

Memorandum



CITY OF DALLAS

DATE May 30, 2025

Honorable Members of the City Council Economic Development Committee: Tennell
TO Atkins (Chair), Omar Narvaez (Vice Chair), Carolyn King Arnold, Adam Bazaldua, Paul
Ridley, Kathy Stewart, Chad West

SUBJECT **Upcoming Agenda Item: Amendments to City of Dallas Public Improvement
District (PID) Policy within the City of Dallas Economic Development Incentive
Policy**

Purpose

This memorandum responds to a recent City Council request to brief the Economic Development Committee regarding potentially reducing the minimum petition approval thresholds set forth in the City's PID Policy for creating/renewing PIDs from 60% to 50% for commercial/mixed-use PIDs and from 66.7% to 50% for single-family residential PIDs, in alignment with the minimum petition approval thresholds set forth in Chapter 372 of the Texas Local Government Code (the "PID Act").

Background

The PID Act (Texas Local Government Code Chapter 372) requires signed petitions from property owners representing at least 50% of the appraised value of real property liable for assessment and at least 50% of the land area within the proposed district or 50% of all record owners of real property liable for assessment.

The City's PID Policy (as included in the City's Economic Development Incentive Policy) currently requires:

- For commercial or mixed-use PIDs: at least 60% of the of the appraised value of real property liable for assessment and at least 60% of the land area or 60% of the record owners of real property liable for assessment.
- For single-family residential PIDs (defined in the City's PID Policy as areas with a minimum of 30% of land area dedicated to detached single-family housing): at least 66.7% of the appraised value of real property liable for assessment and at least 66.7% of the land area or 66.7% of the record owners of real property liable for assessment.

The 60% petition approval thresholds for commercial or mixed-use districts have been in place since December 2005 when the City's PID Policy was originally adopted. The 66.7% petition approval thresholds for single-family residential districts have been in place since June 2008 (between 2005 and 2008, the City's PID Policy did not allow the creation of new PIDs in single-family residential districts). At that time, the intent of the

higher petition approval threshold requirement was to promote broad neighborhood support among impacted property owners for the creation of new PIDs.

Two options are currently available to petitioners struggling to meet the City’s petition approval thresholds during a PID creation or renewal process: (1) petitioners may reduce the proposed geographic area of assessment (provided that such reduction follows street lines and/or natural boundaries to the extent possible, avoids single-parcel or donut-hole carve-outs, is made before public hearing notices are mailed out, and is done in such a way that property owners who are equally benefitting from PID services are similarly assessed) or (2) petitioners may request a waiver to the City’s minimum petition approval thresholds, subject to approval by three-quarters of the City Council.

Relative to other large Texas cities like Austin, Fort Worth, San Antonio, and Houston whose PID policies follow the 50% petition approval standard pursuant to the PID Act, Dallas is an outlier.

Potential Impact of Reducing the City’s Petition Requirements

To better understand the potential impacts of amending the City’s petition approval threshold requirements, staff surveyed representatives from the City’s 15 active PIDs. Staff asked PID managers whether they would support a policy change reducing the threshold to the State minimum of 50%, what concerns they had regarding reducing the threshold, if any, as well as any benefits they saw in aligning with the State minimum 50% threshold. Overall, there was broad support for reducing the City’s petition approval threshold requirements to 50%. The table below summarizes key feedback received from PID managers.

Commonly Cited Benefits of Reducing City’s Petition Approval Threshold Requirements	Primary Concerns Regarding City’s Current Petition Approval Threshold Requirements
<ul style="list-style-type: none"> Aligns Dallas policy with State PID Act, offering clarity and consistency. 	<ul style="list-style-type: none"> Leaves Dallas as an outlier compared with peer Texas cities, which could affect competitiveness for outside investment.
<ul style="list-style-type: none"> Reduces time and cost of petition drives so PID managers can focus on service delivery. 	<ul style="list-style-type: none"> Increases the time and cost of PID petition drives.
<ul style="list-style-type: none"> Lowers barriers for PIDs with fragmented ownership or high absentee/non-local/out-of-state property ownership rates. 	<ul style="list-style-type: none"> Creates an additional barrier for areas with fragmented ownership or limited organizational capacity.

One respondent expressed support for maintaining the City's petition thresholds, citing the benefits below:

- Higher threshold may serve as indicator for stronger consensus among affected property owners, which can enhance PID stability and public perception.
- Higher threshold may reduce the likelihood of later disputes or petitions for dissolution.

Next Steps

If recommended by the Economic Development Committee, City staff will bring forward an agenda item to City Council on June 11, 2025 to authorize an amendment to the City's PID Policy, included as an exhibit within the Economic Development Incentive Policy.

It should be noted that amendment of the PID Policy will not impact the petition approval threshold requirement specifically for the Dallas Tourism Public Improvement District (DTPID) which is already aligned with the State PID Act.

Should you have any questions, please contact Maria Smith, Assistant Director, Office of Economic Development at maria.smith@dallas.gov or (214) 670-1690.

Service First, Now!



Robin Bentley
Assistant City Manager

Attachment 1: Redline of Proposed Amendments to City PID Policy

c:	Kimberly Bizzor Tolbert, City Manager	Alina Ciocan, Assistant City Manager
	Tammy Palomino, City Attorney	Donzell Gipson, Assistant City Manager
	Mark Swann, City Auditor	Robin Bentley, Assistant City Manager
	Biliera Johnson, City Secretary	Jack Ireland, Chief Financial Officer
	Preston Robinson, Administrative Judge	Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
	Dominique Artis, Chief of Public Safety	Directors and Assistant Directors
	Dev Rastogi, Assistant City Manager	
	M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager	

Attachment 1: Proposed Amendments to City PID Policy

EXHIBIT C

CITY OF DALLAS PUBLIC IMPROVEMENT DISTRICT (PID) POLICY

The City of Dallas supports the use of PIDs to address public needs or supplemental services identified by property owners. PIDs in Dallas will be allowed to fund any item provided by Chapter 372 of the Texas Local Government Code, as petitioned by the property owners.

PETITIONS

In new and renewing ~~commercial or mixed-use district~~ PIDs, the City will require that Owners representing (1) at least ~~60~~50% of the value and (2) ~~60~~50% of all record Owners or ~~60~~50% of land area, support the creation of a new or renewing PID. ~~Waivers to City's 60% threshold criteria shall only be authorized by a vote of a three-quarters majority of the Dallas City Council. Neither staff nor City council have the authority to approve exceptions to the state's petition threshold.~~

~~In new or renewing single-family PIDs (defined as areas with a minimum of 30% of land area dedicated to detached single-family housing), the City will require that Owners representing (1) at least 66.7% of the value and (2) 66.7% of all record Owners or 66.7% of land area, support the creation of a new PID.~~

Petitions will not be required to be notarized. Staff will verify that the person signing the petition is the owner and has the authority to sign. PID petitions shall include this additional note: "With respect to community property, the City may accept the signature of a spouse as a representation of both spouses that they support the creation or renewal of the PID absent a separate property agreement. However, if staff is made aware of any disagreement among owners of community property those petitions will not be counted."

The deadline to submit petitions for new or renewing PIDs is February 1. Signatures must be gathered between October 1 and February 1. The deadline to submit written consent forms from hotel owners for an expansion of the Dallas Tourism PID is February 1.

ASSESSMENTS AND ALLOWABLE COSTS

1. PID assessments will be based on a set rate based on total property value. The maximum PID assessment in Dallas shall be \$0.15 per \$100 valuation.
2. PIDs in Dallas will be allowed to fund any item provided by state law.
3. PIDs must be self-sufficient and not adversely impact ordinary service delivery of the City. Public improvement districts in the City of Dallas shall incur no bonded indebtedness.
4. Administrative expenses for a PID, excluding costs for City staff administration, shall not exceed 15% of the total budget in any year.
5. A PID Service Plan shall contain procedures for the termination of the PID without

imposing unintended costs on the City of Dallas. A PID cannot be dissolved without a petition from property owners and must be sufficient as for creation or renewal in accordance with Chapter 372, Section 372.005(b) of the Texas Local Government Code.

6. Upon council approval of creation or renewal of a PID, City staff will file the ordinance creating or renewing the PID and a Notice of Assessment Form with the Dallas County Clerks' office or other relevant deed records so that a title company may determine how much of an assessment is owed or paid for each property in the PID each year. This will ensure that a title company can pro-rate the assessments for the year between the buyer and seller in the same way the title company is responsible for calculating and collecting the taxes apportioned between the buyer and seller on the date of closing. This practice will not involve separately recording documents for each parcel within a PID.
7. Property owned by the City of Dallas shall not be subject to assessment by any PID, excluding the current term of the Downtown Improvement District. The City will review participation in the Downtown Improvement District on renewal.

APPLICATION REQUIREMENTS

1. An application fee of \$15,000 will be required for all new or renewing PIDs and for requests by DTPID for expansions. This fee is regulatory in character, so it approximates staff costs of administering the PID program. The fee will be used to pay for direct expenditures and to compensate the Office of Economic Development for staff time associated with PID creation and renewal. If the City costs for this process are less than \$15,000, the remainder will be reimbursed to the PID applicant unless the renewal or creation of the PID is successful in which case the remainder will be retained to cover City administrative expenses incurred throughout the PID's term including publication of legal notices, mailings, staff time in overseeing and monitoring the district, and any other related expense. The application fee will not be counted as part of the 15% maximum for administrative expenses in a PID budget.
2. A PID application for creating or renewing a PID shall include a current list of properties and tax roll. City staff will assist in this process in coordination with the PID management organization and DCAD.
3. PID applications shall include a map acceptable to the Office of Economic Development and a legal or clear description of the property or properties included in the District. This practice will not require the applicant to provide property surveys.
4. A PID application for creating or renewing a PID shall include a section that clearly identifies the proposed benefit of the PID to the property owners within the PID boundary and to the City as a whole and also any required evidence of insurance coverage.
5. Proposed PIDs are required to notify all property owners and host at least one public meeting with all the property owners within the area. Written notice must be sent by postal mail at least 15 days prior to the meeting date.

DISTRICT MANAGEMENT

Each management entity for a PID (“PID Management entity”) shall submit quarterly reports of all PID activities and expenditures; an annual independent audit of all PID expenditures; an annual Form 990; a copy of the management entity’s governance documents and policies; and shall hold an annual meeting open to all property owners and held in a public meeting space with written notice which must be sent by postal mail to all property owners in the PID at least two weeks prior to this meeting date to provide an opportunity for property owner questions, comments, and input to be considered during the PID Budget and Service Plan approval process.

A PID Management entity and its board members, officers (the board and officers of a PID Management entity are called the “Board”), and employees, the Board and employees of the PID Management entity are called a “PID Management party”) shall comply with the following:

1. PID Management parties will conduct themselves in a manner consistent with sound business and ethical practices.
2. PID Management parties will consider the public interest when determining how to use assessment funds and will only spend assessment funds in accordance with Chapter 372 of the Texas Local Government Code.
3. PID management entities will not contract with any entity or individual with which a PID Management party has a financial interest unless such financial interest is disclosed, the party with the financial interest is absent during any board discussion and vote, and a majority vote of the remaining board members deem the contract in the best entity of the PID.
4. PID management entities will not hire or contract with a board member or any relative (by blood, marriage, or adoption), domestic partner, or business associate of any board member for PID management services or other purposes unless such relationship is disclosed, the party with the relationship is absent during any board discussion and vote, and the remaining board members unanimously deem the action in the best interest of the PID.
5. PID Management will avoid the occurrence of and the appearance of the occurrence of acts of impropriety to ensure public confidence in the PID program.
6. No PID Management party shall have an interest, financial or otherwise, direct or indirect, or engage in any business, transaction, or incur any obligation of any nature which is in conflict with the proper discharge of his or her duties on behalf of the PID unless: a) he or she discloses such an interest, financial or otherwise, direct or indirect to the Board and b) a majority vote of the remaining Board Members without a financial interest (“disinterested board members”) deem by resolution that the contract is commercially reasonable, does not exceed the fair market value of the typical cost of the goods or service, and is in the best interest of the PID. A PID Management party with a conflict of interest due to a financial interest shall disclose the conflict to the Board, abstain from discussion, and leave the room during the Board voting and deliberation of the matter.

7. PID Management will not use their positions, the petitioned services, the assessment funds, or the petition process for personal gain or benefit and will not unduly influence others through any tactics including but not limited to coercion or bullying.
8. PID Management shall comply with this PID policy as well as with the applicable provisions of the Dallas City Code, Chapter 12A and any future amendments to same. In the event of a conflict between this PID policy and Chapter 12A, Chapter 12A will control.
9. Management entities shall maintain a publicly accessible internet website and ensure the availability via the website of the entity's contact information; board membership information; name and contact information of its executive director or person that performs those duties; meeting notices; meeting minutes; its annual assessment rate; the adopted service plan budget for preceding two years and current year; most recent financial audit; and information regarding how to file a complaint alleging unethical conduct or a violation of fraud, waste, or abuse of PID assessments with the Inspector General Division of the Dallas City Attorney's Office.
10. The PID liaison from OED will be invited to all PID board meetings. If the PID is unable to identify its liaison, it may invite the Director of OED.

The City reserves the right to audit the books, records, and practices of PID Management parties at any time. The City may terminate a PID management agreement for cause at any time without notice.

SPECIAL PURPOSE PIDS

Special Purpose PIDs may be created by the City to address unique issues, subject to state law petition requirements. The maximum PID assessment in these districts will be determined by the City Council and may be above \$0.15 per \$100 valuation. These PIDs in Dallas will be allowed to fund any item provided by state law. These Districts may be used to address special facility maintenance and beautification issues. Administrative expenses in these districts shall not exceed **10%** of the total budget in any year.

BOUNDARIES

1. With the exception of Klyde Warren Park and the Tourism PID, and any future modifications to the boundaries of either of those two PIDs, no future PIDs will be allowed to be created that overlap the boundaries of another Dallas PID.
2. In general, the boundaries of existing PIDs can be modified during a renewal process (with updated map as part of the petition). However, a boundary change during the existing term of a PID may only be considered if a re-petition of the proposed PID area meets the minimum criteria for creation/renewal as described earlier in this Policy.
3. The boundaries of the DTPID include hotels with more than 100 rooms. Any hotels that drop below that room level during the term will be removed from the assessment

roll with City Council approval following notice to the City by DTPID. New hotels may be added during the existing term of a PID with City Council approval in accordance with Chapter 372 of the Texas Local Government Code.