



**SPECIAL WORK SESSION  
OF THE CITY COUNCIL**

**August 15, 2016**

**ADDISON TOWN HALL**

**5300 BELT LINE RD., DALLAS, TX 75254  
6:00 PM WORK SESSION**

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**WORK SESSION**

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1. Presentation From The Legacy Foundation Regarding Their Non-Profit Grant Application For FY2017.
  2. Presentation And Discussion On Funding For The Addison Grove Incentive Agreement.
  3. Present An Update On The Midway Road Reconstruction Project.
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Adjourn Meeting

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NOTE: The City Council reserves the right to meet in Executive Session closed to the public at any time in the course of this meeting to discuss matters listed on the agenda, as authorized by the Texas Open Meetings Act, Texas Government Code, Chapter 551, including §551.071 (private consultation with the attorney for the City); §551.072 (purchase, exchange, lease or value of real property); §551.074 (personnel or to hear complaints against personnel); §551.076 (deployment, or specific occasions for implementation of security personnel or devices); and §551.087 (economic development negotiations). Any decision held

on such matters will be taken or conducted in Open Session following the conclusion of the Executive Session.

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Posted:

Laura Bell, 08/12/2016 no later than 5:00 pm

**THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS WITH DISABILITIES.  
PLEASE CALL (972) 450-7017 AT LEAST  
48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.**

**AI-1820**

**Special Work Session**

**Meeting Date:** 08/15/2016

**Department:** Council

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**Information**

**AGENDA CAPTION:**

Presentation From **The Legacy Foundation Regarding Their Non-Profit Grant Application For FY2017.**

**BACKGROUND:**

The Addison Legacy Foundation, together with its volunteers, has been working on a concept to connect east and west Addison. The Foundation believes this project will enhance the quality of life in Addison by improving pedestrian accessibility to Addison's dining, entertainment, and public park facilities on both sides of the Tollway. While the idea of bringing the two sides of Addison together is not a new one, the Foundation is taking steps to move it past an idea by exploring the costs and benefits (economic impact) that a development might provide.

The Foundation has submitted an application for consideration to the Town through the Non-Profit Assistance Application process. The requested amount for fiscal year 2017 is \$100,000.

**RECOMMENDATION:**

N/A

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**AI-1826**

**Special Work Session**

**Meeting Date:** 08/15/2016

**Department:** City Manager

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### **Information**

#### **AGENDA CAPTION:**

Presentation And Discussion On **Funding For The Addison Grove Incentive Agreement.**

#### **BACKGROUND:**

On January 26, 2016, City Council approved a letter of intent with Beltline Beltway Investments, Ltd. and Urban Intownhomes, LLC for the redevelopment of the former Sam's Club property for an amount not to exceed \$6.5 Million for the construction of public infrastructure as part of the redevelopment. On February 9 and March 22, 2016, staff presented to Council a proposal to fund the Addison Grove incentive payment.

The funding breakdown for the \$6.5 Million will be provided through the following:

- Maximum of \$250,000 of the total incentive will be given in the nature of permit/development fee waivers
- Maximum of \$1,000,000 for infrastructure qualifying for Utility Fund funding
- Maximum of \$1,000,000 for infrastructure qualifying for Stormwater Fund funding
- Maximum of \$4,250,000 to provide funding for street and park development from the General Fund and Infrastructure Investment Fund

Council also directed a three-term payment plan for reimbursement upon successful completion of construction milestones. The payment terms for reimbursement include the following:

- 1/3 of total potential award upon successful completion of public infrastructure and acceptance by the Town of Addison
- 1/3 of the total potential award upon completion of 40 percent of the townhomes/live-work units
- 1/3 of the total potential award upon completion of 75 percent of the townhomes/live-work units

The Town of Addison will support the process to acquire the right-of-way for Runyon Road. Any acquisition costs will be the responsibility of the developer.

#### **RECOMMENDATION:**

N/A

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### **Attachments**

**Presentation**

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# Addison Grove Incentive Funding

City Council Meeting  
April 26, 2016



# Background

- Approved by City Council on January 26, 2016.
- Since January, staff, city attorney, and developer have been working on finalizing formal agreement.
- Today, we bring final agreement for your review.
- Request authorization to have city manager execute agreement.



# Agreement Highlights

- Agreement includes provisions approved by Council in January.
- Goal: To support a high quality redevelopment project.
- Includes maximum amount and sources of funding.
- Payment terms.
- Conditions requested by Council.
  - Deed restricting multi-family portion.
  - Council approval of multi-family developer and future buyer.



# Incentive Program Grant Terms

- Council approved funding of up to \$6.5 Million.
  - 1/3 of total potential award upon successful completion of public infrastructure and acceptance by the Town of Addison
  - 1/3 of the total potential award upon completion of 40 percent of the townhomes/live-work units
  - 1/3 of the total potential award upon completion of 75 percent of the townhomes/live-work units



# Funding Breakdown

Funding breakdown for the \$6.5 Million will be provided through the following:

- Maximum of \$250,000 of the total Incentive will be given in the nature of permit/development fee waivers
- Maximum of \$1,000,000 for infrastructure qualifying for utility fund funding
- Maximum of \$1,000,000 for infrastructure qualifying for stormwater fund funding
- Maximum of \$4,250,000 to provide funding for street and park development



# Street & Park Funding

- Finance Department will now walk us through the \$4,250,000 funding scenario for public infrastructure related to streets and parks.



# Original Presentation 2-8-16

Options 1-4



# ADDISON GROVES INCENTIVE

## OPTION 1: FULLY FUNDED WITH CURRENT FINANCIAL RESERVES

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- \$6.5M total incentive
  - \$1.75M General Fund\*
  - \$1.0M Stormwater Fund
  - \$1.0M Utility Fund
  - \$2.75M Infrastructure Fund

\*includes \$250K for permit fees waived

- Pros
  - Fully funded
  - No impact to property tax rate

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- Cons
  - Depletes reserves in Infrastructure & General Fund
  - Negates capacity to do other projects
  - May affect future CIP project funding



# ADDISON GROVES INCENTIVE

## OPTION 2: PARTIALLY FUNDED WITH FINANCIAL RESERVES & DEBT ISSUANCE

- \$6.5M total incentive
  - \$1.0M General Fund\*
  - \$1.0M Stormwater Fund
  - \$1.0M Utility Fund
  - \$1.0M Infrastructure Fund
  - \$2.5M Tax Note (5 yrs. @ 1.6%)

- Pros
  - Maintains reserves in Infrastructure & General Fund
  - Capacity for additional incentive requests
  - Capacity for CIP projects

- Cons
  - Creates Debt Obligation for 5 years
  - Annual Debt Service ~ \$537K
  - Impact on property tax rate (\$.0023 cents)

\*includes \$250K for permit fees waived



# ADDISON GROVES INCENTIVE

## OPTION 3: DEBT ISSUANCE WITH 5-YEAR TAX NOTE

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- \$6.5M total incentive
  - \$0.250M General Fund
  - \$1M Stormwater Fund
  - \$1M Utility Fund
  - \$4.25M Tax Note (5 yrs. @ 1.6%)

\*permit fees waived

- Pros
  - Maintains reserves in Infrastructure & General Fund
  - Capacity for additional incentive requests
  - Capacity for CIP projects

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- Cons
  - Creates debt obligation for 5 years
  - Annual Debt Service ~ \$903K
  - Impact on property tax rate (\$.0112 cents<sup>®</sup>)



# ADDISON GROVES INCENTIVE

## OPTION 4: DEBT ISSUANCE WITH 7-YEAR TAX NOTE

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- \$6.5M total incentive
  - \$0.250M General Fund\*
  - \$1.0M Stormwater Fund
  - \$1.0M Utility Fund
  - \$4.25M Tax Note (7 yrs. @ 1.9%)

\*permit fees waived

- Pros
  - Maintains reserves in Infrastructure & General Fund
  - Capacity for additional incentive requests
  - Capacity for CIP projects

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- Cons
  - Creates debt obligation for 7 years
  - Annual Debt Service ~ \$662K
  - Impact on property tax rate (\$.0054 cents)



# SUMMARY

	Option 1	Option 2	Option 3	Option 4
	Reserves	Reserves	Reserves	Reserves
	Reserves	5-Yr Debt (1.6%)	5-Yr Debt (1.6%)	7-yr Debt (1.9%)
<b>General Fund</b>	\$1,750,000	\$1,000,000	\$250,000	\$250,000
<b>Stormwater Fund</b>	1,000,000	1,000,000	1,000,000	1,000,000
<b>Utility Fund</b>	1,000,000	1,000,000	1,000,000	1,000,000
<b>Infrastructure Fund</b>	2,750,000	1,000,000	0	0
<b>Total Cash</b>	6,500,000	4,000,000	2,250,000	2,250,000
<b>Debt</b>	-	2,500,000	4,250,000	4,250,000
<b>Total Incentive</b>	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000
<b>Tax Rate Impact</b>	\$0.0000	\$0.0023	\$0.0112	\$0.0054



# Addison Groves Incentive Funding: Option 5



# ADDISON GROVES INCENTIVE

## OPTION 5: FOUR ANNUAL PAYMENTS OF \$500K FROM IIF, BALANCE FROM GENERAL FUND

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- \$6.5M total incentive
  - \$2.5M General Fund\*
  - \$1.0M Stormwater Fund
  - \$1.0M Utility Fund
  - \$2.0M Infrastructure Fund

\*includes \$250K for permit fees waived

- Pros
  - Fully funded
  - No impact to property tax rate
  - Maintains capacity to do other projects

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- Cons
  - Depletes reserves in Infrastructure but not to extent of Option 1
  - May affect future CIP project funding



# Key Assumptions

- No Change in Tax Rate

Property Tax Rate	Amount Per \$100 of Property Value
Maintenance and Operations (M&O)	\$0.376724
Debt Service (I&S)	<u>.202426</u>
Total Tax Rate	\$0.579150

- Build-Out Schedule Provided by Fenway Development
- Average Unit Sales Price for Townhome Unit is \$400,000



# Key Assumptions

- Property Tax Values

- Market Value of Project (Full Build-out) = \$121,000,000

- Taxable Value of Project (Market, less Exemptions) = \$106,760,000

- Property Tax Revenues (Full Build-out)

- Increase in property tax revenue at *total* tax rate (pre Exemptions) = \$701,000

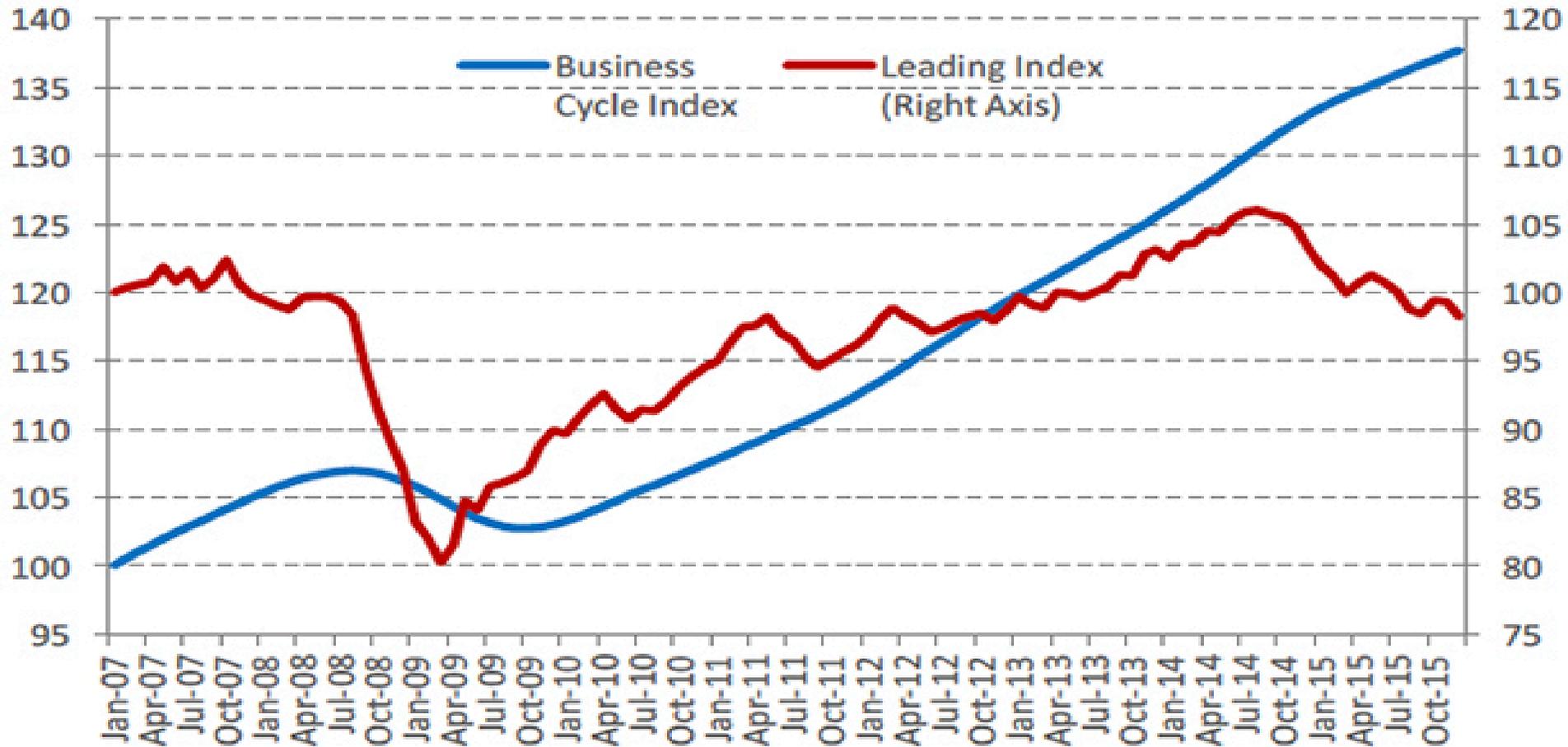
- Increase in property tax revenue at *total* tax rate after Exemptions = \$618,000

- Increase in property tax revenue at *M&O* Rate = \$402,000



# Economic Outlook

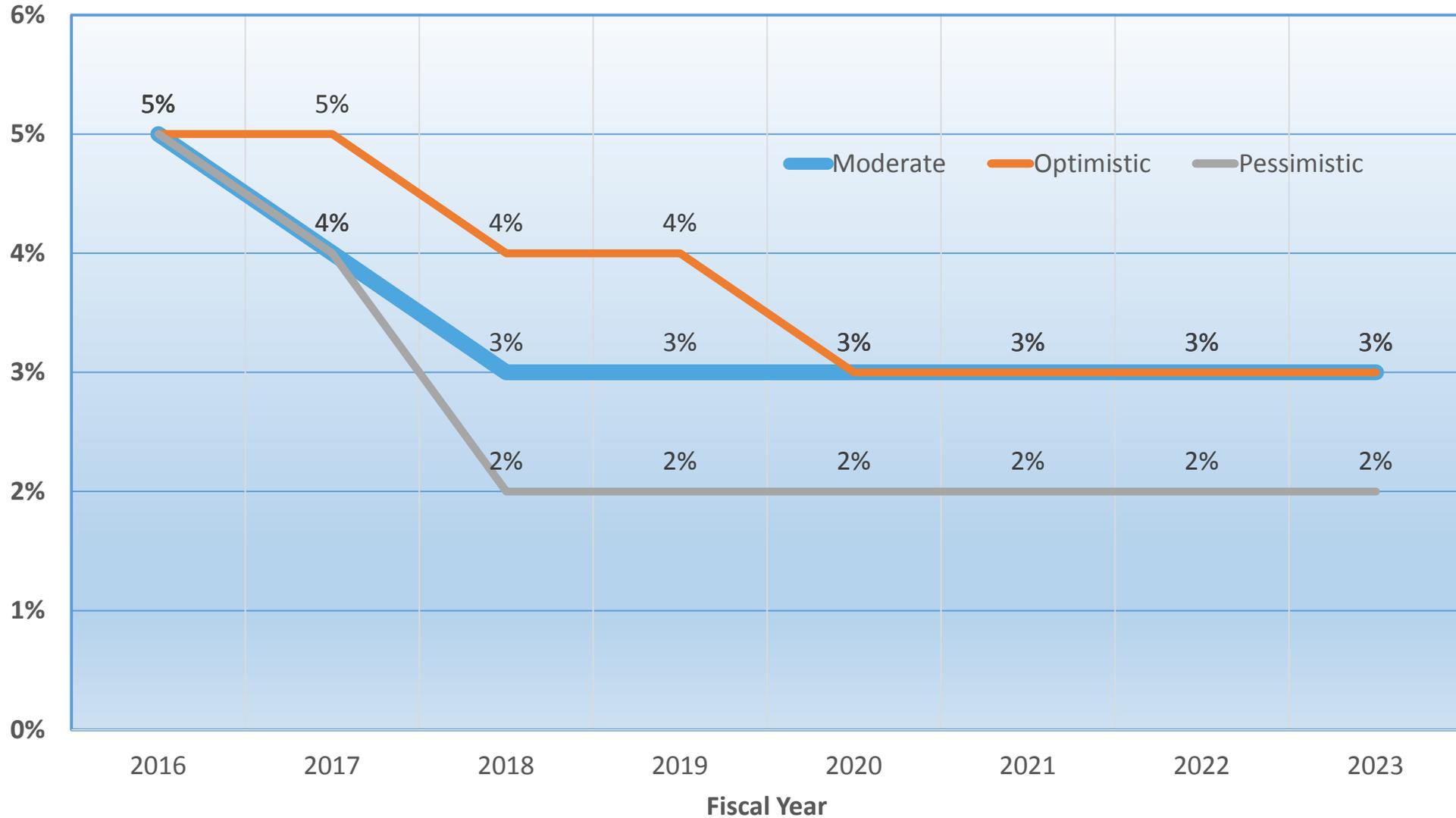
**Texas Business Cycle Index and Leading Index**  
(Index Jan 2007 = 100)



Note: Seasonally adjusted. For more information see [Texas Business Cycle Index](#).  
Source: Federal Reserve Bank of Dallas

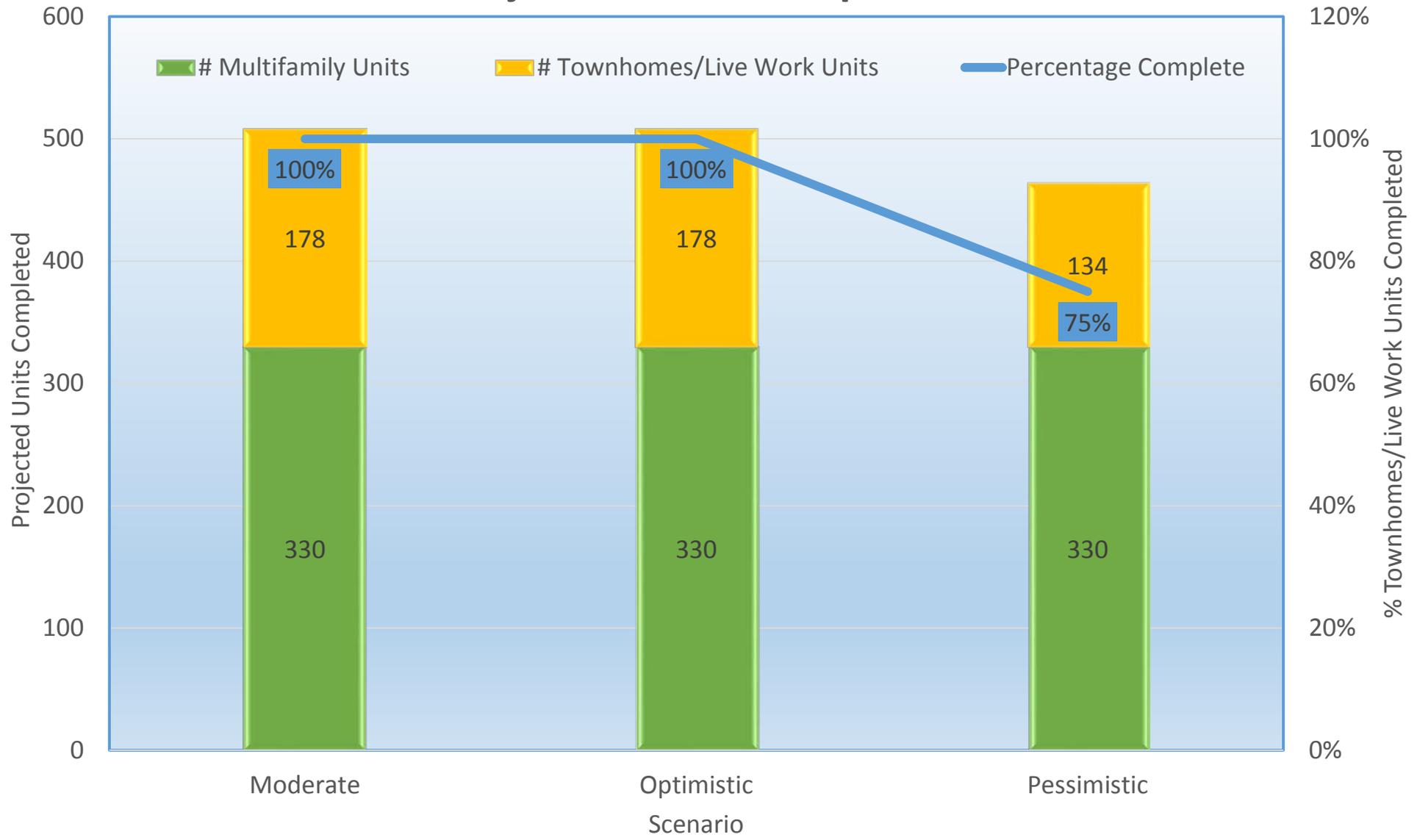


## Property Tax Value Growth Rates



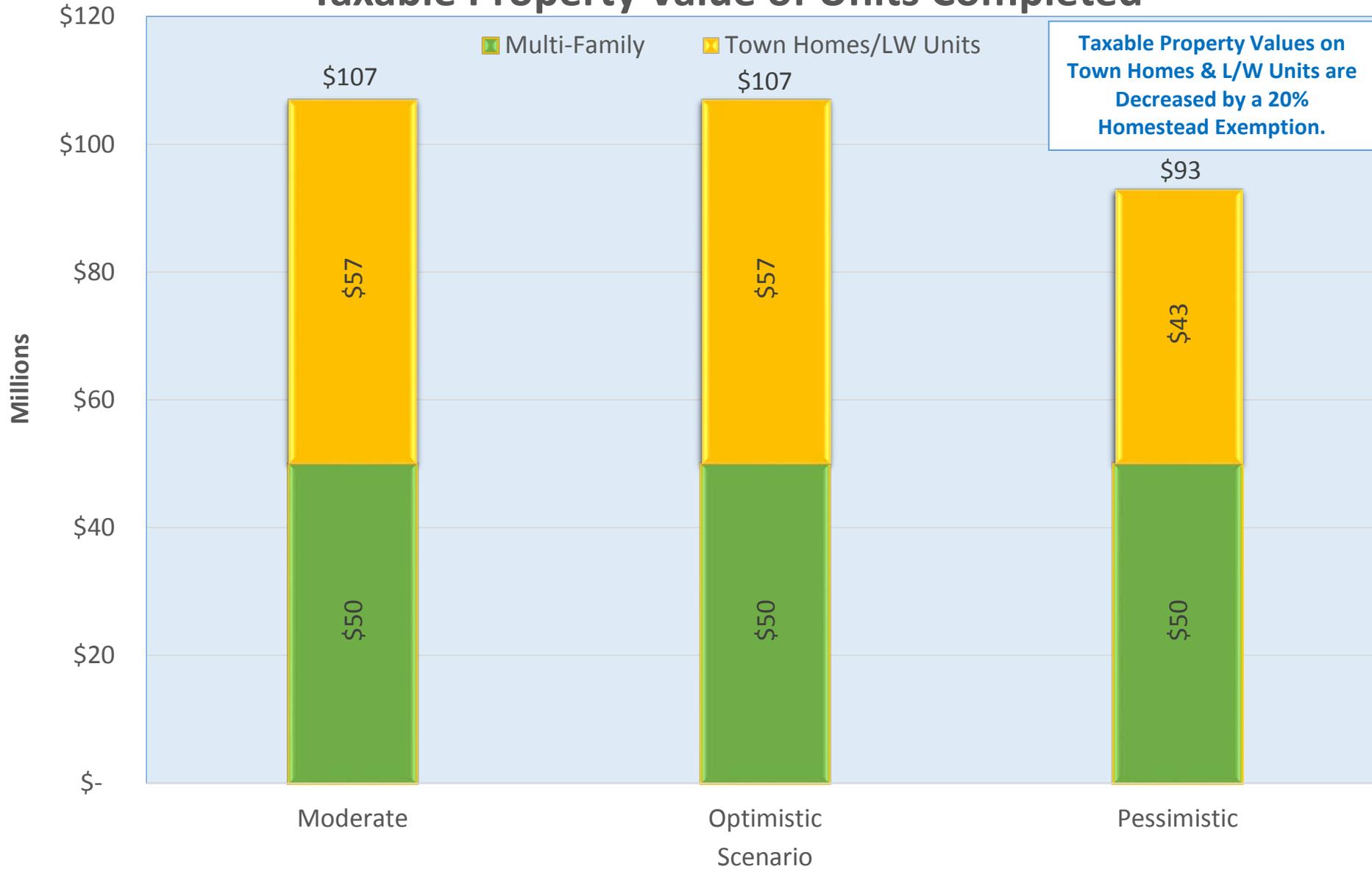


# Projected Units Completed



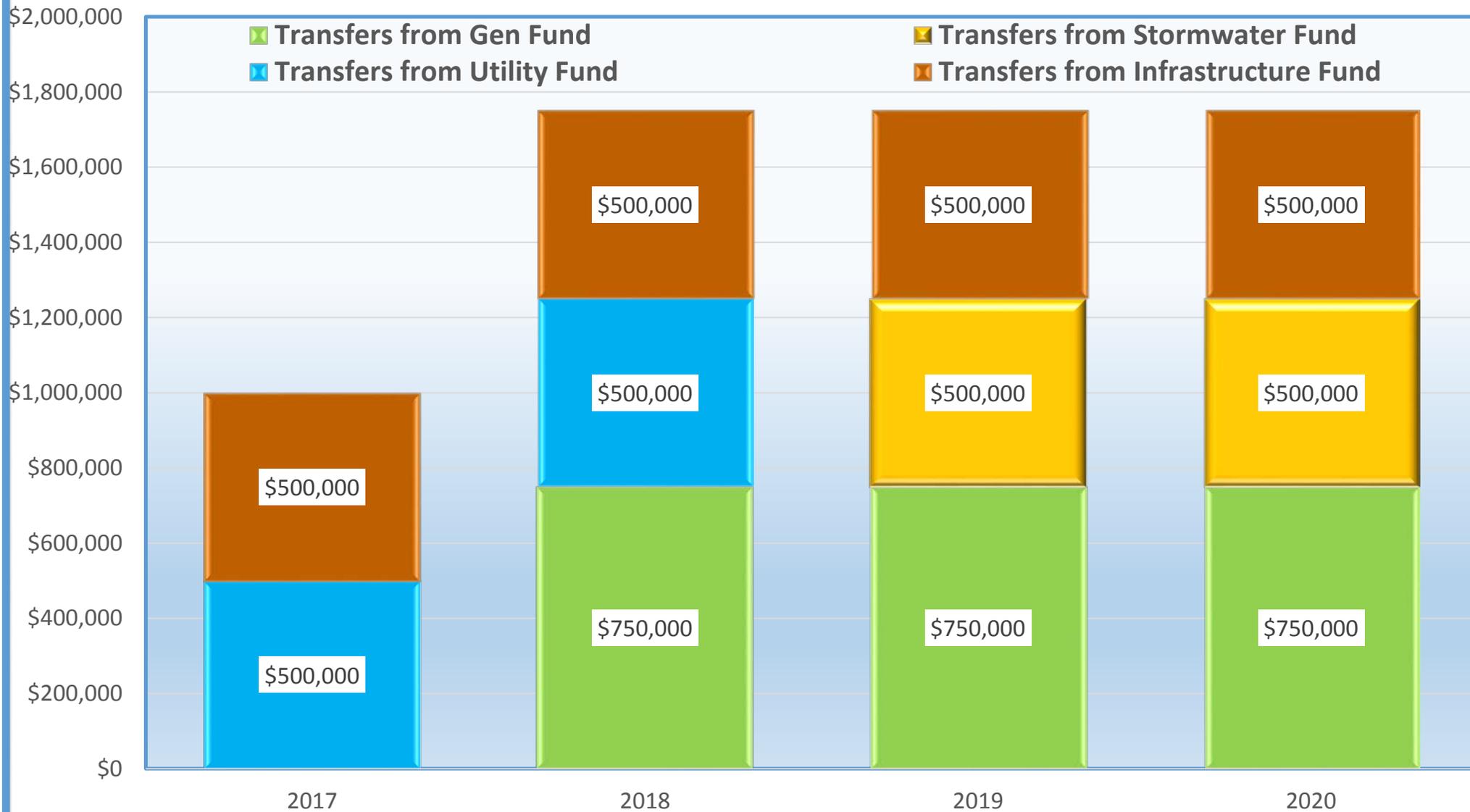


## Taxable Property Value of Units Completed





# Escrow Fund Revenues by Source





# Escrow Account for Incentive Funding

Town of Addison  
Addison Groves Project

\$6.25M Escrow Fund, Funded by General, Infrastructure, Utility and SW Funds:

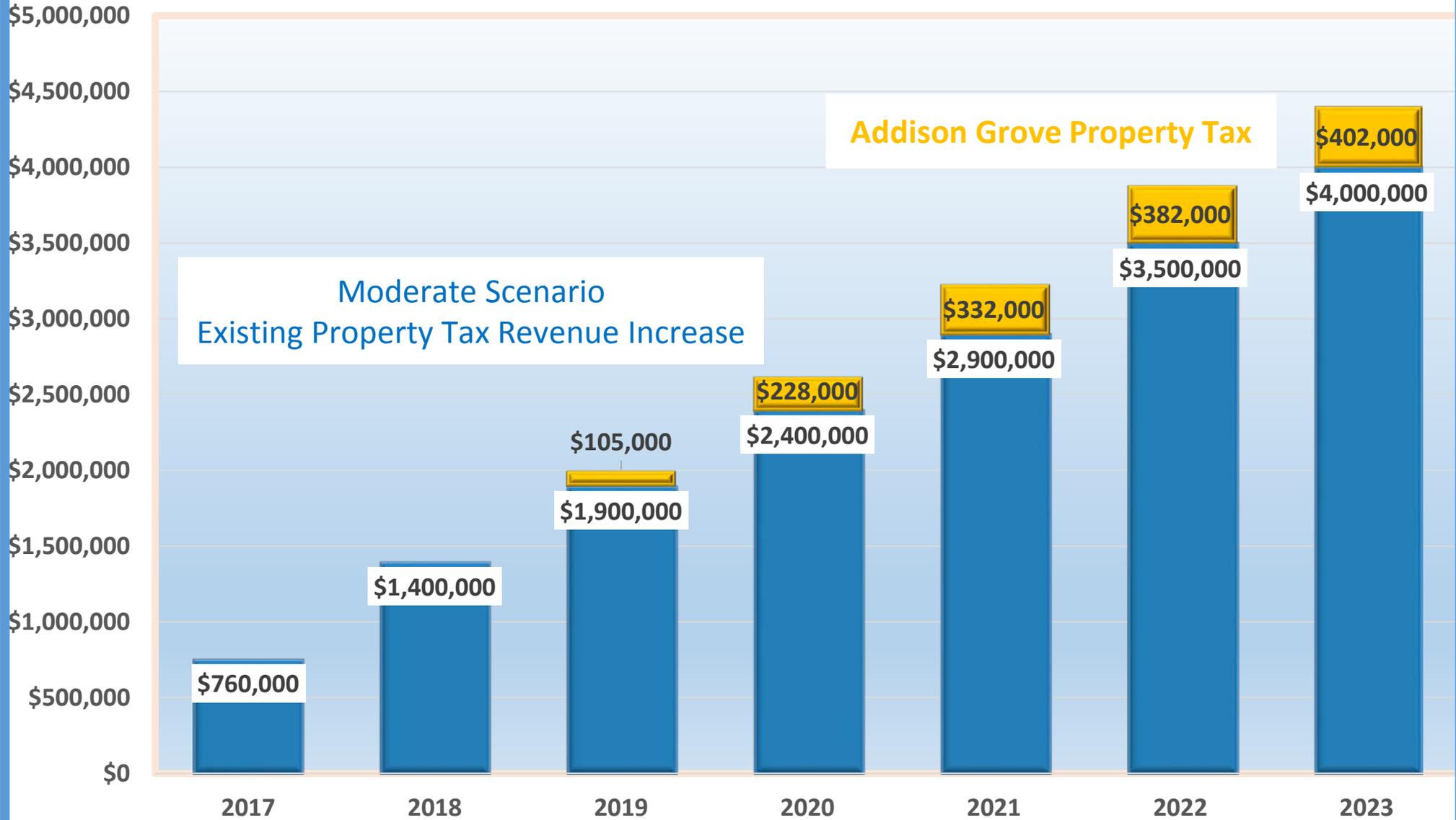
	2017	25% completion of Town Homes 2018	40% completion of Town Homes & LW Units 2019	75% completion of Town Homes & LW Units 2020	100% completion of Town Homes, LW Units & Infrastructure 2021	Total
Escrow Fund Beginning Balance:	\$ -	\$1,000,000	\$2,750,000	\$2,416,667	\$2,083,334	\$ -
Transfers from Gen Fund	-	750,000	750,000	750,000	-	2,250,000
Transfers from Stormwater Fund	-	-	500,000	500,000	-	1,000,000
Transfers from Utility Fund	500,000	500,000	-	-	-	1,000,000
Transfers from Infrastructure Fund	500,000	500,000	500,000	500,000	-	2,000,000
<b>Total Revenues</b>	<b>1,000,000</b>	<b>1,750,000</b>	<b>1,750,000</b>	<b>1,750,000</b>	<b>-</b>	<b>\$ 6,250,000</b>
Expenditures from Escrow Fund	-	-	(2,083,333)	(2,083,333)	(2,083,334)	(6,250,000)
<b>Escrow Fund Ending Balance</b>	<b>\$1,000,000</b>	<b>\$2,750,000</b>	<b>\$2,416,667</b>	<b>\$2,083,334</b>	<b>\$ -</b>	<b>\$ -</b>



# What are the Cash Flows of the Addison Grove Project?



# Projected Property Tax Revenues: General Fund Only





Question: Can the Addison  
Grove Project Cash Flow?



## Payback Year

**General Fund**      **\$4,250,000/Cash Flow = 17 Years or 2033**

**Total Project**      **\$6,500,000/Cash Flow = 22 Years or 2038**

**TOWN OF ADDISON**  
**INFRASTRUCTURE INVESTMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE**

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	FY15 Actuals*	FY16 Budget	FY17 Projected	FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected	FY22 Projected	FY23 Projected
<b>BEGINNING BALANCE</b>	\$ -	\$ 3,908,975	\$ 3,209,415	\$ 2,764,855	\$ 2,320,295	\$ 1,875,735	\$ 1,431,175	\$ 1,486,615	\$ 1,542,055
<b>REVENUES:</b>									
Tax Contribution**	\$ 226,898	\$ 250,440	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Interest earnings and other	\$ 8,088	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
<b>TOTAL REVENUES</b>	<b>234,986</b>	<b>255,440</b>							
<b>TOTAL AVAILABLE RESOURCES</b>	<b>234,986</b>	<b>4,164,415</b>	<b>3,464,855</b>	<b>3,020,295</b>	<b>2,575,735</b>	<b>2,131,175</b>	<b>1,686,615</b>	<b>1,742,055</b>	<b>1,797,495</b>
<b>EXPENDITURES:</b>									
<b>Design and Engineering:</b>									
Engineering and contractual services	193,754	30,000	-	-	-	-	-	-	-
Construction and equipment	132,257	925,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Incentive payments			500,000	500,000	500,000	500,000	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>326,011</b>	<b>955,000</b>	<b>700,000</b>	<b>700,000</b>	<b>700,000</b>	<b>700,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfer In	4,000,000	-	-	-	-	-	-	-	-
<b>ENDING BALANCE</b>	<b>\$ 3,908,975</b>	<b>\$ 3,209,415</b>	<b>\$ 2,764,855</b>	<b>\$ 2,320,295</b>	<b>\$ 1,875,735</b>	<b>\$ 1,431,175</b>	<b>\$ 1,486,615</b>	<b>\$ 1,542,055</b>	<b>\$ 1,597,495</b>



# ADDISON GROVES INCENTIVE

## OPTION 5: FOUR ANNUAL PAYMENTS OF \$500K FROM IIF, BALANCE FROM GENERAL FUND

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- \$6.5M total incentive
  - \$2.5M General Fund\*
  - \$1.0M Stormwater Fund
  - \$1.0M Utility Fund
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\*includes \$250K for permit fees waived

- Pros
  - Fully funded
  - No impact to property tax rate
  - Maintains capacity to do other projects

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- Cons
  - Depletes reserves in Infrastructure Fund but not to extent of Option 1
  - May affect future CIP project funding



# SUMMARY

	Option 1	Option 2	Option 3	Option 4	Option 5
	Reserves	Reserves/Debt	Reserves 5-Yr	Reserves/7-yr	GF/IIF Reserves
General Fund	\$1,700,000	\$1,000,000	\$250,000	\$250,000	\$2,500,000
Stormwater Fund	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Utility Fund	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Infrastructure Fund	2,800,000	1,000,000			2,000,000
Total Cash	6,500,000	4,000,000	2,250,000	2,250,000	6,500,000
Debt	-	2,500,000	4,250,000	4,250,000	-
Total Incentive	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000
Tax Rate Impact	\$0.0000	\$0.0023	\$0.0112	\$0.0054	\$0.0000



**QUESTIONS?**

**AI-1818**

**Special Work Session**

**Meeting Date:** 08/15/2016

**Department:** Infrastructure- Development Services

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**Information**

**AGENDA CAPTION:**

Present An **Update On The Midway Road Reconstruction Project.**

**BACKGROUND:**

The Midway Road reconstruction project was selected and the bond authorization voted on as part of the 2012 bond package. The amount approved for this project was \$16,000,000. Staff will provide an update on the Midway Road reconstruction project to include bond funding balances and the project scope, to include: infrastructure improvements, lighting and landscape design, and opinion of probable construction cost. This update was previously presented to Council during a work session on July 12, 2016.

**RECOMMENDATION:**

N/A

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