

Memorandum



CITY OF DALLAS

DATE August 23, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Agenda Items: August 28, 2019 Call for Public Hearing for Tourism Public Improvement District (TPID) Boundary Expansion and August 28, 2019 Call for Public Hearing for Public Improvement Districts (PIDs) to Set Annual Assessment Rates for 2019, Adopt 2020 Service Plans**

Issues

The boundaries of the TPID are non-contiguous and include designated hotel properties with 100 or more rooms, within the city of Dallas, as approved by City Council when the TPID was renewed in 2016. The City Controller's Office is responsible for collecting assessments from designated hotels who are assessed at a rate of 2 percent of room-nights sold. Staff have identified several non-TPID hotels with over 100 rooms who are voluntarily paying the TPID assessment. By expanding the TPID boundary, the City will be able to formally exercise the authority granted by House Bill 1136 to collect funds from these hotels.

The City must adhere to the City Council annual schedule of calling for public hearing (last August Council date) and holding of public hearing (first September Council date) so that Dallas County can include the PID assessments in the regular tax bills. If this schedule is not met, the City would need to find another way to collect the assessments, costing the City money to send a separate bill, and would likely not have the same success rate with payments or issuing penalties.

Recommendation

Staff recommends City Council's approval to call and hold a public hearing to consider an expansion of the TPID's boundary to include Dallas hotels with over 100 rooms, not described in the resolution or petition that re-established the TPID in 2016, and that are already voluntarily paying the TPID assessment. Additionally, staff recommends Council's approval to call and hold a public hearing to set the annual property assessment rate and authorize the Service Plan for each district.

Background

Chapter 372 of the Texas Local Government Code, Improvement Districts in Municipalities and Counties, requires that the City Council annually call and hold a public hearing to set the annual assessment rate for property in each district and approve a

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Service Plan for each district. These actions take place in September each year after the management of each public improvement district (PID) has reviewed changes in the appraised values and service needs for their district and prepared an annual budget for the remaining term of the PID.

PIDs are governed by state law and City of Dallas PID Policy (adopted in December 2005 and last amended on October 23, 2013). In the City of Dallas, 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 with their taxes, which PIDs use for services and/or improvements above and beyond existing City services. The assessment allows each PID to have its own work program, which may consist of eligible activities such as marketing, providing additional security, landscaping and 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 a specifically formed non-profit organization or homeowners' association.

Below is a list of the PIDs in Dallas:

- Dallas Downtown Improvement District
- Deep Ellum Public Improvement District
- Klyde Warren Park/Dallas Arts Public Improvement District
- Knox Street Public Improvement District
- Lake Highlands Public Improvement District
- North Lake Highlands Public Improvement District
- Oak Lawn Hi-Line Public Improvement District
- Prestonwood Public Improvement District
- South Dallas/Fair Park Public Improvement District
- South Side Public Improvement District
- Tourism Public Improvement District
- University Crossing Public Improvement District
- Uptown Public Improvement District
- Vickery Meadow Public Improvement District

Earlier this year, the Texas Legislature amended Chapter 372 of the Texas Local Government Code via House Bill 1136. The amendment allows the governing body of a municipality to add and levy hotel properties to the boundary of an existing hotel PID, without requiring the approval of hotel property owners, if such property could have been included when the hotel PID was created without violating the petition thresholds. In accordance with House Bill 1136, City Council will consider calling a public hearing to be held on September 11, 2019, to receive comments concerning the expansion of the

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Tourism Public Improvement District's (TPID) boundary, to include Dallas hotels with over 100 rooms not described in the resolution or petition re-establishing the TPID in 2016. At the close of the public hearing, City Council will consider a resolution approving the expanded boundary of the TPID. No changes will be made to the original TPID Service Plan budget that Council approved in 2016. If Council wishes to expand the boundary of the TPID, however, Council will also need to authorize an amendment to the City's PID policy which currently only permits the addition of new hotels to the TPID boundary as part of a petition renewal or early repetition process. Council will consider this City PID policy amendment on the September 11, 2019 consent agenda.

In addition, on August 28, 2019, City Council will consider calling a public hearing, to be held on September 11, 2019, to provide a reasonable opportunity for any owner of a property located within each PID to speak for or against the proposed assessment rate for each PID. At the close of the public hearing on September 11, 2019, City Council will take action to adopt the final 2020 Service Plans, the final 2019 Assessment Plans, and the 2019 Assessment Rolls. City staff have worked with Dallas County and each PID to finalize PID assessment rolls and proposed budgets for services and improvements. A follow up memo will be sent prior to the September 11th public hearing with more detailed information regarding individual PID budgets proposed for the 2020 Service Plan year.

Fiscal Information

No cost consideration to the City except for the Downtown Improvement District (DID). The estimated FY 2019-20 DID assessment for City-owned property is \$780,602.02 subject to appropriations, to be paid from the General Fund (\$526,607.42) and Convention and Event Services Enterprise Fund (\$253,994.60).

Should you have any questions, please contact my office at (214)670-3390.



Michael A. Mendoza
Chief of Economic Development & Neighborhood Services

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer 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
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors