



Legislation Details (With Text)

File #: 21-652 **Version:** 1 **Name:**

Type: CONSENT AGENDA **Status:** Approved

File created: 4/1/2021 **In control:** Office of Economic Development

On agenda: 4/28/2021 **Final action:**

Title: Authorize (1) a public hearing to be held on May 26, 2021, to receive comments concerning the renewal of the Klyde Warren Park/Dallas Arts District Public Improvement District (the District), in accordance with Chapter 372 of the Texas Local Government Code (the Act), for the specified area of the District, for the purpose of providing supplemental public services, to be funded by an assessment on real property and real property improvements in the District; and, at the close of the public hearing; (2) approval of a resolution renewing the District for a period of ten years; (3) approval of the District's Service Plan for 2022-2031 for the purpose of providing supplemental public services, to be funded by assessments on real property and real property improvements in the District; and (4) approval of a management contract with Woodall Rodgers Park Foundation, a Texas nonprofit corporation as the management entity for the District - Financing: This action has no cost consideration to the City (see Fiscal Information)

Sponsors:

Indexes: 14

Code sections:

Attachments: 1. Resolution, 2. Exhibit A, 3. Exhibit B

Date	Ver.	Action By	Action	Result
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STRATEGIC PRIORITY: Economic and Neighborhood Vitality

AGENDA DATE: April 28, 2021

COUNCIL DISTRICT(S): 14

DEPARTMENT: Office of Economic Development

EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize (1) a public hearing to be held on May 26, 2021, to receive comments concerning the renewal of the Klyde Warren Park/Dallas Arts District Public Improvement District (the District), in accordance with Chapter 372 of the Texas Local Government Code (the Act), for the specified area of the District, for the purpose of providing supplemental public services, to be funded by an assessment on real property and real property improvements in the District; and, at the close of the public hearing; (2) approval of a resolution renewing the District for a period of ten years; (3) approval of the District's Service Plan for 2022-2031 for the purpose of providing supplemental public services, to be funded by assessments on real property and real property improvements in the District; and (4) approval of a management contract with Woodall Rodgers Park Foundation, a Texas nonprofit

corporation as the management entity for the District - Financing: This action has no cost consideration to the City (see Fiscal Information)

BACKGROUND

On February 1, 2021, Woodall Rodgers Park Foundation (WRPF), representing owners of real property located within the District, submitted petitions to the City of Dallas requesting the renewal of the District and approval of the District's Service Plan for a new ten-year term effective January 1, 2022 to December 31, 2031, in accordance with the Act. The Dallas City Council first authorized the creation of the District in 2014. This is the District's first renewal petition.

City staff reviewed the petitions and verified that owners of record representing more than 71% of the appraised value and more than 71% of the land area of real property in the District liable for assessment had signed the petitions, thereby exceeding the minimum requirements for renewal set in the current City of Dallas Public Improvement District (PID) Policy and state law. The City's PID Policy requires signed petitions from owners of at least 60% of the appraised value of real property liable for assessment and at least 60% of the land area of real property liable for assessment. State law requires signed petitions from owners of at least 50% of the appraised value of real property liable for assessment and at least 50% of the land area of real property liable for assessment.

This action calls for a public hearing to be held on May 26, 2021 for the City Council to receive comments on the renewal of the District for a new ten-year term. The City desires, by the calling and holding of a public hearing, to provide a reasonable opportunity for any owner of property located within the District to speak for or against the renewal of the District. Upon closing of the public hearing, City Council will be asked to consider a resolution renewing the District.

Following approval, notice of the District's authorization for renewal will be published in a newspaper of general circulation in accordance with Section 372.010 of the Act and the Petition Service Plan referred to as the "Improvement Order".

The petition for the District is outlined as follows:

- A. District Name.** The name of the District is Klyde Warren Park/Dallas Arts District Public Improvement District.
- B. District Location.** The District is located wholly within the City of Dallas, Texas, a Texas home rule municipality. The boundaries of the District are shown on **Exhibit A**.
- C. Nature of the Services and Improvements.** The purpose of the District is to supplement and enhance services provided within the District, but not to replace or supplant existing City services provided within the District. The general nature of the proposed services and improvements to be performed by the District are provided to the Klyde Warren Park and Dallas Arts District facilities, services shall include, but are not limited to: security, beautification, programming, cultural enhancements, custodial and landscape maintenance, and capital improvements, and other related expenses incurred in establishing, administering and operating the District as authorized by the Act and City Council.
- D. Estimated Cost of the Services and Improvements.** During the next 10-year term of the District, the estimated annual cost of services and improvements to be provided by the District is

expected to begin at approximately \$1,815,772.00 in 2022 and reach \$6,387,663.00 in 2031. The total estimated revenue to be collected during the 1-year period is approximately \$36,866,932.00. The District shall incur no bonded indebtedness. The 10-year budget detailing the estimated cost per year and total estimated costs for the entire term (the Service Plan) is attached as **Exhibit B**.

E. Method of Assessment. The assessment shall apportion the costs each year among the property owners on the basis of special benefits accruing to the property. The proposed method of assessment, which may specify included or excluded classes of assessable property, shall be assessed according to the value of the real property and real property improvements as determined by the Dallas Central Appraisal District (DCAD). The net assessment amount for 2022 is proposed to be \$1,815,772.00. The annual assessment rate for 2022 is approximately equal to \$0.025 per \$100.00 valuation. Once levied, this assessment rate shall not increase during the 2022 Service Plan year.

Future annual assessment rates, however, may be increased up to a maximum of \$0.15 per \$100.00 valuation, subject to appropriations set forth in the petition that renewed the District. Any future increase in the assessment rate would also be subject to a public hearing and City Council approval.

F. Apportionment of Costs Between the District and the Municipality as a Whole. The assessment is levied on the real property and real property improvements in the District according to the value of such property. Levying the assessment for the services and improvements based on the appraised value of the property results in the apportionment of the costs on the basis of special benefits accruing to the property.

The real property of jurisdictions and entities that have obtained an exemption from City of Dallas real property taxes pursuant to the Texas Property Code (except under the provisions of Sections 11.24 and 11.28 of the Property Tax Code) will not be subject to an assessment on that portion of the assessed value of the property exempt from City real property taxes. Payment of assessments by exempt jurisdictions and entities must be established by contract. Property owned by tax-exempt religious organizations will be exempt from assessment as well as City rights-of-way, City parks, railroad rights-of-way, and cemeteries. The City of Dallas is not responsible for payment of assessment against City-owned property in the District.

G. District Management. The District shall be managed by Woodall Rodgers Park Foundation, a Texas nonprofit corporation established under the provisions of Section 501(c) of the Internal Revenue Code, or its successors or assigns, as approved by property owners and the City Council. Woodall Rodgers Park Foundation will be responsible for the management of the District, development, and recommendation of an annually updated Service Plan, and perform other required responsibilities pursuant to a contract with the City. The City Council will review and approve annually the Service Plan and assessment plan, determine and levy assessments and conduct other functions as required by the Act.

H. District Dissolution. The District shall automatically dissolve on December 31, 2031, unless renewed or dissolved through the petition and approval process as provided by the Act. If the District is dissolved, the District nonetheless shall remain in effect for the purpose of meeting obligations of indebtedness for improvements.

I. Advisory Body. 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 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 Woodall Rodgers Park Foundation or a successor entity approved by property owners and the City Council.

Following approval, the WRPF will be contractually required to implement the Petitioned Service Plan in accordance with the Act and the following administrative provisions:

J. Service Plan Budget Modifications. The Petitioned Service Plan covers a period of 10-years, groups services and improvements to be provided into program categories (“Program Category”), and the percentage of available funds allocated to each Program Category by WRPF. Upon review and written approval by the Director of the Office of Economic Development or his/her designee, WRPF shall be granted the ability to increase or decrease the cumulative proportion or percentage of funds allocated for a Program Category (i.e. over the 10-year period) by up to 20% provided that such modifications: (1) serve the common interest of owners and tenants in the District, (2) do not translate to dollar value modifications that exceed the cumulative Petitioned Service Plan total; and (3) do not allocate more than 15% of annual funds to general administrative expenses. Any increase and/or decrease in the amount of a Program Category that exceeds 20% shall require City Council approval.

K. No Collection of Assessments in Excess of Petitioned Cost Total. The City has no power to levy and collect assessments within the District in excess of the total cost of services and improvements that property owners agreed to when they signed the District’s renewal petition. If appraised property values increase or decrease within the District, the apportionment of the cost among the property owners may change on an annual basis but the cumulative amount of assessment revenue that is generated over the District’s term cannot exceed the total cost of services and improvements projected on the Petitioned Service Plan. No over-collection of assessments is anticipated over the District’s term. If, however, the District’s cumulative, net assessment collections will exceed the cumulative assessments budgeted on the Petitioned Service Plan, WRPF shall: (1) reduce the District’s assessment rate in a subsequent year(s) to offset the over-collection, (2) return the assessment funds to the property owners, and/or (3) retain and not expend such additional assessments until a revised petition for an early renewal of the District that includes the additional assessments and increased service levels/costs is signed by the District property owners and approved by City Council, in accordance with the Act and the City’s PID Policy.

L. Excess Funds. The District must identify any unspent assessment funds arising from greater than anticipated collections and/or lower than budgeted costs on the upcoming year’s Annual Service Plan as either revenue available for current/future expenditures or return the excess funds to property owners, provided that the District’s revenue at any time (inclusive of unspent carry-forward revenue and interest generated from assessments) does not exceed the total cost of services and improvements budgeted on the Petitioned Service Plan. Requests to carry-forward funds in excess of 20% of the District’s budgeted collections, WRPF must explain/justify why the District is carrying such a large fund balance (i.e. future capital improvement project, etc.) At no time shall carryover funds be used for services or improvements that were not approved in the District’s Petition. If in the last year of the District’s term, there are unspent funds, City Council reserves the right to adjust the assessment rate to absorb such funds to the extent not otherwise approved by City Council to be using during the District’s ensuing renewal term. In all instances,

City Council shall have final approval as to whether the District and/or DDI is permitted to carry over assessments to the following year.

M. Expenditure Overruns and Use of Approved Fund Balance/Contingency Reserves. If annual expenditures will exceed revenues (for example, due to lower than projected collections or greater than projected costs), WRPF shall take measures to avoid a negative fund balance at year-end, such as: (1) reducing spending among Program Categories in a manner that best serves the interest of District property owners, tenants, and residents, provided that no Program Category is adjusted by more than 20% of the Program Category's total term budget, (2) accessing approved amounts set-aside in a budgeted contingency reserve category as applicable), (3) and/or accessing approved excess assessments carried forward from prior year fund balance.

The term of the District upon renewal is ten years, from 2022 to 2031. Pending approval, actual operations in the District will commence on January 1, 2022.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 25, 2014, City Council authorized the creation of the Klyde Warren Park/Dallas Arts District Public Improvement District for a period of seven-years and designated the Woodall Rodgers Park Foundation as the management entity for the District by Resolution No. 14-1074.

On September 12, 2018, City Council authorized an amended and restated management contract with the Woodall Rodgers Park Foundation to reflect changes in the process for disbursement of assessment, revenue, authorizing the City to disburse assessments to Woodall Rodgers Park Foundation, and to address other amendments to the agreement form by Resolution No. 18-1309.

[The Economic Development Committee was briefed by a memorandum regarding this matter on April 5, 2021. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=9285975&GUID=AC96517D-6C9A-4470-A8D5-42375A31A4D5>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=9285975&GUID=AC96517D-6C9A-4470-A8D5-42375A31A4D5)

FISCAL INFORMATION

This action has no cost consideration to the City. For District property owners, the proposed assessment amount is approximately equal to \$0.025 per \$100.00 of appraised value as determined by the DCAD (i.e. property owners within the boundaries of the District pay the assessment and the funds are managed by private, non-profit entities under a management contract with the City).

CONTACT INFORMATION

Woodall Rodgers Park Foundation

Larry W. McCoy, Executive Vice President of Finance & Administration (Klyde Warren Park)
1909 Woodall Rodgers Freeway, Suite 403
Dallas, Texas 75201