

Memorandum



DATE May 16, 2014

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

SUBJECT **Klyde Warren Park/Dallas Art District Public Improvement District (KWP/DADPID)**

On Monday, May 19, 2014, the Economic Development Committee will be briefed on the Klyde Warren Park/Dallas Art District Public Improvement District (KWP/DADPID) creation and Klyde Warren Park Public Improvement District (KWPPID) dissolution.

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, City Manager
Rosa Rios, City Secretary
Warren M.S. Ernst, City Attorney
Judge Daniel Solis, Administrative Judge Municipal Court
Craig Kinton, City Auditor
Ryan S. Evans, Interim First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., 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, Office of Financial Services
Shawn Williams, Interim Public Information Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Elsa Cantu, Assistant to the City Manager and Mayor and Council

Creation of the new and expanded
Kyle Warren Park/Dallas Art Distract
Public Improvement District

Economic Development Committee
May 19, 2014

New Klyde Warren Park/Dallas Art District PID

Background

- In summer 2013, the Dallas City Council approved the creation of the Klyde Warren Park Public Improvement District (KWPPID)
- The boundaries of KWPPID included properties that specially benefitted from programming and other services provided at Klyde Warren Park
- The Dallas Arts District, home of the city's largest visual and performing arts institutions, is located adjacent to Klyde Warren Park
- Dallas Arts District venues did not benefit directly from services provided by the original KWPPID

New Klyde Warren Park/Dallas Art District PID

Background (continued)

- During the creation of the KWPPID, leaders of the Klyde Warren Park Foundation and Dallas Arts District realized that there is great synergy between both areas to promote and coordinate services to provides a very unique and localized enhancement to those properties within walking distance of the Park and the Dallas Arts District
- The formative process did not provide sufficient time to implement changes agreed upon by both groups
- To avoid delaying the process of creating the KWPPID, initial boundaries were adopted by City Council, exclusive of the Dallas Arts District, with an understanding that property owners could later petition the City:
 - (1) to dissolve the original KWPPID; and
 - (2) to create a new Klyde Warren Park/ Dallas Arts District PID

New Klyde Warren Park/Dallas Art District PID

Purpose

New and Expanded KWP/DADPID will coordinate:

- Marketing and promotion of both areas
- Enhancement of properties within walking distance of all venues
- Specific services such as:
 - Security
 - Sanitation
 - Scrubbing and power washing pavers
 - Waste disposal
 - Landscape improvements
 - Water features and general improvements
 - Cultural enhancement (programs)
 - Marketing and promotion
 - Holiday lighting and Decorations
- Ensure Klyde Warren Park and Dallas Arts District Services compliment each other

Klyde Warren Park/Dallas Art District PID Creation and Klyde Warren Park PID Dissolution *Requirements*

- Received sufficient petitions from property owners in the existing Klyde Warren Park PID to dissolve the KWPPID
 - ✓ 63% of the property value
 - ✓ 67% of the land area
- Received sufficient petitions from property owners to create new and expanded Klyde Warren Park/Dallas Art District PID
 - ✓ 63% of the property value
 - ✓ 69% of the land area

Klyde Warren Park PID Dissolution and Klyde Warren Park/Dallas Art District PID Creation *Requirements*

Klyde Warren Park PID Dissolution Petition Review		
	Property Values	Area (SF)
Total Accounts within the PID*	\$2,650,626,750	5,737,792
Accounts supporting PID	\$1,668,290,900	3,868,449
	63%	67%


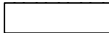


Klyde Warren PID Creation PID Petition Review		
	Property Values	Area (SF)
Total Accounts within the PID*	\$3,019,036,070	6,988,194
Accounts supporting PID	\$1,911,390,341	4,820,808
	63%	69%

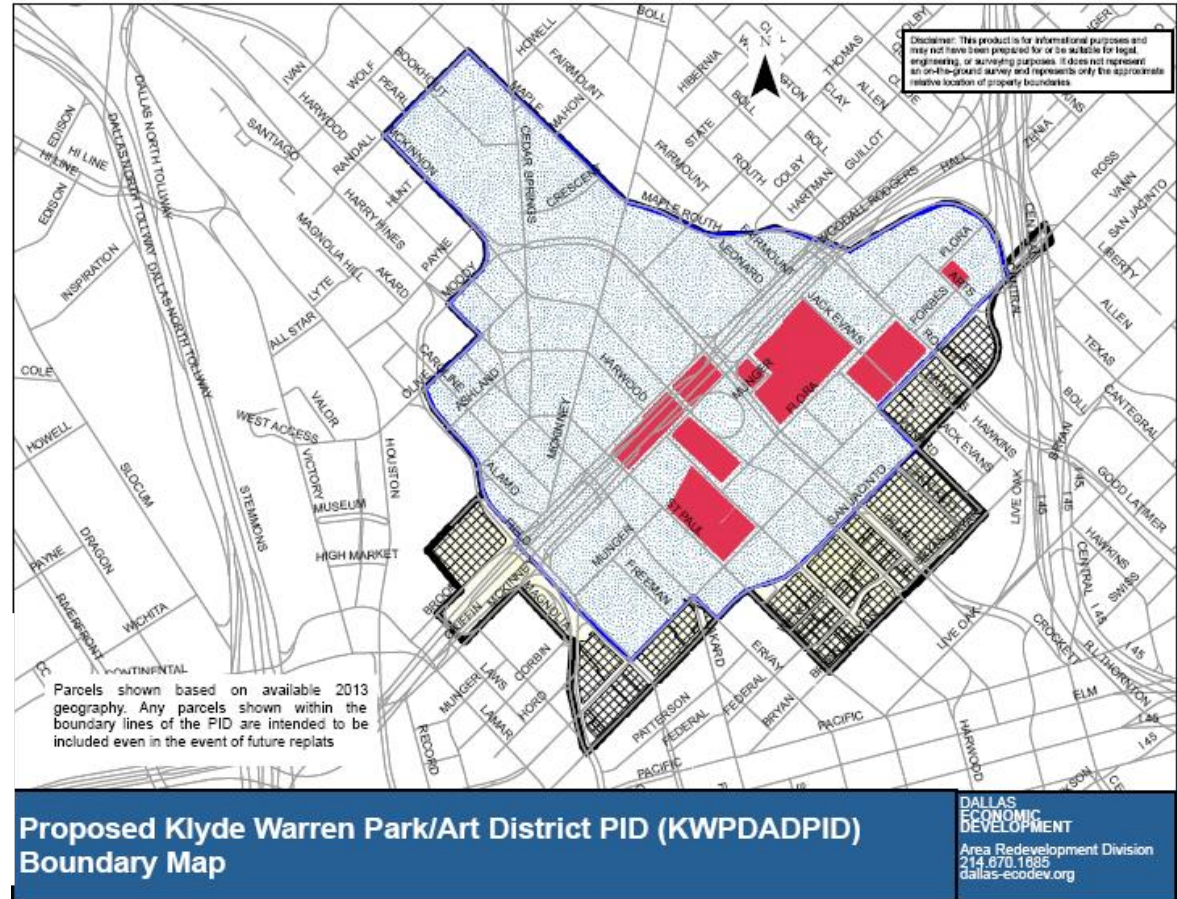
Note: Petition of support from owners representing at least **60% of total value** of all properties within the KWP/DADPID AND Petition of support from **EITHER** at least **60% of record owners** of all properties within the KWP/DADPID **OR** at least **60%** of the **total land area** within the KWP/DADPID.

New Klyde Warren Park/Dallas Art District PID Boundary

Additional properties will be added to the new and expanded KWP/DADPID (as shown in the map, shaded property will be included in new and expanded KWP/DADPID)

Legend

-  Art District Klyde Warren Park Properties
-  KWP/DADPID Expanded Boundary
-  Klyde Warren PID Existing Boundary
-  KWP/DADPID Boundary Map

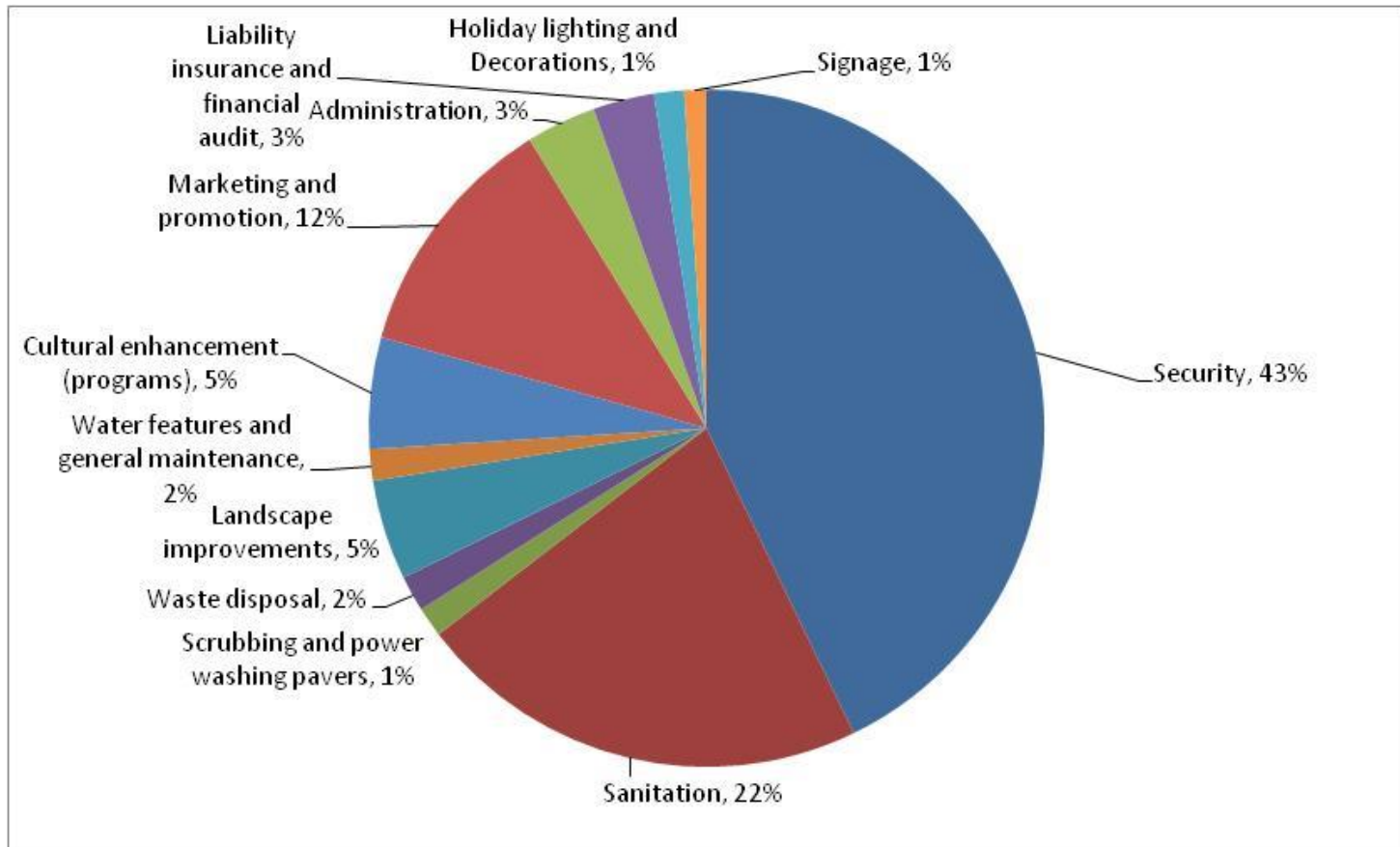


New Klyde Warren Park/Dallas Art District PID Service Plan 2015-2021

KLYDE WARREN PARK/ARTS DISTRICT PID BUDGET SERVICE PLAN 2015 TO 2021										
		2015	2016	2017	2018	2019	2020	2021		
REVENUE										
	Fund Balance from previous year									
	¹ Net assessment revenue	\$754,219.69	\$776,846.28	\$800,151.66	\$824,156.21	\$848,880.90	\$874,347.33	\$900,577.75		
	TOTAL REVENUE	\$754,219.69	\$776,846.28	\$800,151.66	\$824,156.21	\$848,880.90	\$874,347.33	\$900,577.75		
EXPENDITURES										
		Allocation %								
	TOTAL REVENUE	100.00%	\$754,219.69	\$776,846.28	\$800,151.67	\$824,156.22	\$848,880.91	\$874,347.33	\$900,577.75	
	² Security	42.83%	\$323,050.39	\$332,741.90	\$342,724.16	\$353,005.88	\$363,596.06	\$374,503.94	\$385,739.06	
	³ Sanitation	21.73%	\$163,922.61	\$168,840.29	\$173,905.50	\$179,122.66	\$184,496.34	\$190,031.23	\$195,732.17	
	⁴ Scrubbing and power washing pavers	1.43%	\$10,794.84	\$11,118.69	\$11,452.25	\$11,795.81	\$12,149.69	\$12,514.18	\$12,889.60	
	Waste disposal	1.72%	\$12,953.81	\$13,342.42	\$13,742.70	\$14,154.98	\$14,579.63	\$15,017.02	\$15,467.53	
	Landscape improvements	4.79%	\$36,162.72	\$37,247.60	\$38,365.03	\$39,515.98	\$40,701.46	\$41,922.50	\$43,180.18	
	Water features and general maintenance	1.50%	\$11,334.58	\$11,674.62	\$12,024.86	\$12,385.60	\$12,757.17	\$13,139.88	\$13,534.08	
	⁵ Cultural enhancement (programs)	5.33%	\$40,192.26	\$41,398.03	\$42,639.97	\$43,919.17	\$45,236.74	\$46,593.85	\$47,991.66	
	⁶ Marketing and promotion	11.91%	\$89,790.33	\$92,484.04	\$95,258.56	\$98,116.32	\$101,059.81	\$104,091.60	\$107,214.35	
	Administration	3.34%	\$25,201.83	\$25,957.88	\$26,736.62	\$27,538.72	\$28,364.88	\$29,215.83	\$30,092.30	
	Liability insurance and financial audit	2.92%	\$22,021.48	\$22,682.12	\$23,362.59	\$24,063.47	\$24,785.37	\$25,528.93	\$26,294.80	
	Holiday lighting and Decorations	1.43%	\$10,794.84	\$11,118.69	\$11,452.25	\$11,795.81	\$12,149.69	\$12,514.18	\$12,889.60	
	⁷ Signage	1.06%	\$8,000.00	\$8,240.00	\$8,487.20	\$8,741.82	\$9,004.07	\$9,274.19	\$9,552.42	
	Contingency									
	TOTAL FUND OPERATING EXPENDITURES	100.00%	\$754,219.69	\$776,846.28	\$800,151.67	\$824,156.22	\$848,880.91	\$874,347.33	\$900,577.75	
	TOTAL FUND BALANCE/RESERVES	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
<p>KWPand DAD will support the remaining operating costs of their organizations, which is not included in the Service Plan</p> <p>¹ Assume a 3% increase in property values each year based on future Uptown and Downtown development</p> <p>² 24 hour security at KWP; Off-duty police and crossing guards at DAD</p> <p>³ Trash pickup, general cleaning, graffiti control and improvements</p> <p>⁴ Pavement (sidewalk) detail cleaning, staining and restoration</p> <p>⁵ Partial cost of European and Christmas Markets, programming activities, will grow yearly</p> <p>⁶ Partial cost of promoting the district, PR, advertising, free Wi-Fi, website and Kiosk</p> <p>⁷ Wayfinding signage</p>										

New Klyde Warren Park/Dallas Art District PID

Public Improvement Categories



New Klyde Warren Park/Dallas Art District PID *Assessment*

- The proposed KWPDADPID assessment rate remains at \$0.025 per \$100.00 of appraised value as determined by the Dallas Central Appraisal District.
- Other tax exempt properties such as those owned by the City of Dallas or the Dallas Arts District non-profit entities will not be paying the assessment, but will have an active voice in event coordination and marketing/promotion and will collaborate in developing and implementing an infrastructure improvement plan for the area.

Recommendations

Economic Development Committee recommendation for Council consideration:

- **May 28, 2014:**

- Call public hearing to be held on June 25, 2014 to consider dissolution of the KWPPID
- Call public hearing to be held on June 25, 2014 to consider creation of the new and expanded KWPDADPID

- **June 25, 2014:**

- Hold public hearing and consider dissolution of the existing KWPPID
- Hold public hearing and consider creation of the new and expanded KWPDADPID

Appendices

Appendix A - Dallas PID Policy

PIDs are governed by state law (Chapter 312).

- A City policy related to local administration of the PID program was originally adopted in December 2005 and last amended on October 23, 2013.
- Property owners petition the City to create a PID
- City Council approval is required to create/renew/dissolve a PID.
- PID revenue is collected as part of the standard tax collection process.
- Individual PIDs are governed by property owner elected boards and managed by a specifically formed non-profit organization or homeowners' association.

Appendix A - Dallas PID Policy (cont)

- 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.
- 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 with the PID boundaries.
- For new PIDs and PID renewals, 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.

Appendix A - Dallas PID Policy (cont)

- In new Single-Family PIDs, the City will require 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.
- In Dallas, PIDs are authorized for a period of no longer than 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 property owners sign a petition supporting renewal of 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.

Appendix A - Dallas PID Policy (cont)

- 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.
- 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.
- PID and make such other minor clarifications consistent with state law including the process for boundary changes.

Appendix A - Dallas PID Policy (cont)

- PID assessments are typically based on a set rate applied to total property value. The maximum PID assessment in Dallas shall be \$0.15 per \$100 valuation.
- PID assessments in the Tourism PID will be a set fee based on hotel collections on rooms.
- 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.

Appendix A - Dallas PID Policy (cont)

Recent amendments to the PID Policy:

- With the exception of Klyde Warren Park and the Tourism PID, and any future modifications to the boundaries of either PID, no future PIDs will be allowed to be created that overlap the boundaries of another Dallas PID.
- In general, the boundaries of existing PIDs can be modified during a renewal process (with updated map as part of the petition). However, a boundary change during the existing term of a PID may only be considered if a re-petition of the entire PID area (both current boundary and proposed modified areas) meets the minimum criteria for creation/renewal and the \$15,000 application fee as described earlier in this Policy.
- The boundaries of the Tourism PID include hotels over 100 rooms at the time of creation. Any hotels that drop below that level during the term will be removed from the assessment roll. New hotels may only be added during the next renewal or re-petition process.

Appendix A - Dallas PID Policy (cont)

- 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).
- All PID management entities are required to:
 - Submit quarterly reports on activities and expenditures
 - Have an independent annual audit
 - Hold an annual open meeting with at least 2 weeks notice to all property owners for input on the budget and service plan

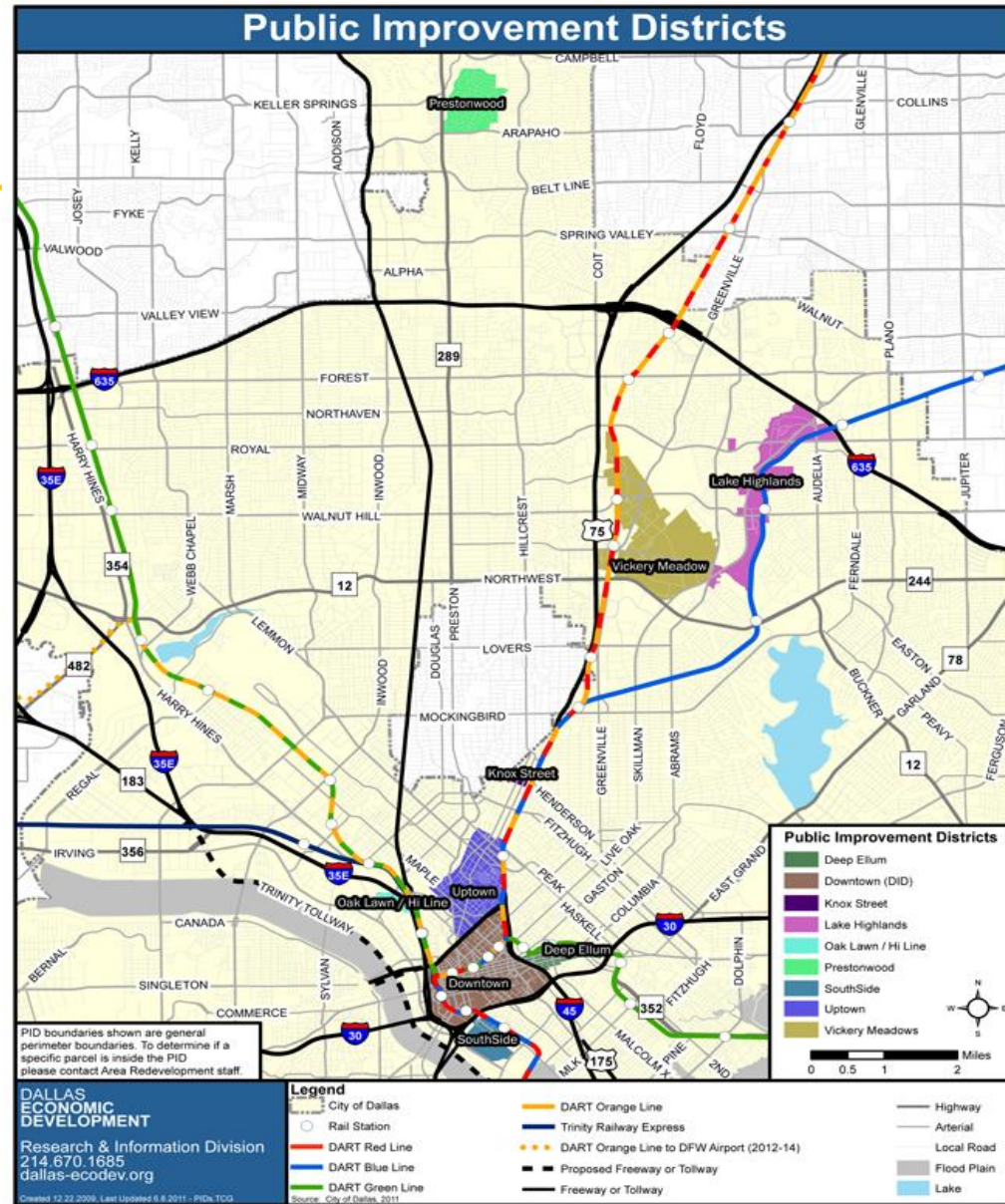
Appendix B – Overview of Existing PIDs

- Public Improvement Districts (PIDs) are special assessment areas created at the request of the property owners for enhanced services like: marketing and promotion, additional security, landscaping and lighting, and cultural or recreational improvements.
- Property owners pay a special annual assessment to fund eligible PID expenditures
- There are eleven PIDs located throughout the City:
 - Deep Ellum PID
 - Dallas Downtown Improvement District
 - Knox Street PID
 - Lake Highlands PID
 - Oak Lawn – Hi Line PID
 - Prestonwood PID
 - Southside PID
 - Uptown PID
 - Vickery Meadow PID
 - Tourism PID
 - University Crossing
 - Klyde Warren Park (existing boundary)

A summary of the Dallas PID Policy and overview of the existing PIDs is Included in Appendix A, B & C

Appendix B – Overview of Existing PIDs

Map showing location of existing Dallas Public Improvement Districts



Appendix B

Overview of Existing PIDs (continued)

	Deep Ellum		Downtown		Klyde Warren Park		Knox Street		Lake Highlands	
Expiration	12-31-2020		12-31-2020		12-31-2020		12-31-2017		12-31-2015	
Accounts	700		1775		583		59		970	
Total Value	\$226,331,890		\$4,242,832,610		\$2,577,734,210		\$125,452,770		\$207,419,660	
2013 Assessment	\$271,598		\$5,473,254		\$644,434		\$188,179		\$269,646	
Change in value (2012 to 2013)	*new boundary		3.4%		* new PID		4.4%		12.4%	
Premium Assessment Rate per \$100										
Standard Assessment Rate per \$100	0.12		0.1290		0.025		0.15		0.13	
Proposed Budget	\$279,500		\$5,852,215		\$606,444		\$183,679		\$260,762	
Budget Categories	Impvmts.,	22%	Public Safety	44%	Public Safety	48%	Public Safety	13%	Public Safety	53%
	Business Dev & Recruitment	8%	Capital Improvements	6%	Sanitation, paver impvmts	29%	Capital Improvements *	54%	Improvements	24%
	Transportation Impvmts	8%	Transportation Impvmts	6%	Landscape impvmts, lighting	8%	Marketing/Promotion	28%	Promotion	6%
	Marketing & Promotion	38%	Communication/Events	16%	General impvmts & Cultural programs	3%	Administration	5%	Audit/Insurance	7%
	Audit/Insurance	8%	Administration	9%	Administration	1%	*Funding for capital improvements category includes gateway signage and streetscape improvements		Administration	10%
	Administration	11%	Services & impvmts	19%	Marketing & Promotion	8%				
	Public Safety	5%			Audit/Insurance	3%				

Appendix B

Overview of Existing PIDs (continued)

	Oak Lawn-Hi Line		Prestonwood		South Side		Uptown		University Crossing		Vickery Meadow	
Expiration	12-31-2016		12-31-2018		12-31-2019		12-31-2019		12-31-2020		12-31-2015	
Accounts	45		1032		134		2193		251		2104	
Total Value	\$177,769,610		\$357,366,690		\$85,085,290		\$3,405,031,790		\$576,647,400		\$728,558,110	
Assessment	\$266,654		\$285,893		\$119,647		\$1,532,264		\$576,647		\$513,378	
Change in value (2012 to 2013)	34.1%		3.1%		12.3%		11.7%		*new PID		0.2%	
Premium Assessment Rate per \$100					0.15						0.10	
Standard Assessment Rate per \$100	0.15		0.0800		0.12		0.045		0.10		0.05	
Proposed Budget	\$300,121		\$316,386		\$113,150		\$1,566,143		\$563,000		\$505,488	
Budget Categories	Public Safety	40%	Public Safety	90%	Safety & Security	54%	Services (incl safety) & Promotion	34%	Security	35%	Community Service	11%
	Improvements	45%	Administration	3%	Improvements	22%	Capital Improvements	29%	Improvements	13%	Property Standards & Public Relations	17%
	Promotion	0%	Audit/Insurance	7%	Business Promotion	12%	Landscape Improvements	18%	Public Area Impvmts.,	20%	Safety & Security	47%
	Audit/Insurance	6%			Cultural events	4%	Contingency and Reserve for Griggs Park	7%	Promotion	8%	Park Lane other area Improvements, Services	10%
	Administration	9%			Administration	1%	Administration	12%	Audit/Insurance	4%	Audit/Insurance	2%
					Audit	5%			Administration	13%	Economic Development	3%
					Insurance	2%			creation	7%	Administration	10%

Appendix C - Tourism Public Improvement District Summary

- A Tourism PID (TPID) is a Public Improvement District composed solely of hotels, focused on marketing, promotional activities, improving transit connections, attracting conventions, group meetings and increasing hotel activities within Dallas.
- TPID assessment is based on two percent assessment on hotel room-nights sold at Dallas hotels with 100 or more rooms.
- Funding is used for the following expenditures:
 - **Incentives** - 50% of TPID budget used to provide incentives to bring more conventions, meetings and visitors to Dallas
 - **Marketing** - 45% of TPID budget allocated for marketing efforts
 - **Administration** - 5% of TPID budget dedicated for administrative expenses