



Status of Incorporation Financial Model

June 17, 2021

www.thewoodlandstownship-tx.gov

The Woodlands Township • 2801 Technology Forest Boulevard • The Woodlands, Texas 77381

Incorporation Study

Key 2020 Milestones

Source: The Novak Consulting Group

- February
 - Financial model finalized
 - Provisional tax rate calculated
- March
 - Original study timeline deferred
- May
 - Consolidated report regarding Incorporation Study findings developed
- June
 - Consolidated report presented to the Township Board of Directors
- July
 - Final draft report finalized and issued to Township
- August
 - Asked to review Township Budget Information

Summary of Decisions To-Date

Revenue

Source: Presentation made by The Novak Consulting Group on 2/26/2020

- **Tax Revenue – 5-Year Plan Assumptions**

Tax Source	FY2020 Budget Amount	Budgeted/Baseline Growth Projection
Property Taxes	\$45,827,590	1%
Sales and Use Taxes	\$54,495,324	0.75% - 1.0%
Hotel Occupancy Taxes	\$9,707,776	2%

- **Mixed Beverage Tax**

- \$960,000 per year in new revenue

- **Property Tax Freeze for Seniors and Disabled**

- \$69,327 in 2022 property tax revenue reduction, increasing to \$832,000 in Year 10

Revenue

Source: Presentation made by The Novak Consulting Group on 2/26/2020

- **Franchise Fee Revenue**

- Initial estimate of \$3.9 million in Year 1 split between the General Fund and Capital Funds, followed by \$7.8 million in other years
- Applied 8% reduction across all years based on impact of SB1152

Mixed Revenue and Expenses

Source: Presentation made by The Novak Consulting Group on 2/26/2020

- **Municipal Court**
 - \$877,000 in fines and forfeiture revenue, which offsets Municipal Court expenses covered in law enforcement study
- **Building Plan Review**
 - \$150,000 in anticipated plan review revenue offset by personnel and non-personnel expenses

Services

Source: Presentation made by The Novak Consulting Group on 2/26/2020

- **Administrative Services**
 - \$162,000 for a City Secretary
 - \$118,000 for a Risk Manager
 - \$91,000 for a Paralegal

Services

Source: Presentation made by The Novak Consulting Group on 2/26/2020

- **Public Works**

- \$4.6 million annual operating expenses in Year 2
- \$10.2 million in startup/capital cost:
 - \$5.0 million for capital equipment
 - \$5.2 million for facility construction
 - Startup/capital to be paid from reserves – will not impact tax rate

- **Infrastructure**

- \$1.25 million per year for Pavement Management
 - Years 1-5 bring pavement to excellent condition, then \$1.25 million per year to a sinking fund
- \$50,000 per year for Bridge Deck Maintenance
- \$200,000 per year for Shoulder Maintenance

Services

Source: Presentation made by The Novak Consulting Group on 2/26/2020

- **Law Enforcement**

- \$9.5 million net new operating costs in Year4 (Hybrid Model)
 - Phased in over Years 1-4
- \$1.8 million per year facility debt service beginning in Year 4
 - Reflects new facility estimate in Full-Service Model
- \$5.3 million in one-time and start-up costs paid from reserves
 - Phased in over Years 1-4
 - One-time and startup costs do not impact tax rate since they are paid from reserves