

Future Annexation



LEWISVILLE

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**Public Informational Meeting
January 30, 2020**

Frequently Asked Questions

Q: When will Lewisville annex Castle Hills?

A. City Council is actively looking for ways to facilitate responsible annexation of Castle Hills. Based on current conditions, that is expected to be possible as early as July 2021.

One of the major issues to be worked out has to do with debt. Castle Hills started as one water district (Denton County Fresh Water Supply District), but through the years was subdivided into seven districts that developed independently from one another. Each district had debt issued to pay for roads and utility infrastructure.

The districts that were developed earlier (1-B, 1-D, 1-E and 1-F) have all the necessary public infrastructure in place and will not be issuing more debt. District 1-C will be issuing debt associated with additional infrastructure being constructed for new homes in the District. District 1-G issued its last remaining debt in 2017 and is currently completing the public improvements. District 1-H is in early stages of development and issued its last remaining debt in October 2019. Property taxes from residential and commercial property within each district is used to make debt payments for that district. The older districts have been paying on their debt balance longer than the districts recently or currently being developed.

At annexation, the City must assume all liabilities of the districts, including any outstanding debt. City councils through the years have always planned for annexation to occur when adding the Castle Hills development does not increase the property tax rate for current Lewisville residents.

Q: Why did the city create a Tax Increment Finance District (TIF)?

A: The biggest financial hurdle on the path to annexation is the large outstanding debt for the two newest districts, G and H, as well as financing remaining public improvements to be constructed within the districts. The City worked with Denton County and Bright Realty to clear that hurdle by creating a TIF District. Under this funding tool, City property taxes collected in those districts will be used to make debt service payments on existing public improvements as well as cash-fund future improvements as development occurs, all without impacting tax levies in other parts of Lewisville or Castle Hills. County property taxes collected in those districts will be used only to pay toward new improvements. Once the infrastructure is paid, the TIF is dissolved. Both the Lewisville City Council and the Denton County Commissioners Court voted to participate in the TIF as a way to support quality development without an increased tax impact on any resident.

Q: What city services does Lewisville provide now in Castle Hills?

A: Lewisville provides public safety services (police and fire) in Castle Hills through a contract with the Denton County Fresh Water Supply District 1-A. Charges are based on actual calls for services.

Castle Hills receives full fire and emergency medical service. The original contract for police services only covered actual response to calls and did not include regular patrol. The contract was amended in 2019 to include 8-16 hours per day of neighborhood patrol, with special services available at an additional charge upon request from the DCFWSD District 1-A manager, or at no additional charge at the discretion of the police chief.

Q: What do those city services cost?

A: During the 2019-20 fiscal year, Castle Hills will pay \$1,675,429 for public safety services (\$1,187,678 for fire, \$487,751 for police). In addition, Castle Hills will pay \$112.78 per hour for the neighborhood patrol. Through a Strategic Partnership Agreement (SPA), local sales tax collected at Castle Hills businesses is used to pay for public safety services. Any shortfall between sales tax collected and public safety services owed is paid by the District using other revenue sources, such as property tax assessments.

Q: What new city services will be provided after annexation?

A: After annexation, Castle Hills residents will receive the full range of municipal services currently enjoyed by Lewisville residents. This includes full police patrol, parks and recreation, public works, inspections, code enforcement, public health, animal control, and more.

Q: Will our current garbage and recycling service change?

A: The district currently has a multi-year contract with Community Waste Disposal (CWD) to provide that service to Castle Hills residents. Lewisville currently contracts with Republic Services for garbage and recycling collection. Contracts are being reviewed to define options.

Q: What will happen to current parks and playgrounds in Castle Hills after annexation?

A: That answer mostly depends upon ownership of the park or playground. The city is working with DCFWSD District 1-A to compile a list of all such properties and determine the legal ownership of each (HOA or Water District). That process should be

completed in the first half of 2020. There is no intent on the part of the city to remove or abandon any existing public playground or park space.

The City of Lewisville participates in the “10 Minute Walk to a Park” initiative of the Urban Land Institute, which sets the long-term goal of having every resident live within a close walk to a public park or green space. That initiative will include Castle Hills after annexation.

Q: How will our property taxes change?

A: Property taxes will go down for many Castle Hills residents after annexation. Water District property tax rates for Castle Hills residents currently range between 45 cents and \$1 per \$100 valuation. By comparison, Lewisville’s city property tax rate is 44.3 cents. Note that property tax rates for Lewisville ISD and Denton County are set independently by those agencies regardless of annexation.

Q: What if our district’s property tax rate is reduced to match the city’s tax rate prior to annexation?

A: While some districts have been dropping their rates in the past few years, these lower rates address basic operations and do not take into account the cost of future replacement or major rehabilitation of infrastructure such as streets, sidewalks, and water/sewer lines. Tax rates in all districts likely would increase significantly if those future costs were paid by the districts. Lewisville currently has one of the lowest property tax rates in the Dallas-Fort Worth metroplex and has the financial capacity to absorb those maintenance and replacement costs after annexation.

Q: How will our sales taxes change?

A: The sales tax rate collected at Castle Hills business will go up. The current comparison of Lewisville (and all surrounding cities) to Castle Hills is 8.25 to 7.625. After annexation, the sales tax rate in Castle Hills would increase to 8.125 percent or possibly as high as 8.25 percent depending upon the status of the Crime Prevention District.

All businesses collect 6.25 percent for the state. Lewisville residents also pay 2 percent for local uses. Here's the breakdown:

- State of Texas – 6.25
- City of Lewisville – 1.00
- Parks Development – 0.25
- Fire Control District – 0.125
- Crime Prevention District – 0.125
- Denton County Transportation Authority – 0.50
- TOTAL – 8.25**

Most Castle Hills businesses currently collect the first four only:

- State of Texas – 6.25
- City of Lewisville – 1.00
- Parks Development – 0.25
- Fire Control District – 0.125
- TOTAL – 7.625**

Q: Are residents of Castle Hills also residents of Lewisville?

A: No, although Castle Hills residents do receive some communication tools and discounts that are offered to Lewisville residents, such as discounted tickets for Texas Tunes concerts at MCL Grand, resident rates at all Lewisville park programs and

facilities, and mail delivery of the quarterly Lewisville Horizon newsletter.

Q: Are residents of Castle Hills able to vote in Lewisville elections?

A: No. After annexation, Castle Hills residents will have the same voting opportunity as all other Lewisville residents. This includes being able to vote for all five City Council positions and for Mayor. Lewisville voters approved a change to the City Charter in 2017 that will create five residential districts upon annexation of Castle Hills. Council members will continue to be elected at-large, but will be required to live in specific residential districts. This makes it very likely a Castle Hills resident will be elected to City Council soon after annexation. The districts will be drawn once the City receives results of the 2020 U.S. Census.

Q: Are residents of Castle Hills able to have a voice in Lewisville?

A: Yes. City Council members and city officials welcome input from anyone with an interest in improving the Lewisville community. Castle Hills residents are invited to attend city meetings, respond to city surveys, participate in city events, and otherwise provide input and feedback to the city. Castle Hills residents also are eligible to participate in the annual Citizens University class (seven are members of the 2019-20 class). Lewisville City Council changed requirements to allow Castle Hills residents to serve on some Council-appointed boards starting in 2019, and four were appointed to boards in June.

Watch for opportunities to participate in an update to the Lewisville 2025 vision plan. This process will create a new Lewisville 2035

plan. Several public workshops will be held, including one in Castle Hills on January 30, 6-8 p.m.

Q: What will happen to the Fresh Water Supply District after annexation?

A: The districts will be dissolved after annexation, and all governance and services will be through the City of Lewisville.

Q: What will happen to my HOA and Master Association (MA) after annexation?

A: The HOA and MA will continue to operate as they currently do.

Q: Will we have the freedom to choose our electric provider in the future?

A: Castle Hills is in an electric co-op, which ties back to the original installation of the electric service grid in the development. (Note that the new area of Castle Hills that is located in Carrollton was not part of the original development and is outside the co-op boundaries.) Provisions of the co-op are tied to the land itself and will not change after annexation.

Q: Will annexation change where my child goes to school?

A: No. City boundaries and school district boundaries are independent of one another. School attendance zones are established exclusively by the school district regardless of city. It is worth noting that there are Lewisville neighborhoods contained within the attendance zones for all five Lewisville ISD high schools and also for Coppell High School.

Q: What is the City doing to get ready for annexation?

A.: There is much work to be done prior to annexation. Adopting the TIF and amending the City Charter were important steps. The SPA was set to expire in early 2019, so the city worked with each district board to extend the agreement past the expected annexation date. City Council approved that extension on June 17.

City staff in multiple departments are quantifying the impacts of providing the municipal services necessary to give Castle Hills residents the same level of service as is enjoyed by current Lewisville residents. This includes a staffing study for Police and other city departments to ensure sufficient workforce is in place and ready to serve new customers in Castle Hills. That research will be largely complete by spring 2020.

The city believes in regular investment in infrastructure such as streets, sidewalks, and water/sewer lines. Studies are being done to determine the current condition of this infrastructure in Castle Hills so it can be added to the city's maintenance schedule. Some of the Castle Hills infrastructure is now more than 20 years old.

The FY 2019-20 city budget includes more than \$300,000 in new spending related to annexation planning. More than half of that is to video inspect the stormwater infrastructure in Castle Hills to determine its condition and project future maintenance or replacement needs.