



2020 City Council Retreat
Direction Revisited:
Annexation of Castle Hills



Direction from 2020 Retreat Related to Methodology for Annexation

- Authorized City Manager to appoint a Castle Hills annexation advisory committee
 - Education Period March – June 2020
 - Staff to hire Third Party Facilitator to work with Committee on education on various issues
- Move forward with Annexation under SPA agreement to be effective July 2021
 - Work with District Boards to revise SPA agreements in July 2020
 - Revised SPA agreement would set date of annexation for July 2021
- Resolution to Denton County Appraisal District (DCAD) by March 2021 concerning date of annexation
 - Requirement by DCAD so that FY 21-22 budget would include Castle Hills property values

Changes Since 2020 Retreat

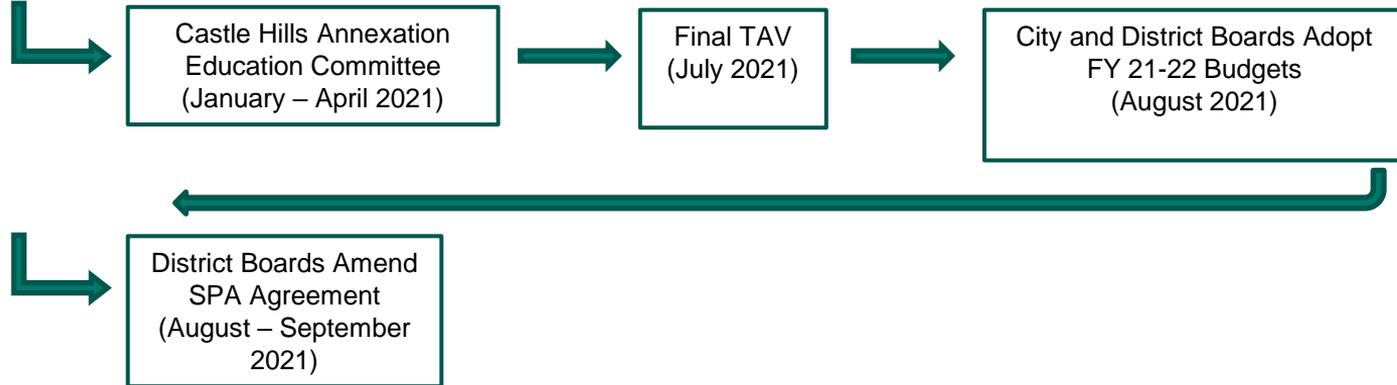
- COVID-19 situation disrupted appointment of the Committee and staff work on various projects related to annexation
- New concerns related to financial revenue losses
 - Will future property values support assumption of Castle Hills debt (\$142.915M) without a debt rate increase?
- DCAD provided new legal opinion that states that Castle Hills TAV could not be added to City TAV roll if annexation occurred after January 1
 - July 2021 annexation would mean that the Denton County Fresh Water Supply (DCFWS) Districts would not exist to set the tax rates for the FY 2021-2022 fiscal year
 - Per State law, City assumes all revenues and liabilities effective at date of annexation
 - Calculation of City tax rate would not include Castle Hills TAV until the FY 22-23 budget

Property Roll - Assessed Values (FY 20-21)

- City Final Tax Roll increased 5.2%
- DCFWS Districts increased on average 7.23%
 - Districts 1-B through 1-F increased 1.89%
 - Districts 1-G through 1-H increased 28.78%

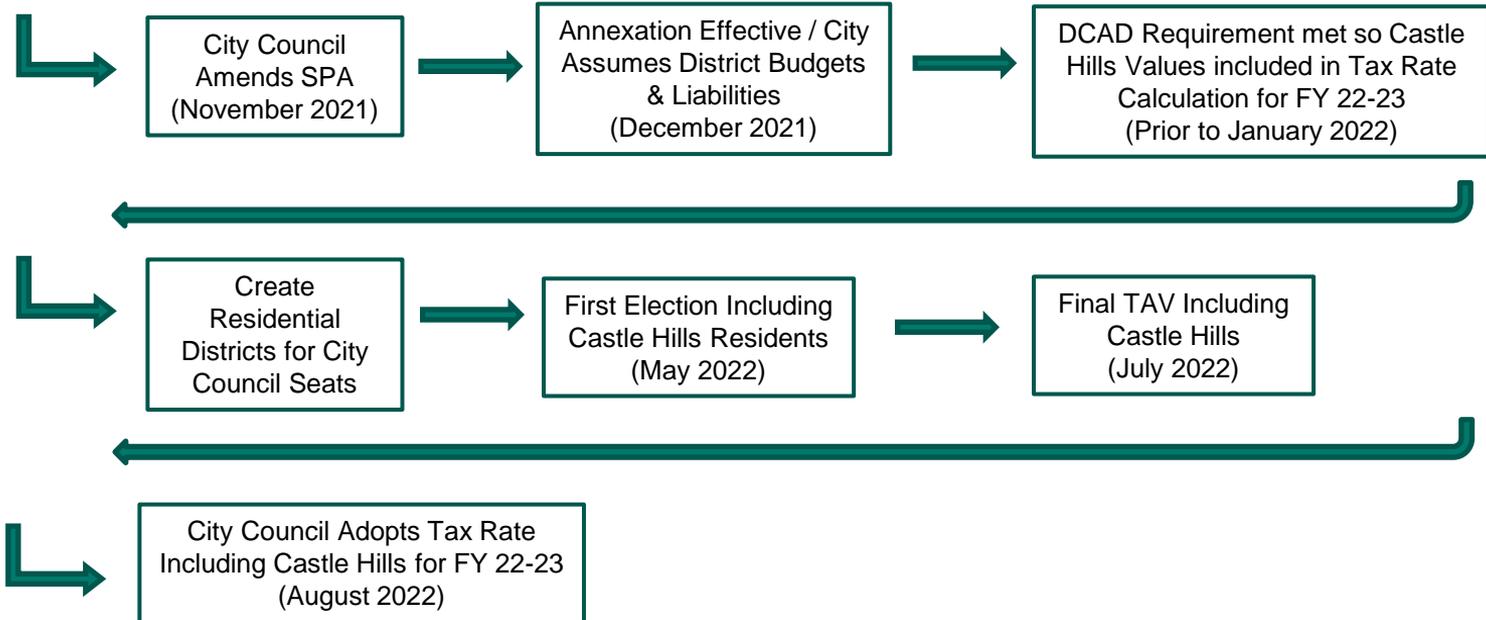
Proposed Annexation Schedule

FY 20-21



Proposed Annexation Schedule

FY 21-22



Proposed Annexation Schedule

FY 22-23



Fiscal Year based on
combined Lewisville and
Castle Hills Property Values

Education Plan

August 2020	Appoint Annexation Advisory Committee and set date for kick-off meeting
September 24, 2020	Hold kick-off meeting to describe responsibilities of committee and City Council direction related to methodology for annexation
October 2020 – January 2021	City staff will research and develop Formal Detailed Reports in response to list of issues and concerns identified in survey
January 2021	Distribute Formal Detailed Report two weeks prior to meeting; each future meeting will include same process; Hold up to eight (8) sessions with committee members (every two weeks)
January – April 2021	Committee Review and Education Process