

Memorandum



CITY OF DALLAS

DATE August 23, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Agenda Items #PH4-PH16: Public Hearings for Public Improvement Districts (PIDs) to Set Annual Assessment Rates for 2024, Adopt 2025 Service Plans, and Amend 2024 Service Plans for two PIDs**

On August 28, 2024, City Council will hold a public hearing to consider authorizing a 2025 Service Plan, 2024 Assessment Plan, and 2024 Assessment Roll for each of the thirteen (13) Public Improvement Districts (PIDs) that will operate in the City of Dallas in the upcoming year.

Staff has reviewed the 2024 Assessment Roll and final 2025 Service Plan for each PID, has found the services and improvements to be advisable, and is recommending approval following each public hearing. At the adjournment of each public hearing, the City Council will hear and pass on any objections to a proposed assessment and may amend a proposed assessment on any parcel. After hearing and passing on objections, the City Council, by ordinance, shall levy the assessment as a special assessment on the properties in each PID.

For the 2025 Service Plan year, no changes in assessment rates are proposed, except by the Downtown Improvement District and Prestonwood PID. The Downtown Dallas Improvement District proposes a 2024 assessment rate of \$0.139 per \$100 valuation, an increase of \$0.01 cent per \$100 valuation over its 2023 assessment rate of \$0.129 per \$100 valuation. The additional funds will be used to expand the tree canopy and address the heat index downtown by planting approximately 500 trees throughout the district, with additional support from community partners. The Prestonwood PID proposes a 2024 assessment rate of \$0.075 per \$100 valuation, an increase of \$0.005 cent per \$100 over its 2023 assessment rate of \$0.070 per \$100 valuation. Prestonwood PID's rate increase is primarily driven by the rising costs associated with public safety, which is the PID's major expense category (as Dallas Police officer compensation increases, so does the off-duty rate for officers). The median year-over-year increase across all PIDs in gross certified assessment revenue is 6.6 percent. Please see **Exhibit A** for a list of 2024 gross certified assessments and rates (for the 2025 Service Plan year) as compared to 2023 gross certified assessment totals.

In addition, Chapter 372 of the Texas Local Government Code requires that any amendments or updates to a Service Plan be authorized by City Council ordinance, except in the case of a tourism public improvement district. Accordingly, Midtown Improvement District and Uptown PID have requested to amend their adopted 2024 Service Plans to reflect lower-than-budgeted expenditures, primarily due to project

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delays. Midtown Improvement District experienced delays in execution of their Southern Pacific (SoPac) Trail management agreement with the City that will allow Midtown Improvement District to construct four planned trail heads. Payment for Uptown PID's \$1 million funding commitment for the City's McKinney Avenue/Two-Way Conversion Project has been delayed to 2025. Staff reviewed the proposed mid-year budget amendments, found the requests to be reasonable, and is recommending the mid-year budget amendments for approval.

Background

A PID is a special assessment area created at the request of property owners in the proposed district via petition. Property owners pay a supplemental assessment along with their taxes, which PIDs use for services and/or improvements above and beyond existing City services. The assessment is an apportionment of the total cost of service enhancements and improvements approved by property owners who signed a petition in support of the district's creation or renewal. The assessment allows each PID to have its own work program which may include eligible supplemental services such as additional security, landscaping in common areas, distinctive lighting, street cleaning, sidewalk improvements, cultural and recreational enhancements, advertising, and business recruitment. These services increase the PID area's desirability as a place to shop, enjoy leisure activity, work and live, which in turn increases property values for commercial and residential owners, as well as promotes patronage for businesses.

Individual PIDs are governed by property owner elected boards and managed by non-profit organizations or homeowners' associations. Under a management contract with the City, PID managers are responsible for updating the PID's service plan annually and, following Council approval, implementation of the PID's annual service plan. The City's power to levy is limited to a menu of supplemental services allowed by state law and petitioned by property owners.

Accomplishments

Over the past year, City of Dallas PIDs have had many successes. These include:

- ***Beautification:***
 - The Downtown Improvement District executed a successful opening weekend of Harwood Park with festivities that drew thousands of visitors to the new park;
 - The Deep Ellum PID installed new landscaping on Elm Street;

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- The Lake Highlands PID held a ribbon-cutting for the first of several Transportation Art Boxes (City traffic boxes wrapped in nature-themed artwork); and
- The Midtown Improvement District purchased nineteen (19) new trash receptacles that were placed throughout the District.

- ***Capital Improvements:***
 - The Lake Highlands PID held a ribbon-cutting for a new Pegasus sculpture and landscaping it installed at the corner of Church Road and White Rock Trail;
 - The Oak Lawn Hi-Line PID completed a fencing project designed to create a safer and cleaner pedestrian experience under I-35, and with City assistance removed the remaining homeless encampment there;
 - The University Crossing PID completed a new pedestrian and biking connection from the Highland Hotel & Residences to the University Crossing Trail; and
 - The Uptown PID repaired sidewalks and removed damaged trees along public right of ways to increase pedestrian safety.

- ***Community Outreach & Marketing:***
 - The Deep Ellum PID installed new streetlight pole banners featuring designs by local graphic design firms to celebrate Deep Ellum's 150th anniversary;
 - The North Lake Highlands PID creating marketing materials with branding of banners, business cards, events shorts logo, and additional promotional items;
 - The Oak Lawn Hi-Line PID launched its new PID website www.olhlpid.com; and
 - The Klyde Warren Park/Dallas Arts District continued to host a multitude of events including 40th anniversary celebrations for the Dallas Arts District;

- ***Economic Development and Resilience:***
 - The Downtown Improvement District awarded over \$151,000 to (7) matching grant applicants to support nearly \$3.4 million of private investments for enhanced appearance, safety and functional quality of public spaces downtown;
 - The Dallas Tourism PID supported 75 local cultural organizations with more than \$1.4 million from its Event Marketing Incentive Fund;

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- The South Side PID hosted *Sizzling Summer Soiree*, a business development and network event for local business owners; and
- The Midtown Improvement District completed its *RCLCO Economic & Fiscal Impact Study*, to be used to assess the area's long-term economic prospects.
- **Public Safety:**
 - The Downtown Improvement District completed the decommissioning of a homeless encampment site located at Reunion Boulevard and I-35;
 - The Knox Street PID increased the number of security officers patrolling the district seven (7) days a week from four officers to six officers;
 - The Prestonwood PID provided security patrol services 24 hours a day, seven days a week, with approximately 90% coverage of scheduled patrol hours; and
 - The Uptown PID started a new help line number that anyone in Uptown can call for non-emergency issues that will connect callers to the PID's security team for assistance.

Recommendation

For each PID, following each public hearing on August 28, 2024, Staff recommends City Council authorization of an ordinance approving and adopting the final 2025 Service Plan, final 2024 Assessment Plan, and 2024 Assessment Roll. If City Council does not adopt the 2024 assessment rate and 2025 service plan for each PID by early September, the City will miss the assessment billing and collection deadlines put in place by the Dallas County Tax Office. As a result, the City would need to find another method to collect PID assessments and would likely not have the same success rate with payments or issuing penalties as Dallas County.

Fiscal Information

No cost consideration to the City except for the Downtown Improvement District (DID). The FY 2024-25 DID assessment for City-owned property is \$1,018,856.55 subject to appropriations, to be paid from the General Fund (\$684,361.15) and Convention and Event Services Fund (\$334,495.40).

Should you have any questions, please contact Maria Smith, Assistant Director, Office of Economic Development at (469) 953-7181 or Maria.Smith@dallas.gov.

Service First, Now!

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Assistant City Manager (I)

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Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
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- Dev Rastogi, Assistant City Manager
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Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager (I)
Jack Ireland, Chief Financial Officer
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
Directors and Assistant Directors

Exhibit A
Comparison of 2023 and 2024 PID Assessments and Rates

PID Name	Management Entity	2023 Gross Certified Revenue	2024 Gross Certified Revenue*	2023 to 2024 Revenue Dollars Inc/Dec	% Change	2024 Assessment Rate per \$100 valuation
Deep Ellum Public Improvement District	Deep Ellum Foundation	\$ 1,664,874	\$ 1,759,193	\$ 94,319	6%	\$0.12
Dallas Downtown Improvement District	Downtown Dallas, Inc.	\$ 11,782,884	\$ 13,217,001	\$ 1,434,117	12% ¹	\$0.139
Dallas Tourism Public Improvement District**	Dallas Tourism Public Improvement District Corporation	\$ 20,692,000	\$ 21,330,581	\$ 638,581	3%	2% of room-nights sold at qualifying hotels (100 rooms or more) located within the District
Klyde Warren Park/Dallas Arts District Public Improvement District	Woodall Rodgers Park Foundation	\$ 1,934,901	\$ 2,009,861	\$ 74,960	4%	\$0.025
Knox Street Public Improvement District	Knox Street Improvement District Corporation	\$ 638,289	\$ 653,018	\$ 14,729	2%	\$0.15
Lake Highlands Public Improvement District	Lake Highlands Improvement District Corporation	\$ 1,336,054	\$ 1,425,170	\$ 89,116	7%	\$0.13
Midtown Improvement District (Vickery Meadow PID)	Vickery Meadow Management Corporation	\$ 1,585,622	\$ 1,713,670	\$ 128,048	8%	• \$0.05 for the <u>standard</u> service area • \$0.10 for the <u>premium</u> service area
North Lake Highlands Public Improvement District	Lake Highlands Improvement District Corporation	\$ 775,089	\$ 1,068,826	\$ 293,737	38% ²	\$0.12
Oak Lawn-Hi Line Public Improvement District	Oak Lawn-Hi Line Improvement Corporation	\$ 700,529	\$ 835,920	\$ 135,391	19%	\$0.15
Prestonwood Public Improvement District	Prestonwood Homeowners Association	\$ 526,328	\$ 672,671	\$ 146,343	28% ³	\$0.075
South Side Public Improvement District	South Side Quarter Development Corporation	\$ 382,683	\$ 401,005	\$ 18,322	5%	• \$0.12 for <u>standard</u> service area • \$0.15 for the <u>premium</u> service area
University Crossing Public Improvement District	University Crossing Improvement District Corporation	\$ 1,233,181	\$ 1,261,713	\$ 28,532	2%	\$0.10
Uptown Public Improvement District	Uptown Inc.	\$ 3,688,462	\$ 3,931,005	\$ 242,543	7%	\$0.045
Total		\$ 46,940,897	\$ 50,279,634	\$ 3,338,737		
* Gross assessment revenue assumes 100% collection and no fees. Net assessment revenue is calculated by applying a 98% collection rate to gross assessment total net of Dallas County Tax Office collection fees, City administrative fees, and other PID-related fees. For 8/28 agenda items, PID service plans reflect net assessment revenue.						
**Tourism PID assessment is 2% of room nights at qualifying hotels within the district.						
¹ Dallas Downtown Improvement District had a rate increase of \$0.01 over last CY						
² North Lake Highlands Public Improvement District expanded in CY 2024						
³ Prestonwood Public Improvement District had a rate increase of \$0.005 over last CY						