From:	Don Norrell
To:	BoardOfDirectors
Cc:	Don Norrell; Karen Dempsey; Monique Sharp
Subject:	September 28th Agenda - Presentation regarding the 2011 PSA / EPS Woodlands Incorporation Study / Financial Model and Results
Date:	Friday, September 23, 2016 12:10:09 PM
Attachments:	image001.png Email to Director Bunch - Incorporation 092216.pdf Incorporation - major cost comparison from 2012 to 2016 rev.pdf Woodlands Model WP_2 DR 02-10-12.PDF Working Paper #1 Assumptions 111511 Changes.pdf 21857-The Woodlands Road Capital Assumptions 2-10-12.PDF Property Tax Rates - 2011 vs 2016.pdf Notice of Public Hearing on Tax Increase 2011.PDF Notice of Public Hearing on Tax Increase 2016.pdf

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To: Directors

On April 21, 2016, based on a request from Directors, staff provided a memo to the Township Board of Directors which took the results of a 2011 EPS Study regarding the estimated additional cost of incorporation and updated this projection to 2016 based on certain economic changes. Per the results of that limited analysis, staff projected that with the known economic changes that have occurred between 2011 and 2016, the estimated additional cost at incorporation was projected to be an increase of 11.16 cents above the existing Township tax rate.

In early September, I received a request from Director Bass that the staff analysis (developed in April, 2016) be provided to the Board with all supporting detail. About the same time I also received a request from Director Bunch that information regarding the projected incorporation impact be provided to the Board with supporting detail as he wanted to consider placing this matter on the September 28th agenda for Board consideration and discussion.

These requests resulted in a more extensive staff analysis which was completed late yesterday. Director Bunch has requested an agenda item for the September 28th Board meeting. This recent detailed staff analysis indicates that the additional tax impact at incorporation would be in the range of 11.22 cents per $100 of property tax valuation.

As noted, this staff analysis is based on updating certain assumptions in the study; however, the remaining original Board-approved assumptions from Working Paper #1 were assumed to be correct and no additional research was performed related to these original assumptions. Staff continues to recommend that prior to calling an incorporation election, a new analysis should be performed to review and consider all factors and assumptions, to ensure the most correct and current information is available to the community.

In addition to a copy of the email sent to Director Bunch, the following information is provided for your review and consideration.

- A detailed financial summary – Review of 2011 EPS Study – Incorporation Projections
- 2011 EPS Report – The Woodlands Incorporation Study: Working Paper #2 Financial Model and Results
- 2011 EPS Report - The Woodlands Incorporation Study: Working Paper #1 Financial Assumptions
- 2011 EPS Report – Capital Funding Assumptions / Roadway Costs
- Summary of Tax Rates - The Woodlands Township (MC)
- 2011 vs 2016 Average Taxable Value of Residence Homestead – (MC)
  - ✓ Copy of Notice of Public Hearing on Tax Increase 2011 (includes average taxable value)
  - ✓ Copy of Notice of Public Hearing on Tax Increase 2016 (includes average taxable value)

Per the request of Director Bunch, the following item has been added for September 28th agenda: "Receive, consider and act upon a presentation regarding the 2011 PSA / EPS Woodlands Incorporation Study / Financial Model and Results" (as requested by Director Bunch). A staff presentation will be provided at the Board meeting on September 28th and staff will distribute the presentation materials and support materials and post online at that time.

Please advise if you have any questions or need additional information.

Don

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ATTENTION PUBLIC OFFICIALS:
A "REPLY TO ALL" OF THIS E-MAIL COULD LEAD TO CLAIMS OF VIOLATIONS OF THE TEXAS OPEN MEETINGS ACT. PLEASE REPLY ONLY TO SENDER.

To: Director Bunch

You requested information regarding the projected impact of incorporation on the Township's property tax rate. In 2011, the Township Board of Directors retained an independent consulting firm, Economic & Planning Systems, Inc. (EPS) to provide a financial analysis showing the property tax impact of incorporation as part of a larger study of governance issues through Partners for Strategic Action (PSA). This 2011 EPS financial analysis will be used as the basis for updating the projected tax impact at incorporation.

Staff is providing this requested analysis based on the 2011 EPS study. Staff will consider changes that have occurred since 2011 in the Township's taxable property tax base, changes in the average taxable value of residential property, some limited cost and revenue adjustments and capital project funding that was previously unfunded in the 2011 financial projection but since funded in the Township budget. However, the basic projections used by EPS in 2011 for service cost and revenue increase resulting from incorporation have not been changed by the staff projections for 2016.

Staff would strongly recommend that this information be used merely as an estimate or range in additional costs at incorporation and that prior to any serious consideration of placing the incorporation matter before the voters, that a comprehensive analysis and update of the 2011 EPS financial projection be done so that Township residents have accurate and up to date information when considering the incorporation option.

In the study developed in 2011 and presented to the Township Board in early 2012, EPS projected the impact of incorporation based on 2011 costs, revenues and tax base at an additional 22.89 cents per $100 of taxable value. When added to the existing 2011 tax rate of 32.5 cents per $100 of taxable value, the "incorporated" tax rate in 2011 was projected to be 55.39 cents per $100 of value.

This 2011 estimate was not intended to be an exact calculation but to provide a snapshot in time based on the new city of The Woodlands providing similar services to four benchmarked city government operations selected for similar community size, socioeconomic factors, tax structures, reputation for services and proximity to a major metropolitan area. No updated research or analysis has been performed on these cities tax rates or service levels.

It has been five years since this 2011 projection was completed. Over this period of time, (from 2011 to 2016) some changes have occurred that have an impact on this financial model.

- First, the Township's property tax base (residential and commercial) has changed from $12.5 billion to $19.5 billion.
- Second, the average taxable value of a residence homestead in the Township (as provided by the MC Tax Assessor / Collectors Office) has changed from $323,537 to $439,696.
- Third, the Township has absorbed some of the 2011 EPS projected capital costs needed at incorporation into the current operating budget.

One may ask why the cost of services provided to residents would increase at incorporation. The new city government would be statutorily required to assume and provide more services. Some of these are new services and some of the services have previously been provided by the County. For example:

- ✓ The county presently funds basic law enforcement service costs and the Township funds enhanced services through contract. At incorporation, the new city would be responsible for 100% of the costs of law enforcement services as opposed to just funding enhanced patrol services.
- ✓ The cost of roadway operations and maintenance, signals and signage would become the responsibility of the new city
- ✓ The capital cost associated with the construction and reconstruction of the roadways would become city responsibility.
- ✓ Roadway construction and reconstruction would become the responsibility of the new city.
- ✓ Municipal court services could become the responsibility of the new city.
- ✓ The new city would be required to provide services not currently provided within the Township such as planning and zoning services, health and animal control services.

The original 2012 projections determined that the costs assumed by the new government, as well as the additional service requirements, would cost the new Woodlands city government approximately $28.5 million annually after netting out all new revenue. This figure was calculated by projecting new city costs less additional revenue to be generated by the new Woodlands city government. The attached schedule A provides a summary of the 2011 projected additional costs at incorporation.

Listed below are revenue and expenditure projections included in the EPS financial analysis.

Revenues – It is important to note that the EPS revenue projections included three assumptions regarding revenue sources at incorporation:

- First, that the new Woodlands city would continue to collect a 2% sales tax for operations (general and EDZ) / to be used in same manner as used by Township (about $26 million)
- Second, that the new Woodlands city would continue to collect a 7% room tax / to be used in same unrestricted manner as used by Township (about $7 million
- Third, that the new Woodlands City would not be allowed to collect a 2% supplemental room tax (about $2 million)

Under current law, the new city may not have the unrestricted use of the EDZ one percent sales tax and the 7% room tax revenue to be available for property tax reduction after incorporation. The continuation of the unrestricted use of existing revenue sources at incorporation would require a legislative change.

Expenses – The EPS cost projection for the new Woodlands city assumed that the Township would be absorbed in its entirety by a new Woodlands city government operation. This total merger of operations would not require any additional administrative expenses since there would only be one operating government entity at the time of incorporation.

Comparing this 2011 cost projection with costs already included in the 2016 Township budget, there are three areas where it appears that cost adjustments could be made to the 2011 financial projections.

- First, Parks and Recreation Capital Projects were estimated at $5.4 million in the 2011 projection. This cost has since been has been funded through the Township's 2016 budget appropriation for capital projects and the capital project reserve account.
- Second, the 2011 financial projection includes the cost to hire, equip, train and house a municipal police department. In the initial years for the new Woodlands city, the city could consider continuing the agreement with the MCSO for services, if the County is agreeable to this arrangement. Although we will have to fund 100% of the allocated costs, this concept may allow for a lower cost initial operation by eliminating the need for debt service on a new facility.
- Third, the 2011 EPS projection included the cost of operating a municipal court operation and building a court facility. In the initial years for the new Woodlands city, the city could consider entering into a contract for services agreement with County for court services, if the County is agreeable. Although we would have to fund additional legal service costs to prosecute municipal court violations, having the county provide the facilities and services through the JP court operation may allow for a lower cost of services. The projection estimates that the cost of court services could be offset with the collected fines.
- Fourth, the debt service projection was not changed either in projected amount of issuance or the projected cost of debt service. This projection assumes that $78 million in roadway improvement debt and $4 million in facility debt (public works) would be issued by the new Woodlands city. Staff believes that the roadway improvements presented in 2011 only represent a fraction of the physical improvements and maintenance that will be needed on roadways throughout the community upon incorporation. In the 2017 budget, the Township Board set aside funding for a road condition study. This study is timely and appropriate as it will provide good information on roadway pavement conditions and will allow the Township to more accurately project the cost of assuming roadway responsibility from the County at incorporation.

Making the adjustments to costs and revenues as outlined in Schedule 3 attached, the existing Township tax rate of 23 cents per $100 of value (current) would increase to 34.22 cents at incorporation, or an increase of 11.22 cents. It is important to note that the projected tax increase at Woodlands incorporation does not include consolidating the MUD tax rates with the new city's tax rate. The 2011 EPS study noted that the consolidated MUD impact could be absorbed in the water/utility user fees (typical for a city) or would otherwise add $0.2633 to the tax rate based on the 2011 estimated average MUD tax levy. No updated research or analysis has been performed related to the MUD tax levy.

Summary – When this matter was presented to Township residents in 2011, the Township included a tax impact calculator on the web site that allowed residents and businesses to determine the real dollar cost impact of incorporation. For purposes of projecting the impact of the 2016 incorporation impact changes, staff has used a similar tax impact calculator based on the average taxable value of a residence homestead in The Woodlands Township as provided by the Montgomery County Tax

Assessor Collector. Please note that the calculations provided in Schedule 5 as attached, include the property tax paid by Township residents and businesses to Montgomery County taxing entities (without applicable exemptions) and does not include the MUD tax rates or the WRUD tax rates.

2011
In 2011, the average taxable value of a residential property in The Woodlands (per the Montgomery County Tax Assessor Collector) was $323,537. The owner of a property with this taxable value paid total taxes of $7,439 with $1,011 of that amount paid to The Woodlands Township. Based on the estimated additional 2011 tax rate at incorporation of 22.39 cents per $100 of taxable value, a Woodlands Township taxpayer of a property with this value would pay an additional $724 per year in property taxes at incorporation.

2016
When taking the 2016 revised numbers into consideration, the average taxable value of a residential property in The Woodlands (per the Montgomery County Tax Assessor Collector) changed to $439,696. The owner of a property with this taxable value will pay total estimated taxes of $9,459 with $1,051 of that amount paid to The Woodlands Township. Based on estimated additional 2016 tax rate at incorporation of 11.22 cents per $100 of taxable value, a Woodlands Township taxpayer with this value would pay an additional $493 per year in taxes at incorporation.

Please advise if you have any questions regarding this information. I plan to share this information with all Township Directors as there appears to be considerable interest in this subject matter.

Don

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Review of 2011 EPS Study - Incorporation Projections

Schedule 1

Revenue - (Page 66 EPS report)	Township 2012 per EPS	City Est at 2012 per EPS	Net Change Est @ Incorporation
Property Tax	$40,498,958	$40,498,958	-
Sales Tax	31,517,667	31,517,667	-
Other Tax - Mixed Beverage	-	127,000	$127,000
Franchise Fees	-	5,349,000	5,349,000
Hotel Occupancy	5,053,654	3,930,620	(1,123,034)
Event Tax	50,000		(50,000)
User Fees	2,940,050	2,940,050	-
Permits / License	347,100	2,440,000	2,092,900
Fines	-	1,548,000	1,548,000
Grants / Contributions	32,000	56,000	24,000
Interest Income	589,334	589,334	-
Other	920,453	920,453	-
Transfers In	-	-	
Total GF Revenues (page 66)	**$81,949,216**	**$89,917,082**	**$7,967,866**

New Costs - (Page 50 of EPS Report)	Township 2012 per EPS	City Est at 2012 per EPS	Net Change Est @ Incorporation
General Government	$8,458,960	$12,164,526	$3,705,566
Police	10,621,870	19,514,653	8,892,783
Police - Building debt service	-	1,350,000	1,350,000
Municipal Court	-	2,895,647	2,895,647
Neighborhood Services	462,319	387,342	(74,977)
Fire	17,964,297	18,444,411	480,114
Public Works	4,465,006	10,754,056	6,289,050
Parks and Recreation Operations	12,917,688	12,917,688	-
Parks and Recreation Capital Projects	-	5,349,000	5,349,000
Planning and Development Services	2,345,338	4,529,782	2,184,444
Economic Development	788,688	1,032,670	243,982
Solid Waste	5,084,055	5,084,055	-
Other	2,371,082	2,221,082	(150,000)
Transfers Out	16,013,311	16,013,311	-
Total GF Costs (page 51)	**$81,492,614**	**$112,658,223**	**$31,165,609**
Net Cost of Incorporation - Operations		$22,741,141	
New Debt Service -Street / Other		$5,780,898	
Total Est Cost of Incorporation		**$28,522,039**	

Schedule 2

Revenue and Expenses	Net Change Est @ Incorporation (from Schedule 1)	Precent Increase 2012 to 2016	Adjusted 2016 Cost of Incorporation	Total CPI Adj 2012 to 2016	2016 Adjustments to Projected Costs	Note	Information
Revenue							
Property Tax	-		-				
Sales Tax	-		-				
Other Tax - Mixed Beverage	$127,000	0.12	$142,240	$15,240			
Franchise Fees	5,349,000	Per capita adj	6,270,000	921,000			Based on $57 per capital
Hotel Occupancy	(1,123,034)	-	(1,123,034)				Est Loss at Incorporation
Event Tax	(50,000)		(50,000)				Est Loss at Incorporation
User Fees	-		-	-			
Permits / License	2,092,900	0.12	2,344,048	251,148			
Fines	1,548,000		1,548,000		($1,548,000)	1	Anticipate an ILA with the County for Court Services
Grants / Contributions	24,000	0.12	26,880	2,880			
Interest Income	-		-				
Other	-		-				
Transfers In	-		-				
Total GF Revenues (page 66)	**$7,967,866**	**0.12**	**$9,158,134**	**$1,190,268**	**($1,548,000)**		
New Costs - (Page 50 of EPS Report)							
General Government	$3,705,566	0.12	$4,150,234	$444,668			
Police	8,892,783	0.12	9,959,917	1,067,134			
Police - Building debt service	1,350,000	-	1,350,000	-	$1,350,000	2	Use existing county facilities
Municipal Court	2,895,647	-	2,895,647	-	2,895,647	1	Anticipate an ILA with the County for Court Services
Neighborhood Services	(74,977)	0.12	(83,974)	(8,997)			
Fire	480,114	0.12	537,728	57,614			
Public Works	6,289,050	0.12	7,043,736	754,686			
Parks and Recreation Operations	-	0.12	-	-			
Parks and Recreation Capital Projects	5,349,000	-	5,349,000	-	5,349,000	3	Funded in 2016 budget and capital reserves
Planning and Development Services	2,184,444	0.12	2,446,577	262,133			
Economic Development	243,982	0.12	273,260	29,278			
Solid Waste	-	0.12	-	-			
Other	(150,000)	0.12	(168,000)	(18,000)			
Transfers Out	-	0.12	-	-			
Total GF Costs (page 51)	$31,165,609		**$33,754,124**	$2,588,515	$9,594,647		
Net Cost of Incorporation - Operations	22,741,141						
	-						
New Debt Service -Street / Other	5,780,898						
	-						
Net Cost of Incorporation	**$28,522,039**			$1,398,247	$8,046,647		
	-						

Note 1 - Anticipate an ILA with County for Municipal Court Services / all revenues and costs will remain with county
Note 2 - Anticipate an ILA with County for Law Enforcement services / eliminate need for law enforcment facility debt service
Note 3 - These capital costs are funded in the 2016 budget and the capital project reserve account

Schedule 3

Calculation for Property Tax Increase Estimate	Cost of Incorportation	Property Tax Rate Increase
Net cost of Incorporation - Schedule 1	$28,522,039	
Adjustments - 2012 to 2016 (12%)		
CPI cost adjustments	2,588,515	
Revenue Offsets	(1,190,268)	
Net	29,920,286	
Adjustments to 2011 EPS Study Results		
Capital Reserves already budgeted in 2016	(5,349,000)	
Muncipal Court - Propose ILA with County (net)	(1,347,647)	
Law Enforcement Center - Use Existing faciltiy	(1,350,000)	
Net cost of Incorporation - 2016 Estimate	**$21,873,639**	**11.22**

Schedule 4

Tax	2011 EPS Study	Adjusted /2016
Base tax rate	32.50	23.00
Projected additional tax increase	22.89	11.22
Estimated Tax Rate at Incorporation	**55.39**	**34.22**
One cent on tax rate	$1,246,100	$1,949,100

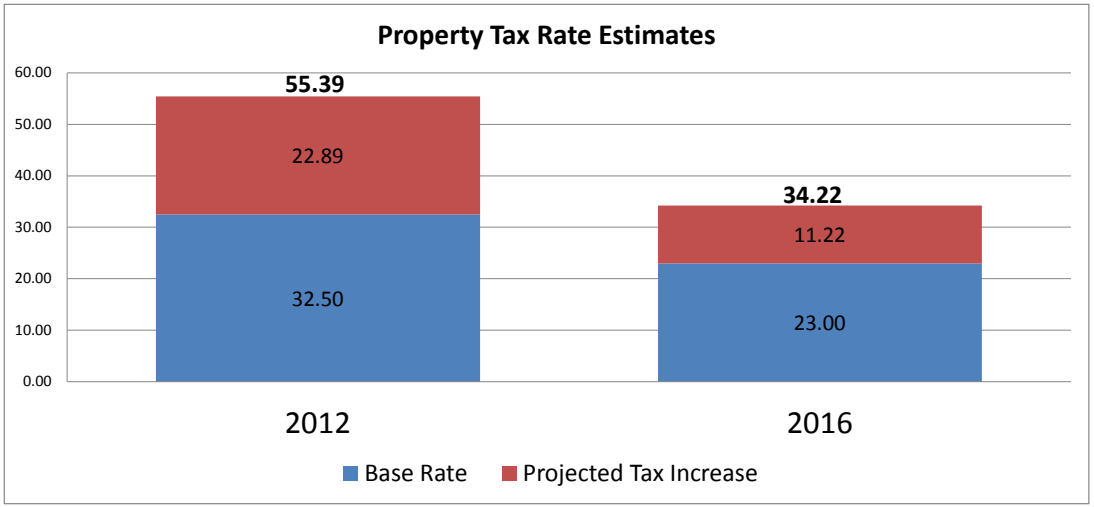
Note - 2016 projections based on 2016 tax base / One cent equals

Schedule 5

All MC County Taxing Entites	2011	2016	
Average Taxable Value	323,537	439,696	
Total Tax Rate - MC Residents (no exemptions)	2.2993	2.151 est	Per $100 of value
Total Property Tax Paid	$7,439	$9,458	

The Woodlands Township	2011	2016	
Average Taxable Value	323,537	439,696	
Township Tax Rate	0.325	0.23	Per $100 of value
Total Township Property Tax	$1,051	$1,011	

The Woodlands Township - Incorporation Impact	2011	2016	
Average Taxable Value	**323,537**	**439,696**	
Additional Township Tax at Incorporation	**0.2239**	**0.1122**	Per $100 of value
Total Additional Township Property Tax	**$724**	**$493**	


Property Tax Rate Estimates
60.00
50.00
40.00
30.00
20.00
10.00
0.00
55.39
22.89
32.50
34.22
11.22
23.00
2012
2016
Base Rate
Projected Tax Increase

Draft Report

The Woodlands Incorporation Study: Working Paper #2 Financial Model and Results

Prepared for:

Partners for Strategic Action
The Woodlands Township

Prepared by:

Economic & Planning Systems, Inc.

February 10, 2012

EPS #21857

The Economics of Land Use

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1. INTRODUCTION AND SUMMARY OF FINDINGS

Background

The Woodlands is a master-planned, privately-developed community in north-metro Houston. The Woodlands was initially conceived and developed under George Mitchell, a local energy businessman who envisioned a community that was designed with nature and offered a superior quality of life in a suburban setting. Approaching its buildout, The Woodlands now includes over 37,000 housing units across eight villages and features 26.5 million square feet of retail and office space.

Following a lengthy review and public discussion of future governance options for The Woodlands, a community consensus was developed in 2006 that The Woodlands should ultimately be released from the extraterritorial jurisdictions of both the City of Houston and the City of Conroe and no longer be subject to annexation by these municipalities; that The Woodlands should be afforded an opportunity for self-determination of its future form of local government; and that in consideration for the release by Houston and Conroe from their respective jurisdictions of the territory of The Woodlands in the future, regional participation agreements (RPAs) should be concluded between The Woodlands and the City of Houston and the City of Conroe providing for such release and requiring The Woodlands to financially contribute to regional improvement projects of mutual benefit to The Woodlands and to the City of Houston and the City of Conroe. The RPAs allow for the release of The Woodlands from the jurisdiction of each municipality, upon request of the Township on or after May 29, 2014, and for a period of fifty (50) years following the effective date of the RPAs, The Woodlands could not be annexed by either city without the consent and agreement of the Township.

Pursuant to amendments made to the Township's enabling legislation in 2007, the Township was authorized to call an election to be held on November 6, 2007, within the boundaries of the entire unincorporated area of The Woodlands to determine whether the boundaries should be expanded to include all of such territory, to establish the effective date of the RPAs as of November 16, 2007, to give effect to the change of name of the Town Center Improvement District to The Woodlands Township, to authorize the imposition of the Township's previously approved sales tax and hotel occupancy tax within the expanded boundaries of the District, and to authorize the imposition and collection of an ad valorem tax, without limit to rate or amount, throughout the expanded boundaries of the Township. On November 16, 2007, the results of the election were declared to have resulted overwhelmingly in favor of the propositions.

Until 2010, all public facilities and services not provided by the Township or other overlapping governmental entities were provided and funded by three community associations in The Woodlands through imposition and collection of ad valorem property assessments, as authorized in property covenants. As a result of the 2007 election, the Township entered into a Transition Agreement with all three community associations and their affiliated service companies to consolidate the assets, liabilities, functions, facilities and services into the Township. Since January 1, 2010, The Woodlands Township has served as a single community-wide governmental organization.

A key provision of the RPA allows The Woodlands to determine its future governance over the next 46 years, including the opportunity to incorporate as a city after May 29, 2014. Partners for Strategic Action (PSA), was selected to guide The Woodlands Township Board of Directors in evaluating the potential for incorporation. As part of this process, PSA has engaged Economic & Planning Systems (EPS) to determine the financial implications associated with potential incorporation, including the impact to service provision, necessary capital investments, and existing and new revenue sources. This report estimates the potential fiscal impacts associated with incorporation. This analysis is focused solely on the potential financial impacts of the Township becoming a City and does not estimate the potential impacts to other taxing entities, including the County and School Districts. As part of the incorporation process, existing Municipal Utility Districts (MUDS) that serve the Township will need to be consolidated. Thus, potential impacts to overlapping Township MUDs are also analyzed.

Methodology

The fiscal and financial impacts of incorporation are estimated by comparing the costs and revenues associated with governance under the current Township structure with the anticipated costs and revenues associated with governance as an incorporated city in the State of Texas. Existing costs are estimated based on the FY 2012 budget for the Township, Montgomery and Harris Counties, and for all applicable special districts. The staffing, operation costs, and revenue impacts under incorporation are estimated as of FY 2012, although incorporation could not take place until 2015. This eliminates an additional round of assumptions regarding the increase in costs and revenues associated with growth for the 2012 to 2015 time period. The net differences are expected to be approximately the same as if the existing budget data were projected forward.

This fiscal impact analysis is intended to estimate the approximate costs and revenues associated with the potential change in governance. It is not a tax rate study and the actual tax rates that would be imposed on the date of incorporation are not being calculated. EPS' assumptions regarding the services The Woodlands would be required to provide if the residents voted to incorporate as well as the additional services the new city would be allowed to optionally provide are based on information provided by the Township and on its own independent research. The assumptions should be reviewed by legal counsel knowledgeable in Texas municipal law as to their accuracy.

EPS established the fiscal impacts of incorporation assumptions in Working Paper #1, October 2011. EPS first evaluated the budgets of each service provider to identify current roles and levels of service. Once EPS gained an understanding of the current governance structure, EPS estimated the future roles and levels of service required and/or desired by the Township leadership. This process included an analysis of four peer communities to gain an understanding of comparable city roles and expected levels of service. EPS then assigned roles to each entity based on a future incorporation scenario. EPS also estimated potential revenue sources. Finally, EPS identified a set of capital requirement assumptions necessary to estimate the associated one-time or phased costs of incorporation.

Working Paper #2 takes the assumptions established by Working Paper #1, as confirmed by the Township Board, and estimates the projected revenue and expenditures under an incorporation scenario. Based on the projected costs of incorporation, EPS estimates the additional property taxes needed to cover costs assuming sales taxes remain at current rates.

Township Budget

The analysis was completed based on the FY 2012 Township Budget as summarized in **Table 1**. Township General Fund revenues are estimated to total $82.0 million in 2012. Township General Fund Operating Expenses are estimated to total $65.5 million. Including transfers, capital expenses and debt service, total 2012 General Fund Expenses sum to $81.5 million, resulting in a net balance of approximately $500,000.

Table 1
General Fund Budget Summary
The Woodlands Incorporation Study

General Fund
Statement of Revenues Expenditures & Changes in Fund Balance
(in whole dollars)

	2011 Budget	2011 Forecast	2012 Budget	$ Inc/(Dec)	% Inc/(Dec)
REVENUES					
Tax Revenue					
Property Tax	$ 39,649,133	$ 39,541,678	$ 40,498,958	$ 849,825	2.1%
Sales and Use Tax	15,596,344	16,263,978	16,849,482	1,253,138	8.0%
EDZ Sales and Use Tax	13,385,264	14,023,344	14,668,185	1,282,921	9.6%
Hotel Occupancy Tax	3,501,219	3,831,199	3,930,620	429,401	12.3%
Supplemental Hotel Occupany Tax	500,000	547,314	1,123,034	623,034	125%
Event Admissions Tax	75,000	50,000	50,000	(25,000)	-33%
	72,706,960	**74,257,513**	**77,120,279**	**4,413,319**	**6.1%**
Other Sources					
Program Revenues	2,973,300	2,794,950	2,940,050	(33,250)	-1.1%
Administrative Fees	346,100	347,100	347,100	1,000	0.3%
Grants and Contributions	194,400	32,000	32,000	(162,400)	-83.5%
Interest Income	965,662	596,839	589,334	(376,328)	-39.0%
Other Income*	1,104,665	1,082,501	920,453	(184,212)	-16.7%
TOTAL REVENUES	**78,291,087**	**79,110,903**	**81,949,216**	**3,658,129**	**4.7%**
OPERATING EXPENDITURES					
General Government					
Board of Directors	63,300	60,300	60,300	(3,000)	-4.7%
President's Office	609,740	605,515	632,148	22,408	3.7%
Intergovernmental Relations	268,642	171,795	252,311	(16,331)	-6.1%
Human Resources	644,432	623,135	674,534	30,102	4.7%
Finance	1,655,335	1,513,428	1,554,586	(100,749)	-6.1%
Information Technology	1,183,157	1,095,895	1,169,980	(13,177)	-1.1%
Records/Database Mgmt	612,264	618,072	657,433	45,169	7.4%
Non-Departmental	3,150,788	3,143,088	2,415,920	(734,868)	-23.3%
	8,187,658	**7,831,228**	**7,417,212**	**(770,446)**	**-9.4%**
Law Enforc/Neighborhood Svcs					
Law Enforcement Services	10,684,795	10,290,830	10,621,870	(62,925)	-0.6%
Neighborhood Services	464,468	438,957	462,319	(2,149)	-0.5%
	11,149,263	**10,729,787**	**11,084,189**	**(65,074)**	**-0.6%**
Parks and Recreation					
PARD Admin/Planning	1,713,234	1,740,052	1,742,134	28,900	1.7%
Park & Pathway Operations	5,480,707	5,235,241	5,808,207	327,500	6.0%
Town Center Facilities/Operations	1,677,594	1,650,358	1,652,219	(25,375)	-1.5%
Aquatics	1,949,450	1,867,227	1,948,329	(1,121)	-0.1%
Recreation	1,853,250	1,775,362	1,838,719	(14,531)	-0.8%
	12,674,235	**12,268,240**	**12,989,608**	**315,373**	**2.5%**

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Table 1 (cont.)
General Fund Budget Summary
The Woodlands Incorporation Study

	2011 Budget	2011 Forecast	2012 Budget	$ Inc/(Dec)	% Inc/(Dec)
Community Services					
Covenant Administration	2,233,168	2,208,262	2,345,338	112,170	5.0%
Environmental Services	445,105	456,787	512,031	66,926	15.0%
Streetlighting	1,154,544	1,051,200	1,175,000	20,456	1.8%
Streetscape Maintenance	2,448,396	2,600,000	2,774,050	325,654	13.3%
Solid Waste Services	5,419,819	5,273,587	4,572,024	(847,795)	-15.6%
Other Community Services	456,555	466,402	522,366	65,811	14.4%
	12,157,587	**12,056,238**	**11,900,809**	**(256,778)**	**-2.1%**
Community Relations					
Community Relations	625,625	563,625	655,018	29,393	4.7%
CVB Staff Services	457,270	456,485	469,588	12,318	2.7%
	1,082,895	**1,020,110**	**1,124,606**	**41,711**	**3.9%**
Woodlands Fire Department					
Fire Department*	**15,219,937**	**15,527,508**	**17,964,297**	**2,744,360**	**18.0%**
Other Expenditures					
Transportation	548,620	303,400	308,400	(240,220)	-43.8%
Economic Development	381,300	239,500	319,100	(62,200)	-16.3%
Transition/Governance	200,000	200,000	150,000	(50,000)	-25.0%
Regional Participation	968,566	1,016,499	1,053,093	84,527	8.7%
Other Expenditures	1,090,668	1,200,308	1,167,989	77,321	7.1%
	3,189,154	**2,959,707**	**2,998,582**	**(190,572)**	**-6.0%**
TOTAL OPERATING EXPENSE	**63,660,729**	**62,392,818**	**65,479,303**	**1,818,574**	**2.9%**
TRANSFERS					
Convention & Visitors Bureau	2,399,837	2,399,837	1,932,337	(467,500)	-19.5%
Capital Outlay (non-financed)	3,927,486	3,966,933	3,880,525	(46,961)	-1.2%
Capital Reserves	609,563	2,652,923	1,284,229	674,666	110.7%
Debt Service	7,796,632	6,956,865	8,916,220	1,119,588	14.4%
	14,733,518	**15,976,558**	**16,013,311**	**1,279,793**	**8.7%**
TOTAL EXPENDITURES	**78,394,247**	**78,369,376**	**81,492,614**	**3,098,367**	**4.0%**
REV OVER/(UNDER) EXP	**(103,160)**	**741,527**	**456,602**	**559,762**	**542.6%**
BEGINNING FUND BALANCE	**23,705,070**	**23,705,070**	**24,446,597**	**741,527**	**3.1%**
ENDING FUND BALANCE	**$ 23,601,910**	**$ 24,446,597**	**$ 24,903,199**	**$ 1,301,289**	**5.5%**

* 2011 Budgeted and Forecasted Fire Department Revenues and Expenses have been included to provide a comparison to the 2012 Budget

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Summary of Findings

Based on the financial assumptions under incorporation, annual revenues generated to the City are estimated to total approximately $109.0 million, as shown in **Table 2**. Annual expenses to be incurred by the City will total $149.5 million, resulting in an annual shortfall of almost $40.5 million. This includes approximately $12.0 million of existing annual shortfalls that will be paid for out of existing Township bond proceeds. Thus, the potential financial shortfall as a result of incorporation is estimated to total approximately $28.5 million.

EPS estimates that the consolidated annual MUD property tax revenue under incorporation will total $33.1 million. This revenue will be collected in a newly-created Utilities Fund (water, wastewater, stormwater) in place of the existing MUD and will be offset by the estimated $33.1 million in annual expenses (debt service and operations). Thus, no shortfall or surplus is estimated for the Utilities Fund.

Table 2
Net Summary Results
The Woodlands Incorporation Study

Item	Total[1]	Utilities Fund
Revenue	**$109,007,166**	$33,075,137
Expenditure	**$149,492,925**	$33,075,137
Net	**($40,485,759)**	**$0**
Net from Incorporation[2]	**($28,522,039)**	**$0**
Current Property Tax (per $100)	$0.3250	varies
Additional Property Tax (per $100)	**$0.2289**	**---**
Potential Property Tax Rate (per $100)	**$0.5539**	**$0.2633**
% Change	**70.4%**	---

[1] Includes All Funds (General Fund + Other Funds)

[2] The Township is using existing bond proceeds to pay for approximately $12.0 million of 2012 expenditures in Other Funds. The shortfall as a result of incorporation that will be funded by new property tax is approximately $32.0 million.

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Working Paper #1:Financial Assumptions; Economic & Planning Systems

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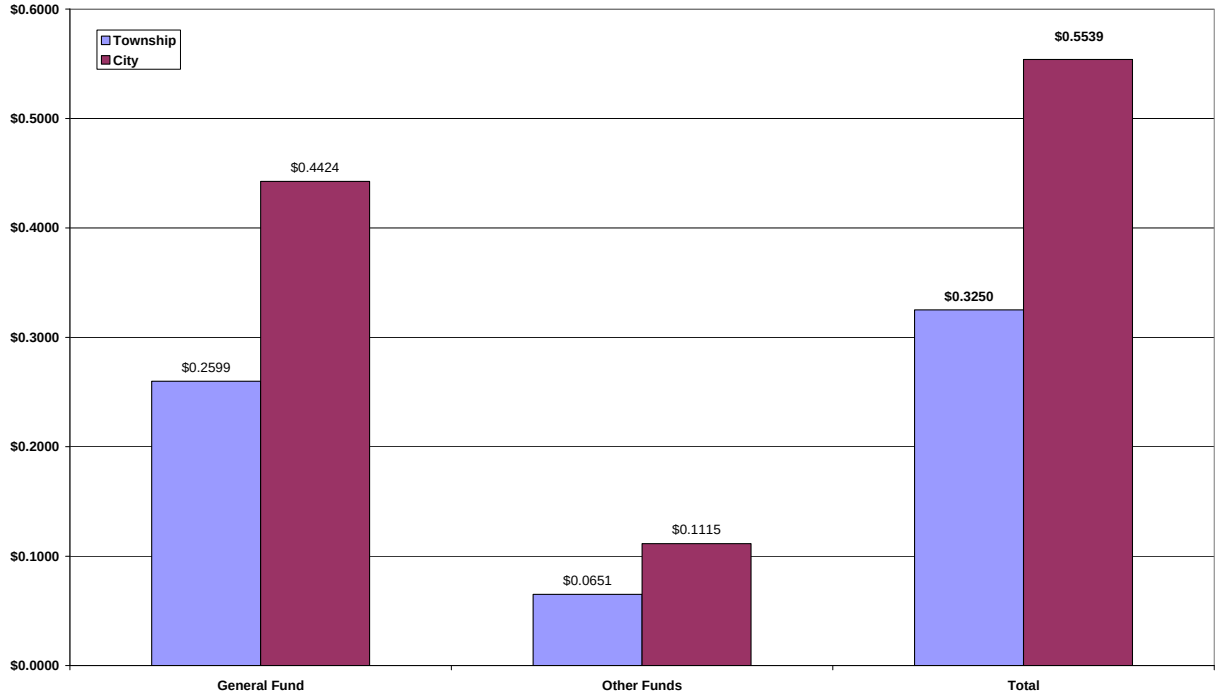
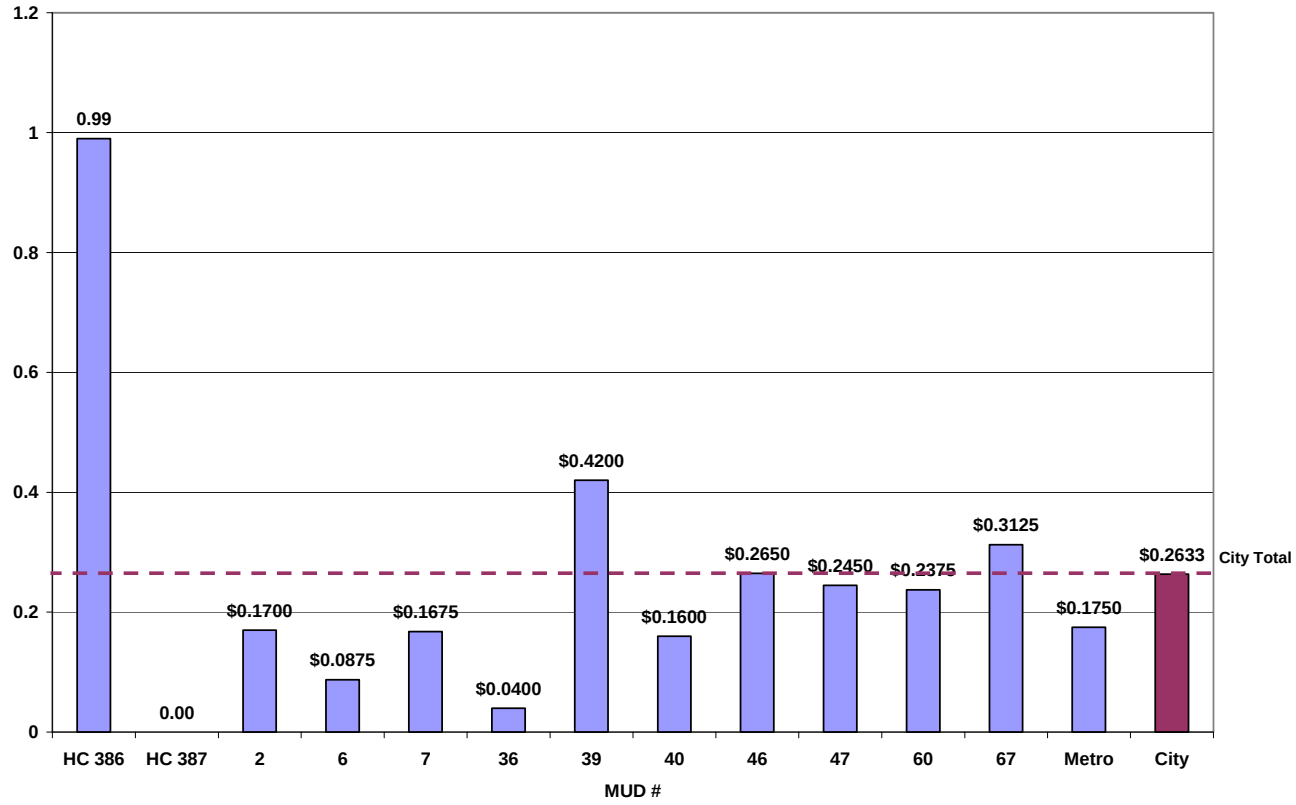
Because the Township sales tax is already at the State-legislated maximum, the principle source of revenue to pay for the estimated shortfalls under incorporation would likely be a property tax increase. Based on the identified shortfall as a result of incorporation, or approximately $28.5 million, the City would need to add an additional property tax rate of $0.2289 per $100 of assessed value, as shown in **Table 2** and graphically in **Figure 1**. In total, the necessary property tax rate required to fund the expansion of services under incorporation is estimated to be $0.5539 per $100 of assessed valuation. This represents a rate increase of 70.4 percent above the existing tax rate of $0.3250.

Figure 1
Property Tax Rate Comparison
The Woodlands Incorporation Study



Utility Fund expenses are frequently incorporated in user fees on City water bills. However, because the Township residents currently pay a portion of these fees out of property tax, EPS assumes property tax will continue to be used. Including both debt and operations (O & M), existing Township MUD property tax rates range from $0.0000 to $0.9900 per $100 of value. Consolidating outstanding debt and O & M payments, property tax rates for Utilities under incorporation would equal approximately $0.2633 per $100 of value. This rate would represent an increase in taxes for several of the MUDs that no longer have outstanding debt and a decrease for a number of MUDs that currently charge higher rates, as shown in **Figure 2**.

Figure 2
Utility Property Tax Rate Comparisons
The Woodlands Incorporation Study



2. EXPENDITURES

EPS estimated annual City expenditures based on the identified level of service assumptions established in Working Paper #1. Personnel costs were estimated utilizing staffing levels established in Working Paper #1 and existing Township and peer city salary and benefit levels from the FY 2012 budget. Non-personnel costs were estimated utilizing the assumptions established in Working Paper #1. Annual operating capital costs were estimated based on input from Township staff regarding major capital equipment with a useful life greater than one year. One-time costs were estimated using a case study approach. These case studies are provided in full detail in Chapter 3: Capital Expenditures.

General Government

Mayor and City Council

Under incorporation, The Woodlands would transition to a Mayor-City Council form of government. EPS assumed that the City Council would consist of seven members to closely replicate the current Board structure, as shown in **Table 3**. EPS assumes no personnel costs associated with the Council. However, some operating costs would exist for regular meetings, travel, and conferences etc. EPS estimates non-personnel operating costs of approximately $15,000 per council member. This excludes any significant consulting projects. No operating capital costs are anticipated. Total annual expenditures are estimated at $105,000. No one-time expenditures related to incorporation are estimated.

Table 3
Mayor and City Council
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel		
City Council	7.0	$0
Subtotal	7.0	**$0**
Net New FTE	**0.0**	
Non-Personnel		
Meetings/Conferences/Travel per member		$15,000
Subtotal		**$105,000**
Operating Capital		
Per Net New FTE[1]	$1,000	$0
Subtotal		**$0**
Total		**$105,000**
One-Time		
None		$0
Total		**$0**

[1] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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City Manager's Office

Under incorporation, the City would establish a City Manager's Office. The City Manager's Office would include a City Manager and 3.0 FTE of supporting management and technical staff. The City Manager's Office would also include 7.5 additional administrative staff for a total of 11.5 FTE. Non-personnel costs are assumed to average 5.0 percent of the budget, or approximately $62,000 annually. The hiring of new employees will trigger new annual operating capital costs. Based on estimated total of $3,000 per new employee over a three-year period (average useful life of equipment), an annual operating capital factor of $1,000 is applied to net new employees. This results in annual total of $2,000 based on 2.0 new FTE. The total budget for the City Manager's Office is estimated to total approximately $1.3 million annually, as shown in **Table 4**. No one-time capital expenses associated with incorporation are anticipated.

Table 4
City Manager's Office
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Management/Technical		
City Manager	1.0	
Assistant City Manager	1.0	
Deputy City Manager	1.0	
Management Analyst	1.0	
Subtotal	**4.0**	**$741,000**
Administration		
Executive Assistant	3.0	
Sr. Administrative Assistant	1.0	
Receptionist	2.5	
Mail Clerk	1.0	
Subtotal	**7.5**	**$445,000**
Subtotal	**11.5**	**$1,186,000**
Net New FTE	**2.0**	
Non Personnel		
% of Operating Budget	5%	$62,421
Subtotal		**$62,421**
Operating Capital		
Per Net New FTE[2]	$1,000	$2,000
Subtotal		**$2,000**
Total		**$1,250,421**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Intergovernmental Relations

Upon incorporation, The Woodlands will continue to employ an Intergovernmental Relations Manager at an annual cost of $117,000, as shown in **Table 5**. Non-Personnel operating costs, including a contracted lobbyist at the State Capitol, are estimated to average 31 percent of the annual operating budget, or $52,000. This estimate excludes legal fees. No additional annual operating capital expenses are anticipated. Annual expenditures are estimated to total $169,000. No one-time capital expenses related to incorporation will be required.

Table 5
Intergovernmental Relations
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Intergovernmental Relations Manager	1.0	
Subtotal	**1.0**	**$117,081**
Net New FTE	**0.0**	
Non-Personnel[2]		
% of Operating Budget	31%	$51,730
Subtotal		**$51,730**
Operating Capital		
Per Net New FTE[3]	$1,000	$0
Subtotal		**$0**
Total		**$168,811**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs based on 2012 Township Budget

[2] Non-Personnel costs exclude legal fees

[3] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Human Resources

Under incorporation, the City would need to expand personnel to provide additional services not currently provided in the Township, including increased administration and risk management responsibilities. EPS assumes a Human Resources Department of 9.3 FTE, including 7.0 FTE managerial and technical staff and 2.3 FTE in administration, as shown in **Table 6**. Non-personnel costs, excluding legal fees, are estimated at 22 percent of the operating budget, or $219,000 annually. EPS applied the annual operating capital cost factor of $1,000 per net new employee resulting in a total of $9,250 in new annual operating capital. Total Human Resources costs are estimated to be approximately $1.0 million annually. No one-time costs related to incorporation are anticipated.

Table 6
Human Resources
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Management/Technical		
Director of Human Resources	1.0	
Risk Manager	1.0	
SR. HR Generalist	3.0	
HR Specialist-Benefits	2.0	
Subtotal	**7.0**	**$645,000**
Administration		
Admin Asst. II	2.0	
File Clerk	0.3	
Subtotal	**2.3**	**$133,000**
Subtotal	**9.3**	**$778,000**
Net New FTE	**3.5**	
Non-Personnel[2]		
% of Operating Budget	22%	$219,436
Subtotal		**$219,436**
Operating Capital		
Per Net New FTE[3]	$1,000	$9,250
Subtotal		**$9,250**
Total		**$1,006,686**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Non-Personnel costs exclude legal fees

[3] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Tonwnship Budget; Economic & Planning Sytems

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Information Technology

Under incorporation, the City would need to expand its Information Technology services. EPS assumes a management and technical staff of 16.0 FTE and one administrative assistant, or a total of 17.0 FTE, as shown in **Table 7**. Non-personnel costs are estimated at 40 percent of the operating budget, or approximately $971,000 annually. EPS applied the annualized operating capital factor of $1,000 per net new employee, resulting in a total of $8,000 in new annual operating capital costs. Annual Information Technology costs are estimated to total approximately $2.4 million. No one-time expenditures associated with incorporation are anticipated.

Table 7
Information Technology
The Woodlands Incorporation Study

Position	FTE	Total
Annual		
Personnel[1]		
Management/Technical		
Director of IT	1.0	
Systems Administrator	2.0	
Network Administrator	2.0	
Database Administrator	2.0	
GIS Coordinator	1.0	
GIS Analyst	3.0	
Systems/Radio Technician	1.0	
SR. Help Desk Analyst	1.0	
Help Desk Analyst	3.0	
Subtotal	**16.0**	**$1,394,000**
Administration		
Administrative Assistant	1.0	
Subtotal	**1.0**	**$62,000**
Subtotal	**17.0**	**$1,456,000**
Net New FTE	**8.0**	
Non-Personnel[2]		
% of Operating Budget	40%	$970,667
Subtotal		**$970,667**
Operating Capital		
Per Net New FTE.[3]	$1,000	$8,000
Subtotal		**$8,000**
Total		**$2,434,667**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Non-Personnel costs exclude legal fees

[3] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Tonwnship Budget; Economic & Planning Sytems

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City Secretary's Office

The Township currently employs eight full-time staff to manage its records database. Under incorporation, the City would need to establish a City Secretary's Office, with a City Secretary appointed by City Council. EPS assumes a management and technical staff of 9.0 FTE and one administrative assistant for a total of 10.0 FTE, as shown in **Table 8**. Non-personnel costs, excluding legal fees, are estimated to total 11 percent of the operating budget. Applying the

annualized factor of $1,000 per net new employee, EPS estimates new annual operating capital costs of $2,000. Annual City Secretary Office expenditures are estimated to total approximately $867,000. No one-time expenditures related to incorporation are anticipated.

Table 8
City Secretary's Office
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Management/Technical		
City Secretary	1.0	
Records/Property Data Manager	1.0	
Real Estate Records Supervisor	1.0	
Corporate Records Supervisor	1.0	
Records Mgmt Analyst	1.0	
Real Estate Records Analyst	1.0	
Corporate Records Specialist	1.0	
Records Technician	2.0	
Subtotal	**9.0**	**$708,000**
Administration		
Administrative Asst.	1.0	
Subtotal	**1.0**	**$62,000**
Subtotal	**10.0**	**$770,000**
Net New FTE	**2.0**	
Non-Personnel[2]		
% of Operating Budget	11%	$95,169
Subtotal		**$95,169**
Operating Capital		
Per Net New FTE[3]	$1,000	$2,000
Subtotal		**$2,000**
Total		**$867,169**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Non-Personnel costs exclude legal fees

[3] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Tonwnship Budget; Economic & Planning Sytems

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Legal Services/City Attorney's Office

The Township does not currently have a Legal Services Department, but rather contracts legal services to each department. Upon incorporation, the City would likely establish a City Attorney

and Legal Services Department to handle all general government legal services. The City would likely continue to contract out legal services for specialty departments, such as Covenant Administration. EPS assumes a City Attorney's Office would require a management and technical staff of 4.0 FTE and one additional Executive Assistant, or a total of 5.0 FTE, as shown in **Table 9**. Non-Personnel costs are estimated to average 35 percent of the operating budget, or approximately $300,000 annually. This figure includes anticipated contracted legal services. Applying the annualized factor of $1,000 per net new employee, EPS estimates new annual operating capital at $5,000. Annual Legal Services/City Attorney's Office expenditures are estimated to total approximately $870,000. No one-time expenditures related to incorporation are anticipated.

Table 9
Legal Services
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Management/Technical		
City Attorney	1.0	
Assistant City Attorney	1.0	
Deputy City Attorney	1.0	
Lawyer	1.0	
Subtotal	**4.0**	**$495,420**
Administration		
Executive Assistant	1.0	
Subtotal	**1.0**	**$69,000**
Subtotal	**5.0**	**$564,420**
Net New FTE	**5.0**	
Non-Personnel[2]		
% of Operating Budget	35%	$299,604
Subtotal		**$299,604**
Operating Capital		
Per Net New FTE[3]	$1,000	$5,000
Subtotal		**$5,000**
Total		**$869,024**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Non-Personnel costs include $200,000 of additional legal services over and above peer city non-personnel costs that will continue to contracted for covenant and specialty services

[3] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Finance

Under incorporation, the City would need to expand its financial services from existing Township levels. EPS assumes a management and technical staff of 23.3 FTE and one administrative staff, or a total of 24.3 FTE, as shown in **Table 10**. Non-personnel costs are estimated to total approximately 20 percent of the operating budget, or $474,000 annually. Applying the annualized operating capital factor of $1,000 per net new employee, EPS estimates new annual operating capital expenditures of $10,000. Total annual Finance expenditures are estimated to average approximately $2.4 million. No one-time expenditures related to incorporation are anticipated.

Table 10
Finance
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Management/Technical		
AGM-Finance & Admin	1.0	
Fiscal Services Manager	1.0	
Accounting Manager	1.0	
Financial Analyst	1.0	
Purchasing Managers	1.0	
Sr. Purchasing Specialist	2.0	
Accounting Supervisor	1.0	
Sr. Accountant	1.0	
Accountant II	2.0	
Accountant	2.0	
Payroll Analyst	3.0	
Sr. A/P Specialist	1.0	
A/P Specialist	2.0	
Budget Analyst	2.0	
Revenue Collection	2.0	
Intern	0.3	
Subtotal	**23.3**	**$1,835,000**
Administration		
Sr. Adminstrative Assistant	1.0	
Subtotal	**1.0**	**$62,000**
Subtotal	**24.3**	**$1,897,000**
Net New FTE	**10.0**	
Non-Personnel[2]		
% of Operating Budget	20%	$474,250
Subtotal		**$474,250**
Operating Capital		
Per Net New FTE.[3]	$1,000	$10,000
Subtotal		**$10,000**
Total		**$2,381,250**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Non-Personnel costs exclude legal fees

[3] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Tonwnship Budget; Economic & Planning Sytems

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Communications and Marketing

The Township currently has a Community Relations Department that shares a Director with the Convention and Visitor's Bureau. Under incorporation, EPS assumes the establishment of a Communications and Marketing Department with its own Director. EPS estimates a management and technical staff of 5.0 FTE with an additional administrator, or a total of 6.0 FTE, as shown in **Table 11**. Non-personnel costs are estimated to average 41 percent of the operating budget, or approximately $403,000 annually. Applying an annualized factor of $1,000 per net new employee, EPS estimates new annual operating capital costs of $1,500. Annual Communications and Marketing expenditures are estimated to total approximately $985,000. No one-time expenditures as a result of incorporation are anticipated.

Table 11
Communications and Marketing
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Management/Technical		
Director of Community Relations	1.0	
Community Relations Manager	1.0	
Community Relations Coordinator	1.0	
Sr. Community Relations Specialist	1.0	
Community Relations Specialist	1.0	
Subtotal	**5.0**	**$525,418**
Administration		
Administrator	1.0	
Subtotal	**1.0**	**$55,000**
Subtotal	**6.0**	**$580,418**
Net New FTE	**1.5**	
Non-Personnel[2]		
% of Operating Budget	41%	$403,341
Subtotal		**$403,341**
Operating Capital		
Per Net New FTE[3]	$1,000	$1,500
Subtotal		**$1,500**
Total		**$985,259**
One-Time		
None		$0
Total		**$0**

[1] Non-Director Personnel costs based on 2012 Township Budget. Director Personnel costs include salary + benefits (38% of salary)

[2] Non-Personnel costs exclude legal fees

[3] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Tonwnship Budget; Economic & Planning Sytems

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Non-Departmental

The establishment of a City Attorney's Office and Public Works Department will significantly reduce Non-Departmental expenses, as these expenses would transfer to their respective departments. No staff is associated with the Non-Departmental expenses. EPS assumes annual Non-Departmental expenses of approximately 2.0 percent of total General Fund operating expenses, or $2.3 million annually. No one-time capital expenditures related to incorporation are anticipated.

Table 12
Non-Departmental
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]	0.0	
Subtotal	**0.0**	**$0**
Net New FTE	**0.0**	
Non-Personnel[2]		
% of Operating Expenses	2%	$2,095,817
Subtotal		**$2,095,817**
Operating Capital		
Per Net New FTE[3]	$1,000	$0
Subtotal		**$0**
Total		**$2,095,817**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Non-Personnel Operating Costs excludes Legal Fees; Facilities and Custodial Services. Rent consolidation already excluded

[3] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Tonwship Budget; Economic & Planning Systems

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Public Safety

Police/Law Enforcement

The Township engaged The Novak Consulting Group to conduct a Public Safety Report and feasibility assessment of a stand-alone Police Department. Based on this analysis, EPS assumed *Option #2: Increased Staffing*. This option results in a uniformed Police staff of 125.0 FTE and 31.0 civilian FTE, as shown in **Table 13**. These services would be supplemented by 18.0 security FTE associated with other departments (personnel costs included in respective departments). Non-personnel costs are estimated to average 28 percent of the operating budget, or approximately $5.2 million annually. This includes the potential debt service estimated by the Novak Consulting Group for a new stand-alone department building, as well as the annualized purchase and replacement cost of the new police vehicle fleet (four-year replacement cycle). In addition to the building and vehicle fleet, a new Police Department will trigger a substantial upfront investment by the City, including a new uniforms, equipment, and training. Based on the Novak Consulting Group estimates, and assuming a replacement cycle of four years, new annual operating capital is estimated to total approximately $2.2 million. In addition to new operating capital, the City would need to acquire land to construct a new police facility. EPS assumed a land cost of $15.00 per square foot for five acres, or $3.3 million. This estimate is included in the anticipated one-time costs. A more detailed analysis of this estimate is provided in Chapter 3: Capital Expenditures.

Table 13
Police
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Officer		
Chief	1.0	
Operations Division	1.0	
Support Services Division	1.0	
Patrol Commander	1.0	
Investigations Commander	1.0	
Patrol Shift Commander	5.0	
Patrol Supervisor	9.0	
Patrol	71.0	
Investigations	6.0	
Special Operations Commander	1.0	
Community Liaison Supervisor	1.0	
Community Liaison Generalist (1 per Village)	9.0	
Traffic Unit Supervisor	1.0	
Traffic Unit Supervisor	6.0	
Special Enforcement Unit Supervisor	1.0	
Special Enforcement Unit	4.0	
Regional Task Forces Supervisor	1.0	
Regional Task Forces	4.0	
Professional Standards/HR Manager	1.0	
Subtotal	**125.0**	**$11,327,000**
Civilian		
Executive Assistant to Chief	1.0	
Human Resources Specialist	1.0	
Policy Standards Analyst	1.0	
Business Manger	1.0	
Budget Analyst	1.0	
Property Supervisor	1.0	
Evidence and Property Technician	2.0	
Technical Services	1.0	
Records/Office Manager	1.0	
Clerical Staff	8.0	
Crime Analyst	1.0	
Dispatch Shift Supervisor	3.0	
Dispatchers	9.0	
Subtotal	**31.0**	**$2,130,000**
Other Security		
Alpha and Omega (Contract)	14.0	
Waterway Security (Contract)	4.0	
Subtotal	**18.0**	**$0**
Subtotal	**174.0**	**$13,457,000**
Net New FTE[1]	**172.0**	
Non-Personnel		
% of Operating Budget	28%	$5,233,278
Subtotal		**$5,233,278**
Operating Capital		
Annualized Start-Up Costs[2]		$2,174,375
Subtotal		**$2,174,375**
Total		**$20,864,653**
One-Time		
Land[3]		$3,267,000
Total		**$3,267,000**

[1]Township employs 2.0 FTE. Additional 107.0 FTE are contracted. All Personnel costs estimated using Novak Consulting Report

[2]See Police Capital Costs; Annualized vehicle replacement costs (4-year replacement cycle) included in operating expenses per Novak Consulting Report

[3]Includes estimated land cost for police building. One-time Costs associated with debt service of new police building included in operating expenses. All other One-time Costs, including fleet, are represented in Annualized Start Up Costs

Note: Figures may vary based on rounding

Source: The Novak Consulting Group; Police Executive Research Forum; Economic & Planning Systems

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Neighborhood Services

The Woodlands currently practices a community-based approach to policing. This policy would likely continue under incorporation. Based on The Novak Consulting Group's Option #2, EPS assumed a Neighborhood Services staff of 3.5 FTE, as shown in **Table 14**. Township civilian Village Liaisons would no longer continue, as they would be replaced by Community Liaison Supervisors in the Police Department. Non-personnel costs are estimated to total average 21.0 percent of the operating budget, or approximately $81,000 annually. Potential new operating capital is included in the Police Department Start Up costs estimated by the Novak Consulting Group. Annual Neighborhood Services expenditures are estimated to total approximately $387,000. No one-time expenditures as a result of incorporation are anticipated.

Table 14
Neighborhood Services
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Neighborhood Services Manager	1.0	
Neighborhood Services Coordinator	1.0	
Program Specialist	1.5	
Village Liaisons	0.0	
Intern	0.0	
Subtotal	**3.5**	**$306,000**
Net New FTE	**(2.8)**	
Non-Personnel		
% of Operating Budget	21%	$81,342
Subtotal		**$81,342**
Operating Capital		
Per Net New FTE[2]	$0	$0
Subtotal		**$0**
Total		**$387,342**
One-Time		
None		$0
Total		**$0**

[1]Personnel Costs based on Novak Consulting Group Report

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Municipal Court

Upon the establishment of a stand-alone Police Department, a Municipal Court will need to be implemented to respond to all misdemeanor criminal charges, traffic violations, city code violations, and other minor civil charges. The Novak Consulting Group estimated the operating costs of a new Municipal Court to include a staff of 18.0 FTE, as shown in **Table 15**. EPS assumes additional non-personnel operating expenses of 15 percent, or approximately $432,000 annually. Applying the annual factor of $1,000 per new employee, new annual operating capital is estimated to total $18,000. Annual City Municipal Court costs are estimated to average $2.9 million. In addition to annual costs, a new municipal court facility would need to be constructed. EPS estimates the upfront development costs of the facility to total approximately $4.0 million. A more detailed analysis of the associated development costs is provided in the Capital Expenditures chapter of this report.

Table 15
Municipal Court
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Municipal Court Staff	18.0	
Subtotal	**18.0**	**$2,446,000**
Net New FTE	**18.0**	
Non-Personnel		
% of Operating Budget	15%	$431,647
Subtotal		**$431,647**
Operating Capital		
Per Net New FTE[2]	$1,000	$18,000
Subtotal		**$18,000**
Total		**$2,895,647**
One-Time		
New Municipal Court		$4,000,000
Total		**$4,000,000**

[1]Personnel Costs based on Novak Consulting Group Report

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: The Novak Consulting Group; Police Executive Research Forum; Economic & Planning Systems

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Fire Department

The Woodlands Fire Department provides fire protection and EMS services to The Woodlands Township. In accordance with the Transition Agreement, in 2012, The Woodlands Fire Department, Inc. will be dissolved and the Department's workforce will become Township employees. Under incorporation, the Fire Department, including the primary services of Fire and EMS, Fire Protection, and Dispatch, would continue to operate as a department in the City. EPS assumed the addition of a Fire Marshall (1.0 FTE) in Fire and EMS for a total staff of 159.0 FTE, as shown in **Table 16**. Non-personnel expenditures for Fire and EMS, Fire Protection, and Dispatch are expected to average 33.0, 10.0, and 3.0 percent of operating budgets, respectively. This results in total non-personnel expenses of $2.4 million. Applying an annualized factor of $1,000 per net new employees, EPS estimates new annual operating capital to total $4,000. Annual Fire Department expenditures are estimated to total approximately $18.4 million. No one-time expenditures associated with incorporation are anticipated.

Table 16
Fire Department
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Fire and EMS		
Chief	1.0	
Deputy Chief-Admin	1.0	
Deputy Chief-Operations	1.0	
Deputy Chief-Training	1.0	
Battalion Chief-Operations	3.0	
Battalion Chief-Training	1.0	
Fire Prevention Officer	1.0	
Adminstrative Analyst	1.0	
Customer Serive Rep	1.0	
Adminstrative Asst. II	1.0	
Fire Support Specialist	1.0	
Fire Marshall	1.0	
Fire Inspector/Investigator	1.0	
Plan Review	1.0	
Administrative Asst.	1.0	
Subtotal	**17.0**	**$1,799,695**
Fire Protection		
Captain	3.0	
Lieutenant	24.0	
Driver Operator	27.0	
Firefighter	75.0	
Subtotal	**129.0**	**$13,148,204**
Dispatch		
Dispatch Manager	1.0	
Shift Supervisor	3.0	
Dispatcher	12.0	
Subtotal	**16.0**	**$1,070,693**
Subtotal	**162.0**	**$16,018,592**
Net New FTE	**4.0**	
Non-Personnel		
Fire and EMS % of Op. Budget	33%	$877,964
Fire Protection % of Op. Budget	10%	$1,512,550
Dispatch % of Op. Budget	3%	$32,615
Subtotal		**$2,423,129**
Operating Capital		
Per Net New FTE[2]	$1,000	$4,000
Subtotal		**$4,000**
Total		**$18,445,721**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs based on 2012 Township Budget + salary + benefits (38% of salary) for new employees

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Public Works

Upon incorporation, The Woodlands would need to establish a Public Works Department. This department would likely include a limited number of existing functions of the Township, including transportation, streetscape and street lighting maintenance, and facilities maintenance. New services would include traffic control, street and road maintenance, and fleet maintenance.

Administration

Under incorporation, the Township would require a new Director of Public Works. The Director of Public Works would also require an Executive Assistant for ongoing administrative duties, resulting in a total of 2.0 FTE, as shown in **Table 17**. No non-personnel costs are estimated. Applying an annualized factor $1,000 per net new employees, EPS estimates new annual operating capital of $1,000. Annual Administration costs under incorporation are estimated to total $257,000. No one-time expenditures are anticipated as a result of incorporation.

Table 17
Administration
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Director of Public Works	1.0	
Executive Assistant	1.0	
Subtotal	**2.0**	**$256,000**
Net New FTE[2]	**1.0**	
Non-Personnel		
% of Operating Budget	0%	$0
Subtotal		**$0**
Operating Capital		
Per Net New FTE[3]	$1,000	$1,000
Subtotal		**$1,000**
Total		**$257,000**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Includes existing Community Services Engineering Tech from President's Office

[3] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Transportation

Upon incorporation, The Woodlands would continue to co-operate the Trolley system with the Houston-Galveston Area Council (H-GAC), depending on available funding. EPS has assumed Park & Ride and Waterway functions would remain externally funded but could be moved to the Transportation division in the future. No new annual operating capital expenditures are anticipated. Annual Transportation expenses are estimated to total approximately $308,000, as shown in **Table 18**. No one-time expenditures associated with incorporation are anticipated.

Table 18
Transportation
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
None	0.0	$0
Subtotal	**0.0**	**$0**
Net New FTE	**0.0**	
Non-Personnel Operating Costs		
Trolleys		$208,400
Park and Ride		$0
Waterway Cruisers		$0
Other		$100,000
Subtotal		**$308,400**
Operating Capital		
Per Net New FTE[2]	$1,000	$0
Subtotal		**$0**
Total		**$308,400**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Traffic Control

Based on discussions with Montgomery County, the County is unlikely to sell its existing NorthStar traffic signalization system to the City. A more likely scenario is that the City would contract with the County to provide ongoing operations and maintenance of The Woodlands share of County-owned NorthStar traffic signals and infrastructure. The County is not able to estimate these costs at this time. However, EPS estimated the annual cost of the City providing its own operations and maintenance. This estimate includes Traffic Control costs covering both Montgomery and Harris County. Traffic Control will also be responsible for sign maintenance. EPS assumes a Traffic Control staff of 10.0 FTE, as shown in **Table 19**. Non-personnel costs are estimated at 50 percent of operating costs, or $673,000 annually. Applying an annualized factor of $1,000 per net new employee, EPS estimates new annual operating capital expenditures of $10,000. Annual Traffic Control expenses are estimated to total approximately $1.4 million. Because EPS assumed the City will contract with the County for operating maintenance and will not have to purchase the NorthStar system itself, no one-time capital expenditures are included.

Table 19
Traffic Control
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Traffic Manager	1.0	
Traffic Signal Operator	1.0	
Traffic Signal Technician	4.0	
Signs & Markings	4.0	
Subtotal	**10.0**	**$673,000**
Net New FTE	**10.0**	
Non-Personnel		
% of Operating Budget	50%	$673,000
Subtotal		**$673,000**
Operating Capital		
Per Net New FTE[2]	$1,000	$10,000
Subtotal		**$10,000**
Total		**$1,356,000**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Streets and Roads

Road Maintenance

Upon incorporation, a Road Maintenance division of Public Works is assumed to be established for the maintenance and operation of the 894 lane miles that will transfer to the City from Montgomery County. EPS estimates a staff of 28.0 FTE, as shown in **Table 20**. Non-personnel costs, including road maintenance materials, are estimated to average $1,600 per lane mile plus a 20 percent premium for higher maintenance standards established by the Township. This results in annual Non-Personnel costs of $1.7 million. Applying the annualized factor of $1,000 per net new employee, EPS estimates annual operating capital costs of $28,000. Annual Road Maintenance expenses are estimated to total $3.4 million.

Road Maintenance would also require a substantial upfront investment in equipment, as well as any deferred and/or scheduled capital projects. Potential fleet costs are included in the Fleet Maintenance Department. Based on a list compiled by Montgomery County, necessary and/or desired one-time road repair costs in The Woodlands are estimated to total $78.2 million. Road maintenance projects are typically funded through periodic bond issues every 8 to 10 years. However, the majority of the project list represents deferred maintenance projects that require immediate attention. Thus, the Township desires to include all $78.2 million in road maintenance capital projects. A more detailed list of specific projects is included in the Capital Expenditures chapter of this report.

Table 20
Road Maintenance
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Operations Manager	1.0	
Street Superintendent	1.0	
Street Supervisor	3.0	
Crew Chief	6.0	
Equipment Operator	8.0	
General Maintenance Worker	7.0	
Admin. and Customer Service	2.0	
Total	**28.0**	**$1,637,000**
Net New FTE	**28.0**	
Non-Personnel		
O & M per Lane Mile	$1,600	$1,430,400
O & M Premium	20%	$286,080
Subtotal		**$1,716,480**
Operating Capital		
Per Net New FTE[2]	$1,000	$28,000
Subtotal		**$28,000**
Total		**$3,381,480**
One-Time		
Concrete Repairs		$75,176,569
Asphalt Repairs		$2,743,231
Curb Repairs		$243,984
Total		**$78,163,785**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Streetscape Maintenance

Upon incorporation, streetscape maintenance will likely continue be contracted to a landscaping company, such as The Brickman Group. The existing Brickman Group contract is for approximately $3,100 per lane mile annually, or a total of $2.8 million, as shown in **Table 21**. The Woodlands Development Company has contributed an additional $850,000 per year for streetscape maintenance, but will likely discontinue this service regardless of governance structure. These revenues are therefore not included in this analysis. No new annual operating capital or one-time expenditures are anticipated.

Table 21
Streetscape Maintenance
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
None	0.0	$0
Total	**0.0**	**$0**
Net New FTE	**0.0**	
Non-Personnel		
Contracted Services per Lane Mile	$3,103	$2,774,050
Subtotal		**$2,774,050**
Operating Capital		
Per Net New FTE[2]	$1,000	$0
Subtotal		**$0**
Total		**$2,774,050**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Street Lighting

Under incorporation, The Woodlands would continue the regular payment of street lighting utilities. There are 5,870 street lights to maintain in The Woodlands. Annual utility bills average around $200 per light, or a total of approximately $1.2 million, as shown in **Table 22**. No new annual operating capital or one-time expenditures are anticipated.

Table 22
Street Lighting
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
None	0.0	$0
Subtotal	**0.0**	**$0**
Net New FTE	**0.0**	
Non-Personnel		
Operating Costs per Light	$200	$1,175,000
Subtotal		**$1,175,000**
Operating Capital		
Per Net New FTE[2]	$1,000	$0
Subtotal		**$0**
Total		**$1,175,000**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Facilities Maintenance

The Township recently purchased the 2801 Technology Forest Boulevard Building in The Woodlands to house all administrative staff. In addition to this facility, the City would be responsible for maintaining a new Police Department building, Municipal Court building, and Public Works maintenance yard. These facilities would require regular maintenance that is assumed to be provided by a Facilities Maintenance division of Public Works. EPS estimates a Facilities staff of 12.0 FTE, as shown in **Table 23**. Non-personnel costs are estimated to average 33.0 percent of the operating budget, or $337,000 annually. Annual Facilities costs are estimated to total approximately $1.0 million. As mentioned, the Public Works Department will require a new Public Works facility and maintenance yard the cost of which is listed herein. EPS estimates the development costs of this facility to total approximately $4.3 million. More detail of the development costs of this facility is provided in Chapter 3: Capital Expenditures.

Table 23
Facilities Maintenance
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Facilities Manager	1.0	
Facilities Superintendent	1.0	
Maintenance Worker	3.0	
Facilites Maintenance Engineer	1.0	
Facilities Specialist	1.0	
Custodian	4.0	
Admin.	1.0	
Subtotal	**12.0**	**$675,000**
Net New FTE	**10.0**	
Non-Personnel		
% of Operating Budget	33%	$337,126
Subtotal		**$337,126**
Operating Capital		
Per Net New FTE[2]	$1,000	$10,000
Subtotal		**$10,000**
Total		**$1,022,126**
One-Time		
Public Works Facility		$4,342,058
Total		**$4,342,058**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Fleet Maintenance

Under incorporation, The Woodlands would need to provide fleet vehicles to various departments, including Public Works, the Fire Department, and the Police Department. These vehicles will require a regular maintenance staff and garage facility. EPS estimates a Fleet Maintenance staff of 7.0 FTE, as shown in **Table 24**. Non-Personnel costs are estimated to average 15.0 percent of the operating budget, or $72,000 annually. Potential annual operating capital includes both the purchases of new technology equipment for new employees, as well as the annualized cost of fleet purchases. Based on discussions with Montgomery County Precinct #3 and various peer city public works departments, EPS estimates the one-time fleet purchase to total approximately $4.0 million. (This excludes the purchase of new police vehicles included in the Police one-time expenditures.) One-time costs are annualized by dividing the total cost by the estimated replacement cycle of each vehicle. For the purposes of this analysis, non-Public Works vehicles are estimated to be replaced every five years. All Public Works vehicles and equipment will have a replacement cycle of seven years. Thus, annualized fleet costs are estimated to total approximately $634,000. Annual operating capital is estimated to total $641,000, resulting in total annual Fleet Maintenance costs of approximately $1.1 million. A more detailed analysis of the specific vehicles is included in Chapter 3: Capital Expenditures.

Table 24
Fleet Maintenance
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Fleet Operations Manager	1.0	
Fleet Technician	2.0	
Maintenance Technician/Mechanic	3.0	
Admin. Asst./Cust. Service	1.0	
Total	**7.0**	**$408,000**
Net New FTE	**7.0**	
Non-Personnel		
% of Operating Budget	15%	$72,000
Subtotal		**$72,000**
Operating Capital		
Per Net New FTE[2]	$1,000	$7,000
Annualized Fleet Cost[3]		$633,700
Subtotal		**$640,700**
Total		**$1,120,700**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

[3] Based on estimated fleet purchases divided by replacement cycle of 5 years for automobiles and 7 years for Public Works vehicles and equipment

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Parks and Recreation

Parks and Recreation operates 2,750 acres of parks and is therefore one of the largest departments in the Township. Parks and Recreation provides Operations and Maintenance (36.5 FTE), Administrative Services (9.0 FTE), Planning (10.0 FTE), Aquatics (67.0 FTE, mostly lifeguards), and Recreation (18.0 FTE), as well as operates and manages the Town Center Facilities (8.0 FTE). Under incorporation, all services would continue as provided by the Township, as shown in **Table 25**. Annual Parks and Recreation costs are estimated to total $12.9 million.

To date, new park development has been the joint responsibility of The Woodlands Township and The Woodlands Development Company. Since early 2010, park development costs have been funded by the Township through bond issues and by the Development Company through access fee proceeds. As the Township gets closer to build out, funding for new park development will decrease and the costs associated with park redevelopment, major pathway maintenance, and pool renovations will increases as community facilities age and require replacement or renovation. The Woodlands expects that the access fee or franchise fee would be available in the future upon incorporation. Thus, new annual operating capital costs are assumed to be $5.3 million, or equal to the amount of estimated Franchise Fee revenue projected in the Revenue Sources chapter of this report.

Table 25
Parks and Recreation
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Operations		
Superintendent	1.0	
Park Rangers	10.5	
Other	25.0	
Subtotal	**36.5**	**$2,011,037**
Administration		
Director	1.0	
Asst. Director	1.0	
Development Manager	1.0	
Special Events Coordinator	1.0	
Admin Asst. II	2.0	
Admin Asst. III	1.0	
Special Events Specialist	1.0	
Customer Service Rep	1.0	
Subtotal	**9.0**	**$691,614**
Planning		
Project Manager	1.0	
Other	9.0	
Subtotal	**10.0**	**$578,820**
Aquatics		
Aquatics Superintendent	1.0	
Lifeguards	58.5	
Other	7.5	
Subtotal	**67.0**	**$1,393,629**
Recreation		
Recreation Superintendent	1.0	
Other	17.0	
Subtotal	**18.0**	**$701,219**
Town Center Facilities		
Town Center Superintendent	1.0	
Town Center Rangers	5.0	
Other	2.0	
Subtotal	**8.0**	**$453,719**
Total	**148.5**	**$5,830,038**
Net New FTE[2]	**0.0**	
Non-Personnel		
Operations % of Op. Budget	65%	$3,725,250
Administration % of Op. Budget	41%	$471,700
Planning % of Op. Budget	0%	$0
Aquatics % of Op. Budget	28%	$554,700
Recreation % of Op. Budget	62%	$1,137,500
Town Center Facilities % of Op. Budget	73%	$1,198,500
Subtotal		**$7,087,650**
Operating Capital		
Per Net New FTE[3]	$1,000	$0
Subtotal		**$0**
Total		**$12,917,688**
Annual Capital Projects[4]		**$5,349,000**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs based on 2012 Township Budget

[2] Excludes two facilities maintenance FTEs included in Facilities Maintenance

[3] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

[4] Based on earmarked revenue available from Franchise Fees for capital projects

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Planning and Development

The Township does not currently have a Planning and Development Department. However, it does perform a number of services, such as Covenant Administration that would most likely be included in a Planning and Development Department. Upon incorporation, the City would also be required to provide additional Planning and Development services, including Long-Range Planning, Development Review, Building Inspection and Code Enforcement, Animal Control, and Health and Safety.

Long-Range Planning

Under incorporation, the City will need both long-range land-use and transportation planning staff to guide future land use and transportation decisions once The Woodlands Development Company completes development. While The Woodlands residential neighborhoods are largely built-out at this time, there remains additional commercial development potential as well as opportunities for future redevelopment and/or annexations, as well the need for new transportation infrastructure and upgrades. Additional Community Development Services are anticipated including administration of CDBG and other Federal grants and entitlements. EPS estimates an initial Long-Range Planning staff of 6.0 FTE, as shown in **Table 26**. Non-personnel costs are estimated to average 10.0 percent of the operating budget, or $58,000 annually. Annualized operating capital costs are estimated at $6,000 based on a net increase of 6.0 FTE. No one-time capital expenditures associated with incorporation are anticipated.

Table 26
Long-Range Planning
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Planning Director	1.0	
Land Use Planner	2.0	
Transportation Planner	1.0	
Transporation Engineer	1.0	
Administrative Asst.	1.0	
Subtotal	**6.0**	**$523,000**
Net New FTE	**6.0**	
Non-Personnel		
% of Operating Budget	10%	$58,111
Subtotal		**$58,111**
Operating Capital		
Per Net New FTE[3]	$1,000	$6,000
Subtotal		**$6,000**
Total		**$587,111**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary)

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Development Services

The Development Services Division would handle all development review and compliance services for the City, including Development Review, Building Inspection, Covenant Administration, Animal Control, and Health and Safety. EPS estimates necessary personnel of 6.0 FTE for Development Review, 4.0 FTE for Building Inspection, 33.0 FTE for Covenant Administration, 4.0 FTE for Animal Control, and 4.0 FTE for Health and Safety as shown in **Table 27**. Based on estimates from the peer cities, non-personnel costs are estimated to average 10, 10, 14, 50, and 10 percent, respectively, or a total of approximately $674,000. Applying an annualized factor of $1,000 per new employee, EPS estimates new annual operating capital costs of $18,000. Annual City Development Services expenditures are estimated to total approximately $3.9 million. No one-time capital expenditures as a result of incorporation are anticipated.

Table 27
Development/Compliance Services
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Development Review		
Development Review Coordinator	1.0	
Planner	2.0	
Engineer	1.0	
Planning Technician	2.0	
Subtotal	**6.0**	**$436,080**
Building Inspection		
Building Inspector	1.0	
Building Official	1.0	
Permit Clerk	2.0	
Subtotal	**4.0**	**$309,120**
Covenant Administration		
Director	1.0	
Property Compliance Manager	2.0	
Village Property Comp. Supervisor	6.0	
Commercial Property Comp. Supervisor	1.0	
Admin Services Supervisor	1.0	
Revitalization Specialist	1.0	
Applications Specialist	2.5	
Property Compliance Specialist	7.0	
Administrative Asst. I	1.5	
Compliance Specialist	2.0	
Property Compliance Technician	8.0	
Subtotal	**33.0**	**$2,018,238**
Animal Control		
Animal Control Manager	1.0	
Animal Control Officer	3.0	
Subtotal	**4.0**	**$234,600**
Health and Safety		
Environmental Health Manager	1.0	
Health Inspector	3.0	
Subtotal	**4.0**	**$253,920**
Subtotal	**51.0**	**$3,251,958**
Net New FTE	**18.0**	
Non-Personnel		
Development Review % of Op. Budget	10%	$48,453
Building Inspection % of Op. Budget	10%	$34,347
Covenant Administration % of Op. Budget	14%	$327,100
Animal Control % of Op. Budget[2]	50%	$234,600
Health and Safety % of Op. Budget	10%	$28,213
Subtotal		**$672,713**
Operating Capital		
Per Net New FTE[3]	$1,000	$18,000
Subtotal		**$18,000**
Total		**$3,942,671**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs include salary + benefits (38% of salary); Covenant Administration Personnel Costs based on 2012 Township Budget

[2] Non Personnel Operating Costs include contract with County Animal Shelter

[3] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: All developer-related commercial development costs will continue to be paid by the developer under either scenario

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Economic Development

Convention and Visitors Bureau

Upon incorporation, the Township's Convention & Visitors Bureau will continue operations as a stand-alone entity. The CVB staff will continue to be funded by the General Fund and operations will be funded through the CVB fund. EPS assumes a staff of 5.3 FTE, including a full-time CVB President, as shown in **Table 28**. Non-personnel expenses are estimated to average $31 per capita, or approximately $2.9 million annually. Applying an annualized factor $1,000 per 0.5 net new employees, EPS estimates new operating capital costs of $500 per year. Annual Convention and Visitors Bureau expenses are estimated to total $3.4 million. No one-time expenditures associated with incorporation are anticipated.

Table 28
Convention & Visitors Bureau
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
CVB President	1.0	
Marketing Specialist	1.0	
Business Development Specialist	1.0	
Event Specialist	1.0	
Admin Asst. II	1.0	
Intern	0.3	
Subtotal	**5.3**	**$469,588**
Net New FTE	**0.5**	
Non-Personnel		
Expenditure per Capita	$31	$2,884,457
Subtotal		**$2,884,457**
Operating Capital		
Per Net New FTE[2]	$1,000	$500
Subtotal		**$500**
Total		**$3,354,545**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs from 2012 Township Budget

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Economic Development Services/Programs

Economic Development services are provided by the Township utilizing contracted services with the Economic Development Partnership and CVB staff. Under incorporation, EPS assumes CVB staff will continue to provide Economic Development services. Thus, no direct employment will be associated with Economic Development. Non-personnel costs are estimated to average $6.00 per capita, or approximately $563,000, as shown in **Table 29**. No new annual operating capital costs are anticipated. Thus, annual Economic Development expenses are estimated to total $563,000. No one-time capital expenditures are anticipated.

Table 29
Economic Development
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
None	0.0	$0
Subtotal	**0.0**	**$0**
Net New FTE	**0.0**	
Non-Personnel		
Expenditure per Capita	$6	$563,082
Subtotal		**$563,082**
Operating Capital		
Per Net New FTE[2]	$1,000	$0
Subtotal		**$0**
Total		**$563,082**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs from 2012 Township Budget

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Solid Waste Collection

The Township provides Solid Waste Collection services via a contract to a private waste collection company. Many cities charge an additional user fee for solid waste collection. However, it is assumed that The Woodlands would provide Solid Waste Collection through property tax collection, as it currently does in the Township. EPS also assumes all collection services will continue to be provided via a contract with a private waste collection company. Thus, no personnel costs are associated with Solid Waste. However, it is assumed the City would also continue to provide Environmental Services to manage the contract and provide public outreach and education. EPS estimates an Environmental Services staff of 4.3 FTE, as shown in **Table 30**. Non-personnel Solid Waste costs are estimated to average $131 per household, or $4.6 million. Non-personnel Environmental Services are estimated to average 43 percent of the operating budget, or approximately $223,000 annually. No new annual operating capital costs are anticipated. Annual Solid Waste Collection expenses are estimated to total approximately $5.1 million. No one-time capital expenditures are anticipated.

Table 30
Solid Waste Collection
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
Solid Waste	0.0	$0
Subtotal	**0.0**	**$0**
Environmental Services		
Env. Services Manager	1.0	
Env. Education Coordinator	2.0	
Env. Education Specialist	0.5	
Intern	0.8	
Subtotal	**4.3**	**$289,421**
Subtotal	**4.3**	**$289,421**
Net New FTE	**0.0**	
Non-Personnel		
Expenditure per HH	$131	$4,572,024
Environmental Services % of Op. Budget	43%	$222,610
Subtotal		**$4,794,634**
Operating Capital		
Per Net New FTE[2]	$1,000	$0
Subtotal		**$0**
Total		**$5,084,055**
One-Time		
None		$0
Total		**$0**

[1] Personnel costs from 2012 Township Budget

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Water, Wastewater, and Stormwater

Montgomery and Harris County Municipal Utility Districts (MUDs) currently provide water distribution, wastewater collection and treatment, and stormwater management. Montgomery County MUDs are operated by the Joint Powers Agency (JPA) which acts as a consolidated administrative agency. The JPA contracts water and wastewater to the San Jacinto River Authority that owns the majority of the system. Two Harris County MUDs in the Township operate independently. Upon incorporation, the Montgomery and Harris County MUDs and the JPA would be dissolved, and a new joint enterprise fund for water distribution, wastewater collection, and stormwater management would be established in a new enterprise fund, otherwise known the Utilities Fund.

The Utilities Fund would collect water bills, as well as property tax mills to fund the associated operations, administration, debt service, and partial water purchases from the River Authority. Based on discussions with the JPA and Harris County, a total of $7.3 million is collected annually from the MUDs to cover associated operating expenses not included in the water bill. EPS estimates a necessary staff of 27.0 FTE, as shown in **Table 31**. Holding operations constant, non-personnel costs are estimated to average 74 percent of the operating budget, or $5.4 million annually.

In addition to operations, approximately $25.7 million is collected from the Harris County and Montgomery County MUDs to cover debt service associated with the initial construction of water, wastewater, and stormwater infrastructure. Assuming the outstanding debt of each MUD is consolidated, the total consolidated debt service expenses are estimated to remain the same, or $25.7 million annually. Thus, total costs for annual water, wastewater, and stormwater costs are estimated at approximately $33.1 million. Additional costs for monthly water usage and water bill collections are assumed to be offset by user charges and are not included in this analysis.

Approximately 27 homes in the Township are located in WC&ID MUD No. 1. Upon incorporation, the allocated debt balance of these homes will need to be paid off so that these homes can operate under the City's Utility Fund. This one-time cost is estimated at approximately $1.7 million.

Table 31
Water and Wastewater
The Woodlands Incorporation Study

Item	FTE	Total
Annual		
Personnel[1]		
General Manager	1.0	
Deputy General Manager	1.0	
Administrative Assistant	1.0	
Board Secretary/HR Rep	1.0	
Accounting Manager	1.0	
Assistant Accounting/Customer Accou	1.0	
Accounting Assistant	1.0	
Tax Assessor/Collector	0.0	
Tax Rep	0.0	
Customer Service Supervisor	1.0	
Lead Customer Service Rep	1.0	
Customer Accounts Supervisor	1.0	
New Accounts Coordinator	1.0	
Customer Accounts Rep	2.0	
Customer Service Rep	5.0	
Field Foreman - Tap Crew	1.0	
Field Foreman -Ditch Crew	1.0	
Field Inventory Controller	1.0	
Field Superintendent	1.0	
Inspector	1.0	
Laborer	3.0	
Operator	1.0	
Total	**27.0**	**$1,902,300**
Net New FTE	**(2.0)**	
Non-Personnel		
Operations (% of Op. Budget)	74%	$5,434,948
Debt Service		$25,737,889
Subtotal		**$31,172,837**
Operating Capital		
Per Net New FTE[2]	$1,000	$0
Subtotal		**$0**
Total		**$33,075,137**
One-Time		
MUD No. 1 Balance Payment[3]		$1,683,385
Total		**$1,683,385**

[1] Personnel costs from 2012 JPA Budget Salaires + Benefits (38.0 percent of salary)

[2] Represents purchase of technology equipment for new employees; $1,000= ($3,000 per employee annualized over 3 years)

[3] Represents allocated debt balance to homes in Township. See Capital Expenditures

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Other General Fund Expenditures

Other Expenditures include Governance, Regional Participation agreement, funding requests from local organizations, village associations, uncollected taxes, and contingency. Under incorporation, all of these expenses would likely continue except for Governance. Thus, EPS has assumed $2.2 million in annual Other Expenditures under incorporation.

Total Expenditures

Based on the stated assumptions, EPS estimates annual General Fund expenditures to total $112.7 million, as shown in **Table 32**. This includes $16.0 million in transfers to Other Funds that exist in the 2012 Township budget. The 2012 Township budget totals $81.5 million in General Fund expenditures. Including Other Funds (Debt Service, Capital Outlay, Capital Reserves, CVB, Special Revenue) and the Utility Fund, annual expenditures are estimated to total $176.8 million versus $145.6 million in the 2012 Township budget. EPS estimates one-time expenditures related to incorporation to total $145.7 million.

Table 32
Total Annual City Expenditures
The Woodlands Incorporation Study

Description	Township Annual $	Source	City Annual $	One-Time $
General Government				
City Council	$60,300	See Table 3	$105,000	$0
City Manager	$1,018,878	See Table 4	$1,250,421	$0
Intergovernmental	$252,311	See Table 5	$168,811	$0
Human Resources	$674,534	See Table 6	$1,006,686	$0
Information Technology	$1,169,980	See Table 7	$2,434,667	$0
City Secretary	$657,433	See Table 8	$867,169	$0
City Attorney/Legal Services	$0	See Table 9	$869,024	$0
Finance	$1,554,586	See Table 10	$2,381,250	$0
Communications and Marketing	$655,018	See Table 11	$985,259	$0
Non Departmental	$2,415,920	See Table 12	$2,096,240	$0
Subtotal	**$8,458,960**		**$12,164,526**	**$0**
Public Safety				
Police	$10,621,870	See Table 13	$20,864,653	$3,267,000
Neighborhood Services	$462,319	See Table 14	$387,342	$0
Municipal Court	$0	See Table 15	$2,895,647	$4,000,000
Fire Department	$17,964,297	See Table 16	$18,444,411	$0
Subtotal	**$29,048,486**		**$42,592,053**	**$7,267,000**
Public Works				
Administration	$135,636	See Table 17	$257,000	$0
Transportation	$308,400	See Table 18	$308,400	$0
Traffic Control	$0	See Table 19	$1,356,000	$0
Road Maintenance	$0	See Table 20	$3,381,480	$78,163,785
Streetscape	$2,774,050	See Table 21	$2,774,050	$0
Street Lighting	$1,175,000	See Table 22	$1,175,000	$0
Facilities Maintenance	$71,920	See Table 23	$1,022,126	$4,342,058
Fleet Maintenance	$0	See Table 24	$480,000	$0
Subtotal	**$4,465,006**		**$10,754,056**	**$82,505,842**
Parks and Recreation				
Operations	$5,736,287	See Table 25	$5,736,287	$0
Administration	$1,163,314	See Table 25	$1,163,314	$0
Planning	$578,820	See Table 25	$578,820	$0
Aquatics	$1,948,329	See Table 25	$1,948,329	$0
Recreation	$1,838,719	See Table 25	$1,838,719	$0
Town Center Facilities	$1,652,219	See Table 25	$1,652,219	$0
Subtotal	**$12,917,688**		**$12,917,688**	**$0**
Parks and Recreation Capital Projects	**$0**	See Table 25	**$5,349,000**	**$0**

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Working Paper #1:Financial Assumptions; Economic & Planning Systems

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Table 32 (cont.)
Total Annual City Expenditures
The Woodlands Incorporation Study

Description	Township Annual $	Source	City Annual $	One-Time $
Planning and Development Services				
Long Range Planning	$0	See Table 26	$587,111	$0
Development Review	$0	See Table 27	$490,533	$0
Building Inspection	$0	See Table 27	$347,467	$0
Covenant Administration	$2,345,338	See Table 27	$2,345,338	$0
Animal Control	$0	See Table 27	$473,200	$0
Health and Safety	$0	See Table 27	$286,133	$0
Subtotal	**$2,345,338**		**$4,529,782**	**$0**
Economic Development				
Convention and Visitors Bureau	$469,588	See Table 28	$469,588	$0
Economic Development Services/Programs	$319,100	See Table 29	$563,082	$0
Subtotal	**$788,688**		**$1,032,670**	**$0**
Solid Waste				
Solid Waste Disposal	$4,572,024	See Table 30	$4,572,024	$0
Environmental Services	$512,031	See Table 30	$512,031	$0
Subtotal	**$5,084,055**		**$5,084,055**	**$0**
Other[1]	**$2,371,082**		**$2,221,082**	**$0**
Transfers Out	**$16,013,311**		**$16,013,311**	**$0**
Total General Fund	**$81,492,614**		**$112,658,223**	**$89,772,842**
Other Funds				
CVB	$2,884,457	See Table 28	$2,884,457	$0
Debt Service	$8,916,220		$8,916,220	$0
Capital Projects	$15,123,127		$15,123,127	$0
Capital Reserves	$4,130,000		$4,130,000	$0
Total Other Funds	**$31,053,804**		**$31,053,804**	**$0**
Utilities Fund	**$33,075,137**	See Table 31	**$33,075,137**	**$1,683,385**
Total Expenses	**$145,621,555**		**$176,787,164**	**$91,456,228**

[1]City excludes $150,000 governance

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Working Paper #1:Financial Assumptions; Economic & Planning Systems

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3. CAPITAL EXPENDITURES

The transition from a Township to an incorporated City would require the City to invest in a number of items that were previously provided through the capital assets of other entities, including the counties and the Development Company. Upon incorporation, the City will be required to provide these services through its own capital assets. Where new significant new capital expenses are projected, EPS assumes the City would fund these improvements through general obligation or revenue bonds. Based on the Township's guidance, bond terms are assumed for a 30-year term at a 4.75 percent interest rate. The primary capital expenses to be considered include a new vehicle fleet, Public Works facility, Road Capital Projects, Police Department, Municipal Court, MUD No. 1 debt balance payment, and the MUD Consolidation. Some of these capital items are annualized and included as new annual operating capital in each departments. These include vehicle and equipment purchases and police start-up costs. Items that will require bond issuance are included in whole as one-time capital expenditures and will be funded out of a Capital Fund (Other Funds). These items include the land for the new police facility, the new Municipal Court facility, the new Public Works facility, major Road Maintenance capital projects, and a MUD No. 1 debt balance payment.

Vehicle Fleet

As mentioned, the City would need to establish a Public Works Department under incorporation. This will require a substantial investment in road maintenance vehicles and equipment, as well as vehicles necessary for other departments that will be maintained by Public Works. EPS spoke with Public Works professionals at both Montgomery County Precinct #3 and several of the peer city communities to estimate an inventory of vehicles and equipment. This inventory includes not only Public Works, but also the addition of any new vehicles necessary for other City departments. EPS estimates a total fleet of 215 vehicles, as shown in **Table 33**. Of this 218, 125 represent the required police fleet. The cost of the new police fleet is included in the Police Department Start Up Costs estimated by the Novak Consulting Group. Thus, the cost of these vehicles is not included in the analysis. Assuming a five-year replacement cycle for non-Public Works vehicles and a seven-year cycle for Public Works vehicles and equipment, the total annual operating fleet capital costs associated with incorporation are estimated at approximately $634,000.

Table 33
Vehicle Fleet
The Woodlands Incorporation Study

#	Associated Department	Township	City # of New Items	City Total Cost	Annualized Cost[2]
1	City Council		0	$0	$0
2	City Manager		0	$0	$0
3	Intergovernmental Relations		0	$0	$0
4	Human Resources		1	$20,000	$4,000
5	Information Technology	1	0	$0	$0
6	City Secretary		0	$0	$0
7	City Attorney/Legal		0	$0	$0
8	Finance		0	$0	$0
9	Communications and Marketing		0	$0	$0
10	Non-Departmental		0	$0	$0
11	Police		125	$0	$0
12	Neighborhood Services		0	$0	$0
13	Municipal Court		0	$0	$0
14	Fire Department	30	3	$48,000	$9,600
15	Public Works-Admin.		0	$0	$0
16	Public Works-Transportation		0	$0	$0
17	Public Works-Traffic Control		0	$0	$0
18	Public Works-Roads		37	$3,403,000	$414,714
19	Pubic Works-Streetscape		0	$0	$0
20	Public Works Facilities[1]	7	11	$175,000	$32,886
21	Public Works Fleet		20	$531,000	$106,200
22	Parks and Recreation	30	0	$0	$0
23	Planning		2	$36,000	$7,200
24	Development Services-Review		0	$0	$0
25	Development Services-Building Inspection		13	$193,500	$38,700
26	Development Services-Covenant Administration		0	$0	$0
27	Development Services-Animal Control		4	$70,000	$14,000
28	Development Services-Health Inspection		2	$32,000	$6,400
29	CVB		0	$0	$0
30	Economic Development		0	$0	$0
31	Solid Waste	Contract	0	$0	$0
32	Water-Waste Water-Stormwater	Contract	0	$0	$0
Total		**68**	**218**	**$4,508,500**	**$633,700**

[1]Public Works facilities vehicles are under the management of Parks and Recreation in the Township

[2]Annualized Costs represent total cost divided by estimated replacement cycle (5 years for automobiles; 7 years for Public Works vehicles and equipment

Note: Figures may vary based on rounding

Source: Montgomery County Precinct #3, City of Round Rock Public Works; Economic & Planning Systems

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Public Works Facility

The new Public Works Department would need a maintenance yard and facility to store the vehicle fleet and road and building maintenance equipment. This facility would include a vehicle storage canopy, a sign shop and storage, and a garage to perform regular maintenance on fleet vehicles and equipment. Based on discussions with peer city public works professionals, EPS estimates a required facility of approximately 52,500 square feet, requiring about 4.5 acres of land, as shown in **Table 34**. The maintenance facility would likely be built in a peripheral location in the City. Thus, land costs are estimated to be approximately $6 per square foot, or $1.2 million. Building costs are estimated to total $2.5 million with an additional $633,000 in development soft costs (architect, legal, insurance, etc.). Based on the above, one-time development costs for a new Public Works facility are estimated to total approximately $4.3 million.

Table 34
Public Works Facility
The Woodlands Incorporation Study

Item	Size		Total
Facility Description			
Vehicle Storage Canopy	36,000		
Sign Shop and Storage	1,500		
Vehicle Maintenance	15,000		
Total Building (Sq. Ft.)	**52,500**		
Total Size (Sq. Ft.)	196,020		
Total Size (Acres)	4.5		
# of Vehicles housed			
# of Maintenance Bays	6		
Land Cost ($)	**196,020**	$6	**$1,176,120**
Building Costs			
Hard Costs			
Vehicle Storage Canopy	36,000	$25	$900,000
Sign Shop and Storage	1,500	$85	$127,500
Vehicle Maintenance	15,000	$85	$1,275,000
Subtotal	**52,500**		**$2,302,500**
Systems[1]		10%	$230,250
Total Building Costs			**$2,532,750**
Soft Costs		25%	**$633,188**
Total Cost ($)			**$4,342,058**
All in Cost w/o Land (per building sq. ft.)			**$60**
All in Cost w/ Land (per building sq. ft.)			**$83**

[1]Lifts, Security/Card Readers

Note: Figures may vary based on rounding

Source: City of Sugar Land; Economic & Planning Systems

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Public Works Road Improvements

The initial road network in parts of The Woodlands developed in the 1960s and 1970s is beginning to deteriorate and reaching the end of its useful life. Some of these roads will need to be overlayed or rebuilt. Currently a County's responsibility, this infrastructure would become the responsibility of The Woodlands under incorporation. Montgomery County Precinct #3 compiled a list of necessary and/or scheduled road improvement projects for a potential bond issue in 2009. This list included up to four options for each project, ranging from complete rebuild to widening to simple overlays. A large portion of these projects are located in The Woodlands Township boundaries and would become the responsibility of The Woodlands upon incorporation. The proposed bond measure did not pass. As a result, only one project has been initiated: the stabilization of Research Forrest Road from I-45 to Shadowbend. Based on discussions with the Precinct and the existing community expectations of high levels of service in The Woodlands, EPS has assumed the most substantial (highest cost) improvements for each project, as shown in **Table 35**. A more detailed inventory of projects is included in the financial model.

Table 35
Public Works Road Improvements
The Woodlands Incorporation Study

Description	Option #1	Option #2	Option #3	Option #4	Estimate
Concrete Road Repairs	**Rebuild** $75,176,569	**Stabilize** $57,671,311	**PFC Overlay** $17,353,557	**Asphalt Overlay** $8,686,632	**$75,176,569**
Asphalt Road Repairs	**Full Depth, 4 ft. Widening w/PFC** $0	**Full Depth, 4 ft. Widening** $0	**Full Depth w/PFC** $2,743,231	**Full depth** $1,980,567	**$2,743,231**
Concrete Curb Repairs	**New Curb** $243,984	$0	$0	$0	**$243,984**
Total	**$75,420,553**	**$57,671,311**	**$20,096,788**	**$10,667,199**	**$78,163,785**

Note: Research Forrest road repair already completed
Note: Figures may vary based on rounding
Source: Montgomery County Precinct 3; Economic & Planning Systems
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The $78.2 million only represents the potential necessary projects in Precinct 3. While this precinct is by far the largest precinct (329 road miles), there are 106 miles of roads in Precincts 2 (93 miles) and 4 (13 miles) that would also fall under the responsibility of The Woodlands under incorporation. Upon discussion with the Montgomery County engineer, the County does not estimate or identify any necessary immediate capital projects for the portion of these Precinct roads located in The Woodlands. Thus, EPS does not estimate any additional costs above the $78.2 million identified in Precinct 3.

Most cities issue capital improvement bonds for new facilities and capital maintenance periodically averaging every 8 to 10 years. However, the majority of the project list represents deferred maintenance projects that require immediate attention. Thus, the Township desires to include all $78.2 million in road maintenance capital projects as one-time capital expenditures.

Police Department

Under incorporation, the City would need to purchase or build a new Police Department facility, as well as purchase or supply substantial upfront equipment and training costs. The Novak Consulting Group's Public Safety Report assumes the construction of a new facility for approximately $18.0 million, as shown in **Table 36**. This estimate did not include land. Based on discussions with local real estate professionals, a new police department would likely require a central location at an estimated cost of $15.00 per square foot of land. This results in additional land costs of $3.3 million, or a total Police Station estimate of $21.3 million. Additional equipment and upfront costs include patrol car fleet, station equipment, and various training and personnel investments. The total cost to establish a new police department is estimated to total approximately $35.0 million. The debt service on the $18.0 million building and the annual cost of vehicle purchase and replacement are already included in the annual operating costs of the new Police Department per the Novak Consulting Group report. Thus, only the land for the new Police Department facility is included as a one-time capital expenditure. Assuming a replacement cycle of four-years for all other capital equipment, EPS estimates new annual operating capital costs to total approximately $2.2 million.

Table 36
Police Department
The Woodlands Incorporation Study

Item	Unit	Cost	Total	One-Time[2]	Annual[3]
Police Station					
Building	75,000	$240	$18,000,000	$0	
Land[1]	217,800	$15	$3,267,000	$3,267,000	
Subtotal			**$21,267,000**	**$3,267,000**	
Patrol Cars[4]	125	$40,000	$5,000,000		$0
Uniformed and Office Equipment	125	$5,000	$625,000		$156,250
Information Technology	1	$1,200,000	$1,200,000		$300,000
Expansion of Fire Dispatch System	1	$2,000,000	$2,000,000		$500,000
Addditional Equipment	1	$250,000	$250,000		$62,500
Recruitment/Selection/Background	159.5	$5,000	$797,500		$199,375
Training	125	$28,600	$3,575,000		$893,750
Transition	1	$250,000	$250,000		$62,500
Total			**$34,964,500**	**$3,267,000**	**$2,174,375**

[1]Assumes required land for Police Station is 5 acres

[2]One-Time costs of Police Buildng included in annual operating expenses

[3]Annual represents Total Cost divided by estimated replacement cycle (4 years)

[4]Annual operating capital cost estimated on a 4-year replacement cycle and included in annual operating costs per Novak Consulting Report

Note: Figures may vary based on rounding

Source: The Novak Consulting Group; Economic & Planning Systems

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Municipal Court

Land use restrictions prohibit the inclusion of a municipal court in the new administration building. As a result, EPS assumes a new facility will need to be constructed. Based on consultation with peer cities and a municipal architect, a new facility is estimated at approximately 10,000 square feet and 1.5 acres of land, as shown in **Table 37**. The facility is assumed to be located with the new police facility, and land costs would likely be similar. Building costs are estimated to total $2.4 million with another $600,000 for various development soft costs (architect, legal, insurance, etc.). Based on the above, one-time development costs for a new Municipal Court are estimated to total approximately $4.0 million.

Table 37
Municipal Court
The Woodlands Incorporation Study

Item	Size		Total
Building Size			
Large Courtroom	2,500		
Small Courtroom	1,000		
Collection Desk/Admin Offices	3,000		
Judge Office	500		
Jury Room	500		
Holding/Detention Cell	500		
Security Room	500		
Wating/Vending	750		
Restrooms	750		
Total (Sq. Ft.)	**10,000**		
FAR	0.15		
Land Size (Sq. Ft.)	**65,000**		
Land Size (Acres)	**1.49**		
Development Costs ($)			
Land Cost	**65,000**	$15	**$975,000**
Building Costs			
Hard Costs	10,000	$220	$2,200,000
Systems[1]		10%	$220,000
Total Building Costs			**$2,420,000**
Soft Costs		25%	**$605,000**
Total Cost ($)			**$4,000,000**
All in Cost w/o Land (per building sq. ft.)			**$303**
All in Cost w/ Land (per building sq. ft.)			**$400**

[1]Security/Card Readers, CCTV, PA System

Note: Figures may vary based on rounding

Source: City of Sugar Land; Edwards & Associates Architecture; RS Means; Economic & Planning Systems

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MUD Consolidation

Water, wastewater, and stormwater management are currently delivered to Township residents via 14 separate Municipal Utility Districts (MUDS). Of these MUDs, 12 are located in Montgomery County (11 are managed by the JPA) and two are located in Harris County. Each MUD assesses residents a property tax for both outstanding debt service associated with the upfront capital investments in water and sewer systems and a portion of ongoing operations costs. The costs of debt service and operations are specific to each MUD; thus, each MUD has a different property tax rate. Upon incorporation, all MUDs in the Township will need to be dissolved and consolidated.

A small portion of homes in Grogan's Point are located within the Township boundaries but in a MUD (WCID/MUD No. 1) that is predominately outside the Township boundaries and not managed by JPA. The portion of debt associated with these homes will need to paid off before these homes can be consolidated under the City's Utility Fund There are almost 1,100 homes in MUD No. 1 with a total assessed value of $101.8 million, as shown in **Table 38**. Of these homes, 27 are located inside the Township boundaries, representing 12 percent of the district assessed values. MUD No. 1 has an outstanding debt of $14.4 million. Based on the allocation of assessed values, $1.7 million of this outstanding debt can be assigned to the 27 homes. Thus under incorporation, the City would need to pay off the remaining balance of $1.7 million as a one-time capital cost.

Table 38
Grogan's Point WCID/MUD No. 1 Consolidation
The Woodlands Incorporation Study

Item	Total
# of Homes	1,096
Total Assessed Value	$101,829,410
# of homes inside of Township	27
Assessed Value of homes inside Township	$11,874,930
	12%
MUD No. 1 Outstanding Debt	$14,435,298
	12%
Required Balance Payment	**$1,683,385**

Note: Figures may vary based on rounding

Source: JPA; Economic & Planning Systems

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The combined outstanding debt balance of both Harris County and Montgomery MUDs is estimated at $297.9 million, as shown in **Table 39**. MUD debt property tax rates range from $0.00 to $0.75 per $100 of assessed value, totaling $25.7 million in annual revenue. The MUD Operations (O & M) property tax rates range from $0.00 to $0.24 per $100 of assessed value, totaling $7.3 million in annual revenue. Thus, total annual MUD expenses are approximately $33.1 million.

Under consolidation, the capital debt from all MUDs is assumed to remain at the same terms. Thus, annual debt payments under incorporation are estimated to total $25.7 million. The consolidated payment from operations and can either continue to be funded with property tax or can be incorporated into user fees on the water and wastewater utility bill. This analysis assumes the continued use of property tax to pay for a portion of operations. Thus, O & M costs would likely to continue to average $7.3 million, resulting in a total of $33.1 million in annual MUD expenses under incorporation. Based on a taxable value of $12.6 billion, a newly established City Utilities Fund would need to levy $0.2633 per $100 of assessed value. Thus, this rate would represent an increase in taxes for several of the MUDs that no longer have outstanding debt and a decrease for a number of MUDs that currently charge higher rates, as shown in **Figure 3**.

Table 39
MUD Consolidation
The Woodlands Incorporation Study

Item	Debt Balance	Debt Payment	Operations	Total	Taxable Value	Debt Rate	Operations	Total Rate
Harris County MUDs								
386	$71,405,000	$4,707,856	$1,506,514	$6,214,369	$627,714,077	0.75	0.24	**0.99**
387	$0	$0	$0	$0	$672,311	0.00	0.00	**0.00**
Total	**$71,405,000**	**$4,707,856**	**$1,506,514**	**$6,214,369**	**$628,386,388**			
Montgomery County								
1 [1]	$0	$0	$0	$0	$11,281,184	0.00		**0.00**
2	$710,000	$189,662	$79,026	$268,688	$158,051,537	0.12	0.05	**0.17**
6	$0	$0	$512,130	$512,130	$585,291,890	0.00	0.09	**0.09**
7	$6,545,000	$1,100,310	$193,037	$1,293,346	$772,147,140	0.14	0.03	**0.17**
36	$0	$0	$169,482	$169,482	$423,705,559	0.00	0.04	**0.04**
39	$16,360,000	$1,590,909	$122,378	$1,713,286	$407,925,257	0.39	0.03	**0.42**
40	$2,875,000	$551,647	$551,647	$1,103,294	$689,558,983	0.08	0.08	**0.16**
46	$106,480,000	$7,179,351	$1,092,510	$8,271,860	$3,121,456,781	0.23	0.04	**0.27**
47	$34,635,000	$3,716,047	$1,205,204	$4,921,251	$2,008,674,024	0.19	0.06	**0.25**
60	$22,350,000	$2,673,303	$758,640	$3,431,943	$1,445,028,548	0.19	0.05	**0.24**
67	$19,185,000	$1,878,091	$701,704	$2,579,795	$825,534,395	0.23	0.09	**0.31**
Metro	$17,320,000	$2,150,715	$444,976	$2,595,691	$1,483,251,996	0.15	0.03	**0.18**
Total	**$226,460,000**	**$21,030,034**	**$5,830,734**	**$26,860,768**	**$11,931,907,294**			
Consolidated Total	**$297,865,000**	**$25,737,889**	**$7,337,248**	**$33,075,137**	**$12,560,293,682**	0.20	0.06	**0.26**

[1]District 1 includes only 27 homes of district. See MUD PMT Case Study.

Note: Figures may vary based on rounding

Source: JPA; Economic & Planning Systems

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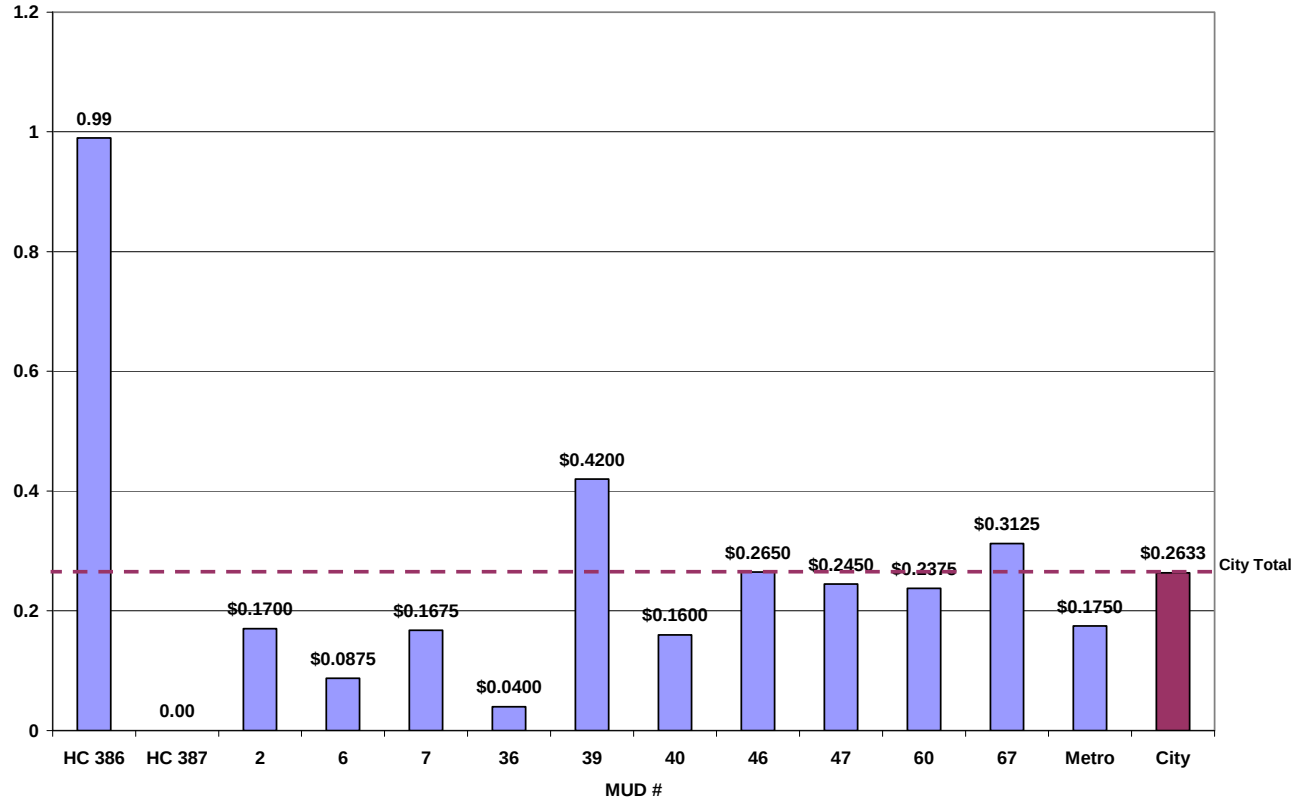
Figure 3
Utility Property Tax Rate Comparison
The Woodlands Incorporation Study



4. REVENUE SOURCES

This chapter of the report estimates expected revenues by major revenue sources under the incorporation scenario based on current tax rates or other assumptions as noted. These revenue levels are compared to the estimated costs of incorporation to determine the need for tax increases in Chapter 5.

Revenues by Source

These revenue sources include Property Tax, Sales and Use Tax, Other Taxes (Hotel Occupancy Tax, Event Tax, Mixed Beverage Tax), Utility Access and Franchise Fees, Other/User Fees, Permits and Licenses, Fines and Forfeitures, Grant/Contributions, Interest Income, Other Income, and Transfers In. Revenues are either estimated using existing 2012 Township budget projections or using average revenue factors derived from the peer cities. Expected Annual Revenues under the incorporation scenario total $142.1 million as shown in **Table 40** and explained by source below.

Property Taxes

The Township's current property tax rate for FY 2012 is $0.3250 per $100 of assessed valuation, which is slightly lower than last year's rate of $0.3274. The total assessed valuation is $12.5 billion which is expected to generate $40.5 million in annual property taxes to the General Fund. Under incorporation, this revenue is assumed to be constant. Provided other financing sources do not make up the difference, the working assumption for the incorporation scenarios is that the property tax rate may need to be increased in order to fund the additional required City staffing and services and debt service of one-time capital expenditures.

The Township MUDs (Harris and Montgomery County) currently levy property taxes ranging from $0.00 to $0.99 per $100 of valuation generating a total of $33.1 million in revenue. Under incorporation, EPS assumes the existing outstanding MUD debt and operating and maintenance (O & M) costs will be consolidated. Based on total assessed value, the new City Utility Fund rate is anticipated to total $0.2600 per $100 of assessed valuation, resulting in collections of $33.1 million in property taxes between Harris and Montgomery County.

Sales and Use Taxes

The Woodlands Township levies a base sales and use tax of 1.0 percent. The Township also levies an incremental 1.0 percent Economic Development Zone sales tax that at this point in time is used for EDZ project debt service (convention center) and public safety. The combined 2.0 percent local sales taxes in addition to the State tax rate of 6.25 percent is equal to the 8.25 percent maximum allowable combined tax rate under Texas State Statutes. The Township's combined 2.0 percent sales tax rate is expected to generate $33.6 million in revenues in 2012. Under incorporation, these revenues are estimated to remain unchanged. The new city would be expected to levy either a 2.0 percent general purpose sales tax or a 1.5 percent general purpose sales tax and a 0.5 percent Option 4B Economic Development Corporation sales tax. In either case, the City would be able to generate the same total of 2.0 percent sales taxes as currently

collected. Thus, EPS estimates total sales tax revenue of $33.6 million annually. This revenue is split between the General Fund ($31.5 million) and Other Funds ($2.1 million).

Other Taxes

Hotel Occupancy Tax

The Township levies a 9.0 percent tax on the price paid for a hotel room in the Township. This is in addition to the 6.0 percent rate paid to the State for a total combined rate of 15.0 percent. Under incorporation, the City would lose the ability to levy the supplemental Hotel and Occupancy Tax of 2.0 percent. Thus, the total Hotel and Occupancy Tax rate for the City would be 7.0 percent or approximately $3.9 million annually.

Event Tax

The Township levies a tax on event ticket sales at the Cynthia Woods Mitchell Pavilion. Upon incorporation, the City would lose the ability to levy this tax. Thus, no revenue for Event Tax is estimated.

Mixed Beverage Tax

The State of Texas charges restaurant and bar establishments a 14 percent tax on liquor for mixed drinks, not including beer and wine. The Township does not receive an allocation of this revenue. However as an incorporated city, The Woodlands would receive 8.365 percent of this tax or 1.13 percent. Based on an analysis of peer cities, a city collects an average of approximately $1.35 per capita. Applying this factor to the Woodlands, annual Mixed Beverage Tax collections are estimated to total $127,000.

Franchise Fees

The Woodlands Development Company currently charges utility access fees for the use of developer owned property for utility lines. Municipalities typically charge franchise fees for the use of publicly owned rights of way for that same function.

Upon buildout, EPS assumes the Developer will relinquish its responsibilities for utility easements when its residential development is complete and will sell or convey these properties to the City. Thus, under incorporation, the City would be able to charge the utility providers an appropriate franchise fee. This assumption will require further legal review and confirmation, but at this time it is anticipated that any potential Franchise Fee revenue would be dedicated toward future parks and recreation capital expenditures. Based on an analysis of peer cities, a city collects an average of $57 per capita. Applying this factor to The Woodlands, annual franchise fee collections are estimated to total $5.3 million.

User Fees

Township User Fees include program revenues from Recreation, Aquatics, and CVB programs. Under incorporation, these fees would continue to be collected. Thus, based on the 2012 Township budget projections, a total of approximately $3.8 million is estimated to be collected. Of this $3.8 million, $2.9 million will be collected in the General Fund and $818,000 will be collected in Other Funds.

Permits and Licenses

Permit Fees and Licenses include administrative fees for interest and rebilling, covenant administration, and recreational vehicle storage. Under incorporation, a city can charge permit fees for development plan review, building permits, and building inspections. These fees are generally calibrated to recover the costs of the services provided. Based on an analysis of peer cities, annual permit fees and licenses are estimated to average $26 per capita under incorporation. Applying this factor to populating of The Woodlands, EPS estimates annual permit and license fees to average $2.4 million.

Fines and Forfeitures

A city with an established Municipal Court can collect fines and forfeitures, including traffic and non-traffic fines, warrants, arrest fees, watering restriction violation charges, and other potential fines. Based on an analysis of peer cities, annual fines revenue averages approximately $16.00 per capita. Applying this factor to The Woodlands, EPS estimates annual fines revenue to average $1.5 million.

Grants/Contributions

The Township receives grants and contributions from outside governments (federal, state) and organizations. Under incorporation, a city would also expect to receive grant revenue. Based on an analysis of peer cities, annual grant contributions average approximately $0.60 per capita. Applying this factor to The Woodlands, EPS estimates annual grant contributions of $56,000.

Interest Income

The Township receives a total of $720,00 in interest income on its reserve balances and deposits. Of this $720,000, $589,334 is collected in the General Fund and $131,00 is collected in Other Funds. Under incorporation, the City will continue to collect this income, or a total of $720,000.

Other Income

The Township collects approximately $920,000 from a number of other revenues classified as "Other Income." These revenues include dispatch agreements, sale of property, convention center leases, environmental services, fees in lieu of taxes, and contracted services. These revenues will continue under incorporation. Thus, EPS estimates annual Other Income of approximately $920,000.

Transfers In

A portion of revenue collected by the General Fund is transferred to Other Funds. Thus in 2012, the Township anticipates transferring approximately $16.0 million to various Other Funds. This will not change as a result of incorporation. Thus, approximately $16.1 million of transfer revenue is anticipated into Other Funds.

Total Revenues

Specific revenue is collected in specific funds based on earmarked costs. The General Fund is the primary account for governmental services. Other Funds include debt service, special revenue, capital outlay, capital reserves, and the CVB. Based on estimated collections and transfers established in The Woodlands 2012 Budget, annual City revenue generated to the General Fund under incorporation is estimated to total approximately $89.9 million. Annual revenue generated to the Other Funds is estimated to total $19.1 million. Annual revenue generated to the newly established Utilities Fund is estimated to total $33.1 million. Annual City revenue, including all funds, is estimated to total $142.1 million.

Table 40
Total Revenue
The Woodlands Incorporation Study

Item	Township			Methodology			City				
	General Fund	Other Funds	Total	Method	Factor	Unit	General Fund	Other Funds	Total	Utilities Fund	Total
Property Tax	$40,498,958	$0	$40,498,958	Existing	---	---	$40,498,958	$0	$40,498,958	$33,075,137	$73,574,096
Sales Tax											
General Sales and Use Tax	$16,849,482	$0	$16,849,482	Existing	---	---	$16,849,482	$0	$16,849,482		$16,849,482
EDZ Sales and Use tax	$14,668,185	$2,128,268	$16,796,453	Existing	---	---	$14,668,185	$2,128,268	$16,796,453		$16,796,453
Subtotal	**$31,517,667**	**$2,128,268**	**$33,645,935**	Existing	---	---	**$31,517,667**	**$2,128,268**	**$33,645,935**	**$0**	**$33,645,935**
Hotel Occupancy Tax					---	---					
Hotel Occupancy	$3,930,620	$0	$3,930,620	Existing	---	---	$3,930,620	$0	$3,930,620		$3,930,620
Supplemental Hotel Occupancy	$1,123,034	$0	$1,123,034	---	---	---	$0	$0	$0		$0
Subtotal	**$5,053,654**	**$0**	**$5,053,654**	Existing	---	---	**$3,930,620**	**$0**	**$3,930,620**	**$0**	**$3,930,620**
Event Tax	$50,000	$0	$50,000	---	---	---	$0	$0	$0		$0
Mixed-Beverage Tax	$0	$0	$0	Peer City	$1.35	Per Capita	$127,000	$0	$127,000		$127,000
Utility Access/Franchise Fees	$0	$0	$0	Peer City	$57.00	Per Capita	$5,349,000	$0	$5,349,000		$5,349,000
User Fees	$2,940,050	$817,680	$3,757,730	Existing	---	---	$2,940,050	$817,680	$3,757,730		$3,757,730
Impact Fees	$0	$0	$0	---	---	---	0		$0		$0
Permit Fees and Licenses	$347,100	$0	$347,100	Peer City	$26.00	Per Capita	$2,440,000	$0	$2,440,000		$2,440,000
Fines	$0	$0	$0	Peer City	$16.50	Per Capita	$1,548,000	$0	$1,548,000		$1,548,000
Grants/Contributions	$32,000	$0	$32,000	Peer City	$0.60	Per Capita	$56,000	$0	$56,000		$56,000
Interest Income	$589,334	$130,825	$720,159	Existing	---	---	$589,334	$130,825	$720,159		$720,159
Other Income	$920,453	$0	$920,453	Existing	---	---	$920,453	$0	$920,453		$920,453
Transfers In	$0	$16,013,311	$16,013,311				$0	$16,013,311	$16,013,311		$16,013,311
Total	**$81,949,216**	**$19,090,084**	**$101,039,300**				**$89,917,082**	**$19,090,084**	**$109,007,166**	**$33,075,137**	**$142,082,304**

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Working Paper #1:Financial Assumptions; Economic & Planning Systems

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5. NET FISCAL IMPACTS

As stated in the introduction, the financial model is based on assumptions established in Working Paper #1: Financial Assumptions. These financial assumptions utilize comparative financial data regarding specific costs and service levels gathered from four comparable Texas cities to project the potential costs and service levels associated with The Woodlands upon incorporation This peer city comparison revealed some unique service level attributes of The Woodlands when compared to the four peer cities which tended to increase a number of costs. Some of these differences involve higher relative service levels currently provided by The Woodlands Township when compared to some of the comparable communities, including parks, aquatics, and fire services. As a result, The Woodlands service and staffing levels often exceeds the services provided by some of the comparable communities. Additional detail is provided below to give the reader a better understanding of the major cost and service variations which are included in the final costs and service projections.

- **Law Enforcement** – Law Enforcement costs upon incorporation include typical operational costs, as well as debt service for a new Police and Municipal Courts facility and additional initial start up costs associated with equipping and training a new Police Department. The estimated operational costs of the Police Department are very comparable to a typical city. The major cost variation can be attributed to the requirement of developing a new police facility and other associated start up costs.

- **Parks and Recreation**– The operating costs of the Parks and Recreation Department, upon incorporation including parks, pathways and aquatics programs are projected at existing service and cost levels. This is significantly higher than some of the comparable cities which have lower service levels and reduced costs funded by Homeowner Associations such as in the City of Sugar Land though the First Colony HOA.

- **Fire Department** – The Township Fire Department staffing provides Fire and EMS first responder service with four firefighters assigned to each of the eight fire stations in the Woodlands. Some of the comparable cities have fewer fire stations and choose to assign only three firefighters to an engine company. EPS projects this higher level of service to continue in The Woodlands upon incorporation

- **Waste Collection** – The Woodlands Township currently provides residential garbage and recycling service as part of its basic services funded through property taxes. Most of the comparable cities provide this service as a fee-based service and do not include it as part of their basic tax-supported services. EPS projects residential waste collection will continue to be provided as part of the basic tax-supported services in The Woodlands upon incorporation.

- **Road Capital Projects** – EPS assumes that major roadway capital improvements projects necessary upon incorporation will be funded through a major bonding commitment, requiring a substantial increase in annual debt service. Most of the comparable cities have been funding city roadway infrastructure for years through earmarked revenue streams and do not require such a substantial increase in debt service to fund new capital projects.

- **RPA Debt and RPA Payments** - Per the terms of Regional Participation Agreement with the City of Houston and the City of Conroe, The Woodlands Township is required to make annual payments to support regional projects. The net impact of the required payments is approximately $2.4 million annually. These payments are unique to The Woodlands and would continue if The Woodlands incorporates. Comparable cities do not pay RPA payments to other entities.

- **MUD** - The Woodlands currently has 14 Municipal Utility Districts (MUDs) located within its boundaries. Per State law, these MUDs will be consolidated and assumed by the new "city" government as part of city operations upon incorporation. The consolidation of MUDs into city operations will result in the equalization of user rates for various customers. Thus upon incorporation, the new City Council will have various options to consider when establishing a new funding system for the water and sanitary sewer utility operations.

    - The City could continue to fund the operations and debt service through a combination of a property tax levy and user fees. This is the same funding structure currently used by the MUDs. However upon incorporation, rather than a different property tax levy for each MUD, one equal property tax rate will be levied to all customers in the City.

    - Upon incorporation, the City also has the option to eliminate the property tax levy for utility services and fund all utility debt service and operating costs through a utility user fee based on consumption, similar to how most Texas cities fund their utility operations. All of the comparable cities primarily fund utility operations through a utility user fee system. The net impact of this change would be an increase in existing user fees and the elimination of the property tax levy of the existing MUDs. Thus, the estimated average MUD tax levy (Utilities Fund property tax) impact of $0.2633 per $100 of valuation as shown on Page 7 of Working Pager #2) would be eliminated and all of the utility costs and related debt service would be funded by an increase in the utility user fees. The financial impact on utility users (former MUD customers) would still be significant. However, for comparison purposes with other peer cities, the user fee charge is the most common method to fund city utility operations.

Model Results

To understand the fiscal implications of incorporation, projected City expenses must be netted against projected City revenue. The majority of revenue and expenses will be collected and spent in the City General Fund. However, the Township currently has a number of other funds that it uses to collect certain revenues earmarked for specific expenses. These include debt service, special revenue, capital outlay, capital reserves, and the CVB. These funds are collectively categorized as Other Funds for the purpose of this analysis. In addition, EPS assumes that the City will manage the water, wastewater, and stormwater services in a separate Utilities Fund

Based on the projected revenues and expenses, as well as existing revenue and expenses in the 2012 Township budget, annual operating revenues generated to the City General Fund under

incorporation are estimated to total approximately $89.9 million, as shown in **Table 41**. Annual operating expenses generated to the City General Fund are estimated to total approximately $112.7 million, resulting in an annual shortfall of $22.7 million. This shortfall will need to be paid for through tax increases or alternative revenue sources.

Based on the Township 2012 Budget, annual revenue generated to Other Funds is estimated to total $19.1 million. Annual Other Fund expenses under incorporation are estimated to total $31.1 million, resulting in a shortfall of nearly $12.0 million. Based on the 2012 Township Budget, this shortfall will be paid for out of existing bond proceeds and does not require an expansion of revenue.

In addition to annual Other Fund expenses, EPS estimates one-time capital expenditures generated as a result of incorporation to total $91.5 million. These one-time costs will need to be borrowed. Assuming the new city chooses to finance 100 percent of these costs in the initial year, the annual debt service required as a result of these one-time costs is estimated to total $5.8 million. This $5.8 million also represents a shortfall that will need to be paid for out of an increase in revenue sources.

Netting combined estimated annual revenue and expenditures, EPS estimates a total annual shortfall of $34.7 million and an additional $5.8 million in annualized debt service from projected one-time expenditures.

Finally, EPS estimates annual revenue of $33.1 million in property taxes to the Utilities Fund. This revenue is offset by the estimated $33.1 million in annual expenses (debt service and operations).

Table 41
Revenue and Expense Net Results
The Woodlands Incorporation Study

Item	General Fund Annual	General Fund One-Time	Other Funds Annual	Other Funds One-Time	Total Annual	Total One-Time	Utilities Fund Annual	Utilities Fund One-Time
Revenue								
Property Tax	$40,498,958		$0		$40,498,958	$0	$33,075,137	
Sales Tax	$31,517,667		$2,128,268		$33,645,935	$0		
Other Tax	$4,057,620		$0		$4,057,620	$0		
Franchise Fees	$5,349,000		$0		$5,349,000	$0		
Other Fees	$2,940,050		$817,680		$3,757,730	$0	$0	
Permits/Licenses	$2,440,000		$0		$2,440,000	$0		
Fines	$1,548,000		$0		$1,548,000	$0		
Grants/Contributions	$56,000		$0		$56,000	$0		
Other	$1,509,787		$130,825		$1,640,612	$0		
Transfers In			$16,013,311		$16,013,311	$0		
Total	**$89,917,082**	**$0**	**$19,090,084**	**$0**	**$109,007,166**	**$0**	**$33,075,137**	**$0**
Expenditures								
General Government	$12,164,526			$0	$12,164,526	$0		
Public Safety	$42,592,053			$7,267,000	$42,592,053	$7,267,000		
Public Works	$10,754,056			$82,505,842	$10,754,056	$82,505,842		
Parks and Recreation	$12,917,688			$0	$12,917,688	$0		
Parks and Recreation Capital Projects	$5,349,000			$0	$5,349,000	$0		
Planning and Development Services	$4,529,782			$0	$4,529,782	$0		
Economic Development	$1,032,670			$0	$1,032,670	$0		
Solid Waste	$5,084,055			$0	$5,084,055	$0		
Other Expenditures	$2,221,082			$0	$2,221,082	$0		
Transfers Out	$16,013,311			$0	$16,013,311			
CVB			$2,884,457		$2,884,457	$0		
Debt Service			$8,916,220		$8,916,220	$0		
Capital Projects			$15,123,127		$15,123,127	$0		
Capital Reserves			$4,130,000		$4,130,000	$0		
Utilities Fund			$0	$1,683,385	$0	$1,683,385	$33,075,137	$0
Total	**$112,658,223**	**$0**	**$31,053,804**	**$91,456,228**	**$143,712,027**	**$91,456,228**	**$33,075,137**	**$0**
Ann. One-Time/Debt Service[1]		**$0**		**$5,780,898**		**$5,780,898**		**$0**
Adjusted Total	**$112,658,223**	**$0**	**$31,053,804**	**$5,780,898**	**$143,712,027**	**$5,780,898**	**$33,075,137**	**$0**
Net[1]	**($22,741,140)**	**$0**	**($11,963,720)**	**($5,780,898)**	**($34,704,860)**	**($5,780,898)**	**$0**	**$0**

Note: Debt Assumptions: Interest Rate 4.75%; Term (Years) 30

[1] The Township is using existing bond proceeds to pay for approximately $12.0 million of 2012 annual expenditures in Other Funds. The shortfall as a result of incorporation that will be funded by new property tax is approximately $32.0 million.

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Working Paper #1:Financial Assumptions; Economic & Planning Systems

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Additional Revenue Requirements

Because the City's 2.0 percent combined sales tax rate is already at the state legislated maximum, the most likely source of additional revenue is property tax. Based on the identified General Fund operating shortfall of $22.7 million, the City would need to add an additional property tax rate of $0.1825 per $100 of assessed value. Because the shortfall in annual Other Funds will be funded out of existing bond proceeds, no impact to property taxes is estimated. The $5.8 million in annual debt service from one-time costs requires an additional property tax rate $0.0464. In total, the necessary property tax rate required to fund the expansion of services under incorporation is estimated to be $0.5539 per $100 of assessed valuation. This represents a rate increase of $0.2289, or 70.2 percent above the existing tax rate of 0.3250.

Because of the consolidation of MUD debt and O & M, total revenue and expenditures under incorporation remain the same. However, the consolidation results in a new city-wide rate of $0.2633. This rate would represent an increase in taxes for several of the MUDs that no longer have outstanding debt and a decrease for a number of MUDs that currently charge higher rates.

Table 42
Net Summary and Property Tax Impact
The Woodlands Incorporation Study

Item	General Fund		Other Funds		Total	Utilities Fund
	Annual	One-Time	Annual[1]	One-Time		
Revenue	$89,917,082	$0	$19,090,084	$0	**$109,007,166**	$33,075,137
Expenditure	$112,658,223	$0	$31,053,804	$5,780,898	**$149,492,925**	$33,075,137
Net	**($22,741,140)**	**$0**	**($11,963,720)**	**($5,780,898)**	**($40,485,759)**	**$0**
Net from Incorporation	**($22,741,140)**	**$0**	**$0**	**($5,780,898)**	**($28,522,039)**	**$0**
Current Property Tax (per $100)	$0.2599	$0.0000	$0.0651	$0.0000	$0.3250	varies
Additional Property Tax (per $100)	**$0.1825**	**$0.0000**	**$0.0000**	**$0.0464**	**$0.2289**	**---**
Potential Property Tax Rate (per $100)	**$0.4424**	**$0.0000**	**$0.0651**	**$0.0464**	**$0.5539**	$0.2633
% Change	**70.2%**				**70.4%**	**---**

[1]The Township is drawing from existing bond proceeds to fund the 2012 Other Funds $12.0 millino annual shortfall. Thus, new property tax would be used to fund this shortfall and the existing rate will remain the same

Note: Figures may vary based on rounding

Source: 2012 The Woodlands Township Budget; Working Paper #1:Financial Assumptions; Economic & Planning Systems

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Draft Report

The Woodlands Incorporation Study: Working Paper #1

Financial Assumptions

Prepared for:

The Woodlands Township
Partners for Strategic Action

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November 15, 2011

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1. INTRODUCTION

Project Background

The Woodlands is a master-planned, privately-developed community in north-metro Houston. The Woodlands was initially conceived and developed under George Mitchell, a local energy businessman who envisioned a community that was designed with nature and offered a superior quality of life in a suburban setting. Approaching its buildout, The Woodlands now includes over 37,000 housing units across eight villages and features 26.5 million square feet of retail and office space.

Following a lengthy review and public discussion of future governance options for The Woodlands, a community consensus was developed in 2006 that The Woodlands should ultimately be released from the extraterritorial jurisdictions of both the City of Houston and the City of Conroe and no longer be subject to annexation by these municipalities; that The Woodlands should be afforded an opportunity for self-determination of its future form of local government; and that in consideration for the release by Houston and Conroe from their respective jurisdictions of the territory of The Woodlands in the future, regional participation agreements (RPAs) should be concluded between The Woodlands and the City of Houston and the City of Conroe providing for such release and requiring The Woodlands to financially contribute to regional improvement projects of mutual benefit to The Woodlands and to the City of Houston and the City of Conroe. The RPAs allow for the release of The Woodlands from the jurisdiction of each municipality, upon request of the Township on or after May 29, 2014, and for a period of fifty (50) years following the effective date of the RPAs, The Woodlands could not be annexed by either city without the consent and agreement of the Township.

Pursuant to amendments made to the Township's enabling legislation in 2007, the Township was authorized to call an election to be held on November 6, 2007, within the boundaries of the entire unincorporated area of The Woodlands to determine whether the boundaries should be expanded to include all of such territory, to establish the effective date of the RPAs as of November 16, 2007, to give effect to the change of name of the Town Center Improvement District to The Woodlands Township, to authorize the imposition of the Township's previously approved sales tax and hotel occupancy tax within the expanded boundaries of the District, and to authorize the imposition and collection of an ad valorem tax, without limit to rate or amount, throughout the expanded boundaries of the Township. On November 16, 2007, the results of the election were declared to have resulted overwhelmingly in favor of the propositions.

Until 2010, all public facilities and services not provided by the Township or other overlapping governmental entities were provided and funded by three community associations in The Woodlands through imposition and collection of ad valorem property assessments, as authorized in property covenants. As a result of the 2007 election, the Township entered into a Transition Agreement with all three community associations and their affiliated service companies to consolidate the assets, liabilities, functions, facilities and services into the Township. Since January 1, 2010, The Woodlands Township has served as a single community-wide governmental organization.

A key provision of the RPA allows The Woodlands to determine its future governance over the next 46 years, including the opportunity to incorporate as a city after May 29, 2014. Partners for Strategic Action (PSA), was selected to guide The Woodlands Township Board of Directors in evaluating the potential for incorporation. As part of this process, PSA has engaged Economic & Planning Systems (EPS) to determine the financial implications associated with potential incorporation, including the impact to service provision, necessary capital investments, and existing and new revenue sources. This report provides the underlying financial assumptions and analysis framework for identifying the potential fiscal impacts associated with incorporation.

Methodology

The fiscal and financial impacts of incorporation are estimated by comparing the costs and revenues associated with governance under the current Township structure with the anticipated costs and revenues associated with governance as an incorporated city in the State of Texas. Existing costs are estimated based on the FY 2012 budget for the Township, Montgomery and Harris Counties, and for all applicable special districts. The staffing, operation costs, and revenue impacts under incorporation are estimated as of FY 2012, although incorporation could not take place until 2015. This eliminates an additional round of assumptions regarding the increase in costs and revenues associated with growth for the 2012 to 2015 time period. The net differences are expected to be approximately the same as if the existing budget data were projected forward.

This fiscal impact analysis is intended to estimate the approximate costs and revenues associated with the potential change in governance. It is not a tax rate study and the actual tax rates that would be imposed on the date of incorporation are not being calculated. EPS' assumptions regarding the services The Woodlands would be required to provide if the residents voted to incorporate as well as the additional services the new city would be allowed to optionally provide are based on information provided by the Township and on its own independent research. The assumptions should be reviewed by legal counsel knowledgeable in Texas municipal law as to their accuracy.

In order to estimate the fiscal impacts of incorporation, EPS first evaluated the budgets of each service provider (when possible) to identify current roles and levels of service. Once EPS gained an understanding of the current governance structure, EPS estimated the future roles and levels of service required and/or desired by the Township leadership. This process included an analysis of four peer communities to gain an understanding of comparable city roles and expected levels of service. EPS then assigned roles to each entity based on a future incorporation scenario. EPS also estimated potential revenue sources. Finally, EPS identified a set of capital requirement assumptions necessary to estimate the associated one-time or phased costs of incorporation.

Township Budget

In 2010, the majority of services provided to The Woodlands residents were transferred from the homeowners associations to The Township. The anticipated services for 2012 are provided in **Table 1**. Township General Fund revenues are estimated to total $82.0 million in 2012. Township General Fund Operating Expenses are estimated to total $65.5 million. Including transfers, capital expenses and debt service, total 2012 General Fund Expenses sum to $81.5 million, resulting in a net balance of approximately $500,000.

Table 1
General Fund Budget Summary
The Woodlands Incorporation Study

General Fund
Statement of Revenues Expenditures & Changes in Fund Balance
(in whole dollars)

	2011 Budget	2011 Forecast	2012 Budget	$ Inc/(Dec)	% Inc/(Dec)
REVENUES					
Tax Revenue					
Property Tax	$ 39,649,133	$ 39,541,678	$ 40,498,958	$ 849,825	2.1%
Sales and Use Tax	15,596,344	16,263,978	16,849,482	1,253,138	8.0%
EDZ Sales and Use Tax	13,385,264	14,023,344	14,668,185	1,282,921	9.6%
Hotel Occupancy Tax	3,501,219	3,831,199	3,930,620	429,401	12.3%
Supplemental Hotel Occupany Tax	500,000	547,314	1,123,034	623,034	125%
Event Admissions Tax	75,000	50,000	50,000	(25,000)	-33%
	72,706,960	**74,257,513**	**77,120,279**	**4,413,319**	**6.1%**
Other Sources					
Program Revenues	2,973,300	2,794,950	2,940,050	(33,250)	-1.1%
Administrative Fees	346,100	347,100	347,100	1,000	0.3%
Grants and Contributions	194,400	32,000	32,000	(162,400)	-83.5%
Interest Income	965,662	596,839	589,334	(376,328)	-39.0%
Other Income*	1,104,665	1,082,501	920,453	(184,212)	-16.7%
TOTAL REVENUES	**78,291,087**	**79,110,903**	**81,949,216**	**3,658,129**	**4.7%**
OPERATING EXPENDITURES					
General Government					
Board of Directors	63,300	60,300	60,300	(3,000)	-4.7%
President's Office	609,740	605,515	632,148	22,408	3.7%
Intergovernmental Relations	268,642	171,795	252,311	(16,331)	-6.1%
Human Resources	644,432	623,135	674,534	30,102	4.7%
Finance	1,655,335	1,513,428	1,554,586	(100,749)	-6.1%
Information Technology	1,183,157	1,095,895	1,169,980	(13,177)	-1.1%
Records/Database Mgmt	612,264	618,072	657,433	45,169	7.4%
Non-Departmental	3,150,788	3,143,088	2,415,920	(734,868)	-23.3%
	8,187,658	**7,831,228**	**7,417,212**	**(770,446)**	**-9.4%**
Law Enforc/Neighborhood Svcs					
Law Enforcement Services	10,684,795	10,290,830	10,621,870	(62,925)	-0.6%
Neighborhood Services	464,468	438,957	462,319	(2,149)	-0.5%
	11,149,263	**10,729,787**	**11,084,189**	**(65,074)**	**-0.6%**
Parks and Recreation					
PARD Admin/Planning	1,713,234	1,740,052	1,742,134	28,900	1.7%
Park & Pathway Operations	5,480,707	5,235,241	5,808,207	327,500	6.0%
Town Center Facilities/Operations	1,677,594	1,650,358	1,652,219	(25,375)	-1.5%
Aquatics	1,949,450	1,867,227	1,948,329	(1,121)	-0.1%
Recreation	1,853,250	1,775,362	1,838,719	(14,531)	-0.8%
	12,674,235	**12,268,240**	**12,989,608**	**315,373**	**2.5%**
Community Services					
Covenant Administration	2,233,168	2,208,262	2,345,338	112,170	5.0%
Environmental Services	445,105	456,787	512,031	66,926	15.0%
Streetlighting	1,154,544	1,051,200	1,175,000	20,456	1.8%
Streetscape Maintenance	2,448,396	2,600,000	2,774,050	325,654	13.3%
Solid Waste Services	5,419,819	5,273,587	4,572,024	(847,795)	-15.6%
Other Community Services	456,555	466,402	522,366	65,811	14.4%
	12,157,587	**12,056,238**	**11,900,809**	**(256,778)**	**-2.1%**
Community Relations					
Community Relations	625,625	563,625	655,018	29,393	4.7%
CVB Staff Services	457,270	456,485	469,588	12,318	2.7%
	1,082,895	**1,020,110**	**1,124,606**	**41,711**	**3.9%**
Woodlands Fire Department					
Fire Department*	**15,219,937**	**15,527,508**	**17,964,297**	**2,744,360**	**18.0%**
Other Expenditures					
Transportation	548,620	303,400	308,400	(240,220)	-43.8%
Economic Development	381,300	239,500	319,100	(62,200)	-16.3%
Transition/Governance	200,000	200,000	150,000	(50,000)	-25.0%
Regional Participation	968,566	1,016,499	1,053,093	84,527	8.7%
Other Expenditures	1,090,668	1,200,308	1,167,989	77,321	7.1%
	3,189,154	**2,959,707**	**2,998,582**	**(190,572)**	**-6.0%**
TOTAL OPERATING EXPENSE	**63,660,729**	**62,392,818**	**65,479,303**	**1,818,574**	**2.9%**
TRANSFERS					
Convention & Visitors Bureau	2,399,837	2,399,837	1,932,337	(467,500)	-19.5%
Capital Outlay (non-financed)	3,927,486	3,966,933	3,880,525	(46,961)	-1.2%
Capital Reserves	609,563	2,652,923	1,284,229	674,666	110.7%
Debt Service	7,796,632	6,956,865	8,916,220	1,119,588	14.4%
	14,733,518	**15,976,558**	**16,013,311**	**1,279,793**	**8.7%**
TOTAL EXPENDITURES	**78,394,247**	**78,369,376**	**81,492,614**	**3,098,367**	**4.0%**
REV OVER/(UNDER) EXP	**(103,160)**	**741,527**	**456,602**	**559,762**	**542.6%**
BEGINNING FUND BALANCE	**23,705,070**	**23,705,070**	**24,446,597**	**741,527**	**3.1%**
ENDING FUND BALANCE	**$ 23,601,910**	**$ 24,446,597**	**$ 24,903,199**	**$ 1,301,289**	**5.5%**

* 2011 Budgeted and Forecasted Fire Department Revenues and Expenses have been included to provide a comparison to the 2012 Budget

2. PEER CITIES COMPARISON

In order to provide a framework for future service provision, EPS compiled a set of peer cities. These peer cities include Sugar Land, McKinney, Frisco, and Round Rock were selected based on size, location, socioeconomic factors, tax structures, and overall reputation for high levels of service. A summary of basic information for each is provided in **Table 2**.

Table 2
Peer Cities Summary
The Woodlands Incorporation Study

Description	The Woodlands	Sugar Land	McKinney	Frisco	Round Rock
Metro Area	Houston	Houston	Dallas	Dallas	Austin
Size					
Acres	15,296	21,451	40,256	44,800	16,832
Square miles	23.9	33.5	62.9	70.0	26.3
Lane Miles	894	912	706	1,163	1,150
Parks (acres)	2,750	695	2,025	1,348	1,700
Demographics					
Population [1]	93,847	78,817	131,117	116,989	99,887
Households [1]	34,986	26,709	44,353	39,901	35,050
Housing Units [1]	37,339	27,727	47,915	42,306	37,223
Median Household Income [2, 3]	$116,732	$103,055	$74,784	$101,972	$68,983
Per Capita Income [3]	$44,967	$41,204	$30,342	$39,200	$26,444
Taxes					
City Sales Tax	2.0%	2.0%	2.0%	2.0%	2.0%
Property Taxes	0.325	0.3000	0.5855	0.4650	0.4321
Hotel Occupancy Tax	9.0%	9.0%	7.0%	7.0%	7.0%

[1] 2010 US Census

[2] The Woodlands Development Company 2010 Demographics; 2009 US Census American Community Survey

[3] 2009 US Census American Community Survey

Source: US Census; ACS: City of Round Rock; City of McKinney; City of Frisco; City of Sugar Land; The Woodlands Township; The Woodlands Development Company; Economic & Planning Systems

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3. MUNICIPAL SERVICE PLAN AND COST ASSUMPTIONS

To assess the feasibility of incorporation, EPS developed a Municipal Service Plan, as summarized in **Table 3**. The Municipal Service Plan presents an initial set of existing and proposed municipal services in the area as assumed by EPS, the financial consultant. These assumptions were developed based on interviews with Township staff, peer city practices, and limited research of Texas municipal code requirements with the intent of outlining an incorporation scenario that replicates current services to the degree possible. Additional services were included to the extent they are required by statue to be provided by a city or that the Township believes these additional services are desired by residents.

These assumptions should be reviewed and verified by the Township's Legal Counsel as to their validity and legality. Decisions regarding the provision of public services will ultimately be made by the future City Council. The costs and levels of service are estimated for FY 2015, as the earliest date of incorporation, comparing the existing governance model (Township) to an incorporation model (City).

As with all new cities, the government services and structures in the City will evolve over time. Initially, it may be possible for The Woodlands to elect to provide some services by contract with the County or other entities. Over time, these services may be provided directly by the City. More detailed staffing and cost assumptions will be provided upon the conclusion of the analysis in Working Paper #2.

The following sections provide an overview of the expected City departments. The method of service provision, staffing levels, number and type of positions, departmental organization, and contract services are intended for analysis purposes. Actual methods may include some variation of in-house staff and contract services. The City Council ultimately would determine the method of service provision based on consideration of numerous factors, including cost and availability of contractors.

Table 3
Service Plan
The Woodlands Incorporation Study

Service	Current Provider/ Services	Incorporated Service Assumptions	
		Provider	Service
General Government			
Governance	Township Board of Directors	New City	Elected/Appointed Mayor and elsected City Council - Anticipated to include 7 elected council members, at-large or by ward
Management	Township President's Office	New City	City Council would appoint a City Manager with a City Manager's Office
Administration	The Township currently provides Intergovernmental Relations, Human Resources, Information Technology, Finance, Records, and Non-Departmental Services	New City	City Administrative functions will include Intergovernmental Relations, Human Resources, Information Technology, Finance, and Legal Services. The City would also establish a City Secretary for records management and can choose to hire a City Attorney
Other General Government Services	The Township currently provides Community Relations, CVB Staff, and Economic Development	New City	City would provide Communications and Marketing and general Economic Development services. The City would continue to fund CVB staff.
Public Safety			
Court	County responsible for Justice Court	New City	City is responsible for a municipal court to enforce municipal ordinances (may co-operate with Justice Court)
Police/Law Enforcement	Harris County Constable and Montgomery County Sheriff's Office; Township provides Neighborhood Services; Texas Depart of Public Saftey is repsonsible for traffic accidents.	New City	New City will establish a stand alone police department. New City will contract with County for detention facility and limited number of other services. Neighborhood Services will continue to be provided by the City.
Fire Protection	Township Fire Department	New City	City responsible for service within City boundaries
Public Works			
Transportation	Township; H-GAC; Brazos Transit District	New City; H-GAC; Brazos Transit District; CVB	City will operate trolley with H-GAC. The Brazos Transit District will continue to operate Park and Ride. The CVB will continue to operate the waterway cruisers.
Streetscape Maintenance; Street Lighting	Township; The Woodlands Land Development Company	New City	City responsibility to maintain streetscape and street lights; may contract with private firm
Traffic Control	County	New City	City responsibility to purchase and operate signalization system; may contract with County
Road Maintenance	County	New City	City responsibility to maintain roads within The Woodlands
Facilities Maintenance	Township; Landlords	New City	City responsibility to maintain any new buildings or facilities
Fleet Maintenance	County; Township Parks and Rec.; Township Fire Department	New City	City responsibility to maintain new public works and police vehicles

Source: Economic & Planning Systems

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Table 3
Service Plan (cont.)
The Woodlands Incorporation Study

Service	Current Provider/ Services	Incorporated Service Assumptions	
		Provider	Service
Parks and Recreation			
Park Planning, Administration, and Development	Township	New City	City responsibility to provide Parks and Recreation planning and administrative services
Park and Town Center Operations	Township	New City	City responsibility to maintain parks and Town Center
Aquatics and Recreation	Township	New City	City responsibility to maintain aquatics and recreation programming
Library	County	County	County will continue to operate two libraries
Planning and Development			
Planning	The Woodlands Development Company	New City	City responsibility to establish long range planning
Development Review	The Woodlands Development Company	New City	City responsibility to establish development plan review staff
Building Inspection and Code Enforcement	County	New City	City would establish building department
Covenant Administration	Township	New City	City would maintain covenant enforcement
Environmental Services	Township	New City	City would provide environmental education programming
Animal Control	County	New City	City responsibility to establish animal control; may contract with county
Health and Safety	County	New City	City responsibility to establish health and safety inspections; may contract with county
Other Services			
CVB	Township	City Revenue Fund	Hotel and Motel Occupancy Tax and supplemental sales tax will continue to fund CVB operations
Solid Waste Management	Township	New City or New City Enterprise Fund	City can provide solid waste as part of property taxes or establish a user fee-based enterprise fund
Water	Joint Powers Agency/MUDs	New City Enterprise Fund	City would establish a user fee-based enterprise fund
Waste Water	Joint Powers Agency/MUDs	New City Enterprise Fund	City would establish a user fee-based enterprise fund
Stormwater	Joint Powers Agency/MUDs	New City Enterprise Fund	City would establish a user fee-based enterprise fund
Special Revenue Funds	Township Special Revenue Funds, including 1% EDZ, capital projects and health insurance reserve	City Special Revenue Funds	1.0 percent EDZ to be replaced by 1% sales tax or 0.5 percent sales tax and 5.0 percent option 4B corporation tax; other funds to remain

Source: Economic & Planning Systems

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General Government

Current Services

Governance/Management

Board of Directors

The Township is currently governed by a seven-member Board of Directors, which provides policy, financial, and governing decisions for the Township. The Board participates in bimonthly meetings and workshops, annual Town Hall meetings, and strategic and/or special planning sessions as necessary.

President's Office

The President's Office manages the day-to-day operations of the Township and administrative services. The President's Office directs the development and administration of the Township's budget and capital programs and oversees the implementation of the strategic goals and objectives outlined by the Board of Directors. The President's Office includes the President, two Executive Assistants, and a Management Analyst.

Community Services

Community Services provides support to the President's Office and manages a number of Township Departments including Covenant Administration, Environmental Services, Parks and Recreation, and Law Enforcement. Community Services employs the Assistant General Manager, a Senior Administrative Assistant, 2.5 FTE Receptionists, and a Mail Clerk. Community Services also employs an Engineering Technician who coordinates information regarding major construction projects in the community.

Administration

Intergovernmental Relations

The Intergovernmental Relations Department serves as the guardian of the Township's interests in legislative and regulatory matters, identifying emerging legislative and regulatory issues with potential impact to The Woodlands Township. In addition, the Intergovernmental Relations Department has assumed the management of transportation-related services for the Township. The Intergovernmental Relations Department employs one management level employee, the Intergovernmental Relations and Transportation Manager.

Human Resources

The Human Resources Department administers the Township's hiring and recruitment process, as well as manages the Township's training, payroll and benefit packages. The Human Resources Department includes a Director, two HR Generalists, one HR Specialist, 1.5 Administrative Assistants, and a part-time File Clerk.

Information Technology

The Information Technology Department supports the design, development, implementation and management of the Township's technology and communication systems, including data management, computer networking and support, telecommunications (voice and radio systems)

and Geographic Information Systems (GIS). The IT Department is composed of a staff of nine full-time equivalent employees, including a Director, three Administrators, GIS staff, radio management, and a help desk.

Finance

Financial activities associated with the Township, The Woodlands Fire Department, The Woodlands Convention & Visitors Bureau (CVB), and The Woodlands Economic Development Zone, are centralized in the Finance Department. Financial services include administration, accounting, budgeting, capital asset management, purchasing, tax compliance, cash management, and debt and risk management. The Finance Department has a staff of 14.25 FTE. This includes a Finance and Administration Assistant General Manager and three supporting Managers with a staff of Analysts, Accountants, and administration.

Records

The Records/Property Data Department serves as the central clearinghouse for all real estate and corporate records of The Woodlands. This includes corporate records, parcel data for all property within the Township, and related covenant documents. The Records Department includes eight full-time staff, including a Data Manager and seven support staff.

Non Departmental Services

Non-Departmental services include administrative costs not directly associated with a specific service or department. These costs include rent, facility expenses, postage, equipment, supplies, insurance, printing, elections, and property tax administration. Non-Departmental services also include annual legal services from Schwartz, Page and Page. Non-Departmental services are all contracted, therefore no staff exists.

Other General Government Services

Community Relations

The goal of Community Relations is to promote the Township through the provision of accurate communication to residents and businesses via printed and electronic communications. This includes the Township website, The Woodlands magazine, newsletters and public relations. The Community Relations Department employs a staff of four including a Manager, Coordinator, and two specialists. Community Relations shares the CVB President as its Director.

Economic Development

The Township's economic development program focuses primarily on job creation and planning initiatives which generate economic development leads and corporate relocations to The Woodlands. Economic Development contracts with several regional economic development agencies for these services. The Woodlands Development Company also plays a significant role in attracting new businesses to The Woodlands. Economic Development utilizes a combination of contracted services and CVB staff, thus no direct staff is employed by Economic Development.

Convention & Visitors Bureau Staff

While the Convention & Visitors Bureau (CVB) operates as a separate non-profit entity, the Township employs its staff. There are 5.25 FTEs, including the CVB President, a Marketing Specialist, a Business Development Specialist, an Event Specialist, and administrative staff. This staff also functions as the Economic Development staff.

Services Following Incorporation

Governance/Management

Upon incorporation, the Township would transition to a City Council-Manager form of government. This system of local government combines the political leadership of elected officials in the form of a Council with the managerial experience of an appointed City Manager. The City Manager acts as the chief executive officer of the government and administers City policy and programs. All department heads report to the City Manager, with the exception of the Municipal Court Judge, who is also appointed by Council.

City Council

The City is assumed to have a seven-member City Council, essentially replicating the current Board of Directors. The City Council will hire a City Manager and City Attorney, make service and budget decisions, enter into agreements with other governmental entities, regulate land use within City boundaries, and provide general representation to the community. City Council members in the State of Texas are not generally paid a salary.

City Manager's Office

Similar to the Township's President's Office, the City Manager's Office is responsible for making recommendations to City Council, filing the annual budget and/or Capital Improvements Plan (CIP), and providing leadership and direction to City staff to achieve the goals and objectives identified by the Council. The City Manager's Office would likely include a City Manager (appointed by Council), a set of Assistant and/or Deputy City Managers, and administrative staff.

Administration

Intergovernmental Relations

As a newly incorporated city as well as politically-engaged community, The Woodlands would likely continue to have an Intergovernmental Relations Department. Depending on The Woodlands' goals and desires, the need for ongoing intergovernmental relations may decrease over time. However, at least in the early stages of incorporation, the City will likely require an ambassador for regional, local, and state relations, information coordination, and representation through active involvement in the legislative process.

Human Resources

All cities require a Human Resources Department to manage ongoing recruiting, hiring, training, and employee benefit arrangements. Risk management is currently provided through the Finance Department. However, because of the worker's compensation duties associated with risk management, most communities house this function under Human Resources or as a separate function. In addition to insurance responsibilities, risk management will likely include

an expanded education, training, and outreach program. As a result, EPS has assumed that risk management will transition to the Human Resources Department under incorporation. Health and Wellness (Insurance/Benefits) is also often separated out into a separate fund for administration purposes. It is assumed that the Human Resources Department will continue to manage these costs under department expenses.

Information Technology

Under incorporation, the Information Technology Department will continue to operate as the provider and manager of technology and communication systems.

Finance

Under incorporation, the Finance Department will continue to operate as the provider and manager of financial services. Some cities house strategic budgeting in a separate department; however, because the Finance Department currently performs budgeting and strategic planning for the Township, it is assumed the Finance Department will continue this service. Risk management duties will transition to the Human Resources Department.

City Secretary's Office

Upon incorporation, the City Council will need to appoint a City Secretary to act as a steward of open and accountable government. The City Secretary is responsible for providing administrative support to City Council, maintaining and certifying all official records, maintaining laws, resolutions, and local ordinances, responding to public information requests, and publishing legal notices. These primary responsibilities can be categorized as a combination of legislative services, records management, and public information services. The City Secretary would likely absorb the records functions of the existing Township.

Legal Services

As a result of the increased legal requirements associated with expanded city services, including a stand-alone police department, Legal Services will likely become its own department. Legal Services can either be provided through the implementation of a City Attorney's Office or contracted through a private law firm. The Township currently has Schwartz, Page and Page on legal retainer for ongoing legal services. The Township also contracts with The Strong Firm for contract review and covenant administration. Additional legal services are utilized in Human Resources and the Fire Department. Because of the amount of legal services currently retained and the expected increase in a legal requirements associated with a city, EPS assumes the City would establish a new legal department, including a City Attorney.

A City Attorney's Office seeks to provide legal services to the City Council, management, and employees and protect the legal interests of the City as a municipal corporation. The City Attorney's Office provides legal services to the City and the City's development corporations. These services include contract review, ordinance preparation, policy review, and prosecution of State law and City ordinances in Municipal Court. The City Attorney's Office would also manage contract legal services for covenants and other specialty services.

Non Departmental Services

Some level of non-departmental services will likely continue under incorporation. Rent and legal services are the largest expenses. Rent will dramatically be reduced upon the relocation of the majority of Township administrative staff into the recently purchased 2801 Technology Forest Blvd. building. Legal services will transfer to the City Attorney's Office. Building maintenance will transfer to a newly established Public Works Department.

Other General Government Services

Economic Development

Economic Development services would continue under incorporation with the City funding the CVB staff and continuing its financial partnerships with regional agencies. Potential exists for expanded Economic Development and marketing services to attract business relocations as The Woodlands Development Company becomes less involved.

Communications and Marketing

Similar to the Township's Community Relations, Communications and Marketing would be responsible for educating and informing the public about the City's programs, services, special projects, and events. The Department will also be responsible for communicating, strengthening and promoting the City's "brand" through publications, website, and other media outlets.

Police/Law Enforcement

Current Services

The Township utilizes a layered community-oriented policing model. This model includes a combination of neighborhood resident watch programs, specialized Park Ranger and security contractors, and basic and contracted County policing services.

Law Enforcement

The Township currently uses a hybrid approach to police and law enforcement services. The Township employs two full-time staff, including a Director of Law Enforcement and an Administrative Assistant. In previous years, the Law Enforcement Department also employed a set of ambassadors that support law enforcement services. These ambassadors have been transferred to the Parks and Recreation Department as Town Center Rangers and will continue to provide ongoing support services. General police services are contracted with the Harris County Constable and Montgomery County Sherriff's Office, as well as private security companies for mounted patrol and waterway security services. Current law enforcement services are summarized in the Public Safety Report drafted by The Novak Consulting Group and are based on 2011 staff levels. These services include:

Township Services

- Director of Law Enforcement
- Administrative Assistant
- Vehicles for the Montgomery County Sherriff's Office

Base County Services

- Five Deputies assigned to The Woodlands under base level service for the unincorporated area of Montgomery County
- Other base County functions, including property and evidence processing, dispatch and communication, SWAT, crime lab services, and detention and holding

State Services

- The Texas Department of Public Safety handles all traffic accidents in The Woodlands

Contracted Services

- 80 full-time contracted Montgomery County employees, including 77 sworn Officers and 3 civilian employees
- 1 Montgomery County Justice of the Peace assigned to The Woodlands
- Vehicle Fuel for the Montgomery County Sherriff's Office
- 1.5 Officers from the Harris County Precinct 4 Constables Office
- 1.5 Officers from the Montgomery County Precinct 3 Constables Office
- 14 full-time Alpha and Omega Mounted Patrol Civilian Officers
- 4 full-time waterway private security civilian officers

Neighborhood Services

Neighborhood Services provides the community's contribution to policing. Neighborhood Services include the watch program, WoodlandsAlert (emergency communications), Get Ready Program (emergency preparedness education), and the Village Liaison program, creating a link between the Township and the Village Associations. Neighborhood Services employs three full-time positions, including a Manager, Program Specialist and Neighborhood Coordinator, and four part-time program specialists (2 FTE).

City Services Following Incorporation

Law Enforcement

For the purposes of this analysis, EPS assumed the City would build and operate a stand-alone Police Department. A stand-alone Police Department would likely absorb Montgomery County and Harris County contracted services, including:

- Full-time patrol staff (currently contracted from Montgomery and Harris County)
- A Clerk in the Justice of the Peace
- Vehicle fuel of patrol staff

The City would likely continue to contract with private firms for the following:

- Alpha and Omega Mounted Patrol Civilian Officers
- Waterway private security civilian officers

The Woodlands would contract with the Counties to provide the following:

- Crime Lab services
- Detention services. A stand-alone Police Department does not require a detention center. Research by The Novak Consulting Group concludes that for liability reasons, it is likely better to contract for this service

In addition to these services, The Woodlands would also need to add the following:

- Police Chief
- Deputy Chief(s)
- Investigations Unit
- Traffic Unit
- Regional Task Force
- Administration support including,
    - Dispatch staff. The Fire Department currently includes the technological capacity to add police dispatch services
    - Property and Evidence staff
- Municipal Court

Neighborhood Services

Neighborhood Services will likely continue as provided by the Township.

Municipal Court

A Municipal Court will need to be established with a stand-alone Police Department. A municipal court is responsible for all misdemeanor criminal charges, traffic violations, city code violations, and other minor civil charges. Because of the revenue collection services and financial reporting associated with the judicial process, such as fees, fines, etc., this service is often housed in the Finance Department. However, this function is primarily related to community policing and is therefore included in the Police Department for the purposes of this analysis.

Fire Department

Current Services

The Woodlands Fire Department provides fire protection, advanced life support emergency medical care, life safety inspection, fire and life safety education, technical rescue and emergency dispatch services. All assets are owned by the Township and leased to the Fire Department, which currently operates as a separate organization. In accordance with the Transition Agreement, in 2012 The Woodlands Fire Department, Inc. will be dissolved and the Department's workforce will become Township employees. The Department received an ISO rating of 2.0 and plans to pursue a revaluation for an ISO rating of 1.0. As of August 2011, the Fire Department operates out of seven fire stations, with an additional stations scheduled for completion in early 2012. Planning is also underway for reconstruction of the Central Fire Station and administration facility.

Fire and EMS

Fire and EMS Management currently employs a staff of 13, including one Fire Chief, four Deputy Chiefs, four Battalion Chiefs, one Fire Prevention Officer, and four administrative staff.

Fire Protection

Fire Protection currently employs a staff of 129, including three Captains, 24 Lieutenants, 27 Truck Operators, and 75 Firefighters.

Dispatch

Dispatch employs a staff of 16 full-time equivalent employees, including one Manager, three Shift Supervisors, and 12 Dispatchers.

City Services Following Incorporation

All services would continue to be provided by The Woodlands Fire Department upon incorporation. No additional services are anticipated.

Public Works

Current Services

The Township does not currently have a Public Works Department. However, The Township does provide a number of services through other departments that would likely be transferred to a Public Works Department upon incorporation.

Transportation

The Woodlands currently provides three significant transportation services. These services include the Town Center Trolleys, the Waterway Cruisers, and the Park & Ride Program. Of these services, only the Town Center Trolleys are funded through the transportation function of the Township. The Township funds half of the operating costs of the Trolley system, while the Houston-Galveston Area Council (H-GAC) funds the other half. The Waterway Cruisers are funded through the CVB and FTA grants, and the Park & Ride program is operated by the Brazos Transit District. Because the Intergovernmental Relations Manager handles potential transportation funding programs, Transportation does not employ any staff.

Streetscape Maintenance

Streetscape Maintenance provides roadside maintenance along roads and collector streets in the Township. Specific services include trash removal, mowing, edging, irrigation, sweeping, planting, and tree pruning. The Parks and Recreation Department provides oversight of the streetscape maintenance program. All services are contracted with The Woodlands Development Company. The Brickman Group provides the actual maintenance services through a subcontract. Thus, the Township does not directly employ streetscape maintenance staff. The Woodlands Development Company shares the total costs of streetscape maintenance. However, the total cost will eventually be needed to be funded by The Woodlands, regardless of governance structure.

Street Lighting

The Township currently pays utility bills for the illumination of all public roadways throughout the existing and future portions of The Woodlands. The Woodlands Development Company pays for the upfront installation of streetlights. The Parks and Recreation Department conducts regular inspections of street lights. Thus, the Township does not directly employ street lighting staff.

City Service Following Incorporation

The Woodlands will likely establish a stand-alone Public Works Department upon incorporation, consolidating many of its services as well as adding several new services.

Administration

Community Services currently provides an Engineering Technician that coordinates information regarding major construction projects in the Township. To accommodate this function and others, a new Public Works Department will require a Director and supporting administrative staff.

Transportation

Upon incorporation, The Woodlands would continue to co-operate the Trolley system with the H-GAC, depending on available funding.

Traffic Control

Upon incorporation, EPS assumes The Woodlands will provide its own traffic control program. This includes the engineering, maintenance, and operation of all traffic control and traffic calming devices within the City limits, as well as maintenance and monitoring of traffic signals, school zones, regulatory signs, street name signs, and public information signs located on all City streets. The County currently operates a NorthStar signalization system that controls all traffic lights in The Woodlands and a few in unincorporated portions of greater Montgomery County. Upon incorporation, EPS assumes that the City will purchase the system and provide ongoing operating and maintenance.

Streets and Roads

Road Maintenance

There are 894 lane miles of roadways in The Woodlands. The counties currently maintain all public roads in the Township to a base minimum level. Upon incorporation, maintenance and operation of these roads will transfer to the City. Road maintenance will require a substantial upfront investment in maintenance equipment, as well as a large staff of operators.

Streetscape Maintenance

Upon incorporation, streetscape maintenance will likely continue be contracted to a landscaping company, such as The Brickman Group. The Woodlands will be financially responsible for all streetscape costs paid for by The Woodlands Development Company at some point in the future, regardless of governance structure.

Street Lighting

The Woodlands would continue the regular payment of street lighting utilities. Maintenance would likely transition from the Parks and Recreation Department to the newly established Public Works Department.

Facilities Maintenance

The Township currently rents the majority of its space. Thus, the landlords of the properties maintain many of the Township-related facilities. Other maintenance is performed through non-departmental facilities maintenance, Parks and Recreation, and a custodial contract. The Township recently purchased the 2801 Technology Forest Blvd. building and plans to relocate all administrative staff to this location. EPS also anticipates The Woodlands to add a Police Department. This could either be a new building, in a purchased existing building, shared with administrative services, or leased. For the purposes of this analysis, EPS assumes the Police Department would build a new facility. EPS also anticipates that Public Works will need its own facility to house anticipated maintenance vehicles and equipment. These facilities would require regular maintenance that could either be provided by Public Works or contracted to a private firm.

Fleet Maintenance

Under incorporation, The Woodlands would need to provide fleet vehicles to its Public Works, Fire, and Police Departments. These vehicles will require regular maintenance and a garage facility.

Parks and Recreation

Parks and Recreation is one of the largest departments in the Township, operating 2,750 acres of parks. Parks and Recreation provides administrative, planning, operations, aquatics, recreation, and development (revenue generation/concessions), as well as operates and manages the Town Center Facilities.

Current services

Park Operations

Park Operations is the largest division of the Parks and Recreation Department and is charged with park and pathway maintenance, fleet management, streetscape maintenance, forest management, facility management, and environmental services. Park Operations includes Park Rangers, Facilities, and Natural Resources. Park Rangers assist visitors in providing information and enhancing overall public safety. Facilities oversees the custodial contract for the parks system, provides building support services to the Recreation Center, and monitors street and park lighting. Natural Resources oversees forestry services, open space reserves, and landscaping. The majority of these services are contracted through private service providers. However, irrigation, tree removal, and drainage maintenance are performed by Township staff. Park Operations has a staff of 38.5 full-time equivalent employees, including Superintendents, Technicians, and Rangers. Park Operations contracts for lake management, pest control, tree removal, forest management, sign maintenance, and restroom cleaning.

Park Planning

The Park Planning division is primarily responsible for obtaining community input for capital projects, including park improvements and renovations. Planning also provides direction to the Township Board of Directors on park-related issues. Day-to-day operations generally focus on the implementation of selected capital projects. Park Planning employs a staff of 19. This includes a Director, Assistant Director, three administrative staff, a Customer Service Representative, a Project Manager and Specialist, a Park Supervisor and Foreman, and six Park Technicians.

Aquatics

The Woodlands has 13 swimming pools located throughout the community. The Aquatics division is charged with general pool operations and programming. Aquatics has a staff of 67 full-time equivalent employees. This includes a Superintendent, Pool Foreman and Technician, and 58.5 FTE Lifeguards, as well as seasonal administrative staff.

Recreation

The Recreation division operates The Woodlands non-pool based recreation programs. Recent programs include preschool recreational instruction, arts and humanities, and adult athletic leagues. Recreation employs a staff of 17.95 full-time equivalents, including a Superintendent, three Coordinators, and Coaches.

Development

The Development division is in charge of revenue generation for the department. This includes special event registrations, sponsorships, concessions, and facility reservations. Development also represents the Parks Department's customer service and includes a Development Manager and two Special Event Coordinators.

Town Center Operations

As a result of the number of departments involved in the overall management of the Waterway and Town Center area, the Town Center Operations division consolidates all Waterway management aspects into one area and is responsible for maintenance and operations of Town Green Park, Waterway Square, and the Waterway. Town Center Operations has a staff of eight FTE, with including a Superintendent, Facilities Supervisor, Town Center Rangers, and an Administrative Assistant.

City Services Following Incorporation

Parks and Recreation

Upon incorporation, all services provided by the Township will continue under the administration of the City.

Library

Montgomery County currently operates two libraries in The Woodlands. While many cities own and operate their own library system, it is assumed that Montgomery County would continue to

operate the two libraries in The Woodlands. City Council may want to consider supplemental funding to the library system upon incorporation, however this is not assumed for this analysis.

Planning and Development

Current Services

Planning of The Woodlands is carried out through the Development Company. As a result, the Township does not have a Planning and Development Department. However, The Township does provide a number of services through other departments that would likely be included in a Planning and Development Department upon incorporation.

Covenant Administration

Covenant Administration provides services to The Woodlands residents and property owners with respect to the enforcement of all covenants, easements, restrictions, charges, and liens. Covenant Administration has a staff of 33 full-time equivalent employees, including a Director, two Compliance Managers, six Village Compliance Supervisors, one Revitalization Specialist and administrative staff.

City Services Following Incorporation

Long-Range Planning

Land use planning services are provided by cities to regulate land use and provide guidance to the development community. Cities usually develop a comprehensive plan to establish land use goals and a long-term community vision. Planning staff works to support this vision through mapping, transportation and economic studies, and other technical analyses. State regulations often require comprehensive land use and transportation plans in order to receive levels of funding. Upon incorporation, The Woodlands would need to create a Planning Division to regulate future land use decisions, including potential redevelopment activities and transportation issues.

Development/Compliance Services

The Development/Compliance Services division would provide development review, as well as conduct ongoing compliance evaluation, including building inspection and code enforcement, covenant administration, animal control, and health and safety inspections.

Development Review

Development review includes evaluating development applications for adherence to local land use codes. Covenant Administration already performs some of these duties, but assuming The Woodlands develops a Comprehensive Plan and Zoning Code, Development Review staff would be required.

Building Inspection/Code Enforcement

Building inspection and code enforcement involves inspections and permitting of new and existing buildings to maintain adherence to local building codes.

Covenant Administration

The Township already has Covenant Administration services in place. Because of the high-level of covenant regulation in The Woodlands, Covenant Administration would remain under incorporation.

Animal Control

Although not a required service, Animal Control is commonly provided by cities. The Animal Control division would enforce local animal care laws as well provide public safety.

Health and Safety

Health and Safety inspections would be required over and above building inspections.

Convention & Visitors Bureau

Current Services

The Woodlands Convention & Visitors Bureau (CVB) is a 501(c)(6) non-profit organization that implements marketing programs and produces events to attract visitors and stimulate economic development in The Woodlands. The primary source of funding for CVB's 2012 expenditures is generated by a 2.0 percent portion of the total 9.0 percent hotel occupancy tax (HOT). The CVB also receives transfers from the Township's General Fund and generates program revenue through the waterway cruiser program, event sponsorships, event booth sales, and the Ice Rink.

General/Administration

Despite the CVB being a separate non-profit organization, the Township directly employs the CVB staff of 5.25 FTEs. This includes a Director, Marketing Specialist, Business Development Specialist, Event Specialist and Administrative Assistant. Other expenses include general administrative expenses.

Attractions and Events

Attractions and events supports and creates new cultural, sporting, and entertainment venues through high quality community events and programming, the largest of which is the Red, Hot, and Blue Festival.

Destination Marketing

Destination marketing focuses on regional visitor attraction. The majority of expenses are related to advertising services to attract regional and international visitation as well as visitor information.

Promotion

Promotion manages the CVB website and newsletter as well as The Woodlands Visitors Guide Book.

Waterway Cruisers

Waterway Cruisers operates six waterway taxis through a contract with the Brazos Transit Authority. Maintenance and operations are funded through Federal grants, sponsorships and fare revenue.

City Service Following Incorporation

CVB

Under incorporation, the City would continue to fund all CVB-related activities with the 2.0 percent HOT and supplemental sales tax revenues for operations, including CVB staff, administration, events, marketing, and promotion. The Waterway Cruisers will likely continue operations using Federal grant dollars; however, the Township has stated it is not willing to financially support these operations if funding discontinues.

Economic Development

CVB is assumed to continue to provide economic development services in complement to the services provided independently by The Woodlands Development Company and economic development partnerships.

Solid Waste Management

Current Services

Solid Waste Collection

Solid Waste services include the collection and disposal of solid waste, yard waste, and recyclables for residential properties within The Woodlands. This service is provided to The Woodlands residents as part of the annual tax bill and does not collect user fees. Waste collection is contracted to Waste Management of Texas. Thus, The Woodlands employs no direct staff. It is the responsibility of commercial property owners to contract with private waste collection firms.

Environmental Services

Environmental Services oversees the waste collection contract, and provides environmental programming and education to the Township. Services include Earth Day, landscaping solutions, recycling education, Walk to School, mosquito surveillance, Adopt-a-Path, and litter abatement. Environmental Services employs a staff of 4.25 full-time equivalent employees, including a Manager and two Coordinators. Residential waste and recycling services are included in the property tax levy.

City Services Following Incorporation

Solid Waste Collection

Upon incorporation, residential collection of waste will continue to be provided to The Woodlands residents. The Woodlands will need to decide if it would like to continue to provide solid waste collection through tax collection or provide this service through a user fee-based system. For the purposes of this analysis, EPS assumes solid waste collection will continue to be funded through tax collection.

Environmental Services

The Township already has an Environmental Services staff in place. These services would continue under incorporation.

Water and Wastewater

Current Services

Water Distribution

Water distribution services are provided by a set of 11 Montgomery County and three Harris County Municipal Utility Districts (MUDs). A Joint Powers Agency (JPA) manages the Montgomery County districts, providing customer service, maintenance, bill collection, and general administrative services. Water is contracted through the San Jacinto River Authority (SJRA). The SJRA is currently converting its water source from groundwater to surface water. This will require substantial hikes in user fees regardless of potential incorporation. In addition to user fees for water consumption, the MUDs assess property taxes to pay for debt service of the initial capital system investments, as well as ongoing operating and maintenance.

Wastewater Collection and Treatment

Wastewater collection and treatment is also provided via the MUDs and administered through the JPA. The JPA contracts with the SJRA to collect and treat wastewater. In addition to the user fees for wastewater collection, the MUDs assess property taxes to pay for debt service of the initial capital system investments, as well as ongoing operating and maintenance.

City Services Following Incorporation

Water Distribution Enterprise Fund

Upon incorporation, the MUDs would need to be dissolved, and the City would take over operations. This requires that all outstanding MUD debt service be consolidated and a new citywide assessment be charged. A small portion of homes in the Grogan's Point neighborhood are located within the Township boundaries but are in a MUD predominantly outside of the Township boundaries. Thus, a one-time paydown of allocated debt service for these homes would be required. Operating and maintenance tax assessments would be rolled into user fees to offset expenses. User fee-based enterprises are usually administered in an enterprise fund in order to keep fee revenue separated from other funds. Because the JPA already offers consolidated administrative service, the existing staff would likely continue to operate the enterprise fund. Some staff expansion may be required to accommodate the three Harris County MUDs.

Wastewater Collection and Treatment Enterprise Fund

Wastewater collection and treatment would also be consolidated into a citywide enterprise fund for fee collection and ongoing maintenance. The existing JPA staff would also administer this fund. User fees will be set to offset all operating expenses.

Stormwater Management

Current Services

Stormwater collection and sewer maintenance is also provided by MUDs and administered by the JPA. Operating and maintenance costs are funded through the operating and maintenance tax assessments.

City Services Following Incorporation

Under incorporation, the City would establish a user fee-based enterprise fund to collect revenue and operate and maintain the stormwater/sewer management systems.

4. LEVEL OF SERVICE ASSUMPTIONS

To estimate anticipated levels of service, EPS compared existing 2012 Township levels with 2012 peer city levels, as well as its own knowledge and experience in city service provision. EPS then estimated levels of service under incorporation at a snapshot in time, in the hypothetical scenario that the Township incorporates immediately (2012). This eliminates an additional round of assumptions regarding the increase in costs and revenues associated with growth for the 2012 to 2015 (earliest date of incorporation) time period, which would occur regardless of governance. The resulting net differences in levels of service should be approximately the same as if the existing budget data were projected forward.

General Government

Mayor and City Council

The Board of Directors currently has seven at-large members. Upon incorporation, the Township would transition to Mayor-City Council form of government. There is no set number of council members legislated by the State of Texas. As a result, EPS assumes that the City Council would also consist of seven members, as shown in **Table 4**. While some peer cities pay annual salaries and/or stipends to council members, EPS assumes no personnel costs associated with the Council. However, some operating costs exist for regular meetings, travel, conferences, etc. This amount varies widely among the peer cities depending whether certain contracted services are issued by City Council or out of the City Manager's office. The Township Board has just over $8,600 per Board member budgeted in 2012. Under incorporation, this will likely go up some as City Council may have increased participation in regional activities. Based on peer cities, EPS estimates non-personnel operating costs of approximately $15,000 per council member. This excludes any significant consulting projects.

Table 4
Mayor and City Council
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Board of Directors	7.0	City Council	7.0
Total	**7.0**	**Total**	**7.0**
FTE Net Change			**0.0**
Non-Personnel Operating Costs $ per Member	**$8,614**		**$15,000**

Note: Neither the Board of Directors nor the City Council receive salaries and are not actually employees
Source: 2012 The Woodlands Township Budget; Economic & Planning Systems
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City Manager's Office

The Township currently employs four staff members in its President's Office. In addition, the Township has a Community Services Department which provides oversight to the majority of Township departments. The Township Community Services Department employs 5.5 FTEs and an additional Engineering Technician. For the purposes of this analysis, the Engineering Technician is categorized in Public Works. Peer cities have staffs ranging from eight to 13 full-time equivalent employees. All of the cities have a City Manager and Assistant City Manager. Some cities also employ a Deputy City Manager. EPS assumes the addition of a Deputy City Manager and one administrative staff to accommodate anticipated service expansion, as shown in **Table 5**.

Table 5
City Manager's Office
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
President's Office		**City Manager's Office**	
President	1.0	City Manager	1.0
Management Analyst	1.0	Assistant City Manager	1.0
Executive Assistant	2.0	Deputy City Manager	1.0
Subtotal	**4.0**	Management Analyst	1.0
		Executive Assistant	3.0
Community Services[1]		Sr. Administrative Assistant	1.0
Asst. General Manager	1.0	Receptionist	2.5
Sr. Adminstrative Assistant	1.0	Mail Clerk	1.0
Receptonists	2.5	**Subtotal**	**11.5**
Mail Clerk	1.0		
Subtotal	**5.5**		
Total	**9.5**	**Total**	**11.5**
FTE Net Change			**2.0**
Non-Personnel Operating Costs			
% of Budget	**5%**		**5%**

[1]See Public Works Admin for Engineering Technician

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Intergovernmental Relations

The Township's Intergovernmental Relations has one employee responsible for all legislation and lobbying efforts. Only one peer city employs an Intergovernmental Relations Manager. With the incorporation effort and RPA agreements, a newly-incorporated city would likely continue to require an Intergovernmental Relations Manager. Non-personnel costs include a contracted lobbyist at the State Capitol.

Table 6
Intergovernmental Relations
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Intergovernmental Relations Manager	1.0	Intergovernmental Relations Manager	1.0
Total	**1.0**	**Total**	**1.0**
FTE Net Change			**0.0**
Non-Personnel Operating Costs % of Budget	**54%**		**54%**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Human Resources

The Human Resources Department has a staff of 5.8 FTEs, including a Director, three HR Specialists, 1.5 Administrative Assistants, and a part-time File Clerk. The peer cities have staffs ranging from 6.5 to 11 FTEs. Under incorporation, the Township staff would expand to provide new services not currently provided, including increased administration and risk management responsibilities. This would require a higher level of staffing in Human Resources, which would likely need to add a Risk Coordinator and another Senior HR Generalist. An additional HR Specialist to handle employee benefits and an additional 0.5 FTE of supporting administrative staff would also likely be required. All increased Human Resources services related to Police Department staffing will be housed in the Police Department.

Table 7
Human Resources
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Director of Human Resources	1.0	Director of Human Resources	1.0
SR. HR Generalist	2.0	SR. HR Generalist	3.0
HR Specialist	1.0	HR Specialist-Benefits	2.0
Admin Asst. II	1.5	Admin Asst. II	2.0
File Clerk	0.3	File Clerk	0.3
		Risk Manager	1.0
Total	**5.8**	**Total**	**9.3**
FTE Net Change			**3.5**
Non-Personnel Operating Costs % of Budget	**22%**		**22%**

Note: Non-Personnel Operating Costs excludes Legal Fees

Source: 2012 The Woodlands Tonwnship Budget; Economic & Planning Sytems

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Information Technology

The Information Technology Department has a staff of 9.0 FTEs. The peer cities have staffs ranging from 13 to 24.5 FTEs. Similar to Human Resources, Information Technology will need to expand as the amount of City services expand. To accommodate the increased services, EPS recommends the addition of three additional Administrators, two GIS Analysts, two Help Desk Analysts, and one Administrative Assistant. An increase in equipment and associated operating costs may also be necessary. Non-personnel costs for peer cities range between 30.0 and 50.0 percent. EPS assumes an increase in non-personnel costs to 40.0 percent of staff costs.

Table 8
Information Technology
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Director of IT	1.0	Director of IT	1.0
Systems Administrator	1.0	Systems Administrator	2.0
Network Administrator	1.0	Network Administrator	2.0
Database Administrator	1.0	Database Administrator	2.0
GIS Coordinator	1.0	GIS Coordinator	1.0
GIS Analyst	1.0	GIS Analyst	3.0
Systems/Radio Technician	1.0	Systems/Radio Technician	1.0
SR. Help Desk Analyst	1.0	SR. Help Desk Analyst	1.0
Help Desk Analyst	1.0	Help Desk Analyst	3.0
		Administrative Assistant	1.0
Total	**9.0**	**Total**	**17.0**
FTE Net Change			**8.0**
Non-Personnel Operating Costs % of Budget	**30%**		**40%**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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City Secretary's Office

The Township currently employs eight full-time staff to manage its records database. An incorporated city would need to hire a City Secretary appointed by the City Council. The City Secretary's Office in the peer cities ranges between 4.0 and 9.2 FTEs. Thus, only a City Secretary and Executive Assistant would likely need to be added to the Records Department under incorporation.

Table 9
City Secretary's Office
The Woodlands Incorporation

Township		City	
Position	FTE	Position	FTE
Records/Property Data Manager	1.0	City Secretary	1.0
Real Estate Records Supervisor	1.0	Records/Property Data Manager	1.0
Corporate Records Supervisor	1.0	Real Estate Records Supervisor	1.0
Records Mgmt Analyst	1.0	Corporate Records Supervisor	1.0
Real Estate Records Analyst	1.0	Records Mgmt Analyst	1.0
Corporate Records Specialist	1.0	Real Estate Records Analyst	1.0
Records Technician	2.0	Corporate Records Specialist	1.0
		Records Technician	2.0
		Administrative Asst.	1.0
Total	**8.0**	**Total**	**10.0**
FTE Net Change			**2.0**
Non-Personnel Operating Costs % of Budget	**11%**		**11%**

Note: Non-Personnel Operating Costs excludes Legal Fees

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Legal Services/City Attorney's Office

The Township does not currently have a Legal Services Department, but rather contracts legal services to each department. All of the peer cities separate out Legal Services. Sugar Land and McKinney both have a City Attorney. Sugar Land supplements the City Attorney with four additional staff members. All other cities contract legal services. EPS assumes the City would hire a City Attorney and supporting in-house legal staff similar to Sugar Land. Sugar Land's non-personnel costs average about 15.0 percent of total budget costs. Any additional specialty legal services that could not be accommodated in-house would continue to be contracted through the operating costs of other departments.

Table 10
Legal Services
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
None	0.0	City Attorney	1.0
		Assistant City Attorney	1.0
		Deputy City Attorney	1.0
		Lawyer	1.0
		Executive Assistant	1.0
Total	**0.0**	**Total**	**5.0**
FTE Net Change			**5.0**
Non-Personnel Operating Costs % of Budget	**N/A**		**15%**

Note: Addtional legal services will contine to be contracted for covenant and specialty services
Source: 2012 The Woodlands Township Budget; Economic & Planning Systems
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Finance

The Township's Finance Department employs 14.25 FTEs. The Finance Departments of peer cities have staffs ranging from 21.5 to 26.5 FTEs, excluding Municipal Court functions. The City would likely need to expand Purchasing, Accounting and Payroll. It would also likely need to add Budgeting Analysts and Revenue Collection Analysts, related to increased revenue and fee collection from building permits and the Municipal Court.

Table 11
Finance
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
AGM-Finance & Admin	1.0	AGM-Finance & Admin	1.0
Fisal Services Manager	1.0	Fisal Services Manager	1.0
Accounting Manager	1.0	Accounting Manager	1.0
Financial Analyst	1.0	Financial Analyst	1.0
Purchasing Manager	1.0	Purchasing Managers	1.0
Sr. Purchasing Specialist	1.0	Sr. Purchasing Specialist	2.0
Accounting Supervisor	1.0	Accounting Supervisor	1.0
Sr. Accountant	1.0	Sr. Accountant	1.0
Accountant II	1.0	Accountant II	2.0
Accountant	1.0	Accountant	2.0
Intern	0.3	Intern	0.3
Payroll Analyst	1.0	Payroll Analyst	3.0
Sr. A/P Specialist	1.0	Sr. A/P Specialist	1.0
A/P Specialist	1.0	A/P Specialist	2.0
Sr. Adminstrative Assistant	1.0	Sr. Adminstrative Assistant	1.0
		Budget Analyst	2.0
		Revenue Collection	2.0
Total	**14.3**	**Total**	**24.3**
FTE Net Change			**10.0**
Non-Personnel Operating Costs % of Budget	**17%**		**20%**

Note: Non-Personnel Operating Costs excludes Legal Fees

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Communications and Marketing

The Township's Community Relations Department employs 4.5 FTEs, including the joint CVB President/Director of Community Relations. The peer cities have staffs ranging from between 6.5 and 7.0 FTEs. EPS assumes that rather than sharing the Director with CVB, the Communications and Marketing Department would hire its own Director of Community Relations under incorporation, increasing the proposed staffing to 5.0 FTE. EPS also assumes adding administrative staff.

Table 12
Communications and Marketing
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Director of Community Relations	0.5	Director of Community Relations	1.0
Community Relations Manager	1.0	Community Relations Manager	1.0
Commuity Relations Coordinator	1.0	Commuity Relations Coordinator	1.0
Sr. Community Relations Specialist	1.0	Sr. Community Relations Specialist	1.0
Community Relations Specialist	1.0	Community Relations Specialist	1.0
		Administrator	1.0
Total	**4.5**	**Total**	**6.0**
FTE Net Change			**1.5**
Non-Personnel Operating Costs % of Budget	**41%**		**41%**

Note: Non-Personnel Operating Costs excludes Legal Fees

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Economic Development

Economic Development services are provided by the Township utilizing contracted services with the Economic Development Partnership and CVB staff. Some peer cities have established Economic Development Corporations with a dedicated sales tax funding source (typically an Option 4B tax). The establishment of an EDC will depend on whether The Woodlands elects to dedicate a portion of its sales tax to economic development under incorporation. This analysis does not assume a dedicated sales tax for economic development. As a result, EPS assumes CVB staff will continue to provide Economic Development services. Thus, no direct employment will be associated with Economic Development. The Woodlands Development Company also plays a major role in attracting new business to The Woodlands. As the development role of The Woodlands Development Company begins to decrease and/or the Company begins to sell off its commercial property, The Woodlands will likely need to play a larger role in Economic Development efforts. However, these costs will occur regardless of future governance. The Township currently spends approximately $3.00 per capita on economic development services with the Economic Development partnership. Peer cities economic development programs (excluding capital projects and incentives) range from $6.00 per capita to $10.00 per capita. For the purposes of this analysis, EPS assumes the Economic Development Department would double its spending on services under incorporation, or $6.00 per capita.

Table 13
Economic Development
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
None	0.0	None	0.0
Total	**0.0**	**Total**	**0.0**
FTE Net Change			**0.0**
Non-Personnel Operating Costs Expenditure per Capita	**$3**		**$6**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Non-Departmental

No staff would be associated with the Non-Departmental expenses. Upon relocating to the 2801 Technology Forest Blvd. building, the majority of rental expenses would discontinue. Other facilities expenses, including repair and maintenance, would transfer to the Public Works Department. Legal services would be transferred to the City Attorney's Office. Potential future expenses include various office equipment and administrative expenses.

Table 14
Non-Departmental
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Total	**0.0**	**Total**	**0.0**
FTE Net Change			**0.0**
Non-Personnel Operating Costs % of Budget	**3%**		**3%**

Note: Non-Personnel Operating Costs excludes Legal Fees; Facilities and Custodial Services. Rent consolidation already excluded

Source: 2012 The Woodlands Tonwship Budget; Economic & Planning Systems

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Police/Law Enforcement

Police

The Township engaged The Novak Consulting Group to conduct a Public Safety Report and feasibility assessment of a stand-alone Police Department. The report outlines three potential policing levels of service. For the purposes of the analysis, EPS assumed *Option #2: Increased Staffing*. This option represents the middle option and provides for the addition of special units beyond typical staffing levels. This option results in an increase of almost 65 new FTEs not currently accounted for in the existing Township structure. Assuming the same operating expenses estimated in the Public Safety Report, non-personnel costs are estimated at 26.0 percent of staff costs.

Table 15
Police
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Township Director of Law Enforcement	1.0	Chief	1.0
Township Administrative Assistant	1.0	Executive Assistant to Chief	1.0
Montgomery County Sheriff's Office (Contract)	80.0	Operations Division	1.0
Montgomery County Sheriff's Office (Base)	5.0	Support Services Division	1.0
Harris County Precinct 4 Constables (Contract)	1.5	Patrol Commander	1.0
Montgomery County Precinct 3 Constables (Contract)	1.5	Investigations Commander	1.0
Montgomery County Precinct 3 Justice of Peace (Contract)	1.0	Patrol Shift Commander	5.0
Subtotal	**91.0**	Patrol Supervisor	9.0
		Patrol	71.0
Other Security		Investigations	6.0
Alpha and Omega (Contract)	14.0	Special Operations Commander	1.0
Waterway Security (Contract)	4.0	Community Liaison Supervisor	1.0
Subtotal	**18.0**	Community Liaison Generalist (1 per Village)	9.0
		Traffic Unit Supervisor	1.0
		Traffic Unit Supervisor	6.0
		Special Enforcement Unit Supervisor	1.0
		Special Enforcement Unit	4.0
		Regional Task Forces Supervisor	1.0
		Regional Task Forces	4.0
		Professional Standards/HR Manager	1.0
		Human Resources Specialist	1.0
		Policy Standards Analyst	1.0
		Business Manger	1.0
		Budget Analyst	1.0
		Property Supervisor	1.0
		Evidence and Property Technician	2.0
		Technical Services	1.0
		Records/Office Manager	1.0
		Clerical Staff	8.0
		Crime Analyst	1.0
		Dispatch Shift Supervisor	3.0
		Dispatchers	9.0
		Subtotal	**156.0**
		Other Security	
		Alpha and Omega (Contract)	14.0
		Waterway Security (Contract)	4.0
		Subtotal	**18.0**
Total	**109.0**	**Total**	**174.0**
FTE Net Change			**65.0**
Non-Personnel Operating Costs			
% of Budget	**41%**		**26%**

Source: The Novak Consulting Group; Police Executive Research Forum; Economic & Planning Systems

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Neighborhood Services

The Woodlands is committed to a community-based policing effort. As a result, Neighborhood Services would likely continue under incorporation. The Novak Consulting Group recommends the addition of 0.5 FTE for Program Specialist. Because The Novak Consulting Group recommends the addition of a sworn Liaison Officer for each village, the six part-time (Civilian Liaisons 3.0 FTEs) would no longer continue. No Intern is assumed under a stand-alone Police Department either. This results in a Neighborhood Services staff of 3.5 FTEs, or a net decrease of 2.8 FTEs.

Table 16
Neighborhood Services
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Neighborhood Services Manager	1.0	Neighborhood Services Manager	1.0
Neighborhood Services Coordinator	1.0	Neighborhood Services Supervisor	1.0
Program Specialist	1.0	Program Specialist	1.5
Village Liaisons	3.0	Village Liaisons	0.0
Intern	0.3	Intern	0.0
Total	**6.3**	**Total**	**3.5**
FTE Net Change			**-2.8**
Non-Personnel Operating Costs % of Budget	**21%**		**21%**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Municipal Court

Upon the establishment of a stand-alone Police Department, a Municipal Court will need to be implemented to respond to all misdemeanor criminal charges, traffic violations, city code violations, and other minor civil charges. The Novak Consulting Group estimated the operating costs of a new Municipal Court to include a staff of 18.0 FTE. The Novak Consulting Group provide a net cost estimate, but does not include any additional Municipal Court expenses. Non-personnel operating expenses in peer cities range from 15.0 to 25.0 percent. Therefore, EPS assumes additional operating expenses of 15.0 percent.

Table 17
Municipal Court
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Total	**0.0**	**Total**	**18.0**
FTE Net Change			**18.0**
Non-Personnel Operating Costs % of Budget	**N/A**		**15%**

Source: The Novak Consulting Group; Police Executive Research Forum; Economic & Planning Systems

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Fire Department

The Woodlands Fire department provides fire protection and EMS services to The Woodlands Township. All assets are owned by the Township and leased to the Fire Department, which currently operates as a separate organization. In accordance with the Transition Agreement, in 2012, The Woodlands Fire Department, Inc. will be dissolved and the Department's workforce will become Township employees. The Department received an ISO rating of 2.0 and plans to pursue a revaluation for and ISO rating of 1.0. As of August 2011, the Fire Department operates out of seven fire stations, with an additional station scheduled for completion in early 2012. Planning is also underway for reconstruction of the Central Fire Station and administration facility. Primary services include Fire and EMS (13 FTE), Fire Protection (129 FTE) and Dispatch (16 FTE). All services would continue to be provided upon incorporation; however, EPS assumes a Fire Marshall would be added.

Table 18
Fire Department
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Fire and EMS		**Fire and EMS**	
Chief	1.0	Chief	1.0
Deputy Chief-Admin	1.0	Deputy Chief-Admin	1.0
Deputy Chief-Operations	1.0	Deputy Chief-Operations	1.0
Deputy Chief-Training	1.0	Deputy Chief-Training	1.0
Battalion Chief-Operations	3.0	Battalion Chief-Operations	3.0
Battalion Chief-Training	1.0	Battalion Chief-Training	1.0
Fire Prevention Officer	1.0	Fire Prevention Officer	1.0
Adminstrative Analyst	1.0	Adminstrative Analyst	1.0
Customer Serive Rep	1.0	Customer Serive Rep	1.0
Adminstrative Asst. II	1.0	Adminstrative Asst. II	1.0
Fire Support Specialist	1.0	Fire Support Specialist	1.0
Subtotal	**13.0**	Fire Marshall	1.0
		Subtotal	**14.0**
Fire Protection			
Captain	3.0	**Fire Protection**	
Lieutenant	24.0	Captain	3.0
Driver Operator	27.0	Lieutenant	24.0
Firefighter	75.0	Driver Operator	27.0
Subtotal	**129.0**	Firefighter	75.0
		Subtotal	**129.0**
Dispatch			
Dispatch Manager	1.0	**Dispatch**	
Shift Supervisor	3.0	Dispatch Manager	1.0
Dispatcher	12.0	Shift Supervisor	3.0
Subtotal	**16.0**	Dispatcher	12.0
		Subtotal	**16.0**
Total	**158.0**		
		Total	**159.0**
FTE Net Change			**1.0**
Non-Personnel Operating Costs			
Fire and EMS % of Budget	**33%**	**Fire and EMS % of Budget**	**33%**
Fire Protection % of Budget	**10%**	**Fire Protection % of Budget**	**10%**
Dispatch % of Budget	**3%**	**Dispatch % of Budget**	**3%**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Public Works

Upon incorporation, The Woodlands would need to establish a Public Works Department. This department would house a limited number of existing functions of the Township, including transportation, streetscape and street lighting maintenance, and facilities maintenance. New services would include traffic control, street and road maintenance, and fleet maintenance.

Administration

The Township currently has an Engineering Technician in Community Services who reports directly to the Assistant General Manager and coordinates all major construction projects in The Woodlands. Under incorporation, this position would likely be accommodated by a new Director of Public Works. The Director of Public Works would also require an Executive Assistant for ongoing administrative duties.

Table 19
Administration
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Engineering Technician (Community Services)	1.0	Director of Public Works	1.0
		Executive Assistant	1.0
Total	**1.0**	**Total**	**2.0**
FTE Net Change			**1.0**
Non-Personnel Operating Costs			
None	**N/A**		**N/A**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Transportation

Upon incorporation, The Woodlands would continue to co-operate the Trolley system with the Houston-Galveston Area Council (H-GAC), depending on available funding. EPS has assumed Park & Ride and Waterway functions would remain externally funded but could be moved to the Transportation division in the future.

Table 20
Transportation
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
None	0.0	**None**	0.0
FTE Net Change			**0.0**
Non-Personnel Operating Costs			
Trolleys	**$204,400**		**$204,400**
Park and Ride	**$0**		**$0**
Waterway Cruisers	**$0**		**$0**
Other	**$104,000**		**$104,000**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Traffic Control

Upon incorporation, EPS assumes that the City will purchase the County's NorthStar signalization system and provide ongoing operating and maintenance. Traffic Control will also be responsible for sign maintenance. Traffic Control staff in peer cities ranges from eight to 16. A new Traffic Control division likely requires a Traffic Manager and staff of around six for signal operation and maintenance and a staff of four for ongoing sign maintenance. The operating and material costs for the traffic system and signs would likely be 50 percent of staff costs based on peer cities.

Table 21
Traffic Control
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
None	0.0	Traffic Manager	1.0
		Traffic Signal Operator	1.0
		Traffic Signal Technician	4.0
		Signs & Markings	4.0
Total	0.0	**Total**	**10.0**
FTE Net Change			**10.0**
Non-Personnel Operating Costs			
O & M	**N/A**		**50%**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Streets and Roads

Road Maintenance

There are 894 lane miles in The Woodlands. The counties currently maintain all roads in the Township to a base minimum level. Upon incorporation, maintenance and operation of these roads will transfer to the City. Road maintenance will require a substantial upfront investment in maintenance equipment (see Chapter 6 Capital Expense Assumptions), as well as a large staff of operators. Dedicated Road Maintenance staff in peer cities ranges between 14 and 34. Most of the cities average around 30.0 FTE. A start-up Road Maintenance Division likely requires a manager, superintendent, supervisors, and a set of crew chief, operators, and maintenance workers. Some level of administrative staff would also be required to process work orders. In addition to personnel, road maintenance equipment and services will require additional expenses. Based on isolating this cost in the peer city budgets, non-personnel operating and maintenance costs are estimated between $1,000 and $1,600 per lane mile. EPS estimates a number on the high end of the range, or $1,600 per lane mile. Because of the recent addition of pavers and other non-standard finishes, this operating and maintenance estimate will require a premium. For the purposes of this analysis, EPS assumed a 20.0 percent premium over and above the standard per lane mile estimate.

Table 22
Road Maintenance
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
None	0.0	Operations Manager	1.0
		Street Superintendent	1.0
		Street Supervisor	3.0
		Crew Chief	6.0
		Equipment Operator	8.0
		General Maintenance Worker	7.0
		Admin. and Customer Service	2.0
Total	0.0	**Total**	**28.0**
FTE Net Change			**28.0**
Non-Personnel Operating Costs			
O & M per Lane Mile	**N/A**		**$1,600**
O & M Premium			**20%**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Streetscape Maintenance

Upon incorporation, streetscape maintenance will likely continue be contracted to a landscaping company, such as The Brickman Group. The Brickman Group contract is for about $3,100 per lane mile annually. The Woodlands Development Company contributes an additional $850,000 annually in streetscape maintenance, or approximately $950 per lane mile. Upon buildout, The Woodlands Development Company will likely discontinue this service; however, this would occur regardless of governance structure and is not included in this analysis.

Table 23
Streetscape Maintenance
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
None	0.0	None	0
Total	**0.0**	**Total**	**0.0**
FTE Net Change			**0.0**
Non-Personnel Operating Costs			
Contracted Services per Lane Mile	**$3,103**		**$3,103**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Street Lighting

The Woodlands would continue the regular payment of street lighting utilities. Maintenance would likely transition from the Parks and Recreation Department to the newly established Public Works Department. There are 5,870 street lights to maintain in The Woodlands. Annual utility bills average around $200 per light.

Table 24
Street Lighting
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
None	0.0	None	0
Total	**0.0**	**Total**	**0.0**
FTE Net Change			**0.0**
Non-Personnel Operating Costs			
Operating Costs per Light	**$200**		**$200**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Facilities Maintenance

The Township recently purchased the 2801 Technology Forest Blvd. Building in The Woodlands to house all administrative staff. In addition to this facility, the City may be responsible for maintaining a new stand-alone Police Department and Municipal Court Facility and potential Public Works maintenance yard. These facilities would require regular maintenance that would be provided by a Facilities Maintenance division of Public Works. While the Township does not currently have a Facilities Maintenance division, two facilities maintenance staff are provided by Parks and Recreation. The Facilities Maintenance staff of the peer cities ranges between nine and 13 FTEs. In addition to the existing Facilities Maintenance Engineer and Specialist, new positions would likely include a Manager, Superintendent, and staff of Maintenance Workers, Custodians, and administration.

Table 25
Facilities Maintenance
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Facilites Maintenance Engineer (Parks and Rec.)	1.0	Facilities Manager	1.0
Facilities Specialist (Parks and Rec.)	1.0	Facilities Superintendent	1.0
		Maintenance Worker	3.0
		Facilites Maintenance Engineer	1.0
		Facilities Specialist	1.0
		Custodian	4.0
		Admin.	1.0
Total	**2.0**	**Total**	**12.0**
FTE Net Change			**10.0**
Non-Personnel Operating Costs % of Budget	**N/A**		**33%**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Fleet Maintenance

Under incorporation, The Woodlands would need to provide fleet vehicles to its Public Works, Fire Department, and Police Department. These vehicles will require regular maintenance and a garage facility. Peer cities have staffs ranging from as few as six to as many as 15. However, the majority are in the six to eight range. Fleet Maintenance would likely require the hiring of a Manager, two Technicians, and potentially three Maintenance Technicians/Mechanics. Fleet Maintenance would also require an administration employee to maintain records of vehicle use.

Table 26
Fleet Maintenance
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
None	0.0	Fleet Operations Manager	1.0
		Fleet Technician	2.0
		Maintenance Technician/Mechanic	3.0
		Admin. Asst./Cust. Service	1.0
Total	**0.0**	**Total**	**7.0**
FTE Net Change			**7.0**
Non-Personnel Operating Costs % of Budget	**N/A**		**15%**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Parks and Recreation

Parks and Recreation is one of the largest departments in the Township, operating 2,750 acres of parks. Parks and Recreation provides operations and maintenance (36.5 FTEs), Administrative Services (9.0 FTEs), Planning (10.0 FTEs), Aquatics (67.0 FTEs, mostly Lifeguards), and Recreation (18.0 FTEs), as well as operates and manages the Town Center Facilities (8.0 FTEs). Under incorporation all services would continue as provided by the Township. Park development, which has been the responsibility of the Development Company, is assumed to be largely completed and can be absorbed by current staff with some additional design contract services.

Table 27
Parks and Recreation
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Operations[1]		**Operations**	
Superintendent	1.0	Superintendent	1.0
Park Rangers	10.5	Park Rangers	10.5
Other	25.0	Other	25.0
Subtotal	**36.5**	**Subtotal**	**36.5**
Administration[2]		**Administration**	
Director	1.0	Director	1.0
Asst. Director	1.0	Asst. Director	1.0
Development Manager	1.0	Development Manager	1.0
Special Events Coordinator	1.0	Special Events Coordinator	1.0
Admin Asst. III	2.0	Admin Asst. III	2.0
Admin Asst. III	1.0	Admin Asst. III	1.0
Special Events Specialist	1.0	Special Events Specialist	1.0
Customer Service Rep	1.0	Customer Service Rep	1.0
Subtotal	**9.0**	**Subtotal**	**9.0**
Planning		**Planning**	
Project Manager	1.0	Project Manager	1.0
Other	9.0	Other	9.0
Subtotal	**10.0**	**Subtotal**	**10.0**
Aquatics		**Aquatics**	
Aquatics Superintendent	1.0	Aquatics Superintendent	1.0
Lifeguards	58.5	Lifeguards	58.5
Other	7.5	Other	7.5
Subtotal	**67.0**	**Subtotal**	**67.0**
Recreation		**Recreation**	
Recreation Superintendent	1.0	Recreation Superintendent	1.0
Other	17.0	Other	17.0
Subtotal	**18.0**	**Subtotal**	**18.0**
Town Center Facilities		**Town Center Facilities**	
Town Center Superintendent	1.0	Town Center Superintendent	1.0
Town Center Rangers	5.0	Town Center Rangers	5.0
Other	2.0	Other	2.0
Subtotal	**8.0**	**Subtotal**	**8.0**
Total	**148.5**	**Total**	**148.5**
FTE Net Change			**0.0**
Non-Personnel Operating Costs			
Operations % of Budget	**64%**	**Operations % of Budget**	**64%**
Planning % of Budget	**27%**	**Planning % of Budget**	**27%**
Aquatics % of Budget	**28%**	**Aquatics % of Budget**	**28%**
Recreation % of Budget	**62%**	**Recreation % of Budget**	**62%**
Town Center Facilities % of Budget	**73%**	**Town Center Facilities % of Budget**	**73%**

[1]Excludes two facilities maintenance FTEs included in Facilities Maintenance

[2]Includes Development

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Planning and Development

The Township does not have a Planning and Development Department. However, it does perform a number of services, such as Covenant Administration that would be included in a Planning and Development Department. Upon incorporation, the City would provide additional Planning and Development services, including Long-Range Planning, Development Review, Building Inspection and Code Enforcement, Animal Control, and Health and Safety.

Long-Range Planning

The City will need both long-range land-use and transportation planning staff to guide future land use and transportation decisions once The Woodlands Development Company completes development. While The Woodlands residential neighborhoods will be entirely built-out at this time, potential exists for future redevelopment and/or annexations, as well as new transportation infrastructure. Community Development Services may also be required including administration of CDBG and other Federal grants and entitlements. Planning staff in peer cities ranges significantly depending on the community, from as little as three dedicated long-range planning staff to as many as 16 long-range planning staff. Because The Woodlands is largely built-out, a long-range planning staff in The Woodlands would likely require a Planning Director, two Land Use Planners, one Transportation Planner, a Transportation Engineer, and administrative staff.

Table 28
Long-Range Planning
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
None	0.0	Planning Director	1.0
		Land Use Planner	2.0
		Transportation Planner	1.0
		Transporation Engineer	1.0
		Administrative Asst.	1.0
Total	**0.0**	**Total**	**6.0**
FTE Net Change			**6.0**
Non-Personnel Operating Costs % of Budget	**N/A**		**10%**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Development Services

The Development Services Division would handle all development review and compliance services for the City. This includes Development Review, Building Inspection, Covenant Administration, Animal Control, and Health and Safety.

Table 29
Development/Compliance Services
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Covenant Administration		**Development Review**	
Director	1.0	Development Review Coordinator	1.0
Property Compliance Manager	2.0	Planner	2.0
Village Property Comp. Supervisor	6.0	Engineer	1.0
Commercial Property Comp. Supervisor	1.0	Planning Technician	2.0
Admin Services Supervisor	1.0	**Subtotal**	**6.0**
Revitalization Specialist	1.0		
Applications Specialist	2.5	**Building Inspection**	
Property Compliance Specialist	7.0	Building Inspector	1.0
Administrative Asst. I	1.5	Building Official	1.0
Compliance Specialist	2.0	Permit Clerk	2.0
Property Compliance Technician	8.0	**Subtotal**	**4.0**
Subtotal	**33.0**		
		Covenant Administration	
		Director	1.0
		Property Compliance Manager	2.0
		Village Property Comp. Supervisor	6.0
		Commercial Property Comp. Supervisor	1.0
		Admin Services Supervisor	1.0
		Revitalization Specialist	1.0
		Applications Specialist	2.5
		Property Compliance Specialist	7.0
		Administrative Asst. I	1.5
		Compliance Specialist	2.0
		Property Compliance Technician	8.0
		Subtotal	**33.0**
		Animal Control	
		Animal Control Manager	1.0
		Animal Control Officer	3.0
		Subtotal	**4.0**
		Health and Safety	
		Environmental Health Manager	1.0
		Health Inspector	3.0
		Subtotal	**4.0**
Total	**33.0**	**Total**	**51.0**
FTE Net Change			**18.0**
Non-Personnel Operating Costs			
Development Review % of Budget	N/A		10%
Building Inspection % of Budget	N/A		10%
Covenant Administration % of Budget	14%		14%
Animal Control % of Budget[1]	N/A		50%
Health and Safety % of Budget	N/A		10%

[1]Non Personnel Operating Costs include contract with County Animal Shelter

Note: All developer-related commercial development costs will continue to be paid by the developer under either scenario

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Convention and Visitors Bureau

Upon incorporation, the Township's Convention & Visitors Bureau will continue operations as a stand-alone entity. The CVB staff will continue to be funded by the General Fund and Operations will be funded by the hotel/motel occupancy tax.

Table 30
Convention & Visitors Bureau
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
CVB President	0.5	CVB President	1.0
Marketing Specialist	1.0	Marketing Specialist	1.0
Business Development Specialist	1.0	Business Development Specialist	1.0
Event Specialist	1.0	Event Specialist	1.0
Admin Asst. II	1.0	Admin Asst. II	1.0
Intern	0.3	Intern	0.3
Total	**4.8**	**Total**	**5.3**
FTE Net Change			**0.5**
Non-Personnel Operating Costs Expenditure per Capita	**$31**		**$31**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Solid Waste Collection

Solid waste collection would be provided by the City. The Township provides this service via a contract to a private waste collection company that is funded through general tax collections. No direct employment is associated under the Township; however, the Township employs 4.25 FTEs for Environmental Services that manage the contract and provide public outreach and education. This structure would remain in place upon incorporation.

Table 31
Solid Waste Collection
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
Solid Waste	**0.0**	**Solid Waste**	**0.0**
Environmental Services		**Environmental Services**	
Env. Services Manager	1	Env. Services Manager	1
Env. Education Coordinator	2	Env. Education Coordinator	2
Env. Education Specialist	0.5	Env. Education Specialist	0.5
Intern	0.8	Intern	0.8
Subtotal	**4.3**	**Subtotal**	**4.3**
Total	**4.3**	**Total**	**4.3**
FTE Net Change			**0.0**
Non-Personnel Operating Costs			
Expenditure per HH	**$131**		**$131**
Environmental Services % of Budget	**43%**		**43%**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Water and Wastewater

Water distribution and wastewater collection and treatment would be provided by the City. The Municipal Utility Districts (MUDs) currently provide these services via the Joint Powers Agency (JPA) which acts as a consolidated administrative agency. The JPA contracts water and wastewater to the San Jacinto River Authority who owns the majority of the system. Upon incorporation, the MUDs and the JPA would be dissolved and a new joint enterprise fund for water distribution and wastewater collection would be established. The enterprise fund is the result of direct fees collected from residential and commercial property for water and wastewater services. This fund would function similarly to the existing JPA and would house all associated administrative functions. Tax collection services would be handled by the City going forward; thus, current tax collection staff would no long be needed. However, customer services in the enterprise fund would expand to accommodate the three Harris County MUDs not currently under the jurisdiction of the JPA. A net reduction of 2.0 FTE is estimated. Because the Water and Wastewater Enterprise Funds would continue to contract for water distribution and wastewater treatment with the River Authority, the majority of operating costs would be non-personnel costs.

Table 32
Water and Wastewater
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
General Manager	1.0	General Manager	1.0
Deputy General Manager	1.0	Deputy General Manager	1.0
Administrative Assistant	1.0	Administrative Assistant	1.0
Board Secretary/HR Rep	1.0	Board Secretary/HR Rep	1.0
Accounting Manager	1.0	Accounting Manager	1.0
Assistant Accounting/Customer Acco	1.0	Assistant Accounting/Customer Accoı	1.0
Accounting Assistant	1.0	Accounting Assistant	1.0
Tax Assessor/Collector	1.0	Tax Assessor/Collector	0.0
Tax Rep	2.0	Tax Rep	0.0
Customer Service Supervisor	1.0	Customer Service Supervisor	1.0
Lead Customer Service Rep	1.0	Lead Customer Service Rep	1.0
Customer Accounts Supervisor	1.0	Customer Accounts Supervisor	1.0
New Accounts Coordinator	1.0	New Accounts Coordinator	1.0
Customer Accounts Rep	2.0	Customer Accounts Rep	2.0
Customer Service Rep	4.0	Customer Service Rep	5.0
Field Foreman - Tap Crew	1.0	Field Foreman - Tap Crew	1.0
Field Foreman -Ditch Crew	1.0	Field Foreman -Ditch Crew	1.0
Field Inventory Controller	1.0	Field Inventory Controller	1.0
Field Superintendent	1.0	Field Superintendent	1.0
Inspector	1.0	Inspector	1.0
Laborer	3.0	Laborer	3.0
Operator	1.0	Operator	1.0
Total	**29.0**	**Total**	**27.0**
FTE Net Change			**-2.0**
Non-Personnel Operating Costs % of Budget	**96%**		**96%**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Stormwater Management

Stormwater management and storm sewer maintenance is also performed by the MUDs via the JPA. This service would be provided in a separate enterprise fund. The estimated staffing levels are included in the Water and Wastewater services. Thus, no staffing is shown for Stormwater Management.

Table 33
Stormwater Management
The Woodlands Incorporation Study

Township		City	
Position	FTE	Position	FTE
	0.0		0.0
Total	**0.0**	**Total**	**0.0**
FTE Net Change			**0.0**
Non-Personnel Operating Costs % of Budget	**---**		**---**

Source: 2012 The Woodlands Township Budget; Economic & Planning Systems

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Final Summary

EPS compared total estimated staff levels of each department with the peer cities to provide a better understanding of overall levels of service. As shown in **Table 34**, the estimated staffing under incorporation totals approximately 738.5 FTEs. This is larger than Sugar Land but smaller than the remaining peer cities. The same remains true when excluding library services. On a employee per 1,000 population comparison, the estimated level of service falls in the range of peer cities, at approximately 7.9 FTEs per 1,000. However, this level of service only exceeds McKinney. This is primarily the result of the ability to contract water, wastewater, and storm water services to San Jacinto River Authority. The majority of peer cities own their own water and wastewater infrastructure and must operate and maintain it accordingly. Excluding these services, the estimated level of service exceeds all the peer cities at 7.58 FTEs per 1,000.

Table 33
Level of Service Comparison
The Woodlands Incorporation Study

Department	Township	City	Peer Cities			
			Sugar Land	McKinney	Frisco	Round Rock
General Government	52.00	84.00	95.70	76.50	63.25	77.25
Police	115.25	195.50	204.80	224.00	244.00	230.00
Fire	158.00	159.00	107.00	164.50	173.50	129.00
Public Works	3.00	59.00	52.50	78.30	76.00	77.75
Parks and Recreation	148.45	148.45	37.30	73.50	148.72	93.50
Planning and Development	33.00	56.00	55.00	56.10	70.50	39.75
Convention and Visitors Bureau	4.75	5.25	1.00	4.00	7.50	3.00
Solid Waste Management	4.25	4.25	2.00	12.00	12.50	6.00
Water and Wastewater	29.00	27.00	55.50	73.00	129.50	121.00
Stormwater	0.00	0.00	1.00	11.00	9.50	17.00
Library	0.00	0.00	0.00	33.70	46.35	30.50
Other Funds	0.00	0.00	34.50	22.10	11.00	0.00
Total	**547.70**	**738.45**	**646.30**	**828.70**	**992.32**	**824.75**
Total (Excluding Library)	**547.70**	**738.45**	**646.30**	**795.00**	**945.97**	**794.25**
Population	93,847	93,847	78,817	131,117	116,989	99,887
Emp./1,000	**5.84**	**7.87**	**8.20**	**6.06**	**8.09**	**7.95**
Total (Excluding Library and Utilities[1])	**518.70**	**711.45**	**589.80**	**711.00**	**806.97**	**656.25**
Population	93,847	93,847	78,817	131,117	116,989	99,887
Emp./1,000	**5.53**	**7.58**	**7.48**	**5.42**	**6.90**	**6.57**

[1]Excludes Water, Waste Water, and Stormwater

Note: A number of existing Township services continue under the City scenario, including Parks and Recreation and Covenant Administration.

Source: US Census; City of Round Rock; City of McKinney; City of Frisco; City of Sugar Land; The Woodlands Township; Economic & Planning Systems
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5. REVENUE SOURCES

This section of the report addresses the changes in major revenue sources between the current Township structure and the incorporation scenario including sales and use taxes, property taxes, hotel occupancy taxes, and other taxes and fees.

Sales and Use Taxes

The Woodlands Township levies a base sales and use tax of 1.0 percent. The Township also levies an incremental 1.0 percent Economic Development Zone tax that at this point in time is used for EDZ project debt service (convention center) and public safety. The 2.0 percent local tax in addition to the State tax rate of 6.25 percent is equal to the 8.25 percent maximum allowable combined tax rate under Texas State Statutes. The Township's combined 2.0 percent sales tax rate is expected to generate $33.6 million in revenues in 2012, which is equal to 39 percent of total Township consolidated revenues of $85.0 million.

Under incorporation, the City would be allowed to replace the existing sales tax rate with a 2.0 percent base tax rate as long as the combined state and local tax rate does not exceed the statutory maximum of 8.25 percent. Because Montgomery and Harris Counties are not levying a tax, The Woodlands would potentially be able to replace its current 1.0 percent general sales taxes and its 1.0 percent EDZ tax effectively yielding 2.0 percent with a general purpose 2.0 percent sales tax with no additional impact. The caveat is that the current EDZ sales tax is partially dedicated to the Convention Center debt service payments of approximately $3.5 million per year and it may need to replace the tax with dedicated tax with equivalent restrictions. This issue will need legal review and clarification.

As an alternative, the City could establish an Optional Section 4B tax for purposes of economic development with the approval of the voters. The primary purpose of an Option 4B tax is to finance and build facilities and infrastructure to specifically create or retain jobs. The Option 4B election could dedicate a portion of its tax for the Convention Center debt service payments. It is relatively broad legislation and could also pay for the funding of public safety facilities, streets and roads, drainage and related improvements. It also allows for up to 10 percent of generated funds to be spent for "promotional purposes" as well as to hire consultants or other third party contractors for business recruitment and development. An Option 4B tax could therefore pay for the improvements and services currently paid for by the EDZ tax.

The maximum tax rate for an Option 4B corporation is 0.5 percent. However, the total local sales tax rate cannot exceed 2.0 percent. Therefore, to establish a 0.5 percent sales tax for an Option 4B corporation, the City would need to reduce its general purpose sales tax rate to 1.5 percent. The financial impacts of this change would be to create a dedicated capital fund for the above specified improvements totaling $8.4 million a year but would also reduce general fund tax revenues by an equal $8.4 million.

Property Taxes

The Township's current property tax rate for FY 2012 is $0.3250 per $100 of assessed valuation, which is lower than last year's rate of $0.3274. The total assessed valuation is $12.5 billion which is expected to generate $40.5 million in annual property taxes.

Because the sales tax rate cannot be increased, the working assumption for the financial comparison is that the property tax rate may need to be increased by a yet to be determined amount in order to fund the additional city staffing and services required provided other financing sources do not make up the difference.

Hotel Occupancy Tax

The Township levies a 9.0 percent tax on the price paid for a hotel room in the Township. This is in addition to the 6.0 percent rate paid to the State for a total combined rate of 15.0 percent. The local tax rate is estimated to generate $5.0 million in revenues in 2012.

Of the Township's 9.0 percent HOT rate, 7.0 percent is pledged to payment of debt service for bonds for the Convention Center, regional participation agreement, and Office Building. The bond payments are $5.9 million with the 7.0 percent HOT generating $3.9 million. The remaining $2.0 million is paid for by sales tax. A minimum of 75 percent of the remaining 2.0 percent HOT is required to be used for The Woodlands CVB programs and services. Because these revenues are derived from visitors and dedicated for specified services and facilities, they are assumed to remain unchanged in the incorporation financial scenario.

User Fees

The Township's remaining existing revenue sources are user fees and charges for Recreation, Aquatics, and CVB programs. These user fees are also expected to remain largely unchanged in the incorporation scenario.

Other Revenue Sources

As a City, The Woodlands would be able to levy a number of additional fees and fines in order to pay for all or a portion of the costs of providing additional services.

Utility Access and Franchise Fees

The Woodlands Development Company currently charges utility access fees for the use of developer owned property for utility lines. Municipalities typically charge franchise fees for the use of publicly owned rights of way for that same function.

Our initial assumption is that the Developer will want to relinquish its responsibilities for utility easements when its residential development is complete and will sell or convey these properties to the City. The City would then be able to charge the utility providers an appropriate franchise fee. This assumption will require further legal review and confirmation.

Mixed Beverage Tax

The State of Texas charges restaurant and bar establishments a 14 percent tax on liquor for mixed drinks, not including beer and wine. An incorporated city receives 8.365 percent of this tax or 1.13 percent. This additional revenue will be estimated for the incorporation scenario.

Permit Fees and Licenses

A city can charge permit fees for development plan review, building permits, and building inspections. These fees are generally calibrated to recover the costs of the services provided. EPS will estimate these revenues based on a comparison to the peer cities and consideration of the expected level of activity for each service. A city can also charge animal license fees which will be estimated in a similar manner.

Fines and Forfeitures

A city with an established Municipal Court can collect fines and forfeitures, including traffic and nontraffic fines, warrants, arrest fees, watering restriction violation charges, and other potential fines. EPS will estimate these revenues based on a comparison to the peer cities and/or historical county collections.

Impact Fees

Municipalities are entitled to adopt impact fees which are one-time charges imposed on new development at the time of building permit to pay for the cost of capital facilities needed to serve that development. Impact fees, like other development exactions are imposed as a condition of development approval to mitigate the impacts on public facilities generated by the development project. To establish impact fees, the city would need to conduct an impact fee study to determine the eligible capital costs and the supportable fee per unit to be charged. With the community largely built out the imposition of impact fees is not likely to be feasible or generate any significant level of revenues. EPS has therefore not assumed that impact fees will be imposed.

6. CAPITAL EXPENSE ASSUMPTIONS

The transition from a Township to an incorporated City will require that the City invest in a number of items that were previously provided through the capital assets of other entities, including the counties and the Development Company. Upon incorporation, the City will be required to provide these services through its own capital assets. EPS used the peer cities, as well as discussions with service providers to compile a list of required capital assets. Where new significant new capital expenses are projected, EPS assumes the City would issue bonds. The bond terms will be assumed for a 30-year term at a 4 percent rate. The primary capital expenses to be considered include:

- **Town Hall/City Administration Building -** The Township recently purchased the 2801 Technology Forest Blvd. Building in The Woodlands to house the majority of General Government services. The facility is assumed to also accommodate a Public Works and Utilities Administration Department.

- **Police Department –** Under incorporation, the City would need to purchase or build a new Police Department facility. One option is to share, lease, or purchase the Montgomery County substation. Upon the establishment of The Woodlands Police Department, it may need less of a presence in the community. Building a new facility may be costly, but might provide for efficiencies that are not available in an existing facility. The Novak Consulting Group's Public Safety Report assumes the construction of a new facility. The debt service for a new facility is included in the Police Department operating budget

- **Detention Facility -** Montgomery County's detention facility currently has capacity for The Woodlands estimated needs. It also has the liability structure in place to provide this service. The Novak Consulting Group recommends that the City contract with the County for detention facilities in order to avoid the costs of building a new facility and acquiring the necessary liability coverage. This is assumed for the analysis. If the Police Department does build a new free-standing facility, detention capabilities may be considered.

- **Police Vehicle Fleet and Equipment -** In addition to a building to house associated services, the Police Department will need to purchase a new vehicle fleet and related police and public safety equipment. Associated start-up costs were estimated by the Novak Consulting Group in the Public Safety Report and included in the Police Department operating budget.

- **Municipal Court –** Land-use restrictions prohibit the use of the new administration building to house municipal court functions. As a result, EPS assumes a new facility will need to be constructed.

- **Signalization System –** The County currently operates a NorthStar signalization system that controls all traffic lights in The Woodlands and a few in unincorporated portions of greater Montgomery County. Upon incorporation, EPS assumes that the City will purchase this system.

- **Road Maintenance Vehicle Fleet and Equipment -** The City would need to establish a Public Works Department upon incorporation. The primary responsibility of the Public Works Department will be the added responsibility of regular maintenance of the road network in The Woodlands. This will require a substantial investment in road maintenance vehicles and equipment. EPS will need to conduct additional research to determine the appropriate equipment and costs to be included.

- **Public Works Facility -** The new Public Works Department would need to develop a maintenance yard and facility to store its vehicle fleet and road and building maintenance equipment. It will also need a garage to perform regular maintenance on the vehicles and equipment. Because of scarce available land, this facility will likely require a premium. EPS will include the capital cost for these facilities.

- **Major Road Maintenance Capital Projects -** The initial road network in parts of The Woodlands is beginning to deteriorate. Some of these roads will need substantial investment beyond regular maintenance. These improvements would become the responsibility of The Woodlands under incorporation.

- **MUD Debt Service -** All of the 14 MUDs carry debt service associated with the upfront capital investments in water and sewer systems. Because the debt service is associated with the specific investments of each MUD, different property taxes are assessed in each MUD. Upon incorporation, the MUDs and their outstanding debt will need to be dissolved and refinanced. One consistent citywide tax assessment will then be charged to all households to pay the refinanced debt. A small portion of homes in Grogan's Point are located within the Township boundaries but in a MUD that is predominately outside the Township boundaries. The portion of debt associated with these homes will need to be paid off upon incorporation because these homes will not be assessed the new citywide rate.

Memo

TO: Board of Directors

FROM: Audra Koester Thomas, Senior Associate

CC: Executive Management Team

DATE: January 13, 2012

RE: Working Paper #1 Assumption Changes

In October, 2011, we presented the recommended financial assumptions to be used in the financial model for the Governance Planning Process.

Together with Economic & Planning Systems, Inc., we presented assumptions for levels of municipal services, revenue sources and capital expenses. These underlying financial assumptions provided the framework for identifying the potential fiscal impacts associated with incorporation, based on today's costs. The assumptions have been used in a fiscal impact analysis to estimate the approximate costs and revenues associated with the potential change in governance; the analysis is not a tax rate study and the actual tax rates that would be imposed upon incorporation are not being calculated. We developed the assumptions based on research, including comparisons to peer cities. The peer cities were selected on the basis of size, location, socioeconomic factors, tax structures, and overall reputation for high levels of service. The Board requested some revisions to the assumptions, and on October 26, 2011, the Board accepted the general assumptions and authorized us to proceed with the development of a financial model based on these assumptions.

Accordingly, our team has been working over the course of the last several months to build the financial model. As we completed our research and data gathering, changes were made to some assumptions. These changes are reflected below:

Operating Expenditures

New staffing costs: $3,000 for each new city office employee was added to accommodate for IT equipment; these costs are amortized on a 3-year schedule.

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Intergovernmental Relations: legal fees moved to Legal Services/City Attorney's Office; increased lobbying costs to depict an average between a legislative and non-legislative year.

Legal Services/City Attorney's Office: increased operating budget to include specialty legal services that would need to be outsourced resulting in an increase in percent of operating budget factor.

Non-Departmental: moved custodial services and facilities supplies to Facilities Maintenance resulting in a decrease in percent of operating budget factor.

Fire Department: added an "Inspector/Investigator" position at 1.0 FTE, a "Plan Review" position at 1.0 FTE, and an "Administrative Assistant" position at 1.0 FTE.

Traffic Control/Signalization System: revised from a purchase of the NorthStar traffic signalization system to an operating contract with the county.

Parks and Recreation: separation and reallocation of non-personnel costs resulting in changes in percent of operating budget factors; added $5.3 million in ongoing parks and recreation operating capital expenses based on potential franchise fee income.

Water and Wastewater: reduction in total utility operating costs to reflect that additional operating costs will be reflected in future utility rate/user fees, resulting in a decrease in percent of operating budget factor.

Annual Operating Capital: added new expense category in each department to reflect costs associated with new staffing and other capital expenditures that are amortized, not bonded.

Other Expenditures: added "other expenditures" in expenditures total.

Capital Expenditures

Bond terms: revised bond interest rate to 4.75% to reflect historical average.

Vehicle fleet: removed the purchase of new vehicles and equipment from the bond and revised acquisitions for Public Works-Roads fleet to be amortized on a 7-year schedule and all other new vehicles on a 5-year schedule.

Police Department: moved start-up costs (fleet, uniforms, etc.) to annual operating capital costs amortized on a 3-year schedule (exception: land for facility).

MUD Debt Service: revised to reflect the city's ability to assume existing MUD debt at current terms rather than dissolving and refinancing all debt (short- and long-term) on a new 30-year term bond; included balance payment for Grogan's Point MUD No. 1 as a one-time capital expense.

Revenue Sources

Hotel Occupancy Tax: reduced tax to 7.0 percent to reflect the loss of an additional 2.0 percent currently levied by the Township.

MEMORANDUM

To: The Woodlands Township; Partners for Strategic Action (PSA)

From: Dan Guimond and Chris Leutzinger, Economic & Planning Systems

Subject: The Woodlands Township Incorporation Study Working Paper #2; Change in Capital Assumptions (Updated)

Date: February 10, 2012

This memorandum summarizes Economic & Planning Systems' (EPS) explanation for a change in financial assumptions regarding the capital road projects cost estimate for The Woodlands Township Incorporation Study Working Paper #2.

Original Estimate

As part of the one-time capital projects estimated in The Woodlands Township Incorporation Study Working Paper #2, EPS estimated the one-time capital projects associated with potential major road improvements. This estimate was based on an inventory of necessary and desired projects compiled by the Montgomery County Precinct 3 Public Works department. The total of these projects, assuming the highest quality repairs, is approximately $132.4 million.

New Estimate

Upon further review, many of the road projects included in this inventory are actually located outside of The Woodlands Township boundaries. Despite this fact, the majority of costs represented on the list are still located in the Township as follows and shown in **Figure 1**:

The Economics of Land Use

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- Of the 26 concrete road projects identified on the Montgomery County inventory, 19 are located in the project, or approximately $75.2 million.
- Of the 217 asphalt projects identified on the Montgomery County inventory, only 8 are located in the project, or approximately $2.7 million.
- Of the 12 curb and gutter projects identified on the Montgomery County inventory, all 12 are located in the project, or approximately $245,000.
- In total, the Township estimates 39 projects located in Montgomery County Precinct 3 would become the responsibility of The Woodlands upon incorporation, or $78.2 million. This is approximately 60.0 percent of the original $132.4 million estimate.

The $78.2 million only represent the potential necessary projects in Precinct 3. While this precinct is by far the largest precinct (329 road miles), there are 106 miles of roads in Precincts 2 (93 miles) and 4 (13 miles) that would also fall under the responsibility of The Woodlands under incorporation. Upon discussion with the Montgomery County engineer, the County does not estimate or identify any necessary immediate capital projects for the portion of these Precinct roads located in the Woodlands. Thus, EPS does not estimate any additional costs above the $80.1 million identified in Precinct 3.

Impact to Analysis

Combined with other estimated one-time capital costs, new one-time capital costs are estimated to total $91.5 versus $145.7 million under the previous assumption, or a net reduction of $54.2 million. Assuming the same debt assumptions as previously established, one-time capital costs are estimated to result in an Other Funds property tax rate of $0.0464 versus $0.0739 under the previous assumption, or $0.0275 lower than previously estimated. As a result of the above, EPS estimates the new property tax rate upon incorporation to total $0.5539 versus $0.5814, or a net reduction of $0.0275.

Figure 1
Precinct 3 Road Projects
The Woodlands Township Incorporation Study

Concrete Road Repairs	Rebuild	Stabilize	PFC Overlay	Asphalt Overlay	Woodlands
Concrete Road Repairs					
Grogan's Mill	$16,115,355	$11,172,279	$3,784,737	$1,894,517	$16,115,355
North Millbend	$5,165,827	$3,581,309	$1,213,209	$607,293	$5,165,827
South Millbend	$4,423,678	$3,066,799	$1,038,913	$520,047	$4,423,678
East Panther Creek	$1,869,983	$1,296,401	$439,171	$219,835	$1,869,983
West Panther creek	$3,194,943	$2,214,956	$750,341	$375,597	$3,194,943
South Panther Creek	$2,422,407	$1,679,380	$568,909	$284,778	$2,422,407
Tangle Brush	$3,049,630	$2,114,215	$716,214	$358,514	$3,049,630
Woodlands Parkway	$15,471,769	$10,726,101	$3,633,589	$1,818,858	$15,471,769
Lake Woodlands Drive	$685,697	$0	$0	$0	$685,697
Cokeberry	$1,090,434	$755,964	$256,091	$128,191	$1,090,434
Fernridge	$1,305,871	$905,320	$306,688	$153,518	$1,305,871
Cochran's Crossing	$17,827,168	$12,359,026	$4,186,761	$2,095,758	$17,827,168
Interfaith (Woodrush)	$1,954,132	$1,354,739	$458,933	$229,727	$1,954,132
Flintridge (Gossing and S. Panther Creek)	$425,536	$313,729			$425,536
Lake Woodlands at Pinecroft	$36,661	$33,047			$36,661
Research Forest at Cats Cradle	$27,496	$24,785			$27,496
South Panther Creek	$54,992	$49,571			$54,992
Branch Crossing at Terramont	$54,992	$49,571			$54,992
Research Forrest I-45 to Shadowbend		$5,974,118			$0
Subtotal	**$75,176,569**	**$57,671,311**	**$17,353,557**	**$8,686,632**	**$75,176,569**

Asphalt Road Repairs	Full Depth, 4 ft. Widening w/PFC Overlay	Full Depth, 4 ft. Widening	Full Depth w/PFC	Full depth	Woodlands
Bristlecone Trail			$261,332	$188,678	$261,332
Buckthorn Place					$0
Glen Loch Drive			$1,364,133	$984,881	$1,364,133
Green haven Drive			$153,113	$110,545	$153,113
Hickory Hollow Drive			$310,888	$224,456	$310,888
Hickory Hollow Lane			$227,825	$164,486	$227,825
Lazy Lane			$394,167	$284,582	$394,167
Switchbud Place			$31,772	$22,939	$31,772
Subtotal	**$0**	**$0**	**$2,743,231**	**$1,980,567**	**$2,743,231**

Concrete Curb Repairs	New Curb	Woodlands
Autumnwood Way	$20,332	$20,332
Woodhaven Wood	$20,332	$20,332
Brushwood court	$20,332	$20,332
Lazy Lane	$20,332	$20,332
Emory Oak	$20,332	$20,332
Bigelow Court	$20,332	$20,332
Early dawn Court	$20,332	$20,332
Rock Pine Court	$20,332	$20,332
Pineash Court	$20,332	$20,332
Nutmeg Court	$20,332	$20,332
S. Pine Plank	$20,332	$20,332
Diamond Oak Court	$20,332	$20,332
Subtotal	**$243,984**	**$243,984**

Total	**$78,163,785**

Note: Research Forrest road repair already completed

Note: Figures may vary based on rounding

Source: Montgomery County Precinct 3; Economic & Planning Systems

H:\21857-Woodlands TX Incorporation Study\Models\[21857-Woodlands Financial Model0209012.xls]PW-Woodlands Roads

Summary of Property Tax Rates - Properties in the Woodlands Township (MC)

	2011	2016
Property tax rates		
Montgomery County	0.48380	0.46670
Montgomery County Hospital District	0.07450	0.06650
Lone Star College	0.12100	0.10780
Conroe Independent School District	1.29500	1.28000
The Woodlands Township	0.32500	0.23000
	2.29930	**2.15100**

Footnotes

1. The 2016 property tax rates were provided directly by the agencies

2. The calculated property tax rates do not include exemptions, MUD or WRUD tax

2011

Notice of Public Hearing on Tax Increase

The Woodlands Township will hold two public hearings on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by 1.59 percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax calculated under Chapter 26, Tax Code). Your individual taxes may increase at a greater or lesser rate, or even decrease depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.

The first public hearing will be held on Thursday, August 11, 2011 at 6:30 p.m. at The Woodlands Township Service Center, 2201 Lake Woodlands Drive, The Woodlands, Texas.

The second public hearing will be held on Tuesday, August 16, 2011 at 7:30 p.m. at The Woodlands Township Service Center, 2201 Lake Woodlands Drive, The Woodlands, Texas.

The members of the governing body voted on the proposal to consider the tax increase as follows:

FOR:	B. TOUGH E. ROBB	L. MATTHEWS N. BLAIR	C. HUNTER
AGAINST:	T. CAMPBELL	P. HAUSMAN	
PRESENT and not voting:	NONE		
ABSENT:	NONE		

The average taxable value of a residence homestead in The Woodlands Township last year was $314,698 (average taxable value of a residence homestead in the taxing unit for the preceding tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older). Based on last year's tax rate of $.3274 (preceding year's adopted tax rate) per $100 of taxable value, the amount of taxes imposed last year on the average home was $1,030 (tax on average taxable value of a residence homestead in the taxing unit for the preceding tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).

The average taxable value of a residence homestead in The Woodlands Township this year is $323,537 (average taxable value of a residence homestead in the taxing unit for the current tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older). If the governing body adopts the effective tax rate for this year of $.3199 per $100 of taxable value, the amount of taxes imposed this year on the average home would be $1,035 (tax on average taxable value of a residence homestead in the taxing unit for the current tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).

If the governing body adopts the proposed tax rate of $.3250 per $100 of taxable value, the amount of taxes imposed this year on the average home would be $1,051 (tax on the average taxable value of a residence homestead in the taxing unit for the current tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).

Members of the public are encouraged to attend the hearings and express their views.

2016

Notice of Public Hearing on Tax Increase

The Woodlands Township will hold two public hearings on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by 4.55 percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax calculated under Chapter 26, Tax Code). Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.

The first public hearing will be held on August 31, 2016 at 6:00 PM at 2801 TECHNOLOGY FOREST BLVD., THE WOODLANDS, TX 77381.

The second public hearing will be held on September 7, 2016 at 6:00 PM at 2801 TECHNOLOGY FOREST BLVD., THE WOODLANDS, TX 77381.

The members of the governing body voted on the proposal to consider the tax increase as follows:

FOR:	MIKE BASS	GORDY BUNCH
	LAURA FILLAULT	JEFF LONG
	JOHN MCMULLAN	ED ROBB
	ANN SNYDER	
AGAINST:	NONE	
PRESENT and not voting:	NONE	
ABSENT:	NONE	

The average taxable value of a residence homestead in The Woodlands Township last year was $426,726. Based on last year's tax rate of $0.2300 per $100 of taxable value, the amount of taxes imposed last year on the average home was $981.47.

The average taxable value of a residence homestead in The Woodlands Township this year is $439,696. If the governing body accepts the effective tax rate for this year of $0.2200 per $100 of taxable value, the amount of taxes imposed this year on the average home would be $967.33.

If the governing body adopts the proposed tax rate of $0.2300 per $100 of taxable value, the amount of taxes imposed this year on the average home would be $1,011.30.

Members of the public are encouraged to attend the hearings and express their views.