

# City Council Meeting

## Agenda Item

### Data Sheet

**Meeting Date:** September 19, 2022

#### **Topic:**

Adopt, on First Reading, Ordinance Number 2022-28, an Ordinance of the City Council of Tomball, Texas, Levying the Assessment against properties within the City of Tomball Public Improvement District Thirteen (PID 13), Pine Trails Subdivision.

#### **Background:**

Public infrastructure improvements are complete for Pine Trails of Tomball Subdivision within Public Improvement District Number Thirteen created by the City in 2021. Per Chapter 372 of the Local Government Code, a service and assessment plan and an assessment roll must be approved by City Council that will levy the assessment on each of the lots. The Plan shows the estimated total costs for public improvements in the PID and the assessments to be levied against residential property in the PID. Each property (lot) will pay a pro-rata portion of the public improvement costs. The Plan also specifies how the assessments are to be collected.

The assessments prescribed in the Plan are by lot. The total, one-time assessment per lot is specified in the plan as well as the annual installment (financed assessment rate at 4.5% annual interest) as follows:

| <b>Total<br/>Assessment</b> | <b>Annual<br/>Assessment<br/>Installment</b> | <b>Financed<br/>Assessment<br/>Term</b> | <b>Annual<br/>Administrative<br/>Cost*</b> | <b>Total<br/>Annual<br/>Payment</b> |
|-----------------------------|----------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------|
| \$ 33,378.51                | \$3,108.00                                   | 15 years                                | \$ 155.40                                  | \$ 3,263.40                         |

(\$60 of the annual administration cost is for City of Tomball administration as shown in the Service and Assessment Plan.

The annual payment, principal, and interest are demonstrated on the attached example amortization schedule which will be kept for each property covered by the assessment. The principal amount of the assessment is payable at any time by each homeowner which would terminate the assessment.

The assessments are formulated to reimburse the developer for the public infrastructure costs of the development plus interest while staying around the equivalent of a \$0.75 tax rate. For illustration, the attached amortization schedule details the amortization for each lot. It is estimated that the average price of the homes to be constructed will be \$420,000. The annual assessment payment \$3,108.00 is the equivalent of a \$0.74 tax rate on a \$420,000 home.

Proper disclosure notices detailing the assessment will be presented to potential homebuyers by the homebuilders, and for acknowledgement at closing in the same manner as disclosure notices used in MUDs and other special districts with an ad valorem tax rate.

#### **Future Actions**

The District Administrator will work with City staff on the collection of the assessments. The PID assessments will be collected on an annual basis in the same manner as property taxes and transferred to a City-established PID revenue fund. A reimbursement report will be performed by an independent CPA

firm prior to reimbursement to the developer. The revenues will be disbursed to the developer once a year after administrative costs have been deducted.

Amortization Schedule

PID TERMS AND AMORTIZATION

|                         |             |
|-------------------------|-------------|
| Duration (in years)     | 15          |
| Interest Rate           | 4.50%       |
| Annual Payment Amount   | \$3,108.00  |
| Total Lifetime Payments | \$46,620.00 |
| Total Principal         | \$33,378.51 |
| Total Interest          | \$13,241.49 |

| Payment | Principal  | Interest   | Payment    | Payments collected | Principal Balance  |
|---------|------------|------------|------------|--------------------|--------------------|
|         |            |            |            |                    | <u>\$33,378.51</u> |
| 1       | \$1,605.97 | \$1,502.03 | \$3,108.00 |                    | \$31,772.54        |
| 2       | \$1,678.24 | \$1,429.76 | \$3,108.00 |                    | \$30,094.31        |
| 3       | \$1,753.76 | \$1,354.24 | \$3,108.00 |                    | \$28,340.55        |
| 4       | \$1,832.68 | \$1,275.32 | \$3,108.00 |                    | \$26,507.88        |
| 5       | \$1,915.15 | \$1,192.85 | \$3,108.00 |                    | \$24,592.73        |
| 6       | \$2,001.33 | \$1,106.67 | \$3,108.00 |                    | \$22,591.40        |
| 7       | \$2,091.39 | \$1,016.61 | \$3,108.00 |                    | \$20,500.02        |
| 8       | \$2,185.50 | \$922.50   | \$3,108.00 |                    | \$18,314.52        |
| 9       | \$2,283.85 | \$824.15   | \$3,108.00 |                    | \$16,030.67        |
| 10      | \$2,386.62 | \$721.38   | \$3,108.00 |                    | \$13,644.05        |
| 11      | \$2,494.02 | \$613.98   | \$3,108.00 |                    | \$11,150.03        |
| 12      | \$2,606.25 | \$501.75   | \$3,108.00 |                    | \$8,543.78         |
| 13      | \$2,723.53 | \$384.47   | \$3,108.00 |                    | \$5,820.25         |

|       |    |             |             |             |            |
|-------|----|-------------|-------------|-------------|------------|
|       | 14 | \$2,846.09  | \$261.91    | \$3,108.00  | \$2,974.16 |
|       | 15 | \$2,974.16  | \$133.84    | \$3,108.00  | \$0.00     |
| TOTAL |    | \$33,378.51 | \$13,241.49 | \$46,620.00 |            |

**Origination:** Project Management

**Recommendation:**

Adopt Ordinance Number 2022-28, an Ordinance Levying and Assessment against properties within the City of Tomball Public Improvement District Number Thirteen (PID 13), Pine Trails Subdivision, on First Reading.

**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 \_\_\_\_\_