



Legislation Text

File #: 23-1984, Version: 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: August 23, 2023
COUNCIL DISTRICT(S): 2, 14
DEPARTMENT: Office of Economic Development
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Dallas Downtown Improvement District

A public hearing to receive comments concerning: **(1)** the proposed levy of assessment for the Dallas Downtown 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)** authorize an ordinance approving and adopting the final 2024 Service Plan, the final 2023 Assessment Plan, the 2023 Assessment Roll (to be kept on file with the City Secretary) and 2024 Notice of Obligation to Pay Improvement District Assessment (to be filed with Dallas County); **(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 2024; **(5)** providing for reimbursement of city administrative costs for operational oversight of the District; **(6)** establishing charges and liens against the property in the District and against the owners thereof; **(7)** providing for the collection of the 2023 assessment; **(8)** authorizing the receipt and deposit of assessments from Dallas County; **(9)** authorizing the disbursement of assessments and interest to Downtown Dallas, Inc.; and **(10)** providing for an effective date - Not to exceed actual collections estimated at \$11,120,756.38 - Financing: Dallas Downtown Improvement District Fund (\$10,199,987.59), General Fund (\$614,012.10), and Convention and Event Services Enterprise Fund (\$306,756.69) (subject to appropriations) (see Fiscal Information)

BACKGROUND

Annually, the 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. Upon 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 in the District. The adopted Service Plan will be filed with the Dallas

County Clerk within seven days of the City Council approval pursuant to the Act.

As the entity with which the City contracts to manage the District, the Downtown Dallas, Inc. provided City staff with the District's proposed 2024 Service Plan and 2023 Assessment Plan for review. Staff found the services and improvements to be advisable and recommends approval subject to the public hearing on August 23, 2023.

Dallas County will collect the District's assessments, retain a collection fee (\$2.90 per account and subject to change), and transfer the remaining assessments to the City. The 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 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 range from a low of \$11,757,978.00 in 2024 to a high of \$17,954,705.00 in 2028. The total estimated net assessments to be collected during the next five-year period is approximately \$72,612,435.00. The District shall incur no bonded indebtedness.
- (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 Dallas Central Appraisal District (DCAD). The net assessment amount for the 2024 Service Plan year is proposed to be \$11,501,477.68. This amount is approximately equal to \$0.129 per \$100.00 valuation. Once levied, this assessment rate shall not increase during the 2024 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 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 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. Property owned by tax-exempt religious organizations will be exempt from assessment as well as railroad rights-of-way and cemeteries. Dallas Area Rapid Transit (DART), and Dallas College are tax-exempt properties; they have agreed to participate in the District voluntarily for the services they are receiving. 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. The City of Dallas has agreed to pay assessments against exempt City property in the District. For FY 2023-24, the City's estimated participation is \$920,768.79 which includes \$614,012.10 to be paid from the General Fund and \$306,756.69 to be paid from the Convention and Event Services Fund (this amount excludes an estimated \$380,721.30 assessment for the Convention Center Hotel property to be paid directly by the Omni Hotel). As a contributor, the City of Dallas is represented on Downtown Dallas Inc.'s Board of Directors.

Effective FY 2016-17, the County discontinued collection of the City's assessment for City property within the District. Accordingly, the City's 2023 assessment and all future assessments will be paid directly to the District.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 12, 2013, the City Council authorized the creation of the 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, the City Council authorized an ordinance approving and adopting the District's final 2016 Service Plan, 2015 Assessment Plan, and the 2015 Assessment Roll by Resolution No. 15-1695 and Ordinance No. 29860.

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

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

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

On September 12, 2018, the City Council authorized an amended and restated management contract with Downtown Dallas, Inc., 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 Downtown Dallas, Inc., and to address other amendments to the agreement form by Resolution No. 18-1305.

On September 11, 2019, the 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. 19-1433 and Ordinance No. 31315.

On May 27, 2020, City the Council authorized the renewal of the 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.

On September 9, 2020, the 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. 20-1357 and Ordinance No. 31633.

On August 25, 2021, the 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. 21-1414 and Ordinance No. 31971.

On August 24, 2022 the City Council authorized an ordinance approving and adopting the District's final 2023 Service Plan, 2022 Assessment Plan and the 2022 Assessment Roll by Resolution No. 22-1261 and Ordinance No. 32282.

[The City Council was briefed by a memorandum regarding this matter on August 4, 2023. <https://dallascityhall.com/government/citymanager/Documents/FY%2022-23%20Memos/Upcoming%20PID%20Agenda%20Items%2030.pdf>](https://dallascityhall.com/government/citymanager/Documents/FY%2022-23%20Memos/Upcoming%20PID%20Agenda%20Items%2030.pdf)

On August 9, 2023, the City Council authorized a public hearing to be held on August 23, 2023, to receive comments on the District's final 2024 Service Plan, 2023 Assessment Plan and the 2023 Assessment Roll by Resolution No. 23-1042.

[The City Council was briefed by a memorandum regarding this matter on August 18, 2023. <https://dallascityhall.com/government/citymanager/Documents/FY%2022-23%20Memos/August%2023,%202023%20Upcoming%20Agenda%20Items%20PH3,%20PH4,%20PH15-Public.pdf>](https://dallascityhall.com/government/citymanager/Documents/FY%2022-23%20Memos/August%2023,%202023%20Upcoming%20Agenda%20Items%20PH3,%20PH4,%20PH15-Public.pdf)

FISCAL INFORMATION

Fund	FY 2023	FY 2024	Future Year
Dallas Downtown Improvement District Fund	\$0.00	\$ 10,199,987.59	\$0.00
General Fund	\$0.00	\$ 614,012.10	\$0.00
Convention and Event Services Enterprise Fund	\$0.00	\$ 306,756.69	\$0.00
Total	\$0.00	\$11,120,756.38	\$0.00

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 after disbursement by the City, the funds are managed by the District's management company pursuant to the approved service plan and a management contract with the City).

<u>Council District</u>	<u>Amount</u>
2	\$552,461'27
14	<u>\$368,307.52</u>
Total	\$920,768.79