



## Legislation Details (With Text)

**File #:** 20-400      **Version:** 1      **Name:**

**Type:** ITEMS FOR INDIVIDUAL CONSIDERATION      **Status:** Approved

**File created:** 2/21/2020      **In control:** Office of Economic Development

**On agenda:** 3/25/2020      **Final action:** 3/25/2020

**Title:** Authorize the fourth amendment to the City of Dallas Public Improvement District (PID) Policy for the creation, renewal, administration and management of PIDs to: (1) allow the addition of new hotels to the boundaries of the Dallas Tourism Public Improvement District (District) in accordance with the provisions of Chapter 372 of the Texas Local Government Code (the Act), as amended by House Bill 1136; (2) clarify that City administrative costs are excluded from the 15 percent PID administrative expenditure cap; (3) change the PID application deadline date from April 1st to February 1st; (4) add language that the City shall retain the remaining balance of the PID application fee to cover any administrative costs incurred by the City during the PID's term; and (5) remove language that the PID application fee may be reimbursed from PID assessments collected - Financing: No cost consideration to the City (see Fiscal Information)

**Sponsors:**

**Indexes:** 10, 11, 12, 13, 14, 2, 5, 6, 7, 8, 9

**Code sections:**

**Attachments:** 1. Resolution, 2. Exhibit A

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

**AGENDA DATE:** March 25, 2020

**COUNCIL DISTRICT(S):** 2, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14

**DEPARTMENT:** Office of Economic Development

**EXECUTIVE:** ~~Michael Mendoza~~ [Dr. Eric A. Johnson](#)

### SUBJECT

Authorize the fourth amendment to the City of Dallas Public Improvement District (PID) Policy for the creation, renewal, administration and management of PIDs to: **(1)** allow the addition of new hotels to the boundaries of the Dallas Tourism Public Improvement District (District) in accordance with the provisions of Chapter 372 of the Texas Local Government Code (the Act), as amended by House Bill 1136; **(2)** clarify that City administrative costs are excluded from the 15 percent PID administrative expenditure cap; **(3)** change the PID application deadline date from April 1st to February 1st; **(4)** add language that the City shall retain the remaining balance of the PID application fee to cover any administrative costs incurred by the City during the PID's term; and **(5)** remove language that the PID application fee may be reimbursed from PID assessments collected - Financing: No cost consideration to the City (see Fiscal Information)

## **BACKGROUND**

Last year, the 86<sup>th</sup> Texas Legislature enacted House Bill 1136 which amended the Public Improvement District Act, Chapter 372 of the Texas Local Government Code (the Act) to allow 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 in the hotel-PID without violating the petition thresholds in place when the hotel PID was created or renewed.

The City's PID Policy, adopted by City Council on December 14, 2005 and subsequently amended by Resolution Nos. 08-1782, 09-2620, and 13-1825 on June 25, 2008, October 28, 2009, and October 23, 2013, respectively, provides uniform rules and guidelines related to the creation, renewal, administration, and management of PIDs in Dallas. The current PID Policy only allows the addition of new hotels to the District boundary during a new renewal or early repetition process. The amended policy would allow the addition of new hotels to the district during an existing term with City Council approval in accordance with Chapter 372 of the Act, as amended by House Bill 1136, thereby aligning the City's PID Policy with state law.

In addition, this amendment (1) clarifies that City administrative costs are excluded from the City's 15% PID administrative expenditure cap, (2) changes the PID application deadline date from April 1st deadline to February 1st deadline to meet the Dallas County Tax Office PID account portfolio deadline, (3) adds language that the City shall retain the remaining balance of the \$15,000.00 application fee to cover city administrative costs incurred throughout the PID's term (i.e. legal notices and mailings related to annual assessment roll and service plan adoption process, monthly disbursement of PID assessment collections, contract monitoring, oversight, etc.) as is current practice, and (4) remove language that the PID management entity may be reimbursed the PID application fee from PID assessments collected in accordance with the management agreement of every active PID in Dallas.

On December 2, 2019, the Economic Development Committee was briefed on the impact of expanding the boundaries of the District and amending the City's PID Policy. The Economic Development Committee recommended moving the Dallas Tourism Public Improvement District boundary expansion and related PID Policy amendment to full City Council for consideration and approval in Spring 2020. Specifically, expanding the boundary of the District confirms the City's legal authority to collect assessments from hotels not on the annual District assessment roll donating to the District. Adding new hotels to the District, however, does not handicap the City's ability to increase its local hotel occupancy tax rate for future local venue improvement projects as outlined in Chapter 334 of the Texas Local Government Code (the Brimer Bill); Section 334.254(d)(1) of the Brimer Bill specifically excludes tourism PID assessments from state and local Hotel Occupancy Tax rate cap of 17 percent. Finally, adding new hotels to the District does not change the original District Service Plan budget that Council and the original hotels approved in 2016. While this action may result in increased District assessment revenues, the total revenue that the District can utilize is limited to original revenue projections in the District's service plan budget (capped at \$292.7 million assessment collections over 13-year District term spanning October 2016 to September 2029). If as a result of adding new hotels to the District boundary, the District's collections will exceed the projected District term revenue total, the District will need to apply for early renewal through a new petition and City Council approval process.

### **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On December 14, 2005, City Council authorized the adoption of the City of Dallas PID Policy for the creation, renewal, administration and management of public improvement districts by Resolution No. 05-3539.

On June 25, 2008, City Council authorized the first amendment to the City of Dallas PID Policy by Resolution No. 08-1782.

On October 28, 2009, City Council authorized second amendment to the City of Dallas PID Policy by Resolution No. 09-2620.

On October 23, 2013, City Council authorized third amendment to the City of Dallas PID Policy by Resolution No. 13-1825.

On September 11, 2019, City Council authorized a proposed amendment to the City of Dallas PID Policy was remanded to Finance Council Committee by Resolution No. 19-1399.

The Economic Development Committee was briefed on the proposed amendment to the City of Dallas PID Policy on December 2, 2019 and recommended the item to the City Council for consideration and approval in Spring 2020.

### **FISCAL INFORMATION**

Cost consideration to others - for designated hotel properties, the total cost of the services and improvements to be provided shall be apportioned at a rate of 2 percent of room-nights sold at qualifying hotels located within the District territory until the collective total budget for the renewal period is reached.