



Legislation Text

File #: 22-1509, Version: 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: August 10, 2022
COUNCIL DISTRICT(S): 14
DEPARTMENT: Office of Economic Development
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize a public hearing to be held on August 24, 2022, to receive comments concerning: **(1)** the proposed levy of assessment for the Knox Street 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 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.

The Knox Street 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 recommend approval subject to the public hearing on August 24, 2022. Knox Street Improvement District Corporation submitted the amended 2022 Service Plan due to the delays in implementing the capital improvement projects.

The proposed assessment values provided herein are preliminary. The final Service Plan presented to City Council on August 24, 2022 will reflect 2022 Dallas Central Appraisal District (DCAD) certified values.

Dallas County will continue to collect assessments, retain a collection fee (\$2.75 per account and subject to change), and City will then disburse assessments to the District management entity at a frequency outlined in the District's management contract.

The District Service Plan consists of:

- (a) **Nature of the Services and Improvements.** The purpose of the assessments to be levied in the District is to supplement and enhance services provided to or for the District's benefit including, but not limited to: enhanced security and public safety, trash/litter removal, graffiti control, landscaping improvements in common areas including plantings and hardscape, capital improvements including the scope of Complete Streets project and other sidewalk and streetscape improvements, marketing and programming, website and social media marketing, promotional activities such as pop-up events, distinctive lighting including holiday lighting, signage, business development and recruitment to promote the district/area, related expenses incurred in establishing, administering, and operating the District such as liability insurance and financial audit as authorized by the Act and City Council.
- (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 \$603,238.00 in 2024 to a high of \$1,685,082.00 in 2023 (includes an estimated \$1.2 million in carry over funds for the Knox Street Complete Street Project). The total estimated net assessments to be collected during the next five-year period is approximately \$3,154,526.00.
- (c) **Boundaries.** The boundaries of the District are located wholly within the City of Dallas, Dallas County, Texas. The boundaries of the District are attached to the resolution as shown in **Exhibit A**.
- (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 DCAD. The net assessment amount for the 2023 Service Plan year is proposed to be \$477,228.00. This amount is approximately equal to \$0.15 per \$100.00 valuation. Once levied, this assessment rate shall not increase during the 2023 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 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 the City of Dallas real property taxes pursuant to the Texas Tax Code (except under the provisions of Sections 11.24 and 11.28 of the Texas 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. Payment of assessments by other exempt jurisdictions and entities must be established by contract.

- (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. City rights-of-way, railroad right-of-way, City parks and cemeteries are not specially benefitted and therefore are not subject to assessment. The City of Dallas, is not responsible for payment of assessment against exempt City property in the District.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 23, 2010, City Council authorized creation of the Knox Street Public Improvement District (the "District") for a period of seven years and designated the Knox Street Improvement District Corporation as the management entity for the District by Resolution No. 10-1670.

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. 15-1698 and Ordinance No. 29863.

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. 16-1499 and Ordinance No. 30204.

On June 28, 2017, City Council authorized the renewal of the District for a period of seven years and designated the Knox Street Improvement District Corporation as the management entity for the District by Resolution No. 17-1119.

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. 17-1485 and Ordinance No. 30639.

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. 18-1310 and Ordinance No. 30981.

On September 12, 2018, City Council authorized an amended and restated management contract with Knox Street Improvement District Corporation, the non-profit corporation designated as the management entity for the District to reflect changes in the process for disbursement of assessment revenue, authorizing the City to disburse assessments to Knox Street Improvement District Corporation, and to address other amendments to the agreement form by Resolution No. 18-1311.

On September 11, 2019, City Council authorized an ordinance approving and adopting the District's final 2020 Service Plan, 2019 Assessment Plan and the 2019 Assessment Roll by Resolution No. 19-1436 and Ordinance No. 31318.

On September 9, 2020, City Council authorized an ordinance approving and adopting the District's final 2021 Service Plan, 2020 Assessment Plan and the 2020 Assessment Roll by Resolution No. 20-1361 and Ordinance No. 31637.

On August 25, 2021, City Council authorized an ordinance approving and adopting the District's final 2022 Service Plan, 2021 Assessment Plan and the 2021 Assessment Roll by Resolution No. 21-1418 and Ordinance No. 31975.

On June 8, 2022, City Council authorized the renewal of the District for a period of ten years and designated the Knox Street Improvement District Corporation as the management entity for the District by Resolution No. 22-0898; and

[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. District assessment collections remitted from the Dallas County Tax Office to the City are deposited in a special revenue fund for disbursement by the City 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 \$ \$477,228.00. For District property owners, the proposed assessment amount is approximately equal to \$0.15 per \$100.00 of appraised value as determined by DCAD (i.e., property owners within the boundaries of the District pay the assessment and, after disbursement by the City, the funds are managed by a private, non- profit entity pursuant to the approved service plan and a management contract with the City).