

Harris County Municipal Management District No. 1



2014-2024 Service & Improvement Plan & Assessment Plan

Endorsed by Board July 16, 2014



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1. INTRODUCTION & BACKGROUND



1. Introduction

The Harris County Municipal Management District No. 1 (the “District”) was created in 1999 by the 76th Texas Legislature and is codified under Chapter 3810 of the Special District Local Laws Code. The City of Houston (“City”) gave its formal consent to the creation of the District. This document lays out the mission and goals of the District, the nature of the services to be provided by the District, the proposed assessment for such services, the basis on which assessments will be charged and the estimated costs of such services during the ten-year life of this Plan. This is the third Service and Assessment Plan (“Plan”) for the District.

The District will levy an assessment on the commercial property owners within the District to provide services and improvements in the following program areas:

1. Mobility & Transportation
2. Urban Design
3. Security & Public Safety
4. Building Relationships (Marketing, Public & Government Relations)

The following Plan will outline the nature of the services to be provided by the District and will be implemented by the District working in conjunction with the commercial property owners, service providers, and the public



sector to develop and carry out programs that will help to achieve the mission and goals of the District. It should be recognized that some of these efforts may reach beyond the boundaries of the District, but the District's project expenditures will be focused on direct benefits to the District and its members. All programs will be approved and monitored on an ongoing basis by the Board of Directors of the District.

The First Fifteen Years

Much has been accomplished during the first fifteen years that the Memorial City Management District has been in existence and the District is poised for further success in the upcoming years. In addition to forming the District and getting underway, the Board has focused much of its early efforts on planning – planning that has come to fruition. Significant effort went into preparing Urban Design Guidelines to prepare a look and feel for the District that makes

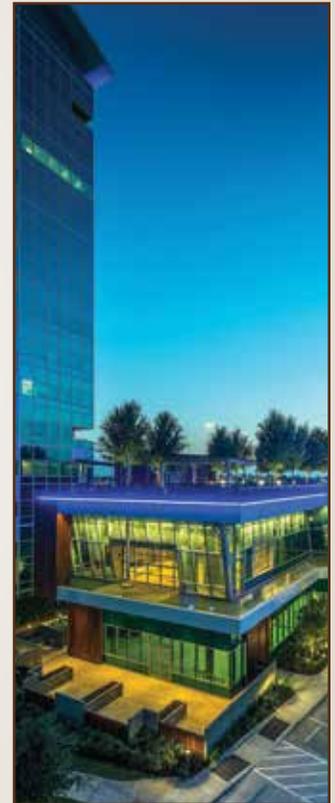
it a unique environment to live, work, shop and visit. These guidelines were then used to develop an Urban Design Master Plan that detailed how these guidelines can be implemented at specific locations in the District. The guidelines have been implemented in the District's street signage, and landscaping projects, and in the Gessner, Bunker Hill, and Lumpkin street and drainage projects constructed by the City of Houston Tax Increment Reinvestment Zone No. 17 (TIRZ#17).

In addition to these planning efforts, the District has provided hundreds of hours of extra security throughout the year, and has provided landscape installation and maintenance and litter collection throughout the District. All of these efforts have contributed to the District's growth in property values and improved business success.

2. MISSION STATEMENT

The District will undertake certain projects with widespread benefits that are beyond the ability of individual property owners to provide. The Board has adopted the following Mission Statement to guide its efforts as it develops, refines, and implements specific projects.

“Promote and ensure the long-term economic vibrancy of the area through comprehensive planning and urban design, creating, reinforcing, and enhancing the District as an outstanding place to live, work, shop, build, invest, or visit.”



3. SERVICE & IMPROVEMENT PLAN

This Plan was developed by the Strategic Planning and Finance Committee of the Board of Directors and subsequently approved by the full Board of Directors of the District. These Directors represent a variety of property owners and businesses in the District. The following are the major components of the Plan:

- a) Mobility & Transportation
- b) Urban Design & Beautification
- c) Security and Public Safety
- d) Building Relationships (Marketing, Public & Government Relations)

Each section provides detailed descriptions of the goals, objectives, and programs.



a) Mobility & Transportation

Goal:

Improve access to, from and through the District, addressing all modes of transportation.

Objectives:

1. To provide supplementary resources and support for mobility and transportation initiatives that serve the District's interests.
2. To work with other entities and agencies, especially TIRZ #17, City of Houston, Metropolitan Transit Authority, and TxDOT regarding mobility and transportation projects occurring in the District.
3. To promote mobility improvements, such as coordination of traffic signals, access management and other Intelligent Traffic System improvements.
4. To support the mobility objectives of other entities, such as those of the West Houston Association and the Houston West Chamber of Commerce.

Priority Programs:

- Coordinate with TIRZ #17 and City of Houston on mobility projects and improvements in the District. Specifically, the District will focus on aiding and assisting TIRZ #17 during the conceptual phase of projects and in the acquisition of right-of-way.
- Monitor and provide input on mobility plans and improvements of other governmental entities (such as City of Houston, TxDOT, Metropolitan Transit Authority, Harris County, etc.) that impact the District.
- Advocate for the mobility interests of the District's stakeholders.
- Implementation and maintenance of special mobility features.
- Create an awareness of transportation needs in the community and promote alternatives to the single occupant vehicles such as hiking, bicycling, and transit.



b) Urban Design & Beautification

Goal:

Promote the development of an urban environment that positively affects the District's appearance, image and value.

Objectives:

1. To seek broad use of the District's Urban Design Guidelines.
2. To seek implementation of the Urban Design Master Plan.
3. To continue implementation of a Maintenance Plan for assuring the quality appearance of the District.
4. To promote green space within the District, on both public and private property.

Priority Programs:

- Disseminate the Urban Design Guidelines

to public and private entities and encourage their use in public and private projects.

- Coordinate with TIRZ #17 on the implementation of the Urban Design Guidelines on TIRZ #17 mobility projects.
- Coordinate with TxDOT on the continuing maintenance and implementation of I-10 enhancements throughout the District.
- Implement the Urban Design Master Plan through District-directed projects and by coordinating with other entities.
- Continue implementation of the District's Maintenance Plan.
- Provide and maintain green space and amenities for pedestrians, transit riders and cyclists.
- Promote green space and amenities for pedestrians, transit, and cyclists on the District's Website.

c) Security & Public Safety

Goal:

Maintain and enhance the District as a safe environment with a focus on security and public safety.

Objectives:

1. To coordinate and enhance public and private security efforts.
2. To advocate for improved emergency services.
3. To increase the visibility of crime deterrents.
4. To improve and enhance the cleanliness of the District.

Priority Programs:

- Continue and expand existing security program utilizing private and off-duty police officers.
- Continue to provide special Differential Response and Code Enforcement patrols throughout the District.
- Provide information on the District's website that promotes public safety and security.
- Compile and monitor information and data concerning crime patterns in the area.
- Institute a Keep the District Clean program to promote no-littering.
- Utilize the District Website to inform and promote safety and security issues and solutions.

d) Building Relationships (Marketing, Public & Government Relations)

Goal:

Actively promote the District's image as an outstanding place to live, work and shop

through marketing activities and relationship building.

Objectives:

Marketing

1. To create a strong identity for the District that sets it apart from other areas.
2. To plan and organize events in the District that bring people in the community together.
3. To develop and encourage the use of the District's name and logo.
4. To increase the visual identity of the District.
5. To market the District in order to attract high quality investors and tenants.

Public and Government Relations

1. To develop and maintain a positive relationship with the media to promote the District.
2. To enhance relationships with the surrounding residential neighborhoods and business community.
3. To generate support within the District and the surrounding area for District programs.
4. To position the District as the recognized voice representing the interests of the business community in dealing with governmental and non-governmental agencies.

Priority Programs:

Marketing:

- Develop and implement a public relations/marketing strategy to establish the District's image, including:
 - Develop promotional materials including a revised and updated website for the District.
 - Develop a calendar of programs and events.

Public and Government Relations

- Develop a public relations campaign to build effective relationships to help implement the District’s goals and objectives. For example, the campaign could include the following:
 - Meetings
 - Newsletters
 - Business trade shows
 - Networking events
- Utilize the District’s website as a community web center to aid adjacent civic clubs and organizations in promoting their organizations and events.

4. ASSESSMENT PLAN – BUDGET

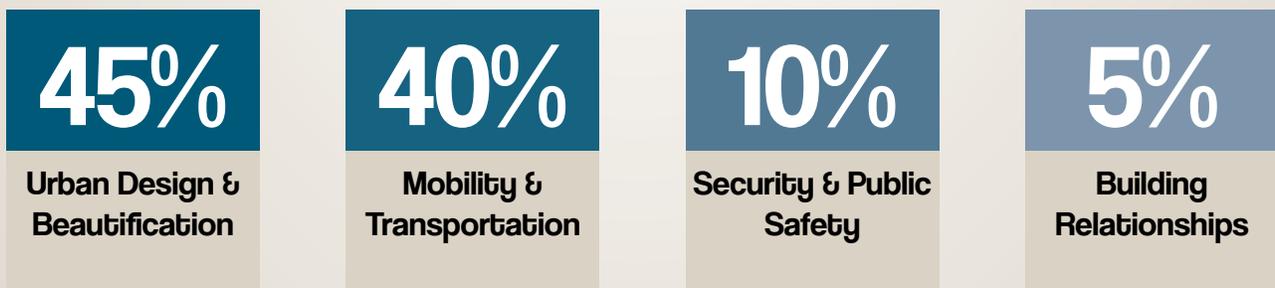
(Proposed Assessment, Revenue and Expenditures)

The District will provide funding to the four major project areas outlined above. These figures are general projections based on needs and priorities anticipated today. Priorities will change from year-to-year. This Plan provides that the District’s Board of Directors will retain the flexibility to adjust the application of resources to meet the changing needs of the area.

Each year, the District’s Board of Directors will re-evaluate the Plan, determine the projects and approve

a budget for that year. The following table shows the projected percentage allotment for each of the major service elements.

In order to provide the services and improvements set forth in this Plan, the District will necessarily incur certain operation and administration expenses. These expenses are included within the projected annual expenditures. Each annual budget will include operation and administration



expenses, as appropriate and as approved by the Board of Directors. Included in the operation and administration will be costs related to the day-to-day operations of the District, including staff, outside consultants, office space, equipment, supplies, and general overhead.

Each year, a budget and assessment rate will be approved by the Board of Directors. The assessment shall be paid in ten annual installments. The assessment for the first year of this Plan will be \$0.10 per \$100 valuation of property subject to assessment applied to the 2014 certified taxable values provided by the Harris County Appraisal District (“HCAD”).



Estimated revenues based on the value of property within the District for the year 2014 are as follows:

- Estimated 2014 value of land and improvements within the District: \$1,928,552,196
- Estimated average annual revenue, at the rate of \$0.10 per \$100 of valuation: \$1,928,552
- If this revenue projection is not met, the District will adjust the annual budget to reflect this. Similarly, if revenues exceed projections, the Board may allocate those additional revenues to the various program categories.

The following types of property will be exempt from assessment unless the owner consents:

- Property of a utility.
- Property owned by political subdivisions of the State of Texas.
- Property owned by organizations exempt

from tax under Section 501(c)(3) of the Internal Revenue Code of 1986.

- Single family detached residential property, duplexes, triplexes and quadraplexes, and vacant lots deed-restricted for such usage.

In subsequent years, the District will assess property on the basis of the then current year's certified taxable HCAD value. Under this Plan, the Board may vary the rate of assessment each year, provided that in the second year the rate may not be increased by more than 5% over the initial year's rate, and in subsequent years the rate may not be increased by more than 5% over the maximum allowable rate of the previous year (determined by applying the maximum 5% increase in each previous year, whether or not such increase actually occurred). For example, with a rate of \$0.10 for 2014 projects, the District could set the rate for the 2015 projects at no greater than \$0.105, an increase of 5%, or \$0.005 over the previous year. The maximum assessment rate the Board could set under



this Plan would be \$0.155 for year ten of the Plan. The Board reserves the right, and intends at this time, to assess a lower amount than the maximum that could be levied during the Ten-Year Plan. However, the law requires that a maximum total assessment be stated, even though the Board does not contemplate assessing the maximum. Beginning the second year that a property is assessed, and each year thereafter, the total dollar assessment will be capped at 110% of the total assessment on such property for the previous year, plus the assessment on any value added by new construction on such property. The cap will be recalculated annually and will take effect the second year of the Plan.

This Plan anticipates providing services and improvements on a pay-as-you-go basis, with assessments made to fund projects in the following year. If the Board determines that projects are needed which cannot be financed on this basis, a public hearing will be called to determine whether the property owners subject to assessment support the

sale of bonds. The Board may not finance a service or improvement project through bond financing unless a written petition requesting the improvement or service has been filed with the Board. The petition must be signed by the owners of a majority of the assessed value of real property in the District as determined by the most recent certified county property tax rolls.

The District proposes to have the Board of Directors evaluate annually the need for and advisability of the programs and services authorized under this Plan to determine the specific projects within the Plan that will be undertaken the following year. The Board will then approve a budget for the following year consistent with the yearly plan and set the assessment rate for such year, taking into consideration the value of the property subject to assessment and the revenue that the assessment rate will produce.

As the Plan is ten years in length, it is probable that the program and service needs in each of the major categories will change, particularly as District

objectives are met. Therefore, this Plan allows the Board of Directors the flexibility to apply the assessment revenue to the major categories of services in varying percentages.

Any land and improvements annexed into the District will be added to the District's assessment roll at the value shown on the rolls of HCAD during the year in which the land and improvements are annexed. Any new improvements under construction on January 1, 2014, or constructed in the District after January 1, 2014, will be added to the District's assessment roll. Any substantially rehabilitated improvements under construction on January 1, 2014, or constructed, remodeled, or rehabilitated in the District after January 1, 2014 will be added to the District's assessment roll. (A rehabilitation is substantial if the result of the rehabilitation is an increase in value of 25% or more.) In years when such improvements are under construction or rehabilitation, they will not be subject to the 10% cap on assessments and will be assessed at the value shown on the tax rolls of the Harris County Appraisal District, which value is based on the portion of the improvement which is complete. Upon completion of such new or

rehabilitated improvements, they will be assessed at the value of the completed improvement as shown on the tax rolls of the Harris County Appraisal District. The annual 10% cap on assessments will begin to apply only upon the final completion of the new or rehabilitated improvements and will be calculated based upon the value of the completed improvement. After conducting a public hearing, the Board will prepare a supplemental assessment roll for such property and levy assessments against such property for the specific benefits to be received by the services and improvements to be provided by the District. Each year after such property is added to the roll, the cap will be recalculated based on the amount assessed for the previous year. Such new construction in the District and annexations, if any, will generate additional revenue.

Annual installment payments of the Assessments shall become due and payable in the same manner as ad valorem taxes in accordance with the Texas Tax Code. Delinquent payments shall be subject to additional penalties and interest in the same manner as ad valorem taxes in accordance with the Texas Tax Code.

5. CONCLUSION

The successful delivery of the proposed services is anticipated to add value to all properties within the District. Property owners and tenants will be able to collectively leverage greater resources, resulting in increased levels of service and an enhanced public awareness and image for the District. An improved

District benefits property owners and tenants directly and also the Houston metropolitan region at large.

If you have any questions or wish to set up a personal visit with a Board member, please call Pat Walters, Executive Director for the District, at 713.984.8737.

