

Memorandum



CITY OF DALLAS

DATE August 18, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **August 23, 2023 Upcoming Agenda Items #PH3-23-1984, #PH4-23-1986-PH15-23-1997 Public Hearing for Public Improvement Districts (PIDs) to Set Annual Assessment Rates for 2023, Adopt 2024 Service Plans and Amend 2023 Service Plans for three PIDs**

On August 23, 2023, City Council will hold a public hearing to consider authorizing a 2024 Service Plan, 2023 Assessment Plan, and 2023 Assessment Roll for 13 Public Improvement Districts (PID) which will operate in the City of Dallas in the upcoming year. Staff reviewed each PID's 2023 Assessment Roll and final 2024 Service Plan, found the services and improvements to be advisable, and recommend approval following the public hearing. At the adjournment of the public hearing on the proposed assessments, the City Council will 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.

For the 2024 Service Plan year, no changes in assessment rates are proposed, except by the Prestonwood PID. The Prestonwood PID proposes its 2023 assessment rate at \$0.07 per \$100 valuation, an increase over its 2022 rate of \$0.065 per \$100 valuation. The median year-over-year increase across all PIDs in gross certified assessment revenue is 8.5 percent and the average increase is 10.6 percent. Please see **Exhibit A** for a list of 2023 gross certified assessments and rates (for the 2024 Service Plan year) as compared to 2022 gross certified assessment totals.

In addition, section 372.013 of the Texas Local Government Code requires that any amendments or updates to a Service Plan be authorized by City Council ordinance. Accordingly, Knox Street PID, Midtown Improvement District, and Uptown PID have requested to amend their adopted 2023 Service Plans to reflect lower-than budgeted expenditures, primarily due to project delays. Staff reviewed the proposed mid-year budget amendments and found the requests to be reasonable and are recommending them to the City Council for approval.

Background

A PID is a special assessment area created at the request of property owners in the proposed district via petition. Property owners pay a supplemental assessment along with their taxes, which PIDs use for services and/or improvements above and beyond existing City services. The assessment is an apportionment of the total cost of service enhancements and improvements approved by property owners who signed a petition in support of the district's creation or renewal. The assessment allows each PID to have its own work program which may include eligible supplemental services such as additional

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security, landscaping in common areas, distinctive lighting, street cleaning, sidewalk improvements, cultural and recreational enhancements, advertising, and business recruitment. These services increase the PID area's desirability as a place to shop, enjoy leisure activity, work and live, which in turn increases property values for commercial and residential owners, as well as promotes patronage for businesses.

Individual PIDs are governed by property owner elected boards and managed by non-profit organizations or homeowners' associations. Under a management contract with the City, PID managers are responsible for updating the PID's service plan annually and, following City Council approval, implementation of the PID's annual service plan. The City's power to levy is limited to petition and budget categories/costs approved by property owners.

Accomplishments

Over the past year, City of Dallas PIDs have had many successes. These include:

- ***Beautification:***
 - The North Lake Highlands PID worked with its landscape committee to beautify and improve the Forest Lane and Audelia Road intersection with banners and landscaping;
 - The Oak Lawn-Hi Line PID provided weekly landscaping services as well as trash and graffiti removal throughout the PID;
 - The South Side PID provided litter abatement and cleaning services for public areas four days a week, including the dog park on Bellevue Street; and
 - The Uptown PID began work on a large public mural at 3203 McKinney Avenue by local artist Will Heron that was completed in January 2023.
- ***Capital Improvements:***
 - The Klyde Warren Park/Dallas Arts District PID completed its LED retrofit for the Children's Park wall lights as well as all lighting throughout the park;
 - The Knox Street PID presented its *Knox Street Complete Streets* concept design to its board for feedback and approval;
 - The Midtown Improvement District received final concept designs for four Southern Pacific (SOPAC) trail heads, with bids reviewed for next phase of trail head design; and
 - The University Crossing PID completed installation of a new Art Fence at Pollination Park and Rest Area across from the park.
- ***Community Outreach & Marketing:***

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- The Deep Ellum PID installed its newest round of streetlight pole banners with designs that focused on Deep Ellum’s diversity and history of inclusivity;
 - The Dallas Tourism PID supported events including *AVANCE DALLAS Latino Street Festival, Dallas International Film Festival, Dallas Pride Parade and Festival, and Dallas Southern Pride Juneteenth Unity Weekend*;
 - The Klyde Warren Park/Dallas Arts District continued to host regular events such as *Yoga and Mindfulness, Chess in the Park*, and after a three-year absence relaunched *Festival of Joy*, a celebration of Indian culture; and
 - The Uptown PID held multiple events with community partners including *A Night of Music in the Park, Friendsgiving, and the 6th Annual Uptown Block Party*.
- ***Economic Development and Resilience:***
 - The Downtown Dallas Improvement District hosted more than 1,100 attendees for PARK(ing) Day 2022, where parking spaces were temporarily transformed into public parks/social spaces;
 - The Dallas Tourism Public Improvement District booked 1,124 events that resulted in an economic impact of \$1.48 billion;
 - The Lake Highlands PID held its annual *Teen Job Fair* to help businesses recruit local students for employment; and
 - The South Side PID sponsored a business recruitment event for over 20 developers to discuss potential local development initiatives.
 - ***Public Safety:***
 - The Dallas Downtown Improvement District hosted its first ever *National Night Out* event, hosting 150-200 attendees and eight law enforcement agencies in an effort to promote police-community partnerships and neighborhood camaraderie;
 - The Deep Ellum PID continued its security coverage to focus on peak times for criminal activity as well as to support increased pedestrian activity at night and on the weekend;
 - The Knox Street PID provided private security services seven days a week, which included escorting patrons and tenants to their cars in the evening; and
 - The Prestonwood PID provided security patrol services 24 hours a day, seven days a week, with approximately 90% coverage of scheduled patrol hours.

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Recommendation

Staff recommends City Council's approval to authorize an ordinance approving and adopting the final 2024 Service Plan, final 2023 Assessment Plan, and 2023 Assessment Roll for each PID, following the public hearing on August 23, 2023. If City Council does not adopt the 2023 assessment rate and 2024 service plan for each PID by early September, the City will miss the assessment billing and collection deadlines put in place by the Dallas County Tax Office. As a result, the City would need to find another method to collect PID assessments and would likely not have the same success rate with payments or issuing penalties as Dallas County.

Fiscal Information

No cost consideration to the City except for the Dallas Downtown Improvement District (DID). The FY 2023-24 DID assessment for City-owned property is \$920,768.79 subject to appropriations, to be paid from the General Fund (\$614,012.10) and Convention and Event Services Fund (\$306,756.69).

Should you have any questions, please contact Maria Smith, Assistant Director, Office of Economic Development at (469) 953-7181 or Maria.Smith@dallas.gov.



Majed A. Al-Ghafry, P.E.
Assistant City Manager

c: T.C. Broadnax, City Manager
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Preston Robinson, Administrative Judge
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Jon Fortune, Deputy City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, City Manager
Carl Simpson, City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

**Exhibit A
Comparison of Certified 2022 and 2023 PID Assessments**

PID Name	Management Entity	2022 Gross Certified Revenue Estimates*	2023 Gross Certified Revenue Estimates*	Year-To-Year \$ Amount Inc/(Dec)	% Inc/(Dec)	2023 Assessment Rate per \$100 valuation
Dallas Downtown Improvement District	Downtown Dallas, Inc.	\$10,883,072	\$11,782,884	\$899,812	8.3%	\$0.129
Dallas Tourism Public Improvement District**	Dallas Tourism Public Improvement District Corporation	\$19,887,000	\$20,692,000	\$805,000	4.0%	2% of room-nights sold at qualifying hotels (100 rooms or more) located within the District
Deep Ellum Public Improvement District	Deep Ellum Foundation	\$1,519,233	\$1,664,874	\$145,640	9.6%	\$0.12
Klyde Warren Park/Dallas Arts District Public Improvement District	Woodall Rodgers Park Foundation	\$1,814,971	\$1,934,901	\$119,930	6.6%	\$0.025
Knox Street Public Improvement District	Knox Street Improvement District Corporation	\$591,353	\$638,289	\$46,937	7.9%	\$0.15
Lake Highlands Public Improvement District	Lake Highlands Improvement District Corporation	\$1,134,645	\$1,336,054	\$201,409	17.8%	\$0.13
Midtown Improvement District	MID Management Corporation	\$1,456,102	\$1,585,622	\$129,520	8.9%	o \$0.10 for the <u>premium</u> service area o \$0.05 for the <u>standard</u> service area
North Lake Highlands Public Improvement District	Lake Highlands Improvement District Corporation	\$679,713	\$775,089	\$95,376	14.0%	\$0.120
Oak Lawn-Hi Line Public Improvement District	Oak Lawn-Hi Line Improvement Corporation	\$582,265	\$700,529	\$118,264	20.3%	\$0.15
Prestonwood Public Improvement District	Prestonwood Homeowners Association	\$461,652	\$526,328	\$64,676	14.0%	\$0.070
South Side Public Improvement District	South Side Quarter Development Corporation	\$352,606	\$382,683	\$30,077	8.5%	o \$0.15 for the <u>premium</u> service area o \$0.12 for <u>standard</u> service area
University Crossing Public Improvement District	University Crossing Improvement District Corporation	\$1,143,280	\$1,233,181	\$89,901	7.9%	\$0.15
Uptown Public Improvement District	Uptown Inc.	\$3,353,556	\$3,688,462	\$334,906	10.0%	\$0.045
Total		\$43,859,448	\$46,940,897	\$3,081,449		

* For 8/23 agenda items, final 2024 service plan budgets are based off net assessment revenue instead of gross assessment revenue. Gross assessment revenue assumes 100% collection and no fees. Net assessment revenue is calculated by applying a 98% collection rate to gross assessment total net of estimated Dallas County Tax Office collection fees, City administrative fees, and other PID-related fees.

**Tourism PID assessment is 2% of room night cost; not subject to property tax roll