

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: April 1, 2024

Topic:

Approve Resolution Number 2024-07, a Resolution of the City Council of the City of Tomball, Texas authorizing and creating the Graylou Grove Public Improvement District in the City of Tomball, Harris County, Texas, in accordance with Chapter 372 of the Texas Local Government Code; Providing for Related Matters and Providing an Effective Date.

Background:

FLS Development, LLC has requested consideration of a public improvement district to develop approximately 44 acres at the intersection of Hufsmith Kohrville Road and Medical Complex Drive as a residential development called Graylou Grove. On December 18, 2023, City Council approved Resolution Number 2023-56, calling for the required public hearing to be conducted on January 15, 2024, but due to inclement weather the public hearing was rescheduled, with notice provided, and held on January 22, 2024, to consider the advisability of the proposed PID.

Staff worked with the developer, PID consultant, financial advisors, and Bond Counsel to draft the proposed development agreement that outlines the requirements of the development if creation of the District is granted. Resolution 2024-07 authorizing and creating the Graylou Grove Public Improvement District is being presented for approval following approval of Resolution 2024-08 approving a Development Agreement between the City of Tomball and FLS Development, LLC.

The submitted PID application and proposed development agreement include policy exceptions from the City's adopted PID policy (adopted September 19, 2022), including:

1. The total acreage included in the proposed PID is 43.149 acres. The City's adopted PID policy requires a minimum of 50 acres for a debt PID.
2. The developer has proposed a 30-year PID with a maximum assessment of \$0.95 per \$100 assessed value. the City's adopted PID policy sets the maximum assessment for a 30-year PID at \$0.48 per \$100 of assessed value.
3. The developer will not be constructing Medical Complex Drive through the extent of their proposed development. Per the City's adopted PID policy, a developer requesting a PID must adhere to the City's adopted master plans and development ordinances. The proposed development does not meet the minimum requirements of Section II-E of the adopted PID policy and violates Ordinance Section 38-125. Staff did work with the EDC regarding a grant for the development to construct the commercial portion of Medical Complex Drive as match with the developer construct matching linear footage in the back of the development to further extend Medical Complex.
 - a. Section 2-E requires that PIDs increase or enhance the City's transportation and roadway plans. The Medical Complex Drive extension to Mahaffey is shown on our Major Thoroughfare Plan and the proposed development does not include plans to construct the proposed boulevard through their development.
 - b. Ordinance Section 38-125 required development to "*construct street or drainage facilities in such a manner that they will benefit other property owners, may at their own*

cost and expense construct such street and drainage facilities in accordance with the master plan of the City and in accordance with such conditions as may be prescribed by the ordinances of the City or the City Council". As proposed the development does not construct the extension of Medical Complex Drive. in accordance with the Major Thoroughfare Plan.

- c. The developer does not want to construct additional footage of Medical Complex and requesting to not work with the EDC for the match grant.
- 4. Value to lien (LTV) ratio of 3:1 at the time of levy of assessment and total assessment value to lien (LTV) ratio of each series of PID bonds be at least 3:1.
 - a. The developer is requesting to levy at less than a 3:1 LTV but issue the bonds at the 3:1 LTV which would result in the bond proceeds being held over.
- 5. The developer is requesting to remove the existing requirement for public improvements to be completed before the issuance of bonds.

Resolution Number 2024-07 authorizes and creates Public Improvement District Number 15 – Graylou Grove with respect to the development of the property specified in the Public Improvement District Application, dated November 15, 2023, following approval of the proposed Development Agreement.

Origination: Project Management

Recommendation:

Staff recommends denial of Resolution Number 2024-07, authorizing and creating Graylou Grove Public Improvement District Number 15, due to non-adherence of the minimum requirements of the City’s adopted PID policy.

Party(ies) responsible for placing this item on agenda: Meagan Mageo, Project Manager

FUNDING (IF APPLICABLE)

Are funds specifically designated in the current budget for the full amount required for this purpose?

Yes: _____ No: _____ If yes, specify Account Number: # _____
If no, funds will be transferred from account # _____ To account # _____

Signed Meagan Mageo Approved by _____
Staff Member Date City Manager Date