



CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

District A, District B, District E, District F, ETJ

Item Creation Date: 10/4/2017

PLN - SPA Fall 2017 - Ordinance Amending the Ordinance 2017-745 Calling Public Hearings

Agenda Item#:

Background:

Since 2000, the City of Houston has conducted limited purpose annexations through Strategic Partnership Agreements (SPA) with utility districts. Such agreements allow the City to annex all or part of a utility district for limited purposes. The City can then levy a sales tax and provide specified, limited services to the area. Typically, the City rebates 50% of the sales tax collections back to the utility district. State law prevents a city from levying a property tax in areas annexed for limited purposes.

Prior to entering into these agreements, the City is required to hold two public hearings in accordance with Section 43.075 of the Texas Local Government Code, which states:

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 agreements, or amendments to existing agreements, with the following Utility Districts:

New Agreements:

Cypress Creek UD

Harris County Improvement District 17

Harris County MUD 525

Amendments to existing Agreements:

Harris Fort Bend Counties MUD 5 (Amendment 2)

Harris County MUD 191 (Amendment 4)

Harris County MUD 278 (Amendment 1)

Each of these new agreements or amendments will add commercial property and undeveloped land intended for commercial use to the SPA. In addition, the City will levy a 1% sales tax and the taxes collected will be divided evenly between the City and the District.

To date, the City of Houston has executed these agreements with 237 utility districts. In 2017, these agreements resulted in a net income to the City of Houston of approximately \$53.3 million. They have resulted in a similar amount going to the community through the rebates.

The Planning and Development Department's recommendation is to have the public hearings on November 1, 2017 and November 8, 2017 in City Council chambers. The recommended date for passing the SPA and the limited purpose annexation Ordinances is November 29, 2017, before the effective date of the State Legislature's changes to the annexation laws on December 1, 2017.

This timeline must be met in order for the annexations to be effective before Senate Bill 6 from the special session for the 85th legislature goes into effect on December 1, 2017. Once that bill is enacted, the City's ability to conduct limited purpose annexations through Strategic Partnership Agreements will be significantly curtailed.

A handwritten signature in blue ink, appearing to read "Patrick Walsh", written over a horizontal line.

Patrick Walsh, P.E.

Director

Planning and Development Department

Prior Council Action:

Ordinance 2017-745 on September 27, 2017

Contact Information:

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ATTACHMENTS:

Description
Citywide Map

Type
Backup Material