

# Memorandum



DATE August 14, 2015

TO Members of the Economic Development Committee:  
Rickey D. Callahan (Chair), Casey Thomas, II (Vice Chair), Adam Medrano, Lee Kleinman, Carolyn King  
Arnold, B. Adam McGough

SUBJECT **Dalfort Area Development Update**

On Monday, August 17, 2015, you will be briefed on the Dalfort Area Development Update. The briefing materials are attached for your review.

Please let me know if you have any questions.



Ryan S. Evans  
First Assistant City Manager

C: The Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
Warren M.S. Ernst, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Eric D. Campbell, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

# Dalfort Area Development Update

City of Dallas Economic Development Committee –

August 17, 2015

Dallas Love Field



LOVE|EVOLUTION

# Background

- The Department of Aviation (DOA) has attempted to market the Dalfort property over the past several years without success
  - Current structure is out dated
  - Significant environmental remediation is necessary for re-use



# Dalfort Site Development

November 14, 2012

**Resolution Number 12-2724**

Amount: \$926,238

- City Council approved a lease agreement with Reed Enterprises Investment Holdings, LP
- Their proposal was to construct new facilities for Fixed Base Operation, office building, retail, and auto dealership on the site
- City would pay for demolition at estimated cost of \$8 million
- Lease was not executed when historical significance of the building was determined

# Dalfort Site Development

## Modified Design

- Reed Enterprises resubmitted a proposal including renovation of the existing structure, preserving the historical elements
- New development included renovations as well as new construction
- On October 14, 2014, the DOA received the Finding of No Significant Impact (FONSI) from the FAA
- This ruling allowed the modified proposal from Reed Enterprises to proceed

# Dalfort Site Development

- The Braniff Centre (formerly Reed Enterprises) will develop both aviation and commercial uses for the site
  - \$17 million capital investment commitment for Aviation use within 36 months
  - Additional \$4 million capital investment within 10 years
  - \$20 million capital investment commitment for commercial use within 60 months



# Dalfort Site Development

- The Braniff Centre (formerly Reed Enterprises) will develop both aviation and commercial uses for the site
  - Due to high capital investment a ten-year rent abatement, with rent to Airport beginning in Year 11
    - Total average rent of \$1.15 million/year
  - Will add additional ad-valorem value to the tax rolls (approx. \$500k annually)
  - Sales tax revenues to General Fund for retail and office development (approx. \$600k annually)



# Benefits

- Job Creation – 1,200 (Aviation, Office, and Retail)
- Approximate \$65M in annual salaries
- Aviation Development/Growth
- Furtherance of policy (Good Neighbor Plan Initiative)
- Historical Preservation
- Renovation of “eye sore”





# Aviation and Commercial Lease

- Approximately 26.802 acres/1,167,513 sq. ft. (Unimproved and Improved Land)
- 39-year term lease
- \$.40 per square foot for unimproved land (Aviation)
- \$.65 per square foot for improved land (Aviation)
- \$.75 per square foot for improved land (Commercial)
- Parking garage \$240,000 annually beginning in year three
  - City will occupy garage for remote employee parking for approximately 36 months
- Title to improvements vests to Lessor upon completion of construction

# Community Involvement

- February 10<sup>th</sup> - 2015
  - Presented future Dallas Love Field (DAL) business opportunities
  - Discussed new Dalfort project requirements
    - No “run-ups” in lease agreement
    - Impact to neighborhood
  - Requested developer research/concept
- April 16<sup>th</sup> - 2015
  - Developer presented proposed concept
- August 4<sup>th</sup> - 2015
  - Second developer presentation, received feedback from community

# Public Input

- As a result of the input from the surrounding communities, a number of additional items will be included in the final lease documents
  - Traffic analysis showing no adverse impact
  - Next-Gen navigation procedures to the greatest extent possible for all aviation uses
  - Commitment to promote and adhere to all aspects of the voluntary noise abatement program
  - Keeping all building heights within current limits
  - No drive-through restaurant or retail

# Next Steps

- Gain approval from Economic Development Committee for Council approval of new Lease with the Braniff Centre Limited Partnership on August 26, 2015
- Completion of Design phase for Dalfort site
- Final Design approval by the State Historic Preservation Commission
- Construction/Development phase