

Memorandum



DATE August 30, 2013

TO Members of the Economic Development Committee:
Tennell Atkins (Chair), Rick Callahan (Vice-Chair), Jerry R. Allen,
Scott Griggs, Lee Kleinman, Adam Medrano

SUBJECT **Dallas Public Improvement Districts (PIDs) – Overview and Update**

On Tuesday, September 3, 2013, the Economic Development Committee will be briefed on the Dallas Public Improvement Districts (PIDs) – Overview and Update.

Briefing material is attached.

Should you have any questions, please contact me at (214) 670-3296.



Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, Interim City Manager
Rosa Rios, City Secretary
Thomas P. Perkins Jr., City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge Municipal Court
Frank Libro, Public Information Officer
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Elsa Cantu, Assistant to the City Manager-Council Office

Dallas Public Improvement Districts (PIDs) Overview and Update

Economic Development Committee
September 3, 2013

Dallas PID Overview - Purpose

- Review PID governance, operating parameters, management and reporting.
- Provide the Economic Development Committee with a brief overview of the eleven PIDs including: 2013 Assessment Rates; and review of updated PID 2014 Service Plans.
- Request Economic Development Committee approval for Council action to approve 2013 Assessment Rate and adopt 2014 Service Plans for eleven PIDs.

Note: The special purpose Tourism PID operates on a different fiscal year.

Dallas PID Overview – Current PIDs

- Dallas Downtown Improvement District
 - Deep Ellum Public Improvement District
 - Klyde Warren Park Public Improvement District
 - Knox Street Public Improvement District
 - South Side Public Improvement District
 - University Crossing Public Improvement District
 - Uptown Public Improvement District
 - Vickery Meadow Public Improvement District
 - Lake Highlands Public Improvement District
 - Oak Lawn-Hi Line Public Improvement District
 - Prestonwood Public Improvement District
- &
- Tourism Public Improvement District

Dallas PID Policy – Governance

- PIDs are governed by state law and specifically by the City of Dallas PID Policy (originally adopted in December 2005 and last amended on October 28, 2009).
- Individual PIDs are governed by property owner elected boards and managed by a specifically formed non-profit organization or homeowners' association.
- State law requires that City Council annually adopt an updated PID Service Plan, hold a public hearing and set the PID assessment rate for each district for the upcoming year.

Dallas PID Policy – Creation/Operating Parameters

- To create a PID, property owners petition the City Council to adopt a special assessment on all property within PID boundaries for the purpose of improving services and infrastructure within the PID boundaries.
- In new and renewing PIDs, the City requires that Owners representing at least 60% of the value and 60% of all record Owners or 60% of land area support the creation of a new or renewing PID.
- In Single-Family PIDs, the City requires that Owners representing at least 66.7% of the value and 66.7% of all record Owners or 66.7% of land area support the creation of a new PID. A single-family district is defined as areas with a minimum of 30% of land area dedicated to detached single-family housing in established areas (defined as at least 80% of all single-family lots being developed).

Dallas PID Policy – Creation/Operating Parameters (cont.)

- In Dallas, PIDs are authorized for a period of five (5) to seven (7) years with the option of renewal. The renewal process requires preparing a budget, service plan and assessment plan for the district and having the same property owner petition the City to renew the PID.
- A PID application for creating or renewing a PID shall include a section that clearly identifies the benefit of the PID to the affected property owners and to the city as a whole, an assessment plan, and also evidence of insurance.
- PID applications include a map and a legal or clear description of the property included in the District.

Dallas PID Policy – Creation/Operating Parameters (cont.)

- PIDs are required to be self-sufficient and not adversely impact ordinary service delivery of the City.
- PIDs in Dallas will be allowed to fund any item provided by state law.
- Most of the PIDs are in mixed-use districts but the PID policy allows for the establishment of PIDs in residential districts like Prestonwood.
- The PID Policy does NOT allow the creation of PID Districts in undeveloped subdivisions.

Dallas PID Policy – Creation/Operating Parameters (cont.)

- PID assessments will be based on a set rate applied to total property value. The maximum PID assessment in Dallas shall be \$0.15 per \$100 valuation.
- The assessment rate for the Tourism PID is unique – it is based on 2% of hotel room nights sold.
- PID petitions for new or renewing districts will be due on April 1st annually for approval by October 1st. Signatures for PID petitions must be gathered between October 1 and April 1 prior to the submission of the petition.

Dallas PID Policy – Creation/Operating Parameters (cont.)

- Administrative expenses, including costs for day to day City Staff administration, for a PID are limited to 15% of the total budget in any year.
- A PID Service Plan shall contain procedures for the termination of the PID without imposing unintended costs on the City of Dallas.
- A PID cannot be dissolved without a petition from property owners and must be sufficient as for creation or renewal in accordance with Chapter 372, Section 372.005(b).

Dallas PID Policy Management and Reporting

All PID management entities are required to:

- Submit quarterly reports on activities, expenditures and M/WBE participation
- Have an independent audit annually
- Hold an annual open meeting with at least two weeks prior notice to all property owners for input on the service plan (budget)
- Allow City representatives to attend regular board meetings

Dallas PID Policy – City Staff PID Oversight Cost

Beginning in 2012, City Staff's PID oversight cost will be charged to the PIDs (October 1, 2012 to September 30, 2013):

- Costs related to the annual Assessment Rate and Service Plan approval process:
 - Public hearing notice printing, stuffing, postage and mailing to the property owners in the PID.
 - Staff time for City Council items preparation
 - Public hearing notice publication cost in the Dallas Morning News. For example, in 2012, the publication cost for each PID was \$1,492 (subject to change).
 - Chapter 372.016, section b and c: The assessment notice must be published in a newspaper of general circulation before the 10th day of the public hearing and mailed to the property owners
- Cost of PID oversight (including City staff time for attending meetings, reviewing reports, preparing tax rolls, etc.)

This allows the PID monitoring process to be budget neutral for the City.

Dallas PID Policy – City Staff PID Oversight Cost (cont.)

PID oversight cost (staff time, publication cost etc.,) for each PID for FY 2012 (October 1, 2011 to September 30, 2012):

- Deep Ellum PID \$3,754
- DID \$9,158
- Knox Street \$2,833
- Lake Highlands \$5,319
- Oak Lawn \$2,610
- Prestonwood \$8,473
- Southside \$6,700
- Uptown \$15,000 renewal cost + \$6,158 City expenses
- Vickery Meadow \$8,912

PIDs	Dallas Morning News publication cost	Estimated City staff administrative expenses October 1, 2011 to September 30, 2012	Accounts	Mailing cost	Total estimated cost (October 1, 2011 to September 30, 2012)
Deep Ellum PID	\$1,492	\$1,453	428	\$381	\$3,754
DID	\$1,492	\$4,060	1,908	\$1,698	\$9,158
Knox	\$1,492	\$1,230	59	\$53	\$2,833
Lake Highlands	\$1,492	\$1,971	982	\$874	\$5,319
Oak Law n	\$1,492	\$1,025	49	\$44	\$2,610
Prestonw ood	\$1,492	\$3,032	3,032	\$918	\$8,473
Southside	\$1,492	\$4,957	133	\$118	\$6,700
Uptow n	\$1,492	\$14,940	2,501	\$2,226	\$21,158
Vickery Meadow	\$1,492	\$2,797	2,446	\$2,177	\$8,912
					\$68,918

Dallas PID Overview – Valuation/Assessment Rates

- Property value changes in the PID districts varied from last year.
- Property values in all the PIDs has increased over last year.

PID Name	% Change in property valuation
Deep Ellum PID	New boundary
DID	3.4%
Klyde Warren Park	New PID
Knox Street PID	4.4%
Lake Highlands PID	12.4%
Oak Lawn-Hi Line PID	33.1%
Prestonwood PID	3.1%
Southside PID	12.3%
University Crossing PID	New PID
Uptown PID	11.7%
Vickery Meadow	0.2%

Dallas PID Overview – Valuation/Assessment Rates

- PID assessment rates:
 - First assessment rate for the two new PIDs (Klyde Warren Park PID and University Crossing PID).
 - Seven PIDs will keep the same assessment rate as last year.
 - Prestonwood PID assessment rate will decrease from \$0.0900 per \$100 of appraisal value in 2012 to \$0.0800 in 2012, a 11% decrease from prior year (property value increase).
 - DID assessment rate will increase from \$0.01190 in 2012 to \$0.01290 in 2013, 8% increase from prior year (support downtown circulator).
- The nine PIDs will collect an estimated \$10.1 million in assessment revenue to provide a range of enhanced services and improvements next year that the City would not otherwise fund due to limited City resources.

Dallas PID Overview – Miscellaneous

- Expiration dates based on date of formation or last renewal.
- Number of property owners range from a low of 45 (Oak Lawn-Hi Line) to 2,193 (Uptown).
- Many Service Plan budgets focus on public safety. Other common budget line items include: parks, infrastructure improvements and business promotion/marketing.
- Dallas Downtown Improvement District (DID) is the only PID where City owned properties are assessed. The City agreed to the assessment based on benefits received by the many City owned facilities in the downtown area.

DID – City Owned Property

- For each City owned property, an assessment is paid based on its market value.
- The operator of the Omni Convention Center Hotel is responsible for the DID assessment payments:
 - 2011: \$184,719
 - 2012: \$253,709
 - 2013: \$280,550

2003	\$176,000
2004	\$191,976
2005	\$194,411
2006	\$209,500
2007	\$278,000
2008	\$745,522
2009	\$628,776
2010	\$575,906
2011	\$578,576
2012	\$579,427
2013	\$562,608

DID – City Owned Property (cont.)

DID benefits to the City:

➤ Services/improvements:

- DPD supplemental security services
- Homeless court/case management
- Trash collection and public area maintenance
- Median improvements, landscaping, tree replacement
- Banners and holiday tree lighting
- Leadership to help address issues such as loitering, parking, and retail recruitment; coordination with DPD; the Downtown 360 Plan; trolley planning; marketing; and signage/wayfinding.

➤ Direct benefits to the City from the DID exceed the cumulative assessment paid by 3:1.

Dallas PID Overview – District Comparison Chart

	Deep Ellum	Downtown	Klyde Warren Park	Knox Street	Lake Highlands	Oak Lawn Hi-Line
Expiration	December 31, 2020	December 31, 2020	December 31, 2020	December 31, 2017	December 31, 2015	December 31, 2016
Accounts	700	1,775	583	59	970	45
Total Value	\$226,331,890	\$4,242,832,610	\$2,577,734,210	\$125,452,770	\$207,419,660	\$177,769,610
2013 Assessment	\$271,598	\$5,473,254	\$644,434	\$188,179	\$269,646	\$266,654
Change in value (2012 to 2013)	*new boundary	3.4%	* new PID	4.4%	12.4%	34.1%
Standard Assessment Rate per \$100	0.12	0.1290	0.025	0.15	0.13	0.15
Proposed Budget	\$279,500	\$5,852,215	\$606,444	\$183,679	\$260,762	\$300,121

Note: Total assessment values are based on properties assessed in the PIDs.

Dallas PID Overview – District Comparison Chart

	Prestonwood	South Side	Uptown	University Crossing	Vickery Meadow
Expiration	December 31, 2018	December 31, 2019	December 31, 2019	December 31, 2020	December 31, 2015
Accounts	1,032	134	2,193	251	2,104
Total Value	\$357,366,690	\$85,085,290	\$3,405,031,790	\$576,647,400	\$728,558,110
2013 Assessment	\$285,893	\$119,647	\$1,532,264	\$576,647	\$513,378
Change in value (2012 to 2013)	3.1%	12.3%	11.7%	*new PID	0.2%
Premium Assessment Rate per \$100	N/A	0.15	N/A	N/A	0.10
Standard Assessment Rate per \$100	0.0800	0.12	0.045	0.10	0.05
Proposed Budget	\$316,386	\$113,150	\$1,566,143	\$563,000	\$505,488

Note: Total assessment values are based on properties assessed in the PIDs.

Recommended Next Steps

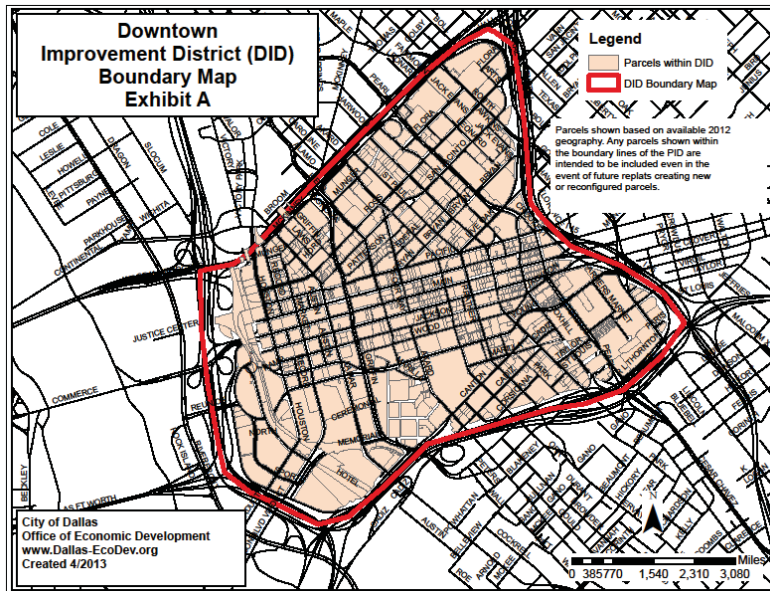
Economic Development Committee
Recommendation for Council approval of:

- ✓ Hold public hearing on September 11, 2013 and at close of hearing set 2013 Assessment Rate and adopt 2014 Service Plan for the eleven PIDs.

Appendix 1

Public Improvement Districts Summary

Dallas Downtown Improvement District (DID) - Annual Plan Summary



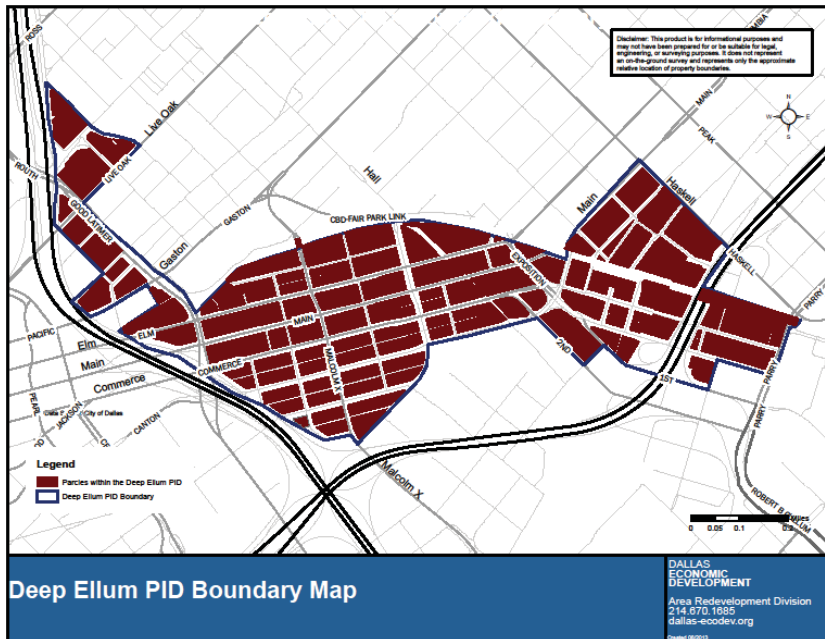
Major Services Provided:

- DID was renewed recently on June 12, 2013 for seven years, starts operating from January 1, 2014.
- Public Improvements, landscape and parks.
- Downtown circulator, operation and maintenance of mass transportation facilities.
- Special supplemental service for promotion and improvement of the DID, including, entertainment and events, and retail recruitment.

	Downtown	
Expiration	12-31-2020	
Accounts	1775	
Total Value	\$4,242,832,610	
2013 Assessment	\$5,473,254	
Change in value (2012 to 2013)	3.4%	
Premium Assessment Rate per \$100		
Standard Assessment Rate per \$100	0.1290	
Proposed Budget	\$5,852,215	
Budget Categories	Public Safety	44%
	Capital Improvements	6%
	Transportation Impvmts	6%
	Communication/Events	16%
	Administration	9%
	Services & impvmts	19%

- Community programs, Clean Team, environmental enhancements and sanitation.
- Downtown Safety Patrol, Homeless outreach, education & coordination.

Deep Ellum PID - Annual Plan Summary

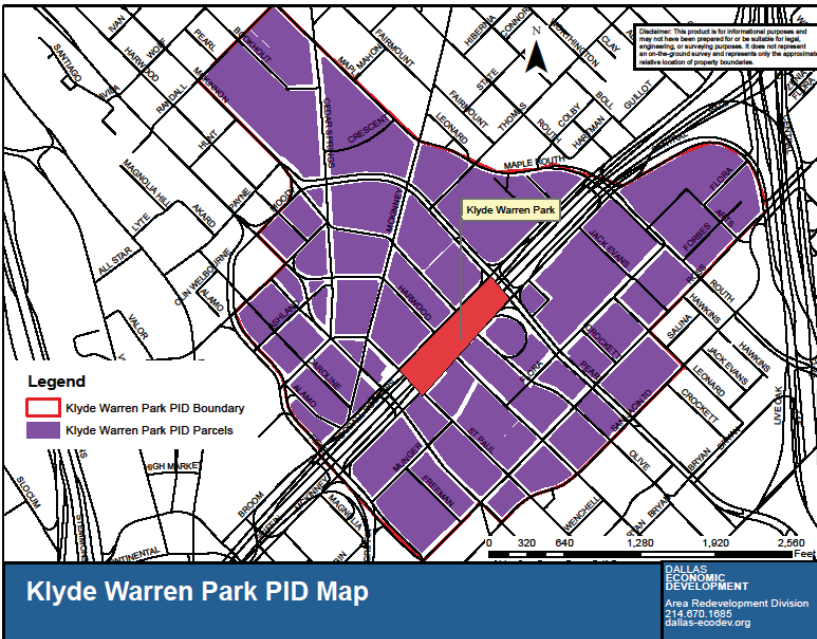


Major Services Provided:

- Deep Ellum PID was renewed recently on August 14, 2013 for seven years, starts operating from January 1, 2014.
- Graffiti control, landscaping, park improvements, trash pickup and neighborhood improvements.
- Acquisition, construction, operation and maintenance of mass transportation facilities and wayfinding signage.
- Business development and recruitment to promote the District as the Deep Ellum Entertainment District .
- Marketing, website, and other promotional activities
- Distinctive lighting and signage

	Deep Ellum	
Expiration	12-31-2020	
Accounts	700	
Total Value	\$226,331,890	
2013 Assessment Change in value (2012 to 2013)	\$271,598 *new boundary	
Premium Assessment Rate per \$100	0.12	
Standard Assessment Rate per \$100	0.12	
Proposed Budget	\$279,500	
Budget Categories	Impvmts.,	22%
	Business Dev & Recruitment	8%
	Transportation Impvmts	8%
	Marketing & Promotion	38%
	Audit/Insurance	8%
	Administration	11%
	Public Safety	5%

Klyde Warren Park PID - Annual Plan Summary



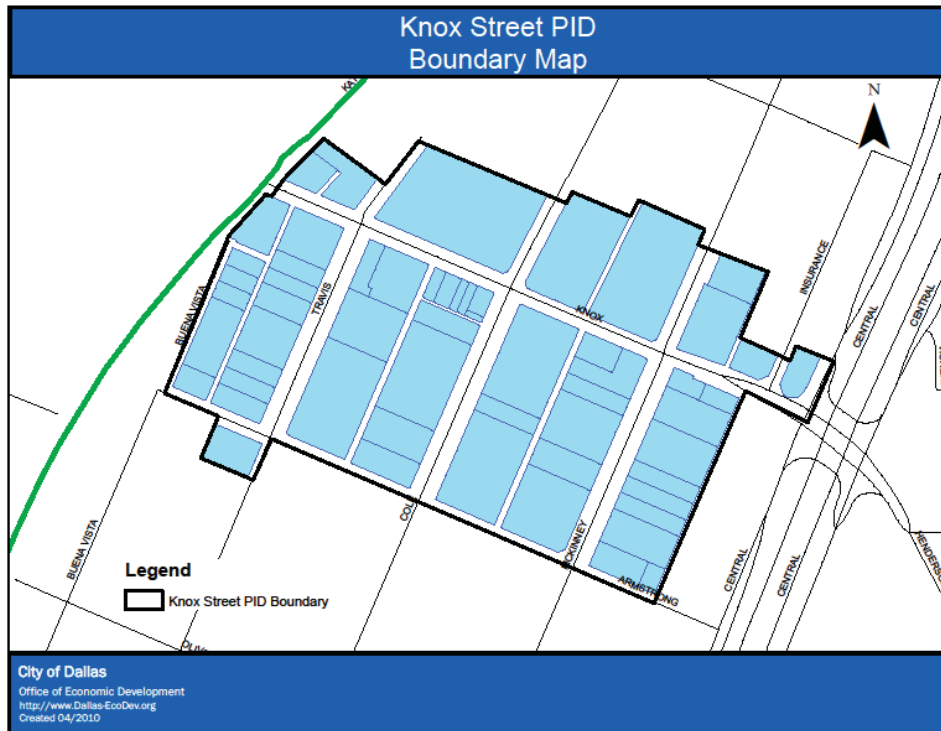
Major Service Provided:

- Security in Klyde Warren Park (KWP)
- Trash pickup, general cleaning, graffiti control and KWP improvements
- Pavement (sidewalk) detail cleaning, staining and restoration
- Partial cost of European and Christmas Markets, programming activities
- Partial cost of promoting the district, PR, advertising, free Wi-Fi, website and Kiosk

Klyde Warren Park	
Expiration	12-31-2020
Accounts	583
Total Value	\$2,577,734,210
2013 Assessment Change in value (2012 to 2013)	\$644,434 * new PID
Premium Assessment Rate per \$100	
Standard Assessment Rate per \$100	0.025
Proposed Budget	\$606,444
Budget Categories	Public Safety 48%
	Sanitation, paver impvmts 29%
	Landscape impvmts, lighting 8%
	General impvmts & Cultural programs 3%
	Administration 1%
	Marketing & Promotion 8%
	Audit/Insurance 3%

Klyde Warren Park PID is a new PID, starts operating from January 1, 2014 (created on August 14, 2013).

Knox Street Improvement District - Annual Plan Summary

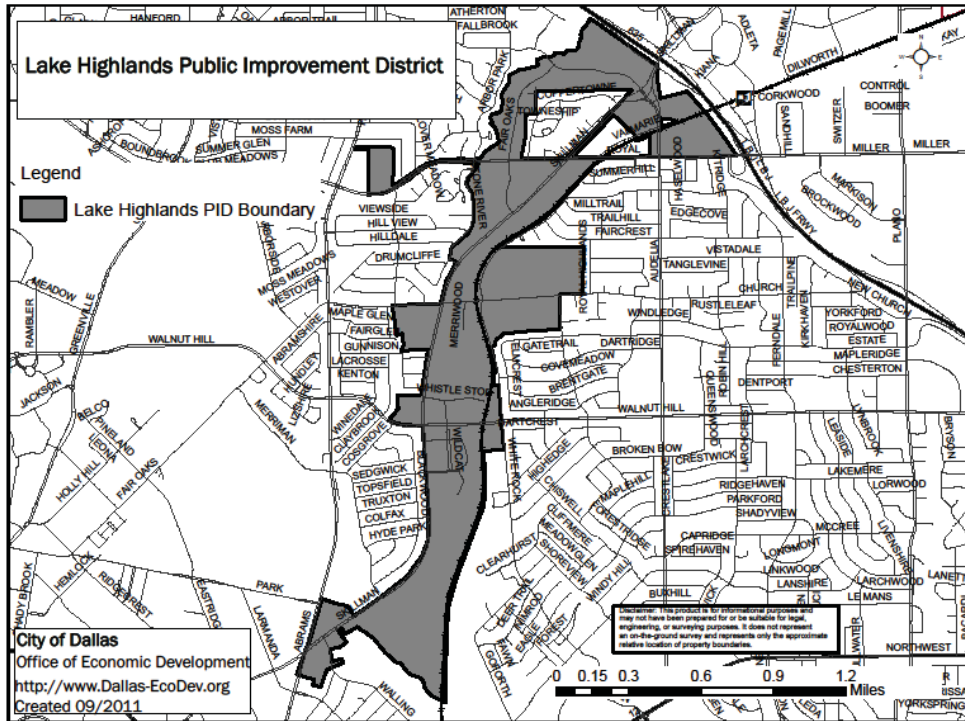


Major Service Provided:

- Primary purpose is to enhance aesthetics of the area by enhancing the pedestrian lighting, maintaining sidewalks.
- Promote this area as an attractive retail destination.
- Enhance security

		Knox Street	
Expiration		12-31-2017	
Accounts		59	
Total Value		\$125,452,770	
2013 Assessment		\$188,179	
Change in value (2012 to 2013)		4.4%	
Premium Assessment Rate per \$100			
Standard Assessment Rate per \$100		0.15	
Proposed Budget		\$183,679	
Budget Categories		Public Safety	13%
		Capital Improvements *	54%
		Marketing/Promotion	28%
		Administration	5%
		*Funding for capital improvements category includes gateway signage and streetscape improvements	

Lake Highlands PID – Annual Plan Summary

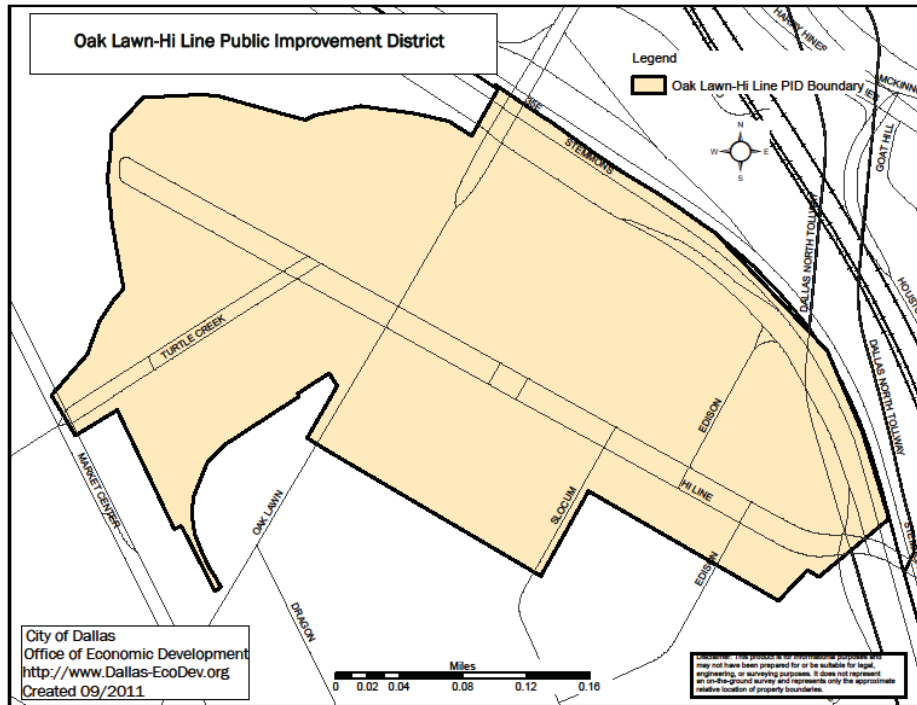


Major Service Provided:

- Enhance Security
- Landscape Enhancement & Maintenance
- Graffiti removal

	Lake Highlands	
Expiration	12-31-2015	
Accounts	970	
Total Value	\$207,419,660	
2013 Assessment Change in value (2012 to 2013)	\$269,646 12.4%	
Premium Assessment Rate per \$100	Standard Assessment Rate per \$100	
	0.13	
Proposed Budget	\$260,762	
Budget Categories	Public Safety	53%
	Improvements	24%
	Promotion	6%
	Audit/Insurance	7%
	Administration	10%

Oak Lawn-Hi Line PID – Annual Plan Summary

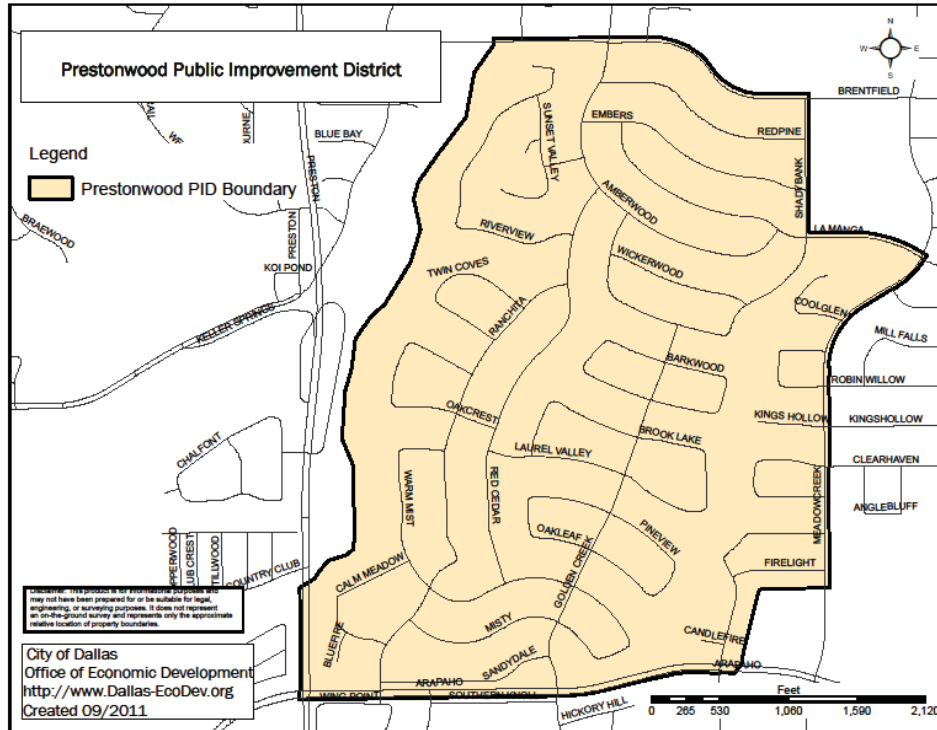


Major Service Provided:

- Enhanced public safety/security
- Promotion of District
- Maintain enhanced public improvements
- Litter & Graffiti removal
- Landscape Enhancement & Maintenance

	Oak Lawn-Hi Line	
Expiration	12-31-2016	
Accounts	45	
Total Value	\$177,769,610	
Assessment	\$266,654	
Change in value (2012 to 2013)	34.1%	
Premium Assessment Rate per \$100		
Standard Assessment Rate per \$100	0.15	
Proposed Budget	\$300,121	
Budget Categories	Public Safety	40%
	Improvements	45%
	Promotion	0%
	Audit/Insurance	6%
	Administration	9%

Prestonwood PID – Annual Plan Summary

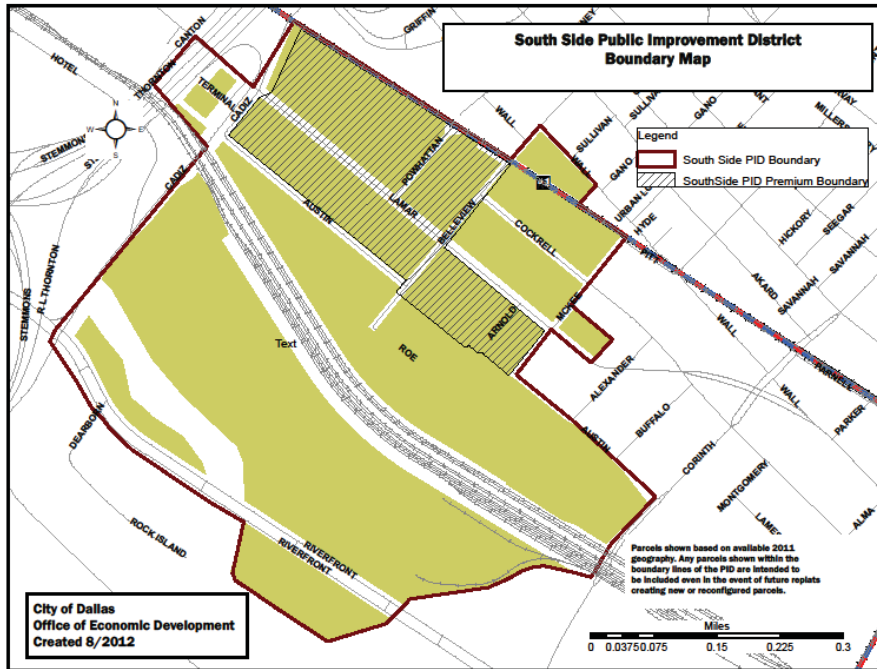


Major Service Provided:

- Primary purpose to enhance security
- 24/7 security patrols

		Prestonwood
Expiration	12-31-2018	
Accounts	1032	
Total Value	\$357,366,690	
Assessment	\$285,893	
Change in value (2012 to 2013)	3.1%	
Premium Assessment Rate per \$100		
Standard Assessment Rate per \$100	0.0800	
Proposed Budget	\$316,386	
Budget Categories	Public Safety	90%
	Administration	3%
	Audit/Insurance	7%

South Side PID – Annual Plan Summary

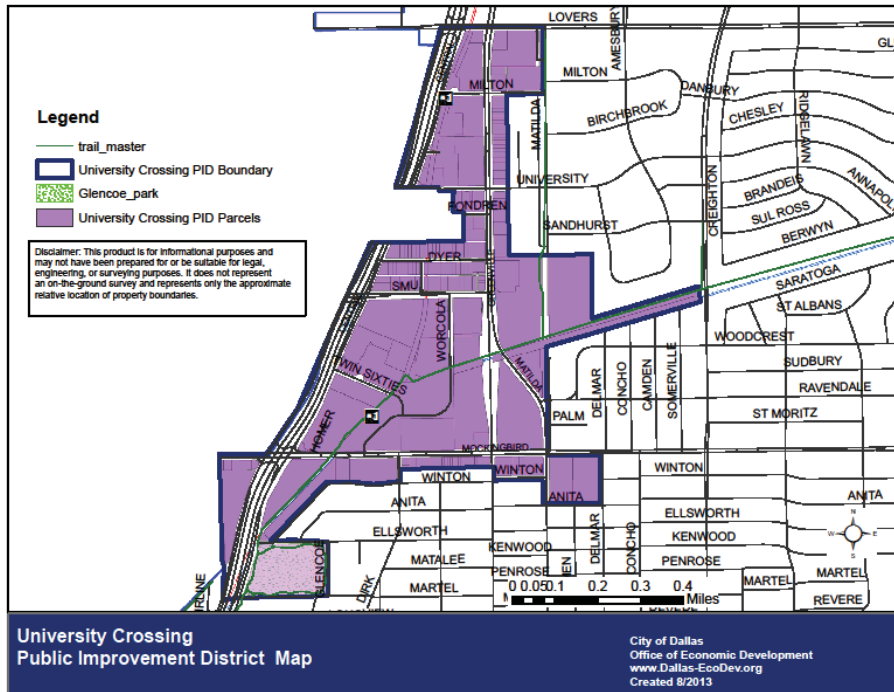


Major Service Provided:

- 54% of budget for public courtesy patrol for the 100 acre district
- New business recruitment
- Bark Park improvements.

	South Side	
Expiration	12-31-2019	
Accounts	134	
Total Value	\$85,085,290	
Assessment	\$119,647	
Change in value (2012 to 2013)	12.3%	
Premium Assessment Rate per \$100	0.15	
Standard Assessment Rate per \$100	0.12	
Proposed Budget	\$113,150	
Budget Categories	Safety & Security	54%
	Improvements	22%
	Business Promotion	12%
	Cultural events	4%
	Administration	1%
	Audit	5%
	Insurance	2%

University Crossing PID – Annual Plan Summary



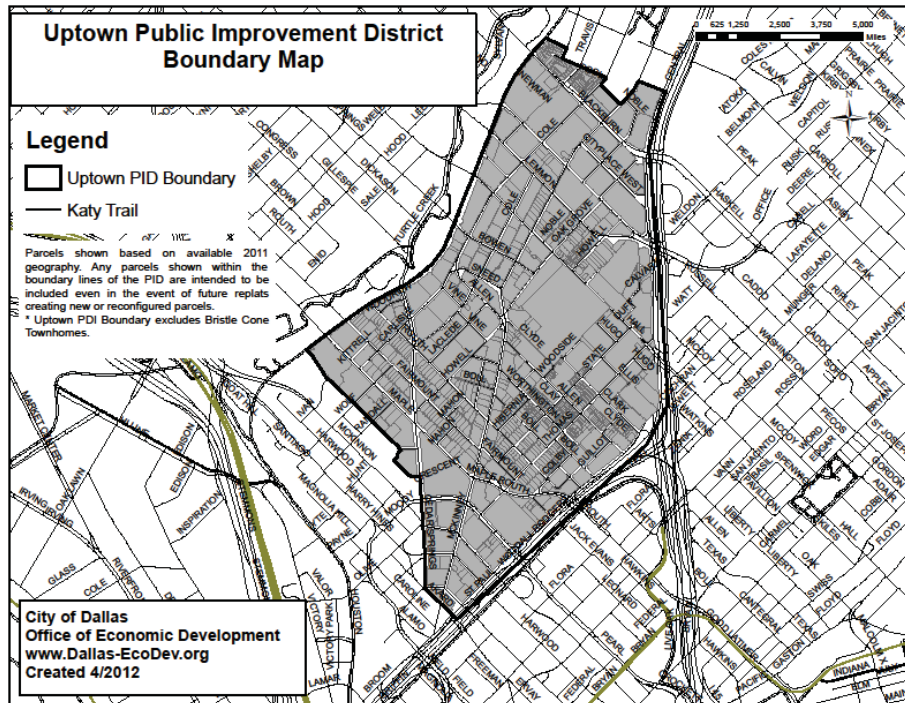
Major Service Provided:

- Police patrol of the University Crossing area, owner safety coordination, etc.
- Public Improvements, landscape, parks and pedestrian amenities for the PID.
- Sidewalk, public planters, waste disposal, clean area programs, and landscape maintenance throughout the University Crossing area expenses.

	University Crossing	
Expiration	12-31-2020	
Accounts	251	
Total Value	\$576,647,400	
Assessment Change in value (2012 to 2013)	*new PID	
Premium Assessment Rate per \$100		
Standard Assessment Rate per \$100	0.10	
Proposed Budget	\$563,000	
Budget Categories	Security	35%
	Improvements	13%
	Public Area Impvmts.,	20%
	Promotion	8%
	Audit/Insurance	4%
	Administration	13%
	creation	7%

University Crossing PID is a new PID, starts operating from January 1, 2014 (created on June 12, 2013).

Uptown PID - Annual Plan Summary

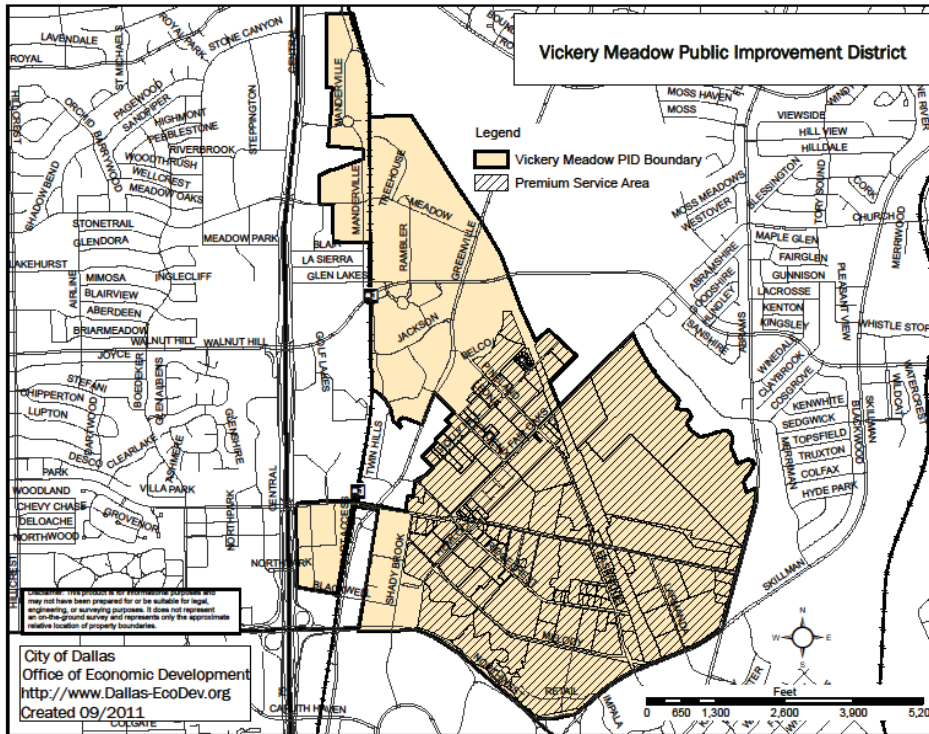


Major Service Provided:

- Landscaping, tree care, street & sidewalk sweeping, trash cans & graffiti removal
- Off-duty police, trolley operations, marketing and promotion.
- Gateway markers, walking trails- Katy Trail improvements, parks improvements.

	Uptown	
Expiration	12-31-2019	
Accounts	2193	
Total Value	\$3,405,031,790	
Assessment	\$1,532,264	
Change in value (2012 to 2013)	11.7%	
Premium Assessment Rate per \$100		
Standard Assessment Rate per \$100	0.045	
Proposed Budget	\$1,566,143	
Budget Categories	Services (incl safety) & Promotion	34%
	Capital Improvements	29%
	Landscape Improvements	18%
	Contingency and Reserve for Griggs Park	7%
	Administration	12%

Vickery Meadow PID - Annual Plan Summary



Major Service Provided:

- Landscaping, Litter Removal, & Graffiti Abatement
- Maintenance of Common Areas
- Community Enrichment Activities, Youth Development Activities, & Special Events
- Marketing & Promotional Activities

- Neighborhood Planning
- Security Patrol, & Crime Prevention

Vickery Meadow	
Expiration	12-31-2015
Accounts	2104
Total Value	\$728,558,110
Assessment Change in value (2012 to 2013)	\$513,378
Premium Assessment Rate per \$100	0.2%
Standard Assessment Rate per \$100	0.10
Proposed Budget	0.05
Proposed Budget	\$505,488
Budget Categories	Community Service 11%
	Property Standards & Public Relations 17%
	Safety & Security 47%
	Park Lane other area Improvements, Services 10%
	Audit/Insurance 2%
	Economic Development 3%
	Administration 10%

Appendix 2 - PID Assessment Rates by PID since 2000

Public Improvement Districts – Overview 2013															
Assessment rate per \$100															
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	Proposed Budget
Deep Ellum	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200		\$279,500
Downtown Premium	0.1290	0.1190	0.1190	0.1190	0.1190	0.1190	0.1190	0.1070	0.1070	0.0953	0.0936	0.0707	0.0657	0.0715	\$5,852,215
Downtown Standard									0.0700	0.0635	0.0619	0.0468	0.0420	0.0430	
Klyde Warren Park	0.0250														\$606,444
Knox Street	0.1500	0.1500	0.1500	0.1500											\$183,679
Lake Highlands	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300									\$260,762
Oak Lawn-Hi Line	0.1500	0.1500	0.1500	0.1500	0.1500										\$300,121
Prestonwood	0.0800	0.0900	0.0950	0.0870	0.0790	0.0900	0.0900	0.0900	0.0900	0.0890	0.0890	0.0788	0.0900	0.1075	\$316,386
South Side Premium	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500						\$113,150
South Side Standard	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200						
University Crossing	0.0100														\$563,000
Uptown Premium	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0600	0.0700	\$1,566,143
Uptown Standard													0.0235	0.0024	
Vickery Meadow Prem.	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	\$505,488
Vickery Meadow Stand.	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	

Note: The PID maps included in the briefing are for informational purposes only and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.