

Memorandum



CITY OF DALLAS

DATE **August 2, 2017**

TO **Members of the Economic Development & Housing Committee:**
Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman,
Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder,
Omar Narvaez

SUBJECT **Dallas Public Improvement District (PIDs) Overview**

On Monday, August 7, 2017, you will be briefed on Dallas Public Improvement Districts (PIDs) Overview. The briefing materials are attached for your review.

Should you have any questions, please contact me at (214) 671-5257.

A handwritten signature in blue ink that reads "Raquel Favela".

Raquel Favela

Chief of Economic Development & Neighborhood Services

c: The Honorable Mayor and Members of the City Council	Jon Fortune, Assistant City Manager
T.C. Broadnax, City Manager	Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)
Larry Casto, City Attorney	Jill A. Jordan, P.E., Assistant City Manager
Craig D. Kinton, City Auditor	Joey Zapata, Assistant City Manager
Rosa A. Rios, City Secretary	M. Elizabeth Reich, Chief Financial Officer
Daniel F. Solis, Administrative Judge	Nadia Chandler Hardy, Chief of Community Services
Kimberly Bizer Tolbert, Chief of Staff to the City Manager	Theresa O'Donnell, Chief of Resilience
Majed A. Al-Ghafry, Assistant City Manager	Directors and Assistant Directors

Dallas Public Improvement Districts (PIDs) Overview

August 7, 2017

J. Hammond Perot
Assistant Director
Office of Economic Development
City of Dallas



Background/History

- A PID is a special assessment area created at request of property owners in district via petition
- Property owners pay a supplemental assessment, collected with property taxes, which PID uses for services above and beyond existing City services
- Assessment allows each PID to have its own work program, which may consist of eligible activities such as marketing, providing additional security, landscaping and lighting, street cleaning, and cultural or recreational improvements
- City's power to levy is limited to petition and budget categories/costs approved by property owners

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Purpose

- Review PID governance, creation/operating parameters, management and reporting;
- Provide the Economic Development and Housing Committee with overview of 14 PIDs including:
 - 2018 Service Plans (5-year forecast)
 - 2017 Assessment Rates
- Request Economic Development and Housing Committee approval of Service Plans and Assessment Rates for Council consideration to call Public Hearing on 8/23/17 and hold Public Hearing on 9/13/17

Dallas PID Policy- Governance

- PIDS are governed by state law and City of Dallas PID Policy (adopted in December 2005 and last amended on October 23, 2013)
- Individual PIDs 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:
 - Review and approve updated PID Service Plan
 - Hold a public hearing to consider the proposed assessment roll, at which, property owners may provide objections or support about PID operations, and
 - At adjournment of the public hearing, approve or amend the proposed annual PID assessment rate via ordinance

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Dallas PID Policy- Creation/Operating Parameters

- To create a PID, property owners petition City to authorize special assessments on all property located within defined PID boundaries to improve services and infrastructure
- In new and renewing PIDs, the City requires signed petitions of support from:
 - Owners representing at least 60% of the value; **AND**
 - Owners representing at least 60% of land area **OR** 60% of all record Owners
 - Note that City Council amended its policy for the South Dallas/Fair Park PID
- There is a higher requirement in Single-Family PIDs:
 - Owners representing at least 66.7% of the value; **AND**
 - Owners representing at least 66.7% of land area **OR** 66.7% of all record Owners
- Minimum State of Texas standard for petition support is lower than City standard:
 - Owners representing more than 50.0% of the value; **AND**
 - Owners representing more than 50.0% of land area **OR** 50.0% of all record Owners

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Dallas – Current Operating PIDS

- Dallas Downtown Improvement District
- Deep Ellum Public Improvement District
- Klyde Warren Park/Dallas Arts District Public Improvement District
- Knox Street Public Improvement District
- North Lake Highlands Public Improvement District (pending authorization on 08/09/2017)
- Lake Highlands Public Improvement District
- Oak Lawn-Hi Line Public Improvement District
- Prestonwood Public Improvement District
- South Dallas/Fair Park Public Improvement District
- South Side Public Improvement District
- Tourism Public Improvement District
- University Crossing Public Improvement District
- Uptown Public Improvement District
- Vickery Meadow Public Improvement District

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Dallas PID Policy – Boundaries

- With the exception of the Klyde Warren Park/Dallas Arts District and Tourism PIDs, no future PIDs will be allowed to be created that overlap boundaries of another Dallas PID
- Boundaries of existing PIDs can ONLY be modified as part of a renewal process
- An existing PID may petition City to be dissolved and re-created with a new boundary subject to petition requirements and approval by City Council (\$15,000 application fee required to cover City costs for review)
- Boundary of the Tourism PID includes all hotels located in Dallas that contain 100 or more rooms at time of creation. Hotels that drop below 100 room level will be removed from Tourism PID assessment rolls. New hotels may only be added as part of renewal process



Dallas PID Policy – Creation/Operating Parameters (cont'd)

- In Dallas, PIDs are typically authorized for a period of up to seven (7) years with option of renewal; this term may be expanded if PID's need to renew based on budget "over collection"
- A PID application for creating or renewing a PID includes a section that clearly identifies the benefit of the PID to affected property owners and to city as a whole, an assessment plan, and also evidence of insurance
- Renewal process requires preparing a budget, service plan and assessment plan for the district and petitioning of property owners
- PID applications include:
 - List of properties and tax roll
 - Map with clear property description
 - Description of management entity
 - Amount of assessment/method of apportionment
 - Description of benefits
 - Budget/Service Plan for entire term

Dallas PID Policy – Creation/Operating Parameters (cont'd)

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

Dallas PID Policy – Creation/Operating Parameters (cont'd)

- With exception of Tourism PID, PID assessments will be based on a set apportionment applied to total property value. Maximum PID assessment in Dallas is \$0.15 per \$100 valuation
- Assessment rate for Tourism PID is unique – paid by hotels based on usage (measured as 2% of hotel room nights sold)
- PID petitions for new or renewing districts are due on February 1st annually for approval by May 15th (*updated per new Dallas County guidelines*). Signatures for PID petitions must be gathered between October 1 and February 1 prior to submission of petition

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Dallas PID Policy – Creation/Operating Parameters (cont'd)

- Administrative expenses, including costs for day to day City Staff administration, for a PID are limited to 15% of total budget in any year
- A PID Service Plan contains procedures for the termination of PID without imposing unintended costs on City
- A PID dissolution has same requirements as creation or renewal

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Dallas PID Policy – Management and Reporting

All PID management entities are required to:

- Submit quarterly reports on activities and expenditures
- Have an independent audit annually
- Hold an annual open meeting (minimum two weeks prior notice) to provide public input from property owners on service plan (budget)
- Allow City representatives to attend regular board meetings

Dallas PID Policy – City Staff PID Oversight Cost

Staff's PID oversight cost will be charged to PIDs

- Costs related to the annual Assessment Rate and Service Plan approval process:
 - Public hearing notice printing, stuffing, postage and mailing to property owners in PID
 - Staff time for City Council items preparation
 - Dallas Morning News public hearing notice publication cost
- Cost of PID oversight (including City staff time for attending meetings, reviewing reports, preparing tax rolls, etc.)
- Only PIDs with provision in current management contract for City oversight cost recovery may be charged (will add to others at next renewal)
- Allows PID monitoring process to be budget neutral for City

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Dallas PID Policy – Valuation/Assessment Rates

- Property value changes in PID districts vary each year
- 2017 valuation for all the PIDs will not be available until approximately mid-August

Dallas PID Policy – Valuation/Assessment Rates

- PID Assessment Rates:
 - PIDs assessment rates are evaluated each year
- PID Service Plans
 - Tourism PID operates on October 1 – September 30 fiscal year
 - All other PIDs operate on calendar year
- Potential collections for all PIDs will be determined based on 2017 certified DCAD data after compilation and evaluation of property accounts and values.

Dallas PID Policy – Management and Reporting

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 2,333 (Vickery Meadow)
- 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. City agreed to assessment based on benefits received by many City owned facilities in downtown area

Dallas DID PID- City Owned Property

DID Assessment for City Owned Property

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
2014	\$612,441
2015	\$676,048
2016	\$651,427
2017	TBD

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For each applicable City owned property, an assessment is paid based on its market value

Dallas DID PID- City Owned Property (cont'd)

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; 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

Staff Recommendation

Staff recommends the Economic Development and Housing Committee forward the following to City Council for consideration and approval of:

- Action on August 23, 2017 to call public hearings to consider annual assessment rates for all Dallas PIDs
- Hold public hearings on September 13, 2017
- At close of hearings, set 2017 Assessment Rate and adopt 2018 Service Plan for fourteen PIDs

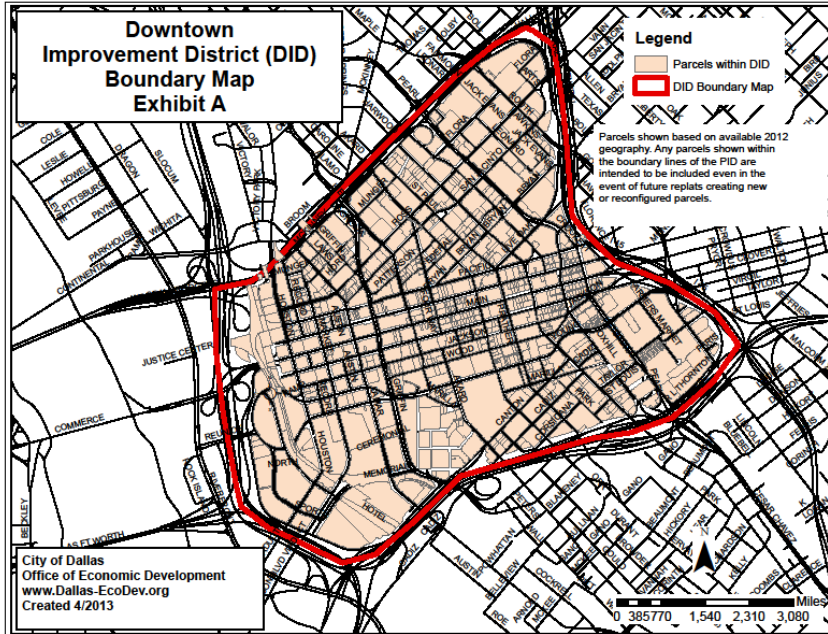
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Appendix 1

Public Improvement Districts Summary



Dallas Downtown Improvement District (DID) - Annual Plan Summary

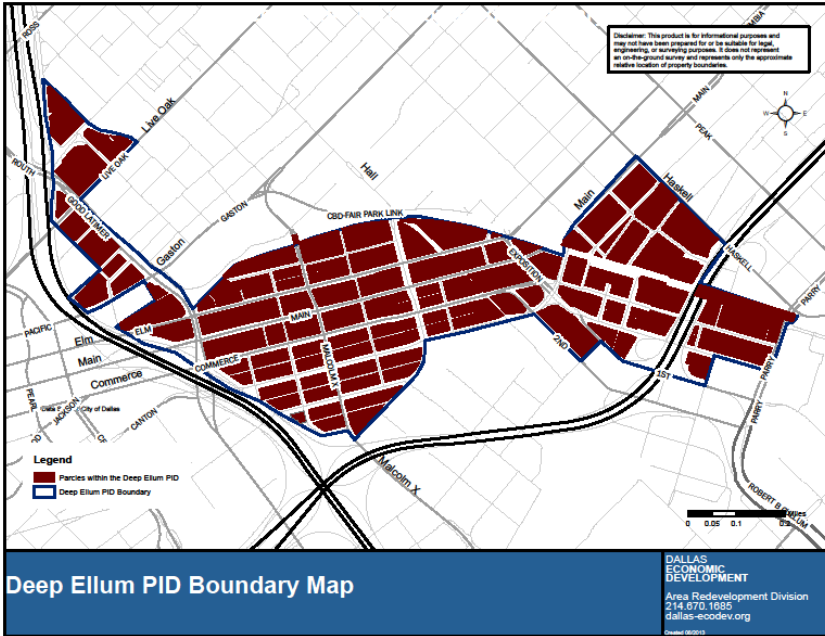


	Downtown	
Expiration	December 31, 2020	
Accounts	1,872	
Total Value	TBD	
2017 Assessment	TBD	
Change in value (2016 to 2017)	TBD	
Proposed Budget - 2018	TBD	
Budget Categories	Public Safety	39%
	Capital Improvements	7%
	Transportation Improvements	6%
	Communication/Events	18%
	Administration	12%
	Services & Improvements	18%

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

Deep Ellum PID - Annual Plan Summary

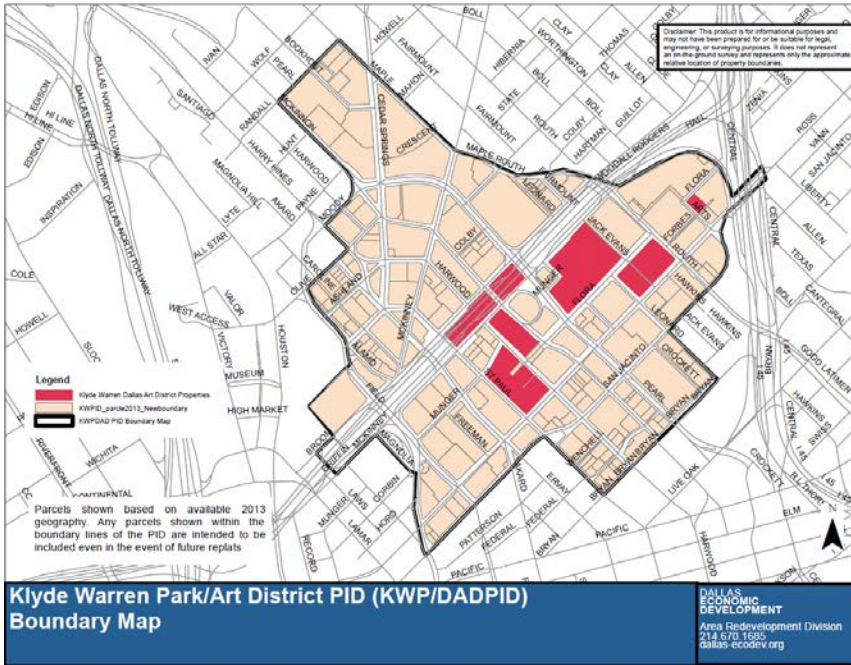


Deep Ellum		
Expiration	December 31, 2020	
Accounts	689	
Total Value	TBD	
2017 Assessment	TBD	
Change in value (2016 to 2017)	TBD	
Premium Assessment Rate per \$100		
Standard Assessment Rate per \$100	TBD	
Proposed Budget - 2018	TBD	
Budget Categories	Improvements	18%
	Business Dev & Recruitment	4%
	Transportation Improvements	6%
	Marketing & Promotion	44%
	Audit/Insurance	7%
	Administration	16%
	Public Safety	5%

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

Klyde Warren Park/Dallas Arts District PID - Annual Plan Summary



Klyde Warren Park/DAD		
Expiration	December 31, 2021	
Accounts	671	
Total Value	TBD	
2017 Assessment	TBD	
Change in value (2016 to 2017)	TBD	
Proposed Budget - 2018	TDB	
Budget Categories	Public Safety	20%
	Sanitation and General Maintenance	22%
	Landscape Imprvs, Holiday Lighting & Decorations	31%
	Cultural Enhancements, Marketing and Promotion	15%
	Administration	4%
	Signage (wayfinding)	1%
	Audit/Insurance	7%

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/Dallas Arts District PID started operating in January 1, 2015 (created on June 25, 2014).

Knox Street Improvement District - Annual Plan Summary

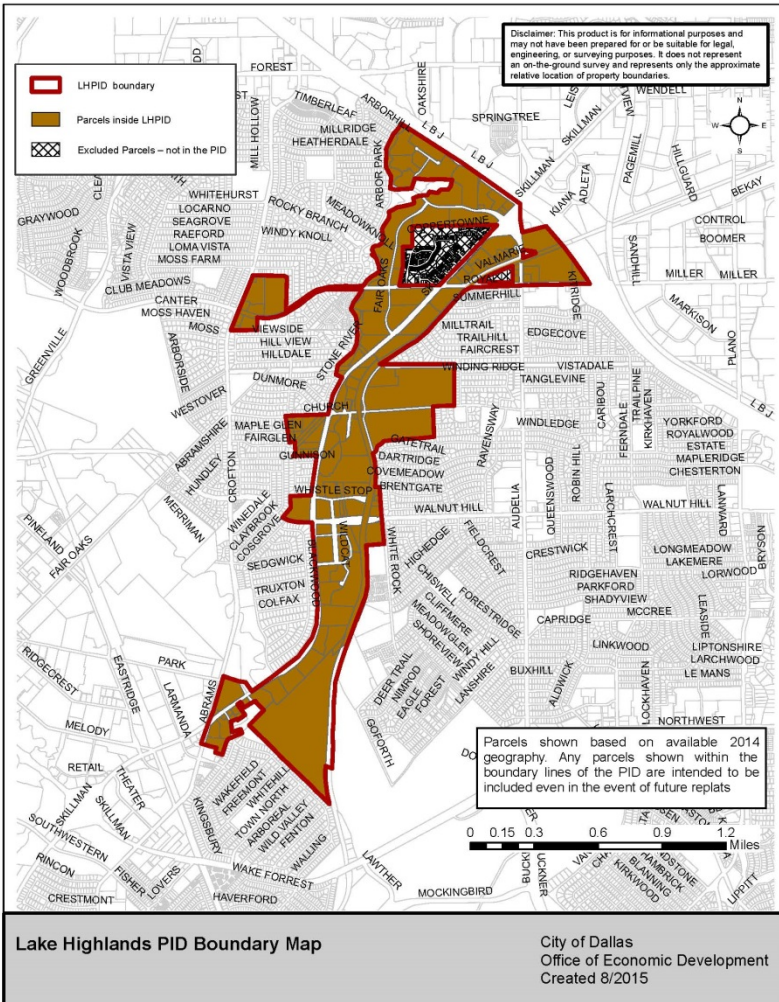


Major Service Provided:

- 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		December 31, 2017
Accounts		56
Total Value		TBD
2017 Assessment		TBD
Change in value (2016 to 2017)		TBD
Premium Assessment Rate per \$100		
Standard Assessment Rate per \$100		TBD
Proposed Budget - 2018		TBD
Budget Categories	Public Safety	16%
	Capital Improvements *	49%
	Marketing/Promotion	29%
	Audit and Insurance	4%
	Admin	0%
<p>Funds are being carried forward from prior years to complement gateway markers and streetscape improvements and/or possibly in conjunction with Knox Complete Streets - 2016 Capital Improvements.</p>		

Lake Highlands PID – Annual Plan Summary

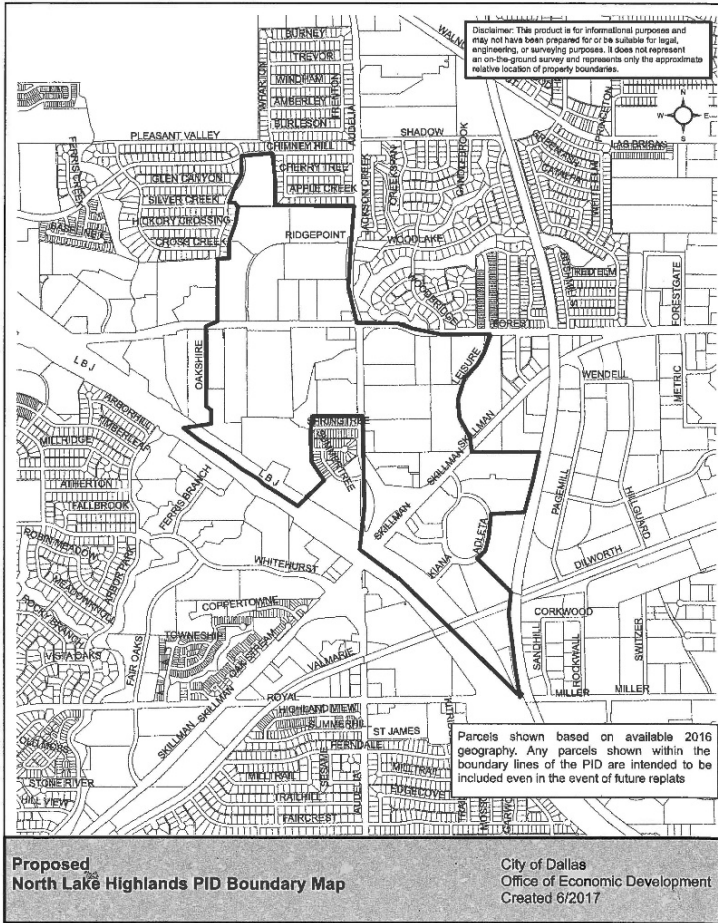


Major Service Provided:

- Enhance Security
- Landscape Enhancement & Maintenance
- Graffiti removal

Lake Highlands		
Expiration	December 31, 2022	
Accounts	1,108	
Total Value	TBD	
2017 Assessment (Net)	TBD	
Change in value * (2016 to 2017)	TBD	
Premium Assessment Rate per \$100		
Standard Assessment Rate per \$100	TBD	
Proposed Budget - 2018	TBD	
Budget Categories	Public Safety	45%
	Improvements	33%
	Promotion	6%
	Audit/Insurance	6%
	Administration	10%

North Lake Highlands PID- Annual Plan Summary

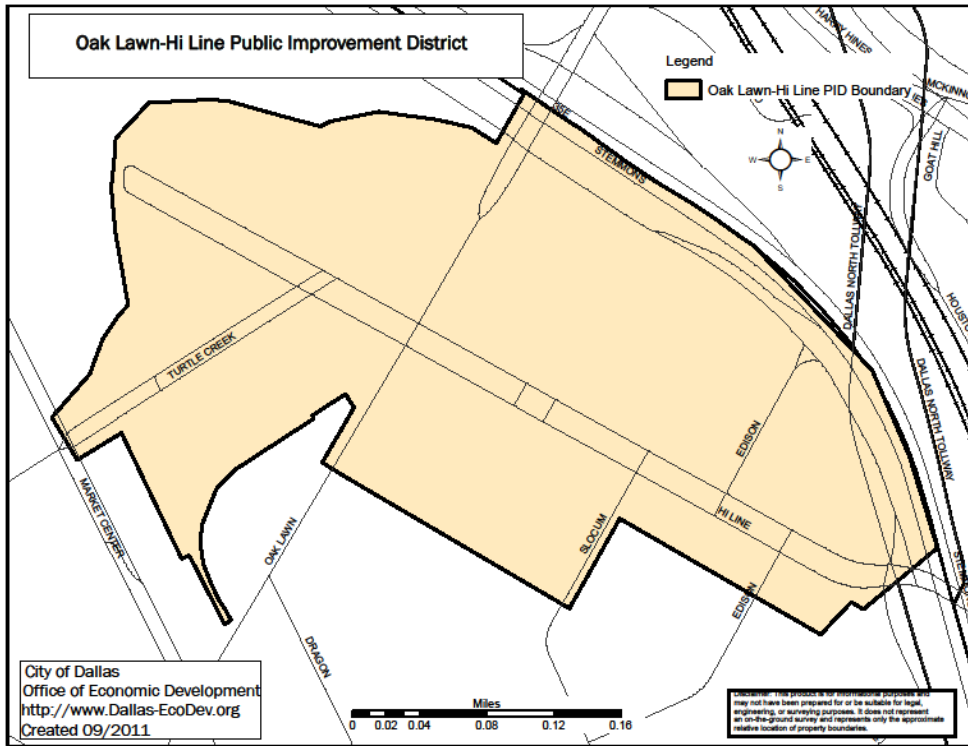


Major Service Provided:

- Enhance Security
- Landscape Enhancement & Maintenance
- Marketing & Promotional activities

North Lake Highlands	
Expiration	December 31, 2022
Accounts	437
Total Value	TBD
2017 Assessment (Net)	TBD
Change in value * N/A	X%
Premium Assessment Rate per \$100	
Standard Assessment Rate per \$100	TBD
Proposed Budget - 2018	TBD
Budget Categories	Public Safety 60%
	Improvements 16%
	Promotion 5%
	Audit/Insurance 6%
	Administration 10%

Oak Lawn-Hi Line PID – Annual Plan Summary

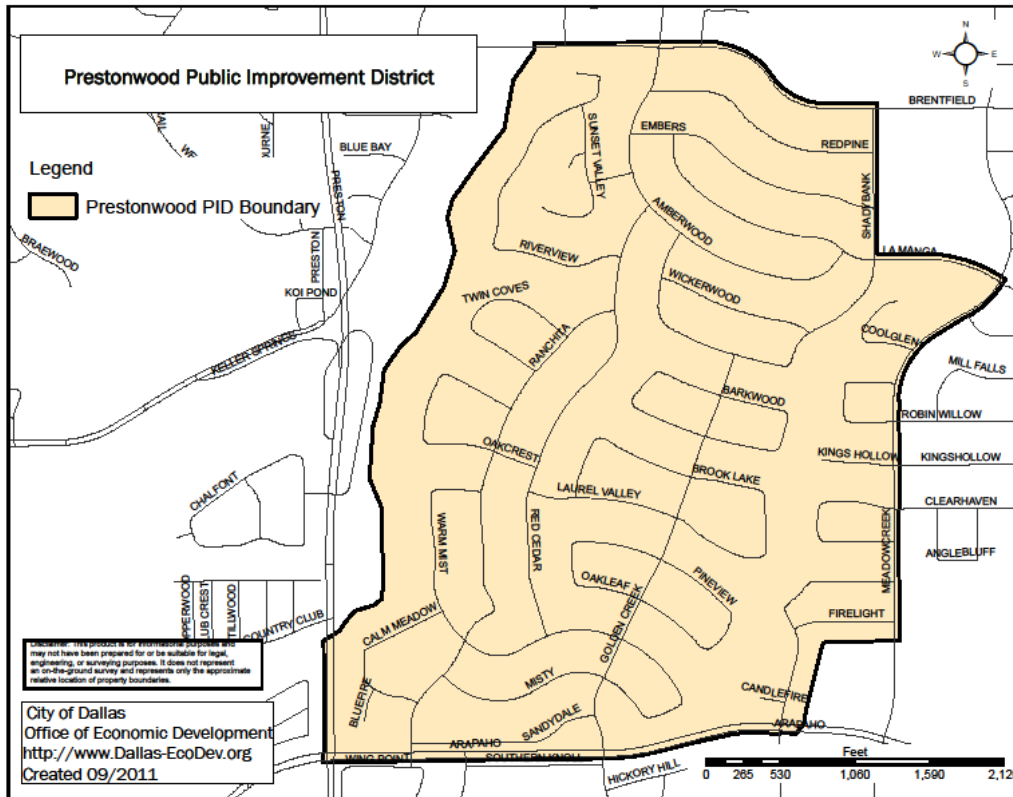


Oak Lawn-Hi Line	
Expiration	December 31, 2023
Accounts	45
Total Value	TBD
2017 Assessment (Net)	TBD
Change in value (2016 to 2017)	TBD
Premium Assessment Rate per \$100	
Standard Assessment Rate per \$100	TBD
Proposed Budget- 2018	TBD
Budget Categories	Public Safety 30.7%
	Improvements 57.7%
	Promotion 0.3%
	Audit/Insurance 4.5%
	Administration 6.7%

Major Service Provided:

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

Prestonwood PID – Annual Plan Summary

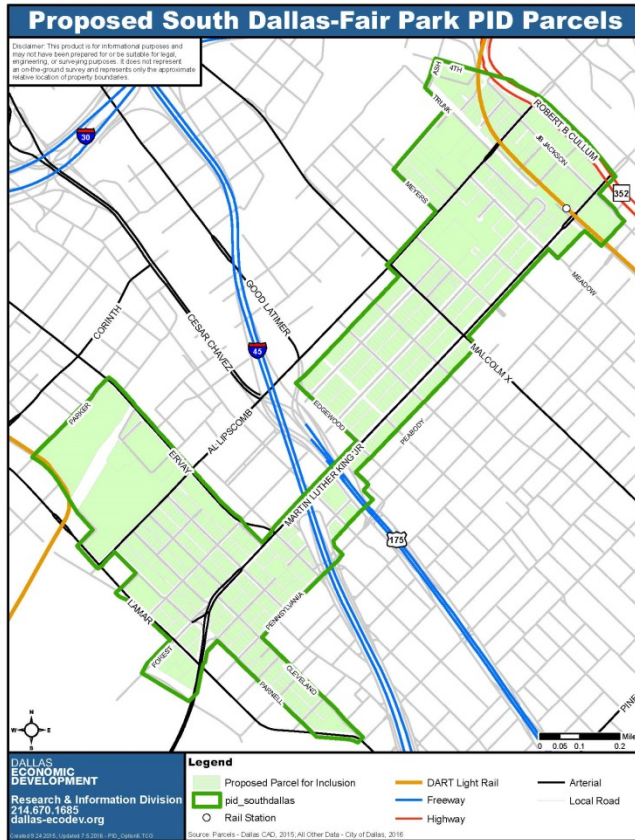


Prestonwood	
Expiration	December 31, 2018
Accounts	1,034
Total Value	TBD
2017 Assessment	TBD
Change in value (2016 to 2017)	TBD
Premium Assessment Rate per \$100	
Standard Assessment Rate per \$100	TBD
Proposed Budget - 2018	TBD
Budget Categories	Public Safety 85%
	Administration 3%
	Audit/Insurance 7%

Major Service Provided:

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

South Dallas/Fair Park PID – Annual Plan Summary

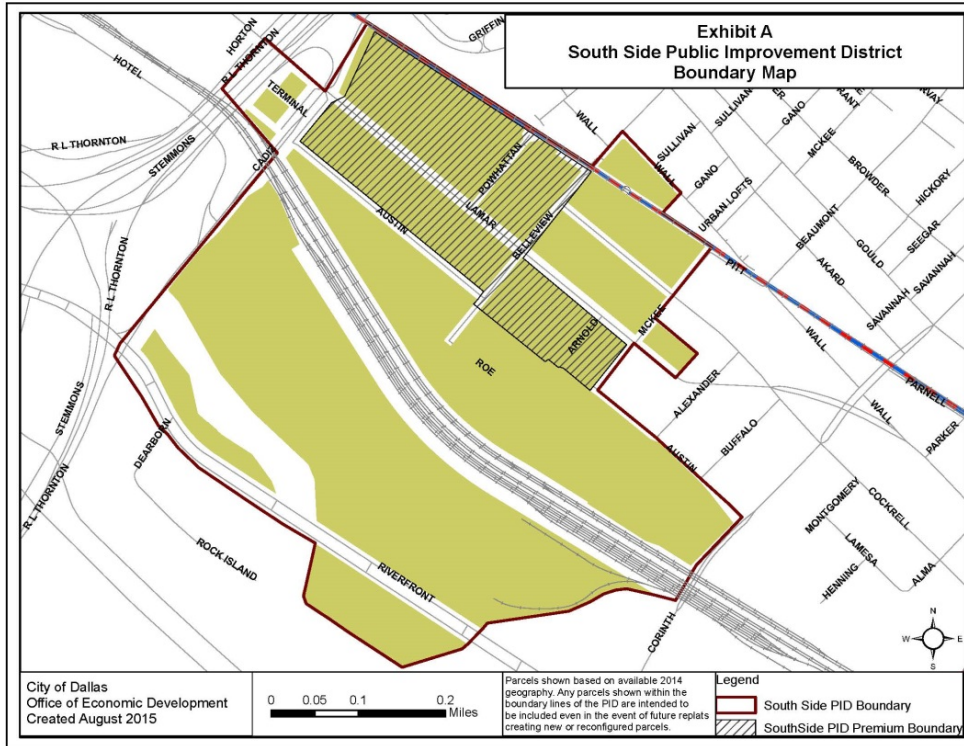


South Dallas/Fair Park															
Expiration	December 31, 2023														
Accounts	636														
Total Value	TBD														
2017 Assessment	TBD														
Change in value (2016 to 2017)	TBD														
Assessment Rate per \$100	TBD														
Proposed Budget - 2018	TBD														
Budget Categories	<table border="1"> <tbody> <tr> <td>Safety & Security</td> <td>45%</td> </tr> <tr> <td>Improvements</td> <td>25%</td> </tr> <tr> <td>Promotion</td> <td>10%</td> </tr> <tr> <td>Contingency/Carryover</td> <td>3%</td> </tr> <tr> <td>Administration</td> <td>10%</td> </tr> <tr> <td>Audit</td> <td>2%</td> </tr> <tr> <td>Insurance</td> <td>5%</td> </tr> </tbody> </table>	Safety & Security	45%	Improvements	25%	Promotion	10%	Contingency/Carryover	3%	Administration	10%	Audit	2%	Insurance	5%
Safety & Security	45%														
Improvements	25%														
Promotion	10%														
Contingency/Carryover	3%														
Administration	10%														
Audit	2%														
Insurance	5%														

Major Services Provided:

- 45% of budget for Public Safety in Year 1

South Side PID – Annual Plan Summary

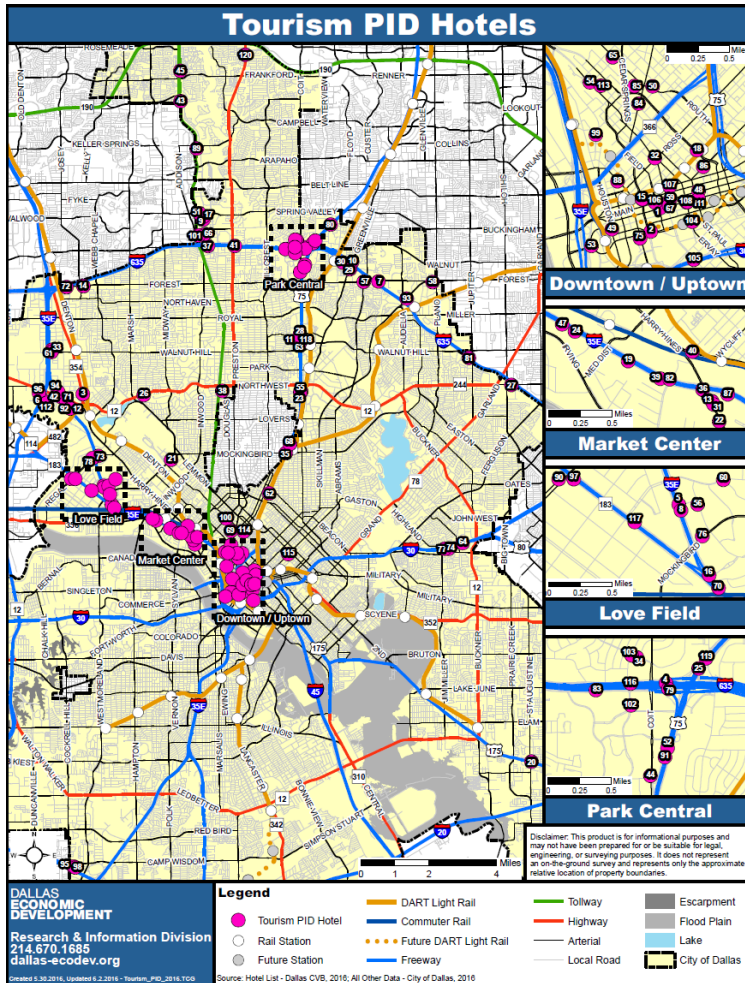


South Side		
Expiration	December 31, 2019	
Accounts	132	
Total Value	TBD	
2017 Assessment	TBD	
Change in value (2016 to 2017)	TBD	
Premium Assessment Rate per \$100	TBD	
Standard Assessment Rate per \$100	TBD	
Proposed Budget- 2018	TBD	
Budget Categories	Park Improvements	35%
	Public Safety / Security	31%
	Administration	13%
	Business Recruitment / Marketing	10%
	Audit	5%
	Cultural events	3%
	Insurance	3%
	Public Art Projects	0%

Major Services Provided:

- 48% of budget for public courtesy patrol for the 100 acre district
- New business recruitment
- Bark Park improvements

Tourism PID – Annual Plan Summary

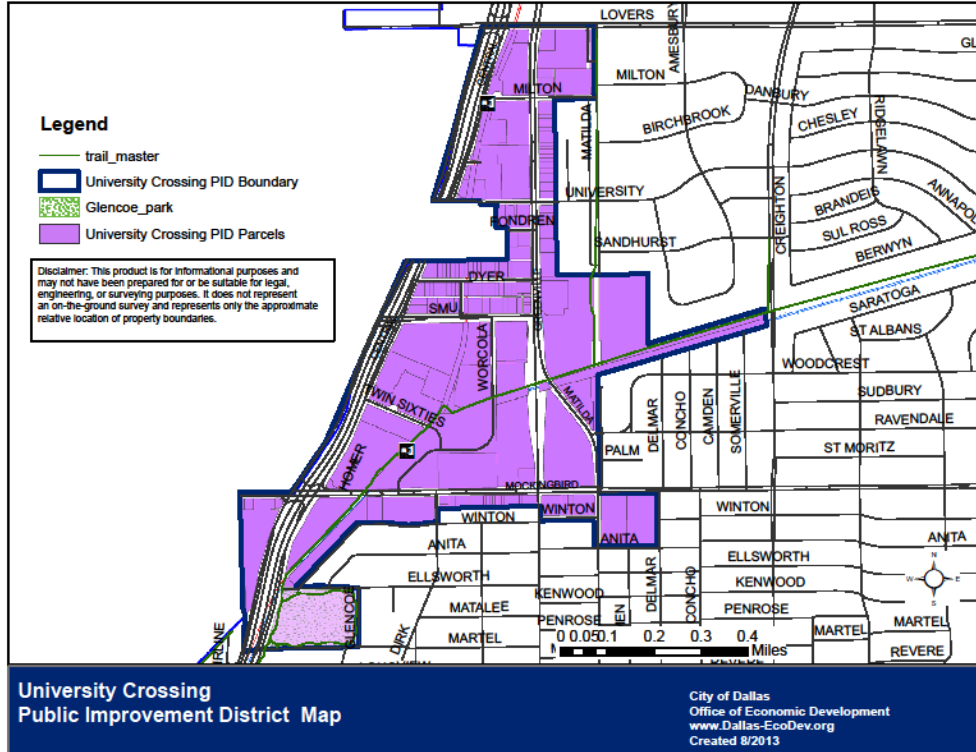


Tourism PID		
Expiration	September 30, 2029	
Accounts	120 accounts at the time of the TPID's renewal	
Total Value	N/A	
2017 Assessment	TBD	
Change in value (2016 to 2017)	TBD	
Premium Assessment Rate	TBD	
Standard Assessment Rate	Assessment based on hotel usage based on 2 percent of total collections on room rentals	
Proposed Budget: 2017-18	TBD	
Budget Categories	Incentives & Sales Efforts	42.5%
	Marketing (Promotion/Advertising)	35.0%
	Site Visits & Familiarization Tours	10.0%
	Event Funding Application Pool	7.5%
	Operations/Research/Administration	5.0%

Major Service Provided:

- Incentives & Sales Efforts – 42.5% of TPID budget dedicated for sales activities and incentives to bring more conventions, meetings and visitors to Dallas
- Marketing (Promotion/Advertising) – 35.0% of TPID budget dedicated for marketing efforts
- Site Visits & Familiarization Tours – 10% of TPID budget dedicated for educating decision makers and journalists on destination assets to encourage their decision to bring meetings or write favorable articles
- Event Funding Application Pool – 7.5% of TPID budget dedicated to provide local groups and organizations the opportunity to apply for funding to attract or retain groups, visitors, and hotel activity to Dallas
- Operations/Research/Administration – 5.0% of TPID budget dedicated for administrative expenses

University Crossing PID – Annual Plan Summary

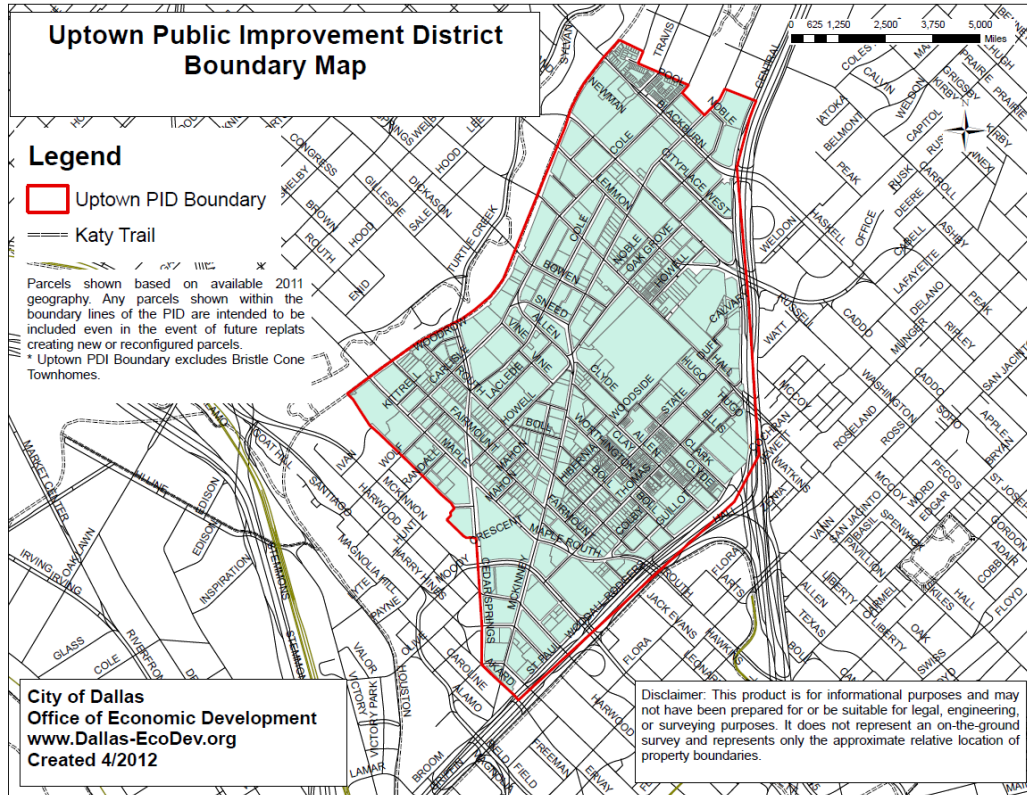


University Crossing	
Expiration	December 31, 2020
Accounts	248
Value	TBD
2017 Assessment	TBD
Change in value (2016 to 2017)	TBD
Premium Assessment Rate per \$100	
Standard Assessment Rate per \$100	TBD
Proposed Budget- 2018	TBD
Budget Categories	Security 26%
	Improvements 26%
	Public Area Impvmts., 24%
	Promotion 9%
	Audit/Insurance 3%
	Administration 11%

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.

Uptown PID - Annual Plan Summary

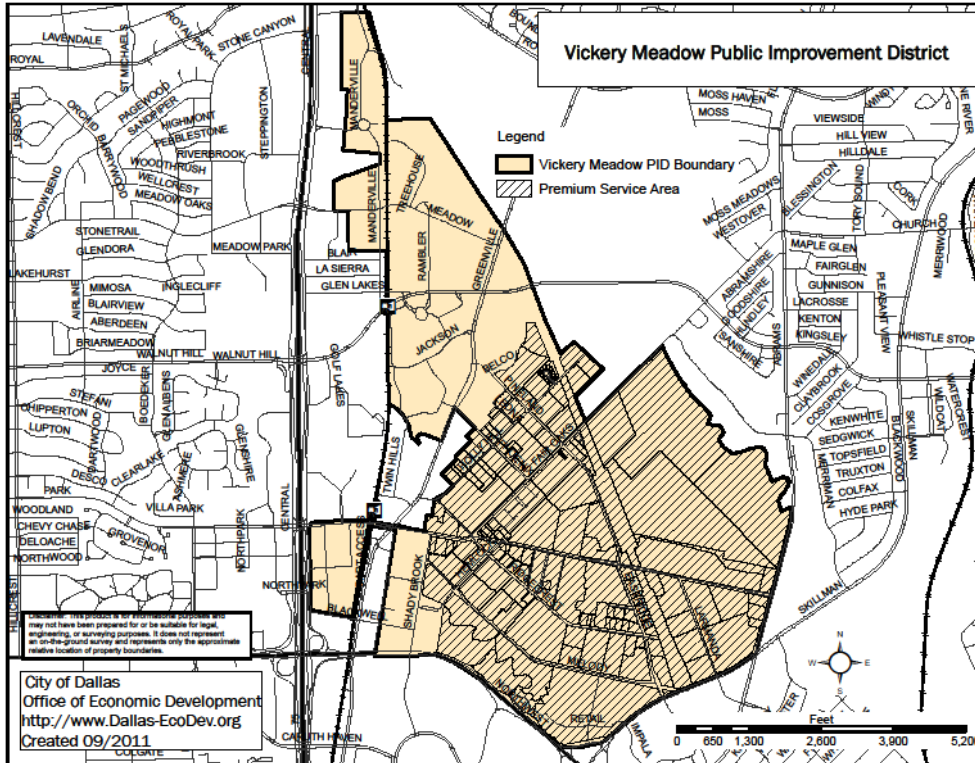


Major Service Provided:

- 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	December 31, 2019
Accounts	2,161
Total Value	TBD
2017 Assessment	TBD
Change in value (2016 to 2017)	TBD
Premium Assessment Rate per \$100	
Standard Assessment Rate per \$100	TBD
Proposed Budget - 2018	TBD
Budget Categories	Capital Improvements 30.0%
	Landscape Improvements 30.0%
	Services (including safety) & Promotion 22.8%
	Finance & Administration 15.0%
	Contingency 2.2%
	Griggs Park Improvements 0.0%

Vickery Meadow PID - Annual Plan Summary



Vickery Meadow		
Expiration	December 31, 2022	
Accounts	2,332	
Value	TBD	
2017 Assessment	TBD	
Change in value (2016 to 2017)	TBD	
Premium Assessment Rate per \$100	TBD	
Standard Assessment Rate per \$100	TBD	
Proposed Budget- 2018	TBD	
Budget Categories	Community Service	2%
	Property Standards & Public Relations	13%
	Safety & Security	38%
	Park Lane other area Improvements, Services	8%
	Audit/Insurance	2%
	Economic Development	2%
	Administration	10%
	Midtown Park Improvements	3%
	Public Relations Expenses	7%
	Capital Improvements	15%

Major Service Provided:

- Vickery Meadow PID was renewed recently on August 12, 2015 for seven years, starts operating from January 1, 2016.
- 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

Dallas Public Improvement Districts (PIDs) Overview

August 7, 2017

J. Hammond Perot
Assistant Director
Office of Economic Development
City of Dallas

