



Legislation Text

File #: 20-1583, Version: 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: September 9, 2020
COUNCIL DISTRICT(S): 2, 14
DEPARTMENT: Office of Economic Development
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Dallas Downtown Improvement District

A public hearing to receive comments concerning: **(1)** the proposed levy of assessment for the Dallas Downtown Improvement District (District), in accordance with Chapter 372 of the Texas Local Government Code, for the purpose of providing supplemental public services to be funded by special assessments on property in the District and **(2)** the removal of the exemption for 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 (the "Exemption") as a method of assessment; and, at the close of the public hearing: **(3)** authorize an ordinance approving and adopting the final 2021 Service Plan, the final 2020 Assessment Plan and the 2020 Assessment Roll (to be kept on file with the City Secretary); **(4)** establishing classifications for the apportionment of costs and the methods of assessing special assessments for the services and improvements to property in the District; **(5)** closing the public hearing and levying a special assessment on property in the District, for services and improvements to be provided in the District during 2021; **(6)** providing for reimbursement of city administrative costs for operational oversight of the District; **(7)** fixing charges and liens against the property in the District and against the owners thereof; **(8)** providing for the collection of the 2020 assessment; **(9)** authorizing the receipt and deposit of assessments from Dallas County; **(10)** authorizing the disbursement of assessments and interest to Downtown Dallas, Inc.; **(11)** providing for the City's 2020 participation in the District and authorizing direct payment to the District for the City's 2020 assessment in an amount not to exceed \$922,385.38; **(12)** providing for an effective date; and **(13)** removing the Exemption as a method of assessment from Resolution No. 20-0869 previously approved on May 27, 2020 - Not to exceed actual collections estimated at \$9,465,295.50 - Financing: Dallas Downtown Improvement District Fund (\$8,542,910.12), General Fund (\$606,660.85), and Convention and Event Services Fund (\$315,724.53) (subject to appropriations) (see Fiscal Information)

BACKGROUND

Annually, City Council calls and holds a public hearing to consider the proposed assessment for property in the Public Improvement District (PID) and authorizes the Service Plan for each PID. At the adjournment of the hearing on the proposed assessments, the City Council must hear and pass on any objections to a proposed assessment and may amend a proposed assessment on any parcel. After hearing and passing on objections, the City Council by ordinance shall levy the assessment as a special assessment on the property.

The Downtown Dallas, Inc. provided City staff with the proposed District Service Plan for 2021 and the proposed Assessment Plan for 2020 for review, and staff found the services and improvements to be advisable and recommended approval subject to the public hearing on September 9, 2020.

Dallas County will continue to collect assessments, retain a collection fee (\$2.75 per account and subject to change), and as went into effect beginning with the 2018 assessment year, transfer the remaining assessments to the City. The City will then disburse assessments to the PID management entity at a frequency outlined in the amended management contract.

The PID Service Plan is outlined in the following way:

- (a) **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 safety and cleaning programs, transportation enhancements, park and public space beautification and management, economic planning, promotion of Downtown Dallas, special events, and other related expenses incurred in establishing, administering and operating the District as authorized by the Act.
- (b) **Estimated Cost of the Services and Improvements.** During the next five-year period, the estimated annual cost of the improvements and services provided by the District is expected to begin at approximately \$9,929,017.00 in 2021 (which excludes an additional \$725,000.00 in service and improvement costs to be paid from prior year carry-over assessment revenues) and reach \$15,488,286.00 in 2025. The total estimated net assessments to be collected during the next five-year period is approximately \$61,804,030.00. The District shall incur no bonded indebtedness.
- (c) **Boundaries.** The boundaries of the District are located wholly within the city of Dallas, Texas. The boundaries of the District are as shown on Exhibit A attached to the resolution.
- (d) **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 2020 is proposed to be \$9,846,017.00. This amount is approximately equal to \$0.129 per \$100.00 of appraised value as determined by DCAD. Once levied, this assessment rate shall not increase during the 2021 Service Plan year.

The annual assessment rate shall not exceed \$0.129 per \$100.00 valuation. 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 created the District. Any future increase in the assessment rate would also be subject to a public hearing and approval by the City Council.

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 well as railroad rights-of-way and cemeteries.

- (e) **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 City of Dallas has agreed to pay assessments against exempt property in the District. Payment of assessments by other exempt jurisdictions must also be established by contract. City rights-of-way and City parks are not subject to assessment.

Effective FY 2016-17, the County discontinued collection of the City's assessment for City property within the District. Accordingly, the City's 2020 assessment and all future assessments will be paid directly to the District. For FY 2020-21, the City's estimated participation is \$922,385.38 (this amount excludes an estimated \$380,721.30 assessment for the Convention Center Hotel property under the auspices of a Local Government Corporation). As a contributor, the City of Dallas will be represented on the governing Boards of Directors.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 12, 2013, City Council authorized the creation of the Dallas Downtown Improvement District (District) for a period of seven-years and designated the Downtown Dallas, Inc., as the management entity for the District by Resolution No. 13-1015.

On September 9, 2015, City Council authorized an ordinance approving and adopting the final 2016 Service Plan, 2015 Assessment Plan and the 2015 Assessment Roll by Resolution No. 15-1695; Ordinance No. 29860.

On September 14, 2016, City Council authorized an ordinance approving and adopting the final 2017 Service Plan, 2016 Assessment Plan and the 2016 Assessment Roll by Resolution No. 16-1496; Ordinance No. 30201.

On September 13, 2017, City Council authorized an ordinance approving and adopting the final 2018 Service Plan, 2017 Assessment Plan and the 2017 Assessment Roll by Resolution No. 17-1482; Ordinance No. 30636.

On September 12, 2018, City Council authorized an ordinance approving and adopting the final 2019 Service Plan, 2018 Assessment Plan and the 2018 Assessment Roll by Resolution No. 18-1304; Ordinance No. 30978.

On September 12, 2018, City Council authorized an amended and restated management contract with Downtown Dallas, Inc., the non-profit corporation designated as the management entity for the Dallas Downtown Improvement District (District) to reflect changes in the process for disbursement of assessment revenue, authorizing the City to disburse assessments to Downtown Dallas, Inc., and to address other amendments to the agreement form; by Resolution No. 18-1305.

On September 11, 2019, City Council authorized an ordinance approving and adopting the final 2020 Service Plan, 2019 Assessment Plan and the 2019 Assessment Roll by Resolution No. 19-1433; Ordinance No. 31315.

On May 27, 2020, City Council authorized the renewal of the Dallas Downtown Improvement District (District) for a period of seven-years and designated the Downtown Dallas, Inc., as the management entity for the District by Resolution No. 20-0869.

The Economic Development Committee was briefed by memorandum regarding this matter on August 3, 2020.

On August 26, 2020, City Council authorized a public hearing to be held on September 9, 2020, to receive comments on the Dallas Downtown Improvement District final 2021 Service Plan and 2020 assessment rate by Resolution No. 20-1233.

City Council will be briefed by memorandum regarding this matter on September 4, 2020.

FISCAL INFORMATION

Cost consideration to others- For District property owners, the proposed assessment amount is approximately equal to \$0.129 per \$100.00 of appraised value as determined by 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).

Fund	FY 2020	FY 2021	Future Year
Dallas Downtown Improvement District Fund	\$0.00	\$8,542,910.12	\$0.00
General Fund	\$0.00	\$ 606,660.85	\$0.00
Convention and Event Services Fund	\$0.00	\$ 315,724.53	\$0.00
Total	\$0.00	\$9,465,295.50	\$0.00

<u>Council District</u>	<u>Amount</u>
2	\$553,431.23

14	<u>\$368,954.15</u>
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Total	\$922,385.38
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MAP

Attached