



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Consideration and possible action approving a resolution adopting a City of Fair Oaks Ranch Public Improvement District policy

DATE: December 19, 2024

DEPARTMENT: Administration

PRESENTED BY: Scott M. Huizenga, ICMA-CM, City Manager
T. Daniel Santee, City Attorney

INTRODUCTION/BACKGROUND:

The City is likely to experience increased development in the next several years. Recently, the City Council approved a master development plan from Athena Domain, LLC (the Corley Tract); and additional development plan applications for various locations in the City or ETJ are expected in the coming months.

Proposed developments sometimes require special financing tools for public infrastructure within defined geographic areas. One financing option for qualified public improvements is the creation of Public Improvement Districts (PIDs).

City-approved PIDs often come with favorable financing terms relative to traditional financing options. PIDs provide funding for improvements that meet the needs of the community that would not otherwise be constructed or provided because of fiscal constraints. Cities can also leverage PIDs to incentivize the types of development conditions that they desire, such as low density or build type, that may not otherwise be available through traditional development financing.

Chapter 372 of the Texas Local Government Code authorizes the creation of PIDs by cities either within the city limits or within the ETJ. Here is a brief overview of how PIDs are developed and maintained:

- PID creation can only be requested by the property owners via petition and approval of more than 50% of owners of taxable real property liable for assessment under the proposed PID geographic boundary.
- A Special Assessment is a source of funding for a PID. Costs for the development improvements are apportioned and paid by property owners in addition to ad valorem taxes.
- PIDs are authorized for a specific period of time within the proposed PID geographic boundary.
- City Council responsibilities include but are not limited to: approve PID creation resolution, conduct public hearings on levying the PID assessments, approve the PID service and assessment plan, approve the PID budget, approve PID reauthorizations (if needed), and approve any PID expansions.

Because of the City Council's responsibilities and requirements under Chapter 372, it is advised that the City adopt a PID policy that clarifies what local issues need to be addressed before the City Council will support the establishment of a PID.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Meets Strategic Action Plan Pillar of Responsible Growth Management.
- Complies with Local Government Code Section 372

LONGTERM FINANCIAL & BUDGETARY IMPACT:

None

LEGAL ANALYSIS:

Approved as to form by the City Attorney.

RECOMMENDATION/PROPOSED MOTION:

I move to approve a resolution adopting a Public Improvement District policy.