

## City Council Work Session Handouts

May 21, 2012

- I. Review and Discuss the Neighborhood Associations Coop Alternatives
- II. Consider Resolution 12-08, authorizing the City Manager to negotiate and execute and economic development agreement pursuant to Chapter 380, Texas Local Government Code, by and between the City of Richardson and Hartman Richardson Heights Properties, LLC, a Texas limited Liability company

# **NEIGHBORHOOD ASSOCIATION COOP ALTERNATIVES**

**City Council Briefing: May 21, 2012**

# Near Term Action Item

- *Evaluate creating a coop for neighborhood associations to provide improved economies for items such as insurance and maintenance services.*

# Directors & Officers Insurance

- Typical coverage would provide certain defense costs and/or indemnity on behalf of association board directors and officers.
- Policies can be expanded to include coverage for others such as committee chairs, members, other volunteers and professional managers.
- Coverage is available for mandatory homeowner associations, voluntary neighborhood association or condominium associations.

# Directors & Officers Insurance

- Top Claims Types
  - Board's failure to adhere to by-laws; Challenges regarding power granted to board via by-laws
  - Board's failure to properly provide notice of elections; Count votes/proxies
  - Improper removal of board members
  - Decisions by board resulting in damage to association property
  - Challenges to assessments; Breach of fiduciary duty
  - Approval and declinations of variances

# Directors & Officers Insurance

- Types of Coverage
  - ▣ Defense costs for non-monetary relief claims
  - ▣ Defense and Indemnity of monetary claims
  - ▣ Defense costs for breach of third party contract
  - ▣ Optional duty to defend provision, affords insured's participation in selection of counsel
  - ▣ Defense costs for failure to collect or assess dues
  - ▣ Defense costs for American with Disabilities Act (ADA) claims

# Directors & Officers Insurance

## □ Underwriting Criteria

### ▣ Financial considerations

- Balances
- Check-signing practices
- Control of bank records
- Collections

## □ Underwriting Criteria

### ▣ Previous loss information

- ▣ Size
- ▣ Bylaws
- ▣ Sponsored events
- ▣ Property

# Maintenance Services

- Types of maintenance services\*
  - Mowing
  - Tree Trimming
  - Plantings: Trees, shrubs, annual flowers, replacement
  - Trash collection
  - Irrigation repair
  - Fertilization
  - Pest control

\*Generally applicable to mandatory homeowner associations



# Alternatives

- City Sanctioned Coop
  - ▣ Associations would take part in an official coop that was created and managed by City staff
  
- City “Piggybacking” Coop
  - ▣ Association would be eligible for the same contract pricing and terms as a City contract
  
- City Facilitated Coop
  - ▣ An unofficial coop that would be facilitated by the City in response to associations interests

# City Sanctioned

- Not recommended
  - ▣ Applicable state procurement law does not provide for the solicitation of competitive bids or proposals except for goods and services the City intends to acquire or use.
  - ▣ In addition, said law does not provide for the solicitation of competitive bids or proposals for the acquisition of goods and/or services for third parties.

# Piggybacking City Contract

- Not recommended
  - ▣ Director & Officers Insurance – Not applicable
  - ▣ Maintenance Services
    1. Existing maintenance contracts are not structured in a manner that is conducive to small scale work assignments
      - Contracts are specific to unique or special project types, such as medians or large, open areas
      - Contracts are based on abating code violations or dangerous or hazardous conditions

# Piggybacking City Contract

- Not recommended
  - ▣ Maintenance Services - Continued
    2. Existing contracts also do not include many services utilized by associations
      - Completed by Parks Maintenance staff:  
Irrigation, fertilizing, pest control
    3. If existing contracts were restructured to include smaller scale projects or new types of projects it could potentially result in higher overall prices for all work

# City Facilitated

- Help facilitate unofficial coops between groups of associations that want to partner
  1. Coordinate meetings between associations interested in exploring coop opportunities
  2. Coordinate meetings between associations and contractors
  3. Assist associations in drafting contract specifications
  4. Assist associations with questions related to review and selection considerations

# City Facilitated

## 5. Enhance online resources

- Maintain a list of contractors utilized by recognized associations
- Maintain a list of association contract types and renewal dates
- Maintain a list of coops

# City Facilitated

6. Provide training specific to voluntary and mandatory associations at the Fall Neighborhood Leadership Workshop
  - Directors & Officer Insurance
    - Types and purpose of coverage
    - Underwriting considerations
  - Maintenance Services
    - How to Effectively Write a Contract
    - How to Review Bids and Negotiate Pricing

# Next Steps

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- Accept City Council feedback and suggestions
- Provide overview of coop facilitation services at upcoming City Council / Presidents Meeting
- Begin working to publicize coop facilitation services
- Add additional information to Neighborhood Resources online as they are developed



Community Services

Building Inspection

Code Enforcement

Community Programs

Home Improvement Incentive Program

Volunteer Assistance Program

Neighborhood Vitality Program

Neighborhood Resources

Leadership Training

Sign Topper Program

Homeowner Associations

Contact Us / FAQ

Express a Concern

How Are We Doing?

Environmental Services

Reinvestment Strategy

[Departments](#) » [Community Services](#) » [Community Programs](#)

## NEIGHBORHOOD RESOURCES

Font Size: [Share & Bookmark](#) [Feedback](#) [+]  
[Print](#)

Neighborhood associations fulfill many important roles in the communities they represent. The City of Richardson views neighborhood associations as assets and values their input related to the operation of the city. Community Services strives to meet the needs of Richardson HOA's in a variety of ways.

### Newsletters / Publications

Community Services is pleased to assist associations in informing their membership. What follows is a series of articles designed to supplement your association's various publications. Feel free to copy and paste the articles into existing newsletters, print them out for distribution, or use however convenient. We will be adding new articles to the pool on a regular basis. If you have an idea for an article, please [email your suggestions](#) to Community Services Staff.

Code Enforcement Articles	Neighborhood Relations Articles
<a href="#">BABIC</a>	<a href="#">Finding Volunteers</a>
<a href="#">Fence</a>	<a href="#">Handling Neighborhood Disputes</a>
<a href="#">High Grass / Weeds</a>	<a href="#">Know Your Neighbors</a>
<a href="#">On Street Parking</a>	<a href="#">Neighborhood Relations Overview</a>
<a href="#">Vegetation Trimming</a>	<a href="#">Organize a Block Party</a>

### New Neighborhood Association Development

If you live in an area of Richardson that does not have an active HOA you and your neighbors could take part in the city council approved New Neighborhood Association Development Program. This program is designed to support resident-driven neighborhood organizing initiatives.

The New Neighborhood Association Development Program includes:

- Identifying Potential Neighborhood Leaders: Join the list of possible leaders for your neighborhood.
- Tip Sheets and Guides: Learn how to establish a neighborhood association, get to know your neighbors, solve neighborhood disputes and more.

If you are interested in meeting with a member of Community Services' staff, please email the following information to [our staff](#):

- Name, address and telephone number
- Group name (if applicable)
- Area you are interested in forming a new neighborhood association

A member of Community Services will contact you to discuss your request within two business days.

Free viewers are required for some of the attached documents.  
They can be downloaded by clicking on the icons below.



# QUESTIONS & DISCUSSION




# Alamo Drafthouse Cinema Economic Development Agreement



City Council Presentation  
May 21, 2012

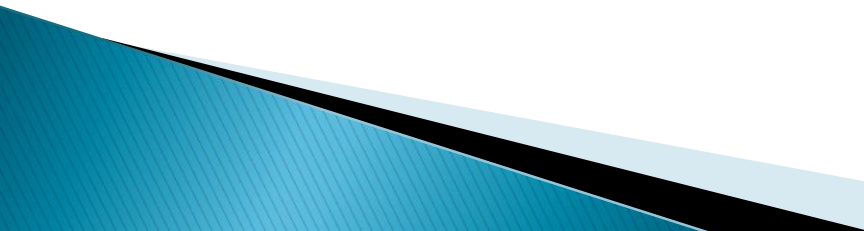
# Background: Richardson Heights Shopping Center

- ▶ The Richardson Heights Shopping Center opened in 1955 with approximately 200,000 sq.ft. of retail space and is located at the key intersection of Belt Line Road and North Central Expressway.
  - ▶ Current tenants include TJ Maxx, Party City, Payless Shoe Store and a variety of restaurants.
  - ▶ In 2007 the shopping center was improved with a façade upgrade with the City's participation.
  - ▶ The façade enhancements made the shopping center attractive for a purchase, which occurred in 2011 by Hartman Income REIT.
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# Background: Richardson Heights Shopping Center

- ▶ Hartman is based in Houston and owns more than 4 million sq.ft. of investment property in the Houston, Dallas and San Antonio market.
- ▶ Hartman's tenanting strategy has been focused on re-positioning the center with national retailers. SRS Real Estate Partners was hired by Hartman to attract a catalyst for the shopping center to spark new energy and interest in the project.
- ▶ SRS brought Alamo Drafthouse Cinema as a potential tenant to the shopping center.

# Alamo Drafthouse Cinema

- ▶ Alamo Drafthouse Cinema is an American cinema chain founded in 1997 in Austin, TX. It has screens in 10 locations across Texas and one in Winchester, Virginia. Alamo Drafthouse is also expanding to Colorado, California and New York.
  - ▶ Alamo Drafthouse is primarily growing to new markets through franchise partnerships.
  - ▶ The DFW franchise partner is Iced Tea with Lemon LLC led by Bill DiGaetano.
  - ▶ They plan to ultimately open and operate a total of 4–6 theaters in the Metroplex.
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# Alamo Drafthouse Cinema

- ▶ Alamo Drafthouse provides a unique combination of theater and restaurant. Showing first-run and independent films while offering in-theater food and beverage service. Customers are encouraged to arrive early and enjoy the pre-show entertainment. Instead of a barrage of advertising, a variety of short films are shown that change on a regular basis.



## Lord of the Rings Feast

Each year the Alamo celebrates the magic of the Lord of the Rings with a marathon screening of all three films accompanied by seven full meals (one for every Hobbit meal time) over twelve hours. Pictured above is John Bullington's interpretation of Elvish Lembas bread.

# Alamo Drafthouse Cinema

- ▶ The planned Richardson Heights Shopping Center location will feature a stand alone cocktail bar with a focus on local beer including dozens on tap. The lounge will serve as both a comfortable spot for theater patrons to enjoy cocktails and a destination for the neighborhood.



Award-Winning Cuisine

Exceptional Cocktails

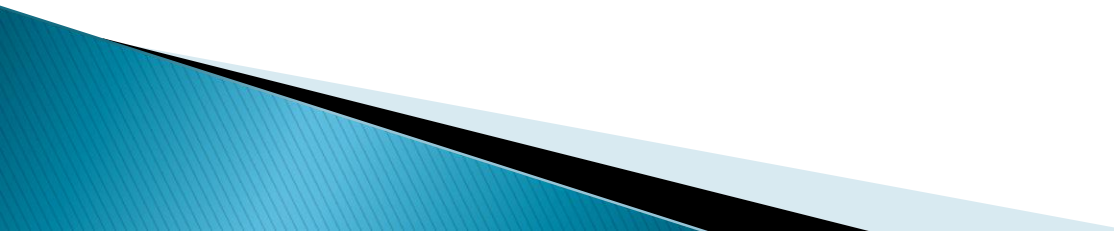


# Alamo Drafthouse Cinema

- ▶ Over the past several years Alamo Drafthouse has branched beyond a typical theater into tangential entertainment ventures. Examples include a movie fan culture and lifestyle website, one of the largest genre film festivals in the United States, and its own movie distribution company.

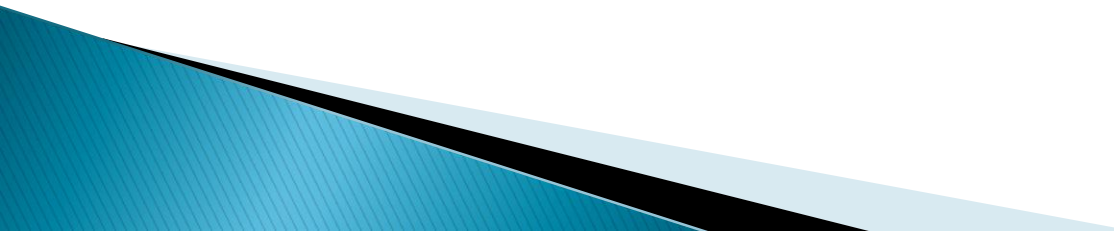


# Richardson Heights Shopping Center Location

- ▶ Alamo Drafthouse plans to occupy over 30,000 sq.ft. in the former Pep Boys location of the shopping center. The theater will include 7 screens with approximately 750 seats.
  - ▶ This portion of the shopping center is difficult to lease based on the unique configuration of the space and former automotive repair infrastructure.
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# Richardson Heights Shopping Center Location

- ▶ Alamo Drafthouse is prepared to sign a 15 year lease for the former Pep Boys location and make an approximate \$3 million investment of Furniture, Fixtures, and Equipment (FF&E).
  - ▶ Substantial tenant improvements are required to retrofit the space, which includes raising the roof to 35 ft. to accommodate the theater model. The tenant improvements are estimated at \$4.8 million.
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# Approved Building Elevation

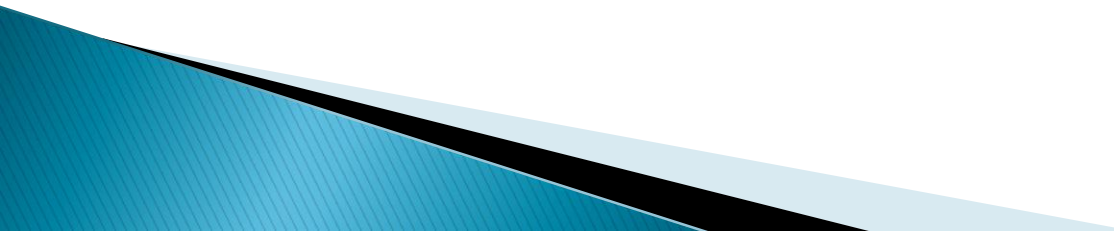
**Anticipated Opening Spring 2013**



ALAMO DRAFTHOUSE CINEMA RICHARDSON - SCHEMATIC RENDER

WEISS ARCHITECTURE

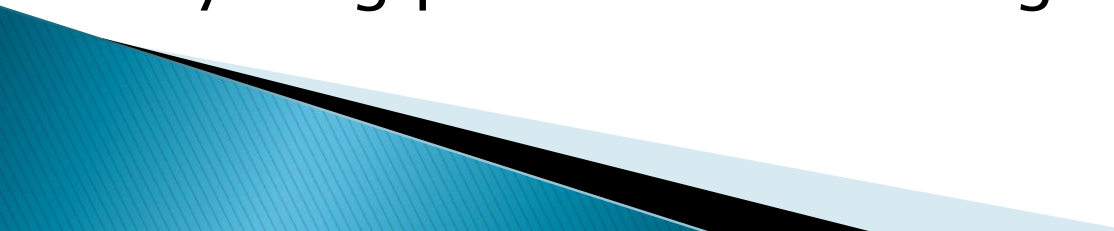
# Proposed Economic Development Incentive

- ▶ Based on the current pro-forma for the shopping center and the sizable tenant improvements, a financial gap exists for Hartman to complete the lease commitments with Alamo Drafthouse.
  - ▶ An economic incentive to Hartman is required in order to complete the tenant improvements.
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# Proposed Economic Development Incentive

- ▶ The proposed economic development incentive includes:
  - Support tactic spread over a 10 year period.
  - 100% sales tax grant to Hartman Income REIT for sales receipts associated with Alamo Drafthouse for a period of 10 years.
  - Annual grant of \$300,000 over a 5 year period to Hartman Income REIT.

# Alamo Drafthouse Benefits for the City of Richardson

- ▶ Alamo Drafthouse will be a regional retail draw based on their strong reputation, unique position in the market, and cult-like following.
  - ▶ The theater will be a catalyst for the Richardson Heights Shopping Center and surrounding retail.
  - ▶ The theater will occupy a hard to fill location in the shopping center.
  - ▶ The theater provides a quality nighttime entertainment venue and fills a movie void in Richardson.
  - ▶ Alamo Drafthouse is a strong brand geared for a young professional demographic.
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# Proposed Action

- ▶ Consider Resolution No. 12-08, authorizing the City Manager to negotiate and execute economic development agreements pursuant to Chapter 380, Texas Local Government Code, by and between the City of Richardson and Alamo Drafthouse

