

## MEMORANDUM

**FROM:** Dorothy Palumbo, Assistant City Attorney

**TO:** City Council of Dripping Springs

**CC:** City Manager Michelle Fischer

**DATE:** 1/8/16

**RE:** PID Policies

This information is being provided to you for discussion at Tuesday's (1/12/16) PID Workshop.

Public Improvement District (PID) policies include the guidelines that developers use to seek incentives from the city. These guidelines usually address the following provisions:

- Limitations on the size of development
- Limitations on the PID tax assessment
- Limitations on tax assessment terms
- Limitations and guidelines for the PID administration
- Limitations and guidelines on financing
- Limitations on bond size and developer interest
- Limitations and guidelines for bidding on project improvements
- Guidelines and criteria for projects
- Process for application and review
- Requirements of Chapter 372 of the Texas Local Government Code

Attached to this document are the following:

- Exhibit A: City of Sealy PID Policy
- Exhibit B: City of Kyle PID Policy
- Exhibit C: City of Fort Worth PID Policy
- Exhibit D: City of Grand Prairie PID Policy
- Exhibit E: City of Dallas PID Policy

## **CITY OF SEALY, TEXAS**

### **PUBLIC IMPROVEMENT DISTRICTS POLICY**

The City of Sealy has established this policy as a guideline to those developers seeking incentives from the City for development projects utilizing public improvement districts (PID). This policy is not intended to address all aspects of development costs. Those costs not specifically addressed in this policy will be considered on an individual project basis.

#### Limitation on Size of Development

1. To receive consideration by and approval from the City for PID financing to facilitate a residential development, the proposed boundaries of the development shall be no less than 50 acres. If the proposed boundaries of the development are less than 50 acres, the average value of homes built in the district shall be no less than \$225,000. This home value will be adjusted each year by the Consumer Price Index (CPI) to convert the \$225K benchmark value to current year prices.

#### Limitation on PID Assessment

The annual assessment to property owners within the district shall be no more than the equivalent of a \$0.60 per \$100 tax rate on the assessed value of their property.

#### Limitation on Assessment Term

The maximum term of a PID assessment is not to exceed 25 years. The date the first assessment installment becomes due is either 3 years from the date of the levy or the date that the real property is transferred to the home buyer; whichever occurs first.

#### District Administration

The City of Sealy will contract with an outside consultant to administer the PID and to bill, collect, and track district assessments. This cost will be considered a reimbursable project cost and should be included in the District Service and Assessment Plan.

#### Limitation on Developer Interest

Developer earned interest will be reimbursed at an amount not to exceed the net effective interest rate on bonds sold or 8% whichever is less. If district bonds are not sold, reimbursement will be calculated at 50 basis points over the average interest reported by the Bond Buyer in its "20 Bond Index" for general obligation bonds during the interest accrual period or 8% whichever is less.

#### Bidding of Project Improvements

Developers will be required to follow municipal bidding procedures on all project improvements as outlined in Chapter 252 of the Texas Local Government Code. Bid tabulations and a recommendation for award of contracts will be brought before Sealy Redevelopment Authority and City Council for approval.

# CITY OF KYLE, TEXAS

## Public Improvement District Policy

### OVERVIEW

Public Improvement Districts ("PIDs"), per the Texas Local Government Code Chapter 372 ("the Code"), provide the City of Kyle ("the City") an economic development tool that permits the financing of qualified public improvement costs that confers a special benefit on a definable part of the City, including both its corporate limits and its extra-territorial jurisdiction. A PID can finance capital costs and fund supplemental services to meet community needs which could not otherwise be constructed or provided. The costs of the capital improvements and/or supplemental services are paid entirely by property owners within the Public Improvement District ("PID") who receive special benefits from the capital improvements or services. **A PID may only be used to pay for public improvements, all other expenditures not related to public improvements may not be reimbursed.**

A PID is a defined area of properties, whose owners have petitioned the City to form a PID. The City Council establishes a PID by adoption of a resolution after a public hearing. The public hearing is publicized per the Code and written notification of the hearing is mailed to all property owners in the proposed PID. By petition, the owners pledge to pay an assessment in order to receive enhanced services and/or improvements within the District. The PID must demonstrate that it confers a benefit, not only to the properties within the District, but also to the "public" which includes the City.

The purpose of this PID policy is to outline the issues to be addressed before the City Council can support the establishment of a PID. The PID policy outlines such things as petition requirements, qualified costs, financing criteria, information disclosures to property owners, and the determination of annual plans of services, budgets and assessments.

### GENERAL

1. A PID may be created and utilized to construct qualified public improvements and/or reimburse a developer's actual and documented costs above and beyond the costs for standard infrastructure required to serve the development. Such incremental costs shall be associated with the construction of qualified public improvements.
2. PIDs must be self-sufficient and not require the City to incur any costs associated with the formation of the PID, bond issuance costs, PID administration or the construction of PID improvements.
3. PID petition signatures should reflect that a reasonable attempt was made to obtain the full support of the PID by the majority of the property owners located within the proposed PID. Priority will be given to PIDs with the support of 100% of the landowners within a PID.

4. Priority will be given to PID improvements:
  - a. In support of development that will generate economic development benefits to the City beyond what normal development would;
  - b. In the public right of way (e.g., entryways, landscaping, fountains, specialty lighting, art, decorative and landscaped streets and sidewalks, bike lanes, multi-use trails, signage); and,
  - c. Which meet community needs (e.g., enhanced drainage improvements, parks and off-street public parking facilities, wastewater and/or water on or off-site improvements).
5. A PID's budget shall include sufficient funds to pay for all costs above and beyond the City's ordinary costs, including additional administrative and/or operational costs.
6. A Landowner's Agreement must be recorded in the Official Public Records of the County in which the PID is located which, among other things, will notify any prospective owner of the existence or proposal of special assessments on the property. All closing statements and sales contracts for lots must specify who is responsible for payment of any existing PID assessment or a *pro rata* share thereof.
7. The City Council reserves the right, on a case-by-case basis, to waive specific requirements listed in the Policy. Such waived requirements shall be noted in the approval of any petition together with a finding that the deviation from the Policy is in the best interest of the City. Additionally, the Council maintains discretion to approve or disapprove the PID application.
8. A PID zone must be identified as a PID with use of Signage along the main entry/exits located at the boundaries of the PID. All signage shall be a clearly visible to all motorist entering and exiting the PID.
9. Property owned by the City of Kyle that is located in the boundaries of the PID shall not be subject to any assessment by the PID.
10. No PIDs will be allowed to be created that overlap the boundaries of another PID.
11. The boundaries of existing PIDs can be modified during a renewal process (with updated map as part of the petition). However, a boundary change during the existing term of a PID may only be considered if a re-petition of the entire PID area (both current boundary and proposed modified areas) meets the minimum criteria for creation/renewal and application fee as described below is submitted.

## **PETITION REQUIREMENTS**

In accordance with Texas Local Government Code §372.005(a) the petition must state:

1. the general nature of the proposed improvements;
2. the estimated cost of the improvements;
3. the boundaries of the proposed assessment district;
4. the proposed method of assessment, which may specify included or excluded classes of assessable property;
5. the proposed apportionment of costs between the public improvement district and the municipality or county as a whole;
6. whether the district will be managed by the municipality or county, by the private sector, or by a partnership of the two;

7. that the persons signing the petition request or concur with the establishment of the district; and that an advisory board may be established to develop and recommend an improvement plan to the governing body of the municipality or the county; and
8. that an advisory body may be established to develop and recommend an improvement plan to the governing body of the municipality or county.

Additional requirements include:

1. PID petitions shall include this additional note: "With respect to community property, the City may accept the signature of a spouse as a representation of both spouses that they support the creation or renewal of the PID absent a separate property agreement. *However, if City staff is made aware of any disagreement among owners of community property, those petitions will not be counted.*"
2. Signatures for PID petitions must be gathered not more than six months preceding submittal of the PID Application.

For a district to be established, a petition shall include the following:

1. Evidence that the petition's signatures meet the state law requirements or the petition must be accompanied by a reasonable fee to cover the City's costs of signature verification. If the proposed district is an expansion of an existing district, a petition for the new portion of the district must identify each subdivision, or portion thereof, within the proposed boundaries of the new district, and each subdivision or portion thereof, that is not currently in an existing PID shall individually satisfy the requirements for a petition under Section 372.005 of the Texas Local Government Code. Subdivision has the meaning assigned by Section 232.021 of the Texas Local Government Code.
2. Map of the area, a legal description of the boundaries of the district for the legal notices and a "commonly known" description of the area to be included in the district.
3. Statement that the petitioners understand that the annual budget for the district is subject to review by City staff with final approval by the City Council.
4. Upon approval of the PID, the boundaries of the PID will be immediately annexed into the City of Kyle.

In addition, the following issues must be addressed before the City Council will take action on a petition:

1. A non-refundable application fee of \$15,000 will be required for all new or renewing PIDS. This fee is regulatory in character and approximates the costs of administering the PID through creation or renewal by City Staff.
2. A petition will be viewed more favorably if it has attached a current tax roll with the signatures of the owners registering support of the petition next to the account for the owner's property on the tax rolls.
3. A copy of the Market Feasibility study shall be submitted with the Petition.

## **PID ADMINISTRATION**

1. The City may contract with a qualified third party company to manage and administer the PID, subject to appropriate oversight by City staff.
2. Any management firm for a PID shall be required to submit quarterly reports of all activities and expenditures to the City; perform and submit an annual independent audit of all PID expenditures to the City; 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 an opportunity for property owner questions, comments and input to be considered during the PID Budget and Service Plan approval process.
3. If the City elects to hire a third party administrator, the administrator will coordinate the annual development of the Budget and Five Year Service Plan which will be submitted to the City Council for consideration following a public hearing conducted in accordance with the Code and any other applicable State of Texas law. The PID Service Plan shall contain procedures for the termination of the PID without imposing unintended costs on the City of Kyle. 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).

## **BOND SIZE LIMITATIONS**

The following limitations and performance standards shall apply to a PID debt issue approved by the City:

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|--|----------|
| 1. Minimum appraised value to lien ratio at date of each bond issue:     | 3:1      |
| 2. Maximum annual permitted increase in annual assessment installment:   | 2%       |
| 3. Maximum years of capitalized interest for each bond issue:            | 3        |
| 4. Maximum maturity for each series of bonds (to extent allowed by law): | 20 years |

The aggregate principal amount of bonds required to be issued shall not exceed an amount sufficient to fund: (i) the actual costs of the qualified public improvements (ii) required reserves and capitalized interest during the period of construction and not more than 12 months after the completion of construction and in no event for a period greater than 3 years from the date of the initial delivery of the bonds and (iii) any costs of issuance. Provided, however that to the extent the law(s) which limit the period of capitalized interest to 12 months after completion of construction change, the foregoing limitation may be adjusted to reflect the law(s) in effect at the time of future Bond issuances.

## **FINANCING CRITERIA**

1. The PID may seek bond issues in advance of construction of an individual Phase of a Project subject to compliance with these standards.
2. No General Obligation or Certificate of Obligation bonds will be utilized by the City to fund or support the PID Bonds.
3. All proposed subsequent PID bond issues for a Project, if any, will be subject to approval by the City Council.

4. Special assessments on any given portion of the property may be adjusted in connection with subsequent bond issues as long as an agreed-upon maximum annual assessment rate is not exceeded, and the special assessments are determined in accordance with the Service and Assessment Plan and the PID Act. Special assessments on any portion of the property will bear a direct proportionate relationship to the special benefit of the public improvements to that improvement area. In no case will assessments be increased for any parcel unless the property owner of the parcel consents to the increased assessment.
5. The City shall not be obligated to provide funds for any improvement except from the proceeds of the PID Bonds and PID assessments.
6. Each PID Bond Indenture will contain language precluding the City from making any debt service payments for the PID Bonds other than from available special assessment revenues.
7. A PID will be responsible for payment of all of the City's reasonable and customary costs and expenses including the cost of any appraisal.
8. Improvements funded with PID proceeds will be exempt from any public bidding or other purchasing and procurement policies per Texas Local Government Code Section 252.022(a) (9) which states that a project is exempt from such requirements if "paving drainage, street widening, and other public improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements."
9. Any PID Bond issued will include a Reserve Fund in an amount equal to the lesser of: (i) the maximum annual debt service on the bonds, (ii) 10 percent of the Bond Par Amount, or (iii) 125 percent of the average annual debt service and that such Reserve Fund will be funded from bond proceeds at the time bonds are issued.
10. Improvements to be funded by the PID are limited to those defined as Authorized Improvements under Texas Local Government Code Section 372.003(b):
  - a. Landscaping and irrigation in public rights of way;
  - b. Erection of fountains, distinctive lighting, backlit street signs and way finding signs;
  - c. Acquiring, constructing, improving, widening, narrowing, closing or rerouting sidewalks, streets or any other roadway or their rights-of-way;
  - d. Construction or improvement of pedestrian malls;
  - e. Acquisition and installation of pieces of public art;
  - f. Acquisition, construction or improvement of libraries;
  - g. Acquisition, construction or improvement of public off-street parking facilities;
  - h. Acquisition, construction, improvement or rerouting of mass transportation facilities;
  - i. Acquisition, construction or improvement of water, wastewater or drainage improvements;
  - j. The establishment or improvement of parks;
  - k. Acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
  - l. Acquisition, by purchase or otherwise, of real property that shall be designated as conservation habitat, protected with a conservation easement, or used in furtherance of the protection of endangered species, or aquifer recharge features;
  - m. Special supplemental services for improvement and promotion of the district, including services related to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and culture

- enhancement;
  - n. Payment of expenses incurred in the establishment, administration, and operation of the district, including expenses related to the operation and maintenance of mass transportation facilities; and
  - o. The development, rehabilitation, or expansion of affordable housing.
11. Any trails, parks, streets or other public amenities that are located within a gated community or otherwise inaccessible location may not be funded or reimbursed by the PID.
  12. All public infrastructure within the PID that is to be reimbursed must be in compliance competitive bidding in accordance with Texas Local Government Code.
  13. All landowners will provide any required continuing disclosure obligations associated with the issuance of PID Bonds as required under the Indenture or any other regulatory agreement or regulatory agency.

## **PROJECT CRITERIA**

In agreeing to form a PID for which debt will be issued to fund the costs of constructing qualified public improvements, the City will require the following:

1. The property owner must demonstrate to the City that it has the expertise to complete the new development that the PID will support.
2. The property owner must provide the City with its sources of funding the Public Improvements not being funded by the PID.
3. The proposed development must be consistent with the entitlements on the property. All required zoning, other required land use approvals or other required permits must be in place for the development prior to the issuance of any PID bonds.
4. The property owner must provide evidence to the City that the utility service provider has sufficient capacity to provide all necessary utility services.
5. All reasonable estimated costs must be identified before a decision is reached on a request to issue bonds for a PID. Costs to be identified include costs related to establishing the district; costs for construction and/or the acquisition of improvements, the maintenance and operation of improvements (if any) and PID administrative costs.
6. If the City elects to hire a qualified third party PID administrator to administer the PID, the costs for such administration shall be paid for with PID funds. The PID administrator will be required to review and comment on the Budget and to attend the annual public hearing regarding the Service and Assessment Plan.
7. The PID Financing Agreement (or other applicable PID documentation) shall contain a section, which clearly identifies the benefit of the PID to the affected property owners and to the City as a whole (i.e., public purpose) and also evidence of insurance.
8. The Service and Assessment Plan shall describe, if applicable, all City-owned land within the district as well as its proposed share of project costs.
9. Specified assurances that the construction of improvements in the public right-of-way will be dedicated to and maintained by the City after the PID has dissolved. For the life of the PID, public infrastructure will be maintained by the PID, unless otherwise stated in a subsequent agreement.



### **Developer Reimbursement**

1. The Developer will submit expenses for reimbursements.
2. The appointed designee will verify expenses' validity towards the PID agreement.
3. Once expenses have been verified, payment will be processed within thirty (30) days. .

### **Miscellaneous**

1. Severability: If any section, subsection, sentence, clause, phrase, or word of this policy is declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected.
2. Any waivers to this policy must be approved by the City Council of the City of Kyle.
3. The City shall, upon reasonable prior written notice to the Developer and during normal business hours, have the right to audit and inspect the Developer's records, books, and all other relevant records related to Reimbursable Amounts under this Agreement. The Parties agree to maintain the appropriate confidentiality of such records, unless disclosure of such records and information shall be required by a court order, a lawfully issued subpoena, State Law, municipal ordinance, or at the direction of the Office of the Texas Attorney General.
4. Recapture. In the event of default by Developer under the negotiated Agreement related to Reimbursement Amount Requests, the City shall, after providing Developer notice and an opportunity to cure, have the right to recapture Reimbursement Amount Requests.
5. No Personal Liability of Public Officials. No public official or employee shall be personally responsible for any liability arising under or growing out of any approved PID. Any obligation or liability of the Developer whatsoever that may arise at any time under the approved PID or any obligation or liability which may be incurred by the Developer pursuant to any other instrument transaction or undertaking as a result of the PID shall be satisfied out of the assets of the Developer only and the City shall have no liability.
6. All PID Agreements shall include Indemnification language as follows:

Indemnification. **DEVELOPER COVENANTS AND AGREES TO FULLY INDEMNIFY AND HOLD HARMLESS, CITY AND (AND THEIR ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS, AND REPRESENTATIVES), INDIVIDUALLY AND COLLECTIVELY, FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND SUITS OF ANY KIND AND NATURE BROUGHT BY ANY THIRD PARTY AND RELATING TO DEVELOPER'S ACTIONS ON THE PROJECT, INCLUDING BUT NOT LIMITED TO, PERSONAL INJURY OR DEATH AND PROPERTY DAMAGE, MADE UPON CITY OR DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO DEVELOPER OR DEVELOPER'S TENANTS' NEGLIGENCE, WILLFUL MISCONDUCT OR CRIMINAL CONDUCT IN ITS ACTIVITIES UNDER THIS AGREEMENT, INCLUDING ANY SUCH ACTS OR OMISSIONS OF DEVELOPER OR DEVELOPER'S TENANTS, ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANT OR SUBCONSULTANTS OF DEVELOPER OR DEVELOPER'S TENANTS, AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES,**

**DIRECTORS AND REPRESENTATIVES WHILE IN THE EXERCISE OR PERFORMANCE OF THE RIGHTS OR DUTIES UNDER THIS AGREEMENT, ALL WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO CITY, UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE CITY AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. DEVELOPER SHALL PROMPTLY ADVISE CITY IN WRITING OF ANY CLAIM OR DEMAND AGAINST CITY, RELATED TO OR ARISING OUT OF DEVELOPER OR DEVELOPER'S TENANTS' ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT DEVELOPER'S COST TO THE EXTENT REQUIRED UNDER THE INDEMNITY IN THIS PARAGRAPH. CITY SHALL HAVE THE RIGHT, AT THEIR OPTION AND AT THEIR OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING DEVELOPER OF ANY OF ITS OBLIGATIONS UNDER THIS PARAGRAPH.**

**IT IS THE EXPRESS INTENT OF THIS SECTION THAT THE INDEMNITY PROVIDED TO THE CITY AND THE DEVELOPER SHALL SURVIVE THE TERMINATION AND OR EXPIRATION OF THIS AGREEMENT AND SHALL BE BROADLY INTERPRETED AT ALL TIMES TO PROVIDE THE MAXIMUM INDEMNIFICATION OF THE CITY AND / OR THEIR OFFICERS, EMPLOYEES AND ELECTED OFFICIALS PERMITTED BY LAW**



# Policy and Guidelines for Public Improvement Districts

## POLICY

### OVERVIEW

Public Improvement Districts ("PIDs") provide a development tool that allocates costs according to the benefits received. A PID can provide a means to fund supplemental services and improvements to meet community needs which could not otherwise be constructed or provided and be paid by those who most benefit from them.

The purpose of the PID policy is to outline the issues to be addressed before the City Council can support the establishment and continuation of a public improvement district. The policy outlines such things as petition requirements, information to property owners, and determination of annual plan of services, budget and assessments. It addresses City administration issues, which are in addition to the requirements of state law.

### I. GENERAL

1. PIDs must be self-sufficient and not adversely impact the ordinary service delivery of the City, except where City Council elects to participate in the project's costs.
2. PIDs must be established carefully and only when related to a public purpose to avoid a proliferation of special districts.
3. PID petition signatures should reflect that a reasonable attempt was made to obtain full support of the PID by the majority of the property owners.
4. Priority will be given to PIDs for:
  - (a) Improvements in the public right-of-way (e.g., entryways, landscaping, fountains, specialty lighting, streets and sidewalks);
  - (b) Improvements which meet community needs (e.g., drainage improvements, parks and off-street parking facilities); and
  - (c) Improvements related to operations and maintenance expense (e.g., sidewalk and street cleaning).

5. Secondary consideration will be given for other "supplemental services". Very careful consideration must be given before City Council will support a PID for improvements, which require bond financing.

Use of assessments for partial recovery of a developer's capital costs will be allowed only in special cases where extraordinary public benefit is shown. Only those capital costs associated with continuing district services will be considered for partial recovery.

6. A PID's budget shall include sufficient funds to pay for all costs above and beyond the City's ordinary costs, including additional administrative and/or operational costs as well as additional maintenance costs resulting from the PID.
7. The petition should include the notation that it is the City's right to maintain the project, with input from the existing advisory body, and assess the property owners of their appropriate share of the costs if the management firm's work is unsatisfactory.
8. Anyone selling land in a public improvement district must include a "title encumbrance" which notifies any prospective property owner of the existence or proposal of special assessments on the property. All closing statements must specify who is responsible for payment of the PID assessment on a pro rata share thereof.

## **II. PETITION REQUIREMENTS**

For a district to be established, a petition shall include the following:

1. Assurance of long-term backing and support.
2. Sunset clause or procedures outlined for public review of the success of the PID and a determination of property owners whether to continue with the district or dissolve it.
3. Evidence that the petition's signatures meet the state law requirements or the petition will be accompanied by a reasonable fee to cover the city costs of signature verification. If the proposed district is an expansion of an existing district, a petition for the new portion of the district must identify each subdivision, or portion thereof, within the proposed boundaries of the new district, and each subdivision or portion thereof, that is not currently in an existing PID shall individually satisfy the requirements for a petition under Section 372.005 of the Texas Local Government Code. Subdivision has the meaning assigned by Section 232.021 of the Texas Local Government Code.
4. Contingency plan to address the maintenance or disposition of PID improvements and or property that has not been dedicated to the public if a PID is dissolved.
5. Map of the area, description of the boundaries of the district for the legal notices and a "commonly known" description of the area to be included in the district.

6. A section, which clearly identifies the benefit of the PID to the affected property owners (for use in benefit hearings) and to the city as a whole (i.e., public purpose).
7. Description of all city-owned land within the district as well as its proposed share of project costs.
8. Types of activities the District organization will undertake and who will determine those activities.
9. A Budget, including District's revenue in addition to the assessments, and how all funds will be managed.
10. Staffing needs.
11. Documentation of adequate liability insurance.
12. Specified procedure for eventual termination of the district.
13. Specified assurances to the City that the construction of improvements in the public right-of-way will be maintained by the PID and in no way obligates the City to future maintenance or operational costs, unless otherwise stated in a subsequent agreement.
14. Statement that the petitioners understand that the annual budget for the district is subject to review by city staff with final approval by the City Council.

In addition, the following issues must be addressed before the City Council will take action on a petition:

1. An "application fee" will be paid by the applicant to reimburse the city for the cost of evaluating the petition. Any unexpended portion of the fee shall be reimbursed to the PID or applicant when the evaluation is complete.
2. A petition will be viewed more favorably if it has attached a current tax roll with the signatures of the owners registering support of the petition next to the account for the owner's property on the tax rolls.
3. All estimated costs must be identified before a decision is reached on a request to establish a PID. Costs to be identified include costs related to establishing the district; costs for maintenance, operations and administration; and costs for later revision, repair or replacement of any improvements.
4. A professional management plan must be submitted for review and approval before the petition is submitted (e.g., who will address issues as they arise and how they will be addressed).
5. For a residential PID, the City Council will look more favorably on a petition where the developer of a new subdivision has put in place an active homeowners organization.



6. Any management firm for the PID shall be required to hold a public meeting for property owners in the PID to review and comment on the Budget and Plan of Services, and to attend the annual public hearing before the City Council takes action.

## **GUIDELINES**

### **OVERVIEW**

These guidelines are written to assist in the operations and management of a Public Improvement District ("PID"), and are not intended to be an all-inclusive list. Of primary consideration, are the statutes outlined in Chapter 372 of the Texas Local Government Code, (<http://tlo2.tlc.state.tx.us/statutes/lg.toc.htm>) and the City of Fort Worth Public Improvement District Policy, as amended on March 23, 1999.

#### **I. ESTABLISHMENT**

A Public Improvement District (PID) is a defined area of properties, whose owners have petitioned the City to form a PID. City Council establishes a PID by adoption of a resolution after a public hearing. The public hearing is publicized and written notification of the hearing is mailed to all property owners in the proposed PID. By petition, the owners pledge to pay an assessment in order to receive enhanced services and/or improvements within the District. The PID must demonstrate that it confers a benefit, not only to the properties within the District, but also to the "public" which includes the entire City.

The establishment of an Advisory Body should be addressed in the petition. Statutes allow the City Council to appoint the Advisory Body. However, City Staff can elect that an existing organization with direct ties to the PID serve as the advisory body. Such organizations may be Homeowners Associations, Business Associations, Historical Associations, etc. On an annual basis the criteria for the Advisory Body will be reviewed by the City Attorney and if necessary changes will be implemented.

#### **II. GOVERNANCE**

City staff shall administer all PIDs in accordance with the City's PID Policy.

#### **III. PID MANAGEMENT**

1. The City may contract with a management company to manage the PID, subject to administrative oversight by City staff.
2. The management company will coordinate development of the Budget and Five Year Service Plan with the advisory body selected by the City Council for such purpose (or any other group that is representative of the property owners), which will be submitted to the City Council for consideration following a public hearing conducted in accordance with State law.
  - a. The management company seeks input from the designated advisory body and/or the property owners regarding the needs of the District.

- b. The management company communicates to all property owners within the District, regarding events, activities, or other news in the District.
  - c. Minutes must be submitted to the City within forty five days following each Board meeting.
3. The management company either performs the work or subcontracts the work to be performed in the District.
  - a. Coordinates between the City and the Advisory Body to effectively accomplish the work in the District according to the adopted Service Plan and within State law.
  - b. Attends all PID Advisory Body meetings and other PID committee meetings, as necessary.
4. The City's PID Administrator should be notified of the time and place of all PID membership and advisory board meetings.
5. A member of a PID advisory board appointed by the City Council in accordance with Section 372.008 of the Texas Local Government Code cannot have a financial interest, either directly or indirectly, with the entity under contract to manage the PID or in any contract or other expenditure for improvements or services in the PID.

#### **IV. ASSESSMENTS**

1. By ordinance, the City annually levies the assessments on the properties in the District in accordance with the petition.
2. The City has contracted with Tarrant County Tax Office for billing and collecting the PID assessments.
3. The PID assessment is billed on the property owner's annual ad valorem tax statement.
4. The City provides the PID funding on a reimbursement basis, based on invoices submitted by the Management Company.

#### **V. SERVICE PLAN**

State law specifically outlines the improvements and special supplemental services that may be adopted in the Five Year Service Plan and provided for in the District's annual Budget.

1. The City of Fort Worth utilizes PIDs for operations and maintenance projects which may include:
  - Landscaping;
  - Erection of fountains, distinctive lighting, and signs;
  - Construction or improvement of pedestrian trails;

- Acquisition and installation of pieces of art;
  - Acquisition, construction, or improvement of off-street parking facilities;
  - The establishment or improvement of parks;
  - Acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
  - Special supplemental services for improvement and promotion of the District, including services relating to advertising, promotion, health and sanitation, public safety, security, business recruitment, development, recreation, and cultural enhancement; and
  - Payment of expenses incurred in the establishment, administration, and operation of the District.
2. Budgets should be developed with the concept that the entire PID will benefit.
  3. Annual budgets should be supplemented by a detailed line item explanation of the various components and how the amount was derived.

**VI. EXPENDITURE REIMBURSEMENTS**

1. The Management Company will periodically, but not more frequently than monthly, present to the City an invoice with the following information:
  - a. Report of services rendered and documents evidencing payments made for District services for the reporting period;
  - b. The City shall reimburse the Management Company within fifteen (15) business days for District services within the limit of assessments actually collected.
  - c. Management payments for administration of a PID should not exceed 20% of current year assessment. Administrative costs consist of, but are not limited to, rent, office supplies, salaries, and other expenses necessary for the oversight of PID projects. Management payments under this provision are for the payment of oversight and expenses incurred in the establishment, administration, and operation of the District under Section 372.003(b)(14) of the Texas Local Government Code and are separate from payment for special supplemental services that may be authorized for the improvement and promotion of the District under Section 372.003(b)(13) of the Texas Local Government Code.
2. The Management Company must follow State Statutes regarding authorized expenditures within a PID.
3. Expenditures must fall in the general category as outlined in the Texas Local Government Code governing Public Improvement Districts, as stated in Section IV above.
4. Any purchases of goods or services or any purchase contract that is subject to annual renewal, that is more than 4% of the total budget in any given year, requires 3 bid requests by qualified vendors before the purchase may be made. Exceptions are





emergency situations, long-term contracts (negotiated for cost management before January 1, 2009), and professional services approved in the budget. This is subject to annual review by City staff.

5. The Management Company shall make a periodic work report, no less than quarterly, detailing the Management Company's significant work activities

## **II. FINANCIAL REPORTING**

1. Financial Statements (Balance Sheet, Income Statement, and General Ledger) should be provided to the City's PID Administrator on a monthly basis.
2. Care should be taken to classify expenditures. Routine repairs and maintenance should not be classified as Capital Improvements. Capital Improvements involve the construction, purchase, or renovation of buildings, parks, streets, or other physical structures that will either enhance the property's overall value or increase its useful life. A capital improvement must have a useful life of five or more years.
3. Reserves should be maintained to cover the first three months of the fiscal year, until tax receipts are received, however reserves should not exceed 75% of average yearly assessments.
4. The annual assessment rate should be supported by the required budget. An explanation in writing of the reason for delaying or cancelling a project or expenditures in a given year which results in the increase of fund balance should be provided by the management company to the PID Administrator prior to the submission of the next year's budget.
5. An Income Statement comparing the budget to the projected year end balances should also be prepared on a quarterly basis.
6. CPA firms must change every 5<sup>th</sup> year.
7. The financial records for the PID are subject to review by City of Fort Worth personnel at any time.

## **VIII. DISPUTE RESOLUTION**

1. Any disputes between the Management Company and the PID Advisory Board may be directed to the City of Fort Worth PID City Attorney or Administrator.
2. Either party may appeal the decision of the City's PID Attorney or Administrator to the Director of the Department in which the PID program is assigned.
3. Decisions made by the Director may be appealed to the City Manager.

**CITY OF GRAND PRAIRIE  
PUBLIC IMPROVEMENT DISTRICT POLICY  
AS ADOPTED BY THE CITY COUNCIL ON MARCH 1, 2011**

**I. PURPOSE:**

A Public Improvement District (PID) is a tax assessment area established to provide for the enhancement of public improvements and services in the area. Assessments are generally based on the appraised values of real property within the area. A PID can encompass and serve both residential and commercial property. Cities are authorized to create PIDs under Chapter 372 of the Texas Local Government Code.

The City of Grand Prairie recognizes that PIDs are valuable tools which developers and neighborhoods use to enhance the maintenance of public property beyond the level normally provided by the City. It is the intent of the city to allow direct management control of PID operations by advisory bodies consisting of PID property owners. However, PID bodies serve advisory functions, and all final decisions are made by the governing body of the PID, the City Council. Section 372.002 of the Texas Local Government Code, Exercise of Powers, states that "Powers granted under this subchapter may be exercised by a municipality or county in which the governing body of the municipality or county initiates or receives a petition requesting the establishment of a public improvement district. A petition must comply with the requirements of Section 372.005."

**II. PID SERVICES AND IMPROVEMENTS:**

A. PID assessments may only be used to serve or improve public property and may not be used to benefit or enhance private property. Listed below are services and improvements which Grand Prairie PIDs may provide or maintain. Other improvements allowed by the statute will be reviewed and considered individually by the city.

- Landscaping and irrigation
- Right-of-way, median, and other open space maintenance, such as residential detention ponds
- Perimeter fencing
- Entry features<sup>1</sup>
- Fountains
- Distinctive lighting
- Distinctive signs
- Art or decorations
- Sidewalks

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<sup>1</sup> A PID proposing to install any sign or structure in a median must have the plans reviewed by the Transportation and Engineering departments, and the City Council must approve the plans **before** any costs are incurred. In addition to this, the PID President must sign the City's hold harmless agreement.

- Proposed district boundaries
  - Estimated costs associated with the improvements and maintenance
  - The general nature of the proposed improvements or maintenance program
  - Consideration of future replacement of capital improvements, i.e. fences
  - Classes of property which will be subject to or exempt from assessment and the proposed method of assessment (i.e., flat rate or % applied to appraised market value)
  - The proposed apportionment of costs between the PID and the municipality as a whole (the transfer)
  - How the PID will be managed
  - A core committee of interested individuals (names, addresses and phone numbers)
  - That the persons signing the petition request or concur with the establishment of the PID
2. A city task force consisting of representatives from the following departments will review the initial submittal: Planning, Legal Services, Finance, and Parks and Recreation. The Finance Department will take the lead in the review process.

After initial review, the city task force will determine whether sufficient support and documentation has been provided. If accepted, the PID committee will then prepare the final application packet in a format provided by the City.

The final application packet must include an assessment plan apportioning the cost of the improvement plan to be assessed:

a. An estimated assessment rate is applied to the expected appraised value of property to sufficiently fund a budget. The budget should provide adequate funds for the following:

- Annual routine maintenance of improvements
- Reserves to fund long term major maintenance and replacement of improvements
- Associated city out-of-pocket administrative costs

b. Description of procedures for the nomination of an Advisory Board. The Advisory Board will recommend specific improvements, oversee the annual budget and long-term plans, and manage related contracts and services.

c. A petition. The petition is sufficient if signed by:

- Owners of taxable real property representing more than 50% of the appraised value of taxable real property liable for assessment under the proposal, as determined by the current roll of the appraisal district in which the property is located; and
- Record owners of real property liable for assessment under the proposal who:

- Classes of property which will be subject to or exempt from assessment and the proposed method of assessment
  - The proposed apportionment of costs between the PID and the municipality as a whole (the transfer)
  - How the PID will be managed
  - An advisory board to develop and recommend an improvement plan to the governing body of the municipality
  - That the persons signing the petition request or concur with the establishment of the PID
  - A plan for turning the PID over to the residents when the developer has finished the residential development. The plan should include an approximate date for giving control to the residents and the specific triggers for giving control to an advisory body, such as 50% of development. The developer will be responsible for: scheduling a meeting with residents; informing the residents of the purpose, date, time, and location of the meeting; attending this meeting with the residents; explaining how the PID works; helping residents to nominate an advisory body; and turning over to the new advisory body a detailed accounting of prior expenditures.
2. A city task force consisting of representatives from the following departments will review the initial submittal: Planning, Legal Services, Finance, and Parks and Recreation. The Planning Department will take the lead in the review process, and Finance will handle administrative tasks.

After initial review, the city task force will determine whether sufficient support and documentation has been provided. If accepted, the PID committee will then prepare the final application packet in a format provided by the city.

The final application packet must include an assessment plan apportioning the cost of the improvement plan to be assessed:

- a. If applicable, a description of the division of PID and HOA responsibilities and the relationship between PID fees and HOA dues.
- b. An estimated assessment rate is applied to the expected appraised value of property to sufficiently fund a budget. The budget should provide adequate funds for the following:
  - Annual routine maintenance of improvements
  - Reserves to fund long term major maintenance and replacement of improvements
  - Associated city out-of-pocket administrative costs
- c. Description of procedures for the nomination of an Advisory Body. The Advisory Body will recommend specific improvements, oversee the annual budget and long-term plans, and manage related contracts and services.

- Fully completed exhibit which contains the name of each parcel owner, the parcel legal description (subdivision name, lot, block, etc.) and the tax account number for each parcel.
  - Description of property including metes and bounds, name of subdivision or property, boundary map, and site plan.
  - Description and scaled site plan of proposed improvements including landscape plan, landscape irrigation plan, signage, etc.
2. If the expansion is a new development, the petition shall include:
- Letter of commitment that developer/property owner shall maintain improvements for a period of two years after annexation into improvement district.
  - Commitment that developer/property owner shall pay any costs associated with annexation.
3. Fees and Permits: New developments joining existing PIDs are required to pay fees and obtain permits such as:
- Meter fees
  - Tap fees (if the work is done by the City)
  - Security deposits
  - Impact fees
  - Inspection fees
  - Permits as required
  - Other City fees as required

See **Exhibit A** for details.

**E. Assessment Rate Increase:**

If a PID requests an assessment rate increase, the PID must hold at least one additional homeowner meeting within the month before the assessment hearing to announce the increase, provide budget information, and answer questions. The PID may hold additional homeowner meetings as needed.

**IV. PID STAKEHOLDER GROUPS AND RESPONSIBILITIES:**

**A. PID stakeholder groups include:**

- City
- City Council
- City staff
- PID advisory boards
- PID contractors
- PID property owners

5. **Operations:** Improvements and maintenance authorized by PIDs are supplemental to the general operations of the city and shall be paid entirely from district assessments. Should the PID advisory board fail to meet its financial obligations, the city shall maintain the improvements at PID expense until such time as the improvements are paid for or a new advisory board is established.
6. **Contracts:** The PID advisory board shall pursue annual contracts for maintenance, repair, and construction services where possible.
  - Contracts will be negotiated by the PID advisory board.
  - Contracts will be approved by the City Manager, except contracts in excess of the dollar threshold at which the City Manager may award City contracts require City Council approval.<sup>2</sup>

The PID advisory board must ensure that its contractors provide appropriate liability and other insurance. All contracts will be reviewed and approved by the City Legal department. Day-to-day responsibilities may be provided by contract management paid for from PID assessments.

7. **Insurance:** The PID advisory boards will acquire general liability, automobile liability, and errors and omissions insurance, such coverage to be paid for from PID assessments. Property insurance for valuable assets is optional and to be paid for from PID assessments. The insurance policies must be occurrence-based, not claim-based, and the City of Grand Prairie must be named as additional insured on all policies.

The PID advisory board should consult its insurance advisor /agent on the appropriate levels of insurance. PIDs may obtain insurance through the Texas Municipal League (TML) at government rates or purchase it from a private carrier. PIDs will pay for insurance purchased from TML, and the cost of the insurance will be allocated based on PID area maintained or PID budget. PIDs will pay their own deductibles.

8. **Security:** If any PID hires additional security, the security service must provide proof of adequate insurance, or the PID may hire off-duty police officers. If any PID hires additional security, the Police Department will be notified prior to engaging the security service.

### **C. City and City Staff Responsibilities:**

1. **Collections:** The city will collect current and delinquent PID assessments. Current collection costs will be reimbursed from PID assessments. In the case of a PID dissolution, PID assessments will continue until any and all debt obligations of the PID are paid in full.

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<sup>2</sup> On October 16, 2007, the dollar threshold at which the City Manager may award contracts increased to \$50,000.

plan, assessment rate and roll, and contracts in excess of the dollar threshold at which the City Manager may award City contracts.<sup>3</sup>

#### V. CITY LIABILITY:

- A. The PIDs and PID advisory board, performing the tasks of the PID that are authorized or mandated by the City, are authorized by the City to perform those tasks, and to the extent possible, are afforded the appropriate rights and protections of other City volunteers if they act strictly in accordance with city policies and procedures. PID advisory board members must obtain the advice of experts and have projects approved by City staff before construction begins. City staff will determine whether additional approvals by the Development Committee and/or City Council are also required.
- B. A PID proposing to install any sign or structure in a median must have City Council approval **before any costs are incurred**, and the following agreement applies:

The PID will assume responsibility for third party liability for any and all claims or suits for damage to any persons or property, including that property purchased, installed, operated, and maintained by the PID, arising out of or in connection with, directly or indirectly, the construction, maintenance, occupancy, use, existence or location of said uses granted hereunder, whether or not caused, in whole or in part, by alleged negligence of officers, agents, servants employees, contractors, subcontractors, licensees, or invitees of the PID. The PID maintains rights, at the option of the PID, to repair, replace, or to remove, any property installed, operated, and maintained by the PID. The PID will assume responsibility for any and all claims or suits for personal injury, including death, to any and all persons, of whatsoever kind or character, arising out of or in connection with, directly or indirectly, the construction, maintenance, occupancy, use, existence or location of said uses granted hereunder, whether or not caused, in whole or in part, by alleged negligence of officers, agents, servants employees, contractors, subcontractors, licensees or invitees of the PID. The PID will assume responsibility for any and all injury or property damage arising out of or in connection with any and all acts or omissions of the PID, its officers, agents, servants, employees, contractors, subcontractors, licensees, invitees, or trespassers.

The PID agrees to obtain insurance satisfying insurance requirements specified herein by either a) providing to the City sufficient funds as required by the City through its PID Administrator to enable the City to arrange, purchase, and maintain insurance on behalf of the PIDs; or b) to furnish City with a Certificate of Insurance, naming City as certificate holder, as proof that it has secured and paid for any or all required insurance policies not obtained under provision "a)". The PID understands and agrees that the City's insurance amount requirements may be revised upward at City's option and that the PID shall so revise such amount requirements immediately following notice to the PID of such requirement. Such insurance policy shall be occurrence based and shall provide that it cannot be canceled or amended without at least ten (10) days prior written

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<sup>3</sup> On October 16, 2007, the dollar threshold at which the City Manager may award contracts increased to \$50,000.

Exhibit A

**22.2.1 Building Permit Fees:**

\$25.00	Fence Permit in a Residential Area
1%	Subdivision Screening Fence: Based on the Value of the Fence/Retaining Wall
1%	Commercial Fence: Based on the Value of the Fence (Minimum of \$50.00)
\$700.00	New Single Family or Two-Family (Duplex) Dwelling + \$50.00 for Plan Review
\$200.00	Each Living Unit for Multi-Family Dwelling
\$20.00	Each Residential Accessory Building/Structure up to and Including 100 Sq. Ft.
\$100.00	Each Residential Accessory Building/Structure Larger than 100 Sq. Ft. up to and Including 400 Sq. Ft. (Storage Building, Gazebo, Garage, etc.)
\$0.25	Per Square Foot for each Garage/Accessory Building Greater than 400 Sq. Ft.
\$20.00	Residential Driveway Approach
\$100.00	Commercial Driveway Approach
\$100.00	Each Swimming Pool
\$50.00	House Moving Permit
\$50.00	Structural, Electrical, Plumbing and Mechanical Re-Inspection
\$100.00	Irrigation System
\$50.00	Demolition Permit
\$100.00	Commercial Parking Lot (New/Repair)
\$50.00	Temporary Building Permit
\$60.00	Change of Occupancy (Average)
\$30.00	Clean and Show
\$25.00	Tank Permit (Install or Remove)
\$20.00	Boiler Permits (See Plumbing Permit)
\$20.00	Fireplace Permit
\$50.00	Fire Suppression Permits
\$30.00	Foundation Repair Permit
\$50.00	Roof Repair (Decking Only) Permit
\$20.00	Spa and Hot Tub Permit
\$20.00	Miscellaneous Work not Covered by a Building Permit (Minimum)

**22.2.2 Remodel, Additions, Rehabilitation:**

Per Square Foot for Residential Dwelling, Not to Exceed the Fee for New Construction	\$0.25
Per Square Foot for Commercial, Non-Dwelling, Structures	\$0.14

**22.2.3 Mobile Home Fees:**

Per Lot for Mobile Home (Initial Fee)	\$425.00
Per Mobile Home (Replacement)	\$50.00
Electrical, or Plumbing, or Mechanical Inspection Fee	\$40.00



22.2.8 Fees Related to Signs:

The following fees shall accompany and be required for Sign permits:

A. Initial Permit:

0 - 50 Sq. Ft.	\$50.00
> 50 Sq. Ft.	\$100.00+\$0.10/Sq. Ft.
Additional Fee if Lighted	\$40.00

B. Annual Renewal Fee

For Grandfathered Off-Premise Signs	\$105.00
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C. Balloon Signs

Balloon Signs	\$50.00
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D. Penalties

1. **All signs excluding portable signs:** Any person who violates any provision of this UDC shall be guilty of a misdemeanor and shall be punished by a fine not exceeding \$200.00 upon conviction.
2. **Portable Signs:** Any person who violates any provision of this UDC regarding portable signs, shall be guilty of a misdemeanor and shall be punished by a fine of not less than \$500.00 and not more than \$1,000.00 upon conviction and shall be prohibited from displaying a portable sign on the property for a period of one year from date of conviction. However, if a lessor is found to be in violation, not only will the fine apply, but the lessor shall be prohibited from operating within the City for one year from date of conviction.

## EXHIBIT A

# City of Dallas PID Policy

*Adopted December 14, 2005*  
*Amended June 25, 2008*  
*Amended October 28, 2009*  
*Amended October 23, 2013*



Office of Economic  
Development  
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## PID Policy - Background

Exhibit A

- ◆ On December 14, 2005, the City Council, pursuant to Resolution Number 05-3539, adopted the City of Dallas Public Improvement District (PID) Policy for the creation, renewal, administration and management of Public Improvement Districts within the City of Dallas.
- ◆ The City Council subsequently amended the policy pursuant to Resolution No. 08-1782 on June 25, 2008 and Resolution No. 09-2620 on October 28, 2009.
- ◆ On October 7, 2013, the Economic Development Committee reviewed an amendment to the PID policy and recommended the amended policy for City Council approval.
- ◆ On October 23, 2013, the City Council considered the amended PID policy.



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EXHIBIT "E"

## PID Policy – Overall Recommendations

- The amended PID policy will prohibit future PIDs that overlap the boundaries of another Dallas PID and make such other minor clarifications consistent with state law including the process for boundary changes.
- 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. *Procedures for renewal will follow those outlined in this policy for single-family PIDs.*
- The City of Dallas Office of Economic Development will allow the use of Public Improvement Districts for 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.
- The amended PID Policy will NOT support the creation of PID Districts in undeveloped subdivisions.



## PID Policy (continued)

- In new and renewing *commercial or mixed use district* PIDs, 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 is the owner and has the authority to sign.
  - PID petitions shall include this additional note: "With respect to community property, the City may accept the signature of a spouse as a representation of both spouses that they support the creation or renewal of the PID absent a separate property agreement. *However, if staff is made aware of any disagreement among owners of community property, those petitions will not be counted.*"
- In new or renewing Single-Family PIDs, the City will 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 will be due on April 1<sup>st</sup> annually for approval by October 1<sup>st</sup>. 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.



## PID Policy (continued)

- ◆ 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.
- ◆ 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.



## PID Policy (continued)

- ◆ 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).



## PID Policy (continued)

- 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 an opportunity for property owner questions, comments and input to be considered during the PID Budget and Service Plan approval process.



## PID Policy - Boundaries

- With the exception of Klyde Warren Park and the Tourism PID, and any future modifications to the boundaries of either PID, no future PIDs will be allowed to be created that overlap the boundaries of another Dallas PID.
- In general, the boundaries of existing PIDs can be modified during a renewal process (with updated map as part of the petition). However, a boundary change during the existing term of a PID may only be considered if a re-petition of the entire PID area (both current boundary and proposed modified areas) meets the minimum criteria for creation/renewal and the \$15,000 application fee as described earlier in this Policy.
- The boundaries of the Tourism PID include hotels over 100 rooms at the time of creation. Any hotels that drop below that level during the term will be removed from the assessment roll. New hotels may only be added during the next renewal or re-petition process.



## PID Policy (continued)

- ◆ Special Purpose PIDs may be requested by the City Manager's Office to address unique issues, subject to state law petition requirements.
- ◆ The maximum PID assessment in these districts may be above \$0.15 per \$100 valuation.
- ◆ These PIDs in Dallas will be allowed to fund any item provided by state law.
- ◆ These Districts may be used to address special facility maintenance and beautification issues.
- ◆ Administrative expenses in these districts shall not exceed **10%** of the total budget in any year.

