

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION REPEALING AND REPLACING RESOLUTION 2014-011 AMENDING GUIDELINES FOR PUBLIC IMPROVEMENT DISTRICTS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council adopted Resolution 2014-011 on or about April 1, 2014, to amend existing guidelines for the establishment of public improvement districts, which were originally put into place on July 24, 2007; and

WHEREAS, Chapter 372 of the Tex. Loc. Gov't Code allows the City of Denton to levy and collect special assessments on property that is located within the city or within the city's extraterritorial jurisdiction; and

WHEREAS, the funds from these special assessments can be used to make certain improvements as authorized by the Tex. Loc. Gov't Code to the infrastructure to facilitate economic growth within an area; and

WHEREAS, the City Council finds it to be in the best interest of the citizens of Denton to provide a more flexible policy to allow a case-by-case determination as to whether specific projects are financially feasible and serve a public purpose; and

WHEREAS, the City Council wishes to repeal Resolution 2014-011 and adopt this resolution in order to establish the guidelines as detailed herein in the public interest of the residents of the City of Denton; NOW THEREFORE,

THE CITY COUNCIL OF THE CITY OF DENTON HEREBY RESOLVES:

SECTION 1. The City Council of the City of Denton, Texas hereby repeals Resolution 2014-011 and replaces it with this resolution.

SECTION 2. The City Council hereby authorizes the adoption of the PID guidelines, which are attached hereto and made a part hereof by reference.

SECTION 3. The City Council may, from time-to-time, consider changes to these guidelines as will be reflected by their future action.

SECTION 4. This Ordinance shall become effective immediately upon its passage and approval. The motion to approve this ordinance was made by \_\_\_\_\_ and seconded by \_\_\_\_\_, the ordinance was passed and approved by the following vote [\_\_\_ - \_\_\_]:

Mayor Chris Watts: \_\_\_\_\_

Gerard Hudspeth, District 1: \_\_\_\_\_

Keely G. Briggs, District 2: \_\_\_\_\_

Don Duff, District 3: \_\_\_\_\_

John Ryan, District 4: \_\_\_\_\_

Dalton Gregory, At Large Place 5: \_\_\_\_\_

Sara Bagheri, At Large Place 6: \_\_\_\_\_

**PASSED AND APPROVED** this the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_  
CHRIS WATTS, MAYOR

ATTEST:

JENNIFER WALTERS, CITY SECRETARY

BY: \_\_\_\_\_

APPROVED AS TO LEGAL FORM:

AARON LEAL, CITY ATTORNEY

BY: \_\_\_\_\_

## EXHIBIT A

### Public Improvement District Guidelines

Chapter 372 of the Texas Local Government Code, the “Public Improvement District (PID) Assessment Act” (the “Act”) allows the City of Denton to levy and collect special assessments on property that is within the City or within the City’s extraterritorial jurisdiction in order to make certain improvements to the infrastructure to facilitate economic growth, as authorized by the Act. The City hereby adopts the procedures and criteria as set out in the Act. Further, the City reserves the right to consider PID applications on a case-by-case basis as indicated in these guidelines, and these guidelines do not require the City Council to participate in any particular PID.

*Policy Statement:* The City Council will consider requests for the formation of PIDs for the purpose of residential or commercial development if the creation of a PID is fiscally feasible and has demonstrable public benefit. “Demonstrable public benefit” is defined as clearly apparent positive effect (or reduction of negative effects) on the population or community.

*Procedure:* An application (form to be provided by City) and required deposits must be submitted to initiate review. However, a pre-submittal meeting may be scheduled with City staff to informally discuss project prior to application and deposits being submitted. In addition to the procedures set forth in the Act and in order for the City to determine if a proposed project is **fiscally feasible** and has **demonstrable public benefit**, the developer is required to fund a fiscal impact analysis in the form as determined by the City. The developer must prepare and provide a draft service and assessment plan, finance plan, and other relevant project information to the City to be used in the course of the fiscal impact analysis.

Any requests for PID formation will be subject to an initial review by Economic Development, Development Services, Legal, Finance, and other relevant City departments. PID requests also will be presented to the Economic Development Partnership Board, which will review the proposal and make a recommendation to the City Council.

A development agreement between the City and the developer with a scope covering land development, including infrastructure, and vertical improvements is required for the formation of a PID. The agreement shall include notice requirements to purchasers of the PID assessments that exceed the minimum notice required by the Texas Property Code. The agreement also may include, but is not limited to, details regarding assessment cap, term length, thresholds or performance requirements for debt issuance, etc. Agreements for residential PIDs shall include development standards that exceed minimum standards required by City ordinances.

The developer will be required to fund or reimburse the City’s costs for PID establishment and ongoing administration.

*Factors that will be considered:* A PID applicant must establish that the PID will have a **demonstrable public benefit** by clearly illustrating one or more of the following:

1. Development will be higher quality and/or occur sooner than if left to open market. For example, greater amenities, less density, or higher valued project. Higher quality and less density helps justify extra financial burden of PID assessment to homeowner or business owner.
2. Development is in the ETJ and owner is willing to voluntarily annex into City in exchange for PID.
3. The developer's project results in the use of the PID by the city as an economic development tool and not merely as a financing source for the developer.
4. Developer voluntarily pays for some oversizing of infrastructure if needed to serve surrounding areas in exchange for having PID dollars for developer's proportionate share (which developer is entirely responsible for without a PID).
5. There is an underlying district (such as a MUD) already created but still undeveloped with no bonds issued, and developer is willing to give up right to sell district bonds and dissolve district (which eliminates separate political subdivision not controlled by city) in exchange for PID financing.
6. Development located in the water CCN of another service provider and developer is willing to decertify its land from the other CCN so City can acquire CCN and serve.

In determining whether the PID is **fiscally feasible**, the City will consider, among other things, the following:

1. Overall quality and sustainability of tax base is ensured/property will generate enough revenue to pay for the services it will need. Overall positive economic impact to citizens both within and out of the PID. Both short-term and long-term effects are considered.
2. The term of the PID and the PID Bonds is 30 years or less.
3. PID financing is only financing 50% or less of the costs of the improvements that qualify for PID financing.
4. The value-to-lien ratio is at least 3:1 or the project is so unique that it justifies and can support a lower value-to-lien ratio.
5. The PID assessment is not more than \$.40/\$100, with preference given to lower assessments.
6. Any debt being requested will be for reimbursement of costs.

7. Whether the number of acres to be in the PID warrants the assessments and the administrative expense and staff time associated with a PID, with a preference given to commercial tracts over 100 acres and residential tracts over 300 acres.
8. The results of the applicant-funded, City-administered Fiscal Impact Analysis.