



AGENDA MEMORANDUM

Action Item for the City Council Meeting January 23, 2024

DATE: January 11, 2024
TO: Peter Zaroni, City Manager
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Resolution determining the costs of improvements to be financed within Improvement Area #1 of the Whitecap Public Improvement District No. 1 and approving a preliminary service and assessment plan (PSAP), including a proposed improvement area #1 assessment roll.

CAPTION:

Resolution determining the costs of improvements to be financed within Improvement Area #1 of the Whitecap Public Improvement District No. 1 and approving a preliminary service and assessment plan (PSAP), including a proposed improvement area #1 assessment roll.

SUMMARY:

This item will approve the Preliminary Service and Assessment Plan (PSAP) for the Whitecap Public Improvement District No. 1 (PID) which includes the costs of authorized improvements to be financed within the improvement area #1 and the improvement area assessment roll.

BACKGROUND AND FINDINGS:

In September 2021 Diamond Beach Holdings submitted an application for a Public Improvement District (PID) on North Padre Island for a master planned community that would come to be known as Whitecap. In February 2022 the City received a PID petition from Diamond Beach for the proposed PID that was followed by a revised petition received on April 8, 2022. A PID allows for an additional amount to be assessed on properties within the district which can be used to pay for the cost of public infrastructure or amenities that benefit the properties within the district. These costs can be reimbursed on a pay-as-you-go basis, or the City can issue bonds secured by the revenues generated by the assessments. On May 17, 2022 City Council held a public hearing and then approved a resolution authorizing the creation of Whitecap Public Improvement District No. 1.

Since the creation of the PID, the PID working group has been working together to negotiate and finalize the required PID documents which include the Service and Assessment Plan (SAP) and resulting levy of assessments along with a master development agreement. The working group includes:

- City Staff
- Norton, Rose Fulbright US LLP-City's bond counsel
- Specialized Public Finance, Inc-City's financial advisor
- FMSbonds, Inc-Bond underwriter
- P3 Works-City's PID consultant and administrator
- Ashlar Development-Developer
- Shupe Ventrua, PLLC-Developer's counsel
- Diamond Beach Holdings, LLC-Property owner

The Service and Assessment Plan (SAP) defines the authorized improvements within the PID that can receive funding from the assessed revenues generated within the PID and provides the total dollar amount of the reimbursement. The Preliminary Service and Assessment Plan (PSAP) is approved by resolution and includes the proposed assessment roll for the PID Improvement Area #1 within the PID. The City will then call a public hearing concerning the assessments for the Whitecap PID. At the completion of the public hearing, City Council will approve an ordinance accepting the proposed assessment roll, imposing the assessment and approving the final SAP.

Improvement Area #1 includes approximately 55.9 acres out of the total 242.0 acres development area and will have 199 lots developed with single-family houses. The authorized improvements include improvements to the Preserve park area, streets, drainage, water, wastewater, soft costs related to design, construction and installing these projects, bond issuance costs, and other costs including administrative costs. Total costs estimated to be incurred for the allowed infrastructure in Improvement Area #1 is \$45,112,621. Of that \$23,856,000 will be reimbursed through a future issuance of PID bonds, \$2,417,714 will be reimbursed in a future improvement area, and the remainder of \$18,838,907 will be funded by the developer.

This item will approve the Preliminary Service and Assessment Plan (PSAP) for the Whitecap Public Improvement District (PID) No. 1 which includes the costs of certain authorized improvements to be financed within Improvement Area #1 and the Improvement Area #1 assessment roll and calls a public hearing for February 13, 2024 to consider an ordinance levying assessments on the property located within the improvement area #1 of the Whitecap PID. In addition to the notice of public hearing, written notices will be sent to the owners of the property within the Whitecap PID.

ALTERNATIVES:

The City Council could not approve the Preliminary service and assessment plan or call a public hearing for February 13, 2024.

FISCAL IMPACT:

There is no immediate fiscal impact from this action. Bonds may be issued at a later date to reimburse for the improvement costs.

RECOMMENDATION:

Staff recommends that City Council approve the Preliminary Service and Assessment Plan and call a public hearing for February 13, 2024.

LIST OF SUPPORTING DOCUMENTS:

Resolution
Preliminary Service and Assessment Plan
Presentation