

Mayor and Council Communication

DATE: 08/08/23

M&C FILE NUMBER: M&C 23-0628

LOG NAME: 17PID22 VEALE RANCH EST

SUBJECT

(ETJ) Conduct a Public Hearing Regarding the Establishment of Public Improvement District No. 22 – Veale Ranch (Veale Ranch PID), Including the Sufficiency of the Petition and the Advisability of the Improvements and Services to be Undertaken, Declare the Petition to be Sufficient, and Adopt a Resolution Authorizing and Establishing the Veale Ranch PID

(PUBLIC HEARING - a. Report of City Staff: Crystal Hinojosa; b. Public Comment; c. Council Action: Close Public Hearing and Act on the M&C)

RECOMMENDATION:

It is recommended that the City Council:

1. Conduct a public benefit hearing regarding the establishment of Public Improvement District No. 22 - Veale Ranch (Veale Ranch PID), including the sufficiency of the attached petition and the advisability of the improvements and services to be undertaken.
 2. Find that the attached petition requesting establishment of the Veale Ranch PID meets the requirements necessary for the City Council to designate the proposed area as a Public Improvement District, pursuant to Chapter 372 of the Texas Local Government Code;
 3. Adopt the attached Resolution: (i) making certain findings concerning the nature and advisability of the special improvements and services to be provided for properties in the Veal Ranch PID, the estimated costs of such improvements and services, the method of assessment, the boundaries of the Veale Ranch PID, the apportionment of costs between the Veale Ranch PID and the City, as whole; and (ii) authorizing and establishing the Veale Ranch PID; and
 4. Direct the City Secretary to file the attached Resolution authorizing and establishing the Veale Ranch PID with Tarrant County and Parker County within seven (7) calendar after the City Council adopts the attached Resolution, as required by Chapter 372 of the Texas Local Government Code.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to conduct a public hearing on the establishment of Public Improvement District No. 22 – Veale Ranch (Veale Ranch PID). PMB Veale Land Investors I, LP and other entities (Developer) entered into an agreement with the City on March 8th, 2023 for the development of 5,200 acres consisting of parcels known as Veale Ranch/Team Ranch, Rolling V South, and Ventana South (collectively, "Development"), which are located primarily within Fort Worth's extraterritorial jurisdiction in Parker County and Tarrant County pursuant to a development agreement (City Secretary Contract No. 59003, as it may be amended from time-to-time) (Agreement). To accomplish the Development envisioned by the Developer and City and to provide financing for certain improvements, the City and Developer agreed to work together to create the Veale Ranch PID and an overlapping Tax Increment Reinvestment Zone (Veale Ranch TIRZ).

The Agreement provides that the Development will be constructed and annexed in phases (each an "Improvement Area") over a period of up to 50 years and that the Veale Ranch PID assessments, Veale TIRZ collections, and bond issuances will occur after annexation for 25 to 30-year periods for each Improvement Area in order to reimburse Developer for certain authorized improvements. Due to the enormity of the Development, the 50-year Development timeframe, and the potential financial complexities associated with funding the public improvements associated therewith, the City Council adopted a separate resolution waiving certain provisions of the Capital PID Policy and TIRZ Policy with respect to the creation and operation of the Veale Ranch PID and Veale Ranch TIRZ, all of which are incorporated into this M&C for purposes of establishing the Veale Ranch PID (Resolution No. 5705-02-2023; February 28, 2023). While this M&C concerns the establishment of the Veale Ranch PID, the City Council will be considering the creation of the Veale Ranch TIRZ at a later date.

On June 5, 2023, the City Council received a petition requesting establishment of the Veale Ranch PID ("Petition"). On June 11, 2023, the City Council adopted a Resolution accepting the filling of the Petition and setting a date for this public hearing (Resolution No. 5766-06-2023) The Petition has been examined, verified, and found by City staff to meet the requirements of Chapter 372 of the Texas Local Government Code (Code), to substantially comply with the City's policy for Capital Public improvement Districts (with the waivers stipulated by City Council), and to be sufficient for consideration by the City Council. The Petition is attached hereto and on file with the City Secretary.

Proposed Boundaries: The Veale Ranch PID comprises approximately 5,200 acres of land located north of Bear Creek Drive, east of Farm Market 1187, south of Aledo Road, and west of Highway 377 South, as more particularly described by the metes and bounds on file in the City Secretary's Office for review.

Nature of the Improvements and/or Services. The general nature of the improvements and services (collectively, Improvements) to be provided by the Veale Ranch PID consist of all items defined as authorized improvements under the Code, except that the following will not be considered as Improvements: (a) water lines and sanitary sewer lines having a diameter of 8" or less located in and serving a for sale or rent single-family home, cottage home, and/or townhome residential subdivision; (b) oversizing of water and sanitary sewer lines in and serving

residential areas without City approval; and (c) local residential streets, as defined by the Fort Worth Master Thoroughfare Plan.

Advisability of the Improvements. It is advisable to establish the Veale Ranch PID to provide the Improvements (as described above and in the Petition). The Improvements are feasible and desirable and will promote the interests of the City and will confer a special benefit on the property in the Veale Ranch PID.

Estimated Costs. The total estimated costs of the Improvements is 3,000,000,000.00, which consists of the costs of the Improvements, bond issuance costs, legal and financial fees, credit enhancement costs, and costs incurred in the establishment, administration, and operation of the Veale Ranch PID. The City may finance some portion of the Improvements using the proceeds of one or more series of bonds issued by the City and secured by assessments levied against each completed phase of the development with the Veale Ranch PID. The annual cost of Improvements will be determined in accordance with an approved budget and service plan and will be paid from assessments.

Apportionment of Costs. The City will not be obligated to provide any funds to finance the Improvements, other than from assessments levied on property within the Veale Ranch PID. No City property will be assessed.

The Veale Ranch PID will become effective on the date that the Resolution is adopted by the City Council. The Veale Ranch PID may be terminated by action of the City Council following the date on which all bonds secured by the assessments have been paid off. Notice of this public hearing was published in the Fort Worth Star-Telegram and mailed to the owners of property on record and liable for assessment in the Veale Ranch PID on July 20, 2023, in accordance with the Code.

The proposed Veale Ranch PID is located in the City's ETJ.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of these recommendations will have no material effect on City funds.

Submitted for City Manager's Office by: William Johnson 5806

Originating Business Unit Head: Robert Sturns 2663

Additional Information Contact: Crystal Hinojosa 7808

Expedited