

*The Economics of Land Use*



## Draft Report

# The Woodlands Incorporation Study: Working Paper #1

## Financial Assumptions

Prepared for:

The Woodlands Township  
Partners for Strategic Action

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# 1. INTRODUCTION

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## **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**

<b>General Fund</b>					
<b>Statement of Revenues Expenditures &amp; Changes in Fund Balance</b>					
<b>(in whole dollars)</b>					
	2011	2011	2012	\$	%
	Budget	Forecast	Budget	Inc/(Dec)	Inc/(Dec)
<b>REVENUES</b>					
<b>Tax Revenue</b>					
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 Occupancy Tax	500,000	547,314	1,123,034	623,034	125%
Event Admissions Tax	75,000	50,000	50,000	(25,000)	-33%
	<b>72,706,960</b>	<b>74,257,513</b>	<b>77,120,279</b>	<b>4,413,319</b>	<b>6.1%</b>
<b>Other Sources</b>					
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%
<b>TOTAL REVENUES</b>	<b>78,291,087</b>	<b>79,110,903</b>	<b>81,949,216</b>	<b>3,658,129</b>	<b>4.7%</b>
<b>OPERATING EXPENDITURES</b>					
<b>General Government</b>					
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%
	<b>8,187,658</b>	<b>7,831,228</b>	<b>7,417,212</b>	<b>(770,446)</b>	<b>-9.4%</b>
<b>Law Enforc/Neighborhood Svcs</b>					
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%
	<b>11,149,263</b>	<b>10,729,787</b>	<b>11,084,189</b>	<b>(65,074)</b>	<b>-0.6%</b>
<b>Parks and Recreation</b>					
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%
	<b>12,674,235</b>	<b>12,268,240</b>	<b>12,989,608</b>	<b>315,373</b>	<b>2.5%</b>
<b>Community Services</b>					
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%
	<b>12,157,587</b>	<b>12,056,238</b>	<b>11,900,809</b>	<b>(256,778)</b>	<b>-2.1%</b>
<b>Community Relations</b>					
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%
	<b>1,082,895</b>	<b>1,020,110</b>	<b>1,124,606</b>	<b>41,711</b>	<b>3.9%</b>
<b>Woodlands Fire Department</b>					
Fire Department*	15,219,937	15,527,508	17,964,297	2,744,360	18.0%
<b>Other Expenditures</b>					
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%
	<b>3,189,154</b>	<b>2,959,707</b>	<b>2,998,582</b>	<b>(190,572)</b>	<b>-6.0%</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>63,660,729</b>	<b>62,392,818</b>	<b>65,479,303</b>	<b>1,818,574</b>	<b>2.9%</b>
<b>TRANSFERS</b>					
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%
	<b>14,733,518</b>	<b>15,976,558</b>	<b>16,013,311</b>	<b>1,279,793</b>	<b>8.7%</b>
<b>TOTAL EXPENDITURES</b>	<b>78,394,247</b>	<b>78,369,376</b>	<b>81,492,614</b>	<b>3,098,367</b>	<b>4.0%</b>
<b>REV OVER/(UNDER) EXP</b>	<b>(103,160)</b>	<b>741,527</b>	<b>456,602</b>	<b>559,762</b>	<b>542.6%</b>
<b>BEGINNING FUND BALANCE</b>	<b>23,705,070</b>	<b>23,705,070</b>	<b>24,446,597</b>	<b>741,527</b>	<b>3.1%</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 23,601,910</b>	<b>\$ 24,446,597</b>	<b>\$ 24,903,199</b>	<b>\$ 1,301,289</b>	<b>5.5%</b>

\* 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
<b>Metro Area</b>	Houston	Houston	Dallas	Dallas	Austin
<b>Size</b>					
Acres	15,296	21,451	40,256	44,800	16,832
Square miles	23.9	33.5	62.9	70.0	26.3
<b>Lane Miles</b>	894	912	706	1,163	1,150
<b>Parks (acres)</b>	2,750	695	2,025	1,348	1,700
<b>Demographics</b>					
Population <sup>1</sup>	93,847	78,817	131,117	116,989	99,887
Households <sup>1</sup>	34,986	26,709	44,353	39,901	35,050
Housing Units <sup>1</sup>	37,339	27,727	47,915	42,306	37,223
Median Household Income <sup>2,3</sup>	\$116,732	\$103,055	\$74,784	\$101,972	\$68,983
Per Capita Income <sup>3</sup>	\$44,967	\$41,204	\$30,342	\$39,200	\$26,444
<b>Taxes</b>					
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%

<sup>1</sup> 2010 US Census

<sup>2</sup> The Woodlands Development Company 2010 Demographics; 2009 US Census American Community Survey

<sup>3</sup> 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

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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 statute 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
<b>General Government</b>			
Governance	Township Board of Directors	New City	Elected/Appointed Mayor and elected 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.
<b>Public Safety</b>			
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 Dept of Public Safety is responsible 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
<b>Public Works</b>			
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
<b>Parks and Recreation</b>			
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
<b>Planning and Development</b>			
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
<b>Other Services</b>			
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

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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
<b>Total</b>	<b>7.0</b>	<b>Total</b>	<b>7.0</b>
<b>FTE Net Change</b>		<b>0.0</b>	
<b>Non-Personnel Operating Costs \$ per Member</b>		<b>\$15,000</b>	
	<b>\$8,614</b>		

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
<b>President's Office</b>		<b>City Manager's Office</b>	
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
<b>Subtotal</b>	<b>4.0</b>	Management Analyst	1.0
		Executive Assistant	3.0
<b>Community Services<sup>1</sup></b>		Sr. Administrative Assistant	1.0
Asst. General Manager	1.0	Receptionist	2.5
Sr. Administrative Assistant	1.0	Mail Clerk	1.0
Receptionists	2.5	<b>Subtotal</b>	<b>11.5</b>
Mail Clerk	1.0		
<b>Subtotal</b>	<b>5.5</b>		
<b>Total</b>	<b>9.5</b>	<b>Total</b>	<b>11.5</b>
<b>FTE Net Change</b>			<b>2.0</b>
<b>Non-Personnel Operating Costs</b>			
<b>% of Budget</b>	<b>5%</b>		<b>5%</b>

<sup>1</sup>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**

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

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
<b>Total</b>	<b>5.8</b>	<b>Total</b>	<b>9.3</b>
<b>FTE Net Change</b>			<b>3.5</b>
<b>Non-Personnel Operating Costs % of Budget</b>	<b>22%</b>		<b>22%</b>

Note: Non-Personnel Operating Costs excludes Legal Fees

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

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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
<b>Total</b>	<b>9.0</b>	<b>Total</b>	<b>17.0</b>
<b>FTE Net Change</b>		<b>8.0</b>	
<b>Non-Personnel Operating Costs % of Budget</b>		<b>40%</b>	
	<b>30%</b>		

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
<b>Total</b>	<b>8.0</b>	<b>Total</b>	<b>10.0</b>
<b>FTE Net Change</b>		<b>2.0</b>	
<b>Non-Personnel Operating Costs % of Budget</b>		<b>11%</b>	

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
<b>Total</b>	<b>0.0</b>	<b>Total</b>	<b>5.0</b>
<b>FTE Net Change</b>		<b>5.0</b>	
<b>Non-Personnel Operating Costs % of Budget</b>		<b>15%</b>	
	<b>N/A</b>		

Note: Additional legal services will continue 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
Fiscal Services Manager	1.0	Fiscal 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. Administrative Assistant	1.0	Sr. Administrative Assistant	1.0
		Budget Analyst	2.0
		Revenue Collection	2.0
<b>Total</b>	<b>14.3</b>	<b>Total</b>	<b>24.3</b>
<b>FTE Net Change</b>			<b>10.0</b>
<b>Non-Personnel Operating Costs % of Budget</b>	<b>17%</b>		<b>20%</b>

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
Community Relations Coordinator	1.0	Community Relations Coordinator	1.0
Sr. Community Relations Specialist	1.0	Sr. Community Relations Specialist	1.0
Community Relations Specialist	1.0	Community Relations Specialist Administrator	1.0
<b>Total</b>	<b>4.5</b>	<b>Total</b>	<b>6.0</b>
<b>FTE Net Change</b>		<b>1.5</b>	
<b>Non-Personnel Operating Costs % of Budget</b>		<b>41%</b>	

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**

<b>Township</b>		<b>City</b>	
Position	FTE	Position	FTE
None	0.0	None	0.0
<b>Total</b>	<b>0.0</b>	<b>Total</b>	<b>0.0</b>
<b>FTE Net Change</b>		<b>0.0</b>	
<b>Non-Personnel Operating Costs Expenditure per Capita</b>		<b>\$6</b>	
	<b>\$3</b>		

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
<b>Total</b>	<b>0.0</b>	<b>Total</b>	<b>0.0</b>
<b>FTE Net Change</b>			<b>0.0</b>
<b>Non-Personnel Operating Costs % of Budget</b>	<b>3%</b>		<b>3%</b>

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

Source: 2012 The Woodlands Township 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
<b>Subtotal</b>	<b>91.0</b>	Patrol Supervisor	9.0
<b>Other Security</b>		Patrol	71.0
Alpha and Omega (Contract)	14.0	Investigations	6.0
Waterway Security (Contract)	4.0	Special Operations Commander	1.0
<b>Subtotal</b>	<b>18.0</b>	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
		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
		<b>Subtotal</b>	<b>156.0</b>
		<b>Other Security</b>	
		Alpha and Omega (Contract)	14.0
		Waterway Security (Contract)	4.0
		<b>Subtotal</b>	<b>18.0</b>
<b>Total</b>	<b>109.0</b>	<b>Total</b>	<b>174.0</b>
<b>FTE Net Change</b>			<b>65.0</b>
<b>Non-Personnel Operating Costs % of Budget</b>	<b>41%</b>		<b>26%</b>

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
<b>Total</b>	<b>6.3</b>	<b>Total</b>	<b>3.5</b>
<b>FTE Net Change</b>		<b>-2.8</b>	
<b>Non-Personnel Operating Costs % of Budget</b>		<b>21%</b>	

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
<b>Total</b>	<b>0.0</b>	<b>Total</b>	<b>18.0</b>
<b>FTE Net Change</b>			<b>18.0</b>
<b>Non-Personnel Operating Costs % of Budget</b>	<b>N/A</b>		<b>15%</b>

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 reevaluation for an 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
<b>Fire and EMS</b>		<b>Fire and EMS</b>	
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
Administrative Analyst	1.0	Administrative Analyst	1.0
Customer Service Rep	1.0	Customer Service Rep	1.0
Administrative Asst. II	1.0	Administrative Asst. II	1.0
Fire Support Specialist	1.0	Fire Support Specialist	1.0
<b>Subtotal</b>	<b>13.0</b>	<b>Fire Marshal</b>	<b>1.0</b>
		<b>Subtotal</b>	<b>14.0</b>
<b>Fire Protection</b>		<b>Fire Protection</b>	
Captain	3.0	Captain	3.0
Lieutenant	24.0	Lieutenant	24.0
Driver Operator	27.0	Driver Operator	27.0
Firefighter	75.0	Firefighter	75.0
<b>Subtotal</b>	<b>129.0</b>	<b>Subtotal</b>	<b>129.0</b>
<b>Dispatch</b>		<b>Dispatch</b>	
Dispatch Manager	1.0	Dispatch Manager	1.0
Shift Supervisor	3.0	Shift Supervisor	3.0
Dispatcher	12.0	Dispatcher	12.0
<b>Subtotal</b>	<b>16.0</b>	<b>Subtotal</b>	<b>16.0</b>
<b>Total</b>	<b>158.0</b>	<b>Total</b>	<b>159.0</b>
<b>FTE Net Change</b>		<b>1.0</b>	
<b>Non-Personnel Operating Costs</b>		<b>Non-Personnel Operating Costs</b>	
<b>Fire and EMS % of Budget</b>	<b>33%</b>	<b>Fire and EMS % of Budget</b>	<b>33%</b>
<b>Fire Protection % of Budget</b>	<b>10%</b>	<b>Fire Protection % of Budget</b>	<b>10%</b>
<b>Dispatch % of Budget</b>	<b>3%</b>	<b>Dispatch % of Budget</b>	<b>3%</b>

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
<b>Total</b>	<b>1.0</b>	<b>Total</b>	<b>2.0</b>
<b>FTE Net Change</b>			<b>1.0</b>
<b>Non-Personnel Operating Costs</b>			
<b>None</b>	<b>N/A</b>		<b>N/A</b>

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**

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

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
<b>Total</b>	<b>0.0</b>	<b>Total</b>	<b>10.0</b>
<b>FTE Net Change</b>			<b>10.0</b>
<b>Non-Personnel Operating Costs O &amp; M</b>			<b>50%</b>
	<b>N/A</b>		

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
<b>Total</b>	<b>0.0</b>	<b>Total</b>	<b>28.0</b>
<b>FTE Net Change</b>			<b>28.0</b>
<b>Non-Personnel Operating Costs</b>			
<b>O &amp; M per Lane Mile</b>	<b>N/A</b>		<b>\$1,600</b>
<b>O &amp; M Premium</b>			<b>20%</b>

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**

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

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**

<b>Township</b>		<b>City</b>	
Position	FTE	Position	FTE
None	0.0	None	0
<b>Total</b>	<b>0.0</b>	<b>Total</b>	<b>0.0</b>
<b>FTE Net Change</b>		<b>0.0</b>	
<b>Non-Personnel Operating Costs</b>			
<b>Operating Costs per Light</b>	<b>\$200</b>		<b>\$200</b>

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
Facilities 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
		Facilities Maintenance Engineer	1.0
		Facilities Specialist	1.0
		Custodian	4.0
		Admin.	1.0
<b>Total</b>	<b>2.0</b>	<b>Total</b>	<b>12.0</b>
<b>FTE Net Change</b>			<b>10.0</b>
<b>Non-Personnel Operating Costs % of Budget</b>			<b>33%</b>
	<b>N/A</b>		

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
<b>Total</b>	<b>0.0</b>	<b>Total</b>	<b>7.0</b>
<b>FTE Net Change</b>		<b>7.0</b>	
<b>Non-Personnel Operating Costs % of Budget</b>		<b>15%</b>	
	<b>N/A</b>		

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
<b>Operations<sup>1</sup></b>		<b>Operations</b>	
Superintendent	1.0	Superintendent	1.0
Park Rangers	10.5	Park Rangers	10.5
Other	25.0	Other	25.0
<b>Subtotal</b>	<b>36.5</b>	<b>Subtotal</b>	<b>36.5</b>
<b>Administration<sup>2</sup></b>		<b>Administration</b>	
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
<b>Subtotal</b>	<b>9.0</b>	<b>Subtotal</b>	<b>9.0</b>
<b>Planning</b>		<b>Planning</b>	
Project Manager	1.0	Project Manager	1.0
Other	9.0	Other	9.0
<b>Subtotal</b>	<b>10.0</b>	<b>Subtotal</b>	<b>10.0</b>
<b>Aquatics</b>		<b>Aquatics</b>	
Aquatics Superintendent	1.0	Aquatics Superintendent	1.0
Lifeguards	58.5	Lifeguards	58.5
Other	7.5	Other	7.5
<b>Subtotal</b>	<b>67.0</b>	<b>Subtotal</b>	<b>67.0</b>
<b>Recreation</b>		<b>Recreation</b>	
Recreation Superintendent	1.0	Recreation Superintendent	1.0
Other	17.0	Other	17.0
<b>Subtotal</b>	<b>18.0</b>	<b>Subtotal</b>	<b>18.0</b>
<b>Town Center Facilities</b>		<b>Town Center Facilities</b>	
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
<b>Subtotal</b>	<b>8.0</b>	<b>Subtotal</b>	<b>8.0</b>
<b>Total</b>	<b>148.5</b>	<b>Total</b>	<b>148.5</b>
<b>FTE Net Change</b>		<b>0.0</b>	
<b>Non-Personnel Operating Costs</b>		<b>Non-Personnel Operating Costs</b>	
<b>Operations % of Budget</b>	<b>64%</b>	<b>Operations % of Budget</b>	<b>64%</b>
<b>Planning % of Budget</b>	<b>27%</b>	<b>Planning % of Budget</b>	<b>27%</b>
<b>Aquatics % of Budget</b>	<b>28%</b>	<b>Aquatics % of Budget</b>	<b>28%</b>
<b>Recreation % of Budget</b>	<b>62%</b>	<b>Recreation % of Budget</b>	<b>62%</b>
<b>Town Center Facilities % of Budget</b>	<b>73%</b>	<b>Town Center Facilities % of Budget</b>	<b>73%</b>

<sup>1</sup>Excludes two facilities maintenance FTEs included in Facilities Maintenance

<sup>2</sup>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
		Transportation Engineer	1.0
		Administrative Asst.	1.0
<b>Total</b>	<b>0.0</b>	<b>Total</b>	<b>6.0</b>
<b>FTE Net Change</b>		<b>6.0</b>	
<b>Non-Personnel Operating Costs % of Budget</b>		<b>10%</b>	
	<b>N/A</b>		

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
<b>Covenant Administration</b>		<b>Development Review</b>	
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	<b>Subtotal</b>	<b>6.0</b>
Revitalization Specialist	1.0	<b>Building Inspection</b>	
Applications Specialist	2.5	Building Inspector	1.0
Property Compliance Specialist	7.0	Building Official	1.0
Administrative Asst. I	1.5	Permit Clerk	2.0
Compliance Specialist	2.0	<b>Subtotal</b>	<b>4.0</b>
Property Compliance Technician	8.0	<b>Covenant Administration</b>	
<b>Subtotal</b>	<b>33.0</b>	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
		<b>Subtotal</b>	<b>33.0</b>
		<b>Animal Control</b>	
		Animal Control Manager	1.0
		Animal Control Officer	3.0
		<b>Subtotal</b>	<b>4.0</b>
		<b>Health and Safety</b>	
		Environmental Health Manager	1.0
		Health Inspector	3.0
		<b>Subtotal</b>	<b>4.0</b>
<b>Total</b>	<b>33.0</b>	<b>Total</b>	<b>51.0</b>
<b>FTE Net Change</b>		<b>18.0</b>	
<b>Non-Personnel Operating Costs</b>			
Development Review % of Budget	N/A		10%
Building Inspection % of Budget	N/A		10%
Covenant Administration % of Budget	14%		14%
Animal Control % of Budget <sup>1</sup>	N/A		50%
Health and Safety % of Budget	N/A		10%

<sup>1</sup>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
<b>Total</b>	<b>4.8</b>	<b>Total</b>	<b>5.3</b>
<b>FTE Net Change</b>		<b>0.5</b>	
<b>Non-Personnel Operating Costs Expenditure per Capita</b>		<b>\$31</b>	

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
<b>Solid Waste</b>	<b>0.0</b>	<b>Solid Waste</b>	<b>0.0</b>
<b>Environmental Services</b>		<b>Environmental Services</b>	
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
<b>Subtotal</b>	<b>4.3</b>	<b>Subtotal</b>	<b>4.3</b>
<b>Total</b>	<b>4.3</b>	<b>Total</b>	<b>4.3</b>
<b>FTE Net Change</b>		<b>0.0</b>	
<b>Non-Personnel Operating Costs</b>			
<b>Expenditure per HH</b>	<b>\$131</b>	<b>Expenditure per HH</b>	<b>\$131</b>
<b>Environmental Services % of Budget</b>	<b>43%</b>	<b>Environmental Services % of Budget</b>	<b>43%</b>

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 longer 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**

<b>Township</b>		<b>City</b>	
<b>Position</b>	<b>FTE</b>	<b>Position</b>	<b>FTE</b>
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 Acco	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
<b>Total</b>	<b>29.0</b>	<b>Total</b>	<b>27.0</b>
<b>FTE Net Change</b>		<b>-2.0</b>	
<b>Non-Personnel Operating Costs % of Budget</b>		<b>96%</b>	

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**

<b>Township</b>		<b>City</b>	
Position	FTE	Position	FTE
	0.0		0.0
<b>Total</b>	<b>0.0</b>	<b>Total</b>	<b>0.0</b>
<b>FTE Net Change</b>			<b>0.0</b>
<b>Non-Personnel Operating Costs % of Budget</b>	---		---

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
<b>Total</b>	<b>547.70</b>	<b>738.45</b>	<b>646.30</b>	<b>828.70</b>	<b>992.32</b>	<b>824.75</b>
<b>Total (Excluding Library)</b>	<b>547.70</b>	<b>738.45</b>	<b>646.30</b>	<b>795.00</b>	<b>945.97</b>	<b>794.25</b>
Population	93,847	93,847	78,817	131,117	116,989	99,887
<b>Emp./1,000</b>	<b>5.84</b>	<b>7.87</b>	<b>8.20</b>	<b>6.06</b>	<b>8.09</b>	<b>7.95</b>
<b>Total (Excluding Library and Utilities<sup>1</sup>)</b>	<b>518.70</b>	<b>711.45</b>	<b>589.80</b>	<b>711.00</b>	<b>806.97</b>	<b>656.25</b>
Population	93,847	93,847	78,817	131,117	116,989	99,887
<b>Emp./1,000</b>	<b>5.53</b>	<b>7.58</b>	<b>7.48</b>	<b>5.42</b>	<b>6.90</b>	<b>6.57</b>

<sup>1</sup>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

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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

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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

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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.

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.