

MEMORANDUM

TO: Donna Barron, City Manager
FROM: Brenda Martin, Director of Finance
DATE: January 15, 2019
SUBJECT: **Consideration of an Ordinance Updating the Assessment/Service Plan and Assessment Roll for Lewisville Castle Hills Public Improvement District No. 6 Project.**

BACKGROUND

Chapter 372 of the Local Government Code authorizes the creation of Public Improvement Districts (PIDs) to provide a tool by which a city can levy and collect special assessments on property that is within the city or within the city’s extraterritorial jurisdiction (ETJ) for designated purposes including the construction of street and water/wastewater improvements. In 1996, the city entered into a development agreement with Denton County Fresh Water Supply Districts (DCFWSO) No. 1-A and No. 1-B and Bright Farm Partnerships to create PIDs to provide the financing necessary for infrastructure development in the city’s ETJ.

Since the approval of the 1996 agreement, DCFWSO 1-A divided into additional districts—1-C, 1-D, 1-E, 1-F, 1-G and 1-H. PIDs have been approved by the City Council as follows:

PID No. 1	DCFWSO 1-B
PID No. 2	DCFWSO 1-D
PID No. 3	DCFWSO 1-E
PID No. 4	DCFWSO 1-F
PID No. 5	DCFWSO 1-G
PID No. 6	DCFWSO 1-H
PID No. 7	DCFWSO 1-C

Combination Contract Revenue and Special Assessment bonds have been issued in the districts which are paid via property tax collections in the respective district (an assessment on property owners in the districts would only occur if tax collections were insufficient to cover debt payments). Total outstanding debt for these PIDs currently is approximately \$142.87M. This debt is strictly a liability of the districts and not the City of Lewisville.

ANALYSIS

The creation of PID No. 6 began with petitions being filed on March 21, 2013 by BRECO Lands CH, LLC requesting the establishment of PIDs No. 5, 6 and 7. At the March 25, 2013 City Council meeting, the three petitions were accepted and a public hearing was called for May 6, 2013 relating to the advisability of the proposed improvements. The improvements in all three

of the districts include the acquisition, construction and improvement of water, wastewater or drainage facilities and the acquisition and construction of streets. On May 6, 2013, City Council approved the resolution making certain findings in connection with the Districts and authorizing creation of the Districts.

On August 4, 2014, City Council approved a resolution calling for a public hearing on August 18, 2014 to consider, approve and adopt the Service and Assessment Plan and Assessment Roll and any official reports filed with the City in support of the Plan and Roll. This hearing was held, and the Plan and Roll was approved and adopted. The Service and Assessment Plan identifies the public improvements to be provided by the PID, the cost of the public improvements, the indebtedness to be incurred for the public improvements, and the manner of assessing the property in the PID for the costs of the public improvements. The Assessment Roll identifies the assessment on each parcel, based on the method of assessment identified in the Plan.

Pursuant to the requirement of the Attorney General (AG) at the time the first bonds were issued in 2014 for PID No. 6 (District 1-H), the City levied assessments on property in PID No. 6. The assessments were 1% of the total voted bond authority for District 1-H. The assessments were structured such that when a certificate of occupancy was issued to a builder by the City, the builder or developer pre-paid the total amount of the assessment so that no assessments would be outstanding when the homes were sold to end users. The Plan for PID No. 6 details the amount of the assessments per lot type and how the assessments are calculated and paid. The total assessment and levy is 1% of the bonding authorization, \$600,000 (\$60M x 1%).

On November 3, 2015 an election was held in the District to approve a new Joint Utility Contract and Joint Road Contract which requires a new assessment to be apportioned to finance additional infrastructure improvements. The original \$60M was amended to \$136M per a new amended and restated Service and Assessment Plan. The assessments will now be 1% of \$136M, or \$1.36M. This Amended and Restated Service and Assessment Plan was approved by City Council on July 17, 2017.

The Plan and Roll for PID No. 6 encompasses DCFWSD 1-H and is made up of approximately 386 acres subdivided into commercial tracts, which include commercial and multifamily development. Of the total \$1.36M assessments for this Plan, \$68,670.55 have been paid, plus interest.

RECOMMENDATION

It is City staff's recommendation that the City Council approve the ordinance as stated in the caption above.