



Legislation Text

File #: 20-1593, Version: 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: September 9, 2020
COUNCIL DISTRICT(S): 2, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14
DEPARTMENT: Office of Economic Development
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Dallas Tourism Public Improvement District

A public hearing to receive comments concerning: **(1)** the proposed levy of assessment for the Dallas Tourism Public 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, at the close of the public hearing: **(2)** 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); **(3)** establishing classifications for the apportionment of costs and the methods of assessing special assessments for the services and improvements to property in the District; **(4)** 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; **(5)** providing for reimbursement of city administrative costs for operational oversight of the District; **(6)** fixing charges and liens against the property in the District and against the owners thereof; **(7)** providing for the collection of the 2020 assessment; **(8)** authorizing the receipt and deposit of assessments from Dallas County; **(9)** authorizing the disbursement of assessments and interest to Dallas Tourism Public Improvement District Corporation; and **(10)** providing for an effective date - Not to exceed actual collections estimated at \$13,395,678.00 - Financing: Dallas Tourism Public Improvement District Fund (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 Dallas Tourism Public Improvement District Corporation 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.

The PID Service Plan is outlined in the following way:

- (a) **Nature of the Services and Improvements.** The purpose of the District will continue to be to enhance services, undertake certain improvements, in particular, special supplemental services relating to District marketing, business recruitment, and promotional activities authorized by the Act for improvement and promotion of the District, including the provision of incentives by the Dallas Convention and Visitors Bureau to organizations to encourage them to bring their large and city-wide meetings to Dallas and to fund additional marketing by the Dallas Convention and Visitors Bureau to increase hotel stays within the City. The District will continue to supplement and enhance services within the area of assessment; no more than five percent of district proceeds may be used to fund existing Dallas Convention and Visitor Bureau expenses.
- (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 \$13,395,678.00 in 2021 and reach \$19,719,524.00 in 2025. The total estimated net assessments to be collected during the next five-year period is approximately \$83,556,503.00. 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 in Exhibit A and shall solely include non-contiguous hotel properties with 100 or more rooms within the city of Dallas as shown on the attached list marked Exhibit A-1.
- (d) **Method of Assessment.** The District assessment will be levied on hotels with 100 or more rooms ("qualifying hotels") located within the District. The proposed cost of the services and improvements to be provided shall be assessed in a manner that results in imposing equal shares of the cost of the services qualifying on hotels that are similarly benefitted. Under the Act, the apportionment of the cost of the services against property in the District territory must be made on the basis of special benefits accruing to the property because of the services and improvements provided. 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. Accordingly, those qualifying hotels that sell more rooms will pay a greater portion of the assessment since those properties benefit more from the promotion and marketing services provided by the District. Rooms that are not subject to the City's hotel occupancy tax shall not be included for the District assessment. The total assessment must be reviewed and approved annually by the Dallas City Council. The future cost of services and improvements that are budgeted in the FY 2020-21 Service Plan may be increased in amounts indicated in subsequent Service Plans, beyond the amount shown subject to an enhancement in value of property in the District and a corresponding increase in the services and improvements to be provided, and subject to the limitations on the assessment per occupied room and the aggregate amount approved in the petition.

The total assessment amount for the year may be less than the amount budgeted for the year, but it shall not be more than the amount budgeted for the year as shown in the adopted Service

Plan.

- (e) **Apportionment of costs between the District and the Municipality as a Whole.** The District shall continue to pay the cost of the supplemental services described in the Service Plan by assessment against the hotels with 100 or more rooms within the District, including City-owned qualifying hotels located within the District territory, such as the Omni Hotel.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 13, 2012, City Council authorized the creation of the Dallas Tourism Public Improvement District and approval of the Service Plan and management contract by Resolution No. 12-1581.

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. 15-1703; Ordinance No. 29868.

On August 10, 2016, City Council authorized the renewal of the Tourism Public Improvement District (District) for a period of thirteen-years and designated the Dallas Tourism Public Improvement District Corporation, as the management entity for the District by Resolution No. 16-1250.

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. 16-1505; Ordinance No. 30210.

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. 17-1492; Ordinance No. 30646.

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. 18-1322; Ordinance No. 30987.

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. 19-1444; Ordinance No. 31325.

On March 25, 2020, pursuant to Section 372.007 of the Act, City Council authorized the expansion of the Tourism Public Improvement District boundary to include 14 additional hotels by Resolution No. 20-0520.

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 Tourism Public Improvement District final 2021 Service Plan and 2020 assessment rate by Resolution No. 20-1234.

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

FISCAL INFORMATION

Fund	FY 2020	FY 2021	Future Years
Dallas Tourism Public Improvement District Fund	\$0.00	\$13,395,678.00	\$0.00

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.

MAP

Attached