

HOBBY AREA MANAGEMENT DISTRICT

(Harris County Improvement District #9)

SERVICE AND IMPROVEMENT PLAN *And* ASSESSMENT PLAN FOR Fiscal Years 2014-2023

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IMPORTANT NOTE: This is a preliminary working document and is subject to change according to community and stakeholder input.

Preface

This document presents a Ten-Year Service and Improvement, and Assessment Plan (2014-2023), which sets forth a vision, mission, goals to be achieved, services to be rendered, and improvements to be made in support and to the benefit of the property owners within Harris County Improvement District No. 9 (the "District"). Additionally, this Service Plan outlines estimated costs and a proposal for funding this Service Plan that will serve the land that comprises the District.

INTRODUCTION

The Hobby Area Management District, also known as Harris County Improvement District #9 was created in 2007 by the 80th Texas Legislature pursuant to House Bill 4110 with consent from the City of Houston (City), and operates pursuant to the authority granted by Chapter 375, Texas Local Government Code, as amended, and Chapter 3859, Special District Local Laws Code.

The Vision

The vision is to strengthen the Hobby Area Management District's local economy; enhance property values; and, improve the quality of life for both the business and residential communities utilizing urban development techniques that have already been implemented in other Management Districts in Harris County.

The thrust of the District is to promote a sense of place – a concept of identity that calls attention to the area's unique attributes and their special value to the Greater Houston Metropolitan Region. By emphasizing these attributes, the District serves as a powerful advocate on matters regarding transportation, public safety, environmental planning, and business development.

Throughout this effort, our mission is to provide positive returns on our constituents' investments, generating higher property values and a better quality of life. Our Ten-Year Plan provides a base level of services and improvements designed to achieve this by making the District safer, more attractive, and more competitive. Moreover, the plan will adapt to changing conditions and demands within the District and the community at large.

In creating a management district, property owners seek to:

- Organize themselves to pursue a common vision.
- Create capital investment, services, and improvements and supplement them where needed.
- Render continuous, focused, and professional management of the area's needs.
- Provide cost-effective funding mechanisms for improvements.
- Maintain the District as a superior place to live, work, shop, and invest.

The District's Board of Directors will pursue these goals through a variety of programs and projects that are outlined in the next section. Projects for the first ten years will be focused on four areas:

1. Security and Public Safety
2. Business Development
3. Transportation Planning
4. Visual Improvements and Cultural Promotion

THE FIRST TEN YEARS

Security and Public Safety

A primary objective is to significantly enhance safety by reducing crimes against people and property. For any community to develop economically, and be a desired place to do business and in which to live, people and property must be protected from crime.

MISSION: *To attract new investment to the District by providing a safe environment in both perception and reality with focused public safety programs.*

PROGRAMS and PROJECTS:

1. Develop and implement programs for graffiti abatement and prevention through landscaping.
2. Develop a plan in conjunction with CenterPoint Energy, the City of Houston, retail electric providers, and others to increase and maintain consistent street lighting in public areas.
3. Partner with HPD, Metro, Harris County Constables, and other law enforcement agencies to proactively reduce conditions conducive to crime and provide focused attention on the safety needs of the area.
4. Establish strong relationship with HPD's Positive Interaction Program (PIP) and supplement programs as necessary and appropriate.
5. Coordinate with the city to provide adequate and appropriate traffic control devices where necessary.
6. Build positive relationships between property owners and public safety agencies through sponsorship of safety awareness programs and activities.
7. On behalf of property owners, advocate for regional security needs with county, city, state, and federal law enforcement agencies.

Business Development

The District will take a proactive role in the development of economic and promotional initiatives and will coordinate these activities and partner with other public and private economic development organizations at the local and state level. District staff will be available to businesses, brokers, and relocation companies to promote the area with speakers, demographic information, and presentations to those considering the District as a business or investment opportunity.

MISSION: *Mobilize resources to address current and future infrastructure, development and open space needs to attract and retain employees, increase values, and facilitate business development.*

PROGRAMS and PROJECTS:

1. Develop programs that support and promote area business owners.
2. Establish a parking plan to support business activity while protecting the integrity of neighborhoods.
3. Coordinate existing studies by GHP, Blueprint Houston, TXDOT Mobility, County Watershed and Flood Control, etc. to develop a cohesive growth strategy.
4. With the City of Houston, develop convenient recycling methods for businesses.
5. Develop and coordinate historical information about the District and support preservation of historic properties and structures.
6. Provide public relations and marketing support for the District's transportation, planning, and public safety efforts.
7. Establish the District as a "clearinghouse" for the accumulation and dissemination of information through a web site and other media to assist employers, residents, the general public, and the brokerage community in identifying the area as a successful center for new business development.
8. Sponsor research for District marketing materials to meet the needs of current and prospective property owners, tenants, employers, brokers, meeting planners, and the public.
9. Boost business opportunities by identifying specific areas of involvement with the Greater Houston Partnership, local chambers of commerce, and neighborhood business and civic organizations.

Transportation Planning

Mobility deficiencies in the District are of two primary types: (1) internal circulation, and (2) regional access, which is hampered by the lack of ingress and egress. To keep peak hour congestion at a manageable level, the basic infrastructure systems such as roadways, traffic control, public transportation, and utilities, must be addressed in a unified and consistent manner. The District will work with city, county, regional, and state entities to ensure that this area receives the required investment in construction and maintenance of that infrastructure.

MISSION: *To utilize and improve existing resources to create a well-planned transportation system which effectively addresses current and future needs in the areas of mobility infrastructure.*

PROGRAMS and PROJECTS:

1. Enhance amenities for pedestrians and cyclists through planning with regional, county, and city agencies on capital improvements, street/sidewalk standards, bikeways, secure bicycle racks, and other facilities.
2. Monitor and improve public transportation shelters, seating, and trash services.
3. Promote the creation of Broadway Street role as a major ceremonial corridor to Hobby Airport.
4. Develop and implement a transportation and mobility master plan while working with public, private, and nonprofit entities to ensure that the District is included in long- and short-term transportation planning efforts.
5. Create an Airport Boulevard promenade to establish a sense of destination.
6. Coordinate with TXDOT and property owners on construction of the I-45 (Gulf Freeway) Corridor to maintain access to the District during reconstruction and shape aesthetics and overall look of overpasses, exit and entry ramps, and landscaping.
7. Provide resources for transportation and traffic flow studies and use available resources to assist in the design of certain mobility projects.

Visual Improvements and Cultural Promotion

Environmental and urban design provides the "platform" for improving how the District looks and works. This project area affects the quality of the business community and influences decisions of potential investors. The District will be concerned with appearance and image, physical improvements, private and public infrastructure needs, and open spaces such as parks and trails. The District will work to promote conservation programs, improved streetscapes, and park facilities. Each of these elements will add to a "sense of place" and identity.

The District will develop programs to beautify and landscape streets and freeway frontages and to create an identity with perimeter and interior markers such as custom signage, banners, flags, and monuments. The District will also work with property owners and public entities to coordinate maintenance of setbacks, rights-of-way, and planting.

MISSION: *To mobilize resources in coordination with various neighborhood groups to address current and future infrastructure, development, and open space needs in order to attract and retain employees, increase values, and facilitate business development.*

PROGRAMS and PROJECTS:

1. Develop and implement master plan based on the Hobby Airport Image Plan – Art Deco concept that addresses landscaping, streetscaping, lighting, bus shelters and seating, parks, trails, and open space. Art Deco is an architectural style that became popular in the 1930's and 40's. This style consists of very simplistic and modern geometrical designs.
2. With the City of Houston Parks Department, promote esplanade and median adoptions.
3. Support and maintain public art at Metro stops and other public areas within the District.
4. Develop and fund contract services for supplemental mowing, trash pickup, and bandit sign removal on public rights of way.
5. Preserve, enhance, and expand the District's public parks and trails systems.
6. Address water, wastewater, and drainage requirements of the District and advocate for necessary infrastructure improvements through city, county and state resources.
7. Create District identity, visual continuity, and inviting streetscapes through improvements in landscaping, street furnishings, and visual elements for the commercial community.
8. Advocate for and support the development of conservation programs that focus on employer/employee-based waste and emissions reduction and recycling that bring about a healthier atmosphere.

Project Staffing and Administration

MISSION: *Provide effective, efficient support services to District programs, including security and public safety, business development, transportation planning, and visual improvements and cultural promotion at the least possible cost to commercial property owners of the District.*

PROGRAMS and PROJECTS:

1. Respond to the day-to-day needs of the District while initiating plans for long-term stability and growth.
2. Utilize human and financial resources in an efficient manner to accomplish the ten-year service and improvement plan.
3. Advocate for the District's fair share of city, county, and state services.
4. Accurately reflect the costs of providing services in each program area through a carefully monitored cost allocation system.
5. Provide annual financial audits that protect the financial integrity of the District and help ensure the most efficient use of resources.
6. Ensure compliance with the Texas Public Information Act ("Open Records Act"), Open Meetings Act, Public Funds Investment Act, and all other applicable state, federal and local laws and regulations.
7. Maintain an efficient level of office technology to ensure the fullest utilization of all available resources.
8. Monitor, evaluate, and adjust administrative systems and procedures to assure maximum benefit on revenues received by the District from property owner assessments, grants, contracts, and other financial resources.

THE 2014-2023 BUDGET

The District will provide funding to the four major project areas as outlined below. These figures are general projections based on needs and priorities anticipated today. From year to year, priorities will change, and this plan provides that the District's Board of Directors will have 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, assess projects and services, and approve a budget for that year. Following is the projected average annual expenditure for the services authorized under this *Service and Improvement Plan*.

Project Area	Projected Average Annual Expenditure	Projected Ten-Year Total	Percentage
Security & Public Safety	\$576,383	\$5,763,830	40%
Business Development	\$360,240	\$3,602,400	25%
Transportation Planning	\$144,095	\$1,440,950	10%
Visual Improvements & Cultural Promotion	\$72,048	\$720,480	5%
Project Staffing & Administration	\$288,192	\$2,881,920	20%
Total	\$1,440,958	\$14,409,580	100%

ASSESSMENT PLAN: FINANCING THE VISION

Under this *Service and Improvement Plan*, the District will assess the land and improvements of commercial property owners within the District's boundaries to provide funding for the projects within the major areas of service outlined. The assessment for each year of the *Service and Improvement Plan* will be \$0.15 for each \$100 of value based on the taxable property value as certified by the Harris County Appraisal District ("HCAD") with respect to that calendar year. Services and improvements are intended to be provided on a pay-as-you-go basis with assessments made to fund projects. If the Board determines that projects are needed which cannot be financed on this basis, the Board may authorize bonds or other debt financing after calling a public hearing regarding the financing options.

Property Subject to Assessment. The property subject to assessment will be the land and improvements of the commercial property owners within the boundaries of the District. The following property will be exempt from assessment: single-family detached residential, duplexes, triplexes, quadrplexes, condominiums, municipalities, counties, other political subdivisions, entities exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, public utilities, and recreational property or scenic use property that meets the requirements of Section 375.163, Texas Local Government Code. Equipment and inventory are not subject to assessment.

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

As this plan is ten years in length, it is probable that the service needs in each of the major categories will change, particularly as District objectives are met. Therefore, this *Service and Improvement Plan* allows the Board of Directors the flexibility to apply the assessment revenue to the major categories of services in varying percentages.

The District proposes to set the rate of assessment at \$0.15 per \$100 valuation for each year of the *Service and Improvement Plan* based on the taxable property value as certified by HCAD with respect to that calendar year. The assessment will be made after the District's tax rolls are certified by HCAD each year to generate funds for implementation of the *Service and Improvement Plan* in the following year. The assessment roll will be revised and amended as necessary to accommodate certified valuation changes or additions made by HCAD from time to time. This would mean that a property subject to assessment valued by HCAD at \$1 million in any given year would pay an assessment of \$1500 to fund projects in the following year if the rate of assessment were \$0.15 per \$100 valuation.

Assessment Rate Increases. Pursuant to this *Service and Improvement Plan*, the District Board of Directors is proposing a one-time assessment payable over the life of the Plan (10 years).

Cap on the Amount of Individual Property Assessments. The plan provides that no property may be assessed an amount in any year of this plan that exceeds two and a half times the amount such property was assessed for projects in the first year of the *Service and Improvement Plan* (2014), plus any value added by new construction on such property so designated by HCAD. Thus, the maximum for which the

owner of a property valued at \$1 million in 2014 would ever be liable in any year under this *Service and Improvement Plan* would be \$2,500 (2.5 times the \$1,000 assessed in 2014 for projects) plus any assessment on new construction added to this property.

Basis for Assessment. In each year of the plan, the assessment will be based on the HCAD certified taxable value for each property in such year as established by HCAD. This means that an individual property owner's assessment may vary each year.

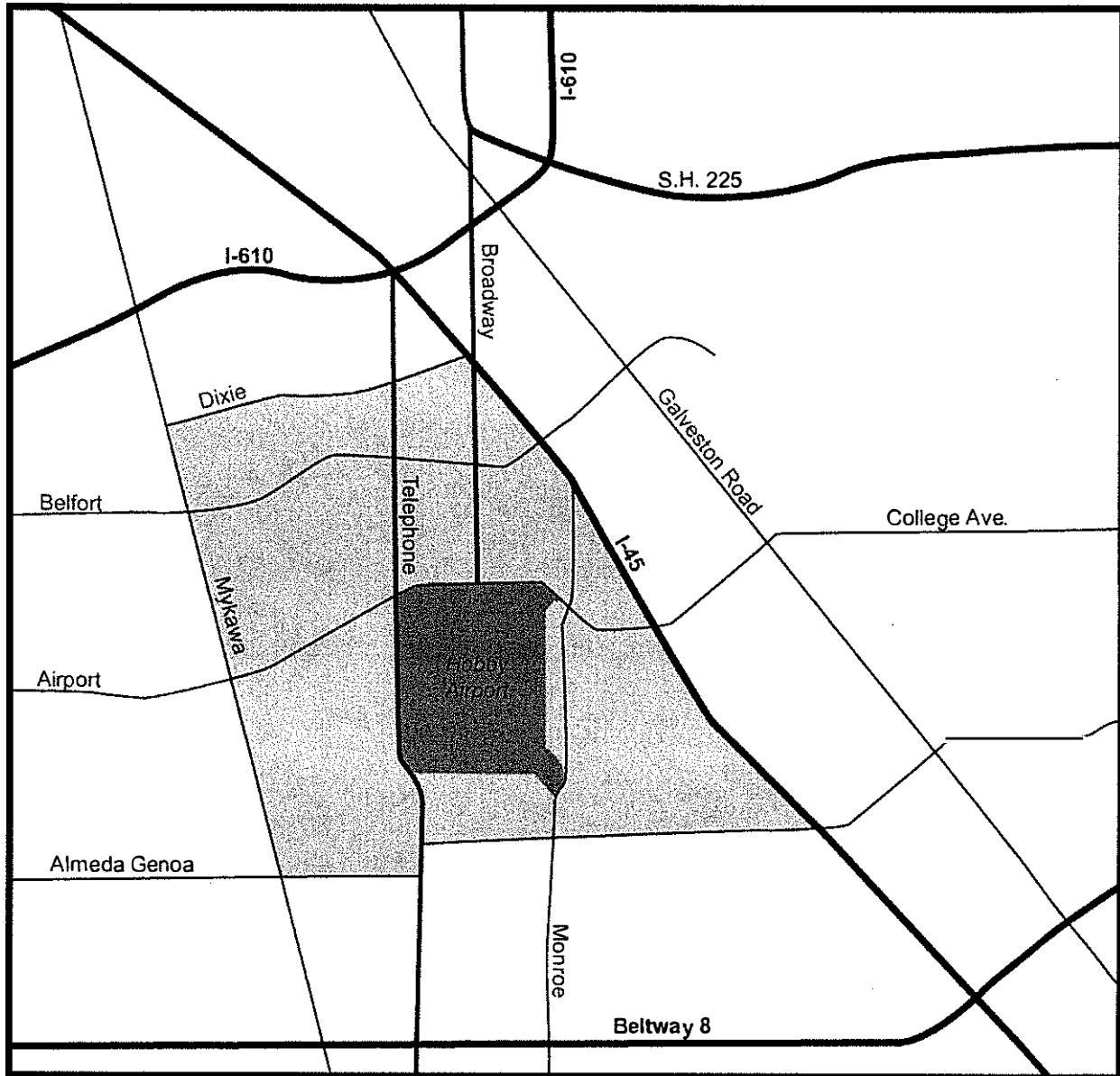
New Construction. New construction so designated by HCAD and any property annexed into the District, if any, will be added to the assessment roll at the value set by HCAD. The Board will prepare a supplemental assessment roll for such property and levy assessments on such property for the specific benefits to be received by the services and improvements to be provided by the District. Such new construction in the District and annexations, if any, will generate new revenue. The average expenditures projected above assume a 2% growth in value per year. Over the years, it will also be necessary for the Board of Directors to consider the effects of inflation and to factor it into the District's budgets. If inflation remains low or values increase more than 2% per year, the Board anticipates the growth in assessment revenue from new construction will cover inflation during the ten-year period and allow the District to provide most, if not all, of the services contemplated hereunder. If revenues exceed projections, the Board may allocate those additional revenues to each program category.

Assessments would become due and payable and become delinquent and incur penalties and interest in accordance with the provisions relating to ad valorem taxation contained in the Texas Tax Code. Assessments will also be subject to the recapture provisions, which apply to change in use of agricultural land in accordance with the Texas Tax Code.

The delivery of the services and improvements is anticipated to add value to all properties within the District. The District property owners 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 directly and also the Houston metropolitan region at large. A boundary map of the District is attached.

Thank you for your consideration of this plan.

Exhibit A
District Boundary Map



*This document is on file with the Hobby Area Management District.
A copy may be obtained by written request addressed to:*

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