

Mayor and Council Communication

DATE: 12/15/20

M&C FILE NUMBER: M&C 20-0931

LOG NAME: 13OPERATINGPIDPOLICY

SUBJECT

(ALL) Adopt Resolution Revising the Policy for Operating Public Improvement Districts

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution adopting the revised Policy for Operating Public Improvement Districts.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to adopt the attached resolution revising the policy governing the establishment, management, operation and administration of Operating Public Improvement Districts (Operating PIDs).

Public Improvement Districts (PIDs) are development financing tools authorized pursuant to Chapter 372 of the Texas Local Government Code, which allow for the costs of certain improvements and services within a designated area to be allocated to and paid by the owners of the parcels that actually benefit from such improvements and services. The City Council has established three types of PIDs to benefit certain defined areas: (1) Operating PIDs, which fund improvements and services solely out of current assessment revenue or accumulated balances from past assessments; (2) Capital PIDs, which fund capital improvements with debt-obligation financing and (3) Tourism PIDs, which fund hotel-and-tourism promotional activities.

The City Council adopted the original policy for PIDs in September of 1991, with subsequent amendments in March of 1991, July of 2004, February of 2009, and January of 2018, all of which were intended to address Operating PIDs. Since 2018, the City has established two operating PIDs.

The attached revised Policy for Operating PIDs (Policy) outlines conditions that must be met for the City to consider the creation of an Operating PID and sets forth guidelines for how the City will utilize and administer Operating PIDs once they are created. Although most of the substantive language of the Policy remains from the January 2018 version, this revised Policy was re-organized to address the most recent internal audit findings, which include the following item numbers that correspond to the list below: (4) additional language for minimum requirements regarding monetary advances, (8) allocations of shared costs, and (9) record retention schedules. Item number (5) setting a specific application fee of \$5,000.00, has been assessed by City staff for the cost incurred to time spent associated with evaluating the petition, including, but not limited to the review of all documents pertaining to petition sufficiency, notice requirements, public hearings, and the budget and service assessment plan. The most significant changes to the Policy include the following:

1. Revised language to remove an overly burdensome requirement to provide a legal description of the Operating PID boundaries;
2. Revised language identifying the "Director" as the Director of Economic Development Department due to the future reorganization of PID Administration;
3. Removal of language that was geared more towards single-owner property for Capital PIDs.
4. Addition of language setting out the minimum requirements to consider when providing monetary advances to the Operating PID Management Company;
5. Specific application fee of \$5,000.00 to be paid at the time that the petition to establish, renew, or expand an Operating PID is submitted, which the staff has determined is necessary to cover the costs incurred by the City that are associated with establishing an Operating PID;
6. Addition of language that the application fee may be reimbursed out of PID assessments;
7. Addition of language ensuring that the annual budget and five-year Service and Assessment Plan be approved by the applicable advisory body for the O-PID;
8. Addition of language defining the City's Park and Recreation Department payment in-lieu of services allocation;
9. Addition of language setting out minimum requirements for the handling of allocations of shared costs;
10. Addition of language to have the Operating PID Management Company be subject to following the City's Record Retention Schedule and Donations Policy; and
11. Revised language to state financial reserve funds threshold shall not exceed 50% of prior year's assessment.

The draft policy was sent to each applicable PID Management Company for review and input. Staff has attempted to incorporate changes based on feedback provided.

The proposed revised Policy will be effective upon adoption.

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 this recommendation will have no material effect on City funds.

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