

July 21, 2014

MEMO

TO: Bruce D. Glasscock, City Manager

FROM: Frank F. Turner, Deputy City Manager

SUBJECT: Downtown Plano Public Improvement District

Over the last year, staff has had discussions with City Council and with property owners about the creation of a public improvement district (PID) for the Downtown Plano area. We are now ready to distribute petitions for property owner signatures and, if the petition process is successful, schedule the public hearings required by state law to create the PID. Chapter 372, Texas Local Government Code provides authority for cities and counties to establish public improvement districts to collect a special assessment within a defined geographic area for the purposes of making certain public improvements and providing supplemental services to benefit the area. Examples of improvements and programs that could be funded through a PID include landscaping, public art, streets and sidewalks, recreation and cultural facilities, sanitation services, common area maintenance, public safety and security, advertising and marketing, special events and promotions. Public improvement districts have been created throughout the state, most often in support of downtown improvements and programs. Districts have been established and effectively used in downtown Dallas, Fort Worth and many north Texas cities.

City of Plano PID Policies

Although state law provides a detailed set of requirements and procedures for establishing PIDs, earlier this year City Council concurred with ten policies (copy attached) to guide the establishment and administration of these districts. For example, establishment of a PID is initiated by a petition of the property owners within the proposed district. The statute requires the signatures of owners who represent more than 50% of the proposed district's assessed taxable value, as well as more than 50% of the property owners OR owners representing more than 50% of the land area, to sign the petition. The city's policies would require 60% representation, however. The policies also call for termination of the PID after 5 years unless it is extended or reinstated through another petition process. While not required by state law, the policy calls for City Council to appoint an advisory board with membership represents owners of properties that comprise at least 60% of the property values; and representatives of 60% or all owners or 60% of the land area. The advisory board will annually review the proposed service plan of projects and improvements to be undertaken by the PID, and make

recommendations to City Council. Services provided by the PID would supplement but not replace services that the city already provides.

Specific Recommendations

The proposed special assessment for each property would be \$0.15 per \$100 of assessed value. The annual PID assessment on a property valued at \$300,000, for example, would be \$450. After reviewing the financial impact of the proposed assessment on each of the larger multi-family/mixed use properties (Eastside Village I and II and Junction 15) and their relative benefit from the PID, staff is recommending that the maximum assessment on each property be individually limited to no greater than \$25,000 annually. Further, in lieu of an assessment on properties owned by governmental entities, staff is recommending that the City of Plano contribute a minimum of \$50,000 annually to the district.

Attached is a draft Assessment Plan/Service Plan for the PID. The service plan includes estimates of the future revenue that would be available during the five year period of the district. At the conclusion of the fourth year, property owners could determine if the district should be extended an additional five year period.

Next Steps

Attached is a calendar of steps required to establish the PID by the end of 2014. An informational meeting for all property owners has been scheduled for August 20, 2014 at 3:00 pm, at the Rooftop event space at Urban Rio.

With City Council's direction, staff will begin the petition process to gain signatures from property owners who support the creation of a PID for Downtown Plano. Petitions will circulate through the month of August. Council will also be asked to appoint members to the PID Advisory Board in August. If support from property owners meets the required 60% threshold, a public hearing to consider creation of the PID will be scheduled for October 13, 2014.

XC: Denise Tacke, Finance Director
Phyllis M. Jarrell, Special Projects Director

Draft of Downtown Plano Public Improvement District Service Plan and Assessment Plan

Notes and assumptions:

Real properties in the PID, except government-owned properties, will be assessed annually, except government-owned properties. The City of Plano will pay at least \$50,000 annually to the PID fund. Other government-owned properties may make annual payments by contract.

Assessment rates will be set annually by the Plano City Council, upon recommendation from a PID advisory board, but will not exceed \$0.15 per \$100.

Appraised values of real properties liable for a PID assessment will grow 1.0% annually.

The Southern Land project adds \$25,000,000 of appraised value for improvements completed as of January 1, 2015.

Annual assessments will be based on the certified appraisal roll current at the date of assessment, reflecting real property values. Assessments will typically be received by the PID fund in the following calendar year.

Estimated total real property appraisals and total PID revenues for each year have been imported from a separate schedule.

Assessments and service plan line items and amounts may be adjusted annually as consistent with the PID designation petition, ordinances and other law.

Owners may opt to prepay estimated future assessments. This assessment plan and service plan reflects neither revenue nor expenditures related to pre-payments.

Assessment Plan

Estimated appraisals for Jan. 1, Total Collin CAD market appraisal for PID	2013 Actual	2014 Est.	2015	2016	2017	2018
	\$65,891,680	\$66,550,597	\$92,216,103	\$93,138,264	\$94,069,646	\$95,010,343
Assessment due without penalty by date in	2015		2016	2017	2018	2019
Total PID assessments and payments	\$0	\$106,283	\$126,287	\$126,550	\$126,815	\$127,083
Cash balance carried from prior year	\$0	\$0	\$16,283	\$17,570	\$19,120	\$15,935
Total available	\$0	\$106,283	\$142,570	\$144,120	\$145,935	\$143,019

Service Plan

Item	For FY Ending Sept. 30,					Notes
	2015	2016	2017	2018	2019	
Street and sidewalk cleaning	\$15,000	\$20,000	\$20,000	\$20,000	\$20,000	
Landscape maintenance	\$20,000	\$30,000	\$30,000	\$35,000	\$35,000	For common areas
Marketing and events	\$30,000	\$40,000	\$40,000	\$40,000	\$40,000	
Security	\$15,000	\$20,000	\$20,000	\$20,000	\$20,000	For special events
Administrative services	\$10,000	\$15,000	\$15,000	\$15,000	\$15,000	Actual expenses, limited to 15% of total
Total budget	\$90,000	\$125,000	\$125,000	\$130,000	\$130,000	
Budget surplus (deficit)	\$16,283	\$17,570	\$19,120	\$15,935	\$13,019	Carried forward to next year

**CALENDAR FOR ESTABLISHMENT OF
DOWNTOWN PLANO PUBLIC IMPROVEMENT DISTRICT**

EVENT	TARGET DATES
Brief City Council on PID program and sequence of events	July 28, 2014
City Council appoints PID Advisory Board	August, 2014
City staff prepares five-year service plan and assessment plan for annual review and approval by PID advisory board and City Council, and prepares the assessment roll with the proposed assessment against each parcel in the PID	August, 2014
Circulate the petitions for property owner signatures	August-September, 2014
Informational Meeting for Property Owners	August 20, 2014
Signed petitions filed with the City Secretary	By September 12, 2014
City Council holds a public hearing and considers a resolution to establish the PID	October 13, 2014
PID Advisory Board meets to consider and make a recommendation on the service and assessment plan	Week of November 3, 2014
City Council approves service plan and assessment plan	November 24, 2014
City Council holds a public hearing and considers an ordinance to approve the service plan and assessment plan and authorize the levying of assessments on properties.	December 8, 2014
City sends assessment invoices to property owners	December, 2014
Assessments are paid by property owners	December-February 2015