

Memorandum



CITY OF DALLAS

DATE June 14, 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 Klyde Warren Park Public Improvement District**

On Monday, June 17, 2013 the Economic Development Committee will be briefed on the proposed creation of the Klyde Warren Park Public Improvement District.

Briefing material is attached.

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

A handwritten signature in black ink, appearing to read 'Ryan S. Evans'.

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
Thomas Perkins Jr., City Attorney
Judge Daniel Solis, Administrative Judge Municipal Court
Craig Kinton, City Auditor
A.C. Gonzalez, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. 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 Klyde Warren Park Public Improvement District (KWPPID)

Economic Development Committee

June 17, 2013



Office of Economic Development
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Purpose

- ◆ Provide the Economic Development Committee with a brief overview of the proposed Klyde Warren Park Public Improvement District (KWPPID) located in the area north and south of Woodall Rodgers Freeway generally between Field Street and the eastern edge of the CBD
- ◆ Request approval for Council action on the following items:
 - June 26, 2013 - Call public hearing to be held on August 14, 2013 to consider creation of the KWPPID
 - August 14, 2013 - Hold public hearing and consider creation of the KWPPID

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, 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 (and one additional PID pending Council approval) 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
 - Vickery Meadow PID
 - Tourism PID
 - University Crossing

- ◆ A summary of the Dallas PID Policy is contained in Appendix A

Klyde Warren Park PID

Purpose

The purpose of the KWPPID is to:

- ◆ Enhance security
- ◆ Install landscape improvements
- ◆ Promote and market activities and events in Klyde Warren Park and the Dallas Arts District
- ◆ Provide supplemental sanitation and trash pick-up services
- ◆ Provide cultural enhancement programming
- ◆ Improve public green spaces

The KWPPID is supported by the cultural institutions of the Dallas Arts District (see Appendix D)

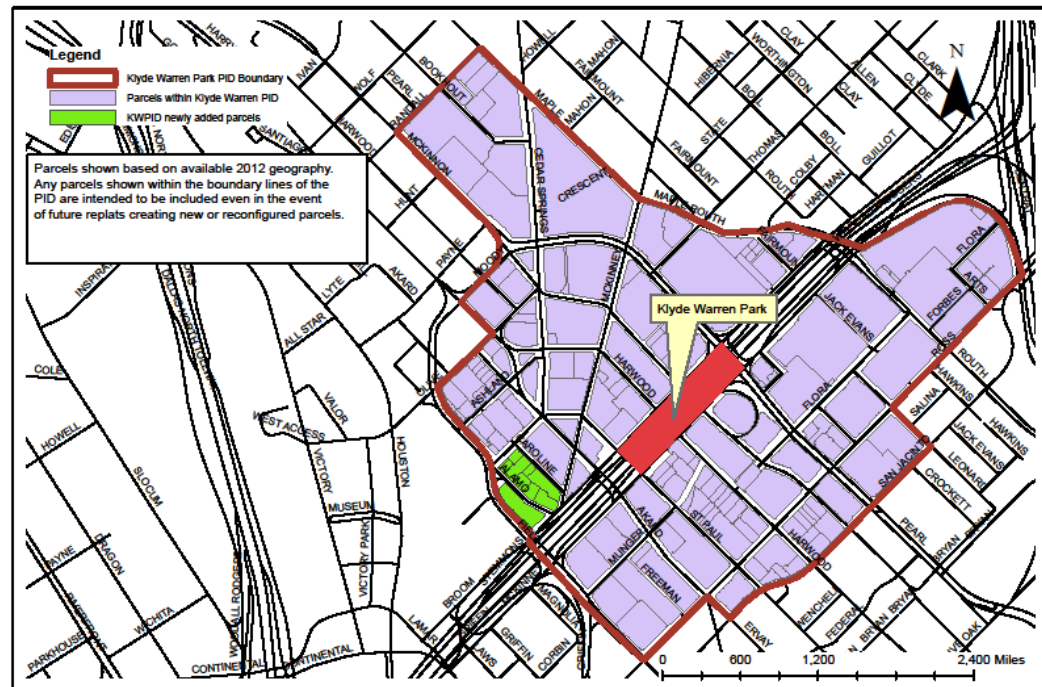


Klyde Warren Park PID

Location/Boundaries

The proposed Klyde Warren Park PID is located north and south of Woodall Rodgers Freeway surrounding Klyde Warren Park. The District extends as far north as the Crescent; east to IH-45; south to San Jacinto Street and west to Field Street, as shown in the map.

Most property in the proposed KWPPID is also located in either the DID or the Uptown PID – there is no legal prohibition for properties to be participating in two PIDs.



Proposed Klyde Warren Park
Public Improvement District (PID)
Exhibit A

City of Dallas
Office of Economic Development
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Created 4/2013



Klyde Warren Park PID *Creation Requirements*

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



Klyde Warren Park PID Creation Requirements (continued)

- ◆ Petition received exceed minimum requirements
 - Petitions received meet minimum requirements to create a new PID:
 - 74% of property value
 - 71% of land area

Klyde Warren Park PID Review		
	Property Values ¹	Area (SF) ¹
Total Accounts within the PID	\$2,378,574,030	5,640,290
Accounts supporting the creation of the PID ²	\$1,760,113,841	3,979,896
% of Accounts supporting the creation of the PID ²	74%	71%
<p>1. Information is based on the City of Dallas GIS 2012 parcel data.</p> <p>2. Minimum requirement for renewal/creation of a PID is 60% of value and 60% of all record Owners (or) 60% of land area.</p>		

Klyde Warren Park PID Proposed Service Plan (continued)

KLYDE WARREN PARK PID BUDGET SERVICE PLAN 2014 TO 2020							
REVENUE	2014	2015	2016	2017	2018	2019	2020
Fund Balance from pervious year							
Net assessment revenue	\$610,490.83	\$683,749.73	\$765,799.70	\$857,695.66	\$960,619.14	\$1,075,893.44	\$1,220,981.66
TOTAL REVENUE							
EXPENDITURES							
1 Security	\$298,035.00	\$333,000.00	\$349,650.00	\$367,132.50	\$385,489.13	\$404,763.58	\$425,001.76
2 Sanitation	\$150,000.00	\$157,500.00	\$165,375.00	\$173,643.75	\$182,325.94	\$191,442.23	\$201,014.35
3 Scrubbing and power washing pavers	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
4 Water and waste disposal	\$12,000.00	\$15,527.33	\$42,527.56	\$72,775.21	\$107,000.00	\$107,000.00	\$107,000.00
Landscape improvements	\$31,000.00	\$34,100.00	\$40,920.00	\$49,104.00	\$58,924.80	\$70,709.76	\$84,851.71
Water features	\$13,406.75	\$14,747.43	\$16,222.17	\$17,844.38	\$19,628.82	\$21,591.70	\$23,750.88
5 Cultural enhancement (programs)	\$15,000.00	\$21,000.00	\$29,175.00	\$38,471.25	\$48,347.04	\$88,534.56	\$135,871.43
6 Marketing and promotion	\$15,000.00	\$19,500.00	\$25,350.00	\$32,955.00	\$42,841.50	\$64,262.25	\$96,393.38
Administration	\$30,649.08	\$36,454.97	\$43,063.97	\$50,577.77	\$59,110.52	\$68,790.38	\$81,359.26
Liability insurance and financial audit	\$30,400.00	\$31,920.00	\$33,516.00	\$35,191.80	\$36,951.39	\$38,798.96	\$40,738.91
Holiday lighting	\$5,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$15,000.00
Contingency							
TOTAL OPERATING EXPENDITURES	\$610,490.83	\$683,749.73	\$765,799.70	\$857,695.66	\$960,619.14	\$1,075,893.43	\$1,220,981.66
KWP overall budget is supporting the remaining operating cost, which is not included in the Service Plan 1 24 hour security in KWP 2 Trash pickup, general cleaning, graffiti control and KWP improvements 3 Pavement (sidewalk) detail cleaning, staining and restoration 4 PID assessment will support actual cost of water and water disposal by 2018 5 Partial cost of European and Christmas Market, programming activities, will grow in phases 6 Partial cost of Kiosk, free Wi-Fi, website, promotion of the district, PR and advertising							

Klyde Warren Park PID Assessment

- ◆ The proposed KWPPID assessment rate is \$0.025 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 (*there is no expectation of any rate increase above \$0.025 per \$100 valuation*).
- ◆ Assessment rate will be reviewed annually by the City Council
- ◆ 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 they 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.



Klyde Warren Park PID Management and Operation

- ◆ KWPPID will be managed by Woodall Rodgers Park Foundation, a nonprofit corporation created under the provisions of Section 501(c)(3).
- ◆ Subject to the City Council approval:
 - KWPPID will operate for seven years
 - January 1, 2014 to December 31, 2020

Recommendations

- ◆ Economic Development Committee recommendation for Council approval of:
 - June 26, 2013 (Addendum) - Call public hearing to be held on August 14, 2013 to consider creation of the KWPPID
 - August 14, 2013 - Hold public hearing and consider creation of the KWPPID



◆ 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 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 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 within 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.

Appendix A - 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 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.

Appendix A - Dallas PID Policy (cont)

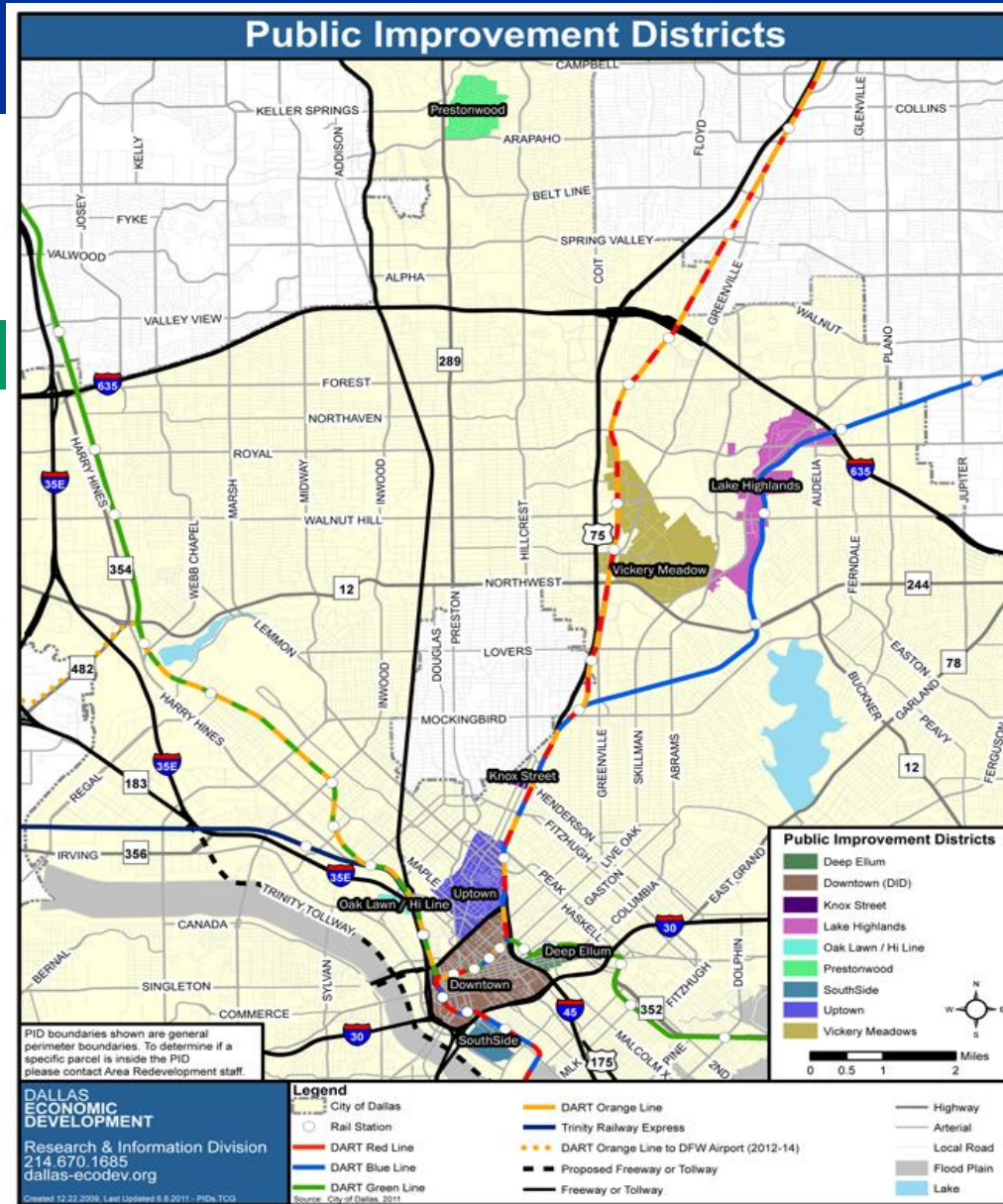
- ◆ PID assessments are typically based on a set rate applied to total property value. The maximum PID assessment in Dallas shall be \$0.15 per \$100 valuation.
- ◆ PID assessments in the Tourism PID will be a set fee based on hotel collections on rooms.
- ◆ Administrative expenses, including costs for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

- ◆ 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

Map showing location of existing Dallas Public Improvement Districts



Appendix B - 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%						

Appendix B - Overview of Existing PIDs (continued)

	Oak Lawn-Hi Line		Prestonwood		South Side		Uptown	
Expiration	12-31-2016		12-31-2018		12-31-2019		12-31-2019	
Accounts	49		1032		134		2250	
Value	\$132,541,770		\$346,621,470		\$74,585,120		\$3,049,101,950	
Assessment	\$198,812		\$311,959		\$105,097		\$1,372,096	
Change in Value	32.3%		-0.4%		1.0%		10.6%	
Budget	Public Safety	41%	Public Safety	90%	Safety & Security	56%	Services (incl safety) & Promotion	38%
	Improvements	45%	Administration	3%	Improvements	20%	Capital Improvements	29%
	Promotion	1%	Audit/Insurance	7%	Business Promotion	7%	Landscape Improvements	16%
	Audit/Insurance	4%			Administration	9%	Contingency and Reserve for Griggs Park	6%
	Administration	9%			Audit/Insurance	7%	Administration	11%

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



Appendix B - Overview of Existing PIDs (continued)

	University Crossing		Vickery Meadow	
Expiration	12-31-2020		12-31-2015	
Accounts	251		2411	
Value	\$521,528,032		\$727,054,300	
Assessment	\$479,000		\$514,606	
Change in value	N/A		4.4%	
Budget	Security	35%	Community Service	11%
	Improvements	12%	Property Standards	14%
	Landscaping	25%	Safety & Security	50%
	Promotion	9%	Park Lane Improvements, Services	10%
	Audit/Insurance	4%	Audit/Insurance	2%
			Economic Devel	2%
	Administration	15%	Administration	11%

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

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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

Appendix D – Dallas Arts District Support Press Release

KLYDE WARREN PARK PID GAINS ARTS DISTRICT SUPPORT *Agreement will benefit entire Arts District*

DALLAS (June 14, 2013) -- The Dallas Arts District cultural institutions and Klyde Warren Park have agreed on a new partnership focused on collaboration and improving infrastructure in the District, including areas adjacent to the Park and the Perot Museum of Nature and Science. The agreement moves forward the proposed public improvement district (PID) for the Park.

Together the Dallas Arts District, Klyde Warren Park, and the Perot Museum of Nature and Science are attracting well over two million visitors a year to downtown Dallas. But the public streets, sidewalks, linkage and other infrastructure in the area need upgrading and improving. The stakeholders have now agreed to join forces to work in new ways for substantial improvements. This would include updating existing designs and planning and creating a master plan for the Arts District to include the Park and the Perot. At the top of the priority list is improved traffic safety around the Perot Museum and better connections to the Park and Arts District. Improving walkability and traffic safety on Pearl Street, which slices through the Arts District, are high priorities. The groups also will work to identify funding sources and set a timetable for completion.



Appendix D – Dallas Arts District Support Press Release

“This has been a very productive process, and from these discussions have come new ways to build a better Arts District, provide additional resources for all its stakeholders, and most importantly, enhance the experience all of us together provide to the public,” said Maxwell Anderson, Dallas Museum of Art Director and Chair of the nonprofit Dallas Arts District.

“We are grateful for the support of our Arts District neighbors and look forward to moving forward together through this excellent partnership,” said Jody Grant, Chairman of the Board, Klyde Warren Park. “Klyde Warren Park is in the center of a vibrant neighborhood, and we consider one of the great purposes of the park is to improve the area for everyone to enjoy.”

The proposed PID, approved by more than 70% of property owners by value in the PID’s Uptown and downtown boundaries, would assess 2½ cents per \$100 in value. The revenue, estimated to be \$600,000 the first year, would be used to support the operations of Klyde Warren Park. As part of the agreement, 10% of the annual revenue of the PID will be devoted to common purposes or programs involving the

Appendix D – Dallas Arts District Support Press Release

Park and Dallas Arts District, all of which are at the Park's discretion. The Arts District and Park will work together to create a path to a sustainable source of PID funding for the Dallas Arts District organization, which coordinates district marketing, tourism, festivals and major events, such as the 2014 New Cities Summit. Last week, the international organization announced its annual meeting will be in the Arts District and that its new Global Cultural Districts Network also will be there. Additionally, there are major events planned in the Dallas Arts District for the U.S. Conference of Mayors annual meeting next year. Separate from the PID, the Woodall Rodgers Park Foundation also has committed to actively and substantially assist with these events.

“The proposed PID for Klyde Warren Park is great news for the City of Dallas and its citizens,” said Dallas Mayor Mike Rawlings. “To have the Park and the Arts District organizations collaborating to bring more positive attention to our city, connecting the various venues, coordinating more programming, and generating additional resources for these extraordinary assets is terrific. We look forward to being a partner in this process.”

Appendix D – Dallas Arts District Support Press Release

The proposed PID must still be approved by the Dallas City Council. Once approved, the Park and the Arts District will begin work to expand the geography of the PID to include additional areas surrounding the Park and the Arts District. A future expansion would result in new money dedicated to the Arts District, leaving the original PID intact and dedicated to Klyde Warren Park. The proposed PID will come before the Dallas City Council in August. If approved, it will take effect October 1, 2013.