

Memorandum



DATE October 4, 2013

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

SUBJECT **KRR Construction, LTD – Simpson Stuart / Bonnie View Grocery Store Project**

On Monday, October 7, 2013, the Economic Development Committee will be briefed on the KRR Construction, LTD – Simpson Stuart / Bonnie View Grocery Store Project.

Briefing material is attached.

Should you have any questions, please contact me at (214) 670-3296.



Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, Interim City Manager
Rosa Rios, City Secretary
Warren M.S. Ernst, Interim City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge Municipal Court
Frank Libro, Public Information Officer
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Elsa Cantu, Assistant to the City Manager-Council Office

KRR Construction, LTD - Simpson Stuart / Bonnie View Grocery Store Project

Economic Development Committee
October 7, 2013



**DALLAS
ECONOMIC
DEVELOPMENT**



City of Dallas

Purpose

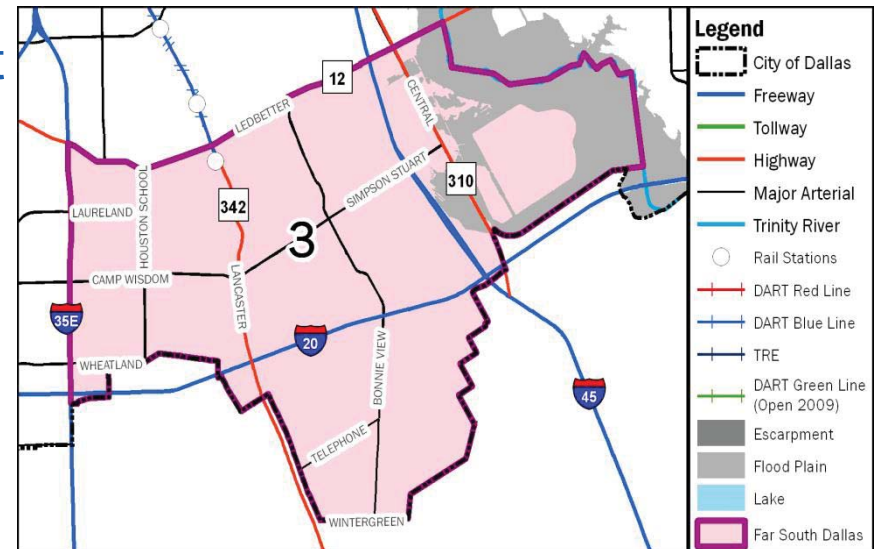
- Provide a Chapter 380 Economic Development Grant for gap financing to acquire and demolish improved and unimproved real property at 3540 and 3546 Simpson Stuart Road, Dallas TX in southern Dallas to develop a full service grocery store and retail shops

The Area

- Covers 22.5 square miles from Loop 12 on the North to I 20 on the south bounded on the east by I 45 and on the west by I 35

Population totals over 27,500 residents

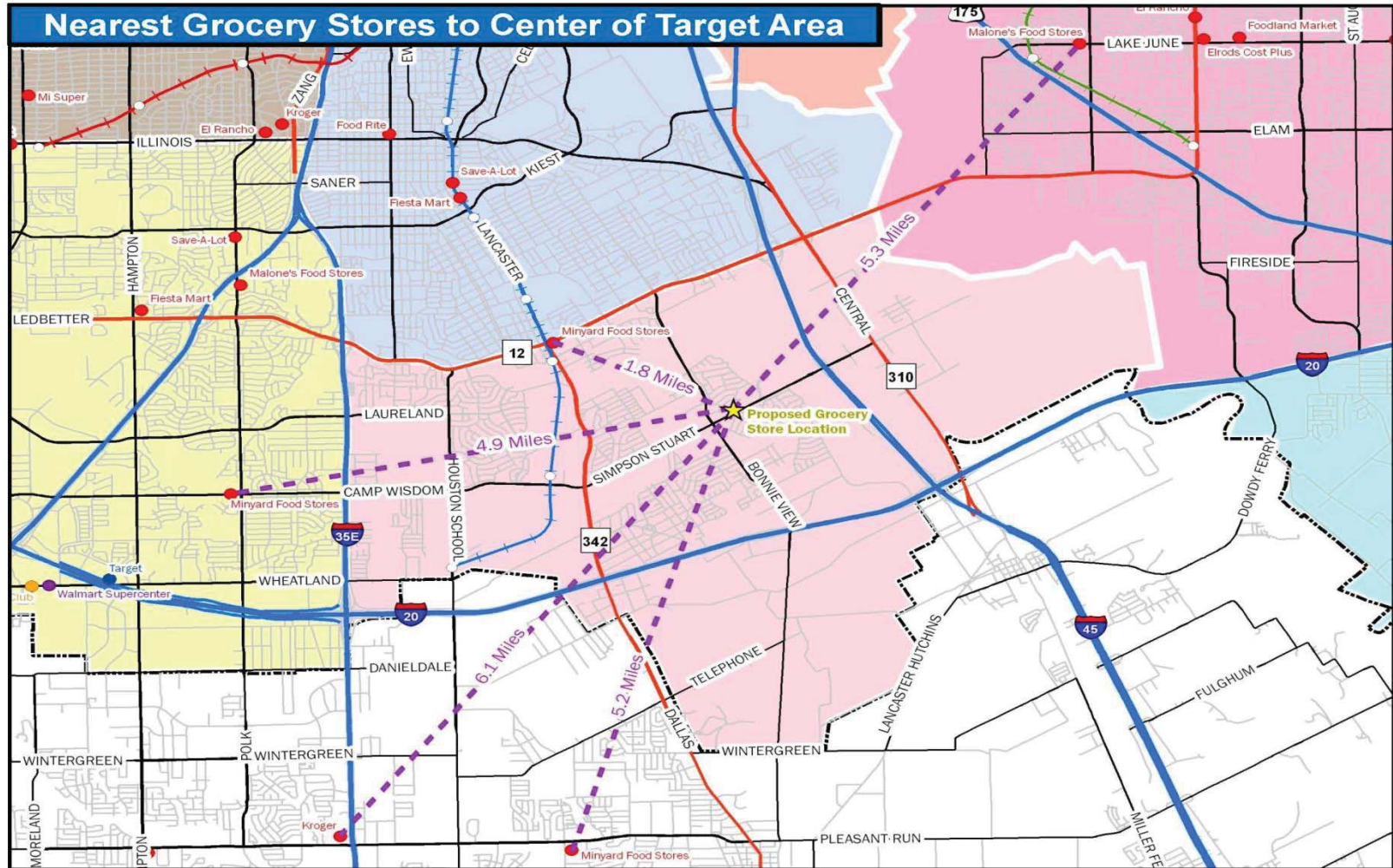
- Home to:
 - University of North Texas at Dallas
 - Paul Quinn College
 - The Dallas Logistics Hub
 - Kathlyn Joy Gilliam Collegiate Academy
- Defined as Food Desert by USDA



Issues

- Only one (1) full service grocery store south of Loop 12 to the southern city limits and east of I 35 to Highway 310
- Density of just over 1,200 people per square mile is an impediment to attracting established grocers
- Economic Development Department efforts to attract national or regional chains have been unsuccessful
- A grocery store and other amenities are needed to attract greater density of mixed income residents who work at the Dallas Logistics Hub and the education institutions in the area

Nearest Grocery Stores



Progress

- DART Blue Line extension to UNT - Dallas is scheduled to be completed in 2015
- Two (2) new warehouses in the Dallas portion of the Inland Port will add 1.2 million sq. ft of space expandable up to 2 million and ultimately bring over 400 jobs
- A new public library is being constructed just south of Simpson Stuart on Bonnie View Road
- A new Singing Hills Recreation Center has been approved
- Crime is down significantly

The Plan

- Redevelop the southeast quadrant at Simpson Stuart and Bonnie View Roads, south to Pinebrook and east to Highland Hill Blvd.
 - 16,000 sq. ft. full service grocery store
 - 7,200 sq. ft. retail shops
 - 150 Units of new Multi Family housing (\$2.5 million forgivable loan from the City approved to acquire/demolish blighted units at the site)
 - New Highland Hills Library (under way)
 - Major upgrade to Highland Hills Dr. to compliment library and multifamily units (Bond Funds designated)

Proposed Development



CONCEPT

[A = 19,570sf New Library]

[B = 6,500sf Exxon]

[C = Sr Development 220 units + 3.97 Future Dev]

[D = 16,500sf Grocery]

[E = + 22,000sf Neighborhood Retail]

Grocery Store/Retail Project

- Acquire site of former neighborhood grocery
- Acquire adjacent land on the east to better position the new development
- Secure bank financing and gap financing
- Enter Lease Agreement with national or regional full service grocery
- Begin redevelopment
- Total project cost estimated at \$4.5 million

Grant Terms

- 1st Lien Deed of Trust on properties being purchased with grant funds (will be subordinated to bank lender)
- Grant funds expended for acquisition will not exceed appraised value as determined by independent City approved appraiser
- Minimum 10 year lease with national/regional full service grocer.
- Permitted uses only for leased space
- Demolition complete within 1 year from 1st draw
- Construction complete within 3 years from 1st draw
- If terms of the Grant Agreement are not met in a timely manner, Grantee will provide the City a collateral interest in the subject real property equal to \$1,500,000 or the cash equivalent
- Extensions can be approved by Department Director
- Deed Restrictions to prevent property sale or transfer of ownership without consent and approval of the City

Grantee/Developer

- KRR Construction, LTD (Joseph Kemp, Principal) has 35 years experience in the construction industry
- Concentration is multi family development; with over 2,000 units developed
- Partnered on numerous commercial developments
- Development projects throughout the southwest

Next Steps

- Economic Development Committee recommendation for consideration by Council of a Chapter 380 Economic Development Grant Agreement for \$1,500,000 to KRR Construction LTD for acquisition and redevelopment of real property located at 3540 and 3546 Simpson Stuart Road for the Simpson Stuart/Bonnie View Roads Grocery Store anchored Project