



## Legislation Text

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**File #:** 20-902, **Version:** 1

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**STRATEGIC PRIORITY:** Economic and Neighborhood Vitality  
**AGENDA DATE:** May 27, 2020  
**COUNCIL DISTRICT(S):** 14  
**DEPARTMENT:** Office of Economic Development  
**EXECUTIVE:** Dr. Eric A. Johnson

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### **SUBJECT**

A public hearing to receive comments concerning the renewal of the University Crossing 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 assessments on real property and real property improvements in the District; and, at the close of the public hearing authorize: **(1)** approval of a resolution renewing the District for a period of seven-years, from 2021-2027; **(2)** approval of the District's Service Plan for 2021-2027 for the purpose of providing supplemental public services, to be funded by assessments on real property and real property improvements in the District; and **(3)** a management contract with UCPID, Inc. d/b/a University Crossing Public Improvement District Corporation, a Texas non-profit corporation as the management entity for the District - Financing: This action has no cost consideration to the City (see Fiscal Information)

### **BACKGROUND**

On February 6, 2020, UCPID, Inc. d/b/a University Crossing Public Improvement District Corporation, submitted petitions requesting the renewal of the District and approval of the Service Plan for a period of seven years with an effective date of January 1, 2021 in accordance with the Act. The Dallas City Council first authorized the creation of the District in 2013 for a seven-year period, from January 1, 2014 to December 31, 2020.

City staff reviewed the petitioned Service Plan, verified the signed petitions and found the renewal Service Plan to be viable and recommended approval. City staff determined 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 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 petition signatures 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 petition signatures 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. Pending approval for renewal and notice of such approval is published in a newspaper of general circulation in accordance with Section 372.010 of the Act, the Service Plan is referred to as the Improvement Order.

On April 22, 2020, City Council authorized a public hearing for the renewal of the District to be held on May 27, 2020 by Resolution No. 20-0623. Notice of the public hearing was published in the Dallas Morning News and mailings sent to property owners of record in the District.

The City desires, by the calling and holding of such 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, the special assessment against each property owner of record of real property and real property improvements, exclusive of right-of-way, to provide funding for the District for the purpose of providing supplemental services and improvements.

The petition for the District is outlined as follows:

- A. District Name.** The name of the district is University Crossing 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 the attached map (Exhibit A) of the District attached to the resolution.
- C. Purpose of the District; General 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 includes security and safety enhancements (police safety patrols for the area, safety awareness, wayfinding signage, pedestrian lighting, etc.); public improvements (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.
- D. Estimated Cost of the Services and Improvements; No Bonded Indebtedness.** During the seven-year term of the District, the estimated annual cost of services and improvements provided by the District is expected to begin at approximately \$1,748,252.00 in 2021 and reach \$2,149,496.00 in 2027. The total estimated revenue to be collected during the seven-year period is approximately \$11,877,420.00, which includes \$11,189,920.00 in net assessments, \$7,500.00 in interest income, and a \$680,000.00 grant award income from the North Central Texas Council of Governments. The District shall incur no bonded indebtedness. The seven-year budget detailing the estimated cost per year and total estimated costs for the entire term (the Petitioned Service Plan) is labeled as Exhibit B of the attached resolution.
- 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 2021 is proposed to be \$1,066,752.00. The annual assessment rate for 2021 is approximately equal to \$0.10 per \$100.00 valuation. Once levied, this assessment rate shall not increase during the 2021 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. 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. Property owned by tax-exempt religious organizations will be exempt from assessment as will property owned by persons already receiving and qualifying for 65-or-older homestead exemption under Section 11.13 (c) or (d) of the Texas Property Tax Code as well as railroad rights-of-way and cemeteries.

Southern Methodist University (SMU) has agreed to participate in the District by contract with the UCPID, Inc. through special assessment based on all taxable and tax exempt real property owned by SMU or SMU affiliates within the District. The contract specifies SMU's level of assessment as well as possible offset of SMU assessment for new landscaping overpass improvements to the entryway areas within the Dallas City limits. Payment of assessments by other exempt jurisdictions and entities must be established by contract.

**F. Apportionment of Cost 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. No assessment, however, will be levied against exempt City property in the District. The City of Dallas is not responsible for payment of assessment against exempt City property in the District. City rights-of-way, City parks and cemeteries are not specially benefitted and, therefore, are not subject to assessment.

**G. District Management.** The District shall be managed by UCPID, Inc. d/b/a University Crossing Improvement District Corporation, a Texas non-profit corporation established under the provisions of Section 501(c)(3) of the Internal Revenue Code, or its successors or assigns, as approved by property owners and the City Council. UCPID, Inc. will be responsible for the management of the District, development, and recommendation of an annually updated Service Plan covering a period of at least five-years ("Annual Service Plan"), and perform other required responsibilities pursuant to a contract with the City. City Council will review and approve the Annual 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, 2027, 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 responsibility for the development and recommendation of the annual service plan and other responsibilities of the advisory board contained in the Act be assigned to UCPIID, Inc. or a successor entity approved by property owners and the City Council.

The term of the District upon renewal is seven years, from 2021 to 2027. Pending approval, actual operations in the District will commence on January 1, 2021.

Following approval, UCPIID, Inc. will implement the Petitioned Service Plan in accordance with the Act and the following contractually required, administrative provisions:

**A. Service Plan Budget Modifications.** The Petitioned Service Plan covers a period of seven years and defines the cost of service and improvements and new development activities in the District as projected by UCPIID, Inc. UCPIID, Inc. is hereby granted the ability to modify or substitute items, upon review and written approval by the Director of Office of Economic Development or his/her designee, within the "Program Categories" of listed improvements attached to the resolution as Exhibit B authorized by the Act, if such changes serve the common interest of owners and tenants in the District and the increase and/or decrease in the amount of a Program Category does not exceed 20% of the Program Category's cumulative budget. Any increase and/or decrease in the amount of a Program Category that exceeds 20% shall require City Council approval.

**B. Assessment Collection Cap:** 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 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. Therefore, no over-collection of assessments is anticipated over the District's term. If, however, the District's cumulative, net assessment collections exceed the cumulative assessments budgeted on the Petitioned Service Plan, UCPIID, Inc. 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 owner, and/or (3) obtain the consent of the property owners for an increased collection and service levels/costs on a revised petition and apply for an early renewal of the District.

**C. Excess Revenue and Carry-Forward.** If annual revenues will exceed actual expenditures due to greater than budgeted assessment collections or lower than budgeted costs resulting from delays or cost adjustments, UCPIID, Inc. shall be permitted to carry-forward the excess revenue to subsequent year(s), provided that the cumulative amount of all assessment

revenue (inclusive of unspent carry-forward revenue) does not exceed the total cost of services and improvements budgeted on the Petitioned Service Plan and that no Program Category is adjusted by more than 20% of the Program Category's cumulative budget.

**D. Expenditure Overruns and Use of Fund Balance or Reserves.** If annual expenditures will exceed revenues due to lower than projected assessments or greater than projected costs, UCPID, Inc. shall take measures to avoid a negative fund balance at year-end, such as: (1) reduce 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) access amounts set-aside in a budgeted contingency reserve category as applicable, and/or (3) access excess assessments carried forward from prior year fund balance.

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

On June 12, 2013, City Council authorized the creation of the District by Resolution No. 13-1016.

On September 12, 2018, City Council authorized an amended and restated management contract with the UCPID, Inc. d/b/a University Crossing Public Improvement District Corporation, by Resolution No. 18-1324.

City Council was briefed by memorandum regarding this matter on April 17, 2020.

On April 22, 2020, City Council authorized a public hearing to be held on May 27, 2020, to receive comments concerning the renewal of the District and at the close of the public hearing, to consider a resolution renewing the District by Resolution No. 20-0623.

### **FISCAL INFORMATION**

Cost consideration to others - the proposed assessment amount is approximately equal to \$0.10 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 a private, non-profit entity under a management contract with the City).

### **CONTACT INFORMATION**

#### **UCPID, Inc. d/b/a University Crossing Public Improvement District Corporation**

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