

Welcome to The
Woodlands Governance
Process Open House!

May 23, 2006

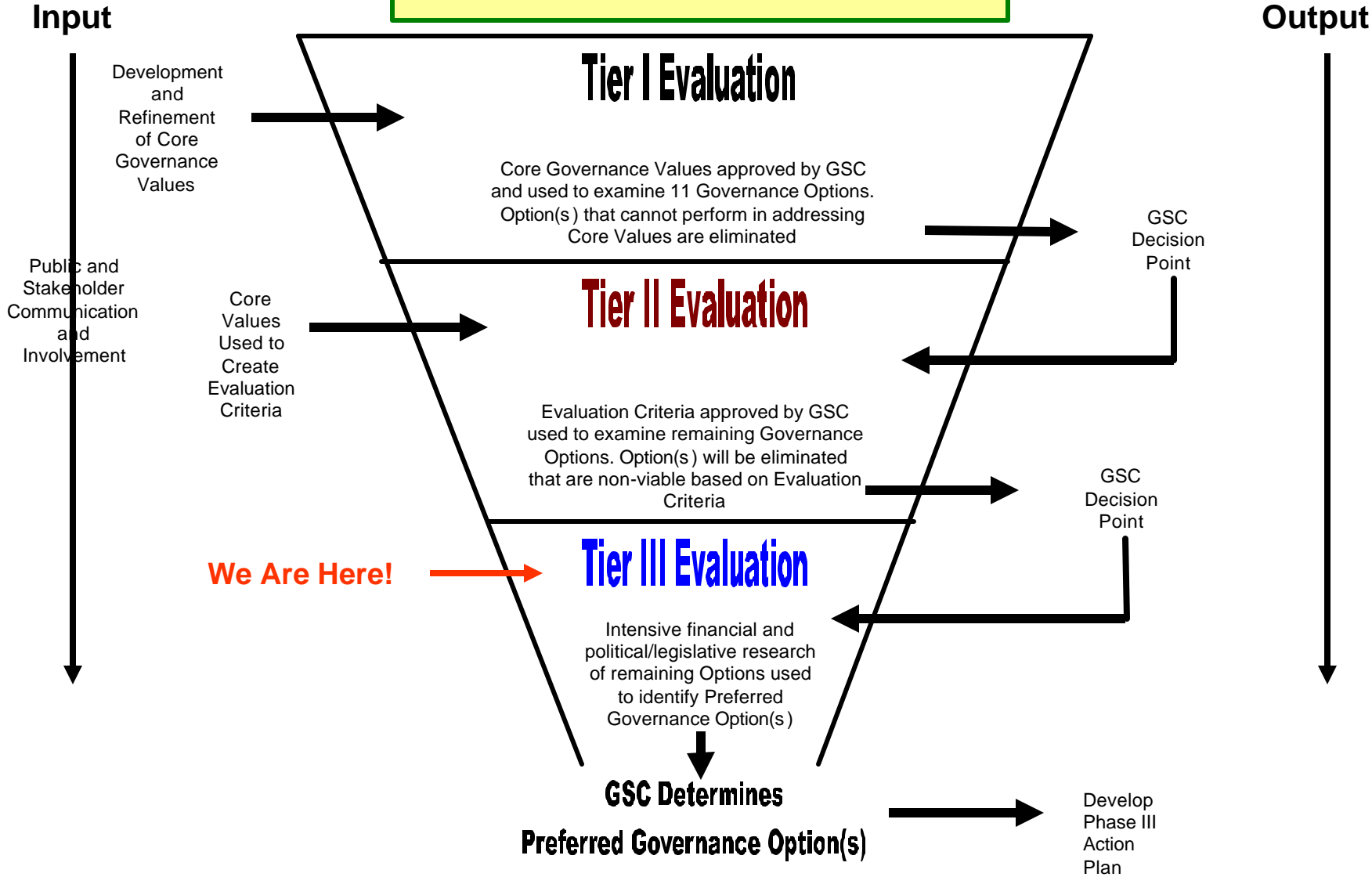
What We Are Doing Today

- Presenting the key results of Tier II Public Involvement
- Providing results of Tier II Analysis
- Introducing the remaining Governance Alternatives undergoing further study

What We Are Doing Today

- Discussing the Alternatives and answering your questions
- Completing a feedback questionnaire

Governance Options Evaluation Process



How Will Your Input Be Used?

- Your ideas and suggestions will be added to the research process
- We will find answers to questions you have today that we cannot yet answer
- Determine what kind of information and what format you need it to be in so you can make informed decisions

Three Step Research Process

- Legal Analysis
- Political Analysis
- Financial Analysis

Legal Analysis

- What have other communities done?
- What was the legal process that was necessary to achieve the results?
- How long did it take to accomplish?

Legal Analysis

- What did it cost?
- How is it going now?
- What would be done differently?

Political Analysis

- What political issues need to be addressed and obstacles overcome?
- What new legislation may be required and if so, what process will be necessary?

Political Analysis

- What level and type of support will be required from government representatives?

Financial Analysis

- What are the costs and benefits of various financial and service level scenarios?
- What are the short-, medium-, and long-term financial impacts of selected scenarios?
- How do these impacts relate to property, home, and business owners of The Woodlands?

The Woodlands Governance Alternatives Financial Analysis Model

Financial Structure

Services Provided & Expenditures

- General Administration
- Fire and EMS
- Police
- Courts
- Public Health
- Parks and Recreation Facilities and Programs
- Public Works/Utilities
- Building Services
- Planning and Development
- Human and Cultural Services
- Economic Development
- Debt Service
- Solid Waste/Trash
- Streets
- Facility Maintenance
- Public Transportation

Potential Revenue Sources

- Assessments and Dues
- Sales Taxes
- Property Taxes
- Hotel Taxes
- Franchise Fees
- Fines and Forfeitures
- Building Permits
- General Charges for Services
- Utility Payments
- Interest Income
- Parks and Recreation Fees
- Inter-governmental Revenues
- Grants and Loans
- Other Miscellaneous Revenues

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Financial Scenarios

Assumptions and Variables

- Sales/Hotel Tax Levels
- Assessment Levels
- Property Tax Levels
- Various Levels of Service
- Projections of Construction Activity and Economic Growth
- Estimates of Other Revenue

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Financial Impact

NET FINANCIAL IMPACT OF EACH GOVERNANCE OPTION



Financial Analysis

GOVERNANCE OPTIONS COMPARATIVE ANALYSIS

Step 1

The Financial Structure of each Governance Alternative will be examined. Not all Alternatives will require the same expenditures or have all of the revenue sources available.

Step 2

Various Scenarios can be plugged into the equation to simulate a variety of financial conditions.

Step 3

Each Governance Alternative will receive a "bottom-line snapshot" of its Financial Impact.

Step 4

Compiling these snapshots side by side allows for objective Financial Analysis.

Tier II Results

- Strong recommendations from Tier II Public Involvement activities
- GSC reached a Key Decision Point and has narrowed the Governance Alternatives

Tier II Results

- Tier III Research Process approved
- Tier III Public Involvement Process approved

Key Tier II Public Recommendations

- Community independence, local control, no annexation
- Accountable and representative leadership
- More control over services
- More long range planning and protection of amenities

Decision Point – Tier III Governance Alternatives

- Overriding Goal:
 - A comprehensive approach to eliminating the threat of annexation to maintain the community's independence and local control
- Governance Alternatives - an intensive analysis of two remaining Governance Alternatives:
 - Special Public Service District(s)
 - Incorporation as a city

Special Public Service District An Overview

- May be created by authority of the Texas Local Government Code or by special legislative act
- Designed to primarily supplement existing services

Special Public Service District An Overview

- District is an official governmental agency and political subdivision
- Can collect revenues from property taxes, special assessments, sales taxes, and operations

Special Public Service District An Overview

- Typically has the ability to borrow money and issue bonds
- May own and operate facilities and acquire, convey, and lease property

Special Public Service District An Overview

- Can enter into intergovernmental agreements
- Can be used to provide a wide variety of services

Special Public Service District Examples Studied

- Aldine Improvement District (Harris County) – sales taxes for general improvements
- Greenspoint Management District (Harris County) – property taxes for general improvements
- Greater Southeast Management District (Harris County) – authorizes numerous funding mechanisms for general purposes

Special Public Service District Examples Studied

- Greater East End Management District (Harris County) – property taxes for infrastructure and business development
- Midtown Management District (Harris County) – property taxes for general purposes and business development

Special Public Service District Potential Benefits and Issues

- Allows The Woodlands to augment existing services (e.g., law enforcement) to meet community goals
- The Woodlands would be able to identify revenues and set fiscal policy to meet specific community goals

Special Public Service District Potential Benefits and Issues

- Current county services such as law enforcement and street maintenance already being paid for by the community would not be lost
- Would allow many of the existing service providers to carry-on in their current state

Special Public Service District Potential Benefits and Issues

- Does not protect The Woodlands from annexation
- Issues of existing district (TCID) would need to be addressed and overcome/integrated

Special Public Service District Potential Benefits and Issues

- Leadership and oversight structure needs to be identified
- May require special legislation

Incorporation An Overview

- Allows for the creation of a legally recognized municipality with locally elected leadership
- Permits the setting of local tax and fiscal policy
- Gives authority to develop and enforce codes and ordinances

Incorporation An Overview

- Provides expansive authority over areas such as economic development, public finance, land development, land use regulation, and public health and safety
- The Woodlands would qualify as a General Law Municipality

Incorporation An Overview

- Special legislation has been used to allow incorporation within another municipality's Extra-territorial Jurisdiction (ETJ)
- Population over 5,000 allows for Home Rule Charter with voter approval which would maximize municipal rights and authority

Incorporation Examples Studied

- Village of Bee Cave (Austin area) incorporated 1987. Population 1,514
- Horseshoe Bay (Burnet/Llano Counties) incorporated 2005. Population 5,200
- Liberty Hill (Williamson County, Austin area) incorporated 1999. Population 1,400

Incorporation Examples Studied

- Rio Grande City (Starr County, US/Mexico Border) incorporated 1993. Population 18,000
- Salado (Bell County between Austin and Waco) incorporated 2000. Population 3,533

Incorporation Examples Studied

- Volente (Travis County northwest of Austin) incorporated 2003. Population 500
- Village of Wimberley (Hays County southwest of Austin) incorporated 2000. Population 5,214

Incorporation Potential Benefits and Issues

- Currently not viable without consent of municipalities with ETJ rights
- If accomplished, would protect the incorporated area of The Woodlands from future annexation

Incorporation Potential Benefits and Issues

- Governed by an elected city or town council
- Challenge of integrating many of the current service providers
- More centralized point of contact

Incorporation Potential Benefits and Issues

- Political and legislative obstacles would need to be overcome
- Need to identify how interim services are provided during transition

Incorporation

Potential Benefits and Issues

- May provide a stronger voice in regional issues
- County taxes will continue at current levels but some services would be lost

Incorporation

Potential Benefits and Issues

- Defined legal obligations as a municipality
- Diversified revenue source options

Next Steps

- Continuing research
- Focus Groups to be tentatively held in July
- Community Forum anticipated to be held in the fall
- GSC recommendations and Action Plan

Research Products

- Research results will be posted upon completion on the project Website:

www.thewoodlandsgovernance.com

VISIT OFTEN FOR THE MOST
CURRENT INFORMATION!

Discussion/Questions and Answers

Please Complete and Turn In
Your Questionnaire Before You
Leave

THANK YOU FOR
PARTICIPATING!