

# *CASTLE HILLS ANNEXATION*

*Current Status and Progress Report*



Analyze City costs and staffing increases anticipated due to annexation

2019 Focus



Complete water study/analysis working with NewGen Strategies and Solutions, LLC (City's water rate consultant)

This work centered on debt service capacity with regard to consumption data  
District customers will be a separate customer class based on having different costs and consumption habits  
Initial work will determine the next steps with regard to water rates upon annexation



Complete infrastructure assessments

Some assessments were completed (streets, most curbs, inlets) but a long list of others are or will be underway

# *Review Direction Given at 2018 City Council Retreat*

# Castle Hills Stats Since Last Retreat

## *FY2019*

- Taxable Assessed Valuation: \$2.39B
  - Average Market Home Value: \$500,324
  - Tax Rates: \$.515, \$.62, \$.63, \$.67, \$.84, \$1.00
  - 4,016 Single Family Units
  - Outstanding Debt: \$153.7M
    - 1G & 1H = \$76.14M
    - 1B thru 1F = \$77.56M
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## *FY2018*

- Taxable Assessed Valuation: \$2.29B
- Average Market Home Value: \$480,155
- Tax Rates: \$.69, \$.72, \$.78, \$.90, \$.92, \$1.00
- 3,807 Single Family Units
- Outstanding Debt: \$148.47M
  - 1G & 1H = \$66.265M
  - 1B thru 1F = \$82.205M

# *TIRZ#3 Plan*

- The creation of TIRZ#3 occurred December 3<sup>rd</sup> with all agreements and the final financial and project plan approved January 28<sup>th</sup>
  - Purpose of TIRZ#3 to provide funding for future public improvements for the mostly undeveloped areas of districts 1G & 1H
  - Life will be 30 years or when developer is reimbursed for \$88.7M of public improvements and refunded debt has been funded
    - Projections show this is more likely 20 years
- Advantages of the TIRZ#3 plan as a component to annexation
  - Allows all Castle Hills districts to be annexed at the same time
  - Added resources from Denton County's property tax increment revenue will help fund developer reimbursements rather than having to all come from the City
  - Reimbursements based on cash availability in TIRZ fund; no more debt



# *City Costs / Impacts Due to Annexation*

- Currently City provides some services
    - Supplies water to properties north of FM 544 and west of Business 121 under wholesale contract
      - Upper Trinity Regional Water District provides remaining area
    - Provides fire/EMS, police (limited) and sewer services under a separate contract
    - Reviews preliminary plats and final plats in conformance to the 1996 Agreement
    - Performs informal/courtesy reviews of engineering site plans
  - Denton County
    - Animal Control
    - Development Permit
    - Fire Marshal
    - Library services (can use participating cities)
  - State of Texas
    - Restaurant Inspection
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*City  
Costs / Impacts  
Due to  
Annexation  
cont.*

- Services the City *does not* provide
  - Code Enforcement
  - Building Inspection
  - Economic Development
  - Parks & Recreation
    - HOA maintains most parks
    - Castle Hills residents do qualify as residents for City's recreation programs
  - Long-term Infrastructure Maintenance Program/CIP Planning

# *DCFWSO – Current Services Provided*

- Twenty-seven (27) full-time employees
  - Performs building inspections for both commercial and residential
    - Building
    - Electrical
    - Mechanical
    - Plumbing
    - Fences, swimming pools, etc.
  - Issues various construction permits
  - Water billing
  - Inspection, maintenance and repair associated with water, sewer, streets and drainage
  - Limited code enforcement – mostly done by HOA
  - Special events
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- Will focus on this project beginning Spring 2019
  - Will begin to quantify the impact of the additional services and costs necessary to provide the same level as service enjoyed by current City residents and businesses
  - May have some areas that need outside assessments or reviews
    - Water and wastewater impact fees
    - Police patrol

## *City Costs / Impacts Due to Annexation—Next Steps*

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# Public Safety Agreement



DCFWD 1-A contracts with the City of Lewisville to provide **Basic Police Services** which is response to all calls for service in Castle Hills



2018-19 annual contract for **Basic Police Services** is \$567,663 which is paid for through sales tax collected under the Strategic Partnership Agreement (SPA)



Under the contract, the DCFWD 1-A General Manager can request **Expanded Police Services** which include any selective enforcement strategies such as additional patrol, directed traffic enforcement, burglary and theft surveillance, etc. and are paid through the SPA at \$112.78 per hour



Beginning February 1, the General Manager requested 8 – 16 hours a day of additional patrol in Castle Hills under **Expanded Police Services**. The City will be reimbursed \$112.78 per hour for the **Expanded Police Services** (\$328,415-\$656,830 depending on hours utilized)

# Castle Hills Challenges

- Prior to February 1, Districts were paying \$400,000 annually (outside of the SPA) for a third party to provide off-duty police officers to patrol 24 hours a day, 7 days a week. (Officers could only handle felonies or breach of peace per state law; therefore, they typically had to initiate a call for service for Lewisville Police Department)
- Castle Hills residents have expressed concerns through social media related to the change from the third party to LPD patrol
  - Less hours of patrol (Castle Hills will get 8 -16 hours of LPD overtime patrol plus routine patrol by on duty personnel as is available. In addition, other LPD resources are available at the Chief's discretion as needed including Neighborhood Resource Officers, Traffic Officers, etc.)
  - Residents have no control over where and when officers patrol (Officers will be working on an overtime basis. As is true in Lewisville, Police officers function under direction of the Police Chief but also have individual discretion)
  - LPD officers will only set "speed traps" to write tickets to increase revenue for Lewisville (Traffic officers worked special traffic assignments during the month of January as requested by Castle Hills General Manager who has received multiple complaints from Castle Hills residents about traffic concerns in their neighborhoods. Officers assigned to overtime patrol will not set up to run radar, but may enforce traffic violations at their discretion)
  - LPD officers will be pulled from Castle Hills to handle issues in Lewisville proper (Officers on 8-16 hours Patrol will not be dispatched to calls outside of Castle Hills with the exception of unforeseen extraordinary circumstances such as one that would require responses from multiple jurisdictions; officers on patrol for 8-16 hours in Castle Hills are off duty officers on overtime pay and do not count toward minimum staffing in Lewisville.)
  - Confusion about Castle Hills property tax – claim they are paying double for services (LPD services are paid through the sales tax collected in the SPA ; City of Lewisville does not receive any property tax revenue from Castle Hills)
  - Hourly rate of \$112.78 is the contracted rate for expanded services as detailed in the 2018 Cost Allocation Study incorporating indirect costs and includes costs of supervision, dispatch, records management, jail operations, etc.

Per Council's approval on January 28, in addition to the additional 8 – 16 hours of patrol in Castle Hills, Chief Deaver may use any of the LPD resources at his discretion in Castle Hills outside the parameters of the Public Safety Agreement



- The City will hire a third party to perform a staffing study to assess the staffing of the Lewisville Police Department. One area of focus will be appropriate staffing of Castle Hills at annexation

# Lewisville Police Department Response Times

Calendar Year	Priority	Lewisville (Avg Response Time)	Castle Hills (Avg Response Time)	Difference
2019	1	6.42 mi.	9.41 min.	2.98 min.
	2	5.57 mi.	16.82 min.	11.24 min.
	3	29.23 mi.	35.12 min.	5.88 min.
2018	1	6.42 mi.	9.60 min.	3.18 min.
	2	6.42 mi.	12.30 min.	5.87 min.
	3	26.19 mi.	31.41 min.	5.22 min.
2017	1	6.55 mi.	9.63 min.	3.07 min.
	2	6.72 mi.	12.96 min.	6.24 min.
	3	26.13 mi.	34.65 min.	8.51 min.
2016	1	6.45 mi.	8.67 min.	2.22 min.
	2	6.81 mi.	12.11 min.	5.30 min.
	3	26.99 mi.	36.47 min.	9.49 min.
2015	1	6.37 mi.	9.99 min.	3.62 min.
	2	6.76 mi.	12.03 min.	5.27 min.
	3	27.71 mi.	35.83 min.	8.12 min.

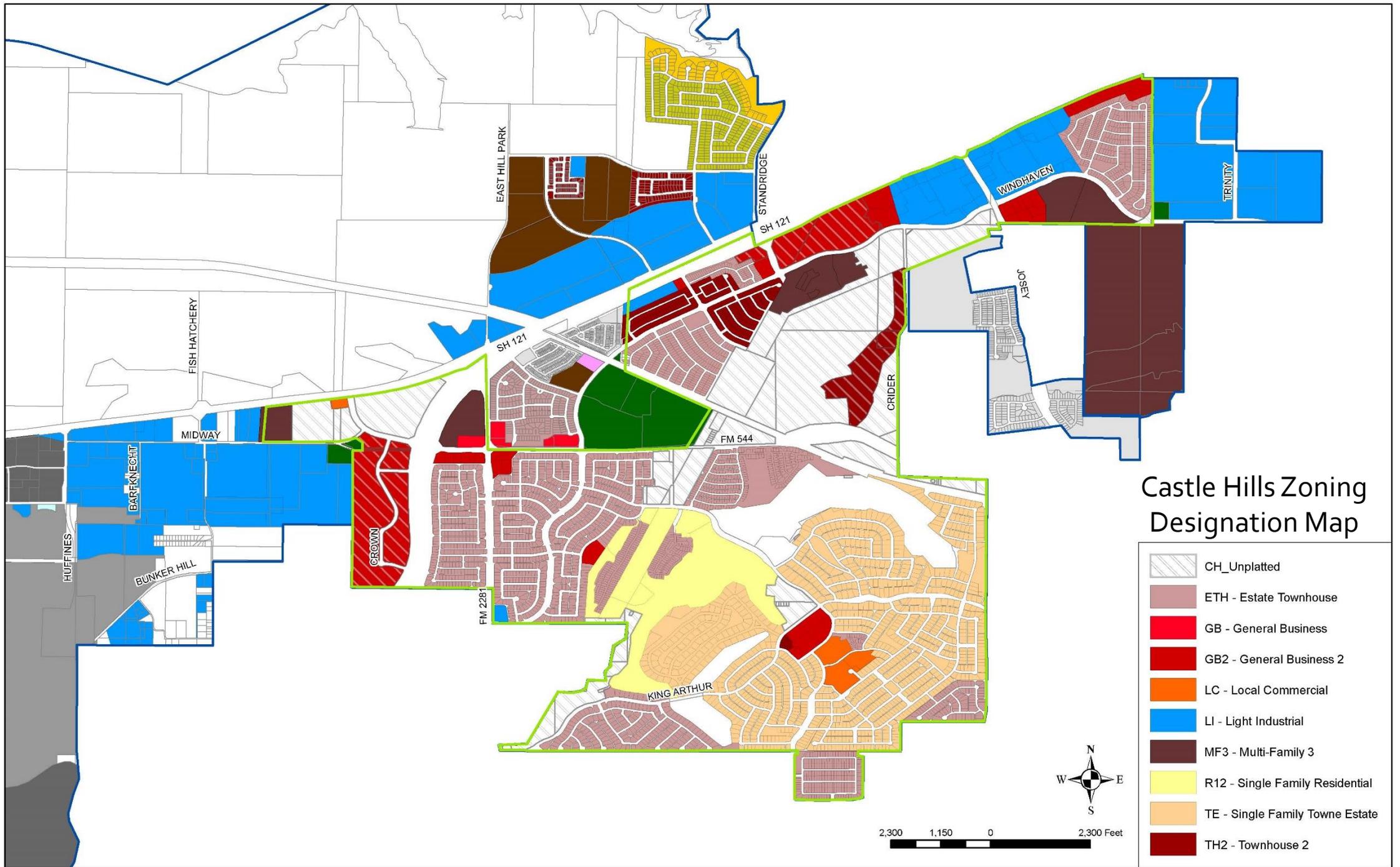
# *Lewisville Police Department Next Steps*

- Provide clarification related to the misinformation that has been posted on social media
- Develop relationships between the Lewisville Police Officers and the residents of Castle Hills
- Assess future staffing needs for law enforcement after annexation



# *Castle Hills Zoning Considerations*

- 1996 Castle Hills Agreement addresses the following land use limitations
    - Maximum 250 acres of multi-family dwellings (max 20 units per acre)
    - Maximum 1,600 acres of residential (both single family and multi-family)
    - Maximum 30 acres for Village Center
    - Maximum 80 acres for Town Center
    - Maximum 850 acres for Light Industrial
    - No less than 450 acres for public and private open space
  - Agreement specified that lands would develop under 1996 Zoning Ordinance and Land Development Regulations (GDO) with special provisions and variances delineated
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Castle Hills Zoning Designation Map

-  CH\_Unplatted
-  ETH - Estate Townhouse
-  GB - General Business
-  GB2 - General Business 2
-  LC - Local Commercial
-  LI - Light Industrial
-  MF3 - Multi-Family 3
-  R12 - Single Family Residential
-  TE - Single Family Towne Estate
-  TH2 - Townhouse 2

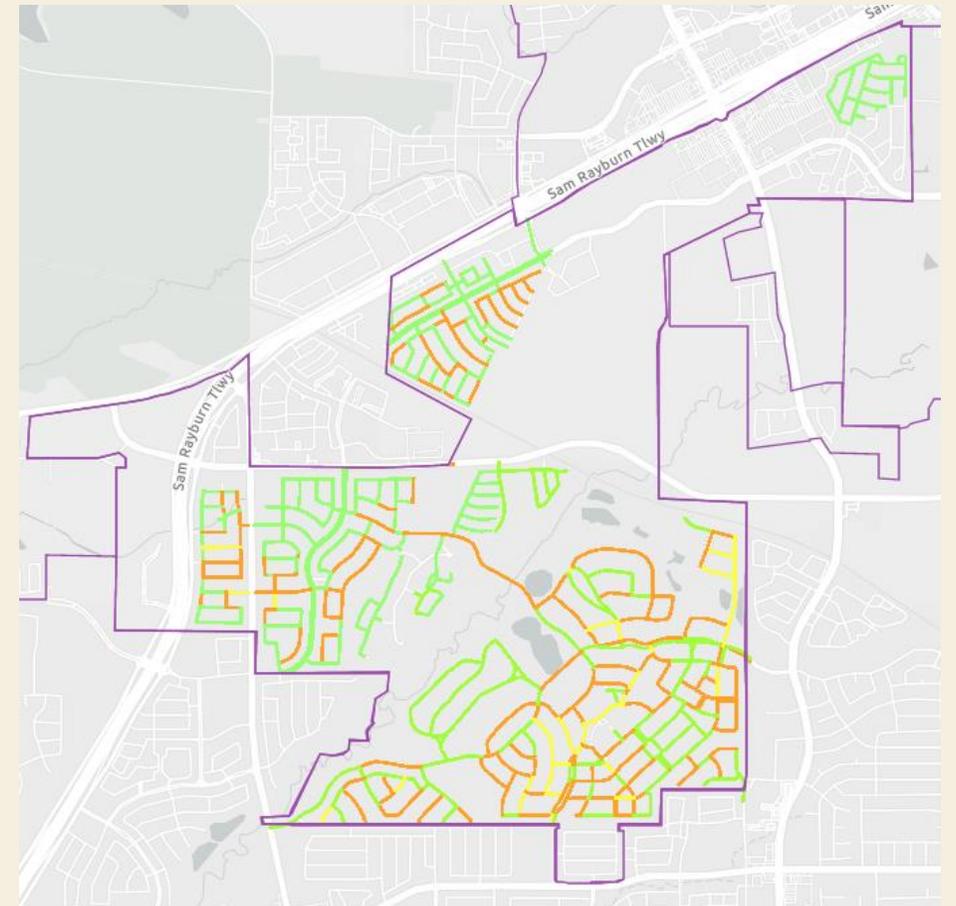
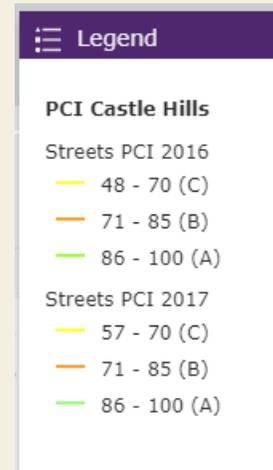
- What are we looking at?
  - Streets and Alleys
  - Street Signs
  - Pavement Markings
  - Curb Ramps
  - Street Lights
  - Screening & Retaining Walls
  - Drainage System - including pipes, manholes, inlets, outfalls, creek channels, etc.
  - Wastewater Collection System – including pipes, manholes, lift station
  - Water Distribution System – including pipes, valves, hydrants, pump station, elevated water tower, ground storage tanks, 4,800 water meters, etc.

## *Infrastructure Assessments*

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# Street & Alley Rating

- Streets rated in 2016 & 2017
- Average PCI rating for Streets is currently 84
  - Satisfactory overall
  - City rating is 75
- Alley rating has not been completed
- An Action Step will be submitted to perform ratings for streets & alleys in FY 19/20 (every 3 years)



# Street Signs & Pavement Markings

- Street signs & pavement markings overall are in good condition
  - Signs may not meet retro-reflectivity standards. An upgrade of the 1,125 inventoried signs would cost approximately \$225,600



# *Curb Ramps & ADA Compliance*

- Many ramps do not meet ADA/PROWAG standards; these can be added to our retrofit plan
  - Of approximately 1,300 ramps, 1,200 are non-compliant
  - At a cost of \$1,150 each, this represents a potential expense of \$1,380,000



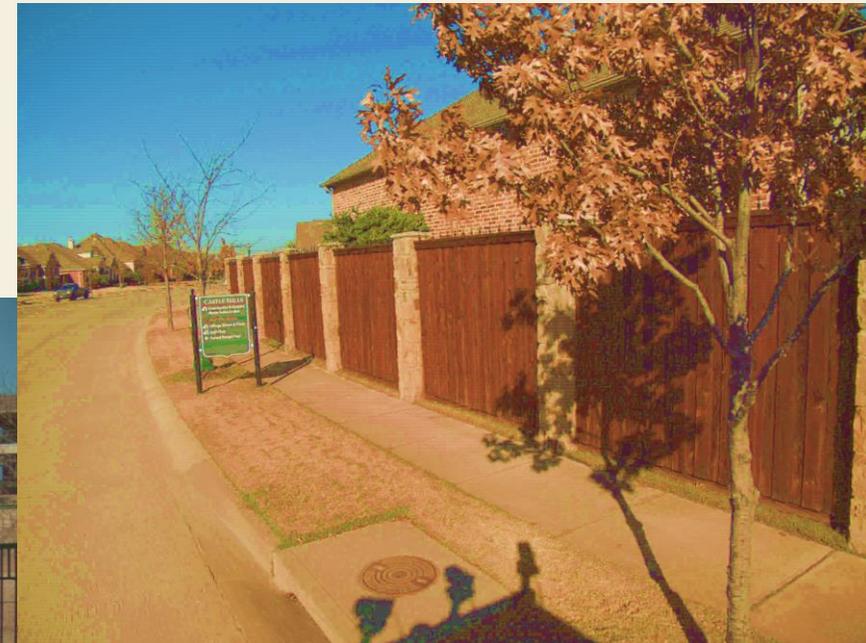
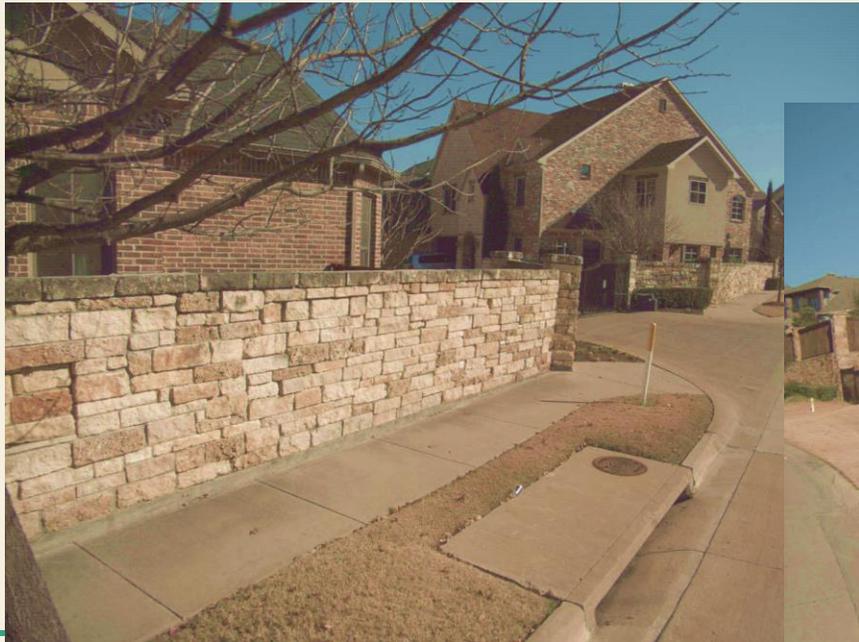
# *Street Lights*

- Street lights are primarily owned and maintained by CoServ
- Most lights are decorative
- Monthly tariff covers the cost of maintenance and electricity



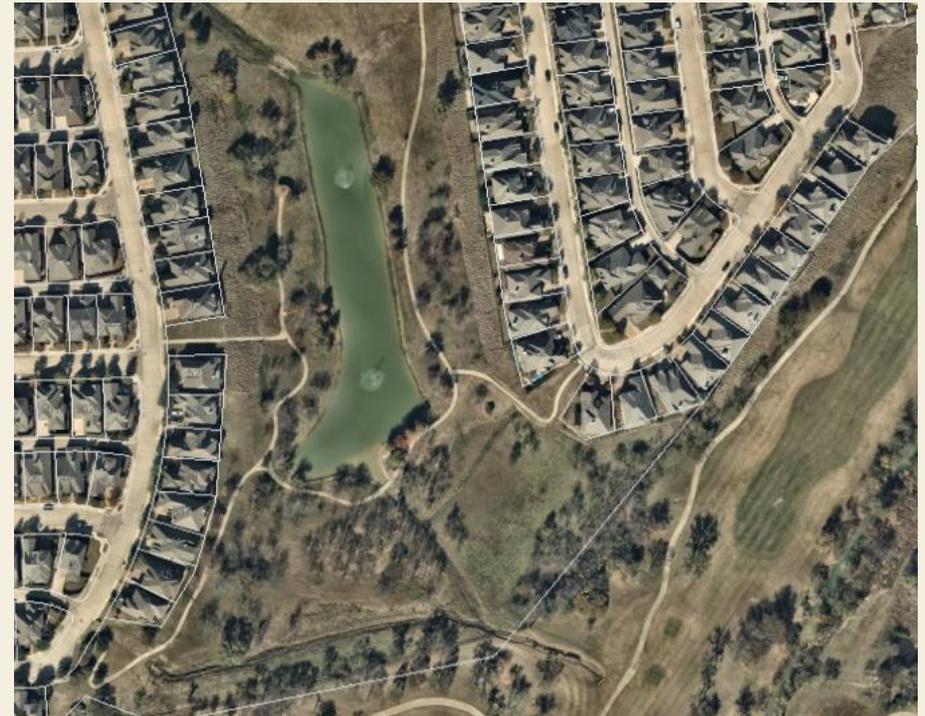
# *Screening Walls & Fences*

- Continuing to evaluate ownership and maintenance responsibility
  - Individual Homeowner
  - HOA
  - City



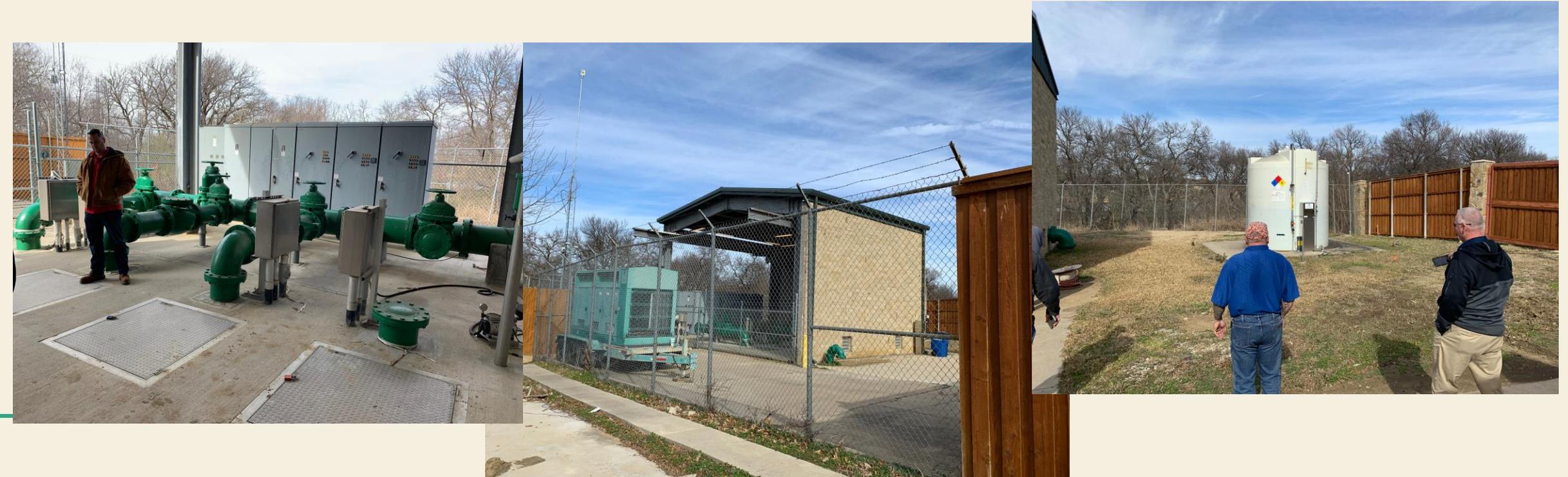
# Stormwater System

- Condition assessment of pipes, inlets, junction boxes, outfalls, etc. will be added to ongoing project to evaluate city system
- City staff still needs to identify special features such as creeks, channels, ponds, etc. and determine ownership and maintenance responsibility
- Still in process of determining City's stormwater system; stormwater utility will be extended into Castle Hills upon annexation



# Wastewater Collection System

- City staff has visited each critical site, and is beginning conversations about operation and maintenance
- Staff now has funding for third party assessment of critical systems
- Will move forward with inspection and assessment later this year



# *Water Distribution System*



- Staff is continuing data collection and assessment
- North of FM 544 water distribution is through Lewisville system pressure
- South of FM544 Castle Hills has a separate distribution system that distributes water from Upper Trinity Regional Water District



# *Public Services Next Steps*



Continue inventory and assessment of Infrastructure



Continue to determine which assets are publicly maintained versus HOA or property owner maintenance



Review long-term CIP planning to determine how to integrate Castle Hills needs in with existing long-term needs



Review contracts for water, trash, recycling, etc. to determine when they expire, and how to integrate these services into existing operations

# Water Study / Analysis

- Water rate consultants completed an initial review
- *First question: Can water rates support the existing utility debt in Castle Hills?*
  - Before annexation/current situation: Utility debt payments are paid from property tax rates of each district
    - All utility and road infrastructure has been paid for by the combination contract and special assessment revenue bonds
  - Initial review results: Upon annexation, water rates (at similar amounts paid by City residents) cannot support adding debt service
    - Debt service would need to occur from other sources, at least for some years, before Castle Hills utility rates can cover these payments
    - City shifted analysis toward all debt of the districts being paid from the property taxes of the new value coming into the City from the Castle Hills additional values
      - Debt service of 1B – 1F will be paid through the City's Debt Service Fund
      - Debt service of 1G & 1H will be paid through the TIRZ#3

## *Water Study / Analysis cont.*

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- *The District currently employs a volumetric “inclining block” or “conservation based” structure*
  - *The unit price for water increases with greater levels of use*
- *This differs from the City’s volumetric rate structure which is a “flat” or “uniform” rate*
  - *The unit price for water is the same regardless of use*
- *A rate structure similar to the District’s is championed by the State as it is intended to encourage water conservation*
  - *This is also required if the City ever seeks state funding through the Texas Water Development Board*

# Water Study / Analysis Next Steps

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- *The City will begin studying the implementation of an inclining block rate structure and work to better align its internal rate structure with that of the District prior to annexation*
  - *Study anticipated to be conducted in FY 2020, with new City rates to be effective October 1, 2020*
  - *Secondary study performed in FY 2021 to better align overall City/District rate levels, with any additional rate action effective October 1, 2021 to fully incorporate Castle Hills*
- *Because of different water sources and costs (Dallas Water Utilities versus Upper Trinity Regional Water District), there may be different consumer rates in Castle Hills south of FM 544 than in other parts of Lewisville*

# *Castle Hills Engagement*

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- Prior engagement activity and currently underway
  - Castle Hills residents receive the quarterly Horizon newsletter
  - City marketing assistance for Castle Hills concerts and special events
  - Bright Realty is a sponsor at Western Days with on-site brand presence
  - On-site presence at Easter and July 4 events in Castle Hills
  - Youth Action Council has included five Castle Hills residents among 45 members over the last two years
  - Two mailings sent related to May 2018 special election
  - City staff representative joined Castle Hills Community group on Facebook
  - Distribution of Castle Hills Horizon, a monthly mailer that supplements the city newsletter with information focused on Castle Hills
  - Branded decorative wrap applied to traffic signal control box at Josey and Windhaven

# Castle Hills Engagement Next Steps



Continue existing outreach initiatives



Council has approved adding Castle Hills residents to some city boards



Include Castle Hills residents in update of Lewisville 2025 vision plan and 2035 planning process



Castle Hills residents will be eligible for the Citizens University class that starts in September and upcoming Police and Fire Citizens Academies



Quarterly Public Meetings in Castle Hills (March, June, September, January)



Staff representatives attending district board meetings beginning April 2019

# *Participation of Castle Hills Residents on City Boards*



# *Boards and Commissions*

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- City Council adopted a Policy Statement on March 4, 2019, related to all board appointments
  - Encourages rotation/replacement of board members who have served three consecutive terms on the same board
  - States a preference for board members to be graduates of Citizens University
  - Rotation will create vacancies for both Citizens University graduates and Castle Hills residents to serve

# *Boards and Commissions*

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- City Council approved an Ordinance on March 4, 2019, related to Castle Hills eligibility for board service prior to annexation
  - Allows Castle Hills residents to serve on Library Board, Arts Advisory Board, CDBG Committee, and Animal Services Advisory Board
  - Allows addition of up to two seats on each board (if needed) to allow appointment of Castle Hills residents

# *Boards and Commissions*

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- Staff reviewed board requirements
  - Excluded boards that have residency requirements established by Texas law or the City Charter
  - Focused on boards that meet at least quarterly so Castle Hills appointees feel they are being given a true opportunity to give quality input

# *Boards and Commissions*

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- Applications can be submitted at any time through the city website
- Regular appointments to boards are considered by City Council prior to June 30 of each year
- Appointments can be made any time if needed to fill a vacancy or to create a special-purpose committee
- Applications are retained for 12 months so they can be considered for any vacancies that might come up

- Lewisville voters approved a City Charter amendment in 2018 to alter the governance structure upon annexation of Castle Hills
  - Residential districts will be adopted for all five City Council seats
    - Candidates will be required to live in a specific district
    - All positions will still be elected at-large, meaning all voters can cast ballots for all five City Council seats
    - Districts will be roughly equal in population based on the 2020 U.S. Census
      - Districts will not be drawn until Census results are received in early 2021
  - Mayor will remain an at-large position
    - Candidates can live anywhere in the city and all voters can participate in the election
- Castle Hills residents will be eligible to participate in Lewisville municipal elections beginning May 2022

# *City Council elections*

# Castle Hills Park Maintenance

## Blue and Green areas

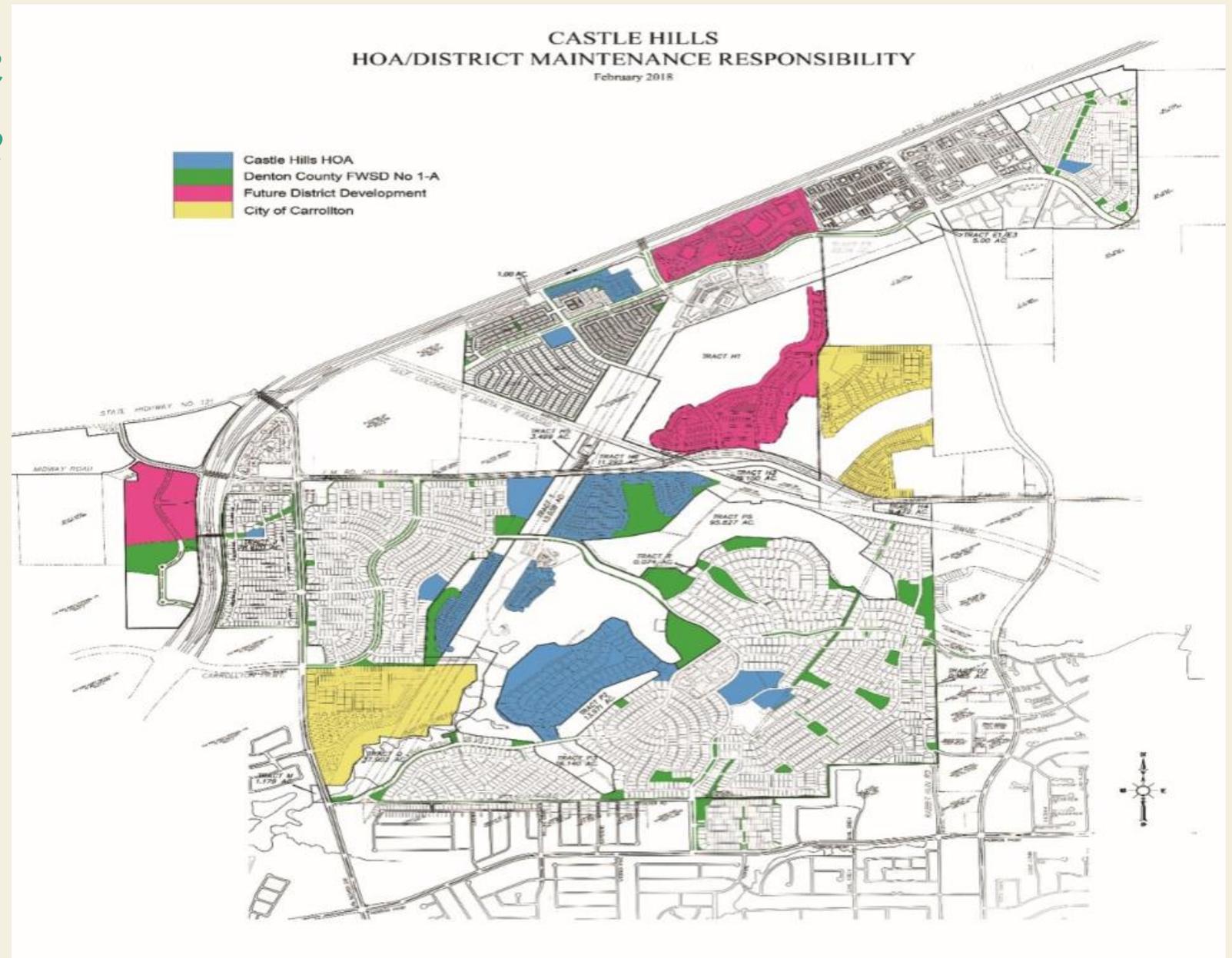
Denton County FWSD No 1-A  
maintained

Need to discover:

Is each parcel public open space?  
How are they listed on the plat and  
who owns them?

Who is responsible for maintenance of  
each area (FWSD employee or  
contractor or sub-HOA)?

What are current maintenance  
practices?



# Castle Hills Park Maintenance, cont.

- Conduct a condition assessment of all public parks & open space:
  - Condition of park amenities and ADA compliance
  - Determine need for equipment replacement or improvement
- Develop annual budget for maintaining public parks & open space:
  - Annual operating budget - staff, equipment, supplies, etc.
  - Capital improvement to address any deficiencies identified in condition assessment
  - Based on newly developed Standards of Care

LEWISVILLE PARKS & RECREATION DEPARTMENT - PARK OPERATIONS DIVISION							
CORE BUSINESS AREAS	MAINTENANCE ACTIVITIES	PARKS STANDARDS OF CARE					
		PLATNIUM	GOLD	SILVER	BRONZE	COPPER	NATURAL
		LEVEL A+	LEVEL A	LEVEL B	LEVEL C	LEVEL D	LEVEL E
INSPECTIONS	Foreman	Daily	Weekly	Weekly (M-F)	Weekly (M-F)	Monthly	Monthly / Public areas -weekly
	Supervisor	Weekly	Weekly	Monthly	Monthly	Monthly	Annually
	Manager	Monthly	Monthly	Monthly	Annually	Annually	Annually
GENERAL PARKS MAINTENANCE	Litter removal	Daily / Multiple during events	Daily	Daily (M-F)	Bi-weekly	Bi-weekly	public areas - daily, native areas - monthly & volunteers bi-weekly in public areas
	Restroom and Facility Cleaning	Daily / Multiple during events	Daily	Daily (M-F)	Bi-weekly	Bi-weekly	
	Empty Receptacles	Daily / Multiple during events	Daily	Daily (M-F)	Bi-weekly	Bi-weekly	
	Facility Inspection	Weekly / after events	Weekly / after events	Monthly / before & after events	Monthly / before & after events	Annually / before & after events	Annually / before & after events
	Set-up Events	As needed	As needed	As needed	As needed	As needed	As needed
IRRIGATION & CONSTRUCTION	New installation	Priority projects	Priority Projects	Scheduled	Scheduled	As needed	As needed
	Repairs	Immediate priority	Immediate priority	Triage/plan repair	Triage/plan repair	Triage	As needed
	Park Lighting Inspection	Monthly	Monthly	Quarterly	Quarterly	As needed	As needed
	Irrigation Inspections	Monthly	Monthly	Quarterly	Quarterly	As needed	As needed
	Playgrounds Inspections & Cleaning	Daily	Daily	Weekly	Weekly	N/A	N/A
	Playgrounds Inspection Records	Monthly	Monthly	Monthly	Monthly	N/A	N/A
LANDSCAPES, HORTICULTURE AND FORESTRY SERVICES	Playgrounds Safety Audit	Annually	Annually	Annually	Annually	N/A	N/A
	Special Assignments	Immediate priority	Immediate priority	Scheduled	Scheduled	As needed	As needed
	Trees Trimming	Quarterly	Quarterly	Annually	Annually	Reactive for safety only	Reactive for safety only
	Stump Grinding	immediate after removal	immediate after removal	scheduled annual project	scheduled annual project	only for safety/access	only for safety/access
	Tree Survey/Inspection	Annually	Annually	Every two years	Every 5 years	Every 5 years	N/A
	Fertilization	Quarterly	Quarterly	n/a	n/a	n/a	n/a
	Pest Control	Quarterly	Quarterly	As needed	As needed	As needed	As needed
	Horticultural Displays	Native perennials with some annual rotation	Native Perennials with one annual rotation	Native Perennials/Wildflower	Wildflowers	Wildflowers	Wildflowers
Display Care	Weekly	Weekly	Monthly	None	None	None	
TURF MANAGEMENT	Tree Planting	2 Times a year	2 Times a year	2 Times a year	2 Times a year	As needed	As needed
	Supplemental Watering	Daily	Daily	2 Times a week	Weekly	As needed	As needed
	Display Gardens Maintenance	Weekly	Weekly	Every 2 weeks	Monthly	As needed	As needed
	Mowing	3-5 day cycle	5-7 day cycle	7-10 day cycle	14 -21 day cycle	Seasonally	Seasonally
	Core Aeration	4 times per year	4 times per year	2 times per year	n/a	n/a	n/a
TURF MANAGEMENT	Seeding/Sodding	Annually	Annually	none	none	Wildflowers	Wildflowers
	Fields Marking & Maintenance	per scheduled event	n/a	n/a	n/a	n/a	n/a
	Fertilization	6 times per year	3-6 times per year	annually	annually	n/a	n/a
	Irrigation Schedule	2-3 per week; according to schedule	2-3 per week	2 times per week	2 times per week	n/a	n/a

# *Parks and Trails Master Plans: Castle Hills*

Lewisville Parks, Recreation & Open Space Master Plan Updated in March 2018

- New plan required in 2023 OR when Castle Hills is annexed per TPWD guidelines

Lewisville Hike and Bike Trail Master Plan

- Drafted in 2011; Approved in 2013



Things to Discover & Next Steps

- Does DCFWSD have a plan for parks, trails & open space?
  - Can it be integrated with current Lewisville Master Plan or Hike & Bike Trails Master Plan?
- How does Castle Hills impact our 10-Minute Walk to a Park ratio?
- When to start development of new parks, open space & recreation master plan? Trails plan?
- East Hill Park development will require creating a new plan that incorporates Castle Hills needs

# Recap & Timeline

## Next Steps

### FY2019

- Begin identification of costs/impacts
- Assessment of infrastructure continuing
- Police outreach and other communication and engagement
- Zoning
- Parks
- SPA amendment
- Board member appointments

### FY2020

- Water rate study and implementation of new rate structure
- Complete understanding of infrastructure for better awareness and management of eventual aging concerns; incorporate into long-term plans
- Zoning
- Park and Trails Master Study
- Build on relationships and outreach efforts

### FY2021

- Census results received, new residential district established for City Council seats
- Water rate study to refine rate structure at annexation
- Updating fees, programs, and any remaining items for the inclusion of new residents
- Final SPA amendment for full annexation on date certain
- Annexation occurs (target: July)
- Refunding district debt