

**Memorandum**

**Memorandum No: 23-108**

**Date:** January 30, 2023

**To:** Honorable Mayor and City Council

**From:** Ryan Henderson, Interim City Manager 

**Re:** PID Fund Policy for Capital Projects

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As the City of Anna has moved forward with the 2021 Capital Improvement Bond Program, it has become increasingly evident that the costs for land acquisition, design, and construction of these significant projects have been impacted by rising costs associated with inflation. Understanding the impact inflation and the cost of construction is taking on our capital projects, I have looked to identify possible sources of funding to assure that the projects we have committed to can be completed successfully.

As of December 31, 2022, the City has \$7,640,590 of available PID fees, money that has been paid to the City by developers and put into a PID Fund. Over the course of this year, we can reasonably assume that the fund will see an increase of approximately \$4 million. There are no restrictions on this special revenue, as the funds can be used for any legal purpose. It is my recommendation that these developer-contributed fees be used towards capital projects that expand services to our community and that a policy be established dedicating these funds for capital expenditures. There is a rational nexus that fees collected through additional housing and new developments be used towards capital projects that will service the additional population. Most importantly, using these funds will not create a necessity for additional property taxes. Using collected PID fees for capital amenities that allow for expansion of community services follows the principal of growth paying for growth without an impact to our neighbors. The use of these funds for capital projects will allow the City to offset the impact of the current inflationary period, and if desired, also expand the service of capital projects.

A policy for the use of these funds will demonstrate that the funds have been assigned a purpose and that a commitment is being made towards compliancy of that purpose. Therefore, a PID Fund Policy, as an amendment to the City's Financial Policies, will be on the agenda for the February 14 City Council Meeting for consideration and approval.

c: Alan Guard, Finance Director  
Terri Doby, Budget Manager  
Taylor Lough, Assistant City Manager  
Greg Peters, Interim Assistant City Manager  
Carrie Land, City Secretary

