



AGENDA MEMORANDUM

Action Item for the City Council Meeting March 31, 2020

DATE: February 27, 2020

TO: Peter Zanoni, City Manager

FROM: Dan McGinn, AICP, Director of Planning and Environmental Services
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City of Corpus Christi Public Improvement District (PID) Policy

CAPTION:

Resolution adopting a Public Improvement District Policy offering an alternative development financing tool to developers and amending City Council Policies.

SUMMARY:

The intent of the Public Improvement District (PID) Policy is to provide specific, objective, and prescriptive guidance for staff and City Council to make decisions about property owners' petitions to create PIDs within the City of Corpus Christi and its extraterritorial jurisdiction (ETJ); and to provide guidance to the public and potential PID petitioners about the process for establishing a PID. Adopting a PID Policy will clarify the process and evaluation criteria that will be considered upon the City receiving a petition to establish a PID.

BACKGROUND AND FINDINGS:

Following a briefing to Council about PIDs and Municipal Utility Districts (MUDs) on May 14, 2019, Council direction was to prepare a PID policy. PIDs are a special district authorized and governed by Texas Local Government Code Chapter 372. PIDs are created by petition of a majority of property owners in the proposed district to finance enhanced amenities, services, and/or public improvements.

Purpose of the Proposed Policy:

The purpose of this PID Policy is to clearly outline the issues to be addressed and information needed as part of a petition for the establishment of a PID. Though a City is not required to have a PID Policy in order to use them, adoption of a PID Policy can indicate to developers that the City is willing to utilize this funding tool and what conditions will be viewed most favorably for approving a petition.

Description of the Proposed Policy:

This Policy includes identification of desirable projects, petition requirements, an application fee of \$15,000, project criteria, financing criteria, and PID administration guidelines.

Process of Developing the Proposed Policy:

In drafting this PID Policy, staff researched PID policies adopted by other Texas cities; and consulted the City's Bond Counsel, Norton Rose Fulbright US, LLP; FMSbonds, Inc., a prominent PID Bond Underwriting firm in Texas; and Brown & Ortiz, P.C., a San Antonio law firm specializing in land use planning and development issues.

Project Timeline:

- *May 14, 2019:* Staff briefing to Council and direction from Council direction to prepare a PID policy.
- *August 7, 2019:* A public hearing on the PID Policy was held during the Planning Commission meeting. At that time, Planning Commission encouraged additional public outreach on the PID Policy.
- *August 22, 2019:* Staff presented the policy to the Coastal Bend Home Builders Association during their organizational meeting.
- *Fall 2019:* Staff received suggested edits and comments from the public.
- *Winter 2019:* Staff worked with Bond Council and Brown& Ortiz, P.C. to review public comments and suggested edits and refine the PID Policy document.
- *February 14, 2020:* Staff presented the draft PID Policy at the Development Services Task Force meeting.
- *March 18, 2020:* Planning Commission presentation and recommending action.

ALTERNATIVES:

Since PIDs are authorized by Texas Local Government Code, the City is not required to adopt a policy in order to employ PIDs within the City and its ETJ. Staff explored the possibility of developing a PID application along with adoption of an application fee.

However, staff recommends adoption of the PID Policy because it provides additional clarity to the process that staff and Council will follow upon receiving a petition to establish a PID, the criteria that will be used by City Council to evaluate the desirability of establishing a PID once a petition is received, and also how the PID will be administered if Council approves the petition. Furthermore, the policy signals to property owners and developers that the City is interested in using PIDs.

Another alternative considered is offering a lower application fee to cash-flow PIDS that do not use debt financing and are located in areas the City would like to target for redevelopment. Lowering the application fee is not recommended for PIDs that will be issuing debt due to the amount of staff time and expert advisors needed to conduct the proper due diligence.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

RECOMMENDATION:

Staff and Planning Commission recommend adoption of the PID Policy

LIST OF SUPPORTING DOCUMENTS:

Resolution
PowerPoint Presentation