

Memorandum



CITY OF DALLAS

DATE July 30, 2020

The Honorable Members of the Economic Development Committee:
TO Tennell Atkins (Chair), David Blewett (Vice-Chair), Jennifer Staubach Gates, Adam McGough, Omar Narvaez, Jaime Resendez, Chad West

SUBJECT **Upcoming Agenda Items: (1) August 26, 2020 Call for Public Hearing for Public Improvement Districts (PIDs) to Set Annual Assessment Rates for 2020, Adopt 2021 Service Plans; and (2) September 9, 2020, Public Hearing for PIDs to adopt Annual Assessment Rates for 2020, Adopt 2021 Service Plans.**

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 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 March 25, 2020). 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 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 and lighting, street cleaning, and cultural or recreational improvements. 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. 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.

Daily, the Dallas County Tax Office remits assessment collections to the City. In turn, City staff disburse monthly assessment collections to PID managers. City staff book the assessments remitted by the Tax Office as revenue in segregated, special revenue funds established in the City's for each PID, and the monthly assessment disbursements issued to PID managers as PID fund expenditures. To ensure that each PID fund has sufficient appropriations (i.e. spending authority) to disburse all assessments due to PID managers over the upcoming year, staff periodically request Council approval to increase PID fund appropriations, using each PID's certified assessment roll as primary source of projected fund revenue/cash.

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SUBJECT **Upcoming Agenda Items: August 26, 2020 Call for Public Hearing for Public Improvement Districts (PIDs) to set Annual Assessment Rates for 2020, Adopt 2021 Service Plans and on September 9, 2020 at the close of the public hearing adopt the final 2021 Service Plans, the final 2020 Assessment Plans, and the 2020 Assessment Rolls.**

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

On August 26, 2020, City Council will consider calling a public hearing, to be held on September 9, 2020, 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.

On September 9, 2020, at the close of the public hearing, City Council will take action to adopt the final 2021 Service Plans, the final 2020 Assessment Plans, and the 2020 Assessment Rolls for all the PIDs. City staff have worked with each PID to finalize PID assessment rolls and proposed budgets for services and improvements.

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.

A follow up memo will be sent prior to the September 9th public hearing with more detailed information regarding individual PID budgets proposed for the 2021 Service Plan year.

Fiscal Information

There is no cost consideration to the City should Council call for a public hearing for September 9th on August 26th. There is a cost consideration to the City and to owners of property within the boundaries of each PID, should Council approve each PID's 2021 Service Plan, final 2020 Assessment Plan, and 2020 Assessment Roll after the close of each PID's public hearing on September 9th.

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The City Controller's Office and the Budget Office have requested that beginning this year, PID public hearing items show the projected amount of assessments to be disbursed from each PID fund as cost considerations to the City, in recognition of revenue and expenditure transactions that will be recorded in the City's special PID revenue funds which are reported on the City's comprehensive annual financial report.

Additionally, with the exception of the City's hotel-PID, owners of property within the boundaries of each PID will pay an assessment that is approximately equal to the annual assessment rate set for each district per \$100.00 of appraised property value as determined by the Dallas Central Appraisal District. The FY 2020-21 Downtown Improvement District assessment for City-owned property is estimated at \$854,603.00 based on the Petitioned Service Plan submitted by DDI in January 2020 to be paid from the General Fund (\$576,530.00) and Convention and Event Services Enterprise Fund (\$278,073.00). The final DID assessment for City-owned property will be known once the 2020 DID Assessment Roll is finalized in upcoming days, and included in the follow up memo that will be sent to Council prior to September 9th public hearing.

Should you have any questions, please contact Courtney Pogue, Director, Office of Economic Development at 214-670-0170.



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

c: Honorable Mayor and City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
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