



PUBLIC IMPROVEMENT DISTRICT POLICIES AND GUIDELINES

POLICIES

OVERVIEW

Public Improvement Districts (“PIDs”) provide a development tool that allocates costs according to the benefits received. In times of declining city revenues, a PID can provide a means to fund supplemental services and improvements to meet community needs which could not otherwise be constructed or provided and be paid by those who most benefit from them.

The purpose of the PID policy is to outline the issues to be addressed before the City Council can support the establishment and continuation of a public improvement district. The policy outlines such things as petition requirements, information to property owners, and determination of annual plan of services, budget and assessments. It addresses City’s administration issues, which are in addition to the requirements of state law.

I. GENERAL

1. Public Improvement Districts (“PIDs”) must be self-sufficient and not adversely impact the ordinary service delivery of the City, except where City Council elects to participate in the project’s costs.
2. PIDs must be established carefully and only when related to a public purpose to avoid a proliferation of special districts.
3. PID petition signatures should reflect the broadest possible support.
4. Priority will be given to PIDs for:
 - (a) Improvements in the public right-of-way (e.g., entryways, landscaping, fountains, specialty lighting, streets and sidewalks);
 - (b) Improvements which meet community needs (e.g., drainage improvements, parks and off-street parking facilities); and
 - (c) Improvements related to operations and maintenance expense (e.g., sidewalk and street cleaning).



5. Secondary consideration will be given for other "supplemental services". Very careful consideration must be given before City Council will support a PID for improvements, which require bond financing.

Use of assessments for partial recovery of a developer's capital costs will be allowed only in special cases where extraordinary public benefit is shown. Only those capital costs associated with continuing district services will be considered for partial recovery.

6. A PID's budget shall include sufficient funds to pay for all costs above and beyond the City's ordinary costs, including additional administrative and/or operational costs as well as additional maintenance costs resulting from the PID.
7. A PID's Petition and Plan of Services should contain procedures for the eventual termination of the PID without imposing unintended costs on the City. If the PID includes improvements in the right-of-way, the PID budget should include funds, which could be used at termination to remove or modify the improvements.
8. The petition should include the notation that it is the City's right to maintain the project and assess the property owners of their appropriate share of the costs if the management firm's work is unsatisfactory.

II. SPECIFIC POLICIES

1. Before a PID can be established, the City Council must make a determination that a public purpose will be served.
2. If funding is available, the City may participate in the "additional" costs of a PID to the extent that the project would provide general city benefits, which exceed the local benefit, and the project could not be done without public participation.
3. A determination to use city funds to share in the costs of a PID will be treated the same as any other spending decision and must be justified annually on its merits when evaluated with alternative uses for such funds during the normal budgeting process of the city.
4. All city-owned land and improvements within a PID that are being used or are dedicated for use to provide a public service and will not benefit from the PID improvements and services (e.g., streets and parks) will not be assessed. All other city-owned property that will benefit from the PID will be assessed on an equitable basis comparable to property similarly benefited.
5. It is strongly recommended that property owned by governmental bodies other than the City be assessed on a basis similar to that applied to the City of Fort Worth; and, except in the case of hardship, other tax-exempt property should be assessed in proportion to benefits received in the same manner as non tax-exempt property.
6. Anyone selling land in a public improvement district must include a "title encumbrance" which notifies any prospective property owner of the existence or proposal of special assessments on the property. All closing statements must specify who is responsible for payment of the PID assessment on a pro rata share thereof.

**III. PETITION REQUIREMENTS**

For a district to be established, a petition shall include the following:

1. Assurance of long-term backing and support.
2. Sunset clause or procedures outlined for public review and periodic evaluation of the success of the PID and a determination of property owners whether to continue with the district or dissolve it.
3. Evidence that the petition's signatures meet the state law requirements. If signature verification is necessary, a reasonable fee to cover the City's cost will accompany the petition.
4. Details of how the district will fully fund city costs over and above those provided to the city in general, such as use of City personnel, data services, appraisal, notifications and collection fees. The City will have the option to use in-house personnel or to contract with outside agencies to provide the same services if it is more cost-effective.
5. Contingency plan to address the maintenance or removal of PID improvements if a PID is dissolved.
6. Map of the area, description of the boundaries of the district for the legal notices and a "commonly known" description of the area to be included in the district.
7. A section, which clearly identifies the benefit of the PID to the affected property owners (for use in benefit hearings) and to the city as a whole (i.e., public purpose).
8. Description of all city-owned land within the district as well as its proposed share of project costs.
9. Types of activities the District organization will undertake and who will determine those activities.
10. A Budget, including District's revenue in addition to the assessments, and how all funds will be managed.
11. Staffing needs.
12. Documentation of adequate liability insurance.
13. Specified procedure for eventual termination of the district.
14. Specified assurances to the City that the construction of improvements in the public right-of-way in no way obligates the City to future maintenance or operational costs.
15. Statement that the petitioners understand that the annual budget for the district is subject to review by city staff with final approval by the City Council.



In addition, the following issues must be addressed before the City Council will take action on a petition:

1. An "application fee" will be paid by the applicant to reimburse the city for the cost of evaluating the petition. Any unexpended portion of the fee shall be reimbursed to the PID or applicant when the evaluation is complete.
2. A petition will be viewed more favorably if it has attached a current tax roll with the signatures of the owners registering support of the petition next to the account for the owner's property on the tax rolls.
3. All costs must be identified before a decision is reached on a request to establish a PID. Costs to be identified include costs related to establishing the district; costs for maintenance, operations and administration; and costs for later revision, repair or replacement of any improvements.
4. A professional management plan must be submitted for review and approval before the petition is submitted (e.g., who will address issues as they arise and how they will be addressed).
5. For a residential PID, the City Council will look more favorably on a petition where the developer of a new subdivision has put in place, as a backup, a homeowners organization, which mirrors the PID and may be implemented if the PID is dissolved.
6. Any management firm for the PID shall be required to annually hold a hearing for property owners in the PID to consider and approve the Budget and Plan of Services before it is submitted to the City Council for action.

GUIDELINES

OVERVIEW

These guidelines are written to assist in the operations and management of a Public Improvement District (“PID”), and are not intended to be an all-inclusive list. Of primary consideration, are the statutes outlined in Chapter 372 of the Texas Local Government Code, (www.capitol.state.tx.us/statutes/lg.toc.htm) and the City of Fort Worth Public Improvement District Policy, as amended on March 23, 1999, attached at the end of this report.

I. ESTABLISHMENT

A Public Improvement District (PID) is a defined area of properties, whose owners have petitioned the City to form a PID. City Council establishes a PID by adoption of a resolution after a public hearing. The public hearing is publicized and written notification of the hearing is mailed to all property owners in the proposed PID. By petition, the owners pledge to pay an assessment in order to receive enhanced services and/or improvements within the District. The PID must demonstrate that it confers a benefit, not only to the properties within the District, but also to the “public” which includes the entire City.

II. GOVERNANCE

The establishment of an Advisory Board should be addressed in the petition. Statutes allow the City Council to appoint the Advisory Board, but petitioners may request that an existing organization, with direct ties to the PID, serve as the Advisory Board. Such organizations may be Homeowners Associations, Business Associations, Historical Associations, etc.

1. The Advisory Board (or designee) annually develops a Budget and Five Year Service Plan and submits them to City Council for approval after a public hearing.
 - a. The Advisory Board convenes meetings with Board members and/or the property owners to seek input regarding the needs of the District.
 - b. The Advisory Board communicates to all property owners within the District, regarding events, activities, or other news in the District.
2. The City contracts with a Management Company to oversee the work performed in the District and assist the Advisory Board.
3. The Management Company either performs the work or subcontracts the work to be performed in the District.
 - a. Coordinates between the City and the Advisory Board to effectively accomplish the work in the District according to the adopted Service Plan and within State law.
 - b. Attends all PID Advisory Board meetings and other PID committee meetings, as necessary.

III. ASSESSMENTS

1. By ordinance, the City annually levies the assessments on the properties in the District in accordance with the petition.
2. The City has contracted with Tarrant County Tax Office for billing and collecting the PID assessments.
3. The PID assessment is billed on the property owner's annual ad valorem tax statement.
4. The City provides the PID funding, based on invoices submitted by the Management Company.

IV. SERVICE PLAN

State law specifically outlines the improvements that may be adopted in the Five Year Service Plan and provided for in the District's annual Budget.

1. If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.

A public improvement project may include:

- Landscaping;
- Erection of fountains, distinctive lighting, and signs;
- Acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way;
- Construction or improvement of pedestrian malls;
- Acquisition and installation of pieces of art;
- Acquisition, construction, or improvement of libraries;
- Acquisition, construction, or improvement of off-street parking facilities;
- Acquisition, construction, improvement, or rerouting of mass transportation facilities;
- Acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- The establishment or improvement of parks;
- Projects similar to those listed above;
- Acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- Special supplemental services for improvement and promotion of the District, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement; and
- Payment of expenses incurred in the establishment, administration, and operation of the District.

V. EXPENDITURE REIMBURSEMENTS

1. The PID Advisory Board shall review expenditures presented at the monthly Board meetings, and give direction to the Management Company to make discretionary payments within the Statutes listed above.
2. All PID Advisory Board members present at the Board meeting should sign off on expenditures presented by the Management Company as acknowledgement of Management Company activities and payments.
3. The Management Company will periodically, but not more frequently than monthly, present to the City an invoice with the following information:
 - a. Report of services rendered and documents evidencing payments made for District services for the reporting period;
 - b. The City shall reimburse the Management Company within fifteen (15) business days for District services within the limit of assessments actually collected.
4. Regardless of the Advisory Board's approval, authorization, or direction to pay for certain expenditures, the Management Company must follow State Statutes regarding authorized expenditures within a PID.
5. Expenditures must fall in the general category as outlined in the Texas Local Government Code governing Public Improvement Districts, as stated in Section IV above.
6. The Management Company shall make a periodic work report, no less than quarterly, detailing the Management Company's significant work activities.

VI. DISPUTE RESOLUTION

1. Any disputes between the Management Company and the PID Advisory Board may be directed to the City of Fort Worth PID Compliance Specialist.
2. Either party may appeal the decision of the City's PID Compliance Specialist to the Director of the Department in which the Specialist is assigned.
3. Decisions made by the Director may be appealed to the City Manager.