



Legislation Text

File #: 23-977, Version: 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: April 12, 2023
COUNCIL DISTRICT(S): 8
DEPARTMENT: Office of Economic Development
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize an economic development incentive agreement with Randall's Food & Drugs LP and/or its affiliates ("Grantee/BPP Owner"), doing business as Tom Thumb, to include **(1)** a Chapter 380 economic development grant in the amount not to exceed \$5,200,000.00; **(2)** a Chapter 380 sales tax grant in the amount not to exceed \$600,000.00 over ten years; and **(3)** a business personal property tax abatement for a period of five years in the amount equal to the City's taxes assessed on 75 percent of the added taxable value of Grantee/BPP Owner's business personal property investment during the first five years of operation in consideration of a new full-service grocery store ("Project") within City of Dallas Tax Increment Reinvestment Zone Number Twenty - Total not to exceed \$5,800,000.00 - Financing: ECO (I) Fund (2017 General Obligation Bond Fund) (\$2,000,000.00), Public/Private Partnership Fund (\$1,661,279.89), Economic Development Fund (2006 General Obligation Bond Funds) (\$1,538,720.11), and Project Sales Tax Agreement Fund (\$600,000.00); Estimated Revenue Foregone: \$208,849.00 for a five-year period

BACKGROUND

Over the past 18 months, the Office of Economic Development has been negotiating an economic development incentive with Albertsons Companies, Inc., one of the largest food and drug retailers in the United States, to secure the commitment of a new full-service Tom Thumb grocery store in southern Dallas. On December 15, 2022, representatives of Albertsons Companies, Inc. accepted City staff's proposed incentive. The Resolution accompanying this agenda item contains the detailed terms and conditions of the negotiated incentive agreement. Pursuant to the City's Economic Development Incentive Policy (effective for the period January 1, 2023 through December 31, 2024), the Project is located in a Target Area. According to the United States Department of Agriculture (USDA) Food Access Research Atlas, the Project is located in an area characterized as low income and low access under all four USDA definitions and is, therefore, a food desert.

Randall's Food & Drugs LP, an affiliate of Albertsons Companies, Inc., will lease and operate the grocery store and will also own nearly all of the business personal property in the store. Randall's Beverage Company, Inc., also an affiliate of Albertsons Companies, Inc., will own the portion of the

business personal property comprised of the beer and wine inventory.

The Project is planned to consist of the new ground-up construction, finish-out, and operation of an approximately 50,000 square foot full-service grocery store ("Store") on approximately five acres ("Property") within the overall Reimagine Redbird mall redevelopment area. At an estimated cost of \$13 million (excluding land acquisition of the Property), the owner/developer of the overall Reimagine Redbird Mall redevelopment project will perform all necessary site improvements (including grading, utilities, parking, lighting, landscaping), construct a turnkey building (including some finish-out), and deliver the turnkey building to be leased and operated for at least 15 years by the Grantee/BPP Owner. At an estimated cost of \$6 million, The Grantee/BPP Owner will perform some additional finish-out as well as install and own the furniture, fixtures, equipment, machinery, inventory, technology, and security system. The Store's opening is anticipated in mid-late 2025.

The incentive negotiated by City staff and accepted by the Grantee/BPP Owner includes the following three components:

- 1) Chapter 380 economic development grant ("Grant") in an amount not to exceed \$5,200,000.00 and payable in three installments. The City sources for the Grant include:
 - a) \$2,000,000.00 from 2017 General Obligation Bond Program Economic Development/Housing Proposition I (Council District 8 discretionary allocation of \$1,000,000.00 and Council District 3 discretionary allocation of \$1,000,000.00)
 - b) \$1,538,720.11 from 2006 General Obligation Bond Program Economic Development/Housing Proposition 8
 - c) \$1,661,279.89 from Public/Private Partnership Fund
- 2) a Chapter 380 sales tax grant ("Sales Tax Grant") in an amount not to exceed \$600,000.00 over 10 years. The Grantee/BPP Owner shall be eligible for up to ten (10) annual sales tax grant payments, each being in an amount equal to the lesser of: (a) 75% of the sales tax receipts consummated at the Store and received by the City from the Texas Comptroller's Office for a given year or (b) \$60,000.00. Each annual sales tax grant payment shall not exceed \$60,000 per year. The cumulative total of all annual sales tax grant payments over the 10-year period shall not exceed \$600,000.00.
- 3) a business personal property tax abatement ("BPP Tax Abatement") for a period of five years in an amount equal to the City's taxes assessed on 75% of the added taxable value of the Grantee/BPP Owner's business personal property investment in the Store during the first five years of operation.

ESTIMATED SCHEDULE OF PROJECT

Begin Construction	Quarter 1 2024
Complete Construction	Quarter 3 2025

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Economic Development Committee was briefed in executive session regarding this matter on February 6, 2023.

FISCAL INFORMATION

Fund	FY 2023	FY 2024	Future Years
ECO (I) Fund (2017 General Obligation Bond Fund)	\$0.00	\$0.00	\$2,000,000.00
Public/Private Partnership Fund	\$0.00	\$0.00	\$1,661,279.89
Economic Development Fund (2006 General Obligation Bond Funds)	\$0.00	\$0.00	\$1,538,720.11
Project Sales Tax Agreement Fund	\$0.00	\$0.00	\$ 600,000.00
Total	\$0.00	\$0.00	\$5,800,000.00

Estimated Revenue Foregone from BPP Tax Abatement: \$208,849.00 for a five-year period

GRANTEE/BPP OWNER

Albertsons Companies, Inc.

Wes Jackson,
President, Southern Division

MAP

Attached