



## Legislation Text

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**File #:** 21-1836, **Version:** 1

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**STRATEGIC PRIORITY:** Economic and Neighborhood Vitality  
**AGENDA DATE:** October 13, 2021  
**COUNCIL DISTRICT(S):** 2  
**DEPARTMENT:** Department of Convention and Event Services  
**EXECUTIVE:** Joey Zapata

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### **SUBJECT**

An ordinance **(1)** designating a certain geographic area in the City of Dallas as “Project Financing Zone Number One, City of Dallas, Texas” and providing an expiration date for the zone; **(2)** making certain findings related thereto; **(3)** directing the City Manager to notify the Texas Comptroller of Public Accounts of the zone’s creation within 30 days of its designation by City Council and request that the Comptroller deposit incremental hotel-associated tax revenues from the zone into a suspense account held in trust for the City of Dallas’ financing of qualified project activities; **(4)** providing for notification to the Comptroller in the event that qualified project activities are abandoned or not commenced within five years of the initial deposit to the suspense account; and **(5)** containing other related matters - Estimated Revenue: Convention and Event Services Fund \$2,200,000,000.00 over 30 years

### **BACKGROUND**

The Kay Bailey Hutchison Convention Center Dallas (KBHCCD) Master Plan is in the sixth month of an estimated nine-month development process. The master planning contract with WSP USA, Inc. (WSP) was approved by City Council Resolution No. 20-0245 on January 27, 2021, based on staff recommendation by the Department of Convention and Event Services (CES). WSP was selected through a dual Request for Qualifications/Request for Proposals process conducted in coordination with multiple stakeholders and 14 city departments, with the overall goal of procuring a firm that could develop an implementable plan to create a walkable Convention Center District that incorporates transportation and private development in a way that ensures that Dallas remains competitive in the tourism industry. The contract awarded under Resolution No. 20-0245 totaled \$4.89M. A supplemental agreement regarding the impacts of disposition increased that amount to \$4.95M as approved in August 2021.

The financing strategy developed for this planning process does not include or incorporate general fund dollars. The recommended strategy focuses on leveraging revenue bond capacity assured by local Hotel Occupancy Tax (HOT) generation, enacting an ordinance that results in the development of a Project Financing Zone (PFZ), and seeking a referendum for use of the Brimer Bill. Additional

analysis has been conducted on real estate disposition or long-term land leases. Each of these options have specific timeline goals that need to be met to assure the maximization of revenue and meet specific state requirements. To ensure that the City of Dallas meets these statutory requirements CES is bringing forward for City Council consideration the establishment of a PFZ zone.

The City of Dallas received statutory authority in September 2013 through an amendment to Section 351.1015 of the Texas Tax Code to designate a project financing zone for a period not-to-exceed 30 years which can collect the state increment of hotel associated revenue (HOT, state sales tax and mixed beverage taxes collected from hotels). The City of Dallas has 30 days after the designation of a PFZ through a City Council approved ordinance to notify the Texas Comptroller of Public Accounts of the designation. At that point, the state develops a trust fund wherein the increment is deposited. The City of Dallas has five years to begin the project and may continue to collect the increment for no longer than 30 years. Should the City of Dallas City Council later decide not to act upon the project, the trust will be dissolved and the state will recoup the funding. The portion of HOT allocated to the City will be pledged to outstanding bond debt and any State HOT increment used for this PFZ would be pledged first to this same outstanding bond debt and then to any additional bond capacity. The HOT allocations will undergo a final review by bond counsel at the time any issuance is considered.

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

The Transportation and Infrastructure Committee was briefed on the Kay Bailey Hutchison Convention Center Dallas Master Plan on December 8, 2020.

[City Council was briefed by memorandum regarding the Kay Bailey Hutchison Convention Center Dallas Master Plan on January 22, 2021.](https://dallascityhall.com/government/citymanager/Documents/FY%2020-21%20Memos/Kay%20Bailey%20Hutchison%20Convention%20Center%20Master%20Plan%20update%20-%20Memo_01222021.pdf)

[<https://dallascityhall.com/government/citymanager/Documents/FY%2020-21%20Memos/Kay%20Bailey%20Hutchison%20Convention%20Center%20Master%20Plan%20update%20-%20Memo\\_01222021.pdf>](https://dallascityhall.com/government/citymanager/Documents/FY%2020-21%20Memos/Kay%20Bailey%20Hutchison%20Convention%20Center%20Master%20Plan%20update%20-%20Memo_01222021.pdf)

On January 27, 2021, City Council authorized the contract with WSP USA, Inc, by Resolution No. 20-0245.

[City Council was briefed by memorandum regarding progress to-date on the Kay Bailey Hutchison Convention Center Dallas Master Plan on August 13, 2021.](https://dallascityhall.com/government/citymanager/Documents/FY%2020-21%20Memos/KBHCCD%20Master%20Plan%20Contract%20Update_Memo_08132021.pdf)

[<https://dallascityhall.com/government/citymanager/Documents/FY%2020-21%20Memos/KBHCCD%20Master%20Plan%20Contract%20Update\\_Memo\\_08132021.pdf>](https://dallascityhall.com/government/citymanager/Documents/FY%2020-21%20Memos/KBHCCD%20Master%20Plan%20Contract%20Update_Memo_08132021.pdf)

City Council was briefed by memorandum regarding public input, outreach, and progress to-date on the Kay Bailey Hutchison Convention Center Dallas Master Plan on October 1, 2021.

The Economic Development Committee was briefed on October 4, 2021 regarding the Kay Bailey Hutchison Convention Center Master Plan and the Project Financing Zone.

#### **FISCAL INFORMATION**

Estimated Revenue: Convention and Event Services Fund \$2,200,000,000.00 over 30 years