

July 27, 2004

Dear Modern Venice Property Owner:

I am writing on behalf of the City of Port Isabel to you and approximately 143 other Modern Venice-area property owners for two reasons. First, to explain a concept to improve the Modern Venice area located on the west side of Island Avenue. Second, to solicit your opinions and comments on the advisability of pursuing the proposed improvements.

The Need for Improvements

More than seventy years ago the Modern Venice "Fingers" Subdivision was created. The eastern side of the subdivision has developed nicely over the last thirty years. While there has been some development on the western side, two peninsulas (west Bass & west Tarpon) are wholly undeveloped. Because lots on these two peninsulas are owned by so many different persons, the prospect for their coordinated development is unlikely.

As an owner of a lot on west Bass for several years, I have witnessed the deterioration of my and my neighbor's property. Due to the lack of seawall, west Bass, west Tarpon and other areas have eroded into their adjacent channels. This erosion continues and has caused the channels on the west side to become unnavigable. This condition is having a negative impact on water quality, on marine habitat, on land values and undermines the very reason for owning property on these channels. Moreover, without a seawall, no structure may be built on these peninsulas. If the navigability of these channels is to be remedied, two things must happen. First, west Bass, west Tarpon and all other properties touching the channels must be seawalled. Second, the channels must be dredged to a navigable depth.

Dredging and Seawall Benefits

In the process of dredging, the dredged material or "spoil" could be used to backfill the newly seawalled areas. The spoil material deposited on the newly seawalled areas would provide necessary fill and simultaneously dispose of the spoil from the dredging. This beneficial process of this spoil disposal alone would save tens of thousands of dollars in dredging costs. At the same time, it would save many thousands of dollars in backfill for the newly seawalled areas. Additionally, seawalling on such a large scale would greatly reduce the per-foot cost of seawalling below that which would be spent by individual property owners in seawalling their lots on an individual basis.

I believe the dredging of these channels will have an immediate and long-term positive impact on the area. Residents will once again be able to use their boats and dock them at home. Rental and sales of existing housing units will improve. Development of Harbor Island Drive will be greatly encouraged. The entire area will become a more desirable location for potential home builders and buyers.

Additional Improvements

After dredging and the seawalling and backfilling of west Bass and west Tarpon another major improvement could be made. These peninsulas could be provided with streets, curb and gutter, street lighting, drainage, water, sewer, electrical and gas service -- all installed at one time according to code specifications. The benefits and cost savings of constructing this infrastructure all at one time would be worth several times the cost to the individual lot owners who would benefit. After drying and leveling, the lots located on these streets would be ready for construction of very nice homes and would encourage home buyers to build and move here.

Who would pay for these improvements? Property owners would pay only their portion of an improvement benefitting their property. The payments would be in the form of assessments, not taxes. Unlike taxes which are used by the City for its operations, assessments would be collected and held separately to be used only for paying for the improvements.

Since all of the area's property owners abutting the channels would benefit from the dredging, all property owners would pay for the dredging. The cost for the dredging, as with the other improvements, would probably be assessed on a per-front-foot basis. Property owners receiving seawall would pay for their proportionate share of the seawall. Property owners receiving a street and utility infrastructure would pay for their improvements. In other words, property owners would pay only for their portion of the cost of the improvement benefitting their property.

Public Improvement Districts

How would Port Isabel coordinate and accomplish these improvements? State law allows the creation of a "public improvement district" (PID) for many things, including construction of streets, improving waterways, and similar projects. The creation of a PID is authorized for "an improvement project that confers a special benefit on a definable part of a municipality." As I will explain later in this letter, a PID allows your city to coordinate and facilitate the planning, construction and financing of improvements to your property.

A PID can only be created after the City is presented with a petition outlining the nature and estimated cost of the improvement, the boundaries of the district, a proposed method of assessment, and other matters. The petition must be signed by at least: (1) property owners representing more than 50% of the appraised value, and (2) more than 50% of the record owners (or) the owners of more than 50% of the area in the proposed district. The petition would be prepared by or in cooperation with the City in advance and then sent or circulated to the property owners involved.

In our case, the petition could propose one district with three categories of assessable property. The first and largest category would consist of all the property abutting channels on the west side of Island Avenue. This area would include property on Highway 100 on the south, Second Street on the west, and North Shore Drive on the north. This category would be assessed for dredging all of the waterways on the west side. A map of this area is enclosed.

The second category would be all property located on the west side which is not seawalled. These owners would be assessed for the cost of seawalling. The third category would be lot owners on west Bass and west Tarpon. These owners would be assessed for the cost of the street and utilities serving their lots.

The PID Process

After the petition is presented to the City, the City Commission makes findings about the advisability, cost, and method of assessment. The City may do a feasibility study and may appoint an advisory board made up of affected property owners. After all of the studies and the scope of the project is well defined, a public hearing or hearings must be held. All aspects of the district, the project and assessments are discussed at the hearing.

Within six months after the last hearing, the City Commission votes on whether or not to authorize the PID. If approved, a period for protest follows. If a petition with the requisite number of signatures protesting the PID is presented, the PID is dissolved and no further action is taken.

If not dissolved, the City Commission approves the service plan and the method of assessment. Several methods of assessment are allowed, but the front foot basis would probably be the most suitable. An Assessment Roll would be created of all property owners for whom an assessment will be made. Another public hearing is held with letter notice to owners and newspaper publication. At the hearing, the City Commission must hear and rule on all protests.

After the hearings are concluded and protests resolved, the City would commence construction of the improvements. The City would secure funding for the improvements through bonds or other approved method. The City would be repaid by annual assessments paid by the property owners. Those lot owners with seawall and street improvements would have the largest amount to pay and their assessments would be spread out over the longest period, probably 10 to 15 years. An owner could choose to pay his entire assessment at once or over time. Through the payment of the assessments, the bond indebtedness would be retired.

Our Next Step

If the improvements outlined in this letter are favorably received, our next step will be developing cost estimates for each improvement. This will require surveying, engineering and other professional services.

After the costs are estimated, an estimate of cost per-front-foot will be determined for each of the improvement categories. Depending on the costs and the length of time for repayment, the estimated amount to be paid by a particular property owner on an annual basis will be calculable.

When these tasks have been accomplished, the City will hold a meeting for all of the property owners to further explain the project, answer questions, and, depending upon the consensus of the owners, decide whether to proceed with the PID process as outlined above.

Conclusion

In my experience, permanent improvement to real estate is always a good investment. And, I believe that the west Fingers can become as beautiful a residential area as the east has become. Considering the demand for waterfront homes and the predicted growth of our community, I am convinced that the financial, environmental and other benefits to be received from these improvements will greatly exceed their cost many times.

The PID concept is a viable solution for the improvements which need to be made in Modern Venice. However, it is a process which requires a majority of the property owner's consent and cooperation. As a property owner, you and your neighbors will decide whether or not to pursue this plan for improvement.

In order for the City to gauge the level of support for this plan, I have enclosed a brief questionnaire for your information and comments. Please take a few minutes to complete it and return it to the City in the enclosed envelope by August 31st. In order to have an accurate understanding of your feelings, it is important that everyone return their questionnaire.

If, after reviewing your comments, the majority does not believe this project should be pursued, the City will no longer pursue the project. If the majority believes the project should be pursued, the City will proceed to *Our Next Step*.

We have a website located at www.modernvenice.com. At present, this site has information about public improvement districts, some maps, and historical information. If the project continues, this website will contain all of the information which you will find necessary and useful in understanding the progress that is being made, cost estimates and cost per average lot, schedules of events, and other information.

On behalf of our City Commission and Administration, I thank you for allowing me the opportunity to explain this project to you. As we await your questionnaire responses, please be assured that your elected leaders and city employees will continue their efforts to make Port Isabel a better place to live now and for future generations.

Most sincerely,

Patrick H. Marchan,
Mayor of Port Isabel, Texas

xc: Robert Garcia, City Manager
Enclosures:
Aerial Photograph of Port Isabel
Map of Proposed District
Property Owner's Questionnaire
Return Envelope

MODERN VENICE IMPROVEMENT DISTRICT QUESTIONNAIRE

(Please complete and/or correct the identification and address information shown below.)

Name: _____

Mailing Address: _____

Telephone: _____
(home) (office) (cell)

Property Legal Description: _____

Street Address: _____

The questions below refer to the channels and property on the west side of Island Avenue as described in the Mayor's letter.

	YES	NO
Do you have a home or structure on your property?	_____	_____
Do you own or use a boat at your property?	_____	_____
Do you have problems navigating the channels?	_____	_____
Do you believe the channels should be dredged?	_____	_____
Do you believe the PID process is a good method for dredging?	_____	_____
Do you have a seawall on your property?	_____	_____
Do you believe all property should be seawalled?	_____	_____
Do you believe the PID process is a good method for seawalling the unseawalled properties?	_____	_____
Do you believe west Tarpon and west Bass should receive street and utility improvements?	_____	_____
Do you believe the PID process should be used to construct the street and utility improvements on west Tarpon and west Bass?	_____	_____

If you are not in favor of the improvements or the PID process, please tell us why? _____

_____.

Do you have other comments? _____

_____.