



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 10/12/2021

District B, District E, District F, ETJ

Item Creation Date: 9/10/2021

PLN - SPAs Fall 2021 - Ordinance Calling Public Hearings

Agenda Item#: 32.

Summary:

ORDINANCE calling for Public Hearings at which interested persons will be given the opportunity to be heard on: 1) proposed amendment to existing Strategic Partnership Agreement between City of Houston, Texas, and **KINGSBRIDGE MUNICIPAL UTILITY DISTRICT** to annex for limited purposes certain territory located within and in the vicinity of such district in Fort Bend County, Texas; 2) proposed amendment to existing Strategic Partnership Agreement between City of Houston, Texas, and **SPRING CREEK UTILITY DISTRICT** to annex for limited purposes certain territory within and in the vicinity of such District in **MONTGOMERY COUNTY, TEXAS**; 3) proposed amendment to the existing Strategic Partnership Agreement between City of Houston, Texas, and **WILLOW POINT MUNICIPAL UTILITY DISTRICT** to annex for limited purposes certain territory within and in the vicinity of such district in Fort Bend and Waller Counties, Texas; 4) proposed amendment to existing Strategic Partnership Agreement between City of Houston, Texas, and **HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 55** to annex for limited purposes certain territory within and in the vicinity of such district in Harris County, Texas; and 5) proposal of City of Houston, Texas to impose Sales and Use Tax in such territories; providing for the publication of notice of such hearings - **DISTRICTS B - JACKSON; E - MARTIN and - F - THOMAS SUGGESTED HEARING DATES - WEDNESDAY - NOVEMBER 10 & 17, 2021 - 9:00 A.M.**

Background:

In 2017, the State Legislature changed the annexation laws in Texas. The changes significantly limited a municipality's options for conducting full purpose (also called general purpose) annexations, however, have had no effect on a municipality's ability to annex for limited purposes through a Strategic Partnership Agreement (SPA) with utility districts. Such agreements allow the City of Houston to annex all or part of a district for limited purposes. The City is then able to charge a sales tax and provide specific, limited services to the area. The City cannot levy a property tax in areas annexed for limited purposes.

Since the inception of the Strategic Partnership Agreements in 2000, the City of Houston has executed such agreements with 242 utility districts. Without exception, these agreements have been the result of a request by the district itself, and state law requires that the district approve the agreement prior to City Council's consideration of it. At the beginning of a new "round" of annexations, the City will send a general announcement to area districts, and those that are interested respond. When a district enters into an agreement with the City for the first time, a new Strategic Partnership Ordinance is created. Subsequent ordinances between the same district and the City to add territory or to change boundaries are approved as amendments to existing agreements.

These agreements have created net revenue of approximately \$35.9 million to the City in FY 2021, and because the split is usually 50/50, these agreements have led to around \$35.9 million being redistributed back into the community through the utility districts. While the City does not monitor the expenditures of each district, we are aware that most districts use their funds to supplement existing district services, which effectively lowers utility and tax rates. In some instances, districts have used the proceeds to fund regional parks and other public amenities. Through these agreements, the City has maintained a good working relationship with the utility districts in the Houston area.

The City is required to hold two public hearings in accordance with Section 43.0751(d) of the Texas Local Government Code, which states in pertinent part:

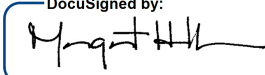
Before the governing body of a municipality or a district adopts a strategic partnership agreement, it shall conduct two public hearings at which members of the public who wish to present testimony or evidence regarding the proposed agreement shall be given the opportunity to do so.

The hearings called by this ordinance are for amendments to existing agreements, with the following utility districts:

- Harris County MUD No. 55
- Kingsbridge MUD
- Spring Creek Utility District
- Willow Point MUD

The Planning and Development Department recommends holding the public hearings on November 10, 2021 and November 17, 2021 in the City Hall Council Chambers. The recommended date for passing the SPA and the limited purpose annexation ordinances is December 8, 2021.

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ATTACHMENTS:

Description

RCA
SPAs 2021 Map (revised)
Ordinance (revised)

Type

Signed Cover sheet
Backup Material
Ordinance/Resolution/Motion