

Memorandum



CITY OF DALLAS

DATE August 20, 2021

TO Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Agenda Items: August 25, 2021 Public Hearing for Public Improvement Districts (PIDs) to Set Annual Assessment Rates for 2021, Adopt 2022 Service Plans**

Background

On August 11, 2021, City Council authorized a public hearing to be held on August 25, 2021, to approve the 2022 Public Improvement District (PID) Service Plan, 2021 Assessment Plan, and 2021 Assessment Roll for each of the City's PIDs. City Council was briefed regarding this matter via memorandum on July 30, 2021. Said communication stated that a follow-up memorandum would be sent prior to the PID public hearings.

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 or service plan, which may consist of eligible activities such as marketing, providing additional security, landscaping, lighting, street cleaning, and cultural or recreational improvements.

The City's power to levy is limited to petition and budget categories/costs approved by property owners. 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 service plan outlines the proposed cost of services and improvements to be provided to property owners annually. Per contractual agreement with each PID's management company, PID managers are required to prepare an updated service plan budget for their district and to hold an annual meeting with property owners where property owners are provided an opportunity to ask questions and provide input on the PID's preliminary service plan.

DATE August 20, 2021
SUBJECT **Upcoming Agenda Items: August 25, 2021 Public Hearing for Public Improvement Districts (PIDs) to Set Annual Assessment Rates for 2021, Adopt 2022 Service Plans**

Staff reviewed the 2021 PID assessment rolls and proposed 2022 PID service plan budgets, found the services and improvements to be advisable, and recommended approval, subject to the public hearing on August 25, 2021. For the 2022 Service Plan year, no changes in assessment rates are proposed, except by the Prestonwood PID. The Prestonwood PID proposes to reduce their assessment rate from \$0.08 per \$100 valuation to \$0.07 per \$100 valuation in order to utilize timely, uncommitted funds expected to roll-over into 2022 fund balance. Holding PID rates constant, assessment revenue available to PIDs is estimated to increase by 3 percent on average. Please refer to **Exhibit A** for a list of 2021 PID estimated revenues and rates (for the 2022 Service Plan year) as compared to 2020.

Accomplishments

PIDs give property and business owners a mechanism to provide services supplemental to those provided by the City to address additional needs. Common services that PIDs provide may include, but are not limited to, additional security, common-area maintenance and beautification, minor capital improvements, and marketing that promotes local businesses and entertainment venues. 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. In addition, because these business owners and residents specially benefit from the services a PID provides, there is more buy-in and engagement on their part.

Over the past year, despite many challenges, City of Dallas PIDs have had many successes. These include¹:

- **Beautification:**
 - The Dallas Downtown Improvement District PID's Clean Team removed over 3,800 cubic yards of litter from public spaces and power-washed over 2.7 million sq. ft. of sidewalk;
 - The South Dallas/Fair Park PID completed the beautification of a parkette located at Atlanta and Malcolm X Streets and a new mural at the MLK Center;
 - The Oak Lawn-Hi Line PID cleaned up public medians on Hi Line Drive that run along the Trinity Trail, providing a better quality experience for the many pedestrians and bikers that frequent this area;

¹ Each PID is managed by a private, not for profit management entity. For ease of identification, the accomplishments and initiatives of the various PID management entities highlighted in this memo will be referred to the district's name instead of the management entity's name (i.e. Deep Ellum PID instead of Deep Ellum Foundation).

DATE August 20, 2021

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- The Uptown PID serviced 42 trash containers twice a week, beautified over 20 medians and islands in Uptown with seasonal plantings and irrigation; and
- The Klyde Warren Park/Dallas Arts District PID provided daily custodial services at Klyde Warren Park, ensuring pristine conditions for over 4.3 million visitors to the Park and the Arts District last year.
- *Community Outreach & Marketing:*
 - The Lake Highlands PID held multiple events with its community partners, including a socially-distanced Drive Thru Trick or Treat, a Hope for the Holidays event for families in need, and a teen job fair that connected local teenagers with district businesses in need of summer staff;
 - The Knox Street PID launched new district branding, including a revamped social media presence, logo, website, seasonal banners and its Pop-Up Park series, a monthly event that features local retail and food/beverage vendors; and
 - The Dallas Tourism PID continued to supplement VisitDallas' marketing efforts by funding the purchase of print, radio, television, targeted digital ad placements, contracted marketing services, collateral development, welcome signage, and event sponsorships.
- *Capital Improvements:*
 - The South Side PID hired a new landscape architect firm to make renovations and repairs to the Bark Park, an important public green space in the district;
 - The University Crossing PID finalized funding agreements, with the City and the Texas Department of Transportation, to leverage state grant funds and PID assessment funds for new pedestrian lighting, along the University Crossing Trail, with installation expected to begin in fall 2021;
 - The Vickery Meadow PID partnered with the City to install lighting on the SOPAC Trail, from Skillman Road to Greenville Avenue, providing matching funds of \$122,000 to facilitate the project; and
 - The Lake Highlands PID and North Lake Highlands PID engaged a consultant to develop a master plan that will guide future beautification efforts and capital improvements along the Skillman corridor, a key arterial road in the district stretching from Abrams to Forest Lane. The plan was paid for, and will benefit, both PIDs.
- *Public Safety:*
 - The Prestonwood PID provided district residents with 24 hours a day, 7 days a week security patrol services and succeeded in providing coverage for approximately 92% of scheduled patrol hours;

DATE August 20, 2021

SUBJECT **Upcoming Agenda Items: August 25, 2021 Public Hearing for Public Improvement Districts (PIDs) to Set Annual Assessment Rates for 2021, Adopt 2022 Service Plans**

- The Vickery Meadow PID expanded private security patrols to the SOPAC Trail, worked closely with DPD officers in the Northeast Division, and attended neighborhood crime watch meetings that have resulted in a significant reduction in violent crime in the area over the past five years; and
- The Downtown Improvement District's Homeless Outreach Team, in collaboration with its partners, helped place over 1,000 homeless individuals Downtown into programs and housing to date this year.
- *Economic Development and Resilience:*
 - Throughout the pandemic, the Deep Ellum PID helped local small businesses learn about COVID relief programs and leveraged relationships across business and government sectors to rally over 60 local venues, bars, restaurants and other small businesses, as well as sister organizations, to support the Save Our Stages legislation;
 - The Downtown Improvement District established a storefront restoration program that provided nearly \$100,000 of financial assistance to businesses that sustained damages to their storefronts during last year's social justice protests; and
 - The Dallas Tourism PID worked closely with VisitDallas to assure Dallas is better prepared than most cities as tourism rebounds. The Dallas Tourism PID funded the Global Biorisk Advisory Council STAR™ cleanliness certifications for Dallas hotels. This certification was also applicable and made available to some City of Dallas-owned assets, such as cultural arts facilities and the Kay Bailey Hutchison Convention Center.

Issues

At the adjournment of the hearing on the proposed assessments, 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 property. If City Council does not hold a public hearing and act to adopt the 2021 assessment rate and 2022 service plan for each PID, 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 way to collect PID assessments and would likely not have the same success rate with payments or issuing penalties as Dallas County.

Recommendation

Staff recommends City Council's approval to authorize an ordinance approving and adopting the final 2022 Service Plan, final 2021 Assessment Plan, and 2021 Assessment Roll for each PID, following the public hearing on August 25, 2021.

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Fiscal Information

No cost consideration to the City except for the Dallas Downtown Improvement District (DID). The FY 2021-22 DID assessment for City-owned property is \$912,634.24 subject to appropriations, to be paid from the General Fund (\$605,161.64) and Convention and Event Services Fund (\$307,472.60).

Should you have any questions, please contact Jiroko Rosales, Assistant Director, Office of Economic Development at jiroko.rosales@dallascityhall.com.



Dr. Eric Anthony Johnson
Chief of Economic Development & Neighborhood Services

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors

**Exhibit A
Comparison of 2020 and 2021 PID Assessments and Rates**

PID Name	Management Entity	2020 Net Assessment Revenue Estimates	2021 Net Assesment Revenue Estimates*	\$ Amount Inc/Dec	% Increase/(Dec)	2020 Assesment Rate Per \$100 Valuation	2021 Assessment Rate per \$100 valuation
Dallas Downtown Improvement District	Downtown Dallas, Inc.,	\$9,846,017	\$9,440,761	(\$405,256)	-4%	\$0.129	\$0.129
Deep Ellum Public Improvement District	Deep Ellum Foundation	\$892,672	\$1,109,974	\$217,302	24%	\$0.120	\$0.120
Klyde Warren Park/Dallas Arts District Public Improvement District	Woodall Rodgers Park Foundation	\$1,594,760	\$1,589,772	(\$4,988)	0%	\$0.025	\$0.025
Knox Street Public Improvement District	Knox Street Improvement District Corporation	\$412,333	\$418,621	\$6,288	2%	\$0.150	\$0.150
Lake Highlands Public Improvement District	Lake Highlands Improvement District Corporation	\$845,782	\$923,217	\$77,435	9%	\$0.13	\$0.13
North Lake Highlands Public Improvement District	Lake Highlands Improvement District Corporation	\$463,886	\$532,737	\$68,851	15%	\$0.120	\$0.120
Oak Lawn-Hi Line Public Improvement District	Oak Lawn-Hi Line Improvement Corporation	\$441,424	\$426,105	(\$15,319)	-3%	\$0.15	\$0.15
Prestonwood Public Improvement District	Prestonwood Homeowners Association	\$425,435	\$374,823	(\$50,612)	-12%	\$0.08	\$0.07
South Dallas/Fair Park Improvement District	South Side Quarter Development Corporation	\$165,000	\$168,916	\$3,916	2%	\$0.15	\$0.15
South Side Public Improvement District	South Side Quarter Development Corporation	\$362,757	\$317,742	(\$45,015)	-12%	o \$0.15 for the <u>premium</u> service area	o \$0.15 for the <u>premium</u> service area o \$0.12 for <u>standard</u> service area o \$0.12 for <u>standard</u> service area
Tourism Public Improvement District**	Dallas Tourism Public Improvement District Corporation	\$13,395,678	\$15,804,393	\$2,408,715	18%	2% of room-nights sold at qualifying hotels (100 rooms or more) located within the District	2% of room-nights sold at qualifying hotels (100 rooms or more) located within the District
University Crossing Public Improvement District	University Crossing Improvement District Corporation	\$1,017,356	\$1,041,236	\$23,880	2%	\$0.15	\$0.15
Uptown Public Improvement District	Uptown Inc.	\$2,967,045	\$2,963,012	(\$4,033)	0%	\$0.045	\$0.045
Vickery Meadow Public Improvement District	Vickery Meadow Management Corporation	\$1,106,449	\$1,116,056	\$9,607	1%	o \$0.10 for the premium service area o \$0.05 for the <u>standard</u> service area	o \$0.10 for the premium service area o \$0.05 for the <u>standard</u> service area
Total		\$33,936,594	\$36,227,365	\$2,290,771			

* Net Assessment Revenue is gross assesment revenue assuming a 98% collection rate net of Dallas County Tax Office collection fees, City administrative fees, and other PID-related fees

**Tourism PID assessment is 2% of room night cost; not subject to property tax roll