

# Governance Planning Process

## Outreach and Governance Options Report

August 2, 2012



# Agenda

- Review governance process
- Review findings from Outreach Summary
- Review Governance Options Report
- Discuss governance next steps

# Governance Process

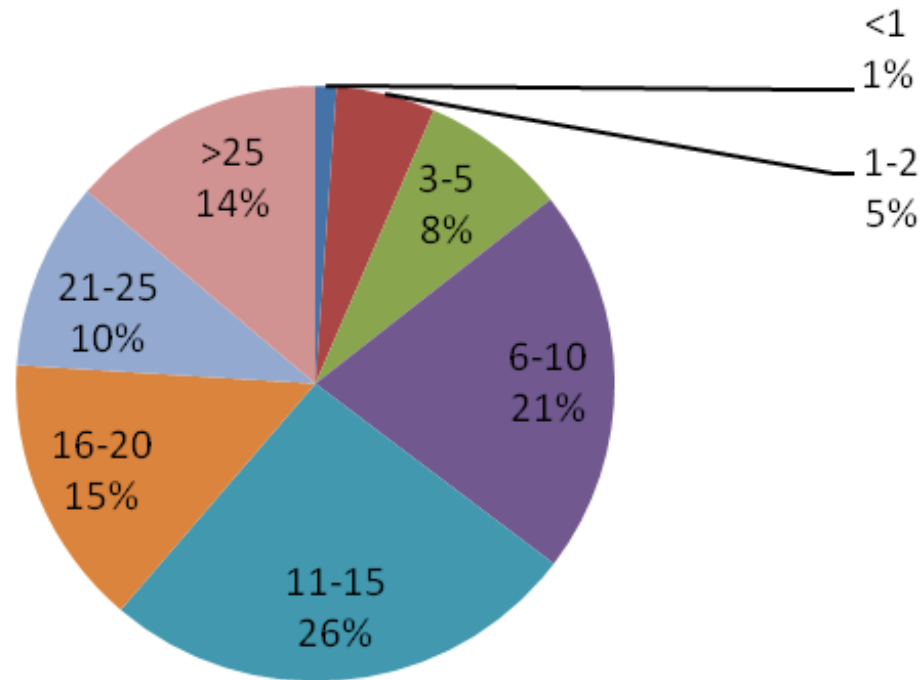
- Gap Analysis
- Incorporation Financial Model
- Community and stakeholder outreach on future governance

# Outreach Summary

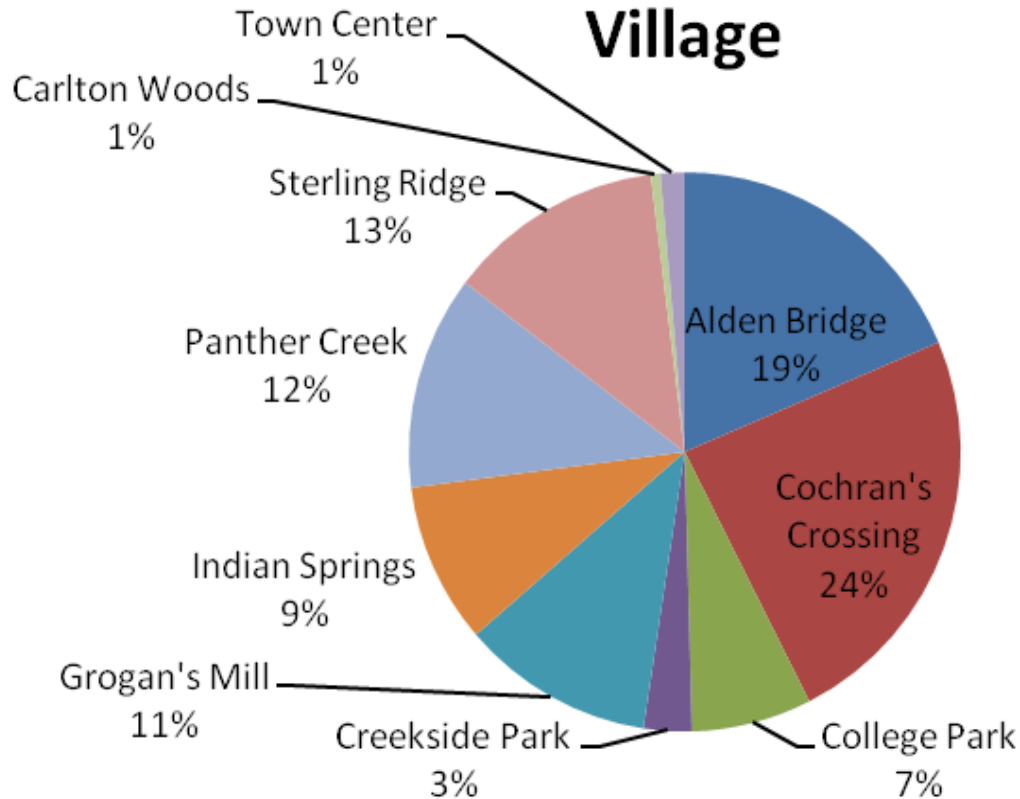
- Outreach activities:
  - Two forums with business interests (March 1)
  - Two community forums (March 29, March 31)
  - Online feedback (solicited through the end of April)
- Nearly 400 feedback forms received

# Participant Demographics

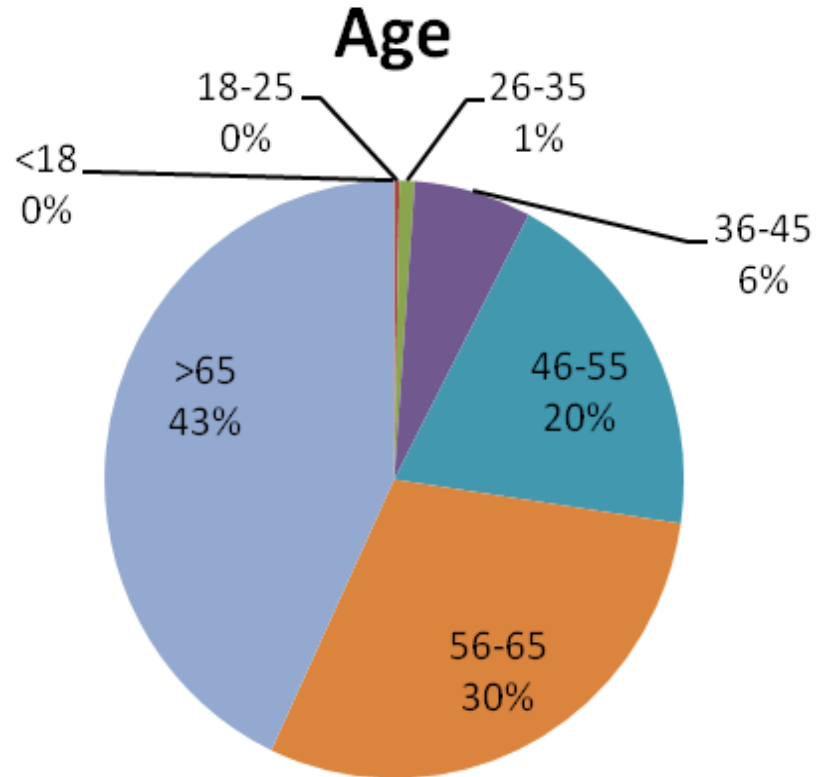
## Years Lived in The Woodlands



# Participant Demographics



# Participant Demographics



# Feedback Received

- “Do you think the current Township governance structure is equipped to address future challenges?”
  - 70% participants believed the current governance structure is equipped to address future challenges
  - Those that didn’t believe the Township was well equipped cited future growth concerns and the lack of ordinance making authority



# Feedback Received

- Positive impacts of incorporation
  - Ordinance making authority; ability to make and enforce laws
  - Local control of community services
  - Ability to prevent annexation
  - Improved transparency and accountability
  - Consolidation of services
  - None

# Feedback Received

- Negative impacts of incorporation
  - Higher taxes, costs
  - Expansion of government, bureaucracy
  - More regulations
  - Consolidation of municipal utility districts

# Feedback Received

- How incorporation would impact your business
  - Higher taxes, costs
  - Negatively
  - Ordinance making authority; ability to make laws
  - Local control
  - Uncertain of impacts; little change

# Feedback Received

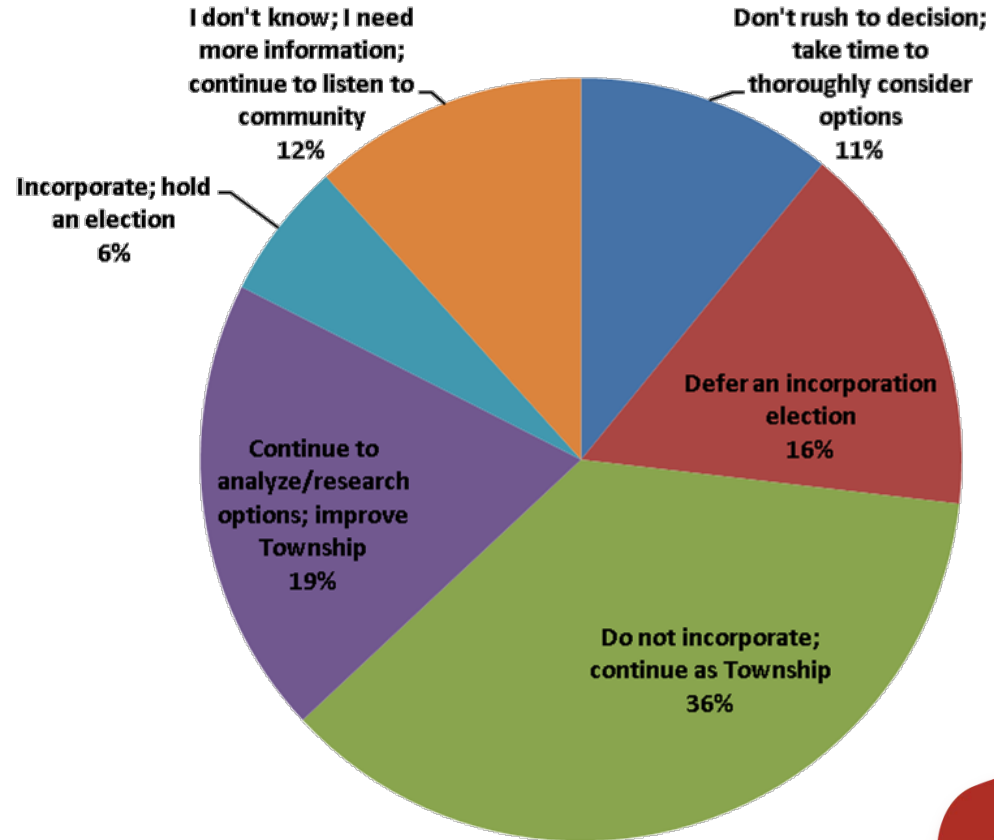
- Advice to the Board of Directors
  - Nearly 80% of responses fit into one of the following general categories:
    - Don't rush to a decision; take time to thoroughly consider options
    - Defer an incorporation election
    - Do not incorporate; continue as Township

# Feedback Received

- Advice to Board of Directors, continued
  - Continue to analyze and research options; improve the Township (i.e. ordinance making authority, improved law enforcement, etc.)
  - Incorporate; hold an incorporation election
  - I don't know; I need more information; continue to listen to the community

# Feedback Received

## Advise to the Board of Directors



# Outreach Summary

Questions?

# Future Governance – A Review

- Regional Participation Agreements
  - Entered into in 2007 after overwhelming approval by voters
  - Consolidated Town Center Improvement District and Community Associations of The Woodlands into The Woodlands Township
  - The Woodlands financially contributes to projects of mutual benefit



# Future Governance – A Review

- Regional Participation Agreements, continued
  - Frees The Woodlands from the threat of unilateral annexation until November 16, 2057
  - Allows The Woodlands the opportunity to select its future form of governance, including the opportunity to incorporate after May 29, 2014

# Potential Governance Options

- Based on research, analysis, and feedback received, the following outlines potential future governance options:
  1. Identify triggers for action
  2. Pursue legislative changes
  3. Hold incorporation vote on November 4, 2014

# Option 1: Identify Triggers for Action

- Description
  - Retain current Township structure while monitoring various community indicators reflective of community values that could signal a need to fine-tune or consider a new form of governance

# Option 1: Identify Triggers for Action

- Description, continued
  - Potential indicators could include:
    - A change in crime rate or change in county law enforcement leadership and/or philosophy
    - A change in condition of the road system
    - A change in traffic congestion
    - A change in covenant/deed restriction compliance through the existing means or processes

# Option 1: Identify Triggers for Action

- Potential indicators could include, continued:
  - An emerging need for redevelopment tools as the community ages
  - The reduction of programs, services, or development initiatives by The Woodlands Development Company

# Option 1: Identify Triggers for Action

- Description, continued
  - The Woodlands would be free from the threat of unilateral annexation until November 16, 2057
    - Could negotiate new agreements with the cities of Houston and Conroe to extend RPAs
      - Ability to extend RPAs not guaranteed
      - Would likely require a continuation of or increase in financial contributions

# Option 1: Identify Triggers for Action

- Description, continued
  - Does not provide the broadest scope of local control
    - Residents will continue to rely on responsiveness of counties and MUDs to provide:
      - Roadway maintenance
      - Traffic control
      - Water/wastewater/drainage
      - Traffic control
      - Public health
      - Basic law enforcement

# Option 1: Identify Triggers for Action

- Feedback
  - 70% participants believed the current governance structure is equipped to address future challenges
  - Many participants recommended continuing as Township; most frequent advice given to Board of Directors
  - Biennial citizen satisfaction surveys indicate high satisfaction with Township



# Option 2: Pursue Legislative Changes

- Description
  - Initiate various changes in existing governance legislation
  - Seek legislative changes as soon as the 2013 legislative session (legislature meets biennially)
  - Would require support of legislators and endorsement of the legislature and governor

# Option 2: Pursue Legislative Changes

- Description, continued
  - The Woodlands should be prepared if a legislative remedy is not immediately achieved
    - Successful passage not guaranteed
    - Likely take multiple sessions to successfully pass initiative(s)
  - Costs would be incurred related to legal and lobbyist services to support legislative initiative

# Option 2: Pursue Legislative Changes

- Description, continued
  - Example legislative pursuits
    - Example 1: Seek to amend Township's enabling legislation to allow ordinance making authority (either broad-based or targeted to identified needs)
      - Likely to invite opposition from Texas municipalities and interest groups like the Texas Municipal League
      - Pursuit of legislative changes may result in adverse impacts to the existing Township enabling legislation

# Option 2: Pursue Legislative Changes

- Example 2: Seek to amend legislation to allow MUDs to remain intact upon incorporation
  - Recognizes various development stages throughout The Woodlands
  - Provides for a more equitable financial impact between residents of older and newer portions of The Woodlands
- A careful review of any potential legislative changes and the feasibility and impact thereof is necessary
  - Vigorous review by Township legislative team
  - Consultation with local legislators

# Option 2: Pursue Legislative Changes

- Feedback
  - Option consistent with participants who recommended retaining the Township structure while seeking to acquire additional powers

# Option 3: Hold Incorporation Vote on November 4, 2014

- Description
  - RPAs allow for an election to occur after May 29, 2014; per Texas statute, the earliest a vote could occur would be November 2014
  - Incorporation election can be initiated by the Board of Directors
  - Township would assume the costs associated with any incorporation election

# Option 3: Hold Incorporation Vote on November 4, 2014

- Description, continued
  - If The Woodlands desires becoming a home rule city, a charter must be developed and approved by voters at a subsequent election
  - If incorporation was successful, MUDs would be dissolved
    - Water, wastewater, and drainage responsibilities transitioned to the city
    - Assets and liabilities of MUDs assumed by city

# Option 3: Hold Incorporation Vote on November 4, 2014

- Description, continued
  - City assumes responsibility for:
    - Law enforcement
    - Road maintenance
    - Animal control
    - Traffic control
    - Code enforcement
    - Health and safety services
    - Planning and development services
    - Building inspection



# Option 3: Hold Incorporation Vote on November 4, 2014

- Description, continued
  - City would have to establish:
    - City secretary's office
    - Municipal court
    - Police department
    - Public health agency
    - Public works department
    - City planning agency

# Option 3: Hold Incorporation Vote on November 4, 2014

- Description, continued
  - While county responsibilities for these services would decrease dramatically, the current county property tax rate would not be required to decrease
  - Expansion of local services would require the city to acquire additional staffing and resources (including vehicles, equipment, and facilities)

# Incorporation Cost Impact

## Net Summary and Property Tax Impact The Woodlands Incorporation Study

Item	General Fund		Other Funds		Total	Utilities Fund	
	Annual	One-Time	Annual <sup>1</sup>	One-Time			
Revenue	\$89,917,082	\$0	\$19,090,084	\$0	\$109,007,166	\$33,075,137	
Expenditure	\$112,658,223	\$0	\$31,053,804	\$5,780,898	\$149,492,925	\$33,075,137	
<b>Net</b>	<b>(\$22,741,140)</b>	<b>\$0</b>	<b>(\$11,963,720)</b>	<b>(\$5,780,898)</b>	<b>(\$40,485,759)</b>	<b>\$0</b>	
<b>Net from Incorporation</b>	<b>(\$22,741,140)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,780,898)</b>	<b>(\$28,522,039)</b>	<b>\$0</b>	
Current Property Tax (per \$100)	\$0.2599	\$0.0000	\$0.0651	\$0.0000	\$0.3250	varies	<b>Total</b>
<b>Additional Property Tax (per \$100)</b>	<b>\$0.1825</b>	<b>\$0.0000</b>	<b>\$0.0000</b>	<b>\$0.0464</b>	<b>\$0.2289</b>	--	<b>City Tax</b>
<b>Potential Property Tax Rate (per \$100)</b>	<b>\$0.4424</b>	<b>\$0.0000</b>	<b>\$0.0651</b>	<b>\$0.0464</b>	<b>\$0.5539</b>	\$0.2633	<b>\$0.8172</b>
<b>% Change</b>	<b>70.2%</b>				<b>70.4%</b>	--	

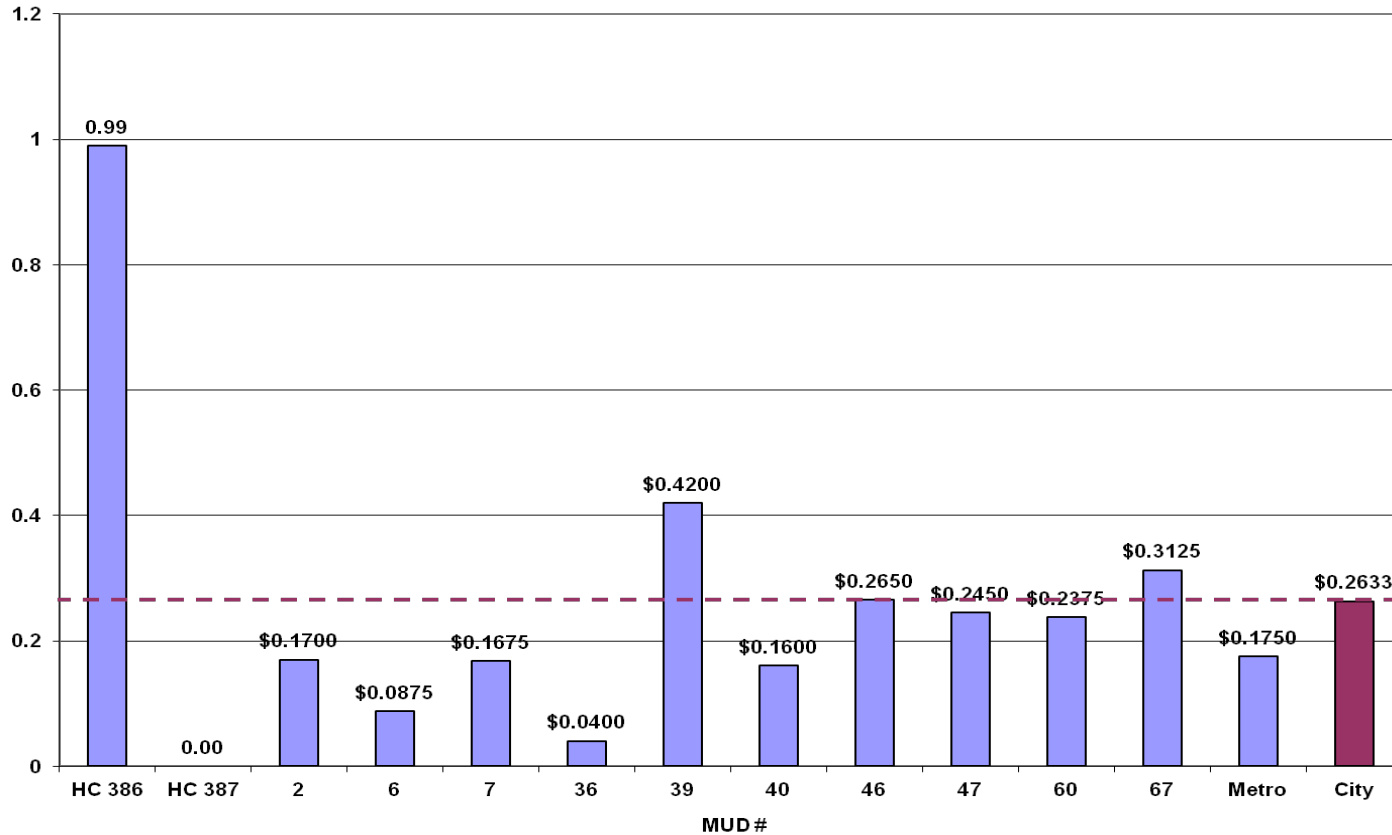
<sup>1</sup>The Township is drawing from existing bond proceeds to fund the 2012 Other Funds \$12.0 million annual shortfall. Thus, new property tax would be used to fund this shortfall and the existing rate will remain the same

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Working Paper #1: Financial Assumptions; Economic & Planning Systems

H:\21857-Woodlands TX Incorporation Study\Models\21857-Woodlands Financial Model\0209012.xls\1-Net-Summary

# MUD Tax Rate Comparison



# Option 3: Hold Incorporation Vote on November 4, 2014

- Description, continued
  - Permanently removes threat of unilateral annexation
  - Extends new powers to The Woodlands, including ordinance making authority
  - Provides local/direct control of many services previously provided by other entities

# Option 3: Hold Incorporation Vote on November 4, 2014

- Feedback
  - Few participants recommended holding an incorporation vote

# Communication Strategy

- Residents and stakeholders indicate that they desire to be informed of governance decisions
- Regardless of option pursued, a comprehensive communication strategy is recommended

# Other Potential Governance Options?

- Are there other governance options that should be considered?
  1. Identify triggers for action
  2. Pursue legislative changes
  3. Hold incorporation vote on November 4, 2014
  4. ?



# Discussion: Governance Next Steps