

Memorandum



CITY OF DALLAS

DATE June 13, 2008

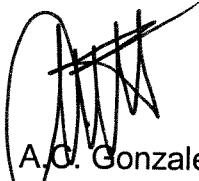
TO Members of the Economic Development Committee: Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Jerry R. Allen, Dwaine Caraway, Sheffie Kadane, Linda Koop, Mitchell Rasansky and Steve Salazar

SUBJECT **City of Dallas Public Improvement Districts (PIDs) – PID Policy Amendments**

On Monday, June 16, 2008, the Economic Development Committee will be briefed on proposed amendments to the City of Dallas Public Improvement District Policy.

A copy of the briefing is attached. Staff will be available at the meeting to answer questions.

Should you have any questions, please contact me at (214) 670-3314.



A.C. Gonzalez
Assistant City Manager

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge Jay Robinson, Judiciary
Ryan S. Evans, First Assistant City Manager
David O. Brown, Interim Assistant City Manager
Ramon Miguez, P.E., Assistant City Manager
Jill Jordan, P.E., Assistant City Manager
Dave Cook, Chief Financial Officer
Jeanne Chipperfield, Interim Budget Director, Office of Financial Services
Karl Zavitkovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Verna Martin, Assistant Director, Office of Economic Development
Helena Thompson, Assistant to the City Manager

Dallas-Together, we do it better

City of Dallas Public Improvement Districts (PIDs) PID Policy Amendments

Economic Development Committee
June 16, 2008



Office of Economic
Development
www.dallas-ecodev.org



Background

- ◆ Between June and December 2005, the City Council Business and Commerce Committee and Economic Development and Housing Committee engaged in several discussions that resulted in the creation of a policy related to the creation and ongoing operations of Public Improvement Districts in the City of Dallas.
- ◆ This policy was adopted by City Council on December 14, 2005.
- ◆ Recent comments at the Economic Development Committee meeting brought up a need to make some modifications to the policy.

PID Policy – Issues

- ◆ The adopted PID Policy phases out the use of Public Improvement Districts for Single-Family Districts. The existing Prestonwood PID was allowed to continue to operate since it was approved prior to the adopted policy.
- ◆ A request was made to allow Single-Family PIDs under limited conditions:
 - Established neighborhoods
 - Funds to be used primarily for public improvements such as screening wall, park and landscaping in public and common areas

PID Policy – Issues (continued)

- ◆ The adopted PID Policy also does not consider special cases. There may be cases where the creation of a PID may help property owners address unique public improvement issues.
- ◆ A request was made to allow City Council to consider higher PID assessment rates in special cases.

PID Policy – Specific Recommendations

- The City of Dallas should continue to support and upgrade the use of Public Improvement Districts for Commercial and Mixed Use Areas.
- The Prestonwood PID shall continue to be renewed, supported and administered until such time the City Council deems it appropriate not to pursue renewal in accordance with Chapter 372 of the Texas Local Government Code.
- The City of Dallas Office of Economic Development will *allow* the use of Public Improvement Districts for detached, single-family districts (*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*) for the purpose of funding screening wall improvements, park improvements and maintenance, landscaping, other public improvement and additional security if less than 50% of the total PID budget.

NOTE: Statements in italics are recommended changes from the adopted policy.

PID Policy – Specific Recommendations (cont.)

- ◆ In *new commercial and mixed-use PIDs and renewing PIDs*, the City shall continue to require 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.
 - Petitions shall not be required to be notarized.
 - Staff shall verify that the person signing the petition has the authority to sign.
 - *PID petitions shall include this additional note: With respect to community property, the City will accept the signature of a single spouse as a representation of both spouses that they support the creation or renewal of the PID absent a separate property agreement.*
- ◆ *In new Single-Family PIDs, the City shall 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.*
- ◆ PID petitions shall 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.
- ◆ PID assessments shall be based on a set rate based on total property value. The maximum PID assessment in Dallas shall be \$0.15 per \$100 valuation.
- ◆ PIDs in Dallas shall be allowed to fund any item provided by state law.

NOTE: Statements in italics are recommended changes from the adopted policy.

PID Policy – Specific Recommendations (cont.)

- ◆ *The amended PID Policy shall NOT support the creation of PID Districts in undeveloped subdivisions.*
- ◆ Office of Economic Development shall support *new* Public Improvement Districts (PIDs) for Commercial and Mixed Use Districts. Commercial and Mixed Use Districts shall be defined as areas containing no more than 30% of total property area dedicated to detached, single-family housing.
- ◆ *The Amended PID Policy shall set rules for Special Purpose PIDs:*
 - *Special Purpose PIDs may be requested by the City Manager's Office to address unique issues.*
 - *The maximum PID assessment in these districts may be above \$0.15 per \$100 valuation.*
 - *These PIDs in Dallas shall be allowed to fund any item provided by state law.*
 - *These Districts may be used to address special facility maintenance and beautification issues or as part of a settlement of a legal matter.*
 - *Administrative expenses in these districts shall not exceed 10% of the total budget in any year.*

NOTE: Statements in italics are recommended changes from the adopted policy.

PID Policy – Specific Recommendations (cont.)

- ◆ All other components of the PID policy not specifically addressed in this briefing shall remain in full effect. A copy of the PID policy, as adopted on December 14, 2005, is contained in the Appendix of this briefing.

Next Steps – PID Policy Amendment

- ◆ Staff will prepare an item for the June 25, 2008 City Council meeting to adopt amendments to the PID Policy described in this briefing.
- ◆ This policy shall go into effect on June 25, 2008.

Appendix – Adopted PID Policy

- ◆ The City of Dallas should continue to support and upgrade the use of Public Improvement Districts for Commercial and Mixed Use Areas.
- ◆ *The Prestonwood PID shall continue to be renewed, supported and administered until such time the City Council deems it appropriate not to pursue renewal in accordance with Chapter 372 of the Texas Local Government Code.*
- ◆ The City of Dallas Office of Economic Development will phase out the use of Public Improvement Districts for *additional* single-family districts.

Appendix – Adopted PID Policy

- Office of Economic Development will only support *new* Public Improvement Districts (PIDs) for Commercial and Mixed Use Districts. Commercial and Mixed Use Districts shall be defined as areas containing no more than 30% of total property area dedicated to detached, single-family housing.
- Existing PIDs for Single-Family Districts will be supported.
- In Commercial and Mixed Use Districts, the City will require 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.
 - Petitions will not be required to be notarized.
 - Staff will verify that the person signing the petition has the authority to sign.
 - *PID petitions shall include this sentence: “The person signing represents that he or she is the property owner or is authorized to execute this petition on behalf of the property owner.”*

Appendix – Adopted PID Policy

- ◆ PID petitions 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.
- ◆ PID assessments will be based on a set rate based on total property value. The maximum PID assessment in Dallas shall be \$0.15 per \$100 valuation.
- ◆ PIDs in Dallas will be allowed to fund any item provided by state law.
- ◆ PIDs must be self-sufficient and not adversely impact ordinary service delivery of the City.
- ◆ Administrative expenses, including costs for day to day City Staff administration, for a PID shall not exceed **15%** of the total budget in any year.

Appendix – Adopted PID Policy

- ◆ 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).
- ◆ Upon approval of a PID, City staff will file the resolution creating the PID including the assessment roll in the Dallas or other County deed records and provide contact information so that a title company may determine how much of an assessment is owed or paid for each property in the PID each year. This will ensure that a title company can pro-rate the assessments for the year between the buyer and seller in the same way the title company is responsible for calculating and collecting the taxes apportioned between the buyer and seller at the date of closing. *This practice will not involve separately recording documents for each parcel within a PID.*

Appendix – Adopted PID Policy

- ◆ *Property owned by the City of Dallas shall not be subject to assessment by any PID, excluding the Downtown Improvement District.*
- ◆ An application fee of \$15,000 will be required for all new or renewing PIDs. This fee may be reimbursed to the PID management entity out of PID assessments when collected. This fee is regulatory in character so it approximates the costs of administering the PID through creation or renewal by City staff. The fee will be used for direct expenditures and to compensate the City of Dallas for creation and renewal staff time expended. If the City of Dallas costs for this process are less than \$15,000, the remainder will be reimbursed to the PID applicant. *The application fee will not be counted as part of the 15% maximum for administrative expenses in a PID budget.*
- ◆ A PID application for creating or renewing a PID shall include a current list of properties and tax roll (City will assist in this process in coordination with the PID and DCAD).

Appendix – Adopted PID Policy

- ◆ PID applications shall include a map acceptable to the Office of Economic Development and a legal or clear description of the property included in the District. *This practice will not require that the applicant provide property surveys.*
- ◆ 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 and also evidence of insurance.
- ◆ Any management firm for a PID shall be required to submit quarterly reports of all activities and expenditures; an annual independent audit of all PID expenditures; and shall hold an annual meeting open to all property owners and held in a public meeting space with written notice to all property owners in the PID at least two weeks prior to this meeting to provide and opportunity for property owner questions, comments and input to be considered during the PID Budget and Service Plan approval process.