

# **City of Sugar Land, Texas Houston Investors Conference**



**April 25, 2019**

**Mayor Joe R. Zimmermann**

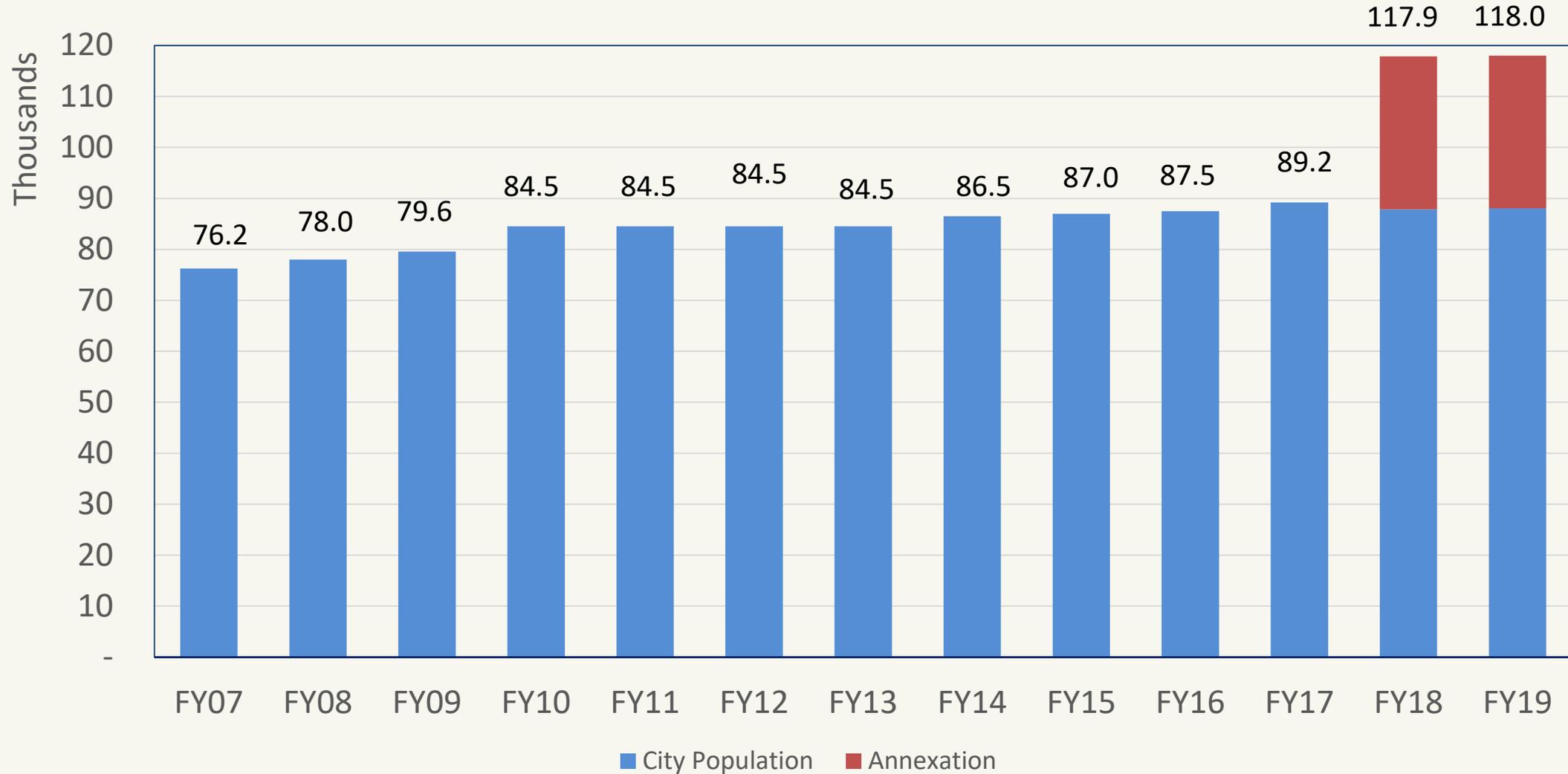
# About Sugar Land



- Fort Bend County
- Incorporated in 1959
- Home Rule City
- Council-Manager form of government
  - Mayor
  - Two At-Large Council Members
  - Four District Council Members



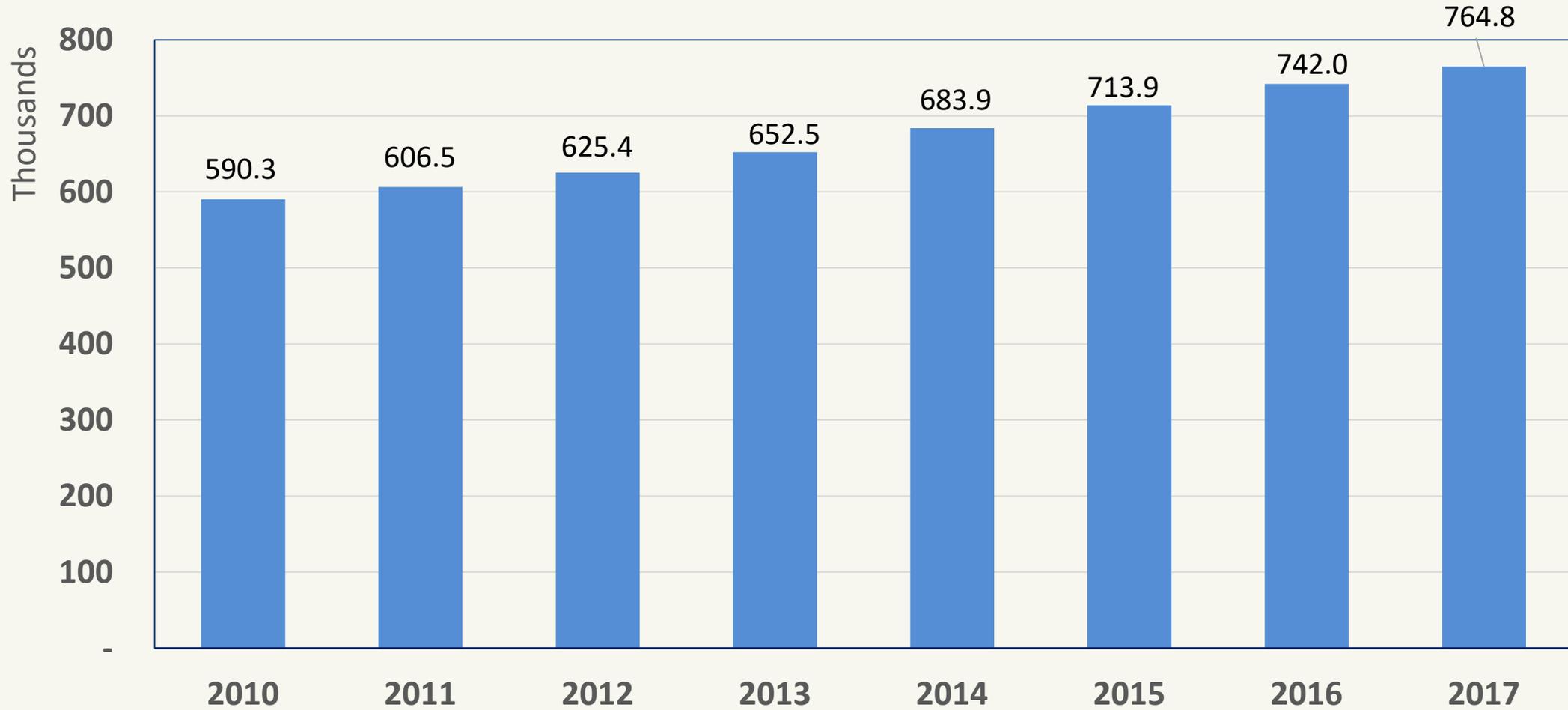
# Population Growth



Source: FY17 CAFR and FY19 Budget



# Fort Bend County Population



Source: United States Census Bureau

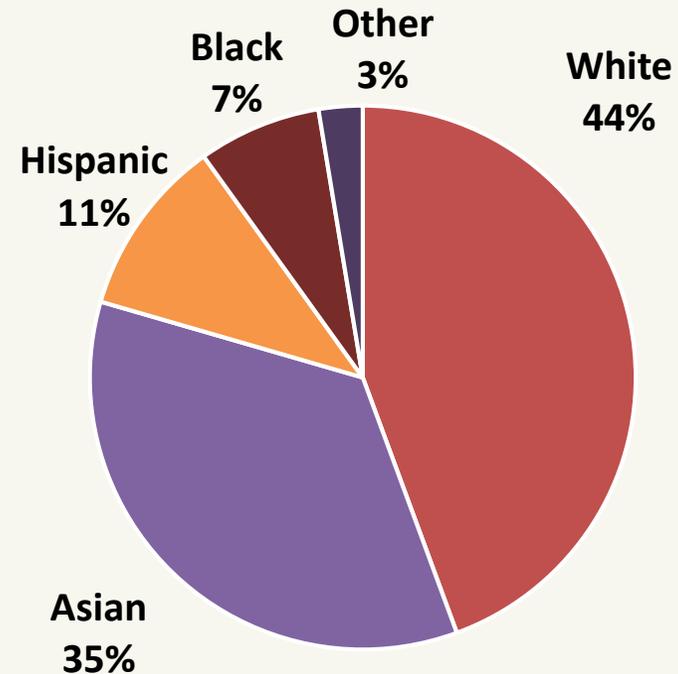


# Sugar Land Statistics

- Population in city limits: 118,023
- Population in ETJ: 14,062
- Size of city: 42.85 square miles

## Residents

- 35% foreign born
- 56.4% with a Bachelors degree or higher
- Median age of population: 41.2 years old
- Median household income: \$108,504



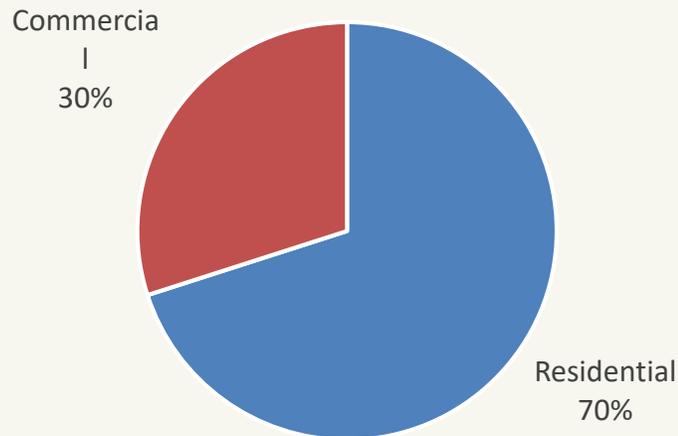
Source: City of Sugar Land, 2010 Census, ACS 2016 5-Year Estimates



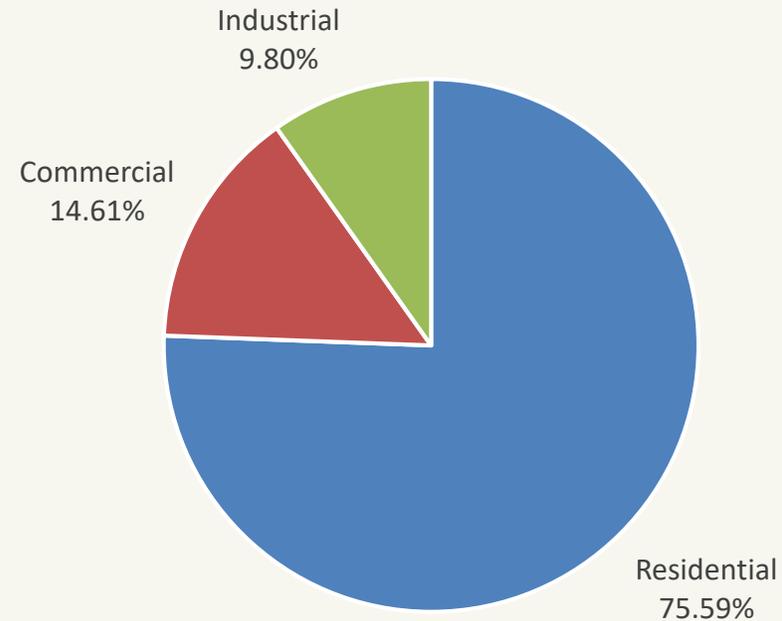
# Sugar Land Statistics

- FY 19 Annual Budget – \$247.35M
- FY 19-23 CIP – \$157.1M
- Property Tax Base – \$16.1B
- Total Full Time Employees – 804.5
- 2018 Tax Rate – 31.762 cents (per \$100 AV)
- Average Residential Value: \$375,201

2018 Assessed Value

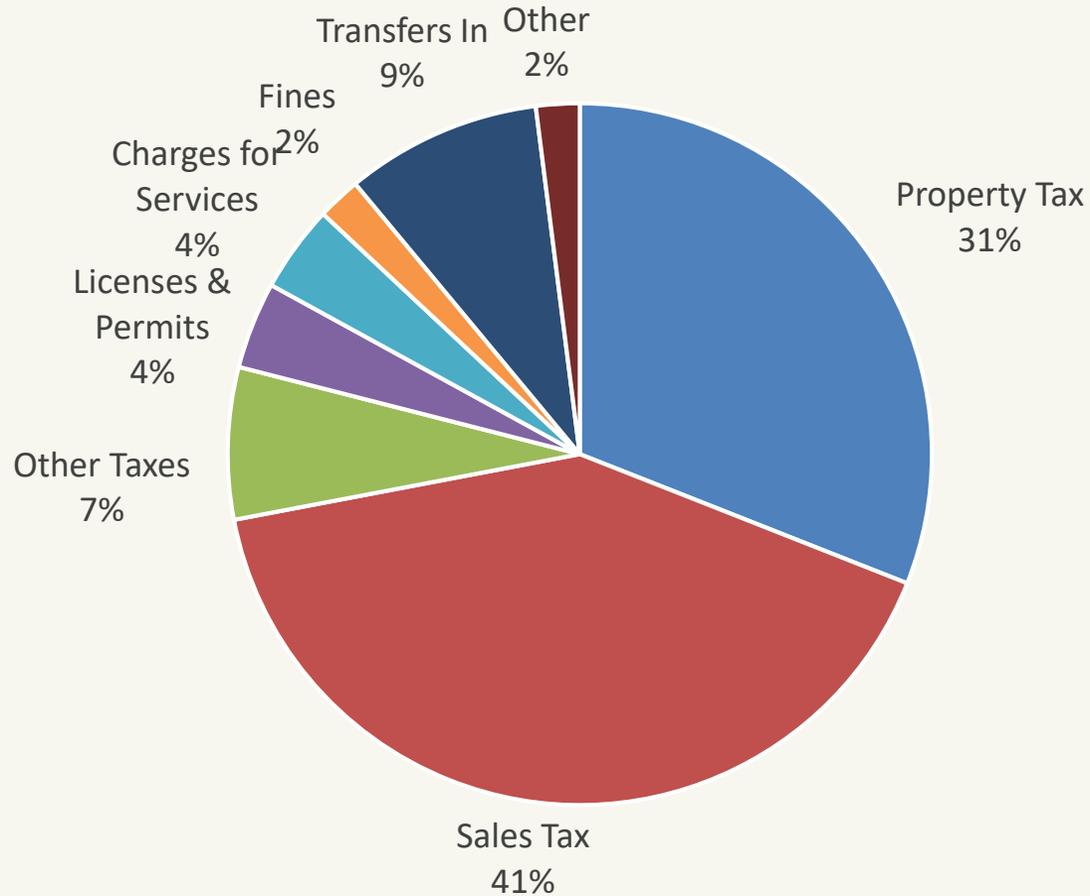


Developed Land Use Mix



# General Fund Revenues & Property Taxes

General Fund FY19 Revenues



2018 Tax Rate	
General Fund	\$0.18131
Debt Service	\$0.13631
<b>Total</b>	<b>\$0.31762</b>



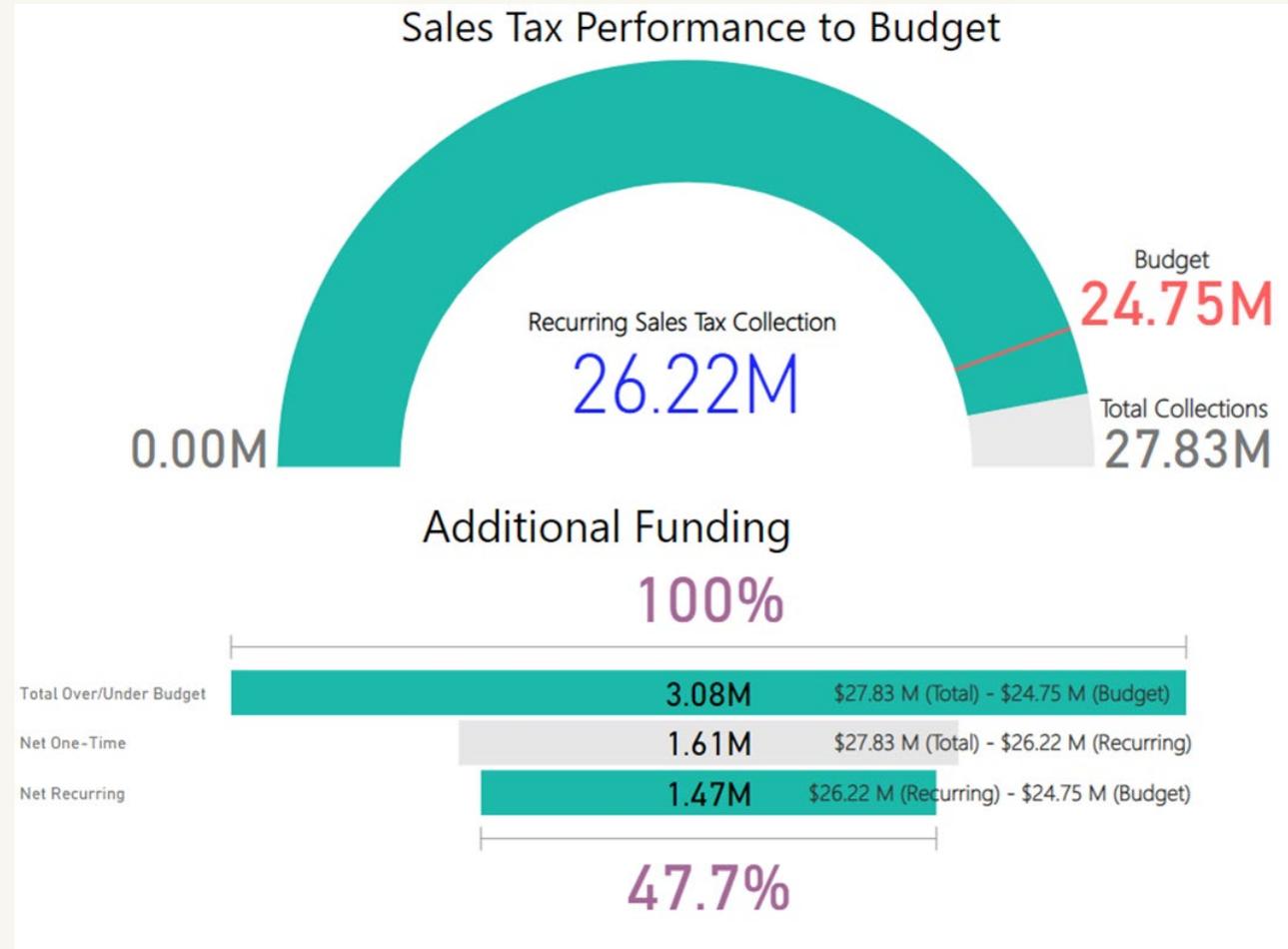
# Sales Tax Collections

- Ongoing Efforts to Protect City from Sales Tax Volatility
  - Limit Sales Tax in General Fund to No More than 45% of Operating Budget
  - Results in Surplus Revenue to Fund One-Time Needs if Available vs. Relying Upon for Critical Items, such as Infrastructure Rehab



# FY19 Sales Tax Performance Through March

- Recurring revenue 5.9% or \$1.47M higher than original budget
- One Time revenues of \$1.61M YTD
- Total collections 12.4% or \$3.08M higher than budget
- Year-over-year performance up 7.1%
- Conservatively budgeting sales tax for FY20 with zero growth over FY19 recurring projections



# Emphasis on Financial Transparency to the Public and Policy Makers

- City's Financial Transparency page: [www.SugarLandTX.gov/FinancialTransparency](http://www.SugarLandTX.gov/FinancialTransparency)
  - Monthly Reports of Economic and Financial Performance
    - Monthly Analysis of Major Funds
    - Quarterly Analysis of All Funds with Expanded Economic Analysis
    - Monthly Investment Reports
  - Financial Management Policy Statements
  - Audited Financial Reports & Single Audit
  - “Your Tax Dollars at Work” Interactive
- Other recent transparency initiatives
  - FY19 Budget Education and Updates
    - [www.SugarLandTX.gov/Budget](http://www.SugarLandTX.gov/Budget)
  - Municipal Debt Overview
    - [www.SugarLandTX.gov/MunicipalDebt](http://www.SugarLandTX.gov/MunicipalDebt)



# Water Utility System Overview

Water	FY 2018
Groundwater treatment plants	12
Surface water treatment plant	1
Groundwater wells	23
Peak system demand (MGD)	36.219 M
Annual Water demand (Gallons)	7.14 B
Ground storage capacity	19.7 MG
Elevated storage capacity	6.2 MG
Miles of distribution lines	576

Wastewater	FY 2018
WW Treatment Plants	4
Reuse Facility	1
WW System Capacity (MGD)	17.35 M
Average Treated WW (MGD)	10.75 M
Lift stations	133
Miles of collection lines	464

In calendar year 2017, the City met 39.4% of its water needs from non-groundwater sources.



# Greatwood & New Territory Annexation Overview

- Policy dates to 2004 with approval of policy regarding provision of city services to developed areas in the City's extraterritorial jurisdiction
  - Policy required:
    - Strategic Partnership Agreements (SPAs)
    - Contracts for services with a surcharge for out of city services
    - Annexation agreements and provisions
- Agreements with New Territory and Greatwood districts approved in 2007
- Provided for participation in the City's Groundwater Reduction Plan (GRP)
- City set up and began depositing funds into an annexation fund (Debt Reduction Fund) for each area
  - Out of City surcharge
  - Sales tax identified in the SPA
  - Use of annexation funds restricted and defined by SPA



# Accomplishments

## Annexation of Greatwood & New Territory

- Historic success – among the largest & most cooperative in the state’s history
  - ~30,000 residents
  - ~10,000 utility connections
  - \$2.7 Billion in net assessed value
- Commitments met:
  - Same level of service to annexed areas as rest of city
  - No impact to existing residents
  - Revenues from annexation sufficient to support services going forward
- Implementation completed with \$1.2M surplus
- Annexation is self-supporting FY19 and beyond
  - Positive impact to utility fund, no rate increases needed in FY19



# Corporate Expansion Projects

## Announced:

### Schlumberger HQ Consolidation

- \$200M Capital Investment
- 500 New Jobs
- HBJ's Deal of the Year (Awards Finalist)



## Completed:

### Nalco Champion HQ Expansion

- \$45.4M Capital Investment
- 862 New / 247 Recaptured Jobs – 1,100 Jobs

### NALCO Champion

An Ecolab Company



### Applied Optoelectronics HQ Expansion

- \$39M Capital Investment
- 530 New / 142 Retained Jobs – 672 Jobs



# Recent Development Projects

## Accredo Packaging

- 60,000 SF Expansion
- \$2.5M in Real Property
- \$750,000 Inventory
- 30 New Jobs



## Recently Announced Projects

- ❑ **Himalaya Healthcare** (30,000 sq. ft. in Sugar Land Business Park)
  - ❑ Herbal supplement distributor
- ❑ **Solarcraft** (36,537 sq. ft. in Sugar Land Business Park)
  - ❑ Designs & Manufactures solar & backup power systems
- ❑ **Amran** (14,951 sq. ft. in Sugar Land Business Park)
  - ❑ Designs & Manufactures low & medium voltage instrument transformers



# Sugar Land Town Square

- Sugar Land Town Square has served as the mixed-use center for the community since 2003
- The project has had significant economic impact on the City, through various tax revenues – impact that will far exceed public investment in infrastructure and conference center
- Project performance has exceeded projections
- TIRZ expires December 31, 2025
- City will recapture significant tax revenue when the TIRZ expires
- Developer and Property Owners Association have invested \$9.5M in overall maintenance since 2004

## Development includes:

- 560,000 SF Office
- 240,000 SF Retail
- 300-room hotel with 26,000 SF conference center
- 167 residential units
- Three parking garages
- City Hall
- 1.1-Acre Plaza



# Sugar Land Town Square

## Plaza Reinvestment & Upgrade

Town Square developer and owner expressed an interest in attracting more individuals during day-time hours to support Town Square retail.

Goals include:

- Improve experience of Sugar Land Town Square shopping
- Increase sales with existing retailers
- Heighten Sugar Land Town Square's reputation among prospective tenants



- The total investment for the upgrade was \$1.75M
- The owner contributed \$1M
- The City committed to \$750K



# First Colony Mall

## Reinvestment in Lifestyle Center

- The Lifestyle Center is an outdoor expansion of First Colony Mall built in 2006 with a sales tax incentive from the City
- Annual Sales Growth
  - 2006-2010 +10-25%
  - 2011-2014 +7%
  - 2015-2017 +0-1%
- Change in design of fountain / plaza area to ensure continued success
  - Remove fountain
  - Create open plaza / lawn event space
  - Add entertainment features & furniture
- Project budget is \$2.47 million
  - Maximum \$750,000 reimbursable over 10 years from additional sales tax revenue generated by the project over the base year (2017)



# Lifestyle Center- Design Concept

- Conversion of fountain into Plaza/Event area with turf, lawn games, enhanced seating and digital screen
- Revitalized and activated space; generates more traffic and creates a more dynamic and enjoyable environment
- Suitable for events such as movie nights, live music, etc.
- Ultimate goal is to increase traffic, attract tenants and drive sales growth



# Public Private Partnerships

- Smart Financial Centre at Sugar Land  
Total Cost: \$84 Million  
City paid \$47M and private sector paid \$10M plus \$27M lease revenue
- Constellation Field  
Total Cost: \$36 Million  
City paid \$30M and private sector paid \$6M
- Town Square Hotel and Conference Center  
Total Cost: \$53.3 Million  
City paid \$19.3M and private sector paid \$34M
- General Land Office Tract 2 Industrial Development  
City paid \$5.7 Million for land acquisition.

