



21-0788

**TITLE:** Consider/Discuss/Act on a Resolution Adopting a Policy Governing Public Improvement Districts (PID) within the City of McKinney

**COUNCIL GOAL:** Direction for Strategic and Economic Growth  
(1C: Provide a strong city economy by facilitating a balance between industrial, commercial, residential, and open space)

**MEETING DATE:** September 7, 2021

**DEPARTMENT:** Development Services  
Finance  
City Manager's Office  
City Attorney

**CONTACT:** Michael Quint, Executive Director of Development Services  
Mark Holloway, Chief Financial Officer  
Kim Flom, Assistant City Manager  
Mark Houser, City Attorney

**RECOMMENDED CITY COUNCIL ACTION:**

- Approve the proposed resolution.

**ITEM SUMMARY:**

- Staff has drafted a policy which outlines the minimum requirements which all requests for the consideration of a Public Improvement District (PID) must include. The policy is intended to add consistency and transparency to the processing and evaluation of PID requests.
- A PID is a special improvement district created by a city or county under the authority of Chapter 372 of the Texas Local Government Code within which improvement projects will be undertaken and paid for through special assessments levied against properties within the district. Improvement projects must confer a "special benefit" to the properties located within the district.
- PIDs may fund improvements including, but not limited to the following:
  - Water, wastewater, health, sanitation, and drainage;
  - Street, sidewalk, and parking;

- Mass transit;
  - Library, park, recreation, and cultural;
  - Landscaping and other aesthetic installations;
  - Art installations and pedestrian malls;
  - Public safety;
  - Affordable housing; and
  - Supplemental services.
- The proposed PID policy generally includes the following:
    - Property must be:
      - in the City and over 1,000 acres; or
      - in the ETJ and over 200 acres and be annexed into the City;
    - The PID must clearly demonstrate a special benefit;
    - \$50K application fee and \$200K deposit is required;
    - PID bonds may only be sold as a reimbursement of development costs;
    - Demonstration of long-term financial capital for the PID development is required;
    - Contingency plans are required to address how public improvements will be addressed if the PID is dissolved;
    - A budget addressing how funds will be managed;
    - A professional management plan; and
    - Prohibition against developers administering the PID.

#### **BACKGROUND INFORMATION:**

- PIDs have become a popular financing tool in North Texas. In fact, the following cities currently have PIDs:
  - Anna: 3
  - Celina: 11
  - Fort Worth: 12
  - Frisco: 1
  - Little Elm: 4
  - Mesquite: 3
  - Princeton: 5
- In 2017, the City Council considered a PID request for the Brinkmann property located generally north of US Highway 380 and between Lake Forest Drive and Hardin Boulevard. That request was denied, and the property is now being developed without a PID and is known as Painted Tree.
- The developer for the Honey Creek property, generally located west of Future Hardin Boulevard and along the extension of Laud Howell Parkway, has recently requested that the City Council consider a PID for his property. City Staff is currently working on a memorandum of understanding for that property and anticipate bringing it forward for the City Council's consideration after the City

Council's action on the proposed PID policy.

**FINANCIAL SUMMARY:**

- None.

**BOARD OR COMMISSION RECOMMENDATION:**

- N/A

**SUPPORTING MATERIALS:**

[Resolution](#)

[Presentation](#)