

## The ABCs of Castle Hills Governance

SEPTEMBER 4, 2011 BY JOHN EHINGER AND PATRICK KELLY

Did you know that Castle Hills has a total taxable value of approximately \$1.5 billion? The 2012 operating budget for Castle Hills' local government is just shy of \$10 million. Castle Hills' local governments have issued approximately \$100 million in bonds, which are paid for by your property taxes. Can you vote for the people who are making the decisions on how to wisely utilize your tax dollars? Not really, or at least not for all of them. However, your voice can be heard. The key is to get involved. And the first step in getting involved is to understand the ABCs of Castle Hills' Governance.

This is the first of several articles co-written by Patrick Kelly and John Ehinger. This series will attempt to explain how Castle Hills' ultra-local government works through the complex system of water districts and other governmental entities and its impact on your community today and tomorrow. Future articles will detail the history of the water districts and how they relate to other governmental entities, (both locally and at the state level) as well as provide an outline of the big issues facing the districts and their boards and what impact they will have on the future of our community. These articles will likely involve a bit more friendly debate and we'll do our best to keep this dry subject entertaining.

What are we? HOA? PID? FWSD? LISD? WCID? 1A? 1B? 1C? 1D? 1E? 1F? 1G? 1H? Are we part of Lewisville or Carrollton? Both, either, neither? Who represents you? Who looks out for your interests as a homeowner? As a taxpayer? If you don't know the answers to these questions you are not alone. The governance of Castle Hills is not taught in your typical civics class.

We're part of Lewisville, right? If you are under the impression Castle Hills is part of Carrollton, do not pass go, do not collect \$200. If you are sure we are part of the city of Lewisville, you are a little closer, but still missed the mark. The Colony or Plano? We're going to have to revoke your swim pass. Castle Hills is not part of any city – we are an extra-territorial jurisdiction (ETJ) of Lewisville. Specifically, we are a water control and improvement district (WCID). Actually, Castle Hills is comprised of eight WCIDs. To add to the confusion, these districts are called, Denton County Fresh Water Supply Districts (1-A, 1-B, 1-C, 1-D, 1-E, 1-F, 1-G and 1-H) despite being converted from fresh water supply districts (FWSD – one of many types of special districts allowed through the Texas Water Code) years ago. The districts contract with the City of Lewisville for police, fire and EMS services as well as sewer services and treated water, although some receive water through a contract with the Upper Trinity Water District.

The governing structure of these 8 WCIDs is the Water District Board. You could loosely compare the district board to a city council, or maybe a corporate board of directors, or some hybrid of the two. Each board consists of five members serving staggered four year terms. Generally, each board meets once a month to represent the interests of a particular section of the neighborhood. Boards 1B-1H are managed by the 1A Managing District – a sort of umbrella district that helps to coordinate efforts of the other districts as well as ensure each district works for the common good of the entire Castle Hills neighborhood. The 1A Managing District hires a loose equivalent of a city manager to oversee the day to day operations of Castle Hills.

The Castle Hills' WCIDs have a complex relationship with the City of Lewisville. As a territory within Lewisville's ETJ, the city has the right, but not the obligation, to annex Castle Hills. The city is not expected to annex Castle Hills until such time that doing so would not increase the tax burden to the

city's property owners. The development of Castle Hills is governed by a long term contract between the City and the developer of Castle Hills, Bright Realty and affiliated companies owned by the Bright family who owned the land on which Castle Hills has been developed.

The infrastructure for each Castle Hills district was funded with bonds issued by yet another type of district called a Public Improvement District (PID). Castle Hills' property owners pay property taxes to their respective WCID (1-B through 1-F) which in turn makes debt service payment on the PID bonds. Additionally all of Castle Hills is within the boundaries of the Lewisville Independent School District – which is of course legally distinct from the City of Lewisville, and is also funded by property taxes.

The actual relationships amongst the 1B – 1H boards and the 1A Managing District is complex and worthy of its own article. As such, we will most likely dedicate a future article to this subject.

A water district just ensures that water gets to my house doesn't it?

If you have made it this far, this is where it gets more interesting. The term water board is somewhat of a misnomer. For those really schooled in Texas civics, you know the Texas Railroad Commission has much broader responsibilities than simply railroads. Water districts are similar beasts. Although, WCIDs have a limited set of powers, these generally cover basic municipal services, which are to provide (either directly or via contract) water, sewer, drainage, park services, police, fire and EMS. Further, WCIDs that convert from FWSDs can also have "road district" powers – meaning that the districts can build, maintain and operate roads. The Castle Hills WCIDs exercise all these powers. Pursuant to these powers, the water districts have the authority to, among other things, set property tax rates, water and sewer rates, direct and authorize payments to the developer and other contractors, and in general set policy for their district.

However, water districts cannot perform many other routine municipal functions. Water districts have no zoning authority and cannot provide many municipal services, like transportation services and libraries. Water districts receive their revenue from property taxes, utility rates and permits. Normally, water districts cannot impose sales taxes, but the Castle Hills districts entered into a "Special Partnership Agreement" with the City of Lewisville under which sales taxes from Castle Hills' commercial areas – primarily the Lewisville Towne Crossing shopping center – fund Castle Hills' police, fire and EMS with the remainder split between the City of Lewisville and the Castle Hills' districts.

Let's review... For those of you playing Texas Water Code Acronym Bingo – let's review what we have learned. Castle Hills is an ETJ of Lewisville governed as a WCID through boards 1A, 1B, 1C, 1D, 1E, 1F, 1G, and 1H. At one point in the past we converted from a FWSD. Infrastructure is financed via PID bonds which we pay down through our property taxes. We are part of LISD and have HOA covenants. EMS is one of many services for which we contract with Lewisville.

We hope this article has given you a primer of how our community is governed. We urge all of our neighbors to become informed and involved. Both John and Patrick have developed an unhealthy obsession with Castle Hills' politics. Please submit any questions regarding Castle Hills' governance to [castlehillsgov@gmail.com](mailto:castlehillsgov@gmail.com). We would love to address your questions in an upcoming issue of Castle Hills Life.

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