

August 27, 2024

Jason King
City Manager
City of Stephenville, Texas
298 W Washington St
Stephenville, TX 76401

RE: Professional Services Proposal

Dear Mr. King,

David Pettit Economic Development, LLC (“DPED”) is pleased to provide this proposal for economic development professional services relating to the creation of a new Tax Increment Reinvestment Zone (“TIRZ”) in the City of Stephenville, Texas (“City”).

The Project

It is our understanding that the City of Stephenville, Texas is interested in creating a new TIRZ 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 creating a 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. The designation TIRZ ordinance is approved by the governing body of the municipality and establishes four key elements, including:

- Boundary;
- Term;
- TIRZ Board; and
- Preliminary project and financing plan.

Before adopting an ordinance designating the reinvestment zone, the governing body of the municipality must hold a public hearing on the creation of the zone and publish notice of the hearing not later than the seventh day before the public hearing. A final project and financing plan is subsequently approved by the TIRZ Board and then by the governing body of the municipality.

Scope of Services

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

District Review

Our first step would be to collect and analyze available information in the proposed TIRZ. This includes available development data; existing planning documents such as the comprehensive plan, land use plan, thoroughfare plan; physical information such as existing zoning and land use, existing and planned infrastructure, and topography; and property data such as ownership and tax values.

Task 2

Data Collection and Analysis

Based upon parcel data provided by the City, DPED would provide a geographic information system (GIS) database of existing values for land and improvements, ownership data, and current land use information. The database and maps will provide the baseline data for the analysis. Key products of this task would include a TIRZ database and accompanying maps in digital and hard copy formats.

Task 3

Taxable Value Analysis

A multi-year historic taxable value review of similar developments would be conducted to establish conservative assumptions of future taxable value for each parcel in the proposed zone. We would also develop projections for future land uses, and timing of proposed developments. This task will be the basis for developing a spreadsheet model of potential 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, development projections and reasonable timing expectations.

Task 4

Develop TIRZ Cash Flow Model

Based on the anticipated land uses and projections, DPED would develop a draft financing cash flow model (and supporting spreadsheets) for a 15, 20, and 30-year time period. This model will allow the City, consultants and others to underwrite the proposed developments and test various scenarios for the eventual financing plan. Key products of this task would include excel spreadsheets of TIRZ Cash Flow Models with macros established for growth and development assumptions.

Task 5

Prepare TIRZ Project and Financing Plan

DPED would then develop the Finance Plan, Project Plans, 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 a preliminary TIRZ Project and Financing Plan comprised of a legal description of the zone, proposed TIRZ projects, estimated project costs, term of the zone and a tax increment analysis.

Task 6

TIRZ Documentation Support

DPED will provide assistance with drafting necessary documents for creating 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 \$37,500 for the creation of a TIRZ.

Fees would be charged monthly, 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 Stephenville, Texas
298 W Washington St
Stephenville, TX 76401
Attention: Jason King, City Manager
Email: jking@stephenvilletx.gov or nick@ceterpointcp.com

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

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 Stephenville, Texas

By: _____

Date: _____