

Memorandum



DATE April 17, 2020

TO Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Agenda Items: April 22, 2020 University Crossing Public Improvement District (PID) Renewal Call for Public Hearing**

The Dallas City Council first authorized creation of the University Crossing Public Improvement District (District) in 2013 for a seven-year term effective from January 1, 2014 to December 31, 2020. The District is seeking renewal for a new seven-year term effective January 1, 2021 and to continue to be managed by UCPID, Inc. d/b/a University Crossing Improvement District Corporation, a Texas nonprofit corporation. Per state law, City Council must conduct a public hearing to approve renewal of the District and approval of the District's Service Plan. On April 22, 2020, City Council will be asked to consider a resolution calling for a public hearing to be held on May 27, 2020 to receive comments regarding renewal of the District.

Background

On February 6, 2020, UCPID, Inc. submitted petitions requesting renewal of the District. City staff reviewed the petitions and verified that owners of record representing more than 76% of the appraised value and 62% of the land area of real property in the District liable for assessment had signed the petitions. Signed petitions exceeded the minimum renewal requirements established in the City's Public Improvement District (PID) Policy and Chapter 372 of the Texas Local Government Code (the Act), the latter which requires signed petitions from owners representing 50% of the appraised value of real property liable for assessment and 50% percent of the land area of all real property liable for assessment.

The purpose of the District is to supplement and enhance services within the District, but not to replace or supplant existing City services. Located in Council District 14, the District consists of approximately 314 properties and is primarily a combination of commercial and residential uses (see **Exhibit A**).

The general nature of the proposed services and improvements to be performed by the District includes security and safety enhancements such as police safety patrols for the area, wayfinding signage, pedestrian lighting, public improvements such as landscaping, pocket parks, public art/murals, sidewalks, planters, waste disposal, and clean area programs; services to promote the area among owners; and related expenses incurred in establishing, administering and operating the District as authorized by the Act and approved by City Council.

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The cost for services and improvements will be apportioned among District property owners on the basis of special benefits accruing to each property as determined by the DCAD appraised value of real property and real property improvements in the District. The annual assessment rate for the 2021 Service Plan year is approximately equal to \$0.10 per \$100 valuation. Religious organizations, jurisdictions, and entities exempt from paying property taxes to the City of Dallas will also be exempt from assessment as well as property of owners receiving the 65-or-older homestead exemption and City-owned property. Southern Methodist University has agreed to participate in the District by contract with the UCPID, Inc. Payment of assessments by other exempt jurisdictions and entities must be established by contract.

The District's Service Plan is a seven-year forecast of service level needs and new development activities projected by UCPID, Inc. (see **Exhibit B**). The projected annual cost of services and improvements to be provided by UCPID, Inc. ranges from \$1.8 million to \$2.2 million. The total estimated assessment revenue to be collected during the District's upcoming term is approximately \$11.2 million. On an annual basis, UCPID, Inc. will be required to prepare an updated, five year Service Plan and host a public meeting where any District property owner will have an opportunity to ask questions, make comments, and provide input on the District's proposed service plan budget prior to adoption by City Council. UCPID, Inc. must also provide District property owners with at least two weeks written notice prior to the annual meeting.

If the District's total collections will exceed the total Service Plan budgeted collections, UCPID, Inc. will be contractually required to either 1) reduce the District's assessment rate in subsequent years to offset the over-collection, 2) return the assessment funds to the property owners, 3) or obtain property owner consent for an increased collection, services, and costs via an early renewal process.

To provide some budgeting flexibility, the City's PID Policy allows UCPID, Inc. to increase or decrease a budget category by up to 20 percent of a category's cumulative Service Plan total. For example, if annual expenditures will exceed annual revenues due to lower than projected assessments or greater than projected costs, UCPID, Inc. may use their discretion to reduce spending among Service Plan categories in a manner that best serves the interest of District property owners and residents, provided that the District's total assessment collections do not exceed the cumulative collection totals on the District's Service Plan. If annual revenues will exceed expenditures due to greater than budgeted assessment collections or lower than budgeted costs resulting from delays or cost adjustments, the District may carry-forward the excess revenue to subsequent years, provided that the cumulative amount of all assessment revenue does not exceed the cumulative totals on the District's Service Plan and that no expenditure category is adjusted by more than 20 percent of a category's cumulative Service Plan total.

An advisory body may be established to develop and recommend an improvement plan to the governing body of the municipality. At this time, staff is not recommending

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that an advisory board be appointed but is recommending that the responsibilities for the development and recommendation of the annual service plan and other duties of the advisory board contained in the Act be assigned to UCPID, Inc. or a successor entity approved by property owners and the City Council.

The District shall automatically dissolve on December 31, 2027 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.

Recommendation

Staff recommends City Council's approval on April 22, 2020 to: (1) call a public hearing to be held on May 27, 2020 to receive comments concerning the renewal of the University Crossing Public Improvement District; (2) approval of a resolution renewing the District for a period of seven years; (3) approval of a Service Plan for 2021-2027 for the purpose of providing supplemental public services in the District; and (4) UCPID, Inc. d/b/a University Crossing Improvement District Corporation, a Texas nonprofit corporation as the management entity for the District.

Fiscal Information

No cost consideration to the City, but there is a cost consideration to property owners within the District who pay the annual assessment. Assessment funds are managed by UCPID, Inc. under a management contract with the City.

Should you have any questions, please contact Courtney Pogue, Director, Office of Economic Development at (214) 670-1696 or at courtney.pogue@dallascityhall.com



Courtney Pogue, Director
Office of Economic Development

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| c: T.C. Broadnax, City Manager | Joey Zapata, Assistant City Manager |
| Chris Caso, City Attorney | Nadia Chandler Hardy, Assistant City Manager |
| Mark Swann, City Auditor | Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services |
| Biliera Johnson, City Secretary | M. Elizabeth Reich, Chief Financial Officer |
| Preston Robinson, Administrative Judge | Laila Alequresh, Chief Innovation Officer |
| Kimberly Bizar Tolbert, Chief of Staff to the City Manager | M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion |
| Majed A. Al-Ghafry, Assistant City Manager | Directors and Assistant Directors |
| Jon Fortune, Assistant City Manager | |

EXHIBIT B

UNIVERSITY CROSSING PUBLIC IMPROVEMENT DISTRICT
Service Plan 2021 - 2027

	2021 BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET	2025 BUDGET	2026 BUDGET	2027 BUDGET
REVENUES							
Net assessment revenue ¹	\$1,066,752	\$1,224,037	\$1,407,642	\$1,614,197	\$1,775,617	\$1,953,179	\$ 2,148,496
Interest income	\$1,500	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Surplus Carried Forward	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants/Donations/Other Revenue ²	\$680,000	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUE	\$1,748,252	\$1,225,037	\$1,408,641	\$1,615,197	\$1,776,617	\$1,954,179	\$2,149,496
EXPENDITURES							
Renewal/Creation Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Security ³	\$848,456	\$519,113	\$529,880	\$536,743	\$542,417	\$586,773	\$553,974
Improvements ⁴	\$590,317	\$390,080	\$556,491	\$750,704	\$901,075	\$1,027,869	\$1,249,530
Public Area Maintenance ⁵	\$86,706	\$88,810	\$90,932	\$93,069	\$95,176	\$97,293	\$99,422
Promotion and Communication ⁶	\$59,475	\$60,545	\$61,627	\$62,719	\$63,791	\$64,870	\$65,957
Organization & Administration ⁷	\$144,156	\$147,326	\$150,525	\$152,749	\$154,924	\$158,116	\$161,328
Audit & Insurance ⁸	\$19,142	\$19,163	\$19,186	\$19,213	\$19,234	\$19,258	\$19,285
TOTAL EXPENDITURES	\$1,748,252	\$1,225,037	\$1,408,641	\$1,615,197	\$1,776,617	\$1,954,179	\$2,149,496
FUND BALANCE/RESERVES	\$0						

¹ **Net Assessment Revenue**- Estimated assessments, less administrative fees and contingency for delinquent and/or protested accounts based on a \$0.10 per \$100 valuation assessment rate.

² **Grants/Donations/Other Revenue**- Planned receipt of NCTCOG grant award funds in 2021.

³ **Security**- Police patrol of the University Crossing area, owner safety coordination, wayfinder signs and pedestrian lighting along the University Crossing Trail and other areas, safety enhancements identified in the Greenville Study, and funding for a design plan. See also the Greenville Avenue & Katy Trail Enhancement Master Plan. Category also includes \$340,000 in expenditures to be fully-reimbursed by NCTCOG grant.

⁴ **Improvements**- Landscaping, pocket parks, public art/murals, sidewalks, pedestrian amenities, and supplemental capital improvements related to "US75/Mockingbird/Lovers Lane Pedestrian Improvements" identified in the 2017 Bond Program. Service plan category also includes \$340,000 in expenditures to be fully reimbursed by NCTCOG grant.

⁵ **Public area maintenance**- Sidewalk maintenance, public planters, waste disposal, and clean area programs throughout the University Crossing area.

⁶ **Promotions & Communications**- University Crossing area coordination among owners, program services for area promotion and awareness.

⁷ **Organization & Administration**- Administrative Expenses of the PID and non-program salary of PID director.

⁸ **Audit & Insurance**- Annual audit of the PID finances and liability insurance for the PID.