

Skillman Corridor TIF District FY 2018-2019 Annual Report



Lakeridge Shopping Center



City of Dallas

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October 1, 2018 to September 30, 2019

Reinvestment Zone Number Fourteen Tax Increment Financing District

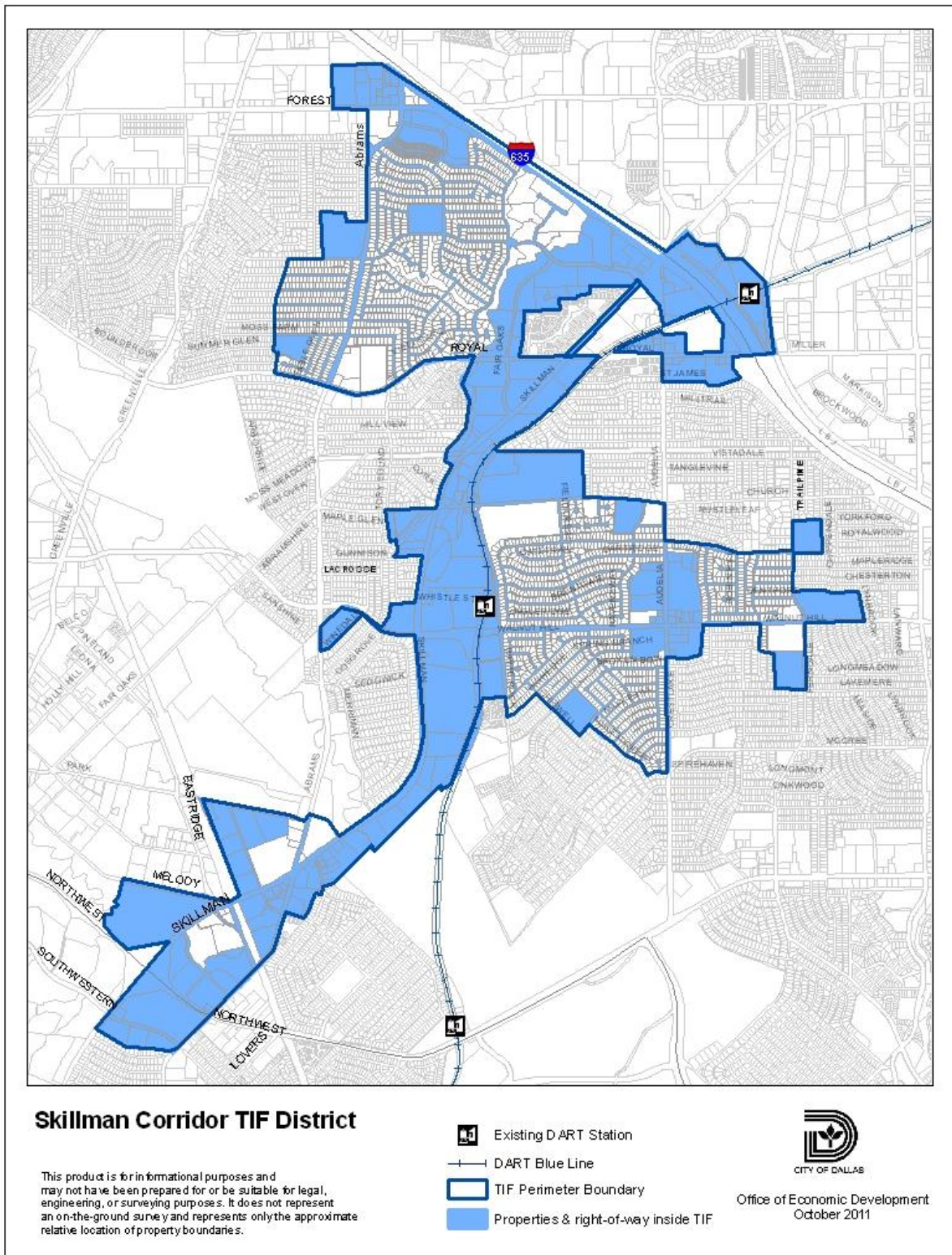


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Mission Statement

The mission of the Skillman Corridor TIF District is to provide a source of funding for public infrastructure improvements that will assist in creating a more sustainable mix of rental and owner-occupied residential property in the Skillman Corridor. This effort will help encourage the redevelopment of structurally obsolete apartment complexes and retail centers, better trail and recreational connections, and transit-oriented development near the Skillman/Walnut Hill DART light rail station and the existing Skillman/LBJ DART light rail station. The Skillman Corridor TIF District duration began on January 1, 2006 and will terminate on December 31, 2035 (including collection of the 2035 increment in calendar year 2036 and any related matters to be concluded in 2036).

Skillman Corridor TIF District Accomplishments

Dallas City Council established the Skillman Corridor TIF District by Ordinance Number 26148 on October 26, 2005. In December 2006, the District's boundaries were amended to include several Richardson Independent School District (RISD) campuses to help RISD meet changing campus needs as the area is redeveloped. The RISD Board of Trustees approved contributing the debt service portion of future RISD increment to the TIF District up to \$10 million (net present value or a total amount of just over \$16 million). This financial participation marks the first financial participation by a school district in a Dallas TIF district since 1999. The Dallas City Council adopted the Skillman Corridor TIF District Project Plan and Reinvestment Zone Financing Plan on December 13, 2006 by Ordinance 26534.

In 2007, a development agreement with PC LH Land Partners, LP (PC LH) for the District's catalyst project "Lake Highlands Town Center (LHTC)" was approved by the Skillman Corridor TIF Board and the City Council. The project also received funding commitments from Dallas Area Rapid Transit (DART) and the North Central Texas Council of Governments (NCTCOG) for a light rail station and related improvements at Skillman Street and Walnut Hill Lane along the existing DART Blue Line. In addition, the project received funds from Dallas County for infrastructure improvements and City of Dallas bond funds for infrastructure improvements.

Infrastructure and other public improvements as part of the LHTC horizontal site development phase have been completed. An operation and maintenance agreement for non-standard public improvements has been executed with PC LH, and the Lake Highlands Public Improvement District (LHPID) has agreed to partial assignment of those responsibilities.

The 20 acres of park land and trails constructed as part of the project was conveyed to the City on March 31, 2011 and named "Watercrest Park." Maintenance responsibility has been designated to PC LH, future owners and/or the Lake Highlands Public Improvement District (LHPID). Special events are now frequently held at Watercrest Park.

Due to the economic downturn between 2008-2010, vertical development at the LHTC was delayed. In June 2011, the City approved an amended development agreement for the Lake Highlands Town Center (LHTC) that increased the TIF funding dedication of future TIF revenues from \$23,000,000 to a maximum of \$40,000,000 subject to certain conditions.

In May 2009, the Skillman Corridor TIF Board adopted a “Skillman Corridor TIF Strategic Implementation Plan” to guide the next phases of development and improvements in the District.

In FY 2011, a development agreement with Audelia WGK, LLC for the White Rock Place development was approved by the Skillman Corridor TIF Board and the City Council. The site is located at the southwest corner of Walnut Hill Lane and Audelia Road. TIF funding assisted with reconfiguring the site into a smaller retail component of 18,000 square feet and infrastructure for 17 residential lots. All homes were completed as of late 2013.

A development agreement with the Richardson Independent School District (RISD) was approved in FY 2011 to provide reimbursement pursuant to the Interlocal Agreement between the City and RISD for stadium facility improvements adjacent to Lake Highlands High School as funds are available.

During FY 2012, the TIF Board approved by-law amendments to reflect changes in state law for TIF Board composition recognizing that only taxing jurisdictions that participate financially can have representation and a change in the TIF design review process to have that function undertaken as part of the City Design Studio Urban Design Peer Review Panel. The TIF Board also approved mixed-income housing guidelines.

During FY 2013, a development agreement with WRT/DK Residential, L.P. for the White Rock Trail Apartments project was approved by the TIF Board and City Council. The development, now called NorthRock Lake Highlands was completed in late 2014. In FY 2016, the developer terminated the agreement forgoing all TIF reimbursement.

During FY 2014-2015, staff held ongoing discussions on potential updated development plans for LHTC (primarily the retail block as a next phase). Phase I requirements under the LHTC agreement were completed in 2015, and the City began reimbursement. In September 2015, PC LH decided to terminate the remainder of the LHTC agreement.

During FY 2016, the TIF Board approved district-wide funding commitments including \$349,800 in local match funding for the Lake Highlands TOD Multimodal Connectivity Project (hike/bike trail extension) and \$35,000 to share in the cost for a Phase I Master Plan to study and prepare schematic design for enhancements to the proposed Lake Highlands Gateway Bridge at the intersection of Skillman Street and IH 635.

During FY 2017, a development agreement with NADG/SHOP Lakeridge LP for the Lakeridge shopping center project was approved by the TIF Board and City Council.

In June 2018, the TIF Board recommended district-wide funding up to \$350,000 toward median/gateway improvements along Skillman near the hike/bike trail extension project.

During the current fiscal year, the Lakeridge shopping center project was completed. The 90,476 square feet of upgraded retail space has resulted in an increase in taxable value of more than double. The project also replaced much of the non-pervious parking lot with 8,000 square feet of public open space. The City of Dallas and SHOP Development were awarded the 2019 Urban Land Institute's "Next Big Idea" award for three of their local projects, including the Lakeridge center project.



Several projects in the District have been completed or are in the development stage as shown in the following table.

Skillman Corridor TIF District Projects ¹						
Projects Within TIF District Utilizing TIF Funding						
Project	Location	Calendar Year Complete	Status	Units/ SF ²	Approx. or Estimated Value ³	TIF Investment ⁴
Lake Highlands Town Center, Phase I ^{2,8}	NE and SE corner Walnut Hill/Skillman. Haven Apts. – 7707 Watercrest Parkway	Public Improv – 2010; Ph I – 2014	Sitework/public improvements & Phase I vertical development - Haven Apts. complete	200 units; 7,500 square sf retail	\$31,150,000	\$10,000,000
White Rock Place	SW Corner Walnut Hill & Audelia	2013	Retail portion & infrastructure for SF lots complete.	17 SF lots; 18,000 sf retail reconfig.	\$14,751,868	\$2,372,000
Lakeridge	SE corner of Walnut Hill & Audelia	2019	Complete	90,476 sf upgraded retail	\$9,250,000	\$4,500,630
Subtotal				217 res. Units; 115,976 square feet retail	\$55,151,868	\$16,872,630
Projects Within TIF District Not Utilizing TIF Funding ⁵						
Project	Location	Calendar Year Complete	Status	Units/ SF ²	Approx. Value ³	TIF Investment ⁴

Trimark Town Homes	9400 Block Timberleaf Dr	2005	Complete	84 units	\$15,618,000	n/a
Medallion Retail Center expansion/renov. ⁷	6300 E Northwest Hwy & 5720 Skillman St.	2006	Complete	88,800 square feet new space	\$30,945,580	n/a
Kingsley Square Redevelopment	7203 & 7211 Skillman St.	2007	Complete	76,000 square feet retail	\$22,685,580	n/a
Wal Mart Supercenter	9382 LBJ Fwy.	2008	Complete	204,000 square feet retail	\$12,350,000	n/a
The Avery on Southwestern (formerly Village View Apts)	8910 Southwestern Blvd.	2009	Complete	422 units	\$59,100,000	n/a
Dallas Children's Theater ⁶ – exterior improv., main entry & garden	6343 Northwest Hwy	2009	Complete	n/a	\$1,293,060	n/a
Timbercreek redevelopment	Skillman St @Northwest Hwy	2011-2012	Complete	485,000 square feet retail	\$65,781,960	n/a
Century Lake Highlands (formerly White Rock Trail/ NorthRock Apts.)	6808 Skillman St	2014	Complete	362 units	\$53,260,000	n/a
The Bordeaux at Lake Highlands	SW corner Skillman St & Church Rd.	2014-2017	Complete	37 single family homes	\$28,251,910	n/a
The Shops at Lake Highlands Town Center	SE corner Walnut Hill/Skillman	2017	Complete	59,600 sf grocery/retail restaurant	\$15,237,820	n/a
Lookout Apartments at Lake Highlands Town Center	Lookout Point/ Watercrest Parkway	2018	Complete	259 units	\$37,930,630	n/a
The Enclave at Lake Highlands Town Center	Skillman & Segwick Dr.	2018-2020	36 homes complete; 17 under const.	53 townhomes	\$21,447,900 (current value)	n/a
Highpoint Crossing	6375 & 6411 E. Northwest Hwy	2018	Complete	181,993 square feet retail	\$32,538,970	n/a
Subtotal				1,217 res units; 1,095,393 square feet retail	\$374,993,510	\$0

Projects Utilizing and Not Utilizing TIF Funding			
Total	1,434 res units; 1,211,369 square feet retail	\$430,145,378	\$16,872,630
¹ All information updated as of September 30, 2019. ² As of 2015, only Phase I of the project relates to the TIF funding agreement. ³ Based upon 1) market value of comparable projects for anticipated projects, 2) private investment stated in the development agreement for projects that are approved or under construction, or 3) DCAD taxable value for completed projects (unless project has not yet been assessed). Values may not be fully captured by the TIF District for redevelopment projects once pre-existing value and/or the demolition of structures is netted out. ⁴ Principal amount not to be exceeded per the development agreement. TBD indicates that development agreement has not yet been adopted. Asterisk indicates investment also includes interest not shown. ⁵ Selected significant projects included. ⁶ Tax-exempt property. Amount shown is approximate investment in improvements. ⁷ For Medallion Retail Center, previous reports FY 11 and prior only showed added value of \$8.4 million; however, to be consistent with other reporting of redevelopment sites the full DCAD value is now shown. ⁸ Per the TIF program mixed-income housing requirement, the project is providing at least 20% of units as affordable for 15 years.			

Mixed-Income Housing Summary

Successful development efforts support a variety of housing options. Accordingly, twenty percent (20%) of all housing units in projects using direct site-specific TIF funding assistance are subject to the City's and County's established criteria for mixed income housing. In this District, as part of TIF funding, a total of 217 units have been built to date and 40 are currently set-aside as affordable. The White Rock Place project was reimbursement for infrastructure for 17 single-family lots and previously, on a case-by-case basis, for-sale housing was not subject to specific requirements.

A total of 1,417 residential units have been completed overall. Another 17 units are under construction without any TIF subsidy or affordable units anticipated.

District Initiatives

In addition to TIF incentives, there have been other public funding commitments in support of the Lake Highlands Town Center (LHTC) and improvements to trails and gateways as shown in the District Initiatives table below. A unique partnership has been formed with PC LH and several public agencies (City, Dallas County, DART, and the North Central Texas Council of Governments (NCTCOG)) as a result of the interdependent layering of funding for infrastructure and public improvements requiring on-going coordination in support of the LHTC. The lessons learned serve as a model for future interagency cooperation with the private sector in furthering transit-oriented development (TOD).

In June 2010, the North Central Texas Council of Governments (NCTCOG) Regional Transportation Council (RTC) awarded funding for two Sustainable Development (SD) Projects in the Skillman Corridor TIF District including the "LBJ/Skillman Urban Planning

Initiative” (planning study) and the “Lake Highlands TOD Sustainable Development Infrastructure Project”.

The LBJ/Skillman Urban Planning Initiative included evaluating the best land use and development mix in the LBJ/Skillman DART Station area and strategies to encourage transit-oriented development (TOD) and supporting pedestrian/bike improvements. In August 2009, the Skillman TIF Board approved a pledge of TIF funding in the amount of \$25,000 as matching funds for the project. NCTCOG funding includes \$100,000 with a required local 20% match of \$25,000 for a total study amount of \$125,000. The study was adopted by City Council in October 2014.

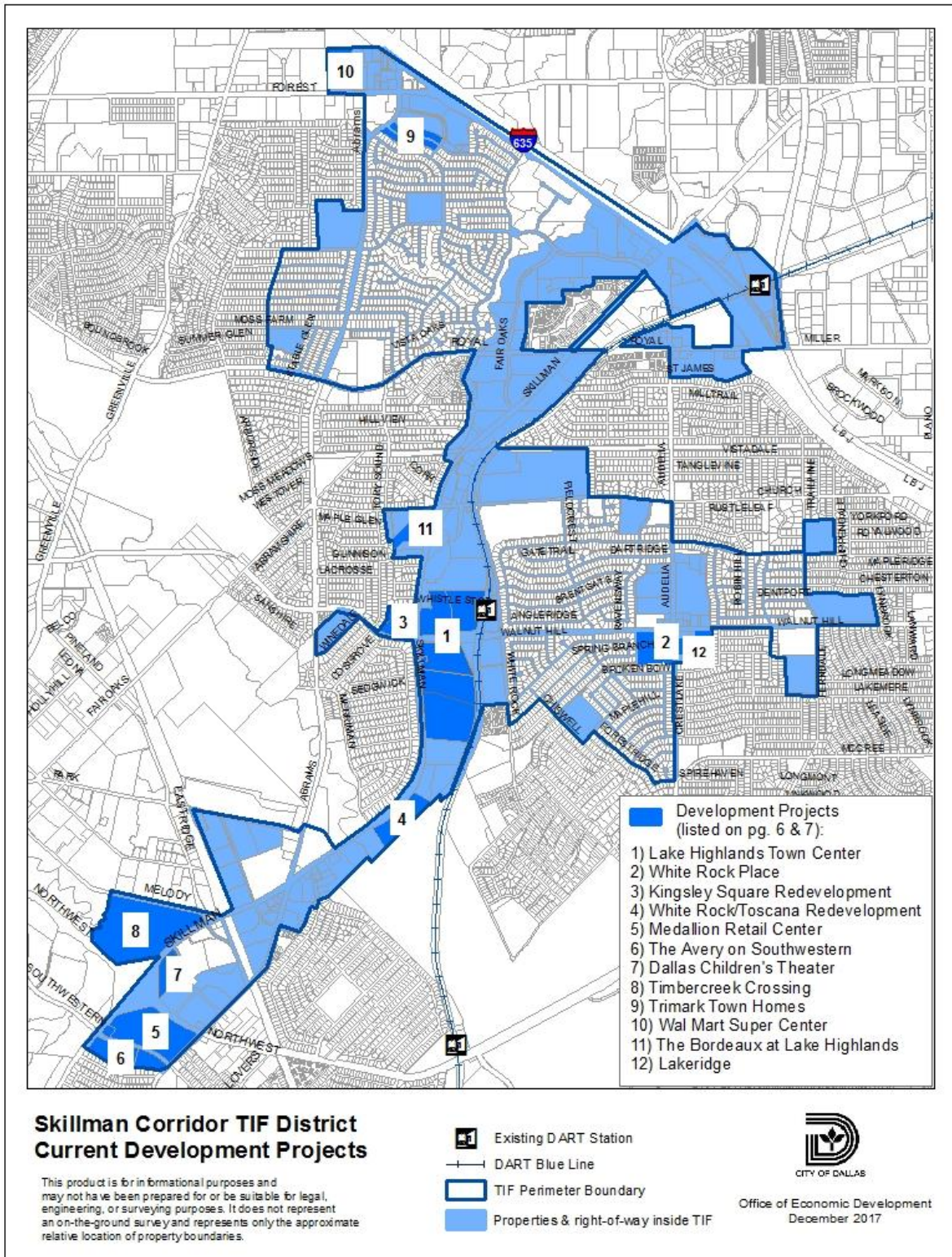
The “Lake Highlands TOD Sustainable Development Infrastructure” Project, with Dallas County and PC LH as partners, was selected for funding as an infrastructure project totaling \$3,243,000 to expand the hike and bike trail south from the LHTC to the existing White Rock Creek Trail (at Skillman Street, north of Abrams Road). In late 2015, City took the lead on managing the project with the Skillman TIF District providing \$346,800 in local match support and Dallas County committing up to \$271,000 (net project management costs). Design work has been completed for the trail extension and construction is estimated for completion February 2020, weather permitting.

In June 2018, the TIF Board recommended up to \$350,000 in TIF funding toward the construction costs of median/gateway improvements along Skillman Street between Merriman Parkway and Abrams Road. The Lake Highlands Public Improvement District funded the design work. The median construction is being implemented in conjunction with the construction of the trail extension project and any funds not utilized for the median will be available as additional contingency for the trail extension project.

District Initiatives				
Activity	Scope	Status	Investment	Source
Lake Highlands Town Center (LHTC) related				
New DART Light Rail Station – Skillman St./Walnut Hill Ln.	Along the existing DART Blue Transit Line, a new station will be added on the northeast side.	Funding approved by DART Board in 2006. Station opened Dec. 2010.	\$10,000,000	DART
City 2006 Bond Funds – Proposition Eight	Public infrastructure support for a transit-oriented development at Skillman St/Walnut Hill Ln.	Council authorized bond sale and a Chapter 380 grant agreement in 2007. Infrastructure completed 2010.	\$4,677,282	2006 City Bond Program
Dallas County Major Capital Improvement Program (MCIP)	Funding in support of the LHTC for transportation infrastructure including bridge over Jackson Creek, collector streets, and pedestrian improvements.	Improvements completed in 2010.	\$3,421,846	Dallas County MCIP Fund 196, Project 8201

North Central Texas Council of Governments (NCTCOG) with DART local funding exchange.	Traffic and median improvements, collector streets, and pedestrian access and transit related improvements.	NCTCOG RTC approved 2007. Interlocal agreement with City executed May 2008. Construction completed in 2010.	\$5,150,000 \$1,287,500	NCTCOG/RTC Local Match – Private (<i>eligible for TIF reimbursement</i>)
Other District-Wide Initiatives				
Regional Transportation Council (RTC) 2009-10 Sustainable Development Program – Lake Highlands TOD Sustainable Development Infrastructure Project	Hike/bike trail extending from south end of Lake Highland Town Center Trail into the White Rock Creek Trail near Skillman Street. The original scope included intersection improvements at Walnut Hill and Skillman; however, alternative sources of funding such as the 2017 bond program are being considered.	<i>Funding approved.</i> Project selected by the RTC in June 2010. City Council authorized agreements in 2012. Design complete. Construction completion anticipated February 2020.	\$3,467,778 max total includes: \$2,774,222 \$346,800 \$346,778 (\$271,000, net project management costs)	RTC funds Local match from Skillman Corridor TIF Fund Dallas County Major Capital Improvement Program (MCIP) funds.
Skillman Street median/gateway improvements	Improvements to at least one median between Merriman Parkway and Abrams Road near the trail extension.	Design was completed in 2018 and construction is underway with anticipated completion year end 2019.	\$350,000	Lake Highlands PID funded design as part of a larger contract. TIF funds toward construction
Regional Transportation Council (RTC) 2009-10 Sustainable Development Program – LBJ/Skillman Urban Planning Initiative	Planning study to determine future land use, development scenarios, and zoning to facilitate transit-oriented development (TOD) near the LBJ/Skillman DART Station area, potential pedestrian and transit linkages, and opportunities for new trails and open spaces.	<i>Funding approved.</i> Project selected by the RTC in June 2010. Study completed, and City Plan Commission approved. Council adopted October 8, 2014.	\$125,000 total includes: \$100,000 \$25,000	RTC funds Local match from Skillman Corridor TIF Fund
Phase I Master Plan for schematic design of enhancements to the Skillman Gateway Bridge	The Phase I Master Plan will build on the Lake Highlands Gateway Bridge project, a \$64 million interchange reconfiguration for Skillman and IH 635 “LBJ Freeway” that both TXDOT and the City of Dallas have committed construction funding. Construction timing is under review. The Bridge project will incorporate the potential enhancements.	Skillman Corridor TIF Board approved funding to share in the cost of the plan with the Lake Highlands Improvement District Corporation (LHIDC). LHIDC managed the consultant and design was completed in 2017.	\$55,000 estimated total cost \$35,000 \$25,000	Skillman Corridor TIF Fund LHIDC funds
Total Investment			\$28,534,406	

TIF District Development Project Map



Value and Increment Revenue Summary

The Skillman Corridor TIF District's assessed 2019 City taxable value was \$938,065,231 and varies for other taxing jurisdictions due to exemption levels. This represents an increase of \$602,107,920 or 179% over the base year (2005) value and a 12% increase over last year's final value. The TIF District anticipates collecting approximately \$6,200,789 in incremental tax revenue for tax year 2019, of which \$3,974,575 is the City's contribution. The anticipated RISD portion totals \$1,418,933 and 30% or \$425,680 will be earmarked for the RISD Facility Improvements TIF budget line item pursuant to RISD's interlocal agreement with the City.

Objectives, Programs, and Success Indicators

Among the goals of the Plan are:

- To create additional taxable value attributed to new private investment in projects in the Skillman Corridor TIF District totaling approximately \$592 million.
Over \$430 million in new investment is completed (includes current value of 17 homes at the enclave yet to be constructed) (73% of the goal).
- To attract new private development in the Skillman Corridor TIF District totaling approximately 740,000 square feet of new or upgraded retail space and 6.4 million square feet of new or upgraded residential development including town home, multi-family, and single-family projects.
1,211,369 square feet of new and upgraded retail space is completed (exceeding the goal by 64%). 1,434 residential units are completed and 17 units under construction, approximately 1,611,950 square feet total (25% of the goal).



New residential developments at Lake Highlands Town Center that opened in 2018 including Lookout Apartments (left) and Enclave townhomes (right)

- To focus on encouraging the redevelopment of properties on the Skillman Street corridor and the existing DART Light Rail Station at LBJ and Skillman to increase density and provide enhanced urban design for the District.

The TIF Board adopted a Skillman Corridor TIF District Strategic Implementation Plan to better focus redevelopment activities and TIF expenditures including supporting the Skillman/LBJ Gateway planning effort to promote TOD development at the LBJ/Skillman DART Station area. A NCTCOG Regional Transportation Council (RTC) funded planning study was completed in 2014 to explore development options and public improvements needed to facilitate TOD development around the LBJ DART station.

The Lake Highlands Gateway Bridge project, a \$64 million interchange reconfiguration for Skillman (incorporating the extensive efforts made by community leaders to present an alternative to an original flyover bridge design) and the LBJ East project is moving forward as one project. Preliminary construction began late summer. The TIF Board funded \$35,000 to share in the cost in partnership with the Lake Highlands Public Improvement District for a Phase I Master Plan that studied and prepared schematic design for enhancements to the bridge (completed in 2017).

- To maintain the stability of local schools as redevelopment occurs in the housing market.

In May 2007, the TIF Board adopted "Skillman Corridor TIF District Relocation Assistance/Student Retention Program Guidelines" with substantial input from the Richardson Independent School District (RISD) and private partners as part of negotiating the LHTC development agreement. A concerted effort was made at the start of the LHTC redevelopment to relocate remaining tenants to other apartment complexes within the RISD. Occupancy levels were low at the time and of the 110 unit relocations specifically tracked in August 2007, 78% relocated to another complex in the RISD.

Current RISD enrollment data for FY 2019 indicates that overall enrollment for the eleven RISD campuses within the TIF District is up 42.1% compared to the 2006-07 school year when tracking for the potential impact of TIF related redevelopment began. Over the thirteen-year period, all schools gained students with some elementary schools and Lake Highlands High School having enrollment increases above 50%. Staff and the Board will continue to work with school district representatives to monitor enrollment.

- To reach ridership at existing and future DART light rail stations in the District averaging over 3,000 riders per weekday by 2015.

The annualized ridership for FY 2019 for the LBJ/Skillman station is 361,148, according to DART. This represents a decrease of 9.4% over the

base year (FY 2005) and .003% increase from last year. Average daily ridership is 1,139; a 1.2% decrease from last year.

The Lake Highlands Station in its first full operating year 2011 had average daily ridership of 435. The annualized ridership for FY 2019 is 137,806 which represents a 34.6% increase over the base year and a 0.74% decrease over last year. Currently the average daily ridership level is 442, a 2.6% decrease from last year. Staff will continue to monitor ridership trends.

Year	Station	Annualized Ridership	Change from Previous Year	Change from Base Year
FY 2005	LBJ/Skillman	398,664	-	-
FY 2006	LBJ/Skillman	412,972	3.59%	3.59%
FY 2007	LBJ/Skillman	410,944	-0.49%	3.08%
FY 2008	LBJ/Skillman	458,432	11.56%	14.99%
FY 2009	LBJ/Skillman	466,593	1.78%	17.04%
FY 2010	LBJ/Skillman	419,418	-10.11%	5.21%
FY 2011	LBJ/Skillman	420,294	0.21%	5.43%
FY 2012	LBJ/Skillman	455,667	8.42%	14.30%
FY 2013	LBJ/Skillman	465,269	2.11%	16.71%
FY 2014	LBJ/Skillman	427,755	-8.06%	7.30%
FY 2015	LBJ/Skillman	415,159	-2.94%	4.14%
FY 2016	LBJ/Skillman	385,132	-7.23%	-3.39%
FY 2017	LBJ/Skillman	363,885	-5.52%	-8.72%
FY 2018	LBJ/Skillman	361,137	-0.76%	-9.41%
FY 2019	LBJ/Skillman	361,148	.003%	-9.41%

Year	Station	Annualized Ridership	Change from Previous Year	Change from Base Year
FY 2011	Lake Highlands	102,394	-	-
FY 2012	Lake Highlands	153,439	49.85%	49.85%
FY 2013	Lake Highlands	175,425	14.33%	71.32%
FY 2014	Lake Highlands	161,445	-7.97%	57.67%
FY 2015	Lake Highlands	162,719	0.79%	58.91%
FY 2016	Lake Highlands	153,156	-5.88%	49.58%
FY 2017	Lake Highlands	145,841	-4.78%	42.43%
FY 2018	Lake Highlands	138,839	-4.80%	35.59%
FY 2019	Lake Highlands	137,806	-.74%	34.58%

- To improve access and connections to the DART light rail system within the District.

The Lake Highlands DART opened December 6, 2010. The station is the first infill station constructed by DART while DART Rail is in operation. The

station area was intended to be incorporated with the development of the Lake Highlands Town Center (LHTC).

- To increase recreational opportunities and improve connections to the City of Dallas trails and open space system in the District.

The 20 acres of park and trails as part of the LHTC has been completed and was conveyed to the City in March 2011. Maintenance of that recreational space is handled privately and/or by the Lake Highlands Public Improvement District (PID).

The NCTCOG Regional Transportation Council (RTC) has also committed funding to expand the hike and bike trail south from the LHTC to the existing White Rock Creek Trail (at Skillman, north of Abrams). Design is complete and the project is underway.

- To generate approximately \$49.7 million (net present value) in increment over 20 years of collections.

The District's 2019 total taxable value of \$862,898,908 is approximately 11% behind the original projection of \$1,056,488,006. The economic downturn in the early years of the District impacted the pace of new construction, including delaying the build out of the Lake Highlands Town Center.

- To diversify retail and commercial uses in the District.

Upgrades were made at the Kingsley Square and Medallion Center. A WalMart Supercenter and the Timbercreek Crossing development is complete with Wal Mart/Sam's Club and J.C. Penney as anchors. The "White Rock Place" project included upgraded signage and site improvements as part of consolidating viable retail space that has attracted new tenants. The "Shops at Lake Highlands Town Center" includes a Sprouts grocery anchor along with new restaurants and retail. An additional 181,993 square feet in retail space, including a Marshalls, Burlington and Academy, has been added to the District with the development of Highpoint Crossing.



Taco Diner at the Shops at Lake Highlands Town Center (left) and Andy's Frozen Custard (right) at the upgraded "White Rock Place" retail center.

Year-End Summary of Meetings

The Skillman Corridor TIF District Board of Directors met one time during the fiscal year from October 1, 2018 to September 30, 2019. The Board approved and forwarded one item to City Council (the FY 2018-2019 annual report).

The Board, based on amended composition, can consist of up to nine members, including seven City of Dallas appointees, one Richardson School District appointee, and one Dallas County appointee. During FY 2019 the Board members were (FY 2019 Board meetings attended):

John Dean, Chair – City Representative (1 of 1 meeting)
David Brown – City Representative (1 of 1 meeting)
Gregory Duval – City Representative (1 of 1 meeting)
Allison Griffin – City Representative (1 of 1 meeting)
John Torres – City Representative (1 of 1 meeting)
Jonathan Haas – City Representative (0 of 1 meeting)
Rick Loessberg – Dallas County Representative (0 of 1 meeting)
Jean Bono – RISD Representative (1 of 1 meeting)

During the fiscal year, the City Council approved one item directly associated with the Skillman Corridor TIF District:

- On February 27, 2019, the City Council approved resolution 19-0372 accepting the FY 2017-2018 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Fourteen (Skillman Corridor TIF District or District), submitted by the Skillman Corridor TIF District's Board of Directors, and authorizing the City Manager to submit the annual report to the Chief Executive Officer of each taxing jurisdiction that levies taxes on real property in the District, and to the State Comptroller, as required by state law.

Pending TIF Items

- Consideration of the FY 2018-2019 TIF District Annual Report and a recommendation to the City Council for approval.

Budget and Spending Status

Each TIF District establishes a budget for the public improvement expenditures necessary to support private investment in the District in the Project Plan and Reinvestment Zone Financing Plan. The current TIF District budget is shown below:

Skillman Corridor TIF District Projected Increment Revenue to Retire TIF Fund Obligations			
Category	TIF Budget ¹	Allocated ²	Balance
Skillman/Walnut Hill TOD Town Center: environmental remediation, interior/exterior demolition, street & utility improvements, streetscape, land acquisition, park/plaza design & acquisition, and economic development grants	\$46,367,287	\$10,346,800 ⁴	\$36,020,487
Other Skillman Corridor Improvements: environmental remediation, interior/exterior demolition, street & utility improvements, streetscape, land acquisition, park/plaza design & acquisition, and economic development grants	\$55,074,663	\$6,814,604 ⁵	\$48,260,059
Relocation Assistance/Student Retention	\$1,000,000	\$0	\$1,000,000
RISD Facility Improvements	\$5,000,000	\$5,000,000	\$0
Administration and implementation³	\$6,136,299	\$554,033	\$5,582,266
Total Project Costs	\$113,578,249	\$22,715,437	\$90,862,812
<p><i>1. Budget shown above in total dollars. However, TIF plan shows the budget in net present value. 2. Allocated amount for Other Skillman Corridor Improvements category includes a portion as a grant in lieu of interest up to \$457,000; Interest paid on White Rock Place was in the amount of \$13,974. 3. TIF administration costs shown are expended or committed through FY 2018; actual FY 2018-2019 (in process) administration costs will be reflected in the FY 2019-2020 financial statements. Costs include \$25,000 local match for a NCTCOG grant funded planning study. 4. The local match commitment \$346,800 for the Lake Highlands TOD Connectivity project as a district-wide improvement has been allocated to this budget category. 5. District-wide funding of \$350,000 for a median improvement project at Skillman/Abrams has been allocated to this budget category.</i></p>			

Skillman Corridor TIF District Project Plan Budget	
Category	TIF Budget*
Skillman/Walnut Hill TOD Town Center: environmental remediation, interior/exterior demolition, street & utility improvements, streetscape, land acquisition, park/plaza design & acquisition, and economic development grants	\$20,000,000
Other Skillman Corridor Improvements: environmental remediation, interior/exterior demolition, street & utility improvements, streetscape, land acquisition, park/plaza design & acquisition, and economic development grants	\$23,809,003
Relocation Assistance/Student Retention	\$531,833
RISD Facility Improvements	\$2,659,164
Administration and implementation	\$2,684,296
Total	\$49,684,296
* As approved in the Project Plan and Reinvestment Zone Financing Plan (discounted to 2006 dollars).	

Skillman Corridor TIF M/WBE Participation			
Project	Contractor	Total Contract Award Amount	Percentage Minority Participation
Lake Highlands Town Center (LHTC) Project			
LHTC Civil Engineering/Design	Pacheco Koch & TBG Landscape Architects	\$1,225,000	76%
LHTC – Environmental Consulting (<i>private competitive bidding</i>)	Southwest Geoscience	\$256,365	100%
LHTC – Abatement (<i>private competitive bidding</i>)	AMX Environmental	\$2,954,777	33%
LHTC – Demolition (<i>private competitive bidding</i>)	Intercon Demolition	\$1,861,230	21%
LHTC – Geotechnical Services (<i>private competitive bidding</i>)	Terracon	\$11,500	47%
LHTC – Public Bid (City) Package #1 for dirtwork, storm sewer, sanitary sewer, and retaining wall construction	Walton Construction	\$9,782,947	18%
LHTC – Utilities (<i>private competitive bidding</i>)	Tri-Dal	\$1,102,291	6%
LHTC – Tree relocation/ test lab	Environmental Design & Terracon	\$567,331	n/a
LHTC – Park/Trail improvements (<i>private competitive bidding</i>)	Valley Crest	\$2,500,000	35%
City/Private Bid Total		\$20,261,441	\$5,227,256 (25.8%)
Dallas County Public Bid Package – LHTC bridge, roads, streetscape, signals	Austin Bridge and Road, Inc.	\$8,076,506	9%
White Rock Place (WRP) Project			
WRP – Flat work	W.O.E. Construction	\$5,179	0.70%
WRP – Erosion control	Brock Environmental Services, LLC	\$14,459	1.96%
WRP - Utilities	JT Dersner	\$369,204	49.99%
WRP – Building demo	E.W. Wells Group, LLC	\$272,360	40.39%
WRP Bid Total		\$1,412,775	\$661,202 (46.8%)
White Rock Trail Apartments (WRT) Project			
WRT – Building demo	Lindamood Demolition, Inc.	\$553,665	37.9%
WRT - Abatement	Southwest Geoscience	\$60,500	4.14%
WRT Bid Total		\$1,460,986	\$614,165 (42%)
Overall Total		\$31,211,708	\$7,229,509(23.2%)
Overall Total (excluding Dallas County bid)		\$23,135,202	\$6,502,623 (28.1%)

Skillman Corridor TIF M/WBE Participation Continued			
Project	Contractor	Total Contract Award Amount	Percentage Minority Participation
Lakeridge Project			
Lakeridge – Electrical Services	Vanguard Electrical Services	\$175,000	31.76%
Lakeridge – Asbestos remediation/abatement	Ponce Contractors	\$176,816	32.09%
Lakeridge Overall Total		\$551,018	\$351,816 (63.85%)

FY 2019-2020 Work Program

The FY 2019-2020 work program includes:

- Continuing coordination efforts for the LHTC and other development projects.
- Verifying that all project conditions have been met for the Lakeridge project.
- Continuing work to support the efforts of the LBJ/Skillman Gateway Plan.
- Staff support for the implementation of the Lake Highlands TOD Sustainable Development Infrastructure project in partnership with the North Central Texas Council of Governments (NCTCOG).
- Monitoring the impact of redevelopment on RISD student enrollment.
- Working to improve connections to the City of Dallas trails and open space system in the District.
- Investigating additional sources of funding for the District.

Appendix A – Financials

City of Dallas, Texas

Skillman Corridor Tax Increment Financing District Fund

Balance Sheet as of September 30, 2019 (Unaudited)

With Comparative Totals for September 30, 2018, 2017, 2016, and 2015, (Audited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets:					
Pooled cash and cash equivalents	\$9,661,086	\$4,696,930	\$5,155,607	\$2,309,956	\$2,717,054
Interest receivable	\$10,472	\$10,764	\$12,582	\$3,150	\$3,262
Total assets	\$9,671,558	\$4,707,694	\$5,168,189	\$2,313,106	\$2,720,316
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts and contracts payable	\$34,119	\$10,519	\$0	\$104,226	\$2,656,301
Advances from developers	\$0	\$0	\$0	\$0	\$0
Accrued interest	\$0	\$0	\$0	\$0	\$0
Due to general fund	\$60,378	\$0	\$10,395	\$10,395	\$10,395
Total liabilities	\$94,497	\$10,519	\$10,395	\$114,621	\$2,666,695
Fund Balance (Deficit):					
Fund Balance (Deficit)	\$9,577,062	\$4,697,175	\$5,157,794	\$2,198,486	\$53,621
Total Liabilities and Fund Equity	\$9,671,559	\$4,707,695	\$5,168,189	\$2,313,107	\$2,720,316

Skillman Corridor Tax Increment Financing District Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)

Balance Sheet as of September 30, 2019 (Unaudited)

With Comparative Totals for September 30, 2018, 2017, 2016, and 2015, (Audited)

	<u>ITD</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Tax increment-Governmental	\$14,660,234	\$3,323,169	\$2,673,768	\$2,116,484	\$1,621,779	\$1,188,742
Tax increment-Intergovernmental	\$6,736,245	\$1,921,453	\$1,445,707	\$1,080,268	\$653,228	\$414,981
Interest income	\$275,285	\$116,629	\$51,558	\$39,450	\$9,038	\$12,620
Net increase (decrease) in fair value of investments	\$11,453	\$30,099	(\$10,310)	(\$11,775)	(\$2,201)	\$5,751
Total revenues	\$21,683,217	\$5,391,350	\$4,160,723	\$3,224,427	\$2,281,844	\$1,622,095
Expenditures:						
Administrative expenses	\$529,033	\$60,679	\$0	\$66,777	\$32,753	\$34,695
Non-Capital Outlay	\$2,778,568	\$376,066	\$276,782	\$198,341	\$104,226	\$703,933
Capital outlay	\$8,784,579	\$74,719	\$4,344,560	\$0	\$0	\$2,013,301
Interest and fiscal charges	\$13,974	\$0	\$0	\$0	\$0	\$0
Total expenditures	\$12,106,156	\$511,464	\$4,621,342	\$265,118	\$136,979	\$2,751,929
Excess (Deficiency) of Revenues over Expenditures	\$9,577,062	\$4,879,886	(\$460,619)	\$2,959,308	\$2,144,865	(\$1,129,834)
Fund balance (Deficit) at beginning of year as previously reported	\$0	\$4,697,175	\$5,157,794	\$2,198,486	\$53,621	\$1,183,455
Fund balance (Deficit) at beginning of year, as restated	\$0	\$4,697,175	\$5,157,794	\$2,198,486	\$53,621	\$1,183,455
Fund balance (deficit) at end of year	\$9,577,062	\$9,577,062	\$4,697,175	\$5,157,794	\$2,198,486	\$53,621

Note: Fiscal year 2018-19 unaudited financial statements are based on preliminary close numbers and are subject to review by the City Controller's Office prior to approval by the City Council. In case of any material changes, TIF board will be provided with the updated financial statements.

City of Dallas, Texas
Skillman Corridor Tax Increment Financing District Fund
Reinvestment Zone Number Fourteen
As of September 30, 2019

Chapter 311.016 of V.C.T.A. requires the following information as part of the annual report on the status of the TIF District. Information is contained in detail on the attached financial statements.

1. Amount and source of revenue in the tax increment fund established for the zone:

\$146,728	Interest Income
<u>\$5,244,622</u>	Ad Valorem Taxes (Collected in FY'2018-19 based on 2018 Final Tax Roll)
<u>\$5,391,350</u>	Total Revenue

2. Amount and purpose of expenditures from the fund:

\$60,679	Administrative Expense *
\$376,066	Non-Capital outlay (1)
\$74,719	Capital outlay (1)
\$0	Additional Subsidy in Form of Grant (in lieu of interest expense)
<u>\$511,464</u>	Total Expenditures

* TIF admin cost is \$60,379 and PNK cost is \$300 for a combined total admin cost of \$60,679

* Actual FY 2018-2019 (in Process) administration costs will be reflected in the FY 2019-2020 Financial Statements.

(1) These expenditures were for the following projects:

Partial Reimbursement #11 for RISD Public Imp.	\$376,066
Other	\$345
Lake Highlands TOD Infrastructure design services	\$35,000
Lake Highlands Trail South Extension	\$21,536
Total	<u>\$432,947</u>

3. The Zone began reimbursing the General Fund for administrative costs in fiscal year 2008-09.

4. a. Amount of Principal and Interest due-on outstanding bonded indebtedness is as follows:

Skillman Corridor TIF District has incurred no bonded indebtedness as of September 30, 2019.

b. The Zone entered into a development agreement; as amended, with PC LH Land Partners, LP for the "Lake Highland Town Center" development in the TIF in an amount not to exceed \$40,000,000; however, developer opted to terminate the agreement after Phase I, (\$10 million TIF commitment) and began reimbursing the developer in fiscal year 2011 with the status as follows:

<u>Project</u>	<u>Principal</u>	<u>Accrued Add'l Subsidy (1)</u>	<u>Less Payments</u>	<u>Total Outstanding</u>
Demolition, Env. Remediation, etc.	\$643,000	\$0	\$643,000	\$0
Water, Wastewater & San. Sewers	\$257,000	\$0	\$257,000	\$0
Street & Utility Improvements	\$6,100,000	\$0	\$4,437,748	\$1,662,252
Land Acquisition	\$3,000,000	\$0	\$3,000,000	\$0
Grant	\$0	\$0	\$0	\$0
Total	<u>\$10,000,000</u>	<u>\$0</u>	<u>\$8,337,748</u>	<u>\$1,662,252</u>

c. The Zone also entered into a development agreement with Audelia W GK, LLC for the White Rock Place redevelopment in an amount not to exceed \$2,372,000. The Zone fully reimbursed the developer in fiscal year 2014 with status as follows:

<u>Project</u>	<u>Principal</u>	<u>Accrued Add'l Subsidy (1)</u>	<u>Less Payments</u>	<u>Total (P & I) Outstanding</u>
White Rock Place Project	\$1,915,000	\$13,974	\$1,928,974	\$0
Total	\$1,915,000	\$13,974	\$1,928,974	\$0

(1) Additional Subsidy in Form of Grant (in lieu of interest expense)

d. The Zone entered into a development agreement with WRT/DK Residential, L.P. for the White Rock Trail Apartments project in 2013 in an amount up to \$4,000,000 however, developer opted to terminate the agreement in FY 2016; therefore no reimbursement will occur.

e. The Zone entered into a development agreement with NADG/SHOP Lakeridge LP for the development of the Lakeridge Project in an amount not to exceed \$4,500,630 with reimbursement to begin upon completion of the all requirements and the availability of funds.

5. Tax increment base and current captured appraised value retained by the zone:

<u>Taxing Jurisdiction</u>	<u>Taxable Value 2019*</u>	<u>Base Year 2005 Value</u>	<u>Est. Captured Value 2019*</u>
City of Dallas	\$938,065,231	\$335,957,311	\$602,107,920
Dallas County	\$939,687,038	\$335,909,087	\$603,777,951
Richardson School District # 1 (INS)	\$669,925,813	\$235,461,409	\$434,464,404
Richardson School District # 2 (Operating)	\$0	\$0	\$0

*Taxable value shown for participating taxing jurisdictions. County & RISD #1 values are approximate and will vary slightly from the City value due to different exemption levels.

**Based on Certified Taxable Value. The final values will be determined on February 01, 2020.

6. Captured appraised value by the municipality and other taxing units, the total amount of the tax increment received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality:

A. Estimated tax increment shared by the municipality and other participating taxing jurisdictions:

<u>Taxing Jurisdiction</u>	<u>Assessment Per \$100***</u>	<u>Amount of Estimated 2019 Increment***</u>
City of Dallas	0.66011	\$3,974,575
Dallas County	0.13371	\$807,281
Richardson Independent School District # 1 (INS)	0.32659	\$1,418,933
Richardson Independent School District # 2 (Operating)	1.17000	\$0
Total for all Jurisdictions	\$2.29041	\$6,200,789

***Participation rate for City of Dallas is 85% for tax years 2008 - 2031.

***Participation rate for Dallas County is 55% for tax years 2008 - 2027.

Richardson Independent School District (RISD) participates at the rate of 16.48% (debt service portion only) for tax years 2008 - 2021. The Zone will set aside 30% or \$425,680 of the anticipated 2019 (tax year) RISD increment of \$1,418,933 to reimburse RISD for Facility Improvements TIF budget line item pursuant to RISD's interlocal agreement with the City of Dallas.

B. The total amount of estimated tax increment to be billed for the 2019 tax year is \$6,200,789. For the 2018 tax year, increment in the amount of \$5,244,622 was received.

City of Dallas, Texas
Skillman Corridor Tax Increment Financing District
Notes to Financial Statements for the Year Ended September 30, 2019

1. The measurement focus used for the TIF Zone fund is a flow of financial resources. The financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, tax increment revenues and interest are recognized as revenue when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the liability is incurred.
2. The TIF's cash balances are invested in the City's investment pool and include amounts in demand deposits as well as short-term investments. Pooled investments and short-term non-pooled investments are treated as cash equivalents. Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.
3. State statute requires that each taxing jurisdiction remit its ad valorem taxes to the Zone by May 1 of each year (remittance to occur no more than 90 days after taxes for the jurisdiction become delinquent).
4. The Zone's Financial Plan permits expenditures not to exceed \$6,123,084 over the life of the TIF to reimburse the City for administrative costs. Any future remittance for administrative expenses would come from excess cash as tax increment revenue increases as a result of increased assessed values.
5. "Due to general fund" amount of \$60,378 at September 30, 2019 represents the TIF administration costs for the fiscal year 2018 that have been earned but will be reimbursed to the General Fund in future years based on the availability of TIF funds.
6. Actual FY 2018-2019 (in Process) administration costs will be reflected in the FY 2019-2020 Financial Statements.
7. All project costs resulting in capital improvements that are owned by the City are capitalized by the City.

Appendix B – Financial Obligations Estimated Payoff

The District currently has two outstanding developer obligations:

- Lake Highlands Town Center, Phase I has an outstanding obligation of \$1,662,252. An available reimbursement of this final amount is pending compliance with ongoing mixed-income housing requirements.
- It is anticipated that the Lakeridge project will be paid in full (\$4,500,630) upon verification of all project conditions.

Appendix C – District-wide Set Aside Funds

The adopted Increment Allocation Policy for the District allows the TIF Board discretion to set aside increment for “district-wide improvements” such as gateways, trails, open space, public facilities, or utility/streetscape improvements benefiting multiple properties or blocks. The intent of these funds is to leverage TIF funds as a match for other funding.

Below are district-wide funding commitments to date:

- In 2009, TIF funding of \$25,000 was paid toward the required 20% local match for the LBJ/Skillman Urban Planning Initiative that evaluated the best land use and development mix in the LBJ/Skillman DART Station area and strategies to encourage transit-oriented development (TOD) and supporting pedestrian/bike improvements. The North Central Texas Council of Governments (NCTCOG) funded \$100,000 toward the total study amount of \$125,000. The study was finalized and adopted by City Council October 2014.
- In 2016, a TIF funding commitment of \$346,800 was recommended towards the local match for the NCTCOG “Lake Highlands TOD Sustainable Development Infrastructure” Project, to expand the hike and bike trail south from the LHTC to the existing White Rock Creek Trail (at Skillman Street, north of Abrams Road). The total project cost is up to \$3.4 million. TIF funds have been set aside from available cash with expenditures anticipated once design and construction contracts are approved.
- In 2016, a TIF funding commitment of \$35,000 was recommended to share in the cost for a Phase I Master Plan to study and prepare schematic design for enhancements to the proposed Lake Highlands Gateway Bridge at the intersection of Skillman Street and IH 635. The Lake Highlands Public Improvement District (LHPID) also committed at least \$25,000 toward the cost and managing the process. TIF funds have been used to reimburse the LHPID for the completed study and schematic designs.
- In 2018, a TIF funding commitment of \$350,000 was recommended towards the construction costs of median/gateway improvements along Skillman Street between Merriman Parkway and Abrams Road. The Lake Highlands Public Improvement District funded the design work. The median construction is being implemented in conjunction with the construction of the trail extension project and any funds not utilized for the median will be available as additional contingency for the trail extension project.