CITY OF GRAND PRAIRIE
PUBLIC IMPROVEMENT DISTRICT POLICY
AS ADOPTED BY THE CITY COUNCIL ON MARCH 1, 2011

I. PURPOSE:

A Public Improvement District (PID) is a tax assessment area established to provide for the enhancement of public improvements and services in the area. Assessments are generally based on the appraised values of real property within the area. A PID can encompass and serve both residential and commercial property. Cities are authorized to create PIDs under Chapter 372 of the Texas Local Government Code.

The City of Grand Prairie recognizes that PIDs are valuable tools which developers and neighborhoods use to enhance the maintenance of public property beyond the level normally provided by the City. It is the intent of the city to allow direct management control of PID operations by advisory bodies consisting of PID property owners. However, PID bodies serve advisory functions, and all final decisions are made by the governing body of the PID, the City Council. Section 372.002 of the Texas Local Government Code, Exercise of Powers, states that "Powers granted under this subchapter may be exercised by a municipality or county in which the governing body of the municipality or county initiates or receives a petition requesting the establishment of a public improvement district. A petition must comply with the requirements of Section 372.005."

II. PID SERVICES AND IMPROVEMENTS:

A. PID assessments may only be used to serve or improve public property and may not be used to benefit or enhance private property. Listed below are services and improvements which Grand Prairie PIDs may provide or maintain. Other improvements allowed by the statute will be reviewed and considered individually by the city.

- Landscaping and irrigation
- Right-of-way, median, and other open space maintenance, such as residential detention ponds
- Perimeter fencing
- Entry features [1]
- Fountains
- Distinctive lighting
- Distinctive signs
- Art or decorations
- Sidewalks

[1] A PID proposing to install any sign or structure in a median must have the plans reviewed by the Transportation and Engineering departments, and the City Council must approve the plans **before** any costs are incurred. In addition to this, the PID President must sign the City's hold harmless agreement.

- Parks
- Special supplemental services for improvement and promotion of the district including advertising, promotion, public safety, security, business recruitment, development, recreation, and cultural enhancement.
- Payment of necessary expenses incurred in the establishment, administration, and operation of the district.

B. Listed below are services and improvements which Grand Prairie PIDs may not provide or maintain:

- Buildings
- Swimming pools
- Construction, improvement, or maintenance of privately owned facilities or land including that owned by a Home Owners' Association (HOA).
- Purely social activities
- Travel expenses
- In the case of new additions, it is the policy of the city that PID funds will not be utilized for standard construction expenses typically required as part of a subdivision development, including perimeter fencing, right-of-way landscaping, and irrigation systems. These costs shall be borne by the developer and not funded from PID assessments. The improvements must, however, be maintained by the PID.
- Developers will not finance any improvements for PIDs that PIDs are expected to repay.

III. PID ESTABLISHMENT AND OPERATION:

A. The City Council must approve all petitions requesting establishment of public improvement districts. To establish a new PID, an area must have a minimum of 175 parcels when development is complete; requests for smaller PIDs may be considered on a case-by-case basis. Land included in the PID must be contiguous.

A PID may be created at any time; however, to be assessed in October following PID creation, the required number of petition signatures must be turned in to the City by July 1st. State law requires notification to homebuyers before purchasing the property acknowledging that they will pay PID assessments with their property taxes.

The key indicator that distinguishes an existing neighborhood or business district from a new development is whether the majority of lot ownership is held by the developer or by the residents.

B. Existing Neighborhood or Existing Business District:

1. Individuals interested in establishing a PID should determine the support of their community and present a petition including a conceptual plan of improvements to the City Planning Director which includes at least:

- Proposed district boundaries
- Estimated costs associated with the improvements and maintenance
- The general nature of the proposed improvements or maintenance program
- Consideration of future replacement of capital improvements, i.e. fences
- Classes of property which will be subject to or exempt from assessment and the proposed method of assessment (i.e., flat rate or % applied to appraised market value)
- The proposed apportionment of costs between the PID and the municipality as a whole (the transfer)
- How the PID will be managed
- A core committee of interested individuals (names, addresses and phone numbers)
- That the persons signing the petition request or concur with the establishment of the PID

2. A city task force consisting of representatives from the following departments will review the initial submittal: Planning, Legal Services, Finance, and Parks and Recreation. The Finance Department will take the lead in the review process.

After initial review, the city task force will determine whether sufficient support and documentation has been provided. If accepted, the PID committee will then prepare the final application packet in a format provided by the City.

The final application packet must include an assessment plan apportioning the cost of the improvement plan to be assessed:

a. An estimated assessment rate is applied to the expected appraised value of property to sufficiently fund a budget. The budget should provide adequate funds for the following:

- Annual routine maintenance of improvements
- Reserves to fund long term major maintenance and replacement of improvements
- Associated city out-of-pocket administrative costs

b. Description of procedures for the nomination of an Advisory Board. The Advisory Board will recommend specific improvements, oversee the annual budget and long-term plans, and manage related contracts and services.

c. A petition. The petition is sufficient if signed by:

- Owners of taxable real property representing more than 50% of the appraised value of taxable real property liable for assessment under the proposal, as determined by the current roll of the appraisal district in which the property is located; and

- Record owners of real property liable for assessment under the proposal who:

- Constitute more than 50% of all record owners of property that is liable for assessment under the proposal; or
- Own taxable real property that constitutes more than 50% of the area of all taxable real property that is liable for assessment under the proposal.

d. Other documentation requested by the city.

3. PID Relationship to City after PID is created:

Fees and permits: PIDs are considered governmental units and are required to pay the same fees and obtain the same permits as would be required of a department of the city. Those fees and permits not required of city departments are not required of the PIDs. PIDs will pay the city government rate for water utilities and will pay through the interdepartmental billing system.

PIDs must pay for:

- Meter fees
- Tap fees (if the work is done by the city)
- Collection cost for the PID assessment

PIDs in existing neighborhoods are exempt from:

- City security deposits
- City impact fees
- City permit fees (permits, however, are required)
- City inspection fees (inspections, however, are required)
- Other City fees

See Exhibit A for details.

C. New Development:

1. All new residential developments shall have either a PID or an HOA (or both). State law requires notification to homebuyers before purchasing the property acknowledging that they will pay PID assessments with their property taxes. Developers interested in establishing a PID should present a petition including a conceptual plan of improvements to the city Planning Director before construction begins. The PID petition must be submitted for City Council approval before the final plat is filed. The plan must include at least:

- Proposed district boundaries
- Estimated costs associated with the improvements and maintenance
- The general nature of the proposed improvements or maintenance program
- Consideration of future replacement of capital improvements, i.e. fences

- Classes of property which will be subject to or exempt from assessment and the proposed method of assessment
- The proposed apportionment of costs between the PID and the municipality as a whole (the transfer)
- How the PID will be managed
- An advisory board to develop and recommend an improvement plan to the governing body of the municipality
- That the persons signing the petition request or concur with the establishment of the PID
- A plan for turning the PID over to the residents when the developer has finished the residential development. The plan should include an approximate date for giving control to the residents and the specific triggers for giving control to an advisory body, such as 50% of development. The developer will be responsible for: scheduling a meeting with residents; informing the residents of the purpose, date, time, and location of the meeting; attending this meeting with the residents; explaining how the PID works; helping residents to nominate an advisory body; and turning over to the new advisory body a detailed accounting of prior expenditures.

2. A city task force consisting of representatives from the following departments will review the initial submittal: Planning, Legal Services, Finance, and Parks and Recreation. The Planning Department will take the lead in the review process, and Finance will handle administrative tasks.

After initial review, the city task force will determine whether sufficient support and documentation has been provided. If accepted, the PID committee will then prepare the final application packet in a format provided by the city.

The final application packet must include an assessment plan apportioning the cost of the improvement plan to be assessed:

a. If applicable, a description of the division of PID and HOA responsibilities and the relationship between PID fees and HOA dues.

b. An estimated assessment rate is applied to the expected appraised value of property to sufficiently fund a budget. The budget should provide adequate funds for the following:

- Annual routine maintenance of improvements
- Reserves to fund long term major maintenance and replacement of improvements
- Associated city out-of-pocket administrative costs

c. Description of procedures for the nomination of an Advisory Body. The Advisory Body will recommend specific improvements, oversee the annual budget and long-term plans, and manage related contracts and services.

d. A petition. The petition must be signed by the landowners and approved by the city council before construction begins. The petition is sufficient is signed by:

- Owners of taxable real property representing more than 50% of the appraised value of taxable real property liable for assessment under the proposal, as determined by the current roll of the appraisal district in which the property is located; and

- Record owners of real property liable for assessment under the proposal who:
  - Constitute more than 50% of all record owners of property that is liable for assessment under the proposal; or
  - Own taxable real property that constitutes more than 50% of the area of all taxable real property that is liable for assessment under the proposal.

e. Other documentation requested by the city.

3. PID Relationship to City after PID is created:

Fees and Permits: Developers forming PIDs for new developments are required to pay fees and obtain permits such as:

- Meter fees
- Tap fees (if the work is done by the city)
- Security deposits
- Impact fees
- Inspection fees
- Permits as required
- Other City fees as required

See **Exhibit A** for details.

D. Expansion of a PID:

Expansion of an established PID requires that a written petition of the owners of the subject property be submitted to the established PID advisory body. State law requires notification to homebuyers before purchasing the property acknowledging that they will pay PID assessments with their property taxes. For an expansion, there is no minimum number of parcels, and land annexed into the PID must be contiguous to the existing PID. The City Council will not unilaterally take action without first conducting a fiscal impact analysis and obtaining PID boards' input. (Please see section III.A. regarding timing of PID assessments.) If the subject property is contiguous to an existing PID and neither area has outstanding debt, it will be annexed into the existing PID after consideration and approval by the City Council.

1. The petition shall include:

- Formal request to be annexed into PID including petition of property owners (meeting Section 372.005 of state statute) if more than a single owner.

- Fully completed exhibit which contains the name of each parcel owner, the parcel legal description (subdivision name, lot, block, etc.) and the tax account number for each parcel.
- Description of property including metes and bounds, name of subdivision or property, boundary map, and site plan.
- Description and scaled site plan of proposed improvements including landscape plan, landscape irrigation plan, signage, etc.

2. If the expansion is a new development, the petition shall include:

- Letter of commitment that developer/property owner shall maintain improvements for a period of two years after annexation into improvement district.
- Commitment that developer/property owner shall pay any costs associated with annexation.

3. Fees and Permits: New developments joining existing PIDs are required to pay fees and obtain permits such as:

- Meter fees
- Tap fees (if the work is done by the City)
- Security deposits
- Impact fees
- Inspection fees
- Permits as required
- Other City fees as required

See **Exhibit A** for details.

E. Assessment Rate Increase:

If a PID requests an assessment rate increase, the PID must hold at least one additional homeowner meeting within the month before the assessment hearing to announce the increase, provide budget information, and answer questions. The PID may hold additional homeowner meetings as needed.

IV. PID STAKEHOLDER GROUPS AND RESPONSIBILITIES:

A. PID stakeholder groups include:

- City
- City Council
- City staff
- PID advisory boards
- PID contractors
- PID property owners

B. PID Advisory Board Responsibilities:

1. **Management**: Management of a PID is the responsibility of the PID advisory board. If the district fails to appoint an advisory board but wishes to continue the PID assessments and maintenance, the city will maintain the district through a contract with a property management company with all expenses to be paid from PID assessments.

2. **Advisory Board Membership:** PID Board members will comply with all laws, policies, and procedures set by:

   - Chapter 372 of the Texas Local Government Code.
   - The City of Grand Prairie
   - The City of Grand Prairie Code of Ordinances Article 1, Sec. 2.7 - 2.8
   - The Texas Open Meetings Act
   - The City of Grand Prairie Public Improvement District Policy
   - The Bylaws of the Public Improvement District

   If any Advisory Board member intentionally violates any of these laws, policies, or procedures, the City may remove the member from the Advisory Board and appoint a replacement.

3. **Meetings:** Each PID is required to hold one homeowner meeting each year in a public building. The City will provide notice of the meeting to all PID property owners, and each PID will pay for such notification costs. The meeting agenda will include a presentation of the PID's plans for the coming year, the PID budget, and nomination of advisory board members. The advisory board may schedule other meetings as required and will notify the PID administrator of their time and location at least seven business days in advance. The PID administrator will have the meetings posted on the City website; in addition to this, the PID advisory board may advertise the meetings.

4. **Bylaws:** Each PID must adopt bylaws. The City will provide a template of bylaws, and PID advisory boards may adapt portions of the bylaws as necessary; specifically, the board may recommend:

   - The number of members, with a minimum of 3 and a maximum of 9
   - The number of regular meetings, with a minimum of one (1) per year.
   - The use of geographic divisions to ensure property owner representation from various areas of the district, as well as at-large representation. The use of geographic divisions is optional.

   The City Attorney will review the bylaws before they are adopted, and the City Council will approve the bylaws. The PID advisory boards may amend the bylaws as necessary, and the City Council will approve the amended bylaws.

5. **Operations:** Improvements and maintenance authorized by PIDs are supplemental to the general operations of the city and shall be paid entirely from district assessments. Should the PID advisory board fail to meet its financial obligations, the city shall maintain the improvements at PID expense until such time as the improvements are paid for or a new advisory board is established.

6. **Contracts:** The PID advisory board shall pursue annual contracts for maintenance, repair, and construction services where possible.

   - Contracts will be negotiated by the PID advisory board.
   - Contracts will be approved by the City Manager, except contracts in excess of the dollar threshold at which the City Manager may award City contracts require City Council approval.[2]

   The PID advisory board must ensure that its contractors provide appropriate liability and other insurance. All contracts will be reviewed and approved by the City Legal department. Day-to-day responsibilities may be provided by contract management paid for from PID assessments.

7. **Insurance:** The PID advisory boards will acquire general liability, automobile liability, and errors and omissions insurance, such coverage to be paid for from PID assessments. Property insurance for valuable assets is optional and to be paid for from PID assessments. The insurance policies must be occurrence-based, not claim-based, and the City of Grand Prairie must be named as additional insured on all policies.

   The PID advisory board should consult its insurance advisor /agent on the appropriate levels of insurance. PIDs may obtain insurance through the Texas Municipal League (TML) at government rates or purchase it from a private carrier. PIDs will pay for insurance purchased from TML, and the cost of the insurance will be allocated based on PID area maintained or PID budget. PIDs will pay their own deductibles**.**

8. **Security:** If any PID hires additional security, the security service must provide proof of adequate insurance, or the PID may hire off-duty police officers. If any PID hires additional security, the Police Department will be notified prior to engaging the security service.

C. City and City Staff Responsibilities:

1. **Collections:** The city will collect current and delinquent PID assessments. Current collection costs will be reimbursed from PID assessments. In the case of a PID dissolution, PID assessments will continue until any and all debt obligations of the PID are paid in full.

[2] On October 16, 2007, the dollar threshold at which the City Manager may award contracts increased to $50,000.

2. **Public Notices:** The city will coordinate annual PID roll review and distribution of public notices and communications for the annual public hearing to adopt the assessment roll and rate, budget, and service plan and to appoint the advisory board.

3. **Expenditures:** The city will review PID expenditures and process payments.

4. **Reporting:** The city will account for each PID's assets, revenues, and expenses separately and reports will be provided to the PID advisory boards regularly. PID records are open to the public.

5. **Contracts:** The PID advisory board shall pursue annual contracts for maintenance, repair, and construction services where possible.

   - The PID advisory board will negotiate contracts.
   - Contracts will be approved by the City Manager, except contracts in excess of the dollar threshold at which the City Manager may award City contracts require City Council approval.

   The PID advisory board must ensure that its contractors provide appropriate liability and other insurance. All contracts will be reviewed and approved by the City Legal department. Day-to-day responsibilities may be provided by contract management paid for from PID assessments.

6. **Transfer:** To those PIDs that assume responsibility for maintaining arterial and thoroughfare rights-of-way and medians within their areas, the city will pay an amount each year equivalent to the cost of maintaining public medians and rights-of-way at the standard level provided to the taxpayers generally. The city payment shall be based on an average per mile or acre maintenance cost calculated as the total linear miles or actual acreage of medians and rights-of-way to be maintained in the city divided into the city's total right-of-way/median maintenance budget. The payments to the PIDs shall be calculated annually for inclusion in the city and PID budgets.

7. **Support:** The city will provide support to the PID boards as needed and will orient new PID advisory board members to the role and responsibilities of the PID as needed.

8. **PID Policy Updates**:
   1. The Finance and Government Committee will consider any proposed revisions to the PID policy.
   2. PID advisory boards will then be notified of the proposed revisions.
   3. The Finance and Government Committee will consider advisory boards' comments.
   4. The City Council will conduct a hearing to approve the policy.

D. City Council Responsibilities:

PID boards serve advisory functions, and all final decisions are made by the governing body of the PID, the City Council. The City Council approves the annual budget, 5-year

plan, assessment rate and roll, and contracts in excess of the dollar threshold at which the City Manager may award City contracts.[3]

V. CITY LIABILITY:

A. The PIDs and PID advisory board, performing the tasks of the PID that are authorized or mandated by the City, are authorized by the City to perform those tasks, and to the extent possible, are afforded the appropriate rights and protections of other City volunteers if they act strictly in accordance with city policies and procedures. PID advisory board members must obtain the advice of experts and have projects approved by City staff before construction begins. City staff will determine whether additional approvals by the Development Committee and/or City Council are also required.

B. A PID proposing to install any sign or structure in a median must have City Council approval **before any costs are incurred**, and the following agreement applies:

The PID will assume responsibility for third party liability for any and all claims or suits for damage to any persons or property, including that property purchased, installed, operated, and maintained by the PID, arising out of or in connection with, directly or indirectly, the construction, maintenance, occupancy, use, existence or location of said uses granted hereunder, whether or not caused, in whole or in part, by alleged negligence of officers, agents, servants employees, contractors, subcontractors, licensees, or invitees of the PID. The PID maintains rights, at the option of the PID, to repair, replace, or to remove, any property installed, operated, and maintained by the PID. The PID will assume responsibility for any and all claims or suits for personal injury, including death, to any and all persons, of whatsoever kind or character, arising out of or in connection with, directly or indirectly, the construction, maintenance, occupancy, use, existence or location of said uses granted hereunder, whether or not caused, in whole or in part, by alleged negligence of officers, agents, servants employees, contractors, subcontractors, licensees or invitees of the PID. The PID will assume responsibility for any and all injury or property damage arising out of or in connection with any and all acts or omissions of the PID, its officers, agents, servants, employees, contractors, subcontractors, licensees, invitees, or trespassers.

The PID agrees to obtain insurance satisfying insurance requirements specified herein by either a) providing to the City sufficient funds as required by the City through its PID Administrator to enable the City to arrange, purchase, and maintain insurance on behalf of the PIDs; or b) to furnish City with a Certificate of Insurance, naming City as certificate holder, as proof that it has secured and paid for any or all required insurance policies not obtained under provision "a)". The PID understands and agrees that the City's insurance amount requirements may be revised upward at City's option and that the PID shall so revise such amount requirements immediately following notice to the PID of such requirement. Such insurance policy shall be occurrence based and shall provide that it cannot be canceled or amended without at least ten (10) days prior written

[3] On October 16, 2007, the dollar threshold at which the City Manager may award contracts increased to $50,000.

notice to the PID Administrator of the City of Grand Prairie. Proof of insurance shall be provided to the City's PID Administrator upon the City's request.

The PID agrees, binds and obligates itself, its successors and assigns, to maintain and keep in force such insurance at all times during the term of this agreement.

I have read and understand this policy.

_____

Signature Date

Exhibit A

22.2.1 ***Building Permit Fees:***

$25.00	Fence Permit in a Residential Area
1%	Subdivision Screening Fence: Based on the Value of the Fence/Retaining Wall
1%	Commercial Fence: Based on the Value of the Fence (Minimum of $50.00)
$700.00	New Single Family or Two-Family (Duplex) Dwelling + $50.00 for Plan Review
$200.00	Each Living Unit for Multi-Family Dwelling
$20.00	Each Residential Accessory Building/Structure up to and Including 100 Sq. Ft.
$100.00	Each Residential Accessory Building/Structure Larger than 100 Sq. Ft. up to and Including 400 Sq. Ft. (Storage Building, Gazebo, Garage, etc.)
$0.25	Per Square Foot for each Garage/Accessory Building Greater than 400 Sq. Ft.
$20.00	Residential Driveway Approach
$100.00	Commercial Driveway Approach
$100.00	Each Swimming Pool
$50.00	House Moving Permit
$50.00	Structural, Electrical, Plumbing and Mechanical Re-Inspection
$100.00	Irrigation System
$50.00	Demolition Permit
$100.00	Commercial Parking Lot (New/Repair)
$50.00	Temporary Building Permit
$60.00	Change of Occupancy (Average)
$30.00	Clean and Show
$25.00	Tank Permit (Install or Remove)
$20.00	Boiler Permits (See Plumbing Permit)
$20.00	Fireplace Permit
$50.00	Fire Suppression Permits
$30.00	Foundation Repair Permit
$50.00	Roof Repair (Decking Only) Permit
$20.00	Spa and Hot Tub Permit
$20.00	Miscellaneous Work not Covered by a Building Permit (Minimum)

22.2.2 ***Remodel, Additions, Rehabilitation:***

Per Square Foot for Residential Dwelling, Not to Exceed the Fee for New Construction	$0.25
Per Square Foot for Commercial, Non-Dwelling, Structures	$0.14

22.2.3 ***Mobile Home Fees:***

Per Lot for Mobile Home (Initial Fee)	$425.00
Per Mobile Home (Replacement)	$50.00
Electrical, or Plumbing, or Mechanical Inspection Fee	$40.00

22.2.4 ***Non-residential use buildings all occupancy classifications except those specifically mentioned herein:***

New Commercial (Finished)	$0.16/Sq. Ft.
New Commercial Shell	$0.14/Sq. Ft.
Interior Finish Out	$0.12/Sq. Ft.

22.2.5 ***REFUNDS:*** ***There will be no refunds of building permit fees except in the following instances:***

A. When it is determined that the permit was issued due to an error by the Building Inspections Division, a full refund may be authorized.

B. When it is determined that the permit could not have been legally issued.

C. In cases where the building permit has been issued and the fee paid and no portion of the work has been commenced.

The dollar value of the proposed work is important to accurately report the total building activity in the City of Grand Prairie. It should be the present best estimate of the total market value (all of owner's costs, including contractor's overhead and profit) of the proposed construction work (excluding raw land costs).

22.2.6 ***New Building Permit Fee:***

A. A new building permit fee includes all fees for the building, electrical, plumbing, mechanical, fire protection systems and concrete to be done during the new construction, which is included on the plans submitted.

B. Work done after the final inspection has been made for the permitted buildings or specific occupancy space in such building shall require additional permits for repairs, alterations, additions, or other specific permits or miscellaneous permits.

C. Work conducted within the City rights-of-way such as drive approaches and commercial sidewalks must receive a separate permit obtained at the Building Inspection Division.

D. Plans and specifications for proposed work shall accompany the permit application.

22.2.7 ***Penalties for Work Commencing Before Building Permit Issuance (twice the normal fee):***

Any person who commences any work on a building, structure, electrical, gas, mechanical or plumbing system before obtaining the necessary permits shall be subject to an increased permit fee equal to the established fee(s) normally assessed for the respective work being done multiplied by two.

22.2.8 ***Fees Related to Signs:***

The following fees shall accompany and be required for Sign permits:

A. Initial Permit:

0 – 50 Sq. Ft.	$50.00
> 50 Sq. Ft.	$100.00+$0.10/Sq. Ft.
Additional Fee if Lighted	$40.00

B. Annual Renewal Fee

For Grandfathered Off-Premise Signs	$105.00

C. Balloon Signs

Balloon Signs	$50.00

D. Penalties

1. ***All signs excluding portable signs:*** Any person who violates any provision of this UDC shall be guilty of a misdemeanor and shall be punished by a fine not exceeding $200.00 upon conviction.

2. ***Portable Signs:*** Any person who violates any provision of this UDC regarding portable signs, shall be guilty of a misdemeanor and shall be punished by a fine of not less than $500.00 and not more than $1,000.00 upon conviction and shall be prohibited from displaying a portable sign on the property for a period of one year from date of conviction. However, if a lessor is found to be in violation, not only will the fine apply, but the lessor shall be prohibited from operating within the City for one year from date of conviction.

CITY OF GRAND PRAIRIE
PUBLIC IMPROVEMENT DISTRICT POLICY
AS ADOPTED BY THE CITY COUNCIL ON MARCH 1, 2011

I have read and understand this policy.

_____

Signature Date

_____

Printed Name

(Please sign, date, and return this page to PID Administrator.)