

Memorandum



DATE May 3, 2019

TO The Honorable Members of the Economic Development & Housing Committee:
Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman,
Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder,
Omar Narvaez

SUBJECT **South Side Public Improvement District (PID) Renewal**

Summary

The current seven-year term of the South Side Public Improvement District (“District”) will expire December 31, 2019. The District is seeking renewal for another seven-year term. Per state law, City Council must conduct a public hearing to approve renewal of the District. On May 22, 2019, City Council will be asked to consider a resolution calling a public hearing to be held on June 12, 2019 to receive comments regarding renewal of the District.

Background

On April 12, 2019, South Side Quarter Development Corporation (“SSQDC”) submitted petitions requesting renewal of the District, expansion of the District’s boundary, and approval of a seven-year Service Plan with an effective date of January 1, 2020. City staff reviewed the signed petitions and determined owners of record representing more than 60% of the appraised value of the real property liable for assessment and more than 60% of the land area of the real property liable for assessment within the District signed the petitions (exceeding minimum requirements set in the current City of Dallas PID Policy). Signed petitions also exceed state law’s requirement of 50% of the appraised value of real property liable for assessment and 50% of the land area of all real property liable for assessment.

The South Side PID was initially established in 2005 and was renewed in 2012. Located in Council District 2, the District’s expanded boundary consists of approximately 196 properties and is primarily a combination of business, office, industrial and residential uses (See attached map). The general nature of the proposed services and improvements to be performed by the District includes improving security and providing safety and security related services, promoting the District, enhancing and protecting property values, designing, constructing and maintaining public improvement projects, including park and open space, business recruitment, marketing and other special supplemental services and improvements that are authorized by Chapter 372 of the Texas Local Government Code (the “Act”) and approved by the Dallas City Council.

During the seven-year term of the District, the annual cost of services and improvements provided by the District is estimated to range from approximately

\$304,140 to \$512,000 annually. The total estimated assessments to be collected during the seven-year period is approximately \$2,865,064, which includes a surplus of \$16,279 from the previous year's assessments. The District shall not incur bonded indebtedness. The seven-year budget detailing the estimated cost per year and total estimated costs for the entire term (the "Service Plan") is attached.

The District shall pay the costs of services and improvements by special assessment against real property and real property improvements. The assessment is apportioned each year among the property owners on the basis of special benefits accruing to the property because of District services and improvements. The annual assessment amount is approximately equal to \$0.12 per \$100.00 of appraised value for property in the standard area of the District (as determined by the Dallas Central Appraisal District) and \$0.15 per \$100.00 of appraised value for property in the premium area of the District (as determined by the Dallas Central Appraisal District). Once levied, this assessment rate shall not increase during the 2020 Service Plan year. The real property of jurisdictions and entities that have obtained an exemption from City of Dallas real property taxes pursuant to the Texas Property Code (except under the provisions of Sections 11.24 and 11.28 of the Property Tax Code) will not be subject to an assessment on that portion of the assessed value of the property exempt from City real property taxes. Property owned by tax-exempt religious organizations will be exempt from assessment as will property owned by persons already receiving and qualifying for 65-or-older homestead exemption under Section 11.13 (c) or (d) of the Texas Property Tax Code. Payment of assessments by other exempt jurisdictions and entities must be established by contract. The City of Dallas is not responsible for payment of assessment against exempt City property in the District.

Annually throughout the term of the District, SSQDC shall prepare a service plan that covers a period of at least five years and shall hold an annual meeting to review the service plan for the purpose of determining the annual budget. The annual meeting shall be open to all property owners in a public meeting space (with written notice to all property owners in the District at least two weeks prior to the meeting) to provide an opportunity for property owner questions, comments, and input to be considered during the PID annual budget and service plan approval process.

The District will continue to be managed by SSQDC, a private non-profit corporation created under the laws of the state of Texas and under the provisions of Section 501(c) (3) of the Internal Revenue Code, on behalf of the South Side Public Improvement District. A cooperative relationship between the City and the private sector will be created whereby the City Council will review and approve annually the service plan and assessment plan, determine and levy assessments, conduct other functions as required by the Act, and SSQDC will be responsible for managing and implementing the District's Service Plan.

An advisory body may be established to develop and recommend an improvement plan to the governing body of the municipality. In the interest of providing efficient

District management, the City Council, by accepting the District petition and establishing the expanded District, agrees not to establish a separate advisory body and agrees to assign the responsibility to SSQDC for development and recommendation of annual service and improvement plans and other responsibilities of the advisory body contained in the Act.

The District shall automatically dissolve on December 31, 2026 unless renewed or dissolved through the petition and approval process as provided by the Act.

Alternatives

City Council may choose to deny renewal and expansion of the District, resulting in the cessation of services and improvements provided within the District.

Financing

No Cost Consideration to the City, but there is cost consideration to others. Property owners within the boundaries of the District pay the annual assessment, and those funds are managed by SSQDC, a private, non-profit entity under a management contract with the City.

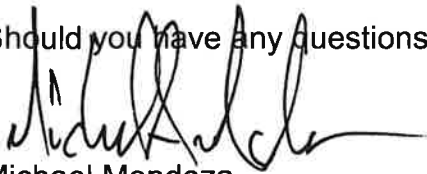
Coordination

Staff coordinated with SSQDC, Dallas County, and the City Attorney's Office.

Recommendation

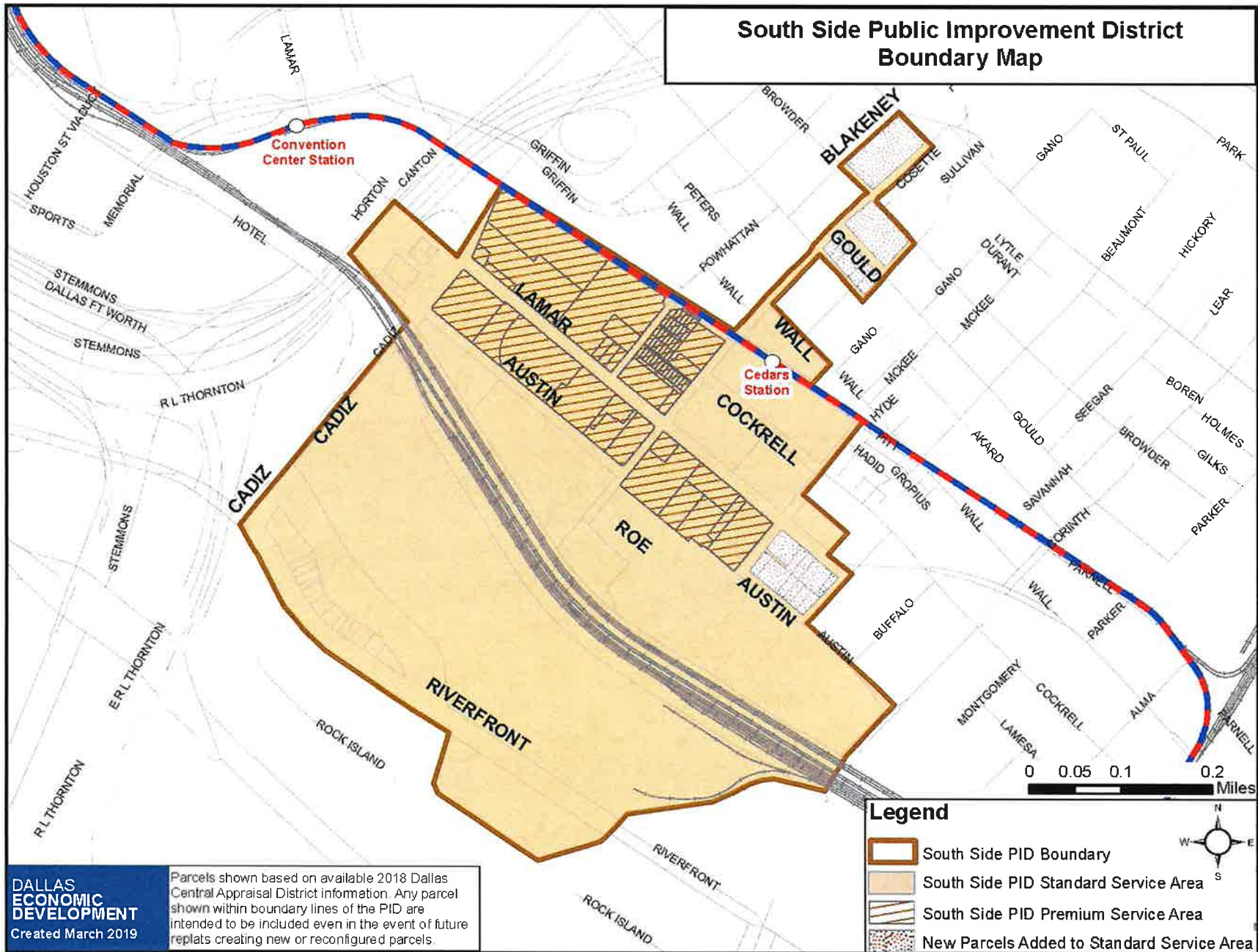
Staff recommends the Economic Development and Housing Committee recommend approval to City Council to authorize: (1) a public hearing to be held on June 12, 2019 to receive comments concerning the renewal of the South Side Public Improvement District; (2) approval of a resolution renewing the District for a period of seven years; (3) approval of expansion of the District's boundary; (4) approval of a Service Plan for 2020-2026 for the purpose of providing supplemental public services in the District; and (5) approval of a management contract with South Side Quarter Development Corporation, a Texas non-profit corporation, as the management entity for the District.

Should you have any questions, please contact me at (214) 671-5257.



Michael Mendoza
Chief of Economic Development & Neighborhood Services

- | | |
|------------------------------------------------------------|---------------------------------------------------------------------------|
| c: Chris Caso, City Attorney (Interim) | Jon Fortune, Assistant City Manager |
| Mark Swann, City Auditor | Joey Zapata, Assistant City Manager |
| Biliera Johnson, City Secretary | Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer |
| Preston Robinson, Administrative Judge | M. Elizabeth Reich, Chief Financial Officer |
| Kimberly Bizer Tolbert, Chief of Staff to the City Manager | Laila Alequresh, Chief Innovation Officer |
| Majed A. Al-Ghafry, Assistant City Manager | Directors and Assistant Directors |



South Side Public Improvement District Service Plan 2020-2026							
	2020	2021	2022	2023	2024	2025	2026
INCOME							
Net Assessment*	\$ 304,140.00	\$ 340,645.00	\$ 365,000.00	\$ 392,000.00	\$ 450,000.00	\$ 485,000.00	\$ 512,000.00
Interest on Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus/Deficit from previous year	\$ 16,279.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL INCOME	\$ 320,419.00	\$ 340,645.00	\$ 365,000.00	\$ 392,000.00	\$ 450,000.00	\$ 485,000.00	\$ 512,000.00
EXPENDITURES							
City Retainage ¹	\$ 30,414.00	\$ 34,065.00	\$ 36,500.00	\$ 39,200.00	\$ 45,000.00	\$ 48,500.00	\$ 51,200.00
Area Improvements ²	\$ 105,000.00	\$ 105,000.00	\$ 110,000.00	\$ 117,500.00	\$ 139,000.00	\$ 148,500.00	\$ 150,500.00
Public Safety/Security ³	\$ 95,000.00	\$ 95,000.00	\$ 100,000.00	\$ 105,000.00	\$ 115,000.00	\$ 123,250.00	\$ 130,000.00
Business Recruitment/Marketing ⁴	\$ 35,000.00	\$ 38,000.00	\$ 42,000.00	\$ 47,000.00	\$ 52,000.00	\$ 56,750.00	\$ 60,000.00
Cultural Events & Arts ⁵	\$ 15,000.00	\$ 24,080.00	\$ 26,500.00	\$ 30,800.00	\$ 38,500.00	\$ 43,000.00	\$ 46,800.00
Administration	\$ 26,005.00	\$ 30,000.00	\$ 34,500.00	\$ 37,000.00	\$ 42,500.00	\$ 45,000.00	\$ 50,000.00
Audit ⁶	\$ 7,000.00	\$ 7,500.00	\$ 8,000.00	\$ 8,000.00	\$ 10,000.00	\$ 12,000.00	\$ 15,000.00
Insurance and Legal	\$ 7,000.00	\$ 7,000.00	\$ 7,500.00	\$ 7,500.00	\$ 8,000.00	\$ 8,000.00	\$ 8,500.00
Renewal Fee							\$ 15,000.00
TOTAL ESTIMATED EXPENDITURE	\$ 320,419.00	\$ 340,645.00	\$ 365,000.00	\$ 392,000.00	\$ 450,000.00	\$ 485,000.00	\$ 512,000.00
Surplus/Deficit**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes							
*Net assessment reflects the deduction of City and County admin fees from the gross assessment collected.							
**Any carryover surplus in excess of 25% of the annual net assessment shall be distributed between the Area Improvements and Public Safety/Security categories.							
¹ City Retainage - 10% of gross assessments retained by the City for any repayments required by the County in settlement of tax protests, if any. Any retainage funds returned to PID after City's overall financial year close out may be carried over for use in the following year.							
² Area Improvements includes street and sidewalk improvement projects, landscape/irrigation, trees, other streetscape improvements, open and park space improvements, plaza improvements, pedestrian lighting, wayfinding, signage, district art and murals, design construction and maintenance of above standard improvements and other public improvement projects authorized by Chapter 372 of the Texas Local Government Code							
³ Public Safety/Security includes third party security group's patrol of district; other public safety programs							
⁴ Business Recruitment/Marketing includes special supplemental services such as marketing retail/restaurants in district, promotional ads, job fairs, marketing/recruitment events, district website development and maintenance							
⁵ Cultural Events includes events and programs that highlight the culture and arts of the district							
⁶ Audit line item includes fees for quarterly and annual accounting							

Memorandum



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TO The Honorable Members of the Economic Development & Housing Committee:
Tennell Atkins (Chair), Rickey D. Callahan (Vice-Chair), Lee M. Kleinman,
Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder,
Omar Narvaez

SUBJECT **Uptown Public Improvement District (PID) Renewal**

Summary

The current seven-year term of the Uptown Public Improvement District (“District”) will expire December 31, 2019. The District is seeking renewal for another seven-year term. Per state law, City Council must conduct a public hearing to approve renewal of the District. On May 22, 2019, City Council will be asked to consider a resolution calling for a public hearing to be held on June 12, 2019 to receive comments regarding renewal of the District.

Background

On February 6, 2019, Uptown Dallas, Inc. (“UDI”) submitted petitions requesting the renewal of the District and approval of a seven-year Service Plan with an effective date of January 1, 2020. City staff reviewed the signed petitions and determined that owners of record representing more than 60% of the appraised value of the real property liable for assessment and more than 60% of the land area of the real property liable for assessment within the District signed the petitions (exceeding minimum requirements set in the current City of Dallas PID Policy). Signed petitions also exceed state law’s requirement of 50% of the appraised value of real property liable for assessment and 50% of the land area of all real property liable for assessment.

The Uptown PID was initially established in 1993 and was renewed in 2000, 2005 and 2012. Located in Council District 14, the District boundary consists of approximately 2,105 properties and is primarily a combination of business, office and residential uses (See attached map). The general nature of the proposed services and improvements to be performed by the District includes enhancing public safety and security, lighting, sidewalk and streetscape improvements, landscaping improvements including plantings, hardscape, trolley operation and capital improvements, District marketing and promotional activities and improvements, as authorized by Chapter 372 of the Texas Local Government Code (the “Act”) and approved by the Dallas City Council.

During the seven-year term of the District, the annual cost of the improvements and services provided by the District is estimated to range from approximately \$3,013,977 to \$5,348,612 annually (including estimated interest and marketing sponsorships).

The total estimated assessments to be collected during the seven-year period is approximately \$28,232,962, and, with the anticipated interest and marketing sponsorship, the total budget is estimated to be \$28,631,962. The District shall incur no bonded indebtedness. The seven-year budget detailing the estimated cost per year and total estimated costs for the entire term (the "Service Plan") is attached.

The District shall pay the costs of the services and improvements by special assessment against real property and real property improvements. The assessment is apportioned each year among the property owners on the basis of special benefits accruing to the property because of District services and improvements. This amount is approximately equal to \$0.0450 per \$100.00 of appraised value (as determined by Dallas Central Appraisal District). Once levied, this assessment rate shall not increase during the 2020 Service Plan year. The real property of jurisdictions and entities that have obtained an exemption from City of Dallas real property taxes pursuant to the Texas Property Code (except under the provisions of Sections 11.24 and 11.28 of the Property Tax Code) will not be subject to an assessment on that portion of the assessed value of the property exempt from City real property taxes. Property owned by tax-exempt religious organizations will be exempt from assessment as will property owned by persons already receiving and qualifying for 65-or-older homestead exemption under Section 11.13 (c) or (d) of the Texas Property Tax Code. Payment of assessments by other exempt jurisdictions and entities must be established by contract. The City of Dallas is not responsible for payment of assessment against exempt City property in the District.

Annually throughout the term of the District, UDI shall prepare an ongoing service plan that covers a period of at least five years and shall hold an annual meeting to review the service plan for the purpose of determining the annual budget. The annual meeting shall be open to all property owners in a public meeting space (with written notice to all property owners in the District at least two weeks prior to the meeting) to provide an opportunity for property owner questions, comments, and input to be considered during the PID annual budget and service plan approval process.

The District will continue to be managed by UDI, a private non-profit corporation created under the laws of the state of Texas and under the provisions of Section 501(c) (3) of the Internal Revenue Code, on behalf of the Uptown Public Improvement District. A cooperative relationship between the City and the private sector will be created whereby the City Council will review and approve annually the service plan and assessment plan, determine and levy assessments, and conduct other functions as required by the Act, and UDI will be responsible for managing and implementing the Service Plan of the District.

An advisory body may be established to develop and recommend an improvement plan to the governing body of the municipality. In the interest of providing efficient District management, the City Council, by accepting the District petition, agrees not to establish a separate advisory body and agrees to assign the responsibility to UDI for development and recommendation of annual service and improvement plans and other responsibilities of the advisory body contained in the Act.

The District shall automatically dissolve on December 31, 2026 unless renewed or dissolved through the petition and approval process as provided by the Act.

Alternatives

City Council may choose to deny the renewal of the District, resulting in the cessation of services and improvements provided within the District.

Financing

No Cost Consideration to the City, but there is cost consideration to others. Property owners within the boundaries of the District pay the annual assessment, and those funds are managed by UDI, a private, non-profit entity under a management contract with the City.

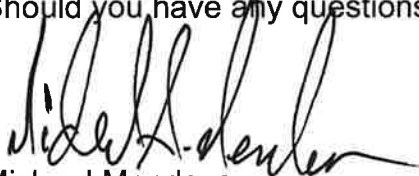
Coordination

Staff coordinated with UDI, Dallas County, and the City Attorney's Office.

Recommendation

Staff recommends the Economic Development and Housing Committee recommend approval to City Council to authorize: (1) a public hearing to be held on June 12, 2019 to receive comments concerning the renewal of the Uptown Public Improvement District; (2) approval of a resolution renewing the District for a period of seven years; (3) approval of a Service Plan for 2020-2026 for the purpose of providing supplemental public services in the District; and (4) approval of a management contract with Uptown Dallas, Inc., a Texas non-profit corporation, as the management entity for the District.

Should you have any questions, please contact me at (214) 671-5257.



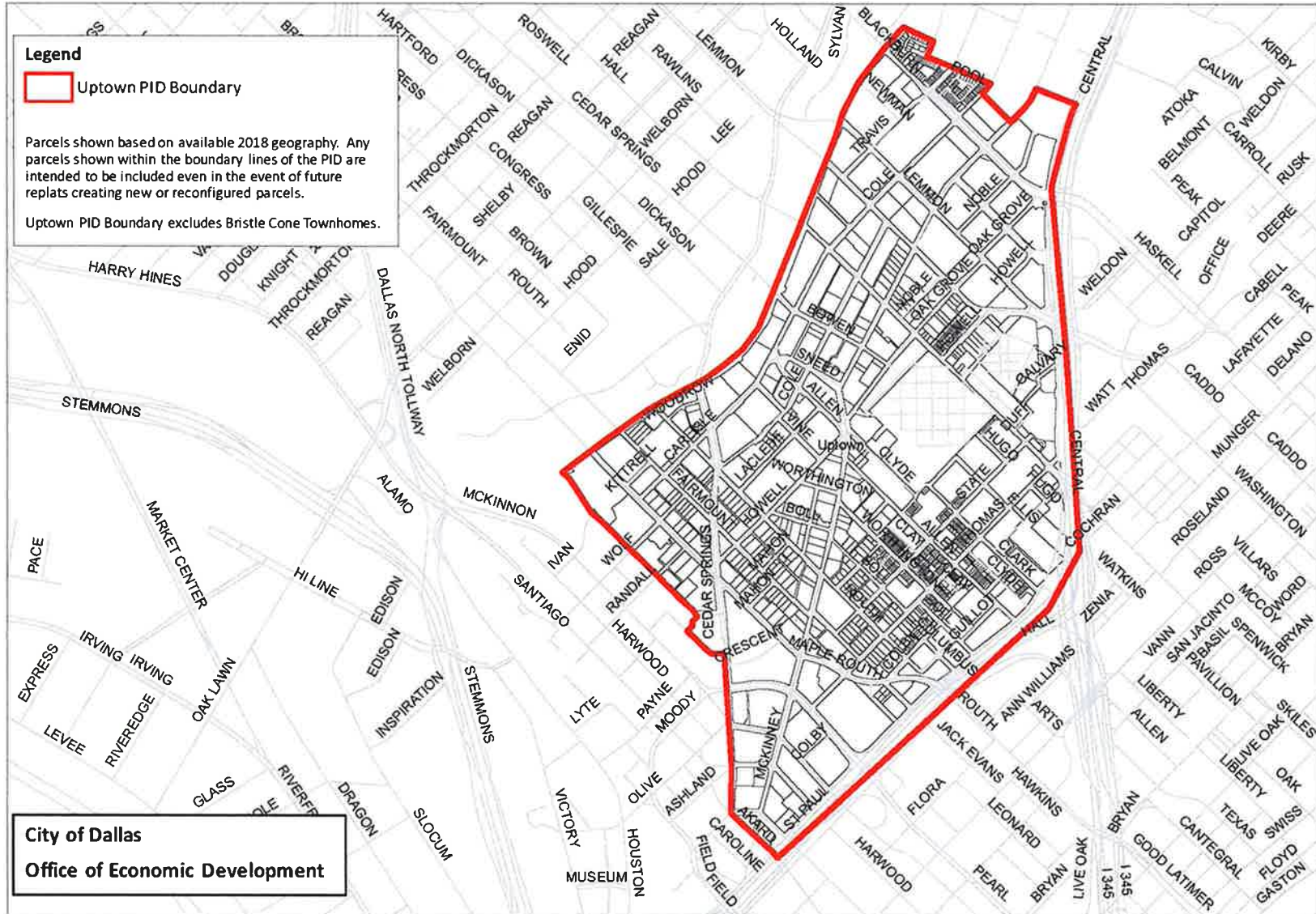
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M. Elizabeth Reich, Chief Financial Officer
Laila Aleqresh, Chief Innovation Officer
Directors and Assistant Directors

Uptown Public Improvement District Boundary Map



UPTOWN PUBLIC IMPROVEMENT DISTRICT SERVICE PLAN (2020 - 2026)							
Income	2020	2021	2022	2023	2024	2025	2026
Net Assessments	\$2,971,977	\$3,270,675	\$3,599,242	\$3,960,666	\$4,358,233	\$4,795,556	\$5,276,612
Interest	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Marketing Sponsorships (for events)	\$40,000	\$45,000	\$50,000	\$55,000	\$60,000	\$65,000	\$70,000
Total	\$3,013,977	\$3,317,675	\$3,651,242	\$4,017,666	\$4,420,233	\$4,862,556	\$5,348,612
Expenditures							
Capital Improvements (Median Landscaping, gateway markers, walking trails, parks, streetscape, Katy Trail)	\$904,193	\$995,302	\$1,095,373	\$1,205,300	\$1,326,070	\$1,458,767	\$1,604,584
Services (Safety programs, maintenance & landscaping, trolley operations, traffic & parking, marketing and promotion)	\$1,597,948	\$1,759,008	\$1,935,898	\$2,130,203	\$2,343,664	\$2,578,195	\$2,835,904
Finance & Administration (Staff Salaries & benefits, rent, office expenses, audit, insurance)	\$452,097	\$497,651	\$547,686	\$602,650	\$663,035	\$729,383	\$802,292
Contingency ¹	\$59,740	\$65,713	\$72,285	\$79,513	\$87,465	\$96,211	\$105,832
Total	\$3,013,977	\$3,317,675	\$3,651,242	\$4,017,666	\$4,420,233	\$4,862,556	\$5,348,612
¹ Contingency funds: Allowance made for anticipated tax refunds due to protests by property owners (2% of assessments) Notes: The Service Plan budget is an estimate based on current assessment rolls and assumes a 10% increase in value each year based on the high growth of Uptown. If growth rates exceed the estimated seven-year estimate, additional funds collected will be used for Capital Improvements and Services and shall be distributed pro-rata to those categories. Carryover in excess of 20% annually shall also be distributed between the Capital Improvements and Services categories. In the last year of assessment, if there are unspent carryover funds, City Council reserves the right to adjust the assessment rate.							