

Memorandum



DATE January 16, 2015

TO Members of the Economic Development Committee: Tennell Atkins (Chair), Rick Callahan (Vice Chair), Adam Medrano, Lee Kleinman, Jerry R. Allen, Scott Griggs

SUBJECT **Dalfort Area Development Update**

On Tuesday, January 20, 2015 a briefing will be presented on the Dalfort Area Development Update. The briefing materials are attached for your review.

Please feel free to contact me if you need additional information.



Ryan S. Evans
First Assistant City Manager

- c: 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
- Mark Duebner, Director, Aviation
- Elsa Cantu, Assistant to the City Manager – Mayor & Council

Dalfort Area Development Update

City of Dallas Economic Development Committee –

January 20, 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 - Current structure is outdated
 - Significant environmental remediation is necessary for re-use
- On May 9, 2012, City Council awarded contract with AMX to design the demolition of the structure in order to attract a developer
- DoA initiated Environmental Assessment (EA) to demolish the Dalfort facility as part of the demolition process in the spring of 2012

Background

- Part of the EA process was to determine historical significance
- DoA submitted information to the FAA who determined Dalfort was not eligible for listing on the National Register of Historic Structures



Background

- The State Historic Preservation Commission disagreed with the FAA and the issue was sent to the Keeper of the register for a final decision
- Facility was declared eligible for listing on the National Register of Historic Places (NRHP)
- Two processes were required as a result:
 - **Section 106** of the National Historic Preservation Act
 - **Section 4(f)** of the Department of Transportation Act

Dalfort Site Development

- City Council approved a lease agreement with Reed Enterprises Investment Holdings LP on November 14, 2012
- 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 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 includes renovations as well as new construction



Background

- DoA completed the Section 106 and Section 4(f) processing and incorporated the results of the EA
- On October 14, 2014, the DoA received the Finding of No Significant Impact (FONSI) from the FAA
- This ruling allows the modified proposal from Reed Enterprises to proceed

Dalfort Site Development

- Reed Enterprises will develop both aviation and commercial uses for the site
 - \$35 million capital investment commitment for Aviation use within 36 months
 - \$20 million capital investment commitment for commercial use within 60 months
 - Due to high capital investment a ten-year rent abatement, with rent to Airport beginning in Year 11
 - Total average rent of \$1.3 million/year
 - Will add additional ad-valorem value to the tax rolls
 - Sales tax revenues to General Fund for retail and office development

Benefits

- Estimated Job Creation – 1,100 (Aviation, Office, and Retail)
- Aviation Development/Growth
- Furtherance of policy (Good Neighbor Plan Initiative)
- Historical Preservation
- Renovation of “eye sore”



Aviation and Commercial Lease

- Approximately 24.108 acres/1,050,138 sq. ft. (Unimproved and Improved Land)
- 39-year term lease
- \$.40 per square foot for unimproved land
- \$.65 per square foot for improved land
- 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

Next Steps

- Development of Lease Agreements (between City of Dallas DoA & Reed Enterprises)
- Lease approval by Dallas City Council
- Completion of Design phase for Dalfort site
- Construction/Development phase