admin)	$418,635,630	1.9%	$437,839,790	2.0%	+5%
All Other Industries	$1,177,396,793	5.2%	$1,309,856,931	6.0%	+11%
Total	$22,518,760,820	100.0%	$21,997,412,592	100.0%	-2%

Taxable Sales by Industry Calendar 2009



Sales Tax Revenue Historical Trend for City of Dallas



Source: City of Dallas, Office of Financial Services

Historical Trend – Recession Dates

- Gross sales and taxable sales are affected by national and international economics
- National Bureau of Economic Research, a private organization maintains the following dates for the three recent national recessions
  - July 1990 to March 1991
  - March 2001 to November 2001
  - December 2007 to June 2009
- End of a recession does not necessarily mean the economy is growing strongly, rather that most major indicators are no longer falling

Forecasting Model

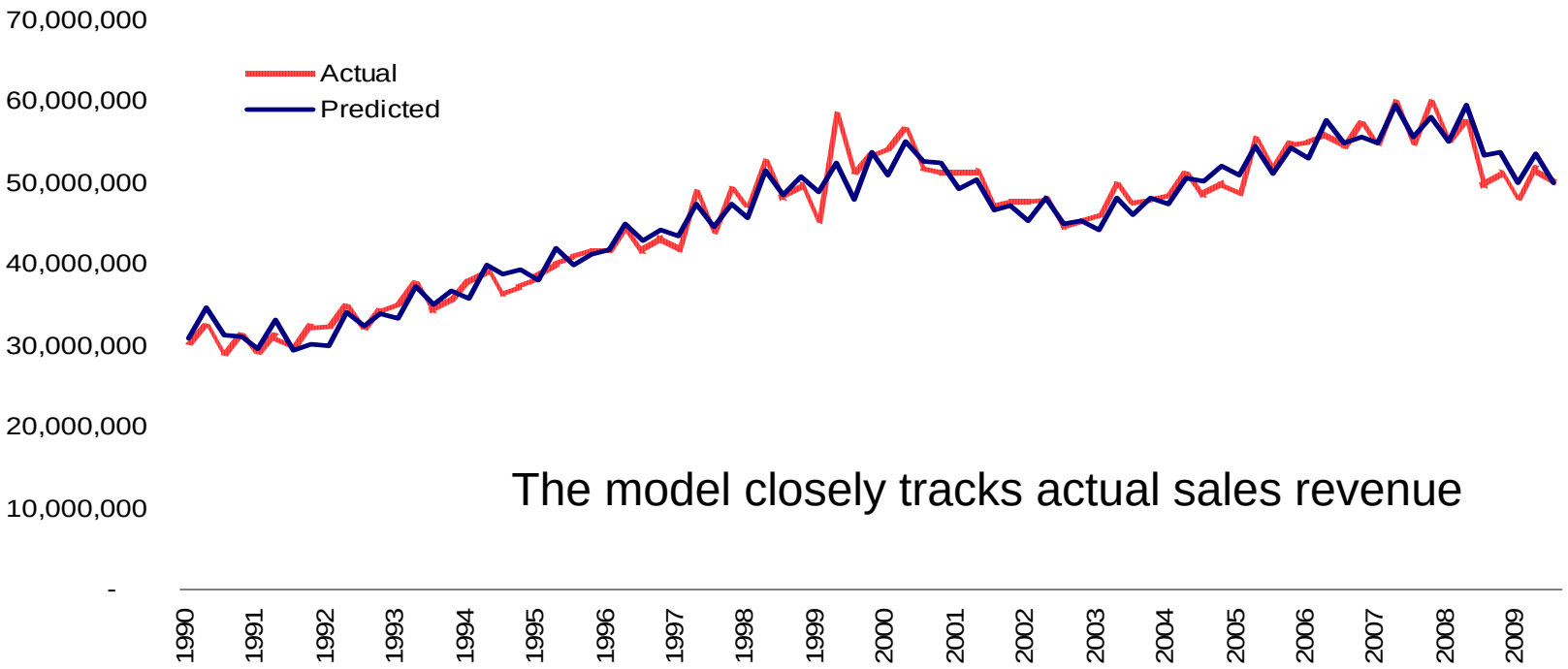
- Forecasting of sales tax is difficult due to volatile nature and numerous variables involved
- Office of Economic Development developed a sales tax forecast model that generates short and medium-term forecasts
- Model uses quarterly historic data from 1990
- A large selection of statistics were evaluated to include in the model
- The final model includes four variables that together provide the best predictive ability
  - City of Dallas unemployment rate (source: U.S. BLS)
  - Occupied retail space in the city (source: Costar)
  - Actual sales tax revenue from two quarters prior (source: TX Comptroller)
  - Special seasonal variable – accounts for fourth quarter holiday shopping season
- Model explains 95.9% of historic sales tax revenue behavior in Dallas

Forecasting Model Inputs

- Model variables have the following effect on quarterly revenue
  - Dallas unemployment rate – every percentage point change in city's unemployment rate changes quarterly revenue by $1.2m
  - Occupied retail space – every 1,000,000 square foot change of occupied space changes revenue by $0.8m
  - Past sales revenue – each $1m change in revenue two quarters prior changes current quarter revenue by $0.4m
  - Fourth quarter (Oct-Dec) seasonal variable – revenue will be $2.5m higher in fourth quarters

Forecasting Model Performance

(Quarterly Sales Tax Allocation)



Forecasting Process

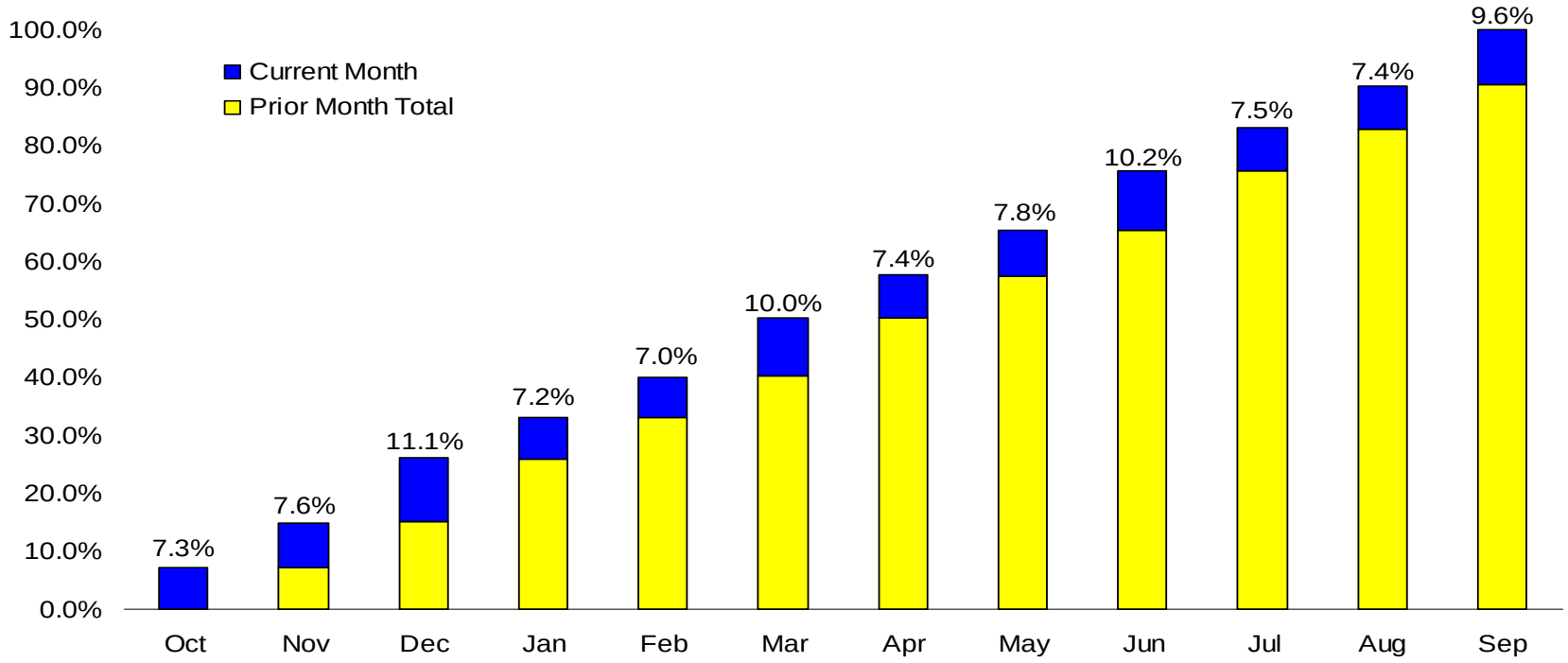
- The input variables must themselves be forecast based on:
  - Ongoing economic conditions
  - Predictions of other government and private forecasters
  - Professional judgment
- Staff generate multiple scenarios for management to consider
- Scenarios are alternative futures that are assigned a probability of occurring
- May 2010 forecasts
  - Baseline scenario with slow growth in major economic indicators (67%)
  - Recession scenario (33%)
  - The recession scenario predicted $17 million less revenue through 2015 compared to the baseline scenario
- Final forecast is influenced by current conditions, statistical models and professional judgment
- Conditions and forecasts improved over the summer leading management to adopt a conservative, flat sales tax estimate for the 2011 budget
- Staff evaluate new methods and information for relevance and applicability on an ongoing basis
  - Mid-year updates are made when necessary for budget management purposes

Forecasting – Ratio Method

- FY11 budget is based on a ratio forecast methodology that was confirmed through the model developed by Office of Economic Development
- Forecast of year-end sales tax revenue uses year-to-date actual receipts
  - Each calendar month account for approximately the same share of annual revenue from year to year
  - Uses averages from the last five years
  - Assumes current year revenue pattern will follow the historic trend
- Annually City Auditor reviews upcoming fiscal year revenue projection and methodology

Forecasting – Ratio Method

Monthly Sales Tax Receipts (2005-2009)



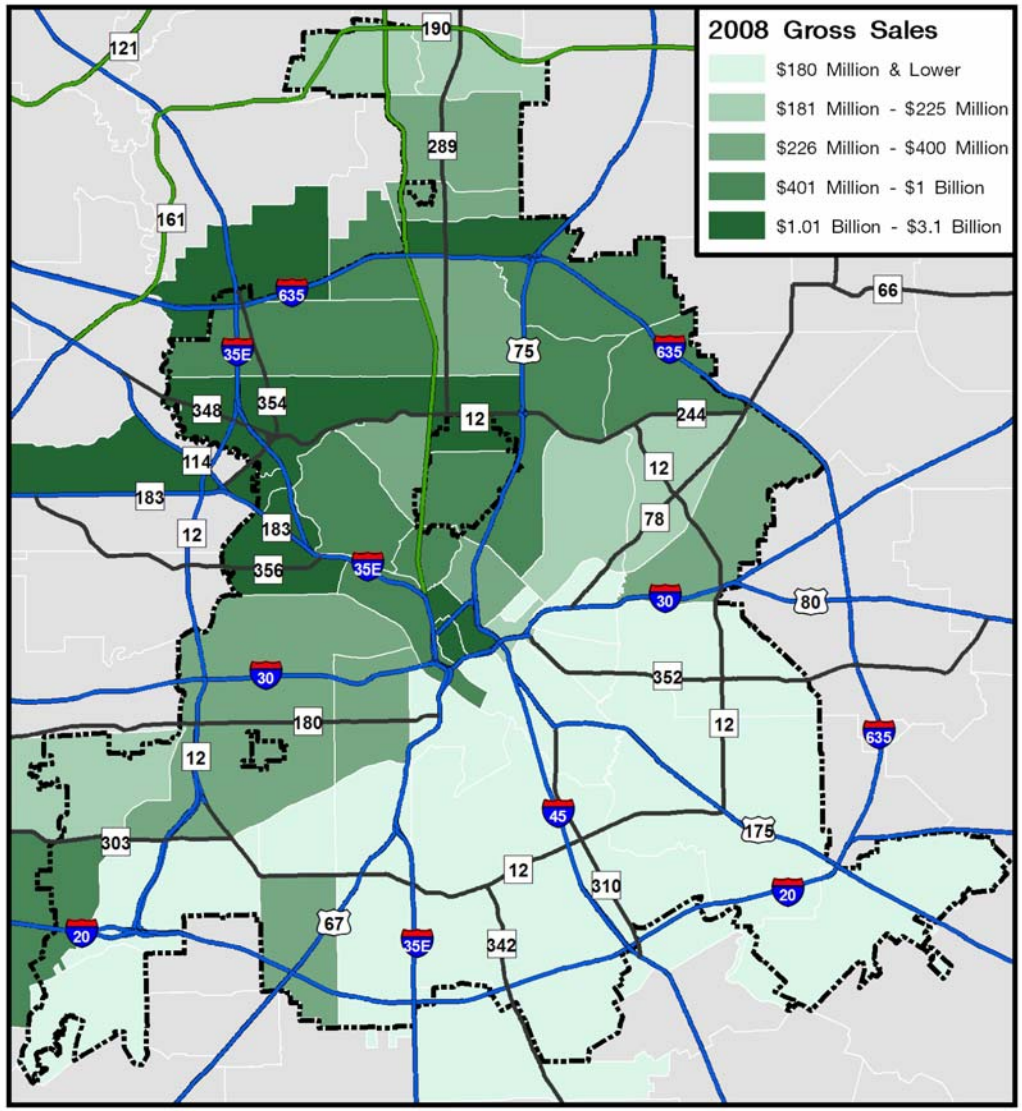
Forecasting Methodology - FY11 Budget

- For FY11 Budget, sales tax revenue is forecast at $204.8m
  - Second largest revenue source for the general fund
  - Accounts for about 20.5% of revenue for general fund

FY08 Actual	$228.8m
FY09 Actual	$206.9m
FY10 Actual	$204.7m
FY11 Budget	$204.8m

Geographic Pattern of Sales

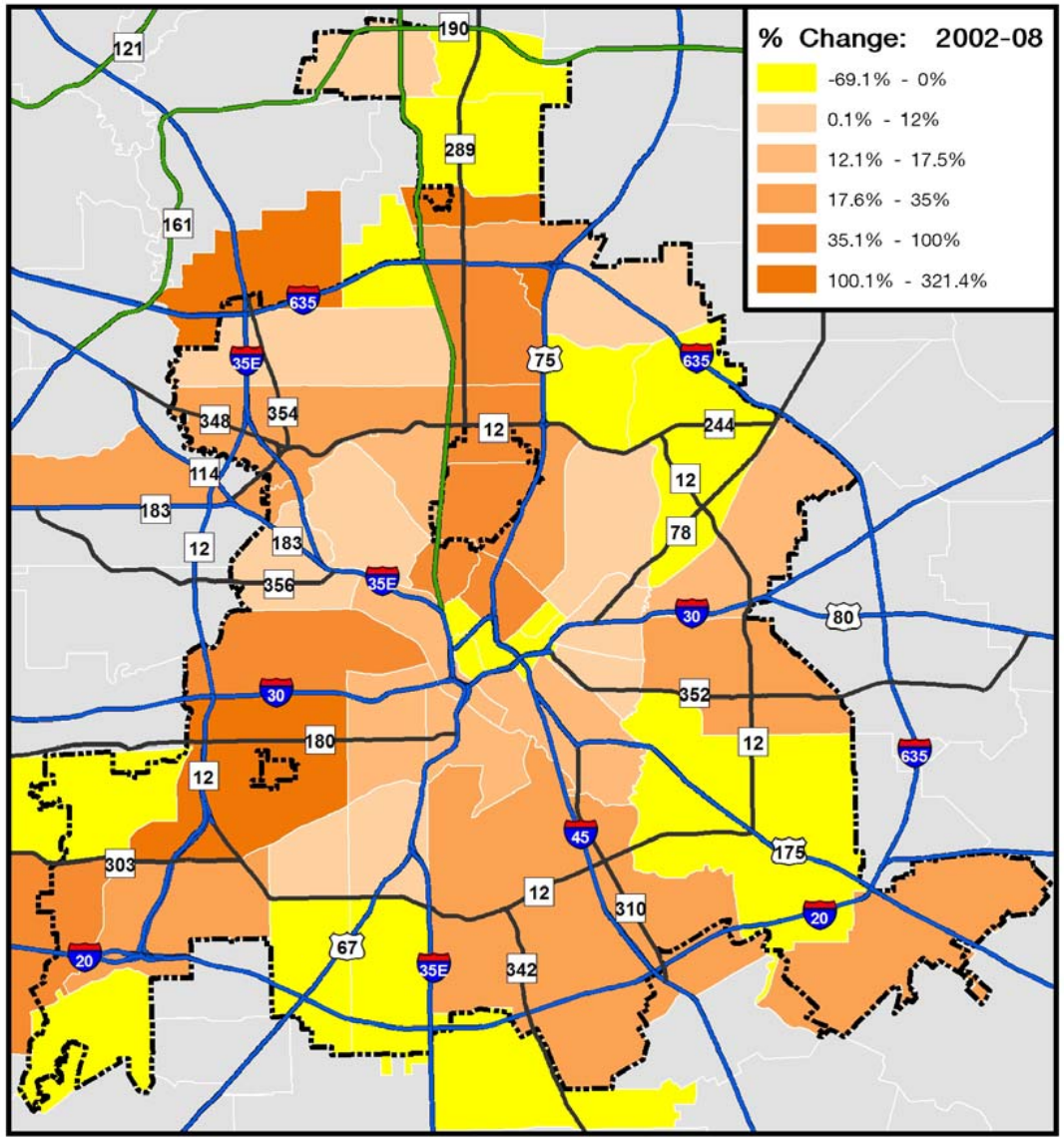
(Based on Point of Sale)



- Total sales in Dallas reflects the concentration of commercial activity
- Northern and western Dallas' retail and industrial corridors are the areas generating most of the city's sales
- This pattern does not reflect the source of the income that generates the sales
- These sales are to all individuals, including customers that may reside in other parts of the city, outside the city or even outside the state

% Change in Sales Activity

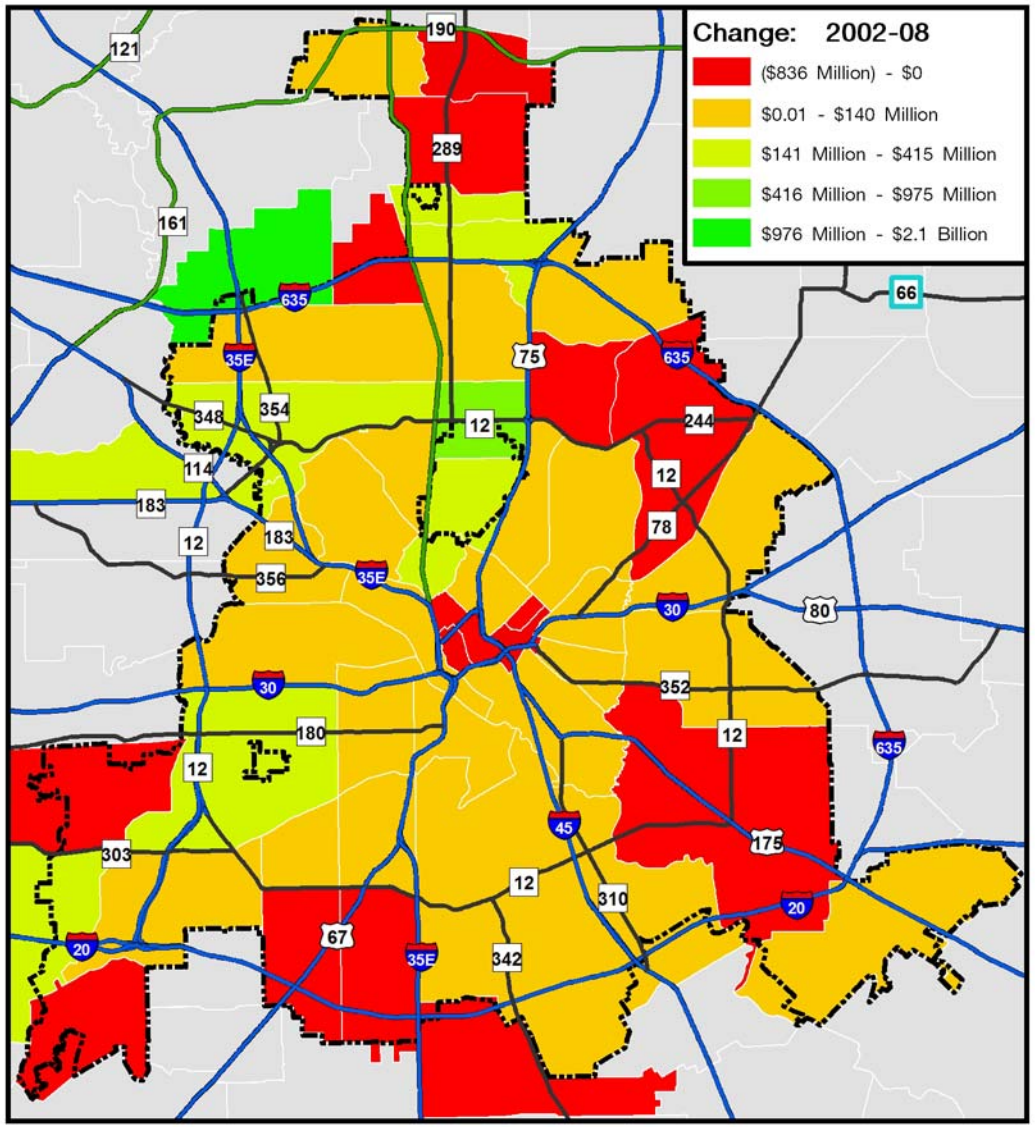
(Based on Point of Sale)



- Total sales activity has changed in the city
- Increases are likely due to increased commercial and retail activity
- Decreases may be due to loss of local customers or the removal of large tax payers (through closure or relocation)

$ Change in Sales Activity

(Based on Point of Sale)



- The dollar change in sales activity matches the percent change pattern with scattered pockets of increasing and decreasing sales by ZIP code

Dallas ZIP Demographics

- Dallas ZIP codes present a range of socioeconomic characteristics
- Many of these factors drive retail and other spending behavior
- Non-Dallas residents also contribute to sales tax revenue and Dallas residents spend some income in other jurisdictions

	Average of all Zips	Min of all Zips	Max of all Zips
Total Household Expenditure	$55,264	$23,868	$137,771
Retail Expenditure	$23,487	$10,472	$57,783
Median Age	34.5	27.5	44.7
Owner Occupied Housing Units	41.8%	5.6%	77.1%
Median Household Income	$46,041	$16,922	$126,828
Average Vehicles Per Household	1.6	1.1	2.4
Per Capita Income	$31,132	$8,500	$94,338
Average Household Size	2.7	1.5	3.8
Education Total (Bachelors or higher)	28%	4%	73%
Total Population	29,457	267	75,022

Source: ZIP demographic and spending statistics from Altyerix Demographics Now

Socioeconomic Factors Driving Household Spending

- Household spending is an important determinant of sales activity in Dallas
- Dallas households, however, spend income inside and outside their neighborhoods and inside and outside the city overall
- At the ZIP code level, there is very little correlation between where spending power is concentrated and where actual sales take place (correlation = 0.26)
- A statistical analysis of the relationship between spending and socioeconomic variables by Dallas ZIP codes revealed the following:
  - Median household income and per capita income positively correlate to an increase in spending
  - Average household size correlates to a lesser degree, given that a family's budget can only expand so much as the family grows
  - Educational attainment tends to contribute to additional spending, but the results vary with different statistical models (limitations in the available data may explain this inconsistency)
  - Ethnicity and home ownership were not statistically associated with household spending

Socioeconomic Factors Driving Household Spending

- Urban dynamics
  - As neighborhoods mature sales shift from taxable goods early on (furniture, clothes, toys) to non-taxable services at maturity (college, travel)
  - Mature neighborhoods will either reach an equilibrium or go into economic decline
  - Dallas has many renewing neighborhoods and the era of strong inner-ring suburb competition may be cresting as those communities also mature
  - Opportunities to attract more business activity overall to unique neighborhoods can help offset declining share of taxable economy

Internet Sales

- In early 2010, the Texas Comptroller estimated that the state is losing almost $600m a year in state and local sales taxes from online purchases which translates to about $4.6m per year for the City of Dallas
- Rules related to internet sales
  - Texas sales tax, including local tax, is due on purchases made on the internet for delivery in Texas
  - If the seller has a Texas location, Texas sales tax is due on the purchase
  - If a Texas buyer purchases merchandise through the Internet from a seller located outside of Texas and uses the taxable item in Texas, then the Texas use tax on the purchase is due from the customer
  - An out-of-state seller is not required to collect the Texas tax if the seller only conducts business in Texas from out-of-state by mail, telephone, or the Internet, but this seller can voluntarily collect the Texas tax from its Texas customers
  - If the seller has Texas outlets, Texas salespersons, or otherwise comes into Texas to conduct business, such as soliciting sales, performing services, or making deliveries, an out-of-state seller must get a Texas permit and collect the Texas tax.
  - The Comptroller's office monitors out-of-state sellers to make sure they properly report and remit the tax they collect

Summary

- Sales tax revenue is a significant revenue for the City's general fund
- Sales tax is volatile and affected by the economy and numerous variables
- Staff will continue to monitor and report on sales tax on a monthly basis

Appendix

Appendix: Example Taxable Items

- The sales tax code and the administrative rules crafted by the State Comptroller are lengthy and complex. There are hundreds of clauses, exemptions and findings that affect the taxability of goods and services

- Examples of taxable items in select industries
  - Information – Newsletters, data retrieval, or mailing lists
  - Utilities – Residential consumption of electricity when the municipality has removed its default exempt status
  - Manufacturing – Hand tools, maintenance and janitorial supplies and equipment, or machinery or equipment used to maintain or store products
  - Construction – Maintenance on non-residential property, labor to repair, remodel or restore residential real property, and labor for new construction

Appendix: Example Non-Taxable

- Examples of non-taxable items in select industries
  - Administration Support/Waste Services/Remediation – Use of pesticides or regulated herbicides for mainly agricultural purposes, and the services of full-time peace officers privately employed as guards
  - Professional/Scientific/Technical Services – Copyrights on photographs (in some instances), and the professional services of landscape designers and architects
  - Arts/Entertainment/Recreation – Skydiving training for a person intending to be a skydiving instructor, and consignment sale by an exempt museum of artwork of less than $5,000 on one of the two days an exempt museum is allowed to make exempt sales
  - Retail Trade: Items used by the disabled, such as walkers, bedside rails or talking clocks, and items sold during the sales tax holiday
  - Mining/Quarrying/Oil & Gas Extraction - Labor to start or stimulate production or the labor to work on the formation outside a well
  - Transportation & Warehousing – Charges by colleges, universities, and public schools for parking permits and decals for students
  - Other Services (Except Public Administration) – Labor for motor vehicle repair, and qualifying sales made by groups such as PTAs
  - Public Administration – Amusement services provided exclusively by a governmental entity
  - Accommodation and Food Service – Baby food, fruit and vegetable juice made with more than 50% fruit and vegetable juice, or bakery goods not sold with utensils