



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 10/7/2025

District B, District E, ETJ

Item Creation Date: 9/10/2025

PLN - Ordinance Calling Public Hearings for two Amendments to Strategic Partnership Agreements (SPA) to annex territory for limited purposes.

Agenda Item#: 37.

Summary:

ORDINANCE calling for Public Hearings at which interested persons will be given the opportunity to be heard on: 1) Proposed Amendments to existing Strategic Partnership Agreement between City of Houston, Texas, and **SPRING CREEK UTILITY DISTRICT**, for City to Annex, for Limited Purposes, certain territory within and in the vicinity of such district in Montgomery County, Texas; 2) Proposed Amendment to existing Strategic Partnership Agreement between City of Houston, Texas and **HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 278**, for City to Annex, for Limited Purposes, certain territory within and in the vicinity of such district in Harris County, Texas; and 3) Proposal of City of Houston, Texas to Impose Sales and Use Tax in such territories; providing for Publication of Notice of such hearings; containing other provisions relating to the foregoing subject; providing for severability - **DISTRICTS B - JACKSON and E - FLICKINGER**
HEARING DATES - 9:00 A.M. - WEDNESDAY - NOVEMBER 5, 2025 and NOVEMBER 12, 2025

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 while they 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 to annex all or part of a district for limited purposes. The City can then 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 387 such agreements with 243 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 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 \$47.7 million to the City in FY 2025 and, because the split is usually 50/50, these agreements have led to around \$47.7 million being redistributed back to 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. 278
- Spring Creek Utility District

The Planning and Development Department's recommendation is to have the public hearings on November 5, 2025 and November 12, 2025 in City Council chambers. The recommended date for passing the SPA and the limited purpose annexation Ordinances is December 3, 2025.

Signed by:

Vonn Tran

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Vonn Tran

Director

Planning and Development Department

Prior Council Action:

2017-0914: Ordinance Amending the Strategic Partnership Agreement with Harris County MUD 368 (Amendment 1)

2017-0915: Ordinance Annexing Territory in Harris County MUD 368 for Limited Purpose

2021-1054: Ordinance Amending the Strategic Partnership Agreement with Spring Creek Utility District (Amendment 3)

2021-1055: Ordinance Annexing Territory in Spring Creek Utility District for Limited Purpose

Amount and Source of Funding:

Contact Information:

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832-393-6572

Rupesh Koshy, Planner Manager
832-393-6552

ATTACHMENTS:

| Description | Type |
|--|-----------------|
| HC MUD 278 Annexation and SPA Amendment Map | Backup Material |
| Spring Creek UD Annexation and SPA Amendment Map | Backup Material |