



## Legislation Text

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File #: 22-1516, Version: 1

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**STRATEGIC PRIORITY:** Economic Development  
**AGENDA DATE:** August 10, 2022  
**COUNCIL DISTRICT(S):** 2, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14  
**DEPARTMENT:** Office of Economic Development  
**EXECUTIVE:** Majed Al-Ghafry

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### **SUBJECT**

Authorize a public hearing to be held on August 24, 2022, to receive comments concerning: **(1)** the proposed levy of assessment for the Dallas Tourism Public Improvement District (the "District") in accordance with Chapter 372, 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)** consider approval of an ordinance **(a)** levying a special assessment on property in the District for services and improvements to be provided during 2023; **(b)** fixing charges and liens against the property in the District and against the property owners thereof; **(c)** providing for the collection of the 2022 assessment; **(d)** requiring City staff to, not later than seven days after City Council's approval of the ordinance and service plan, file a copy of the approved service plan with the Dallas county clerk; and **(e)** providing an effective date - Financing: This action has no cost consideration to the City (see Fiscal Information)

### **BACKGROUND**

Annually, City Council calls and holds a public hearing to consider the proposed assessment for property in the District and authorizes the Service Plan for the District. This action calls for a public hearing to be held on August 24, 2022 during which any owner of property located within the District may speak for or against the District's annual Service Plan and assessment, as required by the Public Improvement District Assessment Act (the "Act"), Chapter 372 of the Texas Local Government Code. After hearing and passing on objections, the City Council City may consider an ordinance levying a special assessment on District property. A recent amendment to Section 372.013 of the Act requires a municipality or county to, not later than the seventh day after the date that the governing body of a municipality or county approves a service plan, file a copy of the approved plan with the county clerk of each county in which all or part of the public improvement district is located. If the governing of a municipality or county approves an amended or updated service plan, the filing must include a copy of the notice required under Section 5.014, Texas Property Code except for hotel-PIDs.

The Dallas Tourism Public Improvement District Corporation provided City staff with the District's proposed 2023 Service Plan and 2022 Assessment Plan for review. Staff found the services and improvements to be advisable and recommends approval subject to the public hearing on August 24, 2022.

The proposed assessment values provided herein are final.

The District Service Plan consists of:

- (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 contractual agreement with VisitDallas to organizations to encourage them to bring their large and city-wide meetings to Dallas and to fund additional marketing by contractual agreement with VisitDallas to increase hotel stays within the City. The District will continue to supplement and enhance services within the area of assessment.
- (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 range from a low of \$19,887,000.00 in 2023 and to a high of \$26,111,000 in 2027. The total estimated net assessments to be collected during the next five-year period is approximately \$116,158,000.00. The District shall incur no bonded indebtedness.
- (c) Boundaries.** The boundaries of the District are located within the City of Dallas, Dallas County, Texas and City of Dallas, Collin County, Texas. The boundaries of the District are attached to the resolution 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 2022-23 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.

**(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 (the "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 District's final 2016 Service Plan, the 2015 Assessment Plan and the 2015 Assessment Roll by Resolution No. 15-1703 and Ordinance No. 29868.

On August 10, 2016, City Council authorized the renewal of the District for a period of thirteen (13) 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 District's final 2017 Service Plan, the 2016 Assessment Plan and the 2016 Assessment Roll by Resolution No. 16-1505 and Ordinance No. 30210.

On September 13, 2017, City Council authorized an ordinance approving and adopting the District's final 2018 Service Plan, the 2017 Assessment Plan and the 2017 Assessment Roll by Resolution No. 17-1492 and Ordinance No. 30646.

On September 12, 2018, City Council authorized an ordinance approving and adopting the District's final 2019 Service Plan, the 2018 Assessment Plan and the 2018 Assessment Roll by Resolution No. 18-1322 and Ordinance No. 30987.

On September 11, 2019, City Council authorized an ordinance approving and adopting the District's final 2020 Service Plan, the 2019 Assessment Plan and the 2019 Assessment Roll by Resolution No. 19-1444 and Ordinance No. 31325.

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

On September 9, 2020, City Council authorized an ordinance approving and adopting the District's final 2021 Service Plan, the 2020 Assessment Plan and the 2020 Assessment Roll by Resolution No. 20-1358 and Ordinance No. 31634.

On August 25, 2021, City Council authorized an ordinance approving and adopting the District's final 2022 Service Plan, the 2021 Assessment Plan and the 2021 Assessment Roll by Resolution No. 21-1415 and Ordinance No. 31972.

On June 8, 2022, pursuant to Section 372.005(b-1) of the Act, City Council authorized the expansion of the District boundary to include 6 additional hotels by Resolution No. 22-0897.

[The Economic Development Committee was briefed by memorandum regarding this matter on August 1, 2022. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=11097104&GUID=E86BD973-D39C-4574-ABB3-55BFF2A1B4E7>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=11097104&GUID=E86BD973-D39C-4574-ABB3-55BFF2A1B4E7)

### **FISCAL INFORMATION**

This action has no cost consideration to the City. Assessments remitted from designated hotel properties to the City for disbursement to the District are deposited in a special revenue fund for disbursement to the District's management entity on a monthly basis. Based on the District's proposed 2023 Service Plan budget, fund disbursements for the upcoming year are estimated at \$19,887,000.00. 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.