

Incorporation Planning Session

June 17, 2021



Overview for Today's Planning Session

- Governance and Incorporation Planning Study History
- Review of Financial Assumptions
- Briefing on Water and Sewer Utility Options

Overview of The Woodlands Township

- The Woodlands Township is a “Special Purpose District”
 - Governed by a seven member Board of Directors, elected at large
 - Authorized to collect sales tax, room tax and property tax
- The Township is not a city government but provides similar city types of services
 - Enhancements to services provided by other governmental organizations
 - Services previously provided through large community-wide Community Associations (HOAs)
- Township does not have community-wide ordinance making authority / can only provide regulation on Township-owned property
- The Township does not have authority to regulate traffic, issue citations or set rules on public roads or road rights-of-way

History of Governance



Development and Governance Overview

- Started as a master planned community in 1974
- Protective covenants placed on developed properties
- By 2006, The Woodlands governed by three large HOA's
 - More than 30,000 single family properties
 - Funded by ad valorem assessments
- Part of The Woodlands also included the Town Center Improvement District (a special purpose district/government)
 - Provided economic development services in Town Center, including public amenities and Convention Center
 - Funded by a 2% sales tax in town center area and a 7% room tax

Governance Timeline – Early Stages

- **1999:** Houston and The Woodlands MUDs sign a Moratorium Agreement which prevents the City of Houston from annexing The Woodlands and prevents The Woodlands from incorporating as a city for at least 12 years.
- **2000:** Community Associations of The Woodlands begin to draft a plan to educate community leaders and residents about existing governance, as well as options for future community governance.
- **2002-2006:** Joint Ad-Hoc Governance Process Committee and, later The Woodlands Governance Steering Committee, study and evaluate governance options with resident feedback.
- **December 7, 2006:** City of Houston and The Woodlands announce historic agreement allowing The Woodlands to determine their future as they contribute toward important regional projects.

Governance Timeline – Governance Change

- **Spring 2007:** Legislation provides the authority to enter into the Regional Participation Agreements with Houston and Conroe and to establish, with voter approval, a new governance body for The Woodlands.
- **November 2007 Election:** Three propositions pass, authorizing the expansion of the former Town Center Improvement District (TCID) to cover The Woodlands; the reorganization of the TCID Board to a seven member resident-elected board; and to allow the entity to assess an ad valorem property tax. TCID changes its name to The Woodlands Township.
- **January/February 2008:** Community Associations and the Township unanimously approve the Transition Agreement that outlines the transition of service delivery from the Associations to the Township.
- **2008 – 2012:** In accordance with the Transition Agreement, Community Associations and Township combine to form The Woodlands Township as it currently operates.

Governance Timeline

- **2011-2012:** Township contracts for a governance study and community outreach efforts.
- **2012:** At the conclusion of the study, the Township Board adopted a resolution indefinitely deferring an incorporation election / established a plan to monitor for significant changes in community needs or potential financial consequences of incorporation that may warrant further actions.
- **2014:** The Woodlands became eligible to incorporate as a municipality based on the RPAs / no incorporation election is called.

Governance Timeline

- **2016 and 2017:** The Township Board renewed discussion of future governance and Incorporation, primarily related to road and drainage concerns.
- **2017:** Legislation is passed that provides a clear path to incorporation / state laws based on incorporation of smaller communities.
- **2018:** Township Board initiates Incorporation Planning Study.
- **2020:** Township Board places planning on hold due to global pandemic.

2017 Legislation



2017 Legislation

- Provides clear statutory authority and a process for The Woodlands to incorporate
- Allows for the merger of Township operations, assets, authority and obligations into a new city government
- Allows for the Township revenue streams to be assumed by the new city at time of incorporation
 - Exception – Certain restrictions on a portion of the Hotel Room Tax at the time of Incorporation
- Allows the Township Board to continue as the temporary City Council until the new City Council can be elected

2017 Legislation

- Authorizes Township Board to call incorporation election
 - Requires approval by majority of voters
 - Requires ballot to include a maximum initial tax rate
 - Allows for incorporation as a type A, B or C General Law City
- Provides process for dissolution of Township at Incorporation / assumption by new city
- Provides for Township Board to
 - Call election for new city council
 - Serve as temporary city council until election for first city council

2018-2020 Incorporation Planning Study



Project Status and Next Steps

- Early 2018, the Township engaged consulting firms to assist with the incorporation planning process.
 - Public input opportunities
 - Financial and benchmarking/best practices analysis
 - Tax rate study
 - Assessment of law enforcement needs
 - Pavement management study
 - Review of infrastructure management alternatives (such as the structure of MUDs and water services)
- The Matrix Consulting Group was the lead consultant in 2018 and The Novak Consulting Group performed a parallel financial analysis.
- In December 2018, the Board contracted with The Novak Consulting Group to take the lead role for the remainder of the study.

Project Status and Next Steps

- In January 2019, the Board reviewed comprehensive Incorporation initiatives and provided direction on which initiatives/assumptions should be used by Novak in the final financial model.
- Throughout 2019, the financial model was refined and additional analysis was performed.
- In the first quarter of 2020, the Novak Consulting Group affirmed the study assumptions with the Board, presented the financial model, and a provisional maximum initial tax rate.
- In March 2020, the Incorporation Planning Study was placed on hold due to the COVID-19 pandemic.

Project Status and Next Steps

- In June 2020, the Board accepted the Consolidated Incorporation report, to be used as a living document for future incorporation consideration.
- Public communication and education process was placed on hold.
- Online property tax rate calculator to assist residents in determining their personal impact was placed on hold.
- No Incorporation election has been called at this time.

Restarting the Incorporation Study Process

The Novak Consulting Group's Incorporation Study Consolidated Report recommends:

- Step 1: Verify Assumptions
- Step 2: Revisit and Update Transition Agreements
- Step 3 Update the Baseline Financial Model
- Step 4: Update the Initiatives
- Step 5: Recalculate the Provisional Maximum Tax Rate
- Step 6: Re-engage the Community
- Step 7: Consider an Incorporation Ballot Measure

Complete 2018-2020 Incorporation Study Information Available Online

- The Incorporation Study website includes the consolidated report, FAQs, sub study reports, links to videos, and more at www.thewoodlandsincorporationstudy.com

Communications Efforts from 2018-2021

- 32 Planning Sessions/Special Meetings held
 - More than 45 hours of video
- Public Forum held in September 2018 (3 hours)
- Comprehensive Incorporation Study Consolidated Report posted online (322 pages including appendices)
- 12 additional sub-studies posted online
- Nearly 100 answers to Frequently Asked Questions (FAQs)
- 5 Legal summaries posted, plus FAQs developed with legal guidance

Communications Efforts from 2018-2021

- Community Magazine
 - 17 Cover Mentions
 - 22 Articles
- 30 Press releases with Incorporation as a headline
- Social Media Awareness efforts
 - 59 Facebook and Twitter Posts regarding Incorporation
 - Includes infographics, videos, Facebook Live videos, Board meeting recaps, Board meeting agendas and promotion of the Incorporation website
 - Promotion of the September 2018 Public forum
 - 3 Facebook Ads
 - 17 LinkedIn posts
 - 11 Nextdoor posts