

Memorandum



DATE April 12, 2013

TO Members of the Economic Development Committee: Tennell Atkins (Chair),
Ann Margolin (Vice Chair) Jerry R. Allen, Sheffie Kadane, Monica Alonzo

SUBJECT **Creation of a new Public Improvement District (PID): University Crossing PID**

On Monday, April 15, 2013 the Economic Development Committee will be briefed on the University Crossing PID.

Briefing material is attached.

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



Ryan S. Evans
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, City Secretary
Tom Perkins Jr., City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge Municipal Court
A.C. Gonzalez, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager

Creation of a new Public Improvement District University Crossing PID (UCPID)

Economic Development Committee

April 15, 2013



Office of Economic Development
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Purpose

- ◆ Provide the Economic Development Committee with a brief overview of the proposed University Crossing Public Improvement District (UCPID) located in the area generally between Mockingbird Lane and Lovers Lane east of Central Expressway and west of Greenville Avenue
- ◆ Request approval for Council action on the following items
 - May 22, 2013 - Call public hearing to be held on June 12, 2013 to consider creation of the UCPID
 - June 12, 2013 - Hold public hearing and consider creation of the UCPID

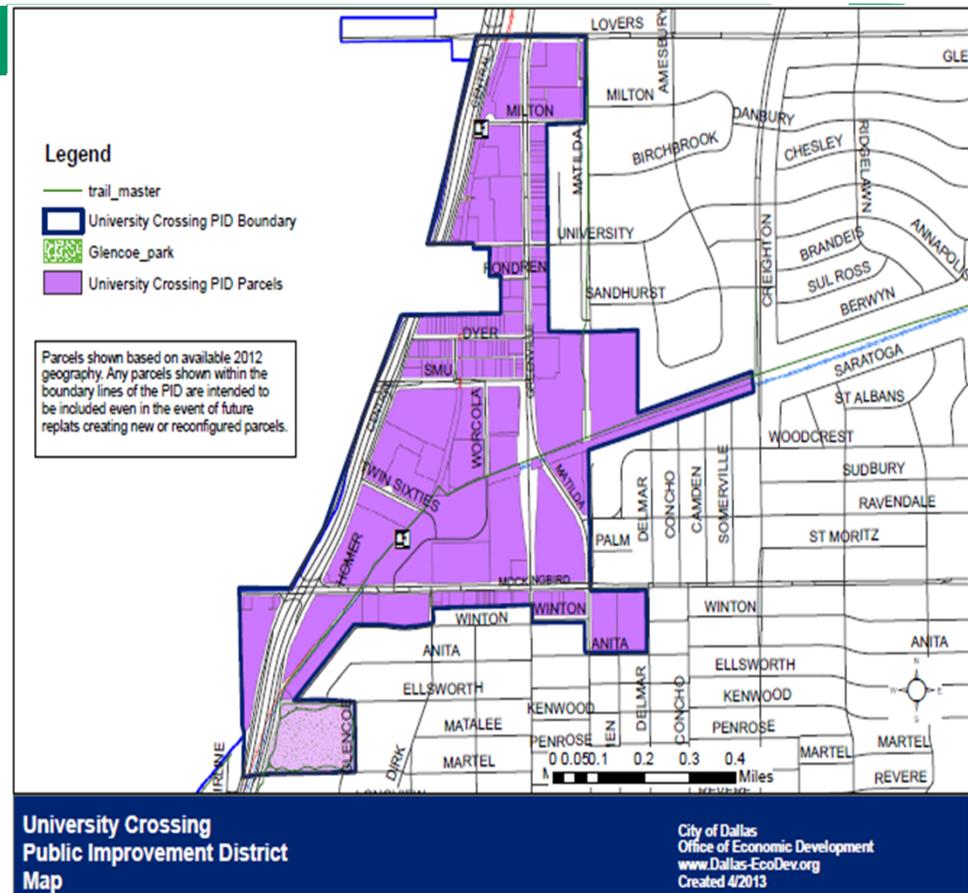
Public Improvement Districts (PIDs)

Background

- ◆ 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, street cleaning, and cultural or recreational improvements. Property owners pay a special annual assessment used to fund eligible PID expenditures
- ◆ The City of Dallas currently has ten PIDs located throughout the City:
 - Deep Ellum PID
 - DID – Dallas Downtown Improvement District
 - Knox Street PID
 - Lake Highlands PID
 - Oak Lawn – Hi Line PID
 - Prestonwood PID
 - Southside PID
 - Uptown PID and
 - Vickery Meadow PID
 - Tourism PID
- ◆ A summary of the Dallas PID Policy is contained in Appendix B

University Crossing PID Background

The proposed University Crossing PID is located near the Mockingbird DART light rail station, bounded by the following right-of-ways:
North Central Expressway
Lovers Lane
Mockingbird Lane
and Greenville Avenue
as shown in the map

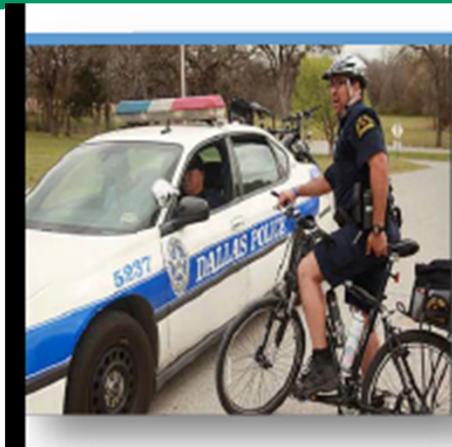


University Crossing PID

Purpose

The purpose of the UCPID is to:

- ◆ Enhance security
- ◆ Install landscape improvements
- ◆ Promote the University Crossing PID area
- ◆ Improve the signage and wayfinding system
- ◆ Improve and create public green spaces



University Crossing PID Creation Requirements

- ◆ Petition Requirement
 - Petition of support from owners representing at least **60% of total value** of all properties within the UCPID
AND
 - Petition of support from **EITHER** at least **60% of record owners** of all properties within the UCPID **OR** at least **60% of the total land area** within the UCPID
- ◆ Applicant (Prescott Realty Group) submitted formal application containing:
 - Petitions
 - Map
 - Proposed Service Plan for UCPID
 - Assessment Rate & supporting Information

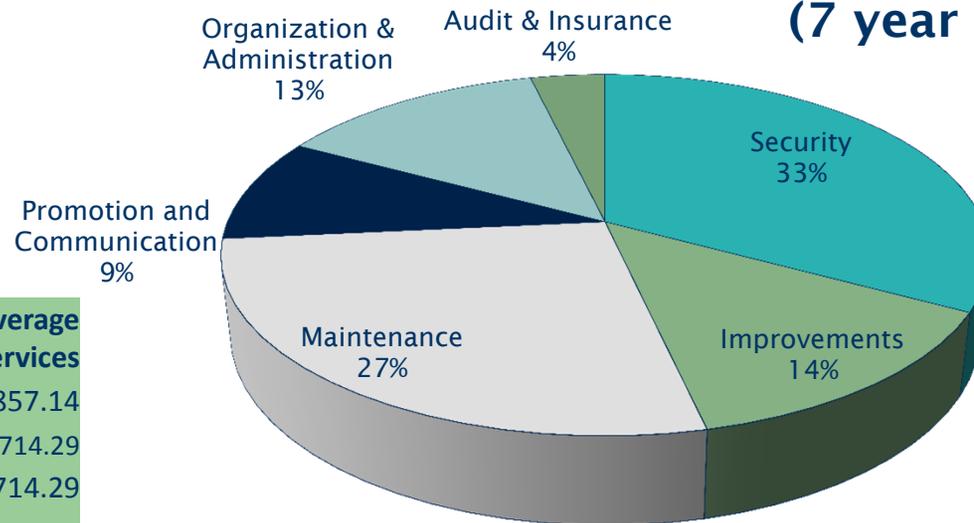
University Crossing PID Creation Requirements (continued)

- ◆ Petition Received exceed minimum requirements
 - Petitions received reflected support for the UCPID property owners representing:
 - 61% of property value and
 - 62% of land area

University Crossing PID Petition Review			
	Property Values	Area (SF)	Record owners
Total Accounts within the PID	\$521,528,032	7,321,689	251
Accounts supporting PID creation	\$318,059,674	4,560,728	138
% Accounts supporting PID creation *	60.99%	62.29%	55%
*60% of value and 60% land area (or) 60% of all record owners. These benchmarks exceed State requirements for creation of a PID.			

University Crossing PID Proposed Service Plan (continued)

UCPID Service Plan (7 year average)



Description of Services	7 year average cost of services
Security	\$192,857.14
Improvements	\$79,714.29
Maintenance	\$158,714.29
Promotion and Communication	\$54,714.29
Organization & Administration	\$78,857.14
Audit & Insurance	\$22,000.00

Note: The initial one-time creation/setup cost (\$34,000) is not included in the above chart.

The University Crossing PID Service Plan is include in Appendix A

University Crossing PID Assessment

- ◆ The proposed UCPID assessment rate is \$0.12 per \$100.00 of appraised value as determined by the Dallas Central Appraisal District
- ◆ Annual assessment rate shall not exceed \$0.15 per \$100.00 valuation
- ◆ Assessment rate will be reviewed annually by the City Council
- ◆ Southern Methodist University (which has tax exempt properties), agreed to participate in the UCPID to pay a special assessment
- ◆ Other tax exempt properties like City of Dallas, DISD and DART will not be paying the assessment

University Crossing PID Management and Operation

- ◆ UCPID will be managed by University Crossing Improvement District Corporation, a nonprofit corporation created under the provisions of Section 501(c)(4)
- ◆ Subject to the City Council approval:
 - UCPID will operate for seven years
 - January 1, 2014 to December 31, 2020

Recommendations

- ◆ Economic Development Committee recommendation for Council approval of:
 - May 22, 2013 - Call public hearing to be held on June 12, 2013 to consider creation of the UCPID
 - June 12, 2013 - Hold public hearing and consider creation of the UCPID

◆ Appendices

Appendix A – University Crossing PID Proposed Service Plan

University Crossing Public Improvement District - Seven-Year Budget

	2014 Budget ¹	2015 Budget ¹	2016 Budget ¹	2017 Budget ¹	2018 Budget ¹	2019 Budget ¹	2020 Budget ¹
REVENUES & RESERVES							
Fund balance from previous year	\$0.00	\$0.00	\$2,000.00	\$1,000.00	\$3,000.00	\$1,000.00	\$2,000.00
Net assessment revenue	\$479,000.00	\$506,000.00	\$551,000.00	\$592,000.00	\$645,000.00	\$665,000.00	\$685,000.00
Exempt jurisdictions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest on cash balances	\$2,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00
Other income & contributions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL INCOME	\$481,000.00	\$509,000.00	\$556,000.00	\$596,000.00	\$651,000.00	\$669,000.00	\$690,000.00
EXPENDITURES							
Security ²	\$163,000.00	\$178,000.00	\$195,000.00	\$191,000.00	\$202,000.00	\$207,000.00	\$214,000.00
Improvements ³	\$55,000.00	\$61,000.00	\$72,000.00	\$89,000.00	\$104,000.00	\$87,000.00	\$90,000.00
Maintenance ⁴	\$97,000.00	\$127,000.00	\$139,000.00	\$155,000.00	\$182,000.00	\$204,000.00	\$207,000.00
Promotion and Communication ⁵	\$41,000.00	\$45,000.00	\$50,000.00	\$56,000.00	\$58,000.00	\$63,000.00	\$70,000.00
Organization & Administration ⁶	\$72,000.00	\$76,000.00	\$78,000.00	\$80,000.00	\$81,000.00	\$82,000.00	\$83,000.00
Audit & Insurance ⁷	\$19,000.00	\$20,000.00	\$21,000.00	\$22,000.00	\$23,000.00	\$24,000.00	\$25,000.00
Creation ⁸	\$34,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL EXPENDITURES	\$481,000.00	\$507,000.00	\$555,000.00	\$593,000.00	\$650,000.00	\$667,000.00	\$689,000.00
FUND BALANCE/RESERVES	\$0.00	\$2,000.00	\$1,000.00	\$3,000.00	\$1,000.00	\$2,000.00	\$1,000.00

NOTES:

1. The University Crossing PID is anticipated to be approved by the City Council for operation in the 2014 calendar year. Budgets and Expenses for ongoing years will be approved annually by the Dallas City Council.
2. Police patrol of the University Crossing area, owner safety coordination, etc.
3. Public Improvements, landscape, parks and pedestrian amenities for the PID.
4. Sidewalk, public planters, waste disposal, clean area programs, and landscape maintenance throughout the University Crossing area expenses.
5. University Crossing area coordination among owners, program services for area promotion and awareness. 2014 includes creation of area website.
6. Expenses of the PID and salary of PID director.
7. Annual audit of the PID finances and liability insurance for the PID.
8. Reimbursement of creation expenses for the PID. This is a one expense at the actual amount of costs incurred in creation.

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Appendix B - 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 28, 2009.
- ◆ Property owners petition the City to create a PID. City Council approval is required to create a PID.
- ◆ PID revenue is collected as part of the standard tax collection process. To date, all PID assessments are based on property value.
- ◆ Individual PIDs are governed by property owner elected boards and managed by a specifically formed non-profit organization or homeowners' association.

Appendix B - 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 B - 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.

Appendix B - Dallas PID Policy (cont)

- ◆ 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 B - 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.

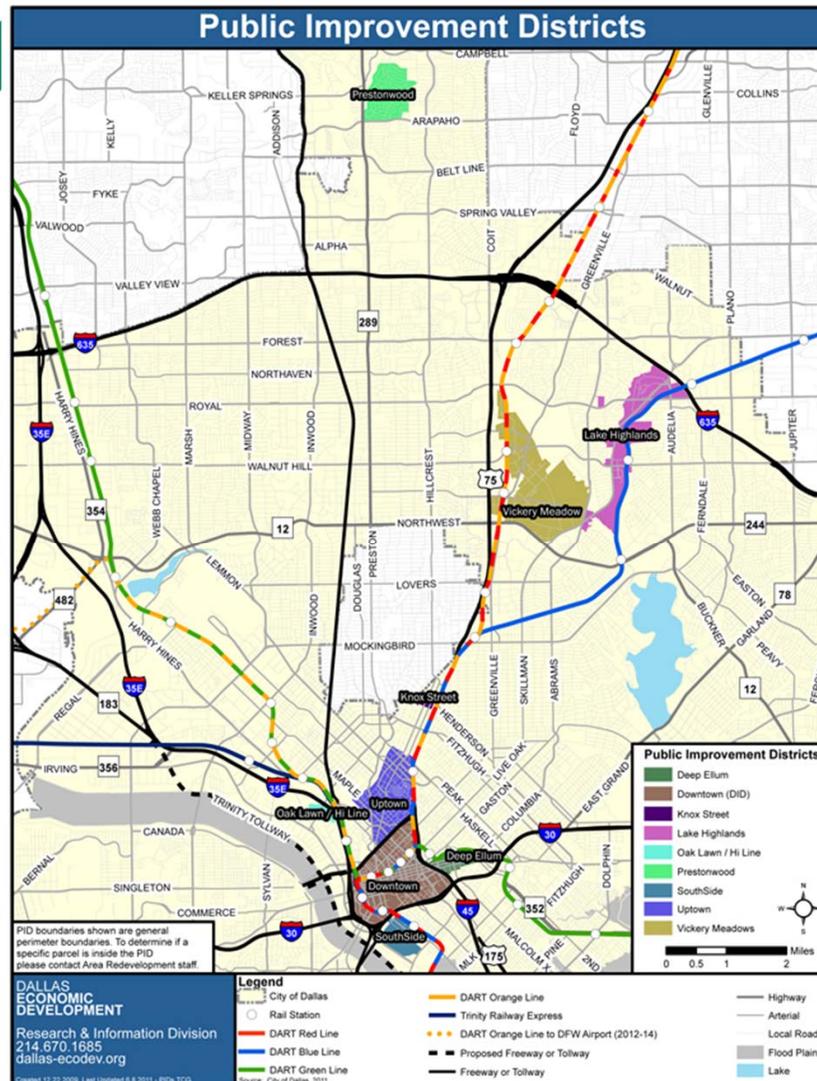
Appendix B - Dallas PID Policy (cont)

- ◆ 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 B - 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 C – Overview of Existing PIDs



Overview of Existing PIDs (continued)

	Deep Ellum		Downtown		Knox Street		Lake Highlands	
Expiration	12-31-2013		12-31-2013		12-31-2017		12-31-2014	
Accounts	420		1901		59		976	
Value	\$141,842,860		\$4,102,475,390		\$120,166,610		\$184,466,130	
Assessment	\$170,211		\$4,881,945		\$180,250		\$239,806	
Change in value	1.2%		6.5%		-0.4%		-1.2%	
Budget	Park Impvmts., L/S Svcs.	24%	Public Safety	46%	Public Safety	0%	Public Safety	53%
	Professional Svcs.	1%	Capital Improvements	8%	Capital Improvements	69%	Improvements	19%
	Promotion	46%	Park Impvmts. L/S Services	22%	Marketing/Promotion	26%	Promotion	10%
	Audit/Insurance	7%	Administration	10%	Administration	0%	Administration	11%
	Administration	14%						
	PID Renewal Fee	8%						

Overview of Existing PIDs (continued)

	Oak Lawn-Hi Line		Prestonwood		South Side		Uptown		Vickery Meadow	
Expiration	12-31-2016		12-31-2018		12-31-2019		12-31-2019		12-31-2014	
Accounts	49		1032		134		2250		2411	
Value	\$132,541,770		\$346,621,470		\$74,585,120		\$3,049,101,950		\$727,054,300	
Assessment	\$198,812		\$311,959		\$105,097		\$1,372,096		\$514,606	
Change in value	32.3%		-0.4%		1.0%		10.6%		4.4%	
Budget	Public Safety	41%	Public Safety	90%	Safety & Security	56%	Services (incl safety) & Promotion	38%	Community Service	11%
	Improvements	45%	Administration	3%	Improvements	20%	Capital Improvements	29%	Property Standards	14%
	Promotion	1%	Audit/Insurance	7%	Business Promotion	7%	Landscape Improvements	16%	Safety & Security	50%
	Administration	9%			Audit/Insurance	7%	Administration	11%	Audit/Insurance	2%
									Economic Devel	2%
									Administration	11%

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

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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