

Mayor and Council Communication

DATE: 09/01/20

M&C FILE NUMBER: M&C 20-0639

LOG NAME: 13QUAIL VALLEY PID FY2021 (NIA #2)

SUBJECT

(CD 3) Conduct a Public Hearing to Consider the Levying of Special Assessments in Improvement Area No. 2 of Fort Worth Public Improvement District 16 – Walsh Ranch/Quail Valley (Quail Valley PID); Adopt Ordinance (1) Levying Special Assessments on the Property Located in Improvement Area No. 2 of the Quail Valley PID, (2) Approving a Service and Assessment Plan Update for the Quail Valley PID to Include Improvement Area No. 2 (Service and Assessment Plan Update), (3) Approving Assessment Roll for Improvement Area No. 2 of the Quail Valley PID (Assessment Roll), and (4) Ordaining Other Matters Related Thereto; Authorize Execution of a Reimbursement Agreement with Quail Valley DEVCO II, LLC and Walsh Ranches Limited Partnership to Address Construction, Acquisition, and Financing of the Improvements in Improvement Area No. 2 of the Quail Valley PID; Authorize Execution of a Majority Landowner Agreement; and Adopt Appropriation Ordinance

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

RECOMMENDATION:

It is recommended that the City Council:

1. Conduct a public hearing concerning the proposed special assessments to be levied on the property located in Improvement Area No. 2 of the Quail Valley PID, with collection to begin in the 2020 Tax Year;
2. Adopt the attached ordinance (a) levying special assessments on the property located in Improvement Area No. 2 of the Quail Valley PID, (b) approving a Service and Assessment Plan Update to Include Improvement Area No. 2, (c) approving the Assessment Roll for Improvement Area No. 2, and (d) ordaining other matters related thereto;
3. Authorize execution of a Reimbursement Agreement with Quail Valley DEVCO II, LLC and Walsh Ranches Limited Partnership (collectively Developers) to address construction, acquisition, and financing of the improvements in Improvement Area No. 2 of the Quail Valley PID;
4. Authorize execution of a Majority Landowner Agreement with the Developers, outlining responsibilities associated with coordination of notices and payment of assessments for land in Improvement Area No. 2 that is not owned by Developers; and
5. Adopt the attached appropriation ordinance increasing receipts and appropriations in the FWPID #16 - Quail Valley Fund in the amount of \$419,754.00, from available funds.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take actions associated with commencement of assessments in the second phase of Fort Worth Public Improvement District No. 16, also known as the Walsh Ranch/Quail Valley Public Improvement District or "Quail Valley PID."

On September 2016, the City Council approved the creation of the Quail Valley PID, encompassing approximately one-fourth of the entire Walsh Ranch property, as a vehicle to reimburse the Developers for certain infrastructure costs. Full development of the Quail Valley PID will encompass seven phases that occur over several years as phases of the Quail Valley PID are developed. Pursuant to Ordinance No. 2207-05-2017, the City Council previously adopted a service and assessment plan for the Quail Valley PID, which has been updated annually through subsequent City Council actions, and levied assessments on Improvement Area No. 1 of the Quail Valley PID. This M&C addresses Improvement Area No. 2 of the Quail Valley PID, which is the second phase of development.

On August 18, 2020, the City Council adopted Resolution No. 5263-08-2020 concerning certain matters related to the Quail Valley PID, including the following: (1) determining the costs of certain public improvements; (2) accepting a preliminary service and assessment plan update for Improvement Area No. 2, including a proposed assessment roll; (3) directing the filing of the proposed assessment roll with the City Secretary; (4) calling for a public hearing to consider the ordinance levying special assessments on property located within the area defined as Improvement Area No. 2 of the Quail Valley PID, and (5) directing staff to publish and mail notice of this public hearing to the property owners liable for payment of the special assessment.

The purpose of this public hearing is to receive comments regarding the proposed special assessments to be levied on each property in Improvement Area No. 2 of the Quail Valley PID. As outlined in the Service and Assessment Plan update, improvements in the amount of \$5,850,000.00 are to be funded by the special assessments on Improvement Area No. 2, consisting of \$5,132,890.50 for paving expenses and \$717,109.50 for landscaping expenses. The special assessments will be levied across 553 residential units (representing 185.66 acres) and collected over a 30-year period. The 553 lots are divided into six categories, with each category represented by lot width and/or type. Widths including categories as follows: 35 feet, 50 feet, 60 feet, 70 feet and two additional lot types including townhomes and garden homes. Assessments will be allocated as follows:

Lot Size	# of Lots	Annual Installment
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35 feet	61	\$545.78
50 feet	152	\$719.04
60 feet	165	\$874.97
70 feet	67	\$1,134.87
Townhome	96	\$537.11
Garden Home	12	\$433.16

The above shown amounts are calculated using an interest rate of 4.62% per annum. This interest rate is based on the bond index rate of 2.62% applicable for the month of August through August 27th plus 2.0%.

In addition to the \$5,850,000.00 of improvements funded by the special assessments, the Developers are constructing, without reimbursement from the Quail Valley PID, additional improvements in the amount of \$21,483,342.00 in this phase of the PID, bringing the total costs of improvements in Improvement Area No. 2 to \$27,333,342.00.

The Developers are responsible for managing all construction and the associated Agreements for the development of the lots and residential units within Improvement Area #2 of the Quail Valley PID. Beginning in 2021, the City will begin to make quarterly payments to the Developers in satisfaction of the Reimbursement Amount from the special assessments revenues, less any administrative fees, once the Developer submits payment requisitions. The Reimbursement Amount for Improvement Area No. 2 will be paid over a maximum period of 30 years. Until bonds, if any, are issued, the Developer will be entitled to interest on the unpaid Reimbursement Amount at the rate of 4.62 percent. If any portion of the Reimbursement Amount remains unpaid after the City has elected to issue bonds and those bonds have been repaid in full, the interest rate on the unpaid Reimbursement Amount will be the same as the interest rate on the bonds. It is anticipated that within five years, provided that the Developers have satisfied certain obligations designed to ensure the rapid development of the entire Quail Valley PID, the City will explore options to accelerate the reimbursement of the Developers by issuing debt secured by a portion of the special assessments.

In order to maintain the Developer's construction schedule, portions of the property in Improvement Area No. 2 have been sold to home developers and individual homeowners. As reflected in the Reimbursement Agreement, Developers have agreed to assume responsibility for the payment of PID assessments for properties already sold to individual homeowners. The Majority Landowner Agreement addresses the responsibilities of the Developers and City with respect to notices, assurances, and payment of assessments for property in Improvement Area No. 2 that is not owned by the Developers.

Finally, the adoption of the attached appropriation ordinance provides the necessary funding for the City to pay the costs of services associated with ongoing administration of the Quail Valley PID and the implementation of assessments in Improvement Area No. 2. Expenses will cover costs for financial advisors, PID administrators, and legal services up to \$419,754.00. Revenues will also be adjusted by the same amount but are not anticipated to be received until Fiscal Year 2021.

It is recommended that the City Council adopt the attached ordinance levying such special assessments and approving the Service and Assessment Plan update and updated Assessment Roll; authorize the execution of the Reimbursement Agreement; and adopt the appropriation ordinance increasing estimated receipts and appropriations in the FWPID #16 - Quail Valley Fund in the amount of \$419,754.00.

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 upon approval of the above recommendations funds are available in the current operating budget, as previously appropriated, and upon adoption of the Fiscal Year 2021 Budget by the City Council, funds will be available in the Fiscal Year 2021 Operating Budget, as appropriated, in the FWPID #16 - Quail Valley Fund. Prior to an expenditure being incurred, the Financial Management Services Department has the responsibility to validate the availability of funds.

Submitted for City Manager's Office by: Jay Chapa 5804

Originating Business Unit Head: Reginald Zeno 8517

Additional Information Contact: Alex Laufer 2268