



MEMORANDUM

To: Margie C. Rose, City Manager *MR*

Through: Keith Selman, Assistant City Manager *KS*

From: William J. Green, P.E., Interim Director, Development Services *WJG*

Date: February 14, 2018

Subject: Rodd Field Village Public Improvement District (PID)

Issue/Problem: Are there any fees due under the terms of the Rodd Field Village Public Improvement District (PID), for easement closure case #18-0047?

Background/Findings: On January 30, 2018, at the First Reading of the Ordinance, City Council approved Agenda Item 17, an Ordinance providing for utility easement closure for property in the Rodd Field Village subdivision south of Yorktown Boulevard, between Malamute Drive and Bay Drive (7000 Block of Yorktown). Council asked that an answer to the above-stated issue be provided prior to Council action at Second Reading of the Ordinance.

Conclusion: Development Services received confirmation from Accounts Receivables section of the Finance and Administration Department that all assessment fees for the property have been paid.

For further reference on the Rodd Field Village PID, please see the attached Informal Staff Report dated April 14, 2017. Development Services will continue to monitor the question of assessment collection.

Attachment



INFORMAL STAFF REPORT

MEMORANDUM

To: *MR* Margie C. Rose, City Manager *MS.*
Through: Keith Selman, Assistant City Manager
From: Daniel McGinn, Assistant Director, Planning & ESI *DM*
Date: April 14, 2017
Subject: Rodd Field PID

Issue:

During the March 30, 2017 City Council Workshop, Council Member Garza requested that staff assemble background information regarding the Rodd Field PID as well as lessons learned.

Background:

The City annexed Rodd Field Village in 1989. The area, a former Naval base, was characterized by substandard infrastructure. In 1991, the City was unsuccessful in its attempts to broker an agreement for the property owners to fund the needed infrastructure improvements. Development and private investment in Rodd Field Village was hindered by the high costs of necessary off-site improvements and the lack of legal access to some properties as a result of unplatted land lacking dedicated easements.

With the support of over half the property owners, the City initiated the process of establishing a Public Improvement District (PID) in 2000. The City Council established the PID in 2003 (Ord. 025496) with a preliminary estimated cost of \$880,000 for improvements and land acquisition. The City agreed to pay \$89,700 of those costs for engineering services as well as absorb the costs of platting, and waived water and sewer lot/acreage fees. The costs associated with repair, replacement, and installation of roads, water lines, and sanitary sewer lines were covered by the property owners through an assessment based on the square footage of the properties within the PID.

In 2005, Council amended the Rodd Field PID boundary map to include an additional 3.46 acres at the request of the property owner (Ord. 026563) and established a ten-year repayment period for property owners in the district, in accordance with State law regulations in place at the time. To finance the improvement costs, the City used bond funding with repayment by the property owners with an interest rate of 0.5 percent above the bond interest rate.

There were 99 accounts in the PID that were billed a total original amount of \$692,237. Today, there are still 32 accounts that owe a repayment total of \$195,058. However, the ten-year repayment period extends to 2020 due to the timing of bond issuance. Currently, there are twelve delinquent accounts that owe a total of \$81,764 in unpaid principal and \$30,478 in interest.

Conclusion:

The Rodd Field PID case study provides useful general lessons regarding the process of annexation and PID establishment. However, this PID conforms to an earlier iteration of PIDs in the State of Texas. While the State adopted the original PID legislation in 1987, it was not until 2007 when the "1st 'modern' Texas PID revenue bond was issued by Trophy Club for the Highlands Development [\$27.5 million]," according to a presentation by Jim Sabonis of First Southwest Company.

There are several takeaways from the Rodd Field Village annexation and PID process to-date:

1. Establish and adopt a funding mechanism for financing infrastructure improvements as part of the annexation process. By the time the Rodd Field PID was gaining traction as a viable funding mechanism, some parcels had already changed hands two or three times and were not always properly recorded, making it difficult to identify and locate property owners within the PID boundaries.
2. Ensure there is a clear record of who can sign documents for each property.
3. Establish a very specific scope for improvements and communicate that scope and purpose of the scope clearly in all communications.
4. File all documentation at the Nueces County Courthouse and not just with the City Secretary's Office as not all title companies check the City Secretary's Office.
5. Use a more equitable method for assessments, such as the current provision in State legislation allowing an assessment based on appraised value.
6. Having a large number of property owners involved increases the complexity of establishing a PID.

Later this month, City staff will schedule a discussion with the City's Bond Counsel to discuss the "modern" PID revenue bonds and how they may or may not impact the City's own bond capacity as well as other potential pros and cons related to Public Improvement Districts as an infrastructure financing tool.