

**The Woodlands Stakeholder
Governance Forum
Summary Report**

October 14, 2006



Overview

On October 14, 2006, nearly 100 members of the eleven stakeholder groups of the Governance Steering Committee (GSC) participated in the Stakeholder Governance Forum. Ensuring public involvement has been an important goal of the overall governance process. While hundreds of residents have been involved at various stages in the process over the last 18 months, this was the first opportunity for the full membership of the stakeholder organizations to participate in Phase II of the governance process.

The purpose of the Stakeholder Governance Forum was to present the two remaining governance alternatives that have evolved from the governance evaluation process. Participants were asked to discuss the governance alternatives in relation to the financial, political, and legal implications and make recommendations to the GSC as to the development of their Action Plan. The Forum provided an opportunity for participants to express their perspectives about governance and to listen to other viewpoints, including those from expert panelists.

The Forum began with a welcome and opening remarks from the Governance Steering Committee (GSC) Co-Chairs Bruce Tough and Joel Deretchin. Mike Page, Bob Stout, Roger Galatas and Lloyd Matthews, all members of the GSC, gave short presentations regarding legal, political, historical and financial considerations of governance in The Woodlands; Curt Dunham, CEO of Partners for Strategic Action, Inc. (consultant hired by the GSC and working on the governance process) gave a presentation on the results of the September 14, 2006, Governance Forum. Following the presentations, an hour-long question and answer session ensued with participants having the opportunity to ask questions of the GSC expert panelists. Following the panel discussion, participants broke into four small groups and had a facilitator that guided discussion relating to three main areas:

Part One: Discussion of the key legal, political, financial and timing issues of the two governance options (Public Services District – PSD and Incorporation) based on the information packet and the panel discussion.

Part Two: Discussion of recommendations to the GSC in terms of crafting an Action Plan.

Part Three: Discussion of individual reactions regarding future governance by identifying the group's common themes.

At the end of the small group discussions, each of the groups' facilitators gave a one minute presentation to all Forum participants about their "common themes."

The following is a summary of all the small group discussions based on the facilitator's notes taken during the sessions.

The invaluable public input received during the Forum will be used by the GSC in the continuing dialogue related to the governance process. The next steps in the process include:

- Next Round of Educational Materials
- Development of a Governance Action Plan

Group 1

Facilitator: Anna Mikulska

Governance Options Discussion

- Does incorporation process violate moratorium agreement; if so, how?
- Informative, like where things are heading.
- Have to do this at right time politically; we have to have county officials working with us—some oppose incorporation.
- We are running out of time; seems like we're moving too slowly.
- Timing is important—now is good time to approach Houston.
- Prefer incorporation sooner than later.
- Should open up discussion with Houston about incorporation; keep PSD as a bridge.
- PSD good as a bridge; will buy time to later incorporate. Good climate currently in Houston; great elected officials.
- Favor incorporation; PSD not compelling. Both need lots of effort, but time is right.
- Eventually incorporate, but PSD could be a great bridge. Should work with Houston.
- Introduce PSD into next legislative session and start to talk with Houston about incorporation.
- Not enough discussion about PSD and mentioning quality of services. There is some benefit in incremental steps towards incorporation.
- Incorporation eventually; don't know how much is being negotiated with Houston. PSD is a good bridge.
- Goal: Incorporation; keeping most options could be most beneficial. Explore possibility of incorporation with PSD as a bridge.
- How can we do either without a tax base of TCID.
- PSD first, incorporation later.
- Annexation is about money. If PSD is going to help avoid it, it's good. Float legislation, work with city. If it doesn't go well they will at least know what our intentions are.
- Houston unwilling to give up rights, should not use term "bribe" when talking financing arrangements with Houston.

- Group is evolving towards enlightened decision. The discussions are important. It is a long process. Should use neutral terms for negotiations.

GSC Recommendations

- Only 100 people now, very low participation rates. In general, many in The Woodlands have no clue—need to educate better.
- City of Houston is comfortable with the creation of special purpose districts. If reluctant to incorporate, should start with PSD without giving up rights.
- If goal is to incorporate, what mechanism would ensure that PSD as a bridge could be transformed into a city?
- Important to have a “sunset clause” so PSD could later be a step towards incorporation.
- Annexation should not be the major reason for incorporation; rather, it should be control.
- Has anyone asked Houston the question what they feel about [The Woodlands] incorporating.
- Follow two-track approach: dialogue with Houston, introduce PSD into legislature. Report to legislators and let them take [the process] from here.
- Educate the public.
- People don't like to get involved; they expect elected officials to do so.
- Need education—public vote.
- Need PSD as a fall back position.
- Need to stress incorporation as major goal.
- It's going to be necessary to have people understand what PSD is. How are we going to have PSD passed if we have dissention created by incorporation efforts.
- We should use the same process like the one used in discussion and negotiation of moratorium.
- PSD—can we have it working for 10-20 years? How can we govern ourselves?
- Incentive to go with PSD—doesn't need Houston approval. Houston will not give up right to incorporate.
- Representatives from Woodlands should talk with Houston.

Common Themes

1. Start negotiations with Houston—the time is right to do this.
2. Need to bring legislators into the picture—the sooner the better.
3. Educate the public
4. Residents should discuss the options first, instead of delegating it to legislators.

Group 2

Facilitator: H. Dawn Auckerman Wolfe

Governance Options Discussion

- Political side [of governance alternatives] under-discussed
- Houston is a friend, not an enemy
- Annexation is a battle; value [discussion] of current position
- Balanced approach between two alternatives
- Public forum was not communicated well
- People from out-state do not understand [the complex issues of governance in Texas]
- Need legislative representation in process
- Haven't tested the PSD concept
- Benefits of The Woodlands are enjoyed by people who don't live here [i.e. positive regional influence to Houston]
- PSD is an opportunity
- Acting too aggressively could breach moratorium agreement
- Austin annexation concerns
- TCID expansion
- Houston will want us because [The Woodlands is a] lucrative "cherry"
- Water conditions and supply
- Interim solution? PSD to resolve?
- Question on a ballot to gauge response
- Take a few years
- Is cost an issue—yes!

GSC Recommendations

- PSD right step now (indicated by 7 group members)
- Maintain strong relationship [with Houston] (no confrontation)
- Town Center and community one
- Don't confuse goals and means
- No strong legal grounds to incorporate
- Coming together is encouraging
- Woodlands is attractive
- More police services
- No desire to change when annexation is out of picture
- Financial burden of becoming a city
- Emotional ties
- Staying the same is not an option

Common Themes

1. [We] understand and endorse a PSD
2. communication between all parties involved
3. Stay in control of destiny
4. Don't want to fight with Houston

Group 3

Facilitator: Inaki Sagarzazu

Governance Options Discussion

- PSD not an option to get out of the threat of annexation
- PSD may be a good first step
- Would Houston be able to take down PSD on annexation?
- How long would it take for PSD to be implemented after it gets passed?
- What would the details of the proposed PSD be?
- Would the PSD take over development company's responsibilities?
- How would the development company participate?
- What would happen to services and assets provided by Community Associations?
- What regional power would PSD have?
- Would there be issues in PSD with crossing county lines?
- Annexation laws have been attempted to change in last legislatures.
- Have negotiation attempts with Houston existed?
- What barriers to annexation do we have in our favor?
- Can Houston provide the services as they [exist] now?

GSC Recommendations

- Two lines of attack
- United front needed
- Non-threatening way
- Make definition of PSD for people to view and understand
- Realistic feedback from legislators
- How would people be represented in PSD and What can they do?
- Explain better to rest of citizens specifications of PSD
- What would incorporation cost?
- PSD and major effort in communication
- Is there any other arrangement with Houston possible?
- United
- Backup plan
- Negotiations—present negotiated option in legislature
- Prevent annexation
- What would PSD be?
- Is PSD a possible interim solution? If so, present it as such
- List other values of Woodlands
- Who can legitimately negotiate on behalf of The Woodlands?
- Can we prevent splitting up The Woodlands through legislation?

- Communication and clarification

Common Themes

1. Better communication through marketing initiative
2. Clarification of the PSD plan; write up the specifics for better public understanding
3. Unify The Woodlands purpose and direction
4. Guarantee elected representation of any final solution
5. Craft a back-up plan
6. Negotiate with Houston
7. Need to hear from our legislators

Group 4

Facilitator: Mark Wolfe

Governance Options Discussion

- Chance of success with PSD?
- What are the ramifications of PSD; form of PSD?
- Give political structure for PSD
- Community leaders that signed moratorium?
- “Panel says we need a stepping stone.”
- Should have been told PSD is the way to go earlier
- Incorporation is not the only option to no annexation
- Cost **IS** a factor
- What does Houston want?
- GSC thinks PSD will be approved without Houston knowing
- Go two directions
- Incorporation should be done in a soft shoe
- Get a PSD done but don’t make Houston unhappy

GSC Recommendations

- Pursue PSD
 - Who pursues the Action Plan:
 - Group from moratorium [agreement]
 - Elected officials [MUDs, state legislators]
 - Can the MUDs accurately represent The Woodlands?
 - Project management group with support from elected officials
 - Need risk assessment and due process
 - Who finances this?
 - Craft a white paper outlining whole effort
- Maybe pursue both options
- Maybe extend the moratorium agreement (as a fallback position)
- Recommendations should be given to legislature and elected officials
- WCA takes TWA, then moves forward with MUDs to Houston and work together

Common Themes

1. Do not want to be Houstonians—explore all options including extending the moratorium agreement
2. GSC turns findings and action plan to elected officials for execution stage of this process

3. Continue on two fronts—legislative actions and good relationships with Houston
4. Move forward this legislative session
5. Incorporation may not be an immediate choice—time is the factor
6. Education about PSD and ETJs
7. Priority is to purpose PSD as a top priority—2nd and 3rd priorities up to GSC (moratorium or incorporation)

Appendix A: Small Group Participants

Group 1 Participants

Ron Kutsche
Glen Bernstein
Cori Singletary
Donna Gossett
Cheryl Crandall
Tangen
Jim Upham

Jam Price
Pat Goodpastor
Bonny Crews
Ben Higgins
Joel Deretchin
Betty Nelson
Mary Bootz

Don Norrell
Ron Bourbeau
Bob Hoffmeister
Jeanne Underwood
Tim Welbes
Trayton Davis

Group 2 Participants

William George
Dan Booren
Jeremy Tolley
Loretta Colchin
Michael Barnhill
Elaine Carlson
Scott Singletary

Bruce Cunningham
Tom Butler
Claude Hunter
Marjie Podzielinski
Arthur Bredehoft
Steve Leakey
Michael Page

Stacey Wingen
Richard Derr
Wilson McCoy
Brooke Hamilton
James Stinson
Bob Kinnear
B. Hagill

Group 3 Participants

Jeff Long
Debra Staley
Carolyn Dalglish
Elizabeth
Woodward
Vicki Fullerton
Peggy Hausman
Bruce Fullerton
(observer)

Joe Giovanniello
Dave Weir
Pat Bruen
Marti Fox
Meerscheidt
Karen Booren
Darla Bell
Dana Denton
Maureen Donelan

Tom Conroy
Gail Carney
Rosemary Roe
Adele Yung
Bob Stout
Bruce Tough

Group 4 Participants

Sue Jesiolowski
Jim Goldmeyer
Jack Ryan
Ted Stanley
John Wright
Bill Bootz
Larry Faith

Hartley Mackintosh
Barby Carroll
Geneva Carroll
Anthony Fasone
Roland Johnson
Larry Copeland
Henry Cheek

Biff Picone
John Nanninga
John Scott
Colette Stone
Kent Maggert