

Update on Governance in The Woodlands



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November 18, 2008

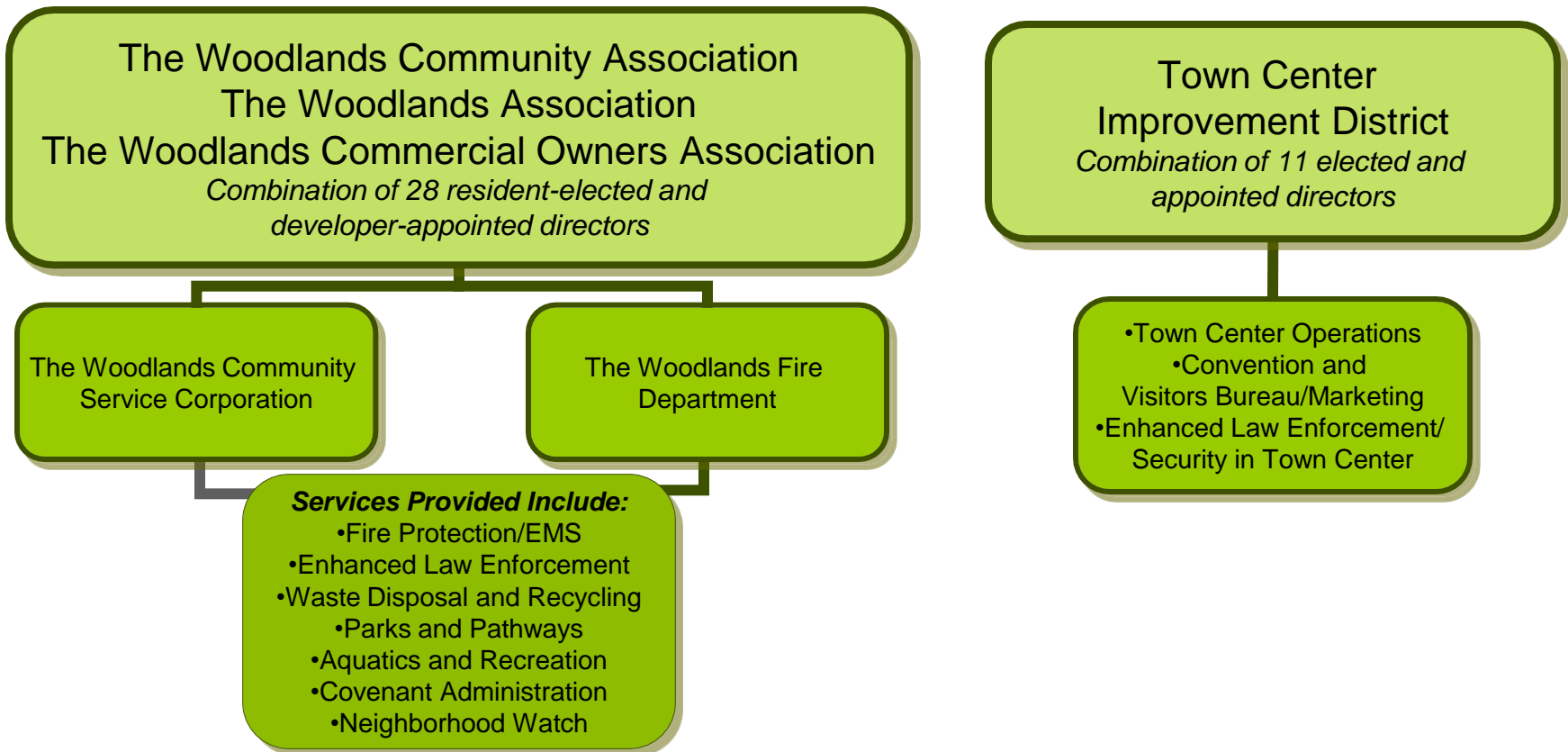
Governance: 2006 – 2008

- **December 7, 2006:** City of Houston and The Woodlands announce historic agreement / allows The Woodlands to determine its own future by contributing toward regional projects.
- **Spring 2007:** Legislation provides the authority to enter into the Regional Participation Agreements (SB 1012) and to establish, with voter approval, a new governance body for The Woodlands (HB 4109).
- **October 2007:** Community Associations and Town Center Improvement District sign a **Memorandum of Understanding** to outline the transition in governance if the propositions pass.
- **November 2007 Election** –TCID changes its name to The Woodlands Township. Three propositions pass:
 - Authorizing the expansion of Town Center Improvement District (TCID) to cover the entire Woodlands
 - Reorganization of the TCID’s Board of Directors to a seven-member resident-elected board (by 2010)
 - TCID to assess an ad valorem property tax
- **January/February 2008:** Community Associations and The Woodlands Township unanimously approve the **Transition Agreement** that outlines the transition of service delivery from the Associations to the Township.
- **October 2008:** Community Associations and The Woodlands Township approve **First Amendment** to the Transition Agreement that provides for an acceleration of the transition process.

Transition Timeline

	Original Transition Agreement	First Amendment (October 2008)
2008	Sales tax funding of \$6.1 million to WFD (reduce Community Association Assessments)	Same
2009	Sales tax funding of \$13.7 million to WFD (reduce Community Association Assessments)	Same
2010	Property tax levy to replace Community Association Assessments	Same
January, 2010	Contract with WCSC/WFD for services through 2011	Provides for consolidation of services in 2010 (two years earlier)
May, 2010	Board Election / Board is elected at large / Change to seven Directors	Same
January, 2012	Consider consolidation of WCSC/WFD services	N/A

Services, Costs and Governance Prior to 2008



*Enhanced municipal-type services funded through **property assessments**.*

Sales taxes collected to fund services in the Town Center area

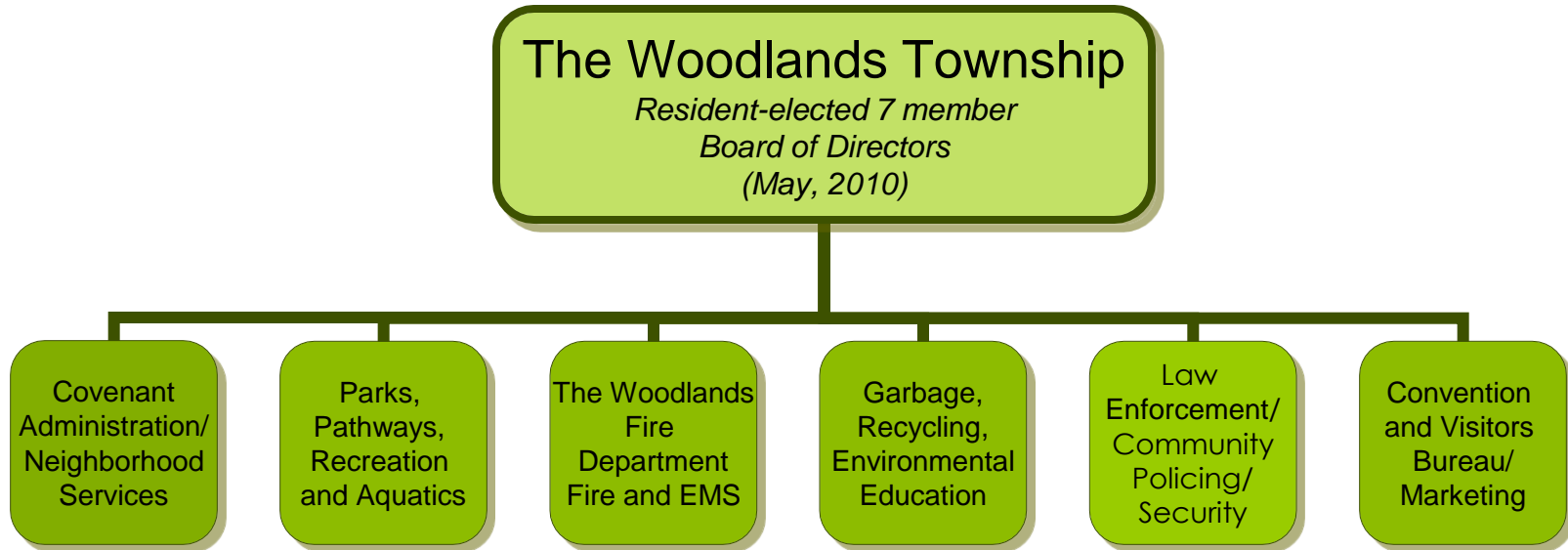
Services, Costs and Governance in 2008 and 2009



*Continued enhanced municipal-type services funded through **property assessments**.*

Sales taxes collected to fund services and ongoing Regional Participation Agreements with Houston and Conroe.

Services, Costs and Governance After 2010



Sales taxes collected to fund services and ongoing Regional Participation Agreements with Houston and Conroe.

*Enhanced municipal-type services funded through **ad valorem property tax** and a portion of the sales tax.*

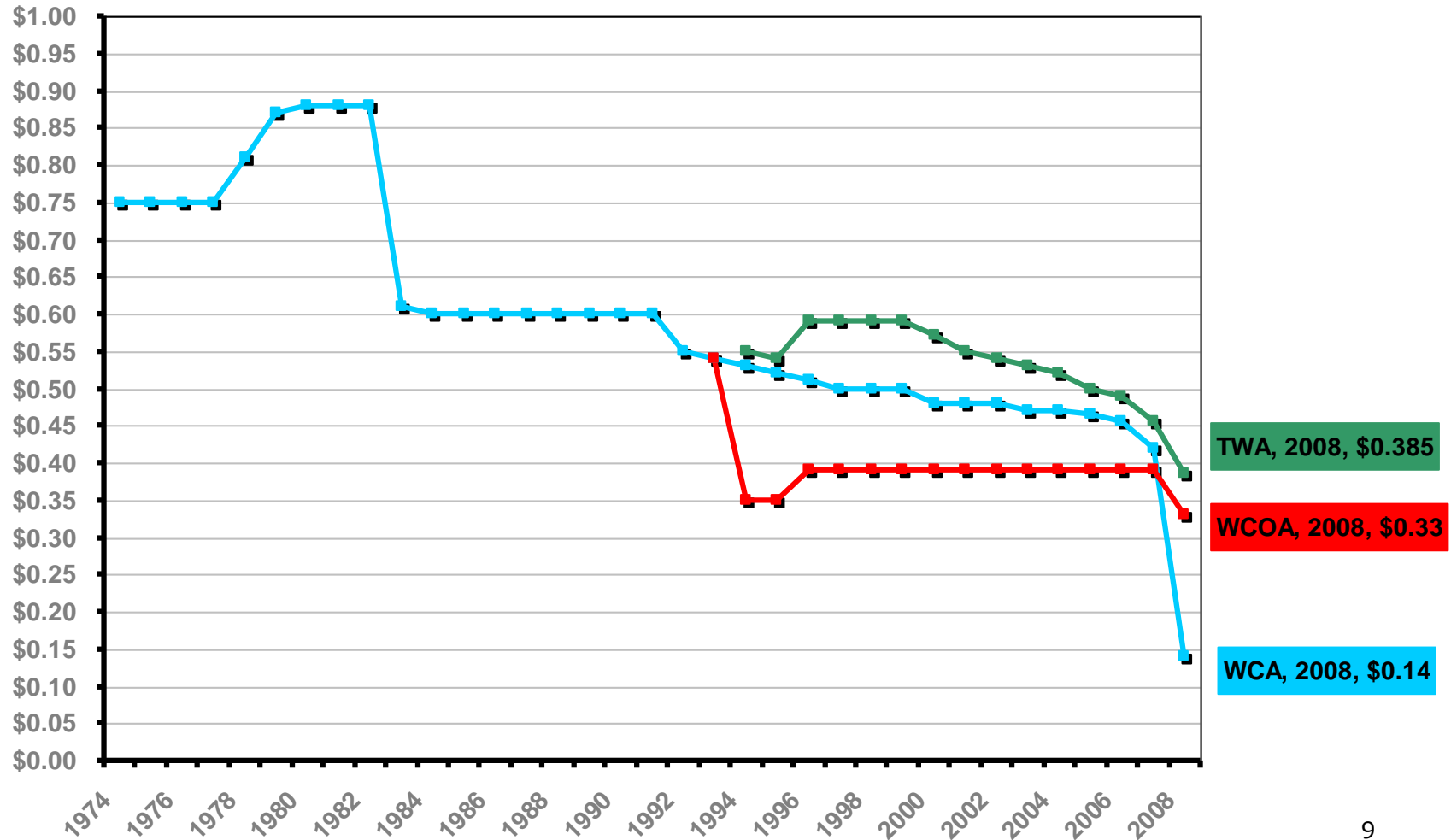
What impact will these changes have on residents?

- ❑ Continuation of service programs and service quality
- ❑ Continue to call the same place for service / name just changes to Township
- ❑ More consolidated government operations
- ❑ Fully resident-elected Board of Directors / 7 members in May, 2010
- ❑ May be easier for residents to understand the service model
- ❑ Tax assessment will be deductible

What were the Community Association assessment rates in 2007, prior to the start of the Transition process?

Association	2007 Rate
The Woodlands Association (TWA)	45.5 cents
The Woodlands Community Association (WCA)	42.0 cents
The Woodlands Commercial Owners Association (WCOA)	39.0 cents

A History of Assessment Rates for All Three Associations



What impact did the additional sales tax have on reducing assessment rates?

- 2008 Budget - 15% reduction
- 2009 Budget - 16% reduction
- 2010 Convert to Property Tax Levy (no assessments projected)

What are the challenges between now and full consolidation in 2010?

- ❑ Continuation of separate operations in 2009 / consolidation in 2010
- ❑ Realign organizations / consolidate and change some functions
- ❑ Combine accounting and reporting systems
- ❑ Develop a single budget and capital plan / consider financial strategies for the “new” combined organization
- ❑ Realign two compensation and benefit systems into one
- ❑ Align operating policies and procedures
- ❑ Develop and implement options for facility needs
- ❑ **Keep the public informed**

What is the expected tax rate in 2010, after consolidation of services?

- ❑ Too early to tell
- ❑ Much work still has to be done / must consider:
 - Impact of consolidation of services
 - Determine new capital and capital replacement needs of combined organization
 - Provide for replacement of reserves: operating, capital and capital replacement reserves
 - Consider impact of debt assumed by Township
 - Determine what (if any) service expansion needs should be considered
- ❑ May be higher than initial projections made in 2007
 - Sales tax is lower than originally projected in 2007 for expanded area
 - Capital funding and reserves have to be recreated (depleted in 2008 and 2009)

Governance: Next Steps

- **Early 2009:** Update Visioning Plan
 - Township Board retreat / process to update existing Vision 2020 plan. Consider:
 - Public Policy
 - Operations/Services
 - Economic Development
 - Public Safety
 - Employment
 - Promotion
 - Mobility
 - Facilities
- **Mid 2009:** Consider budget and capital plan for consolidated Township operation
- **September 2009:** Set property tax levy for Township

Governance: Next Steps

- ❑ **January 2010:** Implement full consolidation of Community Association and Township services and operations
- ❑ **May 2010:** Township Elections, transition to seven member fully-elected board
- ❑ **2012:** Consider initiation of process to discuss potential future governance alternatives (public education and public forums)
- ❑ **May 29, 2014:** Earliest date when The Woodlands voters may decide if they want to change the governance structure, including consideration of incorporating

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