

Design District TIF District FY 2019-2020 Annual Report



City of Dallas

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October 1, 2019 to September 30, 2020

Reinvestment Zone Number Eight Tax Increment Financing District

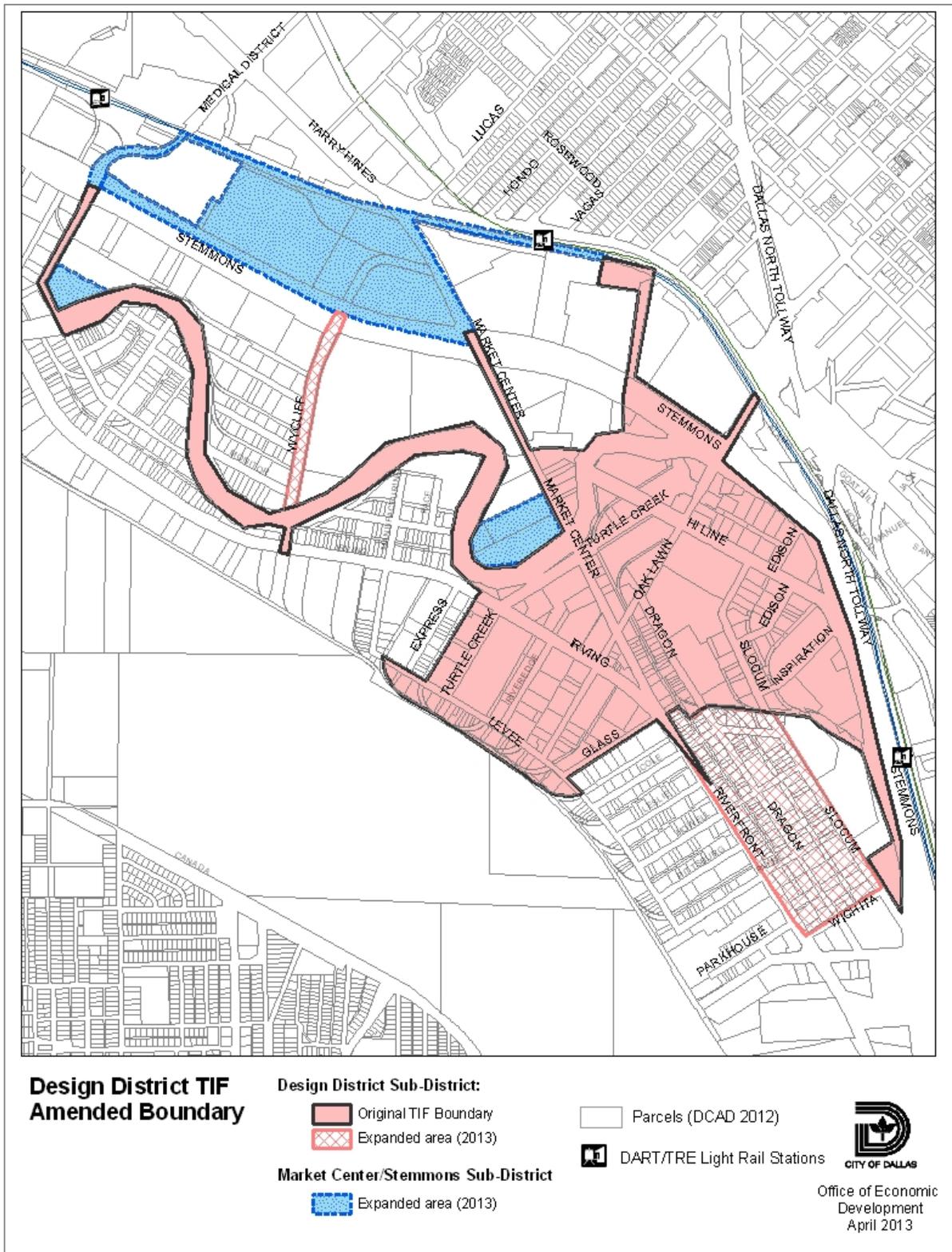


Table of Contents

Mission Statement.....	4
District Accomplishments	4
Mixed-Income Housing Summary.....	8
District Initiatives.....	8
TIF District Development Project Map.....	12
Value and Increment Summary.....	13
Objectives, Programs, and Success Indicators	14
Year-End Summary of Meetings	17
Pending TIF Items.....	18
Budget and Spending Status.....	17
FY 2020-2021 Work Program	19
Appendix A – Financials.....	20
Appendix B - Financial Obligations Estimated Payoff.....	24
Appendix C - District-Wide Set-Aside Funds	25

Front cover shows the Hi Line Drive median (trail) improvements completed in 2020 as part of the Virgin Hotel Infrastructure Project.

Mission Statement

The mission of the Design District TIF District is to provide a source of funding for public infrastructure improvements that will assist in redeveloping an industrial and warehouse district to take full advantage of the expanding DART light rail system, to promote transit oriented development, and to improve access to the Trinity River and the quality of development adjacent to the Trinity Corridor. The Design District TIF District duration began on January 1, 2006, and will terminate on December 31, 2027, (including collection of the 2027 increment in calendar year 2028 and any related matters to be concluded in 2028).

District Accomplishments

Dallas City Council established the Design District TIF District by Ordinance Number 26021 on June 8, 2005. The District was established to assist in the transformation of the old Stemmons Industrial area into a diversified, pedestrian friendly, mixed-use neighborhood near the heart of Downtown Dallas. The Design District TIF Board adopted the final Project Plan and Reinvestment Zone Financing Plan in 2006.

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

The first TIF-funded project in the District, “1525 Turtle Creek at the District” (apartments now called Alta 1900 Lofts), was completed in 2010 and included extensive public improvements along Hi Line Drive, Oak Lawn Avenue, and Turtle Creek Boulevard.

During FY 2011-2012, the TIF district 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 project design review process to have that function undertaken as part of the City Design Studio Peer Review Panel. The TIF District Board also approved a set of master design guidelines and mixed-income housing guidelines.

A development agreement with Texas Security Bank for the Turtle Creek Median district-wide improvement project dedicated up to \$116,356 in TIF District funds for median and signage improvements along Turtle Creek Boulevard from Irving Boulevard to Market Center Boulevard. The median project was completed in 2013.

Also approved in FY 2011-2012 was a development agreement with Friends of the Trinity Strand Trail to dedicate up to \$400,000 for the design and engineering of the Trinity Strand Trail Soft Surface Trail Design Project. The proposed soft surface trail would be approximately 2 miles of decomposed granite trail mostly on top of the banks of the Old Trinity Meanders extending from Farrington Street east of Medical District

Drive, crossing below Wycliff Avenue, crossing Market Center Boulevard at street level and terminating at the Hi Line Drive trail plaza. Pedestrian bridges, low water crossings, and small plazas/overlooks will also be included in the design. The design study was completed in mid-2014.

During FY 2012-2013, an expansion of the TIF District and Plan amendment was approved by Ordinance Number 29037 to create two subdistricts within the Design District TIF District: (a) Design District Sub-District (original district boundary plus additional property along Slocum/Dragon Streets and Riverfront Boulevard) and (b) Market Center/Stemmons Sub-District (an expansion area to facilitate the redevelopment of the Dallas Apparel Mart site). A development agreement was also approved for the Proton Treatment Center project; however, the Proton Treatment Center project did not move forward, and TIF development agreement authorization expired in December 2015.

During FY 2013-2014, the TIF District Board adopted a set of “Guidelines for Wayfinding and Gateway Signage” to encourage consistency with signage improvements whether as a district-wide improvement or in conjunction with a development project.

In FY 2014-2015, a development agreement for the Alexan Riveredge project dedicated up to \$7,800,000 in TIF District funding for public infrastructure and an economic development grant in support of the project. The development was completed in 2017.

In FY 2018-2019, a development agreement for the Virgin Hotel Infrastructure Project was approved for up to \$3,622,885 in TIF District funding for streetscape and trail related public improvements.

In FY 2019-2020, a development agreement for the Cabana Hotel Redevelopment Project was approved for up to \$15,500,000 in TIF District funding. The TIF District Board also recommended up to \$7,000,000 in current and future TIF District funding for the design and construction of the Trinity Strand Trail Hi-Line Span Project. The Project’s design phase that includes up to \$511,000 in current TIF District funds was approved by City Council in September 2019.

Projects within the District completed, under construction or in the development stage to date are shown in the table below.

Design District TIF District Projects¹						
Projects Within TIF District Utilizing TIF Funding						
Project	Location	Calendar Year Complete	Status	Units/ SF²	Approx. Value³	TIF Investment⁴
1525 Turtle Creek at the District (now The Dunhill Design District) ⁷	1900 Hi Line Drive	2010	Complete	214 residential units	\$36,000,000	\$4,402,000*
Alexan Riveredge (now Apex Design District) ⁸	150 Turtle Creek Blvd.	2017	Complete	309 residential units	\$53,100,000	\$7,800,000
Virgin Hotel & Infrastructure Project (Dunhill Partners)	1909 Hi Line Dr.	2019 (Hotel) 2020-2023 (Infrast.)	Partially complete	268 hotel rooms	\$74,024,770	\$3,622,885
Cabana Hotel Redevelopment Project	899 N. Stemmons Fwy.	2023	Planned	264 hotel rooms	\$47,000,000	\$15,500,000
Subtotal				523 units; 532 hotel rooms	\$210,124,770	\$31,324,885
Projects Within TIF District Not Utilizing TIF Funding⁵						
Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value	TIF Investment
International on Turtle Creek	150 Turtle Creek Blvd.	2006	Complete	157,640 square feet showroom & retail space	\$16,000,000	\$0
Trinity Lofts & Work/Live Showrooms	1403 Slocum St. & 1430 Dragon St.	2007	Complete	~92 units & 28,063 square feet showroom (164,030 square feet total)	\$20,915,000	\$0
Alta Design District	1531 Inspiration Dr.	2009	Complete	309 residential units	\$47,300,000	\$0
Alexan Design District (now Camden Design District)	1551 Oak Lawn Ave.	2009	Complete	355 residential units	\$57,860,350	\$0
Green Zone, arts venue	161 Riveredge Dr.	2008	Complete	2,520 square feet performance space	\$1,421,260	\$0
Dallas Contemporary ⁶	161 Glass St.	2010	Complete	6,000 square feet office space & 11,000 square feet gallery space for Center; & 22,000 square feet office/retail for tenants	\$2,214,900	\$0

1400 Hi Line	1400 Hi Line Dr.	2012	Complete	314 residential units; 29,000 square feet retail	\$83,500,000	\$0
Avant Apartments	1955 Market Center Blvd.	2013	Complete	301 residential units	\$44,500,000	\$0
Renaissance Hotel Conference Center expansion	2222 N. Stemmons Frwy.	2014	Complete	50,000 square feet meeting space	\$11,700,000	\$0
Alta Strand	1931 Market Center Blvd.	2017	Complete	400 residential units	\$64,950,000	\$0
Urby Phase I - apartments	1930 Hi Line Drive	2023	Planned	381 residential units	\$85,000,000	\$0
Hotel/Apartments (Dunhill Partners)	1645 & 1700 Stemmons Frwy.	2024	Planned	250 hotel rooms; 100 apartments	\$70,000,000	\$0
Office Tower (Dunhill Partners)	1605 & 1615 N. Stemmons Frwy.	2025	Planned	240,000 square feet office space	\$75,000,000	\$0
Subtotal				2,252 units; 214,703 square feet retail/showroom; 13,520 square feet gallery/arts venue; 298,000 square feet office; 50,000 square feet hotel space; 250 hotel rooms	\$580,361,510	\$0
Projects Utilizing and Not Utilizing TIF Funding						
Total				2,775 residential units; 214,703 square feet retail/showroom; 13,520 square feet gallery/arts; 298,000 square feet office; 50,000 square feet hotel space; 782 hotel rooms	\$790,486,280	\$31,324,885
<p>¹ All information updated as of September 30, 2020.</p> <p>² Based upon either the TIF application or required minimum stated in the development agreement. May be updated for completed projects based on actual unit mix and square footage.</p> <p>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 market 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.</p> <p>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.</p> <p>⁵ Selected significant projects included.</p>						

⁶ Tax-exempt property. Amount shown is approximate investment in improvements.
⁷ Per the TIF program requirements when the development agreement was executed, the project provided 20% of units as affordable during the time period December 2009 – December 2012.
⁸ Per TIF program mixed-income housing requirement, the project will provide at least 20% affordable units 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 523 units have been built to-date, and 62 are currently set-aside as affordable. 1525 Turtle Creek at the District had previously included 43 affordable units from 2009 to 2012; however, there was a provision in the agreement allowing a buyout of the remaining affordability period. The buyout totaled \$524,600, and those funds been dedicated towards offsetting the cost of affordable units for the Alexan Riveredge project in the District. The buyout option is no longer included in TIF development agreements, and deed restriction provisions are now being added to secure affordable housing for a 15-year period.

A total of 2,294 residential units have been completed overall. Another 481 units are planned without any TIF subsidy anticipated.



Apex Design District (formerly Alexan Riveredge) completed 2017

District Initiatives

The City and community partners have been engaged in several district-wide initiatives to create trail connections and other public improvements described in more detail below. The Trinity Strand Trail (formerly known as the Old Trinity Trail) Master Plan improvements are an integral part of attracting new mixed-use development in the Trinity River corridor and creating a vibrant neighborhood with recreational opportunities in the Design District area. A total of over \$22 million has been raised to-date including the value of land donations.

Two trailheads are complete at Hi Line Drive (by the river channel and the Turtle Creek Plaza and trailhead along Turtle Creek Boulevard between Market Center and Irving Boulevards. A Phase 1, 2.5-mile concrete trail (main/spine trail) running along the old Trinity River from Stemmons Freeway to Medical District Drive officially opened in 2015. In addition, \$400,000 in TIF District funds were utilized for the design of a soft surface trail that would parallel the Phase I concrete trail on the opposite banks. Those plans were completed in mid-2014.

The Hi-Line Drive pedestrian improvement project is now complete. The project was funded through the North Central Texas Council of Governments (NCTCOG)'s Regional Transportation Council's 2006 Sustainable Development (SD) Program. The improvements were constructed concurrently with public improvements as part of the "1525 Turtle Creek at the District" project. As part of the TIF development agreement, \$207,447 in local match funds leveraged \$829,789 in grant funds for a total project cost of \$1,037,236.

The Edison/Hi Line/Stemmons/Rail Transit Underpass Connection project is complete. The \$1.4 million pedestrian improvement project was part of the 2009-2010 North Central Texas Council of Governments (NCTCOG) Sustainable Development (SD) Program. PM Realty Group was the private sponsor with the 1400 Hi Line mixed-use development and provided the 20% local match, \$287,766 of the total project cost of \$1.4 million. The public infrastructure improvements included pedestrian and crosswalk improvements along Edison Street between Stemmons Freeway and Hi Line Drive, along southbound Stemmons frontage road and improvements to the underpass of Hi Line Drive under Stemmons Freeway. These improvements built on the 2006 SD Hi Line Drive improvements to create a stronger connection to the Victory DART Light Rail and TRE train stations and further enhance the gateway from downtown/Victory into the Design District.

The Friends of the Trinity Strand Trail is working with the City to implement Phase 2 that would connect to the medical center area and explore connections with the Katy Trail. There has been dialogue with the Friends of Reverchon Park on the feasibility of connecting Reverchon Park to Stemmons Park and the Trinity Strand Trail via the existing culverts underneath the Dallas North Tollway and Harry Hines Boulevard.

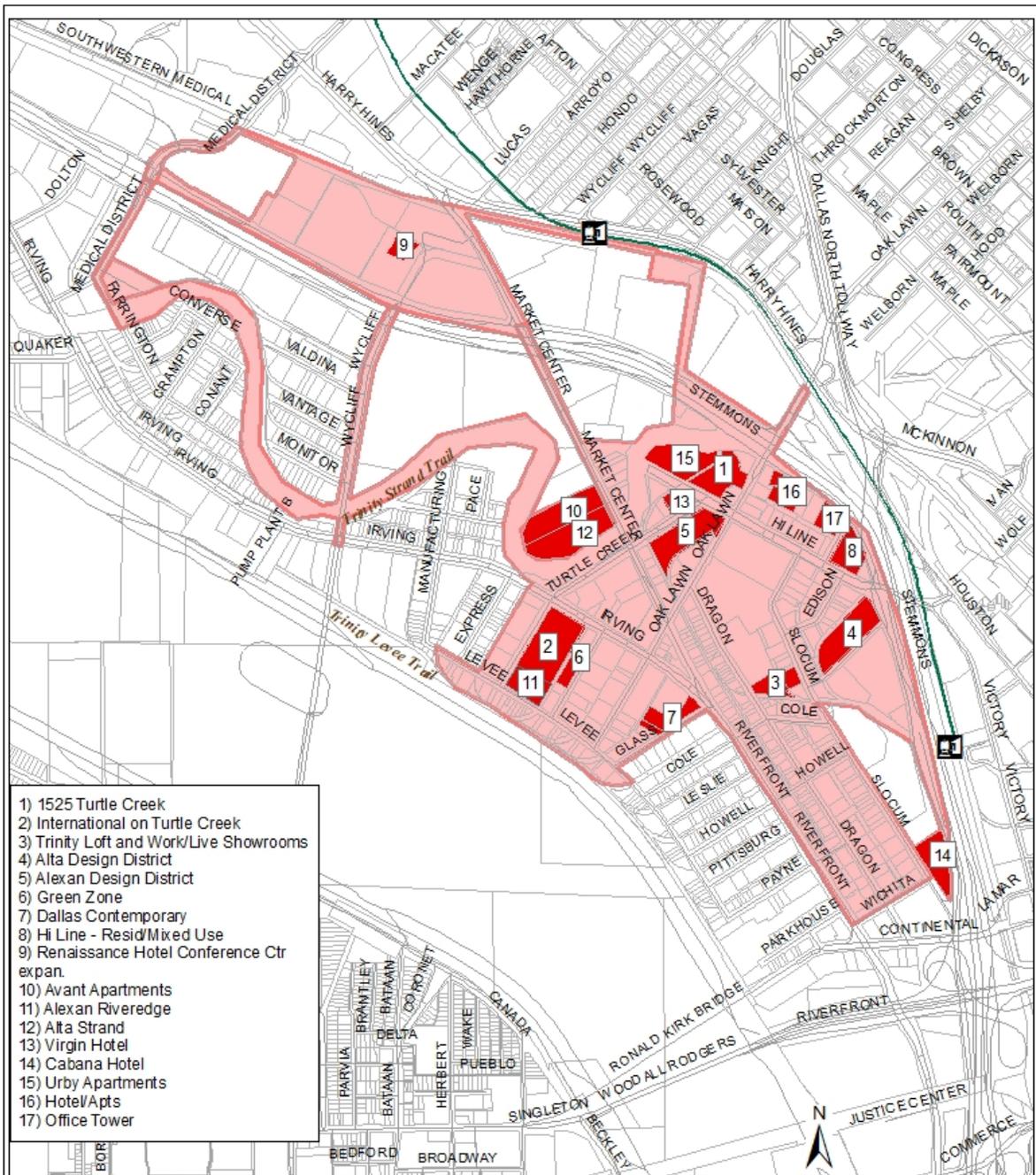
As a result of ongoing collaboration among City staff, the Friends of the Trinity Strand Trail, the Circuit Trail Conservancy, and Dallas County, the Trinity Strand Trail Hi-Line Span Project is beginning with a design phase that would include a pedestrian bridge from the Hi Line Drive trailhead across the meanders and a mini connector trail on the western banks to Irving Boulevard.

District Initiatives				
Activity	Scope	Status	Investment	Source
Trinity Strand Trail Master Plan. Public/private partnership including the non-profit Friends of the Trinity Strand Trail.	To create a fully assessable hike, bike, and jogging trail system along the course of the original Trinity River as it winds northwest of downtown. Approximately 7.8 miles. Total cost estimated at \$30 million. Phase 1 includes 2.5 miles of concrete trail from Stemmons Freeway to Farrington Drive, connecting to the Trinity River via Sylvan Ave.	<i>Underway.</i> The Master Plan for Trinity Strand Trail was adopted in December 2004 by the Dallas' Park & Recreation Board. City bond funds are committed, and private fundraising continues. Construction began in 2013 on Phase 1, 2.5 miles of concrete trail and was completed in 2015. The trailhead at Turtle Creek Plaza was completed in May 2010 and the Hi Line trailhead was completed summer 2009. 2012 bond funds allocated are for design and construction of a trail segment between IH35/Oak Lawn and Inwood Road. Phase 2 of the trail was awarded TXDOT Transportation	\$1 million for design and match for federal funds.	2003 Bond Program
			\$2.5 million for trail development	2006 Bond Program
			\$3.36 million for trail design & construction	2012 Bond Program
			\$4,536,039 (<i>required local match \$1,134,010 part of City bond funds</i>) \$5 million	NCTCOG funds – Regional Toll Revenue (RTR) initiative TXDOT Transportation Alternatives funding
Trinity Strand Trail Master Plan continued	Phase 2 includes connection to the medical center area including a shared-use path from the existing Trinity Strand Trail at the intersection of Market Center Blvd. and Turtle Creek Blvd. to Inwood/Love Field DART station.			

		<p>Alternatives funding in 2017 (<i>with 2012 bond funds as a local match</i>).</p> <p>TIF funding for the design of a soft surface trail to parallel the Ph I concrete trail was approved in FY 12 and the design completed in 2014.</p>	<p>\$1.1 million additional funds raised. Land donations valued at \$4.2 million will benefit and assist with linkage of the Trinity Strand and Katy Trails</p> <p>TIF funding up to \$400,000 from district wide improvement funds.</p>	<p>Individuals and foundations, including Eugene McDermott and Hoblitzelle Foundations and Texas Parks and Wildlife grant</p> <p>TIF funds</p>
Turtle Creek Boulevard Public Improvements	Design and construction of street paving, storm drainage, water and wastewater improvements on Turtle Creek Blvd. from Market Center Blvd. to Levee St.	<i>Completed in fall 2009.</i>	\$3,587,746	2003 Bond Funds & Water Utilities Capital Funds
Regional Transportation Council (RTC) Sustainable Development Program – Design District TIF Walking/Bike Improvements	Pedestrian improvements will be constructed along Hi-Line Dr. between Stemmons Frwy. & the Trinity Meanders	<i>Complete.</i> Funding approved by the RTC in 2006. Interlocal Agreement approved by City Council, June 2008. Design completed September 2008. Improvements completed summer 2009	\$1,037,236 total includes: \$829,789 \$207,447	RTC funds TIF funds
Regional Transportation Council (RTC) 2009-10 Sustainable Development Program – Edison/Hi Line/ Stemmons/Rail Transit Underpass Connection	Pedestrian improvements along Edison St. between Stemmons Frwy. and Hi Line Dr. and along Stemmons frontage and Hi Line passing under Stemmons Freeway toward the Victory DART Light Rail & TRE stations.	Project was selected by the RTC in June 2010. <i>Construction was completed in 2013.</i>	\$1,438,829 total includes: \$1,151,063 \$287,766	RTC funds Private local match
Trinity River Corridor Project	Multi-faceted project involving transportation, flood protection, and recreational improvements.	<i>Complete:</i> Margaret Hunt Hill Bridge Sylvan Bridge (2014)	\$120 million \$42 million	Multiple funding sources incl. private TXDOT

	Several projects are adjacent or close to the TIF district <i>(shown on the right)</i>	Riverfront Blvd improv. (2014-17) Continental Bridge pedestrian/bike (2014)	\$42 million \$10.6 million	City/County/NCTCOG City/private
Trinity Strand Trail HI-Line Span Project	<p>The initial Project scope includes civil engineering and design services for two segments 1) a pedestrian bridge at the end of Hi Line Drive from the existing trail head crossing the meanders and a trail segment along the western bank to Market Center Boulevard and 2) a trail segment from Market Center Boulevard to Irving Boulevard.</p> <p>The Project will connect to other existing and planned trail projects including the enhanced trail along Hi Line Drive and Circuit Trail Conservancy's planned connection from Irving Boulevard into the Levee Street Corridor.</p>	<p>Design contract approved September 2020. Completion estimated fall 2021.</p> <p>The timing of construction will be determined by the outcome of the design process and the availability of current/future TIF funds.</p>	<p>\$511,000 (design)</p> <p>\$6,489,000 (probable construction cost)</p>	<p>Existing Design District TIF district-wide set-aside funds</p> <p>Future Design District TIF funds</p>

TIF District Development Project Map



- 1) 1525 Turtle Creek
- 2) International on Turtle Creek
- 3) Trinity Loft and Work/Live Showrooms
- 4) Alta Design District
- 5) Alexan Design District
- 6) Green Zone
- 7) Dallas Contemporary
- 8) Hi Line - Resid/Mixed Use
- 9) Renaissance Hotel Conference Ctr expansion
- 10) Avant Apartments
- 11) Alexan Riveredge
- 12) Alta Strand
- 13) Virgin Hotel
- 14) Cabana Hotel
- 15) Urby Apartments
- 16) Hotel/Apts
- 17) Office Tower

Design District TIF - Key developments complete/in progress

This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

-  DART Green Line
-  Trinity Railway Express
-  DART/TRE Light Rail Stations



Office of Economic Development
December 2019

Value and Increment Summary

The Design District TIF District’s assessed 2020 taxable value was \$993,472,320 for the District as amended in 2013. This represents an increase of \$711,598,567 or 252% over the base years (2005 and 2013) value and an increase of 8% over last year’s final value. For the individual sub-districts, the Design District Sub-District 2020 taxable value was \$796,248,300, an increase of 311% of the base year, and the Market Center/Stemmons Sub-District taxable value was \$197,224,020 an increase of 124% over the base year.

The TIF District anticipates collecting approximately \$5,870,779 in incremental tax revenue in 2021 for tax year 2020.

Objectives, Programs, and Success Indicators

The final Design District Project Plan and Reinvestment Zone Financing Plan was adopted in April 2006 and amended in June 2013. Among the goals of the Plan are:

- To create additional taxable value attributed to new private investment in projects in the Design District TIF District totaling approximately \$1 billion.
Over \$790 million in new investment is completed, underway or planned (79% of the goal)
- To attract new private development in the District totaling approximately 1.4 million square feet of retail/showroom/gallery space, 500,000 square feet of office space, 550 hotel rooms, and 4,500 new residential units.

Approximately 2,775 residential units, 214,703 square feet of new or upgraded retail/showroom space, 13,520 square feet of gallery/arts space, 298,000 square feet of office space, and 782 hotel rooms are completed, under construction or planned. (62% of the residential, 16% of the retail, 60% of the office, and exceeding the hotel room goal by 42%.

Rendering of a restored Cabana Hotel



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- To reach ridership at the future DART Market Center light rail station averaging 2,500 riders per weekday by 2017.



This portion of the DART Green Line including the Market Center station opened in December 2010. During the first year of operations average daily ridership was 281. The annualized ridership for FY 2020 is 134,141, according to DART. This represents a 76% increase over the base year (FY 2011) and -29% decline from last year likely due to the COVID pandemic. Average daily ridership is 413, a -31% decrease from last year.

Market Center DART Station

Year	Station	Annualized Ridership	Change from Previous Year	Change from Base Year
FY 2011	Market Center	76,100	-	-
FY 2012	Market Center	114,455	50.40%	50.40%
FY 2013	Market Center	146,936	28.80%	93.08%
FY 2014	Market Center	159,901	8.82%	110.12%
FY 2015	Market Center	167,167	4.54%	119.67%
FY 2016	Market Center	171,517	2.60%	125.38%
FY 2017	Market Center	185,315	8.04%	143.51%
FY 2018	Market Center	190,737	2.93%	150.64%
FY 2019	Market Center	189,934	-0.42%	149.58%
FY 2020	Market Center	134,141	-29.38%	76.27%

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

Streetscape and open space improvements constructed as part of the approved “1525 Turtle Creek at the District” project have provided more pedestrian accessibility in the northern gateway of the District. Improvements completed this year near Edison Street and Hi Line Drive connecting through the underpass at Stemmons Freeway will provide improved access from the District to the Victory DART Light Rail and TRE Stations. The expansion of the TIF District boundary in 2013 may also facilitate future opportunities to connect to multiple stations.

- To support the conversion of the Design District area from industrial and warehousing land uses to a mixed-use, transit-oriented neighborhood that complements the Victory development and the Trinity River Project.

Mixed-use projects like the completed Trinity Lofts and others in the planning stages show positive movement for the District. The Trinity Lofts project was a mixture of new construction and conversion – the site previously had an 88,000-square foot warehouse/office and was redeveloped into 164,030 square feet of residential and showroom space. For other projects in the District approximately 219,676 square feet of space was demolished for new residential construction/showroom upgrade and 196,640 square feet of space converted into upgraded showrooms or new retail, gallery and office use.

Some former showroom buildings or vacant commercial properties have been repurposed for new uses including restaurants, a coffee house, and Bowl Lounge (bowling alley).

- To increase recreational opportunities, public open space and improve connections to the City of Dallas trails and open space system, including the Trinity Strand Trail, in the District.

The Master Plan for the Trinity Strand Trail has been adopted and funding of over \$22 million for design and trail development has been committed to-date. Two trailheads are now completed at Turtle Creek Plaza along Turtle Creek Boulevard between Market Center and Irving Boulevards and at the western end of Hi Line Drive (by the river channel). Construction of Phase I of the trail from Stemmons Freeway to Medical District Drive was completed, and the trail officially opened in 2015. The design project for a soft surface trail to parallel the Phase I concrete trail was completed in 2014. A civic plaza at Oak Lawn Avenue and Hi Line Drive has also been completed as part of the “1525 Turtle Creek at the District” project. Funding has been secured for Phase 2 that will connect to the medical center area along Market Center Boulevard to the Inwood/Love Field DART station.

The Trinity Strand Trail Hi-Line Span Project will also further trail connections within the Design District and the new Circuit Trail and the Katy Trail.

- To generate approximately \$76.9 million (net present value) in increment over 20 years of collections.

The District’s 2020 total taxable value was \$993,472,320. The revised budget figure of \$76.9 million was approved in a 2013 plan amendment, and 2014 was the first year that expanded areas began generating increment. The estimated collection for 2020 is \$5,870,779. Total collections (NPV) are currently 24% of the amended final plan goal.

Year-End Summary of Meetings

The Design District TIF District Board of Directors met two times during the fiscal year from October 1, 2019 to September 30, 2020. The Board approved and forwarded two items to City Council.

The Board, based on amended composition, can consist of up to seven members, including six City of Dallas appointees and one Dallas County appointee. During FY 2019-2020 the Board members were Michael Kutner – City Representative, Vice-Chair (2 of 2 meetings), Andrew Kochie - City representative, (2 of 2 meetings), Carolyn Sortor - City representative (2 of 2 meetings), Nicolas Villalba - City representative (1 of 2 meetings), Pam Dawson - City representative (1 of 2 meetings), Romit Singh Cheema - City representative (2 of 2 meetings), and Rick Loessberg – Dallas County Representative (1 of 2 meetings).

During the fiscal year, the City Council approved six items directly associated with the Design District TIF District:

- On October 23, 2019, the City Council approved Resolution Number 19-1519 authorizing an amendment to Resolution No. 19-0949, previously approved on June 12, 2019, authorizing a development agreement with DD Dunhill Hotel LCC and/or its affiliates (the “Developer”) for the Virgin Hotel Infrastructure Project (the “Project”) on and adjacent to property currently addressed at 1909 Hi Line Drive in Tax Increment Financing (“TIF”) Reinvestment Zone Number Eight (Design District TIF District) to divide implementation and TIF subsidy payment eligibility for the Project into two portions: (1) Phase I and Phase IIA with the same deadlines as previously authorized; and (2) Phase IIB with a completion deadline extended from June 30, 2020 to June 30, 2023.
- On November 13, 2019, the City Council approved Resolution Number 19-1668 authorizing (1) a development agreement with Cabana Development, LLC (“Developer”) and/or its affiliates in an amount not to exceed \$15,500,000.00, payable from future Design District TIF District Funds, in consideration of the Cabana Hotel Redevelopment Project on property currently addressed at 899 North Stemmons Freeway in Tax Increment Financing Reinvestment Zone Number Eight (Design District TIF District); and (2) an increase in appropriations in an amount not to exceed \$15,500,000.00 in the Design District TIF District Fund - Not to exceed \$15,500,000.00 - Financing: Design District TIF District Fund (subject to current and future appropriations from tax increments).
- On February 26, 2020, the City Council approved Resolution Number 20-0337 accepting the FY 2018-2019 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Eight, (Design District TIF District), submitted by the Design District 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.

- On May 27, 2020, the City Council approved Resolution Number 20-0824 authorizing applications of eleven candidate projects to the North Central Texas Council of Governments through the Transportation Alternatives Program for cost reimbursement in the Active Transportation and Safe Routes to School (SRTS) categories for the Zaragoza, Rosemont, and Elam SRTS improvements; Ross Avenue Shared Use Path, Southern Design District Mobility Connection Project, Dallas Executive Airport Streetscape Enhancements Phase 1 (Ledbetter) Project, Lemmon Avenue Streetscape Enhancements, Coombs Creek and Five Mile Creek Trail Projects, Uptown Pedestrian Link, and Northaven Trail Phase 1B Project.
- On June 10, 2020, the City Council approved Resolution Number 20-884 authorizing (1) an Advance Funding Agreement with the Texas Department of Transportation Congestion Mitigation and Air Quality Improvement Program Project (Agreement No. CSJ 0918-47-296, CFDA No. 20.205) for construction of the Circuit Trail Connector in the amount of approximately \$18,834,080.00 of which the Federal portion is \$8,000,000.00, the State's indirect cost portion is \$809,080.00, and the City of Dallas' local match is \$10,025,000.00; (2) a portion of the required local match (\$10,025,000.00) in the amount \$45,000.00 to be paid by warrant check to the State at the beginning of the project; (3) the receipt and deposit of Congestion Mitigation and Air Quality Improvement Program Funds in the amount of \$8,000,000.00 in the Circuit Trail Connector Fund; (4) the establishment of appropriations in the amount of \$8,000,000.00 in the Circuit Trail Connector Fund; (5) allocation of \$10,025,000.00 in 2017 Bond Funds as the City of Dallas' local cash match; and (6) execution of the Advance Funding Agreement including all terms, conditions and documents required by the grant agreement - Total Amount \$18,834,080.00 - Financing: Congestion Mitigation and Air Quality Improvement Program Funds (\$8,000,000.00), Texas Department of Transportation Funds (\$809,080.00), and Park and Recreation Facilities (B) Fund (2017 General Obligation Bond Fund) (\$10,025,000.00).
- On September 23, 2020, the City Council passed Resolution Number 20-1540 authorizing a professional services contract with Pacheco Koch Consulting Engineers, Inc. for schematic design, design development, construction documents, procurement and construction observation phases for the Trinity Strand Hi-Line Span Project, a new pedestrian bridge at the end of Hi Line Drive in the Dallas Design District to connect the new Circuit Trail and the Katy Trail to the Trinity Strand Trail - Not to exceed \$511,000.00 - Financing: Design District TIF Fund.

Pending TIF Items

- Consideration of the FY 2019-2020 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. Below is the current TIF District budget:

Design District TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget ¹	Allocated ²	Balance
Design District Sub-District: Paving & Streetscape Wayfinding & District Signage Water, Wastewater & Storm Open Spaces, Plazas, Portals, Civic Environmental Remediation & Demolition Utility Burial Economic Development Grants	\$81,141,669	\$31,647,887*	\$49,493,782
Market Center/Stemmons Sub-District: Paving & Streetscape Wayfinding & District Signage Water, Wastewater & Storm Open Spaces, Plazas, Portals, Civic Environmental Remediation & Demolition Utility Burial Economic Development Grants	\$32,208,767	\$0	\$32,208,767
Trinity Strand Trail	\$7,564,553	\$7,400,000	\$164,553
Administration and implementation ³	\$4,538,732	\$531,622	\$4,007,110
Total Project Costs	\$125,453,722	\$39,579,509	\$85,874,213

¹ Budget shown above in current dollars; TIF Project Plan shows the budget in net present value.

² Allocated amount includes \$222,896 in interest accrued as of FY 2013 (September 30, 2013). No additional interest has accrued since.

³ TIF administration costs shown are expended through FY 2019-2020.

Design District TIF District Project Plan Budget	
Category	TIF NPV Budget*
Design District Sub-District: Paving & Streetscape Wayfinding & District Signage Water, Wastewater & Storm Open Spaces, Plazas, Portals, Civic Environmental Remediation & Demolition Utility Burial Economic Development Grants	\$47,487,686
Market Center/Stemmons Sub-District: Paving & Streetscape Wayfinding & District Signage Water, Wastewater & Storm Open Spaces, Plazas, Portals, Civic Environmental Remediation & Demolition Utility Burial Economic Development Grants	\$23,088,979
Trinity Strand Trail	\$4,000,000
Administration and Implementation	\$2,400,000
Total	\$76,976,666
<i>* As approved in the Project Plan and Reinvestment Zone Financing Plan.</i>	

Design District TIF M/WBE Participation			
Project	Contractor	Total Contract Award Amount	Percentage Minority Participation
Phase I – 1525 Turtle Creek Project development site public improvements	Spoor Electric & KDA Landscapes	\$1,108,021	44.4%
Phase II & III – 1525 Turtle Creek Project district-wide improvements	John Burns Construction Company of Texas & Metheny Landscape Development	\$3,473,759	30.2%
Turtle Creek Median Project	focusEGD & ArtOGrafx	\$100,105	48.5%
Trinity Strand Trail Soft Surface Design Project	Bowman-Melton, Integrated; Environmental Solutions; Di Sciuillo-Terry Stanton & Associates; and Jakan Engineering, PLLC	\$387,495	39.8%
Alexan Riveredge	McPherson Electric, Inc Mission Site Services	\$976,470	56.2%
Virgin Hotel Infrastructure Project	UCS Group LLC	\$3,330,891	44.5%
Total		\$9,376,741	\$3,773,020 (40.2%)

FY 2020-2021 Work Program

The FY 2020-2021 work program includes:

- Continue coordination efforts for implementation of current development projects.
- Attracting \$40 million in taxable value, including new development.
- Continue working with stakeholders to implement the Trinity Strand Trail Hi-Line Span Project and other improvements for connections to trails and open space, signage and other projects benefiting the District.
- Investigate additional sources of funding for the District.

Appendix A – Financials

City of Dallas, Texas
Design District Tax Increment Financing District Fund
Reinvestment Zone Number Eight
As of September 30, 2020

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:

\$158,247	Interest Income
\$5,362,789	Ad Valorem Taxes (Collected in FY 2019-2020 based on 2019 Final Tax Roll)
\$0	Affordable Housing Buyout
<u>\$5,521,036</u>	Total Revenue

2. Amount and purpose of expenditures from the fund:

\$136,983	*Administrative Expense
\$0	Non-Capital outlay
\$0	Capital outlay
\$0	Additional Subsidy in Form of Grant (in lieu of interest expense)
<u>\$136,983</u>	Total Expenditures

* TIF admin cost for FY2019 is \$68,461 & FY2020 is \$68,522

3. a. Amount of Principal and Interest due-on outstanding bonded indebtedness:

Design District TIF District has incurred no bonded indebtedness as of September 30, 2020.

b. The Zone entered into a development agreement with Alta Block 1500, LLC for the development of the "1525 Turtle Creek at the District" project in the TIF in an amount not to exceed \$4,402,000 plus additional subsidy in form of grant (in lieu of interest) on certain public improvements. The developer was fully reimbursed in fiscal year 2014.

c. The Zone authorized a development agreement with Dallas Proton Treatment Center, LLC for the development of the Dallas Proton Treatment Center in an amount not to exceed \$7,025,000; however, the authorization expired in December 2015.

d. The Zone entered into a development agreement with AR Apartments, LLC for the development of the "Alexan Riveredge" project in an amount not to exceed \$7,800,000. The developer was fully reimbursed with the exception of a portion of the subsidy, up to \$150,000, pending a plan for a trail connection that is part of district-wide set aside funds.

e. The Zone authorized a development agreement with DD Dunhill Hotel LLC for the Virgin Hotel Infrastructure project in an amount not to exceed \$3,622,885. Reimbursement is anticipated upon completion.

f. The Zone authorized a development agreement with Cabana Development, LLC for the Cabana Hotel Redevelopment project in an amount not to exceed \$15,500,000. Reimbursement is anticipated upon completion.

4 The zone has reimbursed the following obligations from available TIF funds as of September 30, 2020:

Project	Advance	Accrued Add'l	Less	Total (P & I)
	Principal	Subsidy (1)	Payments	Outstanding
1525 Turtle Creek Project	\$4,402,000	\$222,896	\$4,624,896	\$0
Alexan Riveredge Project	\$7,800,000	\$0	\$7,650,000	\$150,000
Total	<u>\$12,202,000</u>	<u>\$222,896</u>	<u>\$12,274,896</u>	<u>\$150,000</u>

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

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

Taxing Jurisdiction	Taxable Value 2020 *	Base Year 2005/2013 Value	Est. Captured Value 2020**
City of Dallas - All Sub District	\$993,472,320	\$281,873,753	\$711,598,567
Dallas County-Zone A & B	\$796,279,300	\$193,905,663	\$602,373,637
Dallas County-Mkt. Center/Stemmons SD	\$197,224,020	\$87,958,090	\$109,265,930

* 2020 taxable value shown for participating taxing jurisdictions. County values are approximate and will vary slightly from the City value due to different exemption levels.

** Based on Certified Taxable Values. Final values will be determined on February 01, 2021.

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:

Taxing Jurisdiction	Assessment Per \$100***	Amount of Estimated 2020 Increment****
City of Dallas	0.69867	\$4,971,726
Dallas County-Zone A & B	0.13186	\$794,272
Dallas County-Mkt. Center/Stemmons SD	0.09590	\$104,782
Total for all Jurisdictions	\$0.92642	\$5,870,779

***City of Dallas participates at 90% for zone A & B for tax years 2008-2027 and 90% for Market Center/Stemmons for tax years 2014-2027. Dallas County participates at 55% for zone A & B for tax years 2008-2027 and 40% for Market Center/Stemmons sub-district for tax years 2014-2027.

****The District began collecting increment in 2009.

B. The total amount of estimated tax increment to be billed for the 2020 tax year is \$5,870,779. For the 2019 tax year, increment in the amount of \$5,362,789 was received.

City of Dallas, Texas
Design District Tax Increment Financing District Fund
Balance Sheet as of September 30, 2020 (Unaudited)
With Comparative Totals for September 30, 2019, 2018, 2017, and 2016 (Audited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets:					
Pooled cash and cash equivalents	\$16,960,091	\$11,480,621	\$14,356,774	\$10,380,299	\$7,253,264
Interest receivable	\$13,103.64	\$12,446	\$32,846	\$25,080	\$9,778
Total assets	\$16,973,195	\$11,493,067	\$14,389,620	\$10,405,379	\$7,263,042
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts and contracts payable	\$0	\$0	\$7,650,000	\$0	\$0
Due to general fund	\$136,539	\$40,464	\$0	\$11,135	\$11,135
Total liabilities	\$136,539	\$40,464	\$7,650,000	\$11,135	\$11,135
Fund Balance (Deficit):					
Fund Balance (Deficit)	\$16,836,656	\$11,452,603	\$6,739,620	\$10,394,243	\$7,251,906
Total Liabilities and Fund Equity	\$16,973,195	\$11,493,067	\$14,389,620	\$10,405,379	\$7,263,042

Design District Tax Increment Financing District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
For the Period September 30, 2020 (Unaudited)
With Comparative Totals for September 30, 2019, 2018, 2017, and 2016 (Audited)

	<u>ITD</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Tax increment-Governmental	\$24,432,035	\$4,499,584	\$3,807,378	\$3,286,207	\$2,639,115	\$2,213,363
Tax increment-Intergovernmental	\$4,502,571	\$863,205	\$728,899	\$593,115	\$469,592	\$401,192
Interest income	\$639,177	\$121,343	\$157,736	\$158,090	\$90,501	\$47,841
Affordable Housing Buyout	\$524,600	\$0	\$0	\$0	\$0	\$0
Net increase (decrease) in fair value of investments	\$39,981	\$36,904	\$60,182	(\$40,075)	(\$27,297)	\$739
Total revenues	\$30,138,365	\$5,521,036	\$4,754,194	\$3,997,338	\$3,171,910	\$2,663,134
Expenditures:						
Administrative expenses	\$531,622	\$136,983	\$41,211	\$0	\$29,573	\$18,890
Non-Capital Outlay	\$6,753,446	\$0	\$0	\$6,302,126	\$0	\$0
Capital outlay	\$5,793,746	\$0	\$0	\$1,349,835	\$0	\$0
Interest and fiscal charges	\$222,896	\$0	\$0	\$0	\$0	\$0
Total expenditures	\$13,301,710	\$136,983	\$41,211	\$7,651,961	\$29,573	\$18,890
Excess (Deficiency) of Revenues over Expenditures	\$16,836,656	\$5,384,053	\$4,712,983	(\$3,654,623)	\$3,142,337	\$2,644,244
Fund balance (Deficit) at beginning of year as previously reported						
	\$0	\$11,452,603	\$6,739,620	\$10,394,243	\$7,251,906	\$4,607,662
Fund balance (deficit) at end of year	\$16,836,656	\$16,836,656	\$11,452,603	\$6,739,620	\$10,394,243	\$7,251,906

Note: Fiscal year 2019-20 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
Design District Tax Increment Financing District
Notes to Financial Statements for the Year Ended September 30, 2020

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. 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).
3. 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.
4. The Zone's Financial Plan permits expenditures not to exceed \$4,538,732 (in current \$) over the life of the TIF to reimburse the City for administrative costs. The Zone began reimbursing the general fund in fiscal year 2009-2010. 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 \$136,539 at September 30, 2020 represents the TIF administration costs for the fiscal year 2018-2019 (\$68,461) and fiscal year 2019-2020 (\$68,078) that have been earned but will be reimbursed to the General Fund in future years based on the availability of TIF funds. Note that these administrative costs do not include billing to other City departments.
6. 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 Alexan Riveredge project had an obligation for up to \$7,800,000. A portion of the subsidy, \$150,000 is pending a plan for a trail connection that is part of district-wide set aside funds. The \$7,650,000 net obligation was fully paid in FY 2018-2019.

The Virgin Hotel Infrastructure Project has a total obligation for up to \$3,622,885. Pending execution of a development agreement and completion of all agreement requirements, it is anticipated the obligation will be paid with available cash in FY 2019-2020 and FY 2022-2023 based on amended project phasing.

The Cabana Hotel Redevelopment Project has a total obligation of up to \$15,500,000. Pending execution of a development agreement and completion of all agreement requirements (anticipated project completion is 2023), current projections estimate approximately four years to fully pay the obligation.

Appendix C – District-Wide Set-Aside Funds

The TIF Increment Allocation Policy adopted by the TIF District Board for the Design District TIF District currently provides for 20% of any district increment, after administrative expenses, to be set-aside for District-Wide Improvements. However, if the annual balance in the District-Wide Improvement Set-Aside exceeds \$500,000, the TIF District Board may evaluate whether to reduce this percentage set-aside in any given year. Specific improvement projects are to be determined and the amount of this set aside will be reviewed annually based on updated financial projections and District needs. The TIF District Board shall also have the discretion to release all or part of District-Wide Set-Aside funds towards payment of one or more TIF-eligible projects.

The balance for the District-Wide Set-Aside, as of the end of FY 2018-2019, totals \$3,859,980.49. An existing commitment includes \$150,000 set aside for a trail connection as part of the Alexan Riveredge project. The Virgin Hotel Infrastructure Project is anticipated to be reimbursed from existing cash; however, if not sufficient will utilize TIF District-Wide Set-Aside funding up \$2,542,800 to be made available upon completion of all development agreement obligations.

The pending commitment for the Cabana Hotel Redevelopment Project includes up to \$500,000 in off-site district-wide public improvements such as wayfinding signage, gateway and portal improvements, and/or open space with locations to be determined in a collaborative process.

In February 2020, the Board approved up to \$7,000,000 in current and future District-Wide Set-Aside funds for the design and construction of the Trinity Strand Trail Hi-Line Span Project. The initial design phase has begun that will utilize existing funds up to \$511,000.