

September 24, 2021

Shawna Burkhart  
City Manager  
City of Bay City  
1901 Fifth Street  
Bay City, TX 77414

**RE: Professional Services Proposal**

Dear Ms. Burkhart,

David Pettit Economic Development, LLC (“DPED”) is pleased to provide this proposal for economic development professional services relating to an amendment to the existing Tax Increment Reinvestment Zone Number Two (TIRZ #2) in the City of Bay City, Texas (“City”).

### **The Project**

It is our understanding that the City of Bay City, Texas is interested in amending the existing TIRZ #2 for the purpose of facilitating development.

### **The Assignment**

Our work under this proposal would be to provide professional economic development services. DPED’s primary role will be to provide professional economic development services relating to amending the TIRZ.

### **The Team**

We propose working in a team organized as follows:

- You will be our point of contact and will provide overall direction to our team. You may also include other members of City staff with which we will meet regularly to review our progress and to get input and direction on our work.
- At this time we do not anticipate the need for any additional consultants to accomplish the work described in this proposal.

### **Statutory Requirements**

Chapter 311 of the Texas Tax Code outlines the various procedures for creating a TIRZ, amending a TIRZ and the authorized use of funds from the TIRZ. An amended TIRZ ordinance is approved by the governing body of the municipality and establishes four key elements, including:

- boundary;
- term;
- TIRZ Board; and
- amended preliminary project and financing plan.

An amended final project plan and financing plan is later approved by the TIRZ Board and then by the governing body of the municipality by separate ordinance.

Per Section 311.007 of the Tax Code the governing body of the municipality that designated a reinvestment zone by ordinance may extend the term of all or a portion of the zone after notice and hearing in the manner provided for the designation of the zone. Additionally, Section 311.011 states the board of directors of the zone at any time may adopt an amendment to the project plan consistent with the requirements and limitations of the chapter and the amendment takes effect on approval by the governing body of the municipality that created the zone.

## **Scope of Services**

This proposed scope of services is focused on accomplishing three main goals:

- Amendment to the TIRZ #2 Creation Ordinance
- Amendment to the TIRZ #2 Project and Financing Plan Ordinance
- Amendments to TIRZ #2 Participation Agreements
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Based on our conversations and our experience on previous projects, we propose the following scope of services for the TIRZ. Our proposed scope of services is divided into separate tasks, each providing a description of the work to be performed and the key products resulting from the task.

### **Task 1**

#### **Taxable Value Analysis**

DPED will update the Taxable Value Analysis to reflect revised development plans, taking into account current market conditions and demand trends. DPED will develop projections for future land uses, values, and timing of the proposed future developments. A multi-year historic taxable value review of similar developments will be conducted to establish baseline conservative assumptions for the development in the proposed zone. This task will be the basis for developing a spreadsheet model of TIRZ increments, given a reasonable range of development assumptions and taxable values. Key products of this task would include a spreadsheet model on a parcel-by-parcel basis with projections based upon the historical taxable value review of the development potential of the proposed TIRZ.

### **Task 2**

#### **Develop TIRZ Cash Flow Model**

Based on the anticipated land uses and projections, DPED would develop a cash flow model. This model will allow the City, consultants and others to underwrite the developments and test various scenarios for the financing plan. Key products of this task would include excel spreadsheets of TIRZ Cash Flow Model with macros established for growth and development assumptions.

### **Task 3**

#### **Prepare Amended TIRZ Project and Financing Plan Amendment**

DPED would then develop an amended Finance Plan, Project Plan, and Detailed Description of TIRZ, and other exhibits required for local government review and approval per the state legislative requirements. This work includes the written, graphic, and PowerPoint materials and exhibits, as well as support of the process. Backup materials such as spreadsheets and databases will also be products that support the plans. Key products would include an amended TIRZ Project and Financing Plan including legal description of the zone, proposed TIRZ projects, term of the zone, and increment analysis.

### **Task 4**

#### **TIRZ Documentation Support**

DPED will provide assistance with drafting necessary documents for amending TIRZ #2, including: 1) public hearing notices; 2) resolutions; 3) ordinances; and 4) participation agreements, if necessary. This can be a time-consuming process for City staff, however DPED's extensive experience in drafting these documents should help streamline the preparation of materials necessary for City Council consideration.

### **Task 5**

#### **Facilitate Review and Consideration of the Proposed Amendment**

DPED would facilitate meetings and presentations to the local governmental bodies and their respective boards and commissions. This will include supporting meetings, work sessions, briefings, commission meetings, and hearings. Key products of this task would include attendance and support of City staff at all required meetings in the review and approval process.

**Task 6**

**TIRZ Documentation Support**

DPED will provide assistance with drafting necessary documents for amending the TIRZ including: 1) public hearing notices; 2) resolutions; and 3) ordinances. This can be a time consuming process for City staff, however DPED’s extensive experience in drafting these documents should help streamline the preparation of materials necessary for City Council consideration. This task would also include assistance in creating and appointing the appropriate TIRZ board per the TIRZ creation ordinance.

**Fee for Services**

Our fee for services relating to the scope of services would be a lump sum fee of \$23,500.

Fees would be charged on a monthly basis, subject to on-going progress on the work effort. Reimbursable expenses not to exceed \$1,500 would be charged to include out-of-pocket expenses incurred in the interest of the project at actual costs.

**Changes of Scope and Additional Services**

Minor additions to our scope will be treated as Additional Services. Work on Additional Services will not begin until authorized in writing by the Client.

**Additional Services and Rates for Hourly Services**

Additional Services shall be billed on an hourly not to exceed basis unless a fixed fee or other method of compensation is mutually agreed upon. Our current hourly rates are:

<u>Classification</u>	<u>Hourly Billing Rate</u>
David Pettit	\$325.00
Project Manager	\$250.00
Project Specialist	\$120.00
Planning Intern	\$100.00
Administrative	\$80.00

These rates apply for the current calendar year and are subject to revision on January 1, when they may be revised to reflect changes in staff salaries over the preceding year.

**Term of Agreement**

It is anticipated that the services covered in the proposal will be completed within twelve (12) months of the date services begin. This Agreement will terminate upon the earlier of completion of services or twelve (12) months from the date of this Agreement. Additionally, Client may terminate this Agreement for any reason upon thirty (30) days written notice to DPED and DPED will cease any and all work upon receipt of such notice, unless otherwise directed in the notice. In the event of a termination as described above, Client shall be responsible for the payment of the fees and expenses incurred by DPED pursuant to this agreement through the date of such termination.

**Reimbursables**

We propose to be reimbursed for out-of-pocket expenses incurred in the interest of the project at DPED actual cost. Reimbursable expenses include: our direct consultants and their expenses (to be reimbursed, all consultants and their bids must be approved in writing, in advance by the client); reproduction; long distance communication; document printing and delivery; document graphics and binding; delivery, postage and handling; travel time; special materials; photography; etc. (Reasonable backup will be available upon request.)

**Invoices and Payments**

Payment for services rendered is due within thirty (30) days of Client’s next monthly billing cycle following receipt of invoice. In the event any invoices remain unpaid 45 days after the invoice date, we suspend work until we have been paid in full all amounts due for services and expenses. Amounts unpaid for more than 30 days after

the due date may accrue interest at 10% per annum. In the event we are forced to commence a collection proceeding, you agree to pay reasonable attorney's fees and court costs, in addition to our fees billed under this proposal.

### **Suspension and Termination**

If the project is suspended or abandoned, DPED will be compensated for all services billed prior to receipt of written notice by the Client. Services that are not billed or completed between billing periods and receipt of written notice will be reimbursed at DPED's standard hourly rates.

If the scope or schedule of the project should change beyond that to be reasonably expected due to the program changes, schedule or other reason, at their option, DPED may re-negotiate the aforementioned fees and scope of work. Any renegotiation of scope or fee will be in writing and subject to the signing of both parties.

### **Certifications**

Guarantees and Warranties: We will not be required to execute any document that would result in our certifying, guaranteeing or warranting the existence of conditions whose existence we cannot ascertain.

### **Authorization to Proceed**

Thank you again for this opportunity to work with you. Your signature below and the return of one copy to us for our file will confirm your approval and authorize us to proceed.

### **Insurance**

DPED will provide proof of professional liability insurance (including errors and omissions) with minimum limits of \$1,000,000 per occurrence and \$2,000,000 in the aggregate and excess/umbrella liability of \$1,000,000 per occurrence and \$2,000,000 in the aggregate to client. Additionally, DPED shall carry the following insurance coverages:

(a) Worker's compensation insurance at the statutory limits and employer's liability insurance, with minimum limits of \$1,000,000.00/\$1,000,000.00/\$1,000,000.00; and

(b) Comprehensive general liability insurance, with minimum limits of \$2,000,000.00 each occurrence and \$4,000,000.00 in aggregate; and

(c) Comprehensive automobile liability insurance, with minimum limits of \$1,000,000.00 combined single limit each occurrence; and

DPED has previously provided, or concurrently with the execution of this agreement is providing, to Client a certificate of insurance issued to Client evidencing the foregoing insurance coverages and evidencing that Client and Client's lender, if any, are additional insured parties with respect to the insurance policies referred to in the foregoing subparagraphs (b) and (c).

### **Notices**

Any notice required or permitted to be given to either party shall be deemed to be received by such party (a) three (3) days after deposit in the United States Registered or Certified Mail, Return Receipt Requested, or (b) one (1) business day after deposit with a nationally recognized overnight delivery service for next day delivery, or (c) upon personal delivery to the party to whom addressed provided that a receipt of such delivery is obtained, or (d) on the next business day after transmission by telecopy provided that a confirmation copy is concurrently deposited in United States Certified or Registered Mail, Return Receipt Requested, in any case addressed to the parties at the following addresses:

If to Client:

City of Bay City  
1901 Fifth Street  
Bay City, TX 77414

Attention: Scotty Crow Jones C.P.M., Finance Director  
Email: [sjones@cityofbaycity.org](mailto:sjones@cityofbaycity.org)

If to DPED:

David Pettit Economic Development, LLC.  
306 West Seventh Street, Suite 602  
Ft. Worth, TX 76102  
Attention: David Pettit  
Email: [dpettit@dpedllc.com](mailto:dpettit@dpedllc.com)

or to the parties at such other addresses or telecopy numbers as they may designate by notice to the other party as herein provided.

**SUMMARY**

I hope this accurately outlines the professional services you anticipated. If you have any questions or concerns please do not hesitate to contact me at 817.439.9421.

Thank you for considering David Pettit Economic Development, LLC.

Sincerely,



David Pettit  
Managing Member

If this agreement meets with your approval, please sign and return one executed copy to our office as notice to proceed.

**AGREED TO AND ACCEPTED BY:**

City of Bay City, Texas

By: \_\_\_\_\_  
Robert K. Nelson, Mayor

Date: \_\_\_\_\_