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CITY SECRETARY  
DALLAS. TEXAS

## City of Dallas

1500 Marilla Street, Room 6ES  
Dallas, Texas 75201

## Public Notice

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POSTED CITY SECRETARY  
DALLAS, TX



### Economic Development Committee

June 1, 2020

1:00 PM

## **2020 CITY COUNCIL APPOINTMENTS**

<b>COUNCIL COMMITTEE</b>	
<b>ECONOMIC DEVELOPMENT</b> Atkins (C), Blewett (VC), Gates, McGough, Narvaez, Resendez, West	<b>ENVIRONMENT AND SUSTAINABILITY</b> Narvaez (C), Atkins (VC), Blackmon, Blewett, Gates
<b>GOVERNMENT PERFORMANCE AND FINANCIAL MANAGEMENT</b> Gates (C), Mendelsohn (VC), Arnold, Bazaldua, Kleinman, Narvaez, Thomas	<b>HOUSING AND HOMELESSNESS SOLUTIONS</b> West (C), Thomas (VC), Arnold, Blackmon, Kleinman, Mendelsohn, Resendez
<b>PUBLIC SAFETY</b> McGough (C), Arnold (VC), Bazaldua, Blewett, Medrano, Mendelsohn, Thomas	<b>QUALITY OF LIFE, ARTS, AND CULTURE</b> Arnold (C), Gates (VC), Atkins, Narvaez, West
<b>TRANSPORTATION AND INFRASTRUCTURE</b> Kleinman (C), Medrano, (VC), Atkins, Bazaldua, Blewett, McGough, West	<b>WORKFORCE, EDUCATION, AND EQUITY</b> Thomas (C), Resendez (VC), Blackmon, Kleinman, Medrano
<b>AD HOC JUDICIAL NOMINATING COMMITTEE</b> McGough (C), Blewett, Mendelsohn, Narvaez, West	<b>AD HOC LEGISLATIVE AFFAIRS</b> Johnson (C), Blackmon (VC), Atkins, Gates, Mendelsohn
<b>AD HOC COMMITTEE ON COVID-19 ECONOMIC RECOVERY AND ASSISTANCE</b> Thomas (C), Blackmon, Atkins, Bazaldua, Kleinman, Medrano, West	<b>AD HOC COMMITTEE ON COVID-19 HUMAN AND SOCIAL RECOVERY AND ASSISTANCE</b> McGough (C), Mendelsohn, Arnold, Blewett, Gates, Narvaez, Resendez

(C) – Chair, (VC) – Vice Chair

Note: A quorum of the Dallas City Council may attend this Council Committee meeting.

This Economic Development Committee meeting will be held by videoconference. The meeting will be broadcast live on Spectrum Cable Channel 95 and online at [bit.ly/cityofdallastv](https://bit.ly/cityofdallastv). The public may also listen to the meeting as an attendee at the following videoconference link: <https://dallascityhall.webex.com/dallascityhall/onstage/g.php?MTID=ec873d722755e8c4675ca1462e6c956b7>

## Call to Order

## MINUTES

1. [20-1120](#) Approval of the May 4, 2020 Economic Development Committee Meeting Minutes

**Attachments:** [Minutes](#)

## BRIEFING ITEMS

- A. [20-1116](#) Cypress Waters TIF District Public Safety Building/Fire Station 58. Authorize (1) an ordinance amending the Project Plan and Reinvestment Zone Financing Plan for Tax Increment Financing Reinvestment Zone Number Nineteen (Cypress Waters TIF District) to reprogram \$775,000.00 (2010 NPV dollars) from the Public Infrastructure Improvements line item to the Public Safety Improvements line item in the Cypress Waters TIF District's budget to support the construction of a permanent public safety building in the district; (2) a development agreement with Billingsley LD, Ltd. ("Developer") and/or its affiliates in an amount not to exceed \$12,200,000.00, payable from future Cypress Waters TIF District Funds, for reimbursement of development costs (excluding land costs) associated with construction and conveyance of a Public Safety Building/Fire Station 58 in Tax Increment Financing Reinvestment Zone Number Nineteen (Cypress Waters TIF District).  
[Courtney Pogue, Director, Office of Economic Development]

**Attachments:** [Presentation](#)

- B. [20-1126](#) Economic Development Pilot Project Presentation on 12000 Greenville Site [Eric Anthony Johnson, Chief of Economic Development and Neighborhood Services, City Manager's Office]

**Attachments:** [Presentation](#)

## BRIEFING BY MEMORANDUM

- C. [20-1118](#) HUD Note for Section 108 Lorenzo Hotel Project  
[Courtney Pogue, Director, Office of Economic Development]

**Attachments:** [Memo](#)

- D. [20-1119](#) Amendments to the Small Business Continuity Fund Program Statement.  
Authorize an amendment to the Program Statement for the Small Business Continuity Fund (SBCF) previously approved on April 22, 2020 by Resolution No. 20-785 - Financing: No cost consideration to the City.  
[Courtney Pogue, Director, Office of Economic Development]

**Attachments:** [Memo](#)

- E. [20-1121](#) Public Facility Corporation Update  
[Eric Anthony Johnson, Chief of Economic Development and Neighborhood Services, City Manager's Office]

**Attachments:** [Memo](#)

**ADJOURNMENT**



**EXECUTIVE SESSION NOTICE**

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

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated 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. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex Govt. Code §551.089]



# City of Dallas

1500 Marilla Street  
Dallas, Texas 75201

## Agenda Information Sheet

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**File #:** 20-1120

**Item #:** 1.

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Approval of the May 4, 2020 Economic Development Committee Meeting  
Minutes

# Economic Development Meeting Record

The Economic Development Committee meetings are recorded. Agenda materials are available online at [www.dallascityhall.com](http://www.dallascityhall.com). Recordings may be reviewed/copied by contacting the Economic Development Committee Coordinator at 214-671-8958

**Meeting Date:** May 4, 2020

**Convened:** 1:0 p.m.

**Adjourned:** 3:15 p.m.

**Committee Members Present:**

Tennell Atkins, Chair  
David Blewett, Vice Chair  
Jennifer S. Gates  
B. Adam McGough  
Omar Narvaez  
Jaime Resendez  
Chad West

**Committee Members Absent:**

**Other Council Members Present:**

Carolyn King Arnold  
Adam Bazaldua  
Casey Thomas, II

**Presenters:**

Dr. Eric Johnson, Chief Eco. Dev. & Neighborhood Services  
Courtney Pogue, Director, Office of Economic Development  
Robin Bentley, Assistant Director, Office of Economic Development  
Kevin Spath, Assistant Director, Office of Economic Development  
Kyle Hines, Economic Development Manager, Office of Economic Development  
Peter Brodsky, Redbird  
Kris Sweckard, Director, Department of Sustainable Development and Construction

## AGENDA

Call to Order (1:04p.m.)

**1. Approval of the March 3, 2020 Meeting Minutes**

**Presenter(s):** Tennell Atkins, Chair

**Action Taken/Committee Recommendation(s):** A motion was made to approve the minutes for the March 3, 2020 Economic Development Committee meeting.

Motion made by: Jennifer Gates	Motion seconded by: Chad West
Item passed unanimously: X	Item passed on a divided vote:
Item failed unanimously:	Item failed on a divided vote:

- 2. Authorize (1) a third amendment to the Chapter 380 Grant Agreement ("2016 Chapter 380 Agreement") with WCWRD Inc and its affiliates or subsidiaries ("Developer") and a second amendment to the Tax Increment Development, Chapter 380 Grant, and Chapter 380 Loan Agreement ("2018 TIF/Chapter 380 Agreement") with Developer, approved as to form by the City Attorney, related to the Red Bird Mall Redevelopment Project ("Project") to: (a) increase the amount of the 2018 Chapter 380 conditional grant by \$3,000,000.00 in bond funds; (b) remove the requirement that the Developer make any Distributable Cash Payments to the City pari passu with distributions of cash flow to the Project's equity investors; and (c) increase the minimum Investment Requirement for the Project by \$14,000,000.00; (2) an amendment to the Amended and Restated Deed of Trust to add the former Sears property and, at the**

request of the Developer, any other future properties acquired by the Developer within the Westmoreland-IH 20 Sub-District of Tax Increment Reinvestment Zone Number Twenty ("Mall Area Redevelopment TIF District") as collateral property; and (3) the City Manager to negotiate and execute any other documents, including but not limited to Subordination, Non-Disturbance, and Attornment agreements necessary to accommodate the Project in accordance with City Council approved terms, approved as to form by the City Attorney

**Presenter(s):** Kevin Spath, Office of Economic Development

**Action Taken/Committee Recommendation(s):** Motion was made to move item forward

Motion made by: Omar Narvaez	Motion seconded by: Adam McGough
Item passed unanimously: X	Item passed on a divided vote:
Item failed unanimously:	Item failed on a divided vote:

**3. 5 Signature Memo – CM Bazaldua / Authorize Hearing Prioritization Memo**

**Presenter(s):** Kris Sweckard, Director, Sustainable Development and Construction

**Action Taken/Committee Recommendation(s):** A motion was made and passed.

Motion made by: Omar Narvaez	Motion seconded by: David Blewett
Item passed unanimously: X	Item passed on a divided vote:
Item failed unanimously:	Item failed on a divided vote:

**4. Request for Resolutions of No Objection for 4% Non-Competitive Housing Tax Credits Allocated Through the Texas Department of Housing and Community Affairs and Proposed Recommendations for (1) the renovation of Ridgecrest Terrace Apartments, a 250-unit affordable multifamily property located at 526 South Walton Walker Boulevard, (2) the development of Ridge at Lancaster, a 300-unit affordable multifamily property located at 5703 Lancaster Road & 1819 Crouch Road, (3) the development of Gateway Oak Cliff, a 230-unit mixed income multifamily property located at 400 South Beckly Avenue, and (4) the development of The Oaks, a 260-unit mixed income multifamily property for seniors located at 630 South Llewellyn Avenue.**

**Presenter(s):** Kyle Hines, Office of Economic Development Manager, Office of Economic Development

**Action Taken/Committee Recommendation(s):** A motion was made to move forward with the items and for staff to provide response to Councilmember West with a response to his questions.

Motion made by: David Blewett	Motion seconded by: Omar Narvaez
Item passed unanimously: X	Item passed on a divided vote:
Item failed unanimously:	Item failed on a divided vote:

**5. Incentive Agreement Extension, authorizing (i) extensions of up to six months, subject to approval of the Director of the Office of Economic Development ("Director"), for city-imposed contractual deadlines occurring on or after March 1, 2020 for active incentive agreements approved by the City Council prior to March 1, 2020; (ii) an additional extension of up to six months, subject to approval of the Director, for such active incentive agreements; and (iii) forbearance of loan payments and extension of loan maturity dates for a period of up to six months, subject to approval of the Director, due to the economic impact of COVID-19.**

**Presenter(s):** Courtney Pogue, Director, Office of Economic Development

**Action Taken/Committee Recommendation(s):** Motion was made to move forward with the item

Motion made by: David Blewett	Motion seconded by: Chad West
Item passed unanimously: X	Item passed on a divided vote:
Item failed unanimously:	Item failed on a divided vote:

6. **Incentive Agreement Extension, authorizing (i) extensions of up to six months, subject to approval of the Director Authorize an amendment to the Chapter 380 Economic Development Grant Agreement and Business Personal Property Tax Abatement with Uber Technologies, Inc., authorized by City Council on August 14, 2019 by Resolution No. 19-1166, to extend deadlines for certain city-imposed contractual requirements at no additional cost consideration to the City.**

**Presenter(s):** Robin Bentley, Assistant Director, Office of Economic Development

**Action Taken/Committee Recommendation(s):** Motion was made to move forward with the item

Motion made by: David Blewett	Motion seconded by: Chad West
Item passed unanimously: X	Item passed on a divided vote:
Item failed unanimously:	Item failed on a divided vote:

Adjourn ( 3:15p.m.)

**APPROVED BY:**

**ATTESTED BY:**

**Tennell Atkins, Chair  
Economic Development Committee**

**Tenna Kirk, Coordinator  
Economic Development Committee**



## Agenda Information Sheet

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**File #:** 20-1116

**Item #:** A.

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Cypress Waters TIF District Public Safety Building/Fire Station 58. Authorize (1) an ordinance amending the Project Plan and Reinvestment Zone Financing Plan for Tax Increment Financing Reinvestment Zone Number Nineteen (Cypress Waters TIF District) to reprogram \$775,000.00 (2010 NPV dollars) from the Public Infrastructure Improvements line item to the Public Safety Improvements line item in the Cypress Waters TIF District's budget to support the construction of a permanent public safety building in the district; (2) a development agreement with Billingsley LD, Ltd. ("Developer") and/or its affiliates in an amount not to exceed \$12,200,000.00, payable from future Cypress Waters TIF District Funds, for reimbursement of development costs (excluding land costs) associated with construction and conveyance of a Public Safety Building/Fire Station 58 in Tax Increment Financing Reinvestment Zone Number Nineteen (Cypress Waters TIF District).  
[Courtney Pogue, Director, Office of Economic Development]

# **Cypress Waters Public Safety Building/Fire Station 58**

**Economic Development Committee  
June 1, 2020**

**Courtney Pogue, Director  
Office of Economic Development**



# Presentation Overview

- Background – Cypress Waters
- Current Dallas Fire Rescue and EMS Service
- Dallas Fire Rescue Operational Concerns
- Proposed Cypress Waters Public Safety Building/Fire Station 58 Project
- Next Steps
- Appendix



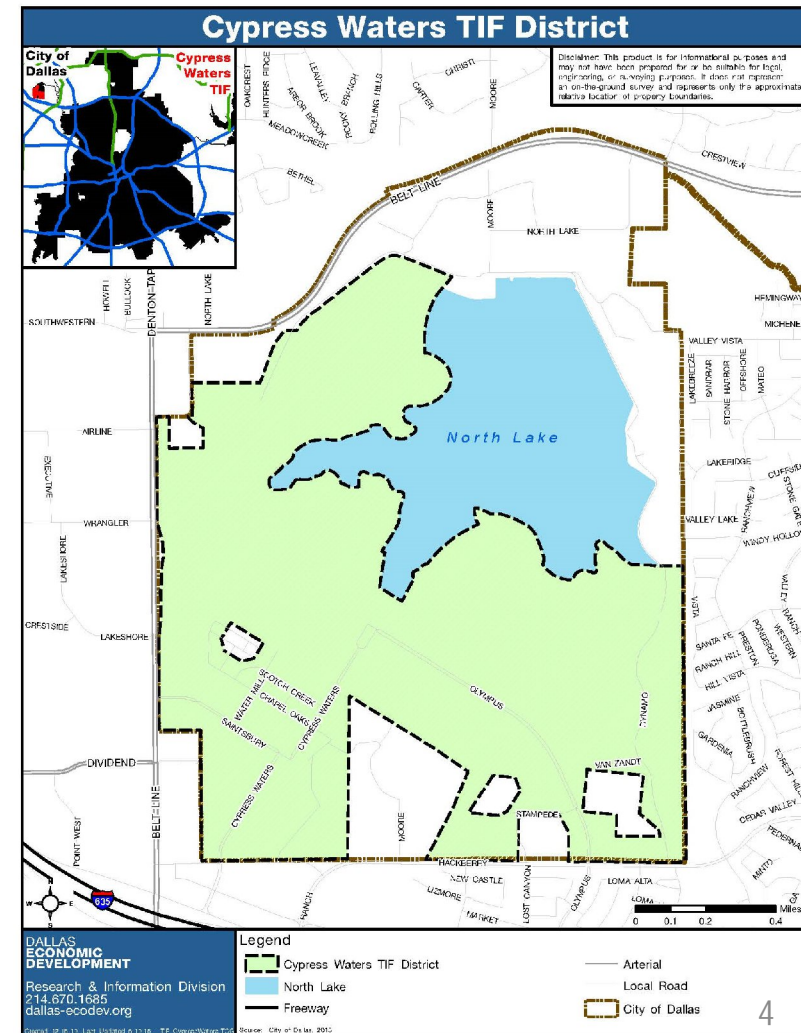
# Background – Cypress Waters Area

- In the late 1950's the City of Dallas annexed approximately 1,661 acres of undeveloped land surrounding North Lake now known as Cypress Waters
- North Lake was originally created to serve as a cooling reservoir for Dallas Power & Light electric power plant
- Cypress Waters was completely within the City of Dallas but was outside of City services
- In order to develop the Cypress Waters area, significant investment in public infrastructure was needed to provide basic utility service and vehicular access
- In May of 2010 City Council entered into a Memorandum of Understanding with the owner and developer of Cypress Waters to outline potential public financial incentives and developer obligations related to the development of Cypress Waters



# Cypress Waters TIF District

- Cypress Waters TIF District was created December 2010 to:
  - Provide a mechanism to fund significant infrastructure improvements necessary to provide utility and public safety services not budgeted for by the City
  - Support the creation of an employment center that competes with Plano and Frisco for corporate relocations
- The 960-acre District took effect on January 1, 2011 and is scheduled to terminate on December 31, 2040
- **The District's budget includes a line item to fund the construction of a permanent public safety building**
- District value has grown from \$71,437 in 2010 to approximately \$539,761,036 in 2019 (DCAD 2019 certified value)





# Cypress Waters TIF District

- Current resident population is estimated to be 1,880
- Office daytime population is approximately 13,292
- There are three Coppell ISD schools open in the District adding over 4,000 people to the daytime population
- 1,373 residential units have been constructed, 580 units are currently under construction and 1,085 units are in design
- In terms of aerial apparatus needs, 13 office buildings with three-or-more stories have been constructed, three additional buildings are under construction and one is in design



# Fire and EMS – Current Service

- A temporary public safety building (Station 58) was constructed in Cypress Waters in 2015 by Billingsley
- Cypress Waters is currently being served by Engine 58 and Peak Ambulance 58
  - Engine 58 and 4 fire personnel are housed at Station 58
  - Peak Ambulance 58 is housed at Station 42, but is picked up and returned daily to respond from temporary Station 58
- In October 2014, the City of Dallas entered into an Automatic Aide Agreement with DFW Airport for EMS transport and supporting fire response.
- While Fire and EMS needs of the District are currently being met, additional development under construction and planned require a more permanent solution



# Criteria for Adding Fire & EMS Resources

- **Availability of adjoining fire companies to respond**
  - The closest DFR company is over 15 minutes away
- **Call volume (responses) in the new area**
  - Rate of call volume in Cypress Waters is increasing by approx. 15% annually (See Appendix A)
- **The availability of a water supply, namely hydrants**
- **Build-out is at least 50%, and population growth supports adding resources**
  - Planned development in the District is about 30% complete
  - Based on development (under construction and planned) in the District, DFR anticipates a growing demand for services beyond what can be supported by the current temporary station
- **Aerial truck requirement – at least five three-or-more story buildings must exist**
  - Office development in the District well exceeds this criterion



# DFR's Operational Concerns in Cypress Waters

- Closest DFR fire company is over 15 minutes away (Station 30), making Station 58 an “outlier” or “outpost” (**See Appendix B**)
- Current temporary building only houses Engine 58; the station’s ambulance does not fit
- District is currently receiving EMS Transport, fire and aerial support from DFW Airport, provided the resources are available
- Estimated resident population is relatively low, but the daytime population swells to over 13,000 during the work week
- An aerial truck is required to support existing office buildings
- As development continues, the anticipated growth in the demand for services can not be supported by the current temporary structure
- The City does not have general or bond funds allocated to the construction of a public safety building in the District

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# Proposed Solution

- Public/Private Partnership with Billingsley LD, Ltd. (Billingsley) to construct a Public Safety Building/Fire Station 58 as a fee developer
- Reprogram TIF District budget funds to increase allocation to the Public Safety Improvements line item and decrease the allocation of funds to the Infrastructure Improvement line item
- Use Cypress Waters TIF District funds to:
  - Reimburse development (excluding land costs) and conveyance costs of a Public Safety Building/Fire Station 58 in Cypress Waters

# Proposed Project – Public Safety Bldg.

- **Project:** Construction of Public Safety Building on 1.15 acres of the property currently addressed as 3367 Olympus Blvd in the District
  - Upon completion, Billingsley will convey the land (no land costs) and improvements to the City
- **The facility will house:**
  - Dallas Fire Rescue – office, living and apparatus storage space; a training tower will be constructed on-site
  - Dallas Police Department – small office space
  - Small community meeting space
- **Construction Start Date:** March 31, 2021
- **Construction Completion Date:** July 31, 2022





# Proposed Project – Preliminary Design

- Design is subject to change.



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*Economic and Neighborhood Vitality*



City of Dallas

- Design is subject to change.



# Proposed Project – Estimated Budget

- Project Costs are subject to change. Final project cost will be based on final design and bidding of the project.

<b>Cypress Waters Public Safety Building/Fire Station 58</b>	
<b><u>Project Costs</u></b>	
<b><u>Hard Costs:</u></b>	<b>Amount</b>
Site work	\$ 402,500.00
Building Construction Costs (\$436 psf)	\$ 7,425,000.00
Landscape	\$ 100,000.00
Building & Site Signage	\$ 100,000.00
Utilities (On-Site & Off-Site)	\$ 195,000.00
Contingency (10%)	\$ 822,250.00
<b>Total Hard Costs(total construction)</b>	<b>\$ 9,044,750.00</b>
<b><u>Soft Costs:</u></b>	
Architects/Engineers/Consultants	\$ 715,500.00
City Bond Office Plan Review	\$ 100,000.00
Permits & Fees	\$ 69,500.00
Developer Legal & Accounting	\$ 150,000.00
Financing Costs	\$ 1,400,000.00
Title & Closing Costs	\$ 10,000.00
Environmental/Soils Testing	\$ 4,000.00
Geotech	\$ 7,500.00
Materials Testing & 3rd Party Inspection	\$ 60,000.00
Soft Cost Contingency (10%)	\$ 251,650.00
Developer's Fee (4% of total project costs)	\$ 472,516.00
<b>Total Soft Costs</b>	<b>\$ 3,240,666.00</b>
<b>Total Project Costs</b>	<b>\$ 12,285,416.00</b>

# Staff Recommendation – TIF Funding

- Authorize an amendment of the District's budget to reprogram funds from the Public Infrastructure Improvements line item to the Public Safety Improvements line item

Category	Current Budget (2010 NPV Dollars)	Proposed Shift of Funds	New Budget (2010 NPV Dollars)	Estimated Total Dollars
Infrastructure Improvements	\$18,279,665	(\$820,000)	\$17,459,665	\$31,737,818
Public Safety Improvements	\$6,000,000	\$820,000	\$6,820,000	\$12,397,255
Administrative & Implementation	\$1,500,000	\$0	\$1,500,000	\$2,726,669
Total Project Costs	\$25,779,665	\$0	\$25,779,665	\$46,861,742

- Authorize a development agreement with Billingsley LD, Ltd. in an amount not to exceed \$12,300,000 payable in the form of a grant for the costs of development and conveyance of the Cypress Waters Public Safety Building, payable from the Cypress Waters TIF District (subject to appropriations from future tax increments)

Category	Amount
Public Safety Improvements	\$12,300,000
Total TIF Funds	\$12,300,000



# Staff Recommendation – Project Conditions

- Developer shall document a minimum private investment in the Project of \$9,000,000.
- Developer shall close construction financing for the Project contemporaneously with the City's execution of a development agreement with the Developer. Developer shall submit financing documentation to the City..
- The Project shall include the construction of:
  - A public safety building at least 16,800 square feet in size, inclusive of:
    - Minimum of 15,000 square feet of Dallas Fire Department office, living and apparatus storage space;
    - Minimum of 900 square feet of Dallas Police Department office space; and
    - Minimum of 900 square feet of community meeting space.
  - A training tower
- Developer's fee for the Project shall not exceed 4% of the total project cost.
- Upon completion of construction and City conducted post construction audit, the Developer shall convey the land (at no cost) and public safety building to the City.
- Total financing costs incurred for the project, including interest, shall not exceed \$1,400,000. In the event construction and/or reimbursement is delayed resulting in the accrual of additional interest, funds allocated but unspent in the Hard Cost and Soft Cost Contingency line items may be used to reimburse additional interest costs arising from the delay(s).
- Developer may submit documentation for reimbursement up to \$150,000 for legal/accountant fees incurred as part of the conveyance transaction for the Project for review and approval by the City, including City Attorney's Office. Approval of reimbursement of legal/accountant fees not exceeding the cumulative total limit of \$150,000 shall not be unreasonably withheld.

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# Staff Recommendation – Project Conditions

- Prior to conveyance of the Project and Project site to the City, Developer shall prepare the required documents and complete the platting process for the Project site.
- Developer shall submit draft preliminary plans (site plan, landscape plan, elevations, floor plans, etc.) for the design of the Project to the Director of the Office of Economic Development (“Director”) and the Chief of the Dallas Fire Department (“Chief”) for review, comments (if any) and approval.
- Developer shall submit construction drawings for the Project at 20% and 90% completion levels to the Director and Chief for review, comments (if any) and approval prior to submitting an application and 100% construction drawings to the City for a building permit for the Project.
- Developer shall provide evidence of a Performance Bond and Payment Bond by the Developer’s General Contractor prior to beginning construction of the Project.
- Developer shall obtain building permit(s) for the construction of the Project by March 31, 2021.
- Developer shall complete construction of the Project and obtain a final certificate of occupancy (“CO”), or other equivalent evidence of completion issued by the City for the Project by May 31, 2022.

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# Staff Recommendation – Project Conditions

- Developer shall obtain a letter of acceptance or similar documentation issued by the City, which may include a green tag issued from the Public Works Department, for any public infrastructure improvements associated with the Project by July 31, 2022.
- Developer shall make a good faith effort to comply with the City's Business Inclusion and Development ("BID") goal of 25% participation by certified Minority/Women-owned Business Enterprises ("M/WBE") for all construction expenditures and meet all reporting requirements.
- If necessary, the Director, after approval and recommendation of the Chief, may authorize minor modifications to the Project, including (1) adjustment of the square footage allocations, or (2) an extension of the Project deadlines up to 9 months.
- Until the Project has received a final CO and all required documentation for payment of the TIF Funding has been submitted, Developer shall submit to the Office of Economic Development a quarterly status report for ongoing work on the Project (including any related public improvements). After City Council approval, such status reports shall be due within 30 calendar days following the end of each quarter.
- Developer shall pay all subcontractors and liens on the Property prior to conveyance to the City.
- All construction costs in excess of \$12,300,000, including those costs incurred as a result of change orders and claims, shall be paid by Developer, and Developer shall not look to the City for any reimbursement of such excess costs unless such costs are related to a City's directive. All change orders shall be reviewed and approved by the Director and/or Chief. City reserves the right to perform inspections, measurements or verifications of the estimates or work quantities as are necessary. City reserves the right to conduct a reasonable audit of the construction contractor's books, records and other data related to any proposed change order. 17

# Public Safety Committee & TIF Board Recommendations

- On December 9, 2019, the Public Safety Committee directed Assistant City Manager Jon Fortune and Fire Chief Artis to work with the Office of Economic Development and Billingsley to construct a public safety building in the Cypress Waters TIF District.
- On May 28, 2020 the Cypress Waters TIF District's Board of Directors reviewed and recommended approval of: **(1)** an amendment of the Cypress Waters TIF District Project Plan and Reinvestment Zone Financing Plan to reprogram \$820,000 (2010 NPV dollars) from the Public Infrastructure Improvements line item to the Public Safety Improvements line item in the District's budget and **(2)** TIF funding for the Cypress Waters Public Safety Building/Fire Station 58 in an amount not to exceed \$12,300,000.

## Next Steps

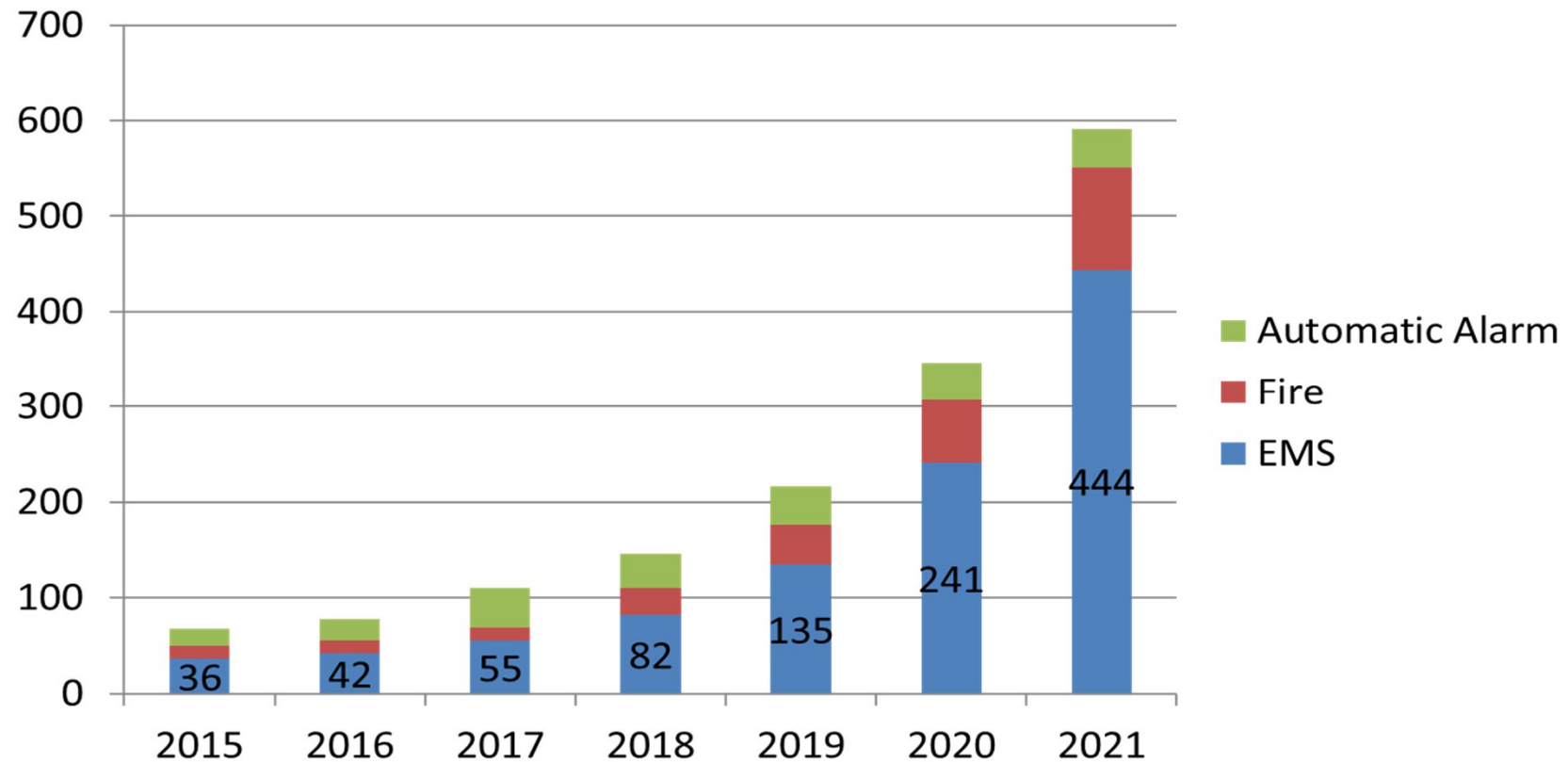
- An agenda item will be placed on the June 24, 2020 City Council voting agenda.



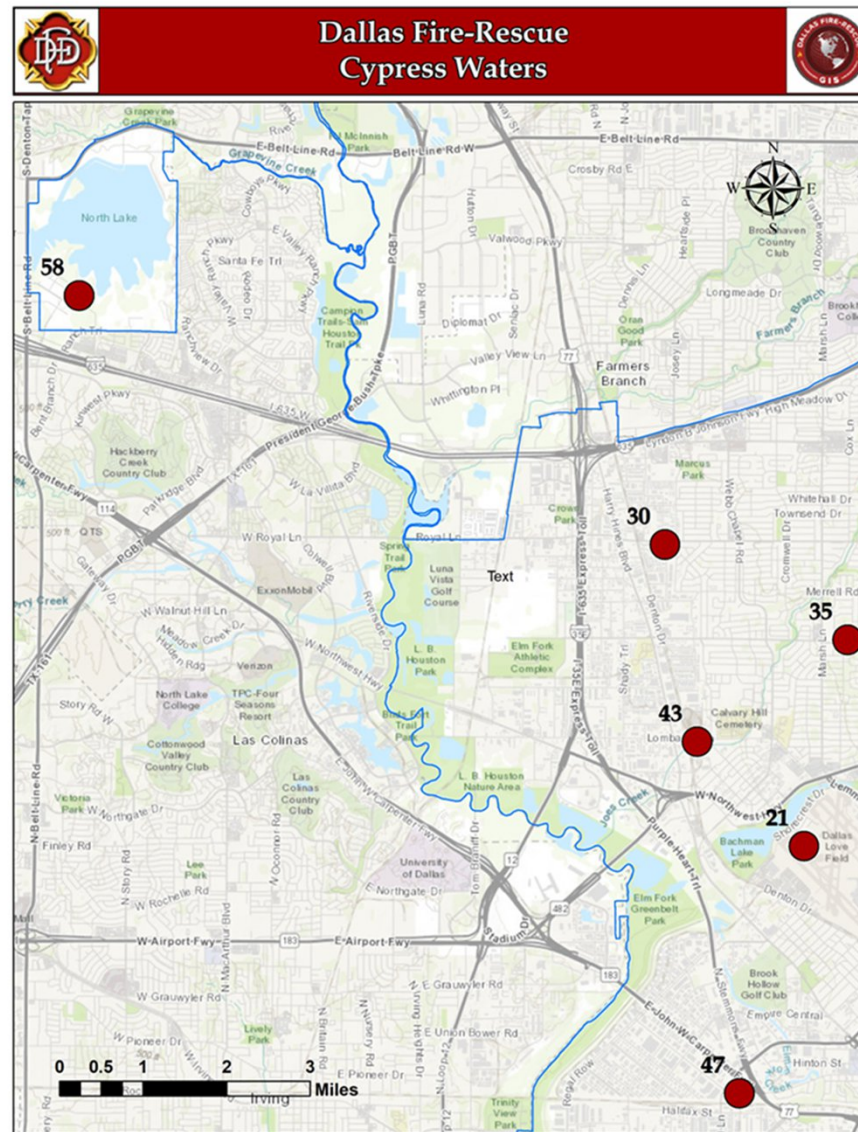
# Appendix



# Appendix A – Cypress Waters Calls for Service



# Appendix B – DFR Stations Map



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# Appendix C – Staffing by Population and Call Volume

Year	Calls at Buildout*	Population	FFs	Assigned Per Shift	Available to Work - With Leave
2025	5,430	30,000	45	15	11
2024	5,099	<b>28,169</b>	<b>42</b>	<b>14</b>	<b>10</b>
2023	4,525	25,000	38	13	9
2022	3,620	20,000	30	10	7
2021	3,059	<b>16,901</b>	<b>25</b>	<b>8</b>	<b>6</b>
2020	2,715	15,000	23	8	5
2019	1,810	10,000	15	5	4
	905	5,000	8	3	2

Add: Ladder Truck Co.

Engine + Ambulance

Engine + Peak Ambulance

Engine

Engine	4
Ambulance	2
Truck	4
<hr/>	
Minimum Staff	10

Possible at 28,169 population

# **Cypress Waters Public Safety Building/Fire Station 58**

**Economic Development Committee  
June 1, 2020**

**Courtney Pogue, Director  
Office of Economic Development**





# City of Dallas

1500 Marilla Street  
Dallas, Texas 75201

## Agenda Information Sheet

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**File #:** 20-1126

**Item #:** B.

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Economic Development Pilot Project Presentation on 12000 Greenville Site  
[Eric Anthony Johnson, Chief of Economic Development and Neighborhood Services, City Manager's Office]





## BONTON VILLAGE @ LAKE HIGHLANDS

City of Dallas  
Economic Development Committee  
June 1, 2020







DARON BABCOCK

*Founder, Executive Director*

What started as a garden in one of the city's most impoverished neighborhoods in southern Dallas has grown into a place that attracts visitors from around the world who desire to learn more about how Bonton Farms restores lives, creates jobs and ignites hope for the most vulnerable people in our city.

Recognized as one of the city's most respected nonprofit organizations, Bonton Farms has created a model that is successfully assisting people to advance from various levels of suffering and struggle to higher levels of independence and dignity, while helping to bring families back together and restoring relationships.



With approximately 325,000 residents living in poverty, an increase of 119% since 2016 in the number of unsheltered individuals experiencing homelessness, and countless new people losing jobs and housing daily because of the COVID-19 pandemic, Dallas desperately needs an innovative and replicable solution that will provide them with the resources to recover.

**BONTON VILLAGE @ LAKE HIGHLANDS** aims to create a community asset and unique ecosystem focused on relationships that addresses core human needs and provides customized pathways for our most disadvantaged residents to reach their potential.

An urban farm, a farm-to-table café, a workforce innovation hub, corporate training facilities and low-cost housing would be located at one site to help people build job skills and secure long-term employment opportunities to become self-sufficient. Wraparound services would be available to residents who suffer from chemical dependency, mental illness or other health-related issues.

**BONTON VILLAGE @ LAKE HIGHLANDS** would provide people experiencing homelessness with opportunities for meaningful work and housing, while creating a sense of community for residents that is connected to and integrated with the surrounding neighborhoods.



## MISSION STATEMENT

An entrepreneurial and agricultural intervention to restore lives, create jobs and ignite hope

## SHORT-TERM GOALS



- Develop urban farm, café, retail, workforce innovation hub and tiny homes to provide jobs, housing and healing to people in need
- Provide people experiencing homelessness with recovery services and programs
- Create an environment where 100% of participants are housed, employed, healthy and safe

## LONG-TERM GOALS



- Establish model for economic development, housing and employment that can be replicated
- Create self-sustaining operations

## VISION

Operate an ecosystem of opportunity and dignity that supports people to reach their full potential

- Life skills
- Healthcare services
- Health/nutrition counseling & education
- Work skills
- Entrepreneurship
- Gardening classes
- Professional trauma counseling
- Personal financial management classes
- Parenting classes
- Conflict resolution



- Basic computer training
- Legal services
- Emotional development
- Recovery classes & groups
- Spiritual development
- Reading classes & groups
- Résumé development
- Cooking classes
- Exercise classes (yoga, walking, parcourse, etc.)
- Art classes

*\*More will be added as the project moves forward.*

# SEVEN HUMAN ESSENTIALS

BONTON VILLAGE @  
LAKE HIGHLANDS

## ECONOMY BUILDING

We create social enterprises that provide paid internships for people not yet prepared to enter the workforce and offer full-time jobs for those needing an opportunity for a fresh start. This provides a dignified place to work while giving the space and support for them to work through whatever additional barriers they may have.

## HEALTH & WELLNESS

People must be healthy and well to flourish. For us, this encompasses a holistic approach of addressing the needs of mind, body and spirit, including licensed trauma counseling, healthcare services, nutritional counseling, etc.

## EDUCATION

When helping those trying to overcome extraordinarily difficult situations, education can mean a lot of things—everything from budgeting, how to change an air filter, what it means to be a father and everything in between. If it is an obstacle to becoming who you desire to be, we provide a way to learn it.

## SAFE & AFFORDABLE HOUSING

Without a safe place to lay your head at night, the rest of life becomes seemingly impossible to navigate.

## COMMUNITY BUILDING

We were hardwired for community. Oftentimes, people experience homelessness because they have lost their sense of belonging and community. We know our healing is connected to community, so we intentionally work to build healthy forms of community in all we do.

## TRANSPORTATION

We live in a big city that is spread out over many miles. Connecting those we serve to the people, places and things they need is an important part of rebuilding a life.

## ACCESS TO FAIR CREDIT

The lack of access to fair credit is a tremendous barrier for those trying to get back on their feet. Whether your car battery died or some other unplanned expense causes you to fall short, access to fair credit can be a significant determining factor in one's ability to stay the course.



City of Refuge (COR) is a collaborative environment that helps individuals and families transition out of crisis into stability. In the most dangerous neighborhood in Atlanta, City of Refuge has brought partners together under one roof to deliver high-quality job training, financial literacy, education, healthcare, housing and other services to empower the marginalized to thrive. Its mission is rooted in getting to the hearts of people first and then building the necessary infrastructure needed to provide sustainability.

City of Refuge-Atlanta has strong partners like NAPA Auto Parts, Chick-fil-A, Delta Airlines and others that have expressed interest in expanding the COR model to Dallas. This level of partnership creates both a uniqueness and sustainability to continue our goal of providing hope to an underserved population.



MIKE REINSEL

*CEO, COR-Dallas*

- The City Council in May 2019 was presented with a list of three city-owned properties for consideration to build housing for residents experiencing homelessness. The only site able to accommodate more than eight housing units was 12000 Greenville Ave., a 12-acre parcel in District 10 that is currently owned by Dallas Water Utilities (DWU).
- Bonton Farms is requesting an option agreement on the site that would identify terms tied to conveyance of the majority of the property and a long-term lease agreement on part of the site, which has been identified by DWU for future use, at below-market values. The City would retain ownership of the land if Bonton Farms does not meet contractual milestones, including, but not limited to, private fundraising goals and construction timelines.
- The Economic Development and Housing Committee was briefed in April 2019 about staff's recommendation to add a land transfer program to the Comprehensive Housing Policy. The presentation included this language:

Pursuant to Texas Local Government Code Section 253.010, the city may: 1) sell land acquired by the city to a non-profit entity for the development of low-income housing, and 2) may sell the land at below market prices.

Bonton Farms plans to ask the Council at a later date to consider:

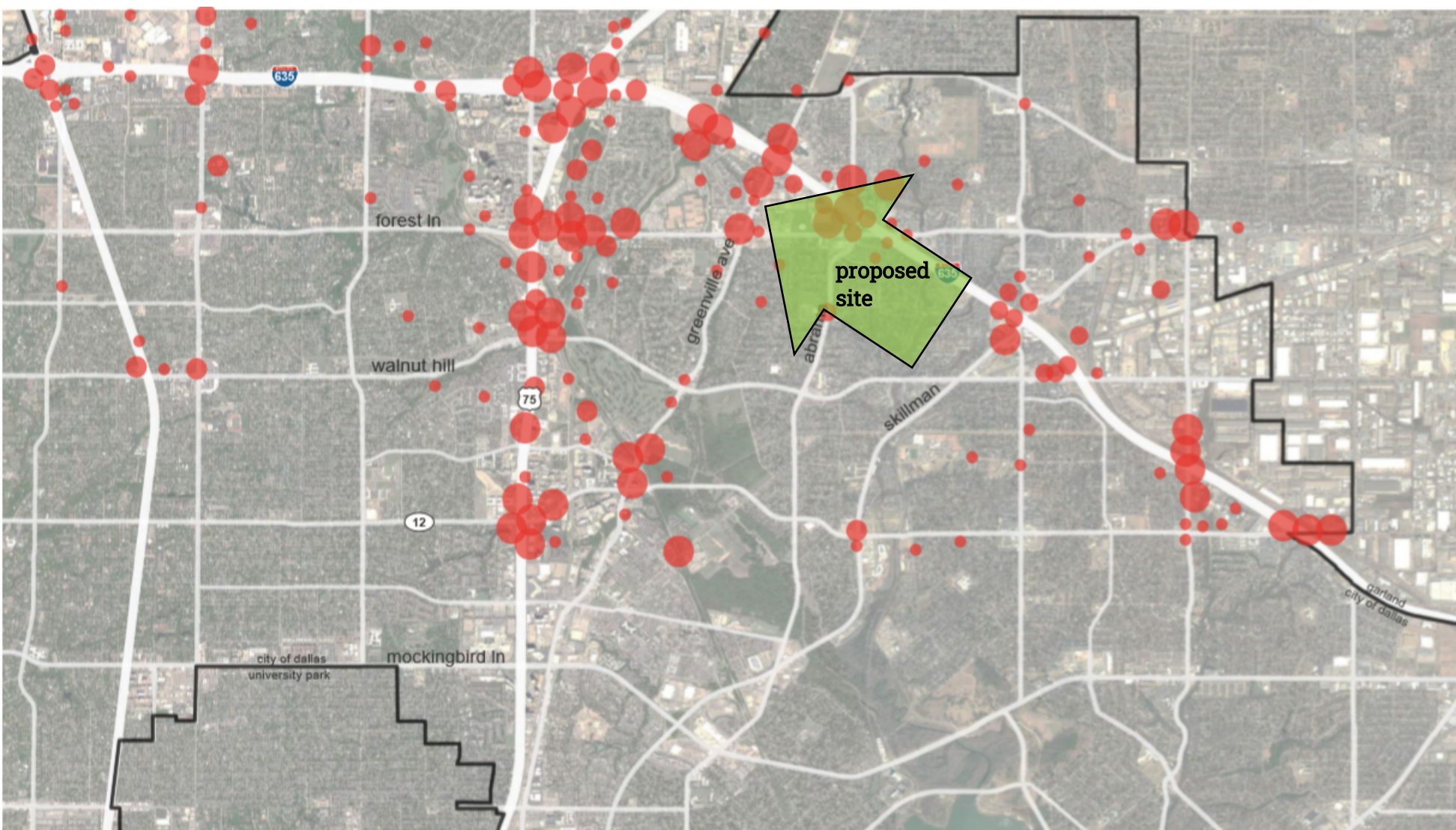
- A zoning change that would allow chickens and goats to live on-site.
- The disbursement of various City funds to fill an expected capital funding gap.
  - Potential sources could include discretionary funds allocated to District 10 from prior bond programs, federal funding from the CARES Act, and the Chapter 380 Economic Development Grant program.





# HOMELESS ENCAMPMENT MAP

BONTON VILLAGE @  
LAKE HIGHLANDS



A more comprehensive map is being developed that will include DART routes, grocery stores and other community assets.

Source: OurCalling

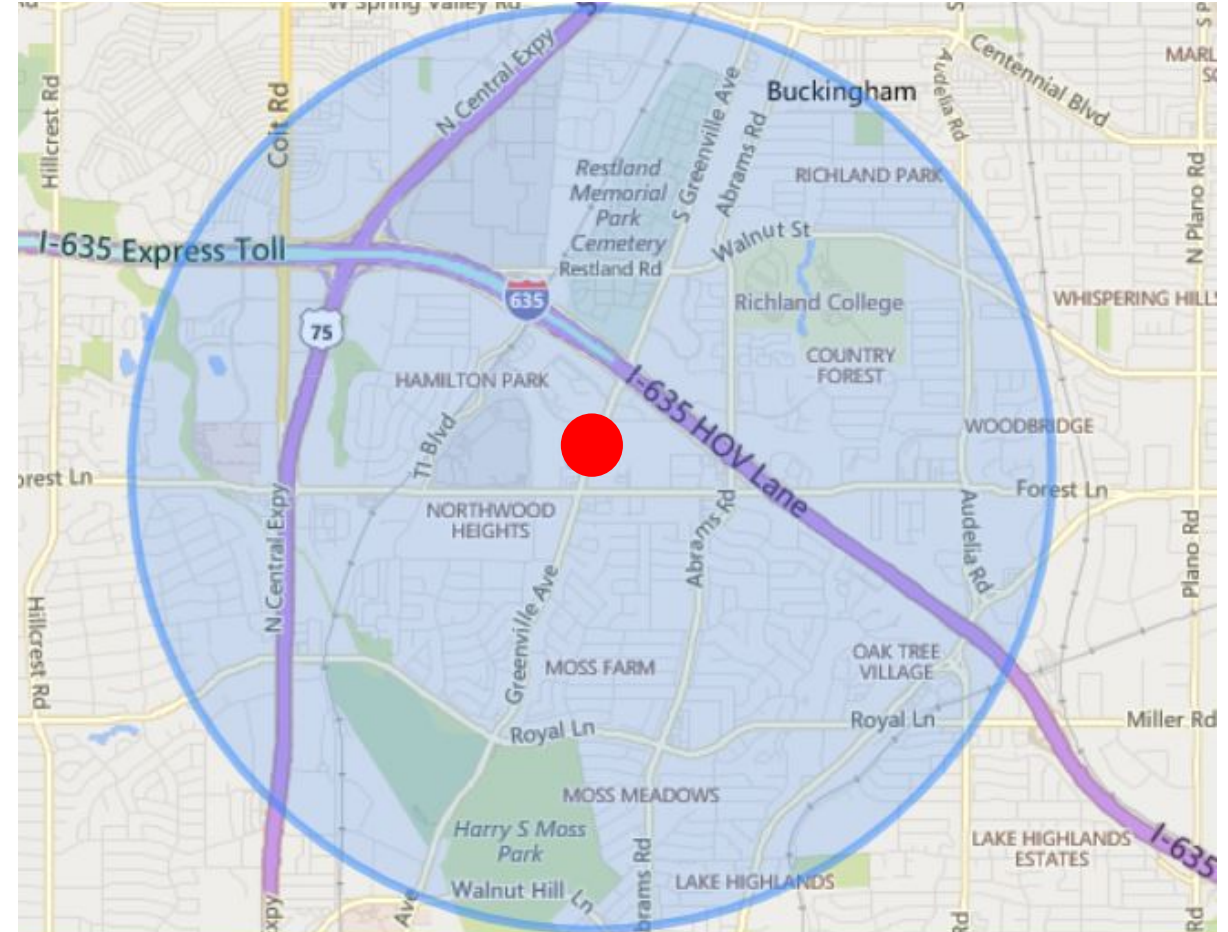


# TARGET AREA AND POPULATION

BONTON VILLAGE @  
LAKE HIGHLANDS

**BONTON VILLAGE @ LAKE HIGHLANDS** would target single adults experiencing homelessness within a two-mile radius of 12000 Greenville Ave. who:

- Express a desire and are physically able to obtain and retain employment and housing.
- Agree to obey community rules, including, but not limited to, passing random drug tests, paying rent on time and participating in a recovery program.
- Are not a registered sex offender and/or have not been convicted of a violent felony.



Red dot = site      Blue circle = two-mile radius

# SITE MASTER PLAN

BONTON VILLAGE @  
LAKE HIGHLANDS





# PROJECT RENDERINGS

BONTON VILLAGE @  
LAKE HIGHLANDS



# PROPOSED CAPITAL COSTS & ANNUAL BUDGETS

BONTON VILLAGE @  
LAKE HIGHLANDS



30,000 sq. ft. of  
commercial space

**\$6M**



120 tiny homes

**\$5M**



farm, soft costs,  
contingency, misc.

**\$4M**



total

**\$15M**

	2020 (9 MO.)	2021	2022	2023
REVENUE	\$700,000	\$9,000,000	\$6,200,000	\$5,800,000
OPERATING EXPENSES	\$276,255	\$1,357,940	\$1,697,240	\$2,262,840
CAPITAL EXPENSES	\$210,000	\$7,740,000	\$3,640,000	\$3,620,000
ENDING CASH	\$213,745	\$115,805	\$978,565	\$895,725





- Number of people provided with referrals, coordinated assessments, behavioral and primary healthcare, and housing placements
- Number of people who are employed, participate in each program, pay rent on time, and remain housed and employed after leaving the village
- Number of days per person spent in each housing phase and average number of days per person spent living on-site

*\*Additional metrics will be developed and implemented as the project moves forward.*



# COMMUNITY OUTREACH AND SUPPORT

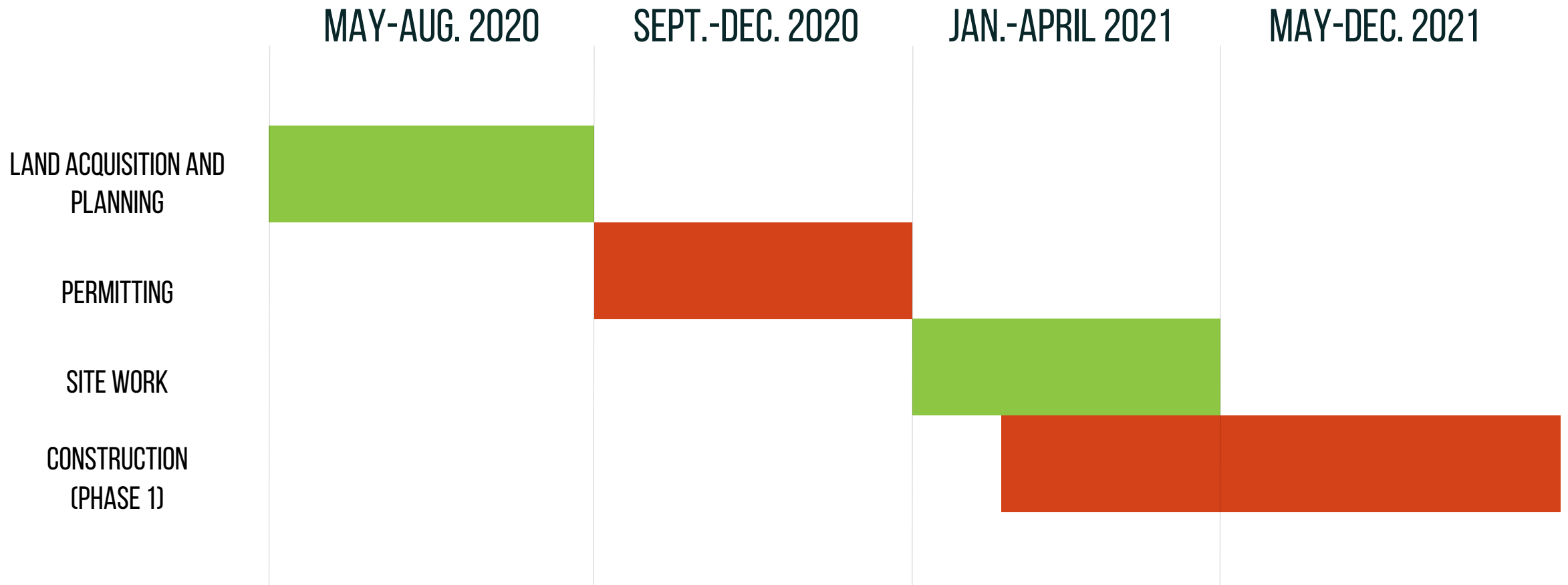
BONTON VILLAGE @  
LAKE HIGHLANDS

- Bonton Farms is committed to hosting several community meetings to solicit feedback from residents and stakeholders. We take responsibility for communicating our plans to the public with complete transparency.
- The project has unanimous support from Bonton Farms Board of Directors.
- The first public meeting will be scheduled in District 10 within one month of Council's approval of the option agreement.



# PROJECTED SCHEDULE

BONTON VILLAGE @  
LAKE HIGHLANDS



**JANUARY 2022: PHASE 1 OPENS** (30 TINY HOMES, FARM, CAFÉ, COFFEE HOUSE, WRAPAROUND SERVICES)



**QUESTIONS?**



# City of Dallas

1500 Marilla Street  
Dallas, Texas 75201

## Agenda Information Sheet

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**File #:** 20-1118

**Item #:** C.

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HUD Note for Section 108 Lorenzo Hotel Project  
[Courtney Pogue, Director, Office of Economic Development]

# Memorandum



CITY OF DALLAS

DATE May 29, 2020

TO The Honorable Members of the Economic Development Committee:  
Tennell Atkins (Chair), David Blewett (Vice-Chair), Jennifer Staubach Gates, Adam McGough,  
Omar Narvaez, Jaime Resendez, Chad West

SUBJECT **Upcoming Agenda Items: HUD Note to Defer Section 108 Loan Principal Payment –  
TEOF Hotel LP (Lorenzo Hotel)**

On June 10, 2020, City Council will be asked to consider a council item to authorize an amendment to CR 150147 loan agreement between the City of Dallas and the United States Housing and Urban Development Agency (HUD), as well as a corresponding agreement between the City of Dallas and TEOF Hotel LP as follows:

Authorize: **(1)** the City of Dallas (City) to enter into an additional note agreement with variable interest rate with the United States Housing and Urban Development Agency (HUD) for the deferral of principal payment on Section 108 loan B-12-MC-48-0009 due by the City to HUD on August 1, 2020 in the amount of \$504,000; **(2)(a)** an amendment to CR150147 related to the existing loan agreement between the City of Dallas and HUD, to reflect this additional promissory note to the referenced Section 108 loan, related to the rehabilitation of a blighted vacant structure, now the Lorenzo Hotel (Hotel), and add any and all the relevant terms and conditions imposed by HUD, including but not limited to the variable interest rate due quarterly to HUD on the \$504,000.00 additional note, **(2)(b)** an amendment to the agreement between the City of Dallas and TEOF Hotel LP (TEOF) to reflect the equivalent amendment terms and conditions to this agreement as those referenced in (2)(a) between HUD and the City, given that the City had loaned the referenced Section 108 funds to TEOF for the referenced rehabilitation project, TEOF communicated to the Hotel will not be making the upcoming payment due to the City (principal payment of \$504,000.00 and interest of \$141,306.35) due to COVID-19 impact on the hotel industry; **(3)** increase appropriations in the amount of \$80,000.00 for the estimated additional interest on the additional note, and any other relevant/pertinent corresponding loan and interest finance system accounts; **(4)** as repayments from TEOF are received, as per HUD's amended repayment schedule with the City, on the outstanding loan and additional promissory note; the City be authorized to receive, deposit and disburse those funds to repay the principal plus interest to HUD on the existing Section 108 loan B-12-MC-48-0009 and the additional related promissory note and any related terms and conditions imposed by HUD. – Estimated amounts of \$80,000.00 for the variable interest - Financing: Future Revenue \$80,000.00 CDBG Program Income from TEOF Hotel LP

## **Background**

Section 108 Loan program was part of the Housing department when the loan was made to TEOF Hotel LP. Recently, the outstanding loans were transferred to the Office of Economic Development to administer. Back in January 2009, the scope of the program was expanded to include projects that sustained or increased the level of business activity in an area by increasing economic opportunities for job creation and retention, the provision of jobs to low-to-moderate income persons in CDBG eligible areas, or providing elimination of specific conditions of blight, physical decay, or environmental contamination not located in slum or blighted areas in



conjunction with other eligible special economic development activities. It has also been 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, to the extent reasonably possible.

In October 2012, the City received a proposal from Texas Educational Opportunity Fund (TEOF) for a loan in the amount of \$11,000,000 in CDBG Section 108 Guarantee Loan Program funds for eligible activities which would have included property acquisition, environmental remediation, elimination of adverse health and safety hazards, loan interest reserve, and financial costs for the Section 108 public offering to assist with rehabilitation of a vacant commercial building, formerly Plaza Hotel, for the Hotel Project. The project consisted in the renovation of a vacant hotel building located at 1011 South Akard Street to be re-used as a hotel. The completed project was to create an estimated 110 permanent full-time equivalent jobs including an estimated 90 permanent full-time jobs intended to be held by or made available to individuals with incomes at 80% or less of Area Median Family Income as established by HUD.

The application was submitted to HUD on February 11, 2013, requesting Section 108 Guarantee Loan Funds in the amount of \$11,000,000 for development of the Hotel Project. The City Council public hearing held on January 23, 2013, complied with HUD regulations and the City's Citizen Participation Plan of 30 days comment period from date of call of public hearing.

During HUD's review of the application the project ownership structure and name branding of the proposed hotel changed. The application requested funding for two activities including acquisition by a limited liability nonprofit subrecipient of the City, Texas Educational Opportunity Fund (TEOF), and rehabilitation of a blighted structure to carry out an economic development project. TEOF had proposed to relend the Section 108 guaranteed proceeds to its subsidiary, TEOF Hotel, LP (TEOF Hotel), a for-profit, single asset entity, to carry out the activities. With the change in project structure, the Section 108 proceeds would be provided directly from the City to TEOF Hotel. The developer was willing to make a \$6.5 million equity investment of the value of the property to the project and transferred ownership of the property to TEOF Hotel.

The Section 108 funds were to be used for acquisition of \$6.5 million and economic development and related costs of \$4.5 million. Acquisition was removed from the funding requested, and the City reallocated the project costs and loaned the entire \$11 million to TEOF Hotel, LP for economic development and related costs for rehabilitation of a blighted former hotel into a new, 237-room hotel that was to result in the creation of an estimated 220 permanent full-time equivalent jobs provided by the hotel and commercial tenants operating businesses located on the project premises.

The developer had proposed rehabilitating a vacant hotel, formerly Plaza Hotel, located at 1011 South Akard Street into a Holiday Inn & Suites hotel with 220 rooms under the governing criteria of the Holiday Inn Express brand, which would have been a two or three-star hotel. The developer's franchise license to operate a Holiday Inn had expired, and the developer entered into a new franchise agreement with Choice Hotels International, Inc. for development of a four-star hotel with 237 rooms under its Ascend Collection of boutique hotels. With the upgrade in hotel class rating, operation of a hotel under the new franchise would provide for the creation of an estimated 220 permanent full-time equivalent jobs, which was an increase from 110 jobs identified in the application.

The economic development activity would meet the CDBG National Objective of benefiting low-to-moderate income persons and the public benefit standard set forth in HUD Regulations. The CDBG National Objective required that at least 51% of the jobs created (113 jobs) would be held

by or made available to low-to-moderate-income persons with incomes at 80% or less of Area Median Family Income as established by HUD. The public benefit standard required the activity undertaken to create at least one permanent full-time equivalent job per \$50,000 of CDBG funds used, for a total of 220 permanent full-time equivalent jobs. Based on the most recent decennial census, which had been replaced by the American Community Survey 5-year estimates for 2006-2010, the project is located in census tract 204.00 where at least 20% of the population in all of the block groups in that census tract was below the poverty level. On this basis, all of the jobs created by the project could be presumed to be low-to-moderate income jobs pursuant to HUD regulations. This would also mean that the commercial development of the project was to meet the statements of community development objectives in the City's Consolidated Plan.

The Section 108 Loan funds were to be used to fund exterior and interior rehabilitation of approximately 165,006 square feet for a 12-floor, 237-room hotel and a structured parking garage, and to fund sitework, loan interest reserve, and financing costs related to the Section 108 public offering. The total project cost to develop the Hotel Project including rehabilitation of the exterior and approximately 165,006 square feet of interior space was of about \$32.6M with the City contributing 34%. Funding for the project was to come from the proposed \$11M Section 108 Loan Funds and from a first lien note of \$12.9M, mezzanine loan of \$2.3M, owner equity of \$5.4M and TIF proceeds of \$1M. A bank loan of \$12,912,615 for construction would be in first lien position followed by the Section 108 loan of \$11,000,000 in second lien position. A mezzanine loan of \$2,324,913 was to be a soft lien in third position.

The Section 108 loan application requested \$11,000,000 for the Hotel Project was at an interest rate determined by the 3-month London Interbank Offered Rate (LIBOR), with interest only payments due for the first two years and principal and interest payments due for years 3 through 13. The City applied to HUD for two years of interest reserve to cover the interest payments on the Section 108 Borrower Loan during the construction and lease up period of the project. TEOF Hotel was to repay principal and interest on the City's Section 108 Hotel Project Loan with cash flow from the project which was estimated to be sufficient to cover the first and second lien debt and fund a debt service reserve of approximately \$152,000 per year until the City's Section 108 HUD loan was paid in full. Interest would be paid during construction with an interest reserve built into the construction loan and with \$330,000 of Section 108 funds.

The interest rate on the loan to the developer was to be .50% higher than the Section 108 Loan from HUD and both loans were to have matching amortization. All loan payments by borrower would provide adequate funds for the City to make its payments on the Section 108 Loan from HUD. However, if the project's cash flow fell short of estimate and was not sufficient for the City to make the required annual payments to HUD, or if the project otherwise failed, any applicable loan payments would be made from the City's future CDBG allocation of entitlement funds.

The City has a current Section 108 loan agreement with HUD; which in turn the City loaned to TEOF for the re-development of the structure to address and remove slum blight in that area. The City mirrored its obligation with HUD into its agreement with TEOF. Recently, the City has received communication, from TEOF, indicating the Hotel would not be able to make the annual principal payment amount of \$504,000.00 and corresponding interest payment of \$141,306.35 (due to corona virus impact), which in turn the City of Dallas owes to HUD.

TEOF Hotel LP does not have funds in the repayment account of the loan to service the principal nor the interest due to the City at this time; therefore, the City of Dallas has been in communication with HUD seeking options to address and resolve this issue. HUD indicated that the option the City had was to defer the principal payment via an additional note to be added to the existing loan for the remainder of the repayment schedule of the original loan, with a suggested flat payment amount added to the annual principal; however, the additional note for the \$504,000.00 would have a variable interest rate and would require quarterly interest payments (estimated at \$80,000

for the remainder of the original loan term). HUD also indicated that the Interest payment of \$141,306.35 from TEOF Hotel LP will be due from the City by the deadline of August 1, 2020, for which funds from an upcoming reimbursement will be used, as per agreement terms and conditions under Section 10 of a related agreement to the Hotel project, which provides the City an option to offset any amounts due and payable. The balance of the reimbursement amount will be retained by the City, in the debt service account for the Hotel loan, to service the variable interest (payable quarterly to HUD) on the additional note to the Hotel loan related to the deferral of the principal payment due August 1, 2020.

Given TEOF's situation, the City considers that a due-diligence review of the Hotel project should take place before making any additional amendments to the agreement between the City and TEOF Hotel LP (TEOF) beyond reflecting the equivalent amendments on the City of Dallas HUD agreement.

Funding for the amendment should be coming from hotel operating proceeds in the form of program income related to the HUD Section 108 loan.

The City will amend its agreement with HUD regarding the additional promissory note to defer the principal payment due to HUD on August 1, 2020 and reflect an equivalent amendment in its agreement with TEOF Hotel LP

### **Owner**

#### **Teof Hotel, LP**

John P. Greenan, Chairman of the Board  
Texas Educational Opportunity Fund

Lawrence E. Hamilton, Chief Executive  
Officer, Hamilton Properties Corporation

Should you have any questions, please contact Courtney Pogue, Director, Office of Economic Development at 214-670-0170.



**Dr. Eric Anthony Johnson**  
**Chief of Economic Development & Neighborhood Services**

c:	Honorable Mayor and City Council T.C. Broadnax, City Manager Chris Caso, City Attorney (Interim) Mark S. Swann, City Auditor Biliera Johnson, City Secretary Preston Robinson, Administrative Judge Kimberly Bizer Tolbert, Chief of Staff to the City Manager Majed A. Al-Ghafry, Assistant City Manager Jon Fortune, Assistant City Manager	Joey Zapata, Assistant City Manager Nadia Chandler Hardy, Assistant City Manager M. Elizabeth Reich, Chief Financial Officer Laila Alequresh, Chief Innovation Officer M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion Directors and Assistant Directors
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# City of Dallas

1500 Marilla Street  
Dallas, Texas 75201

## Agenda Information Sheet

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**File #:** 20-1119

**Item #:** D.

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Amendments to the Small Business Continuity Fund Program Statement. Authorize an amendment to the Program Statement for the Small Business Continuity Fund (SBCF) previously approved on April 22, 2020 by Resolution No. 20-785 - Financing: No cost consideration to the City.  
[Courtney Pogue, Director, Office of Economic Development]

# Memorandum



CITY OF DALLAS

DATE May 29, 2020

The Honorable Members of the Economic Development Committee:  
TO Tennell Atkins (Chair), David Blewett (Vice-Chair), Jennifer Staubach Gates, Adam McGough, Omar Narvaez, Jaime Resendez, Chad West

SUBJECT **Upcoming Agenda Items: Small Business Continuity Fund Program Statement changes**

On June 10, 2020, City Council will be asked to consider a council item to authorize an amendment to the Program Statement for the Small Business Continuity Fund (SBCF) to clarify that job requirements are determined by the Community Development Block Grant (CDBG) program and other technical and clarifying changes.

On April 22, 2020, City Council authorized the creation of the SBCF to provide grant and loan funding to Dallas small businesses impacted by COVID-19 pursuant to Resolution No. 20-0646. The program is funded through CDBG funds provided by the CARES Act, and subject to CDBG program regulations.

When City Council approved the SBCF Program, the agenda item included a Program Statement that contained a few technical errors and inconsistencies and a requirement that recipients retain at least 80% of the workforce that they had as of February 29, 2020. The revised program statement reflects the clean-up changes and corrections requested by City staff, including clarification that CDBG requirements can be made by either supporting the creation/retention of jobs for a Low-to-Moderate Income (LMI) population OR by providing support to LMI microenterprise owners (those businesses with five or fewer employees, including the owner), and changing the requirement that recipients retain at least 80% of the workforce that they had as of February 29, 2020 to retainment or creation of at least one job per grant and up to two jobs per loan and that businesses continue their normal business operations to the extent allowed by local, state and federal law for at least six months after the date of payment of the financial assistance. A revised Program Statement is available and attached.

Should you have any questions, please contact Courtney Pogue, Director, Office of Economic Development at 214-670-0170.

Dr. Eric Anthony Johnson  
Chief of Economic Development & Neighborhood Services

c: Honorable Mayor and City Council  
T.C. Broadnax, City Manager  
Chris Caso, City Attorney  
Mark S. Swann, City Auditor  
Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
Jon Fortune, Assistant City Manager

Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Assistant City Manager  
M. Elizabeth Reich, Chief Financial Officer  
Laila Alequresh, Chief Innovation Officer  
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion  
Directors and Assistant Directors



# City of Dallas Small Business Continuity Fund

## *Program Statement*

### **PURPOSE**

The City hereby establishes and provides for the administration of the City of Dallas Small Business Continuity (CDSBC) Program to promote local economic development by maintaining small business operations and retaining employment within the City, pursuant to 42 U.S.C. §5305 and the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The purpose of the Fund is to ensure continued operations of small businesses and job retention by those businesses impacted by the COVID-19 Pandemic. The Fund will be administered by the Office of Economic Development or through selection of a subrecipient. The program will operate in conformance with the Community Development Block Grant (CDBG) program with a national objective of providing benefit to the low to moderate income community. [This program will sunset at the end of 2021.](#)

### **FUNDING**

Funding for the program would be provided by using \$5 million in allocation of Community Development Block Grants (CDBG) from Housing and Urban Development (HUD) from the CARES Act. These funds must be used to benefit a low-to-moderate income population and meet certain job creation and retention requirements as required by the CDBG program. This program, in compliance with the CDBG program, requires the creation or retention of at least one full-time equivalent, permanent job per \$35,000 of CDBG funds used, that at least 51% of eligible businesses full time jobs involve the employment of low to moderate income persons, and that jobs would be lost without this assistance. Approximately \$2.5 million would be available for grant funding, providing a minimum of 250 small business grants. Of the \$2.5 million available for grant money, \$1.25 million would be targeted to businesses located in high poverty and/or low-income areas. The remaining approximately \$2.5 million would be available as loan funding, providing a minimum of 50 loans. Additional funds, including general funds, may be added at the sole discretion of the City Council. Additional outside funds as provided by private sector partners may also be added by donation to the City or by donation to the subrecipient or its contractor (third-party administrator) on behalf of the City.

### **BUSINESS ELIGIBILITY**

For purposes of this program statement, eligible small businesses are those businesses that meet the following:

- a. **Geographic location requirement:** Businesses must be located in Dallas. Businesses not located within Dallas city limits are disqualified, in accordance with federal funding eligibility guidelines; and

- b. Physical location requirement:** Businesses must operate out of a physical location within Dallas city limits. Physical location includes a ‘brick and mortar’ edifice, farmers market, and other types of physical spaces . This will be verified through a review of the Certificate of Occupancy as granted by the City of Dallas or other method; and
- c. COVID-19-related harm requirement:** The business must be able to demonstrate that they have experienced a loss of income of at least 25% due to COVID-19; and
- d. Micro-enterprise status requirement:** Microbusiness owners must meet the income requirements established by federal funding eligibility guidelines. Micro-business owners had to have low-moderate income (less than 80% of the Area Median Income). Micro-businesses had to employ five people or fewer, in accordance with federal funding eligibility guidelines; **OR**
- e. Low to moderate income (LMI) employees requirement:** Businesses that do not meet the microbusiness definition must create or retain jobs to benefit the LMI population. Each business owner must submit an income eligibility certification form documenting the creation/retention of jobs for LMI residents of Dallas. Forms must indicate income levels and Dallas residency for employees.

	80% Area Median Income – Dallas MSA							
# of People in Household	1	2	3	4	5	6	7	8
Household Income	48,300	55,200	62,100	68,950	74,500	80,000	85,500	91,050

### Program Requirements

Businesses must demonstrate that they were in operations as of September 1, 2019. The fund will have a loan and a grant component; funding recipients can apply for either a loan or grant, but not both. Eligible applicants are low-to-moderate income (LMI) microbusiness owners (those with 5 or few employees, including themselves) and/or small businesses that employ (or previously employed) at least 51% LMI workers. Small businesses are defined as those businesses with less than 50 employees or revenue under \$1.5 million. To comply with CDBG regulations, borrowers will provide the City with an income eligibility certification form from each applicant as well as a commitment to create and retain jobs and to report on creation and retention of jobs.

Eligible businesses may receive a grant of SBCF in an amount equal to the lessor of (i) \$,\$10,000 or (ii) the company’s average monthly payroll, rent or mortgage interest, utilities and any inventory costs total for the previous three months, multiplied by two. The public purpose of the grant shall be to maintain business operations or retain jobs despite business interruption caused by the COVID-19 pandemic. Eligible Businesses shall execute a grant agreement committing the Eligible Business to retain or create at minimum one (1) full time job and continue its normal business operations to the extent allowed by local,

state and federal law for at least six months after the date of payment of the financial assistance. Funds may be used for payroll, rent, and/or working capital.

Rather than a grant payment, businesses may opt to apply for a SBCF loan. Loans under this program would be a higher amount (up to \$50,000) with a very low interest rate of 0-1% and 6 months deferred payment, with a loan term of up to 5 years. (e.g. up to 12 months deferred payments and up to 4 years of repayment). The loan balance is due at the end of the term. Eligible Businesses shall execute a loan agreement committing the Eligible Businesses to retain or create at minimum one (1) full time job for loans equal to or less than \$35,000, or at minimum two (2) full time jobs for loans greater than \$35,000 and continue its normal business operations to the extent allowed by local, state and federal law for at least six months after the date of payment of the financial assistance. . The loan funds would meet the needs of small businesses who have a larger capital need. Funds may be used for payroll, rent, and/or working capital. Businesses would again need to demonstrate a 25% reduction in business as a result of the COVID-19 pandemic. Loans would be sized based on a company's average monthly payroll, total rent or mortgage interest, utilities and any inventory costs for the previous three months, and multiplied by two. The loan amount would be the lessor of two months expenses or \$50,000.

No more than one SBCF payment will be made per business.

The eligible business must execute a grant or loan agreement with the subrecipient or subrecipient's third-party administrator to secure the grantees' commitment to job retention and continued operation in consideration for the funding. The amount of the funding may be reduced if the funding recipient is able to get assistance from other sources including state or federal disaster relief or if the funding recipient is eligible to receive insurance proceeds for their losses. Applicants must disclose on the application if they are applying for additional funding and must report at 6 months if additional funding was received. No more than one fund payment will be made per business.

Complete applications for funding will be accepted from May 4, 2020 to May 11, 2020 at 11:59 p.m. Incomplete applications will be rejected. Afterwards, completed applications for grant and loan funding will be entered into a lottery for funding, with grants for businesses in high poverty/low income areas entered into a separate lottery. Completed applications for loan funding will also be selected in random order. Eligibility for the funding and execution of the funding agreement will include review of the application and supporting documentation including but not limited to:

1. Confirmation that business is engaged in activities that are regulated by the City of Dallas and contains appropriate licenses and permits to operate in the City.
2. Certification that the businesses is located in the City of Dallas.
3. Verification that entity is registered with Secretary of State of Texas as a valid business by September 1, 2019
4. Documentation that revenue has declined by 25% or more as a result of the COVID-19 crisis.
5. Verification that the businesses have \$1.5 million or less than annual gross revenue in 2019
6. Evidence that the business has 50 or fewer employees (5 or fewer for micro-enterprises)
7. Completed and signed IRS W-9 Form

8. Documentation to verify the economic hardship suffered as a result of the COVID-19; including tax returns, financial statements, and other financial and employment data, including IRS form 941.
9. Documentation on income eligibility, job creation/retention and employees are Dallas residents.

A copy of the application is attached as reference; the City, subrecipient or third party administrator reserve the right to make changes to the application.

Grants shall not be awarded to persons or entities who have outstanding city liens or tax liens, who are party to a lawsuit against the City, who are currently in default under any other agreement with the City, or who have in the previous 5 years been party to a contract with the City that was terminated due to default.

City of Dallas employees and officers are not eligible for this program. Owners of multiple businesses will only be eligible for one award. Locally owned businesses with more than three locations in the City of Dallas are ineligible for the program. Franchises are not eligible for this program. Non-profit organizations are not eligible for this program. Business or individuals whose primary revenue is generated from rental/income producing properties are not eligible for this program. Businesses that solely serve an age restricted clientele (18 and up) are not eligible for this program.



# City of Dallas

1500 Marilla Street  
Dallas, Texas 75201

## Agenda Information Sheet

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**File #:** 20-1121

**Item #:** E.

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Public Facility Corporation Update

[Eric Anthony Johnson, Chief of Economic Development and Neighborhood Services, City Manager's Office]



# Memorandum



CITY OF DALLAS

DATE May 29, 2020

Honorable Members of the Economic Development Committee:  
TO Tennell Atkins (Chair), David Blewett (Vice-Chair), Jennifer Staubach Gates, Adam McGough, Omar Narvaez, Jaime Resendez, Chad West

SUBJECT **Public Facility Corporation Update**

How the City of Dallas deploys its limited resources and development tools to recover economically from COVID-19 could set the precedence for its strength and resilience for many years to come.

In developing this plan, it would be prudent to re-examine creating a Public Finance Corporation (PFC). When used effectively, a PFC can prove to be an effective mechanism for the City to reach its economic and community development goals. When used across multiple development approaches, project scale and location, it is a more powerful tool for cities in pursuit of economic and equitable vitality.

During April's Economic Development Committee meeting, I requested sixty (60) days to further review the PFC concept in the context of the following questions:

1. How do we create a developer participation and review process that provides clarity for the development community, yet not further delay the development process?
2. How do we create a participation process that is diverse with respect to development approaches and concepts?
3. How do we utilize the PFC to accelerate creating affordable housing via a direct development model using city owned land and redevelopment tools?
4. How do we deploy the PFC beyond the traditional bureaucratic view of affordable housing to ultimately develop innovative strategies at a scale needed to address the required additional housing in areas across the city.?
5. What is the best organizational structure/placement of the PFC within the offices of Housing and Economic Development?

If the City Council decides to move forward with forming a PFC, there will be a business model having up to two primary categories for projects. Having two-categories will ensure a diverse set of development approaches, the establishment of a reasonable timeline, and allow for better engagement and outreach with prospective partners. Additionally, the process would provide room to explore innovative development solutions.

The following are the recommended categories:

- A. Market Rate Developments that are seeking to add 50% affordable units at 80% area median income (AMI):
  - a. A non-RFP process which allows developers to submit proposals at any time throughout the year. This will also include staff creating a streamlined review process, and a timeline for review and response to development partners.
- B. Direct development PFC Sponsored Projects on City Owned Land
  - a. Creative development approaches using the PFC in tandem with city redevelopment tools to produce non-LIHTC, non-HUD government program housing development projects. These would consist of a range of blended market rate development projects to be explored.
  - b. These approaches would be pursued through a city issued RFP process. This process would seek to align with a development partner to test the creation of a shared value development model as part of a pilot demonstration project.

Categories A is traditional in the scope and use of the PFC. Category B represents a creative direct development approach. It holds promise in the use of the PFC framework to support addressing affordable housing needs, but innovatively. To implement the PFC work and other related transformative development projects, the City will establish a dedicated development unit to ensure projects are pursued in an equitable and proactive manner.

### **Thoughts for Consideration on a Path Forward**

As budget projections have indicated, economically, the City is facing challenging times due to Covid-19. In the short term, restricting spending would seem to assist economic recovery. However, halting development efforts may not contribute to recovery. In fact, in the long-term, accelerating development efforts, the City will be fostering renewed local consumer and business spending, as well as generating property and sales taxes to recover revenue loss.

As a development tool, the PFC has as a tax benefit for development partners to support project implementation. While this issue may seem to contradict the City's need to generate revenue, at the same time this presents an opportunity to fuel redevelopment.

If the City Council moves forward to create a PFC, it is recommended that the City allow up to eight (8) PFC sponsored projects to occur over the next 36 months. This recommendation will provide an opportunity to test and evaluate the impact of the PFC tool to further development projects that include affordable housing units up to 80% AMI. The 36-month period was also selected based on the scope of the process from projects

DATE May 29, 2020  
SUBJECT **Public Facility Corporation Update**

development to completion. The projects would consist of six (6) market rate developments and up to two (2) direct development PFC project on city owned land.

Within six months of the 36-month period, staff would provide a comprehensive evaluation report to City Council after 36 months. It will explore best practices, unit production, and economic and fiscal impact. The evaluation will also be used to guide staff when seeking approval to pursue additional projects.

For any questions or concerns, please feel free to contact me.



Dr. Eric Anthony Johnson,  
Chief of Economic Development and Neighborhood Services

C: T.C. Broadnax, City Manger  
Chris Caso, City Attorney  
Mark Swann, City Auditor  
Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizer Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
Jon Fortune, Assistant City Manager

Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Assistant City Manager  
M. Elizabeth Reich, Chief Financial Officer  
Laila Alequresh, Chief Innovation Officer  
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion  
Directors and Assistant Directors