

MEMO

To: The Woodlands Township, Board of Directors

From: The Novak Consulting Group, now Raftelis

Date: September 29, 2021

Re: **Incorporation Study Project Report**

In June 2020, The Novak Consulting Group (TNCG), now Raftelis, delivered the Draft Incorporation Study Report to the Township. The report detailed the new revenues, operating expenses, and capital expenses associated with incorporation. The conclusions detailed in the report were fully vetted with the Board of Directors and the public over the course of two years; however, the report was provided in “Draft” form to account for the fact that COVID-19 pandemic disrupted the study process. At the time, it was unclear when the Township would choose to take up the topic of incorporation again.

After the worst of pandemic passed in 2021, the Board of Directors began re-engaging with the question of incorporation. As part of that effort, Township staff applied the incorporation initiatives detailed in the Draft Incorporation Study Report to the Township’s 2022 Five-Year Plan/Budget. The Five-Year Plan reflected adjusted revenue projections, which were revised to reflect new revenue trends, as well new expenses resulting from finalized law enforcement transition agreements between the Township and Montgomery County.

The TNCG/Raftelis project team then met with Township staff to review the revised five-year plan and revenue/expense projections related to the incorporation study process. That review indicated that the revenue growth assumptions applied in the Township’s Five-year plan were appropriate and reflected sound financial management practices. In addition, the Township’s calculations regarding the proposed maximum tax rate fully reflected all incorporation initiatives and relevant transition agreements. As a reflection of these developments, TNCG/Raftelis has finalized the project report, which is enclosed, without any material edits to the incorporation study initiatives.

The Woodlands Township, Texas

Incorporation Study Consolidated Report

May 15, 2020



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A PART OF
 RAFTELIS

May 15, 2020

Mr. Don Norrell, General Manager
The Woodlands Township
2801 Technology Forest Boulevard
The Woodlands, TX 77381

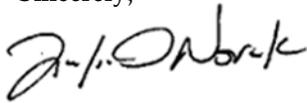
Dear Mr. Norrell:

We are pleased to provide you with this report summarizing the history of governance in The Woodlands and the analysis and outcomes of the 2018-2020 incorporation study process. In addition to a summary of The Woodlands' governance history, documentation of current service levels, and incorporation-related assumptions and initiatives, this report gathers relevant deliverables produced by The Novak Consulting Group, now part of Raftelis, and its partners into a single resource.

It has truly been our pleasure to accompany The Woodlands throughout this process. While the disruption and negative impacts of the COVID-19 crisis are still in motion and being felt throughout the country, we are confident that The Woodlands community, together with its elected leaders and staff, will successfully navigate the challenges ahead.

We have enjoyed working with you and your staff, and we stand ready to provide future assistance whenever it is needed.

Sincerely,



Julia Novak
Executive Vice President

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Executive Summary

The Woodlands Township is a unique community. Originally conceived in 1974 by oil industry investor George Mitchell, the master-planned community offers extraordinary amenities in a distinctive setting. The Township's governance structure and service delivery model is also unique. The Woodlands was originally governed by community associations and, as a result, was established as an unincorporated area in Montgomery and Harris counties. However, after several evolutions of the original governance model, The Woodlands is now categorized as a "Special Purpose District" in the state of Texas. Under that designation, the Township remains unincorporated and relies on the county governments to provide many local government services but can leverage various tax revenues to offer enhanced service levels to its residents. Township residents are extremely proud of their community programs and amenities and are committed to maintaining the character, sense of place, and high-quality services that set The Woodlands apart. However, the Township's status as a special district with limited powers and duties presents some challenges as well.

Though the Township governance and administrative model has allowed it to offer municipal-type services, core service areas, such as law enforcement and transportation infrastructure maintenance, are delivered by county agencies, and water, wastewater, and stormwater management services are provided by multiple Municipal Utility Districts throughout The Woodlands. While the Township has entered into contractual arrangements with some of those agencies to provide enhanced law enforcement services, the Township's authority to direct those services is limited to the details of contract language.

This lack of local control became evident when Montgomery County proposed to expand The Woodlands Parkway in 2015. A contingent of Township residents were opposed to this initiative but did not have direct recourse to affect the outcome, apart from general political engagement at the county level. In addition, when Hurricane Harvey struck the Houston area in 2017, homes and properties in The Woodlands were flooded, resulting in substantial property damage and community disruption. The event highlighted the Township's lack of emergency management authority during moments of crisis. Instead, the Township was required to rely on the counties and the Township's 11 Municipal Utility Districts (MUDS) to coordinate a local response. Though these particular challenges were overcome, the absence of local control and authority on topics and events that directly impacted many residents was concerning to Township leaders.

As such, the Board of Directors initiated a study process to assess the cost and service level implications of incorporating as a city. That process was intended to objectively determine what new revenues would be available under incorporation and what new costs must be incurred to maintain or enhance all existing service levels. The Novak Consulting Group, now part of Raftelis, was contracted to complete this assessment and develop a financial model that defined the cost and subsequent property tax implications of incorporation. Over the course of 18 months, The Novak Consulting Group analyzed the operating and financial implications of incorporation in each major service area. That process yielded several important results.

Under incorporation, the Township would have access to several new revenue sources. For example, the Township would receive nearly \$1 million in annual alcohol beverage tax revenue per year and approximately \$7.2 million in annual franchise fee revenue from public utilities. However, the Township would also be required to take on new services. For example, both law enforcement and public

works/infrastructure maintenance would become the direct responsibility of the Township. Under incorporation, the Township would need to provide these services either through contract or by developing in-house service delivery capacity. In addition, the expansion of this authority and responsibility also requires additional administrative capacity. For example, additional resources for human resources management, legal counsel, and information technology support would be required.

In total, the incorporation study process identified approximately \$8.4 million in new revenue under incorporation and approximately \$18.1 million in new expenses, representing a gap of approximately \$9.2 million. This equates to approximately 4.38 cents per \$100 of property value using 2019 property tax assessment data. The new services and associated costs outlined in the financial model ensure that all existing service levels are enhanced or maintained and assume a four year-implementation period that would ensure service continuity as new municipal departments and programs are developed.

The following summary report provides the detailed assumptions associated with each of these revenue and expense items; the sub-studies that underlie those financial model assumptions are included as appendices. In addition, the report outlines the steps necessary to review and update the incorporation study financial model should a future Board of Directors choose to take up the issue of incorporation.

The Woodlands Township

The following sections describe a history of governance in The Woodlands, as well as an illustration of the Township's current organizational structure, a description of service delivery in the community, and a high-level discussion of pros and cons associated with incorporation.

History of Governance in The Woodlands

The Woodlands was established in 1974 by George Mitchell as a master-planned community spanning 28,000 acres north of Houston, Texas. The community currently includes nine residential villages and a central mixed-use district, Town Center, featuring a wide variety of commercial, retail, and urban amenities. The Woodlands currently encompasses unincorporated land spanning two counties: eight of the villages and the Town Center district are located in Montgomery County. The ninth village (Creekside) is located in Harris County. In addition to spanning multiple counties, The Woodlands also lies within the extraterritorial jurisdiction (ETJ) of the Cities of Houston and Conroe and is served by three school districts and 11 Municipal Utility Districts.

The Woodlands was governed by The Woodlands Community Association (WCA) until the 1990s, when development in newer villages prompted the formation of additional associations to provide enhanced governance, including The Woodlands Association (TWA) and The Woodlands Commercial Owners Association (WCOA). In 1992, the WCA, TWA, and WCOA formed The Woodlands Community Service Corporation, doing business as Community Associations of The Woodlands, Texas, to coordinate community-wide service delivery including public safety, recreation programming, park and pathway maintenance, solid waste collection, and enforcement of restrictive covenants on properties in The Woodlands. In 1993, the Texas Legislature created Town Center Improvement District (TCID) to promote health, welfare, and safety in Town Center. The TCID was managed by a board of 11 elected and appointed directors.

In 1996, the master-planned community of Kingwood, Texas, was annexed by the City of Houston. Kingwood is located approximately 25 miles east of The Woodlands. Given its location and similar history as a planned community, Kingwood's annexation prompted The Woodlands to negotiate a moratorium on annexation with Houston in 1999. Following this moratorium, The Woodlands began negotiating regional participation agreements (RPAs) with the Cities of Houston and Conroe to avoid annexation over a longer timeframe. However, as an unincorporated community, The Woodlands lacked the legal authority to formally enter into RPA agreements with either city. In 2007, the state legislature intervened and granted The Woodlands authority to adopt the agreements, which were subsequently approved by The Woodlands and Conroe on August 29, 2007, and by The Woodlands and Houston on November 9, 2007. The RPAs protect The Woodlands from annexation until 2057 and include financial provisions for funding joint regional projects.

At the same time that the state granted authority for The Woodlands to adopt RPAs, it authorized The Woodlands to create a new governance structure with voter approval. In 2007, voters approved a series of measures that expanded the TCID to cover the entirety of The Woodlands, reorganized the TCID's Board of Directors from an 11-member Board to a seven-member Board of elected residents, authorized the TCID to assess an ad valorem property tax in the community. TCID then changed its name to "The Woodlands Township."

In 2008, the Community Associations and The Woodlands Township entered into a transition agreement to enact the governance changes approved by voters. This transition was fully effective on January 1, 2010,

and resulted in a single governance structure which is recognized as a “Special Purpose District” by the state. Under this structure, the Township remains unincorporated and relies on county government to provide some municipal services, such as road maintenance, law enforcement, traffic management, traffic regulation, traffic enforcement, and court services. Basic land use planning and plat approval in The Woodlands are provided through the county governments and city governments with overlapping extraterritorial jurisdictions (ETJs), including the Cities of Houston and Conroe. The Township is allowed to make and enforce rules on the property that it owns, such as parks and pathways, but cannot pass ordinances or regulations to regulate or restrict activity within its boundaries on property not owned by the Township.

Per the enabling legislation, the Township can only enhance, not supplant, the basic services provided by other agencies. The Woodlands has the power to collect ad valorem, sales, and room taxes to support enhanced service delivery, including public safety, covenant enforcement, parks and recreation, solid waste disposal, and economic development. These services are provided to The Woodlands residents using internal staff and contractual relationships with Montgomery County, Harris County, MUDs, and other third-party service providers. A summary of the current service delivery structure is detailed below.

Current Organizational Structure

The Township’s governance structure has remained relatively unchanged over the last decade. Although The Woodlands provides some similar services provided by municipal governments and shares some characteristics with municipalities in Texas, its unique history and evolution have resulted in a relatively novel governance model, organizational structure, and service delivery approach.

The Woodlands Township residents vote directly to elect The Township’s seven-member Board of Directors. The Board is functionally similar to a city council and serves as the Township’s legislative body, sets policy direction for the Township, and approves budgets and contracts. Members of the Board serve two-year staggered terms on a volunteer basis and do not receive compensation for their service.

The Board also appoints the President/General Manager (General Manager), who acts as the Chief Administrative Officer (CAO). The General Manager is similar to a city manager position and is responsible for carrying out the legislative directives of the Board, developing and administering the Township’s budget and capital program, and overseeing all of the Township’s departments and operations. The General Manager oversees several senior staff positions that are equivalent to assistant city managers or department directors in a municipal context, including a Staff Attorney, Director of Human Resources, Assistant General Manager – Finance and Administration, Director of Community Relations and Convention and Visitors Bureau (CVB) President, Assistant General Manager – Community Services, and a Fire Chief.

The following figure illustrates the Township’s current senior management structure and the functions assigned to each senior manager.

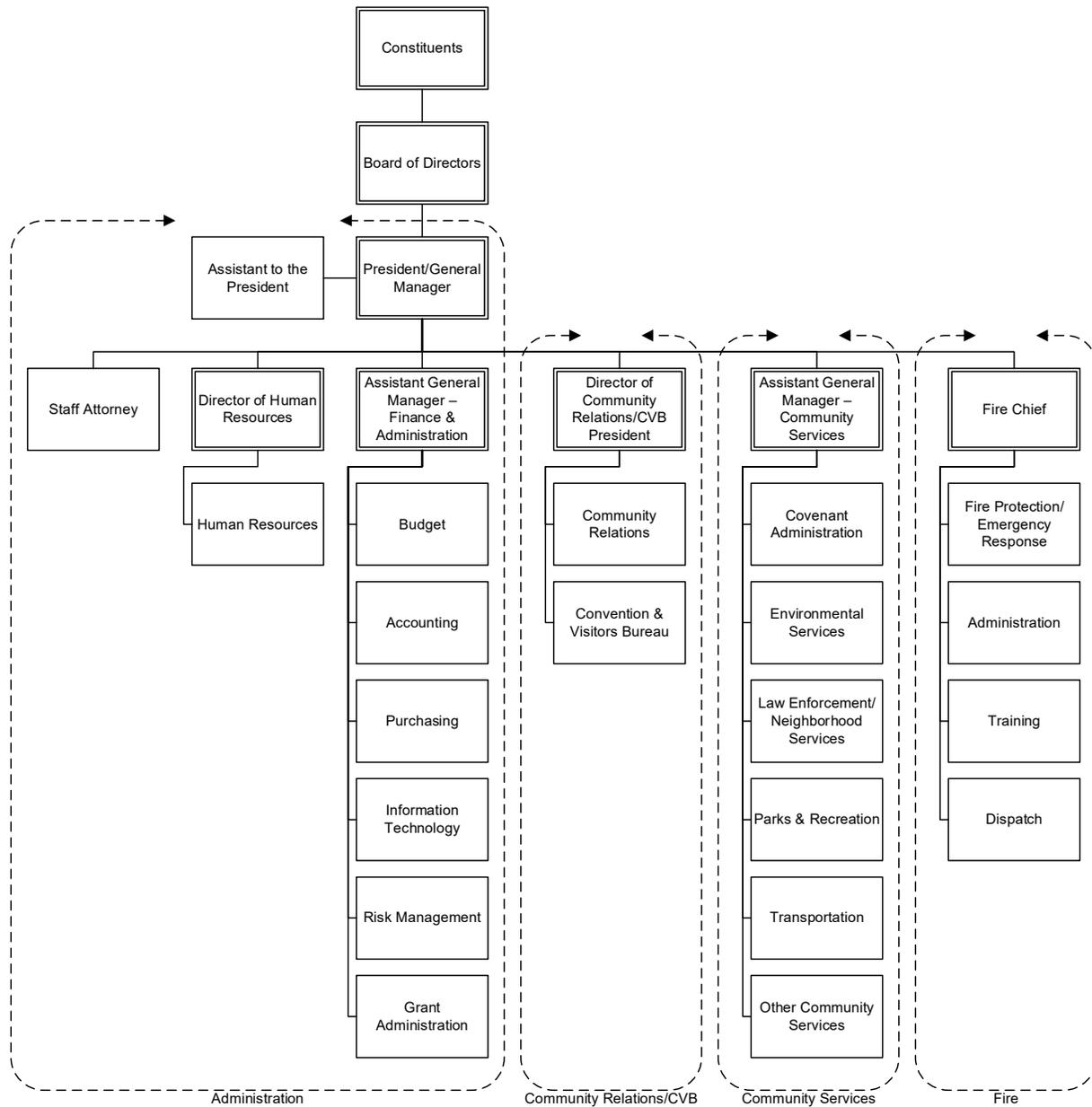


Figure 1: The Woodlands Township Organizational Chart, FY2020

Review of Existing Services

During the Incorporation Study process, The Novak Consulting Group conducted a review of service delivery in The Woodlands and identified over 500 distinct programs and activities provided by Township staff, outside agencies, and contractors. The Novak Consulting Group analyzed and categorized these programs based on their broad functional areas, including Administration (legal, human resources, finance), Community Relations/CVB, Community Services, Environmental Services, Law Enforcement, Parks and Recreation, Transportation, and Fire, similar to the distribution of functions in Figure 1 above.

It is important to note that this analysis was meant to inventory existing services, illustrate the extent to which The Woodlands relies on external support compared to in-house staff, and clearly articulate the

current service level provided under each program. The Board's overarching policy guidance was that any incorporation scenario either maintain or enhance service levels and, as such, it was important to clearly understand and document the status quo.

The following table summarizes the number of core services provided by The Woodlands Township in each functional area, grouped according to the primary service provider. The detailed list of services is available in Attachment A of the Financial Analysis Report (Appendix A).

Table 1: Number of Core Services in The Woodlands by Service Provider

Function/Service Area	Primary Service Provider					Grand Total
	Township	Contract	County	Other Agency	Mixed	
Administration	73	1	-	-	-	74
Community Relations/CVB	27	1	-	-	-	28
Covenant Administration	15	1	-	-	-	16
Environmental Services	17	8	3	-	-	28
Law Enforcement	7	3	14	-	-	24
Parks and Recreation	83	63	-	-	7	153
Transportation	6	47	-	1	-	54
Other Community Services	22	3	-	77	7	109
Fire Department	21	-	-	-	-	21
Total Core Services	271	127	17	78	14	507

The service inventory demonstrates that the Township primarily relies on internal staff to support Administration, Community Relations/CVB, Covenant Administration, Recreation, and Fire Department functions. Other functions rely more heavily on external support using third-party contractual arrangements, Montgomery and/or Harris County, or other local/state agencies. The sections below describe core services typically performed by municipalities and discuss how those services are currently provided to Township residents.

Administration

Administrative services provided by The Woodlands Township include essential functions for operating the Township organization and administering other programs, including but not limited to staff support for the Board of Directors, the General Manager's Office, Finance, Human Resources, Information Technology, and legal support. All core Administration services identified during the scope of The Novak Consulting Group's review are performed by Township staff, including but not limited to staff support for the Board and General Manager's Office; accounting, purchasing, and risk management functions; recruitment, benefits administration, and classification/compensation; information technology support and administration; and staff legal counsel.

The Township currently contracts for additional legal support and legal representation regarding advocacy, defense, and prosecutorial services on an as-needed basis. This arrangement represents a similar approach to legal services used by municipalities across the country.

Community Relations and CVB

Community Relations and CVB services include advertising, economic development, community outreach, crisis communications, and tourism promotion services. These functions directly support

engagement with The Woodlands community via traditional and social media, including the Talk of the Township newsletter, The Woodlands Community Magazine, blogs, and online content creation. Additionally, the CVB provides marketing and tourism support services to attract visitors and new businesses to The Woodlands. Nearly all core services related to these functions are provided by in-house staff; however, the Township currently contracts with a third-party provider to perform a biannual resident satisfaction survey and analyze results.

Covenant Administration

Covenant Administration functions include enforcing covenants and deed restrictions on properties in The Woodlands. Most properties in the community are encumbered with covenants created by the WCA, TWA, and/or WCOA that describe how properties may be used, maintenance standards, landscape restrictions, easement restrictions, and procedures for enforcing covenant violations. During the 2010 governance transition, enforcement of these covenants was assigned to The Woodlands Township and is carried out by Covenant Administration staff. This function is similar in many respects to property maintenance enforcement provided in other communities.

The Township currently contracts for additional legal support to achieve compliance with covenants where necessary. The Township does not utilize a zoning code, and building code regulations are currently enforced by Montgomery and Harris Counties for new construction/renovation projects.

Environmental Services

Environmental Services are provided by a mix of Township, contract, and County staff. Township staff are largely responsible for public education and engagement events, such as household hazardous waste collection, litter cleanup, adopt-a-pathway programming, and walk-to-school programming. These events and programs are typically conducted annually and/or seasonally, depending on the nature of the program.

In addition to these programs, Environmental Services staff employed by the Township regularly collect samples and analyze data regarding mosquitoes and provide public awareness programs regarding mosquito-borne illnesses. Mosquito eradication and spraying are currently performed by Montgomery and Harris Counties.

Contracted solid waste functions are also coordinated by Environmental Services. The Township currently utilizes a private solid waste contractor to provide regular garbage, recycling, bulk item, yard waste, and special collection services to residents.

Law Enforcement

The Township primarily relies on Montgomery and Harris Counties to provide law enforcement services and support. To ensure the community receives a high level of service, The Woodlands has negotiated with both counties to provide additional law enforcement coverage compared to the baseline level of service other unincorporated areas experience.

The Montgomery County Sheriff's Office currently dedicates approximately 111.5 Full-Time Equivalent (FTE) positions to The Woodlands, including 109 full-time sworn officers and 2.5 civilian administrative positions. These staff provide continuous, year-round patrol and emergency response coverage for all areas of The Woodlands currently in Montgomery County, as well as investigative services. In addition to these staff, the Montgomery County Constable's Office assigns three Detective positions to support child crime investigations in the community.

Similarly, the Harris County Constable's Office provides 12 sworn staff to Creekside Village in The Woodlands, who offer continuous patrol and emergency response coverage. This arrangement ensures that

residents of Creekside experience a similar level of service to other Woodlands villages even though Creekside is located in Harris County.

The Woodlands also utilizes private security services for enhanced daytime patrol and mounted patrol in the Town Center area. Security officers do not have arrest powers but coordinate closely with the Montgomery County Sheriff's Office for special event coverage and day-to-day public safety awareness. Finally, The Woodlands directly employs seven full-time Neighborhood Services staff to facilitate engagement and interactions between community associations and contract law enforcement staff, and coordinate neighborhood watch programs in each village.

Parks and Recreation

Parks and Recreation staff coordinate the management and maintenance of over 220 pathway miles, 4,445 acres of open space, 148 community parks, and multiple playgrounds, courts, lakes, pavilions, sports fields, and swimming pools. Township personnel generally coordinate workload and manage park-related projects. Contract staff perform regular maintenance including daily custodial and minor repair services at park facilities, seasonal tree pruning and reforestation, irrigation maintenance and repairs, and turf maintenance on athletic fields and open spaces.

This function also includes the provision of recreational programs and the production of more than 60 special events in the community throughout the year. Recreation and special event programming is largely coordinated by Township staff, who develop and administer youth and adult enrichment and athletic programs, such as annual soccer and softball leagues. Township staff also directly support aquatics-related programming and operations, serving as seasonal lifeguards, operating aquatics facilities, and providing seasonal swimming lessons and instructional programs.

While these services are similar to those provided by municipalities, it is important to emphasize that the scope of park and recreation activities in The Woodlands is expansive owing to the community's development history, devotion to natural areas, and high service level expectations.

Transportation

Finally, Transportation functions include the provision of transit services for The Woodlands community, including The Woodlands Express Park and Ride service and The Woodlands Town Center Trolleys. In addition to these services, The Woodlands provides paratransit service, which complies with the Americans with Disabilities Act (ADA) for persons who are unable to utilize the standard Town Center Trolley service. Transportation also promotes bicycling in the community.

Most of these services are provided by contracted third parties, particularly custodial, cleaning, landscaping, and security services related to Park and Ride. On-demand transportation services for seniors, disabled residents, and paratransit customers are also provided by contract staff. Staff employed by the Township largely provide contract management, oversight, and planning functions related to transit in the community.

Other Community Services

Other Community Services functions in the table above primarily concern services related to streetscape maintenance and Town Center operations. Streetscape maintenance includes regular groundcover maintenance, mowing and trimming, pesticide application and fertilization, plant maintenance, trash removal, and cleaning of rights-of-way, including neighborhood entrance and monument signs. Much of this work is currently performed by The Woodlands Land Development Company rather than by Township staff.

Town Center operations primarily include grounds, turf, and irrigation maintenance in The Woodlands Waterway area. These maintenance activities are currently performed by The Woodlands Land Development Company; however, the Township directly employs staff to conduct other activities, such as streetlight maintenance and street tree lighting/care, light facility maintenance, and to staff the Town Center Ranger program.

Fire Department

Firefighting and emergency rescue services are provided entirely in-house by The Woodlands Fire Department. The Department responds to active fires and alarms, provides emergency medical response, inspects buildings in The Woodlands for compliance with applicable occupancy standards, and provides special and technical rescue services, such as hazardous materials response. The Department also employs its own dispatchers and serves as a secondary public safety answering point (PSAP) for community members who place 911 calls.

Because building code regulation is enforced at the county level, as discussed in the Covenant Administration section above, the Fire Department does not review development plans and permits for compliance with applicable fire codes. This service is provided by the counties as part of their respective development review processes.

Other Services Provided by Outside Agencies

In addition to the services provided or coordinated by the Township described above, The Woodlands residents benefit from several other services provided by outside agencies, as described below.

Road Construction and Maintenance

As an unincorporated area, The Woodlands is not currently responsible for road construction and maintenance. There are approximately 840 lane miles of public paved roadway in The Woodlands, 99% of which consists of concrete pavement, while the remaining 1% is paved with asphalt. Regular maintenance activities on these surfaces are performed by Montgomery and Harris Counties. The counties also coordinate and pay for new road construction efforts. Recent road construction activities include widening Lake Woodlands Drive and Rayford Road, and expanding the Gosling Road bridge. Services related to road construction, such as traffic control and engineering, are also provided by the counties as part of broader traffic management and road maintenance responsibilities counties must carry out in unincorporated areas.

Because The Woodlands is not incorporated, its ability to limit or impact roadway infrastructure decisions is limited. Historical interactions between the counties and The Woodlands regarding road maintenance concerns have prompted interest in incorporation as a means of maximizing The Woodlands' control over rights-of-way in its borders, as discussed in the "Incorporation Study Process and Outcomes" section.

Municipal Court

The Woodlands is not currently empowered to pass ordinances and consequently cannot enforce ordinance violations using a municipal court. Currently, the Justice of the Peace Court (JP) has jurisdiction over all Class C misdemeanors, which include violations that are punishable by fines but not jail time. The JP also handles traffic and criminal citations, small claims, evictions, and death inquests, and can issue arrest warrants. More serious crimes, such as Class A and B misdemeanors, are currently adjudicated by the County Courts. Felony cases are taken directly to the District Court. The Woodlands is entirely reliant on

these courts to resolve legal disputes regarding covenant administration as well as to enforce violations of state and county law.

None of the courts above has initial jurisdiction over municipal ordinances, although County Courts can hear appellate cases from JP and municipal courts.

Water, Wastewater, and Storm Drainage Management

The Woodlands receives water distribution, wastewater collection, storm drainage, and utility-related tax collection services from 11 MUDs that serve various parts of the community:

- Montgomery County MUD #1
- Montgomery County MUD #6
- Montgomery County MUD #7
- Montgomery County MUD #36
- Montgomery County MUD #39
- Montgomery County MUD #46
- Montgomery County MUD #47
- Montgomery County MUD #60
- Montgomery County MUD #67
- The Woodlands Metro Center MUD
- Harris-Montgomery County MUD #386

All of the MUDs, except for Harris-Montgomery County #386, are located in Montgomery County and are members of Woodlands Water (formerly known as the Woodlands Joint Powers Agency or WJPA), a central management agency that coordinates billing among the districts. Harris-Montgomery County MUD #386 serves residents of The Woodlands in Creekside Village, which is located in Harris County.

Because utility and drainage services are provided by MUDs, The Woodlands has no direct control over utility policy, and residents in different parts of the Township may be variously affected by the operations and policies of individual MUDs. This lack of control has created service challenges in previous years, particularly concerning drainage. In 2016 and 2017, The Woodlands experienced high water and flooding events due to persistent storms and Hurricane Harvey. To create greater local input into drainage issues and flood prevention, the Township Board of Directors convened a task force in 2016 to examine storm drainage issues in the community and foster closer working relationships with agencies involved in drainage. Membership on the task force consists of the following:¹

- One Representative - General Manager of the WJPA
- Three Representatives - Montgomery County MUDs
- One Representative - Harris-Montgomery MUD 386
- One Representative - Montgomery County Engineering Department
- One Representative - Harris County Engineering Department
- One Representative - Montgomery County Precinct 2
- One Representative - Montgomery County Precinct 3
- One Representative - Harris County Precinct 4
- One Representative - The Woodlands Development Company
- One Representative - The Woodlands Township Chairman (or his designee)
- One Representative - Village Associations

¹ The Woodlands Township. <https://www.thewoodlandstownship-tx.gov/DocumentCenter/View/9286/Executive-Summary-Storm-Impact-Drainage?bidId=>

- One Representative - San Jacinto River Authority

Each of the agencies involved in the task force is directly or indirectly involved in drainage matters that affect The Woodlands community. The task force continues to meet monthly to discuss and coordinate efforts to provide effective and efficient drainage in The Woodlands area; while the Township continues to play a coordinating role, it is unable to order or direct drainage improvements.

Upon incorporation, the new city would have the option to leave the current MUD system in place to continue providing utility and drainage services to residents or acquire the existing MUDs and their assets and liabilities to provide unified utility service delivery to the entire community. A decision to acquire the MUDs could be made at the time of incorporation or any time in the future based on the guidance of a future city council.

Building Plan Review and Inspections

The Township currently relies on Residential Design Standards and Commercial Design Standards adopted by the Township's Development Standards Committee (DSC) to enforce development and design standards for new development projects and renovations in the community. The design standards incorporate references to building codes published by the International Code Council (ICC) to ensure safe and code-compliant developments in the community. Development review functions in The Woodlands are currently divided among several entities.

The DSC is composed of The Woodlands residents appointed by the Board of Directors and The Woodlands Development Company. This committee adopts design standards as described above and also reviews and approves commercial development projects for compliance with Commercial Design Standards. Each village in The Woodlands also has its own Residential Design Review Committee (RDRC) composed of at least three people elected by village residents. RDRCs review residential development projects for compliance with Residential Design Standards. The DSC, RDRCs, and Covenant Administration staff review projects only for compliance with covenants and standards – they do not review or enforce compliance with ICC codes.

Currently, developers and applicants (e.g., owners and/or architects and engineers) are responsible for ensuring their project complies with applicable ICC building and construction codes. To do this, they must submit projects to Montgomery County and Harris County for plan review, as well as to MUDs for water/sewer review. They must also engage qualified third-party contractors to conduct independent code inspections throughout the construction process.

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Incorporation Study Process and Outcomes

The following sections describe the history of incorporation studies in The Woodlands, as well as the scope and focus of the incorporation analysis and governance planning support performed by The Novak Consulting Group for this engagement. A summary of incorporation-related policy decisions and initiatives selected by the Board of Directors throughout this process is included, as well as a description of estimated financial impacts associated with each initiative and incorporation overall.

Incorporation Process Summary

The RPAs negotiated between The Woodlands and the Cities of Houston and Conroe provide The Woodlands with the ability to determine its own governance structure until 2057, including incorporating as a city. The RPAs provide that The Woodlands may choose to incorporate anytime between May 29, 2014 and the expiration of the RPA agreements in 2057. Incorporation would establish The Woodlands as its own municipality and eliminate the threat of annexation by Houston and Conroe.

Following the transition to the current Township structure in 2010, The Woodlands conducted a governance study in 2012 to evaluate the potential impacts of incorporation on the community.² Following this study, the Board of Directors determined that it would not call for an incorporation election and would defer consideration of incorporation until future circumstances warranted reexamination. In the following years, three events contributed to increased interest in reexamining incorporation.

First, in 2015, Montgomery County proposed a \$350 million road bond election that generated significant concern in The Woodlands regarding proposed extensions to The Woodlands Parkway.³ This proposal and related road construction efforts undertaken by Montgomery County in 2016 revived discussion about the Township's current lack of control over roadways and thoroughfares within its borders. Because The Woodlands is not an incorporated municipality, roadway construction and maintenance are currently functions of Montgomery and Harris Counties.

² Partners for Strategic Action. "The Woodlands Township Future Governance: Governance Strategy and Assessment Report." October 2012. <https://www.thewoodlandstownship-tx.gov/DocumentCenter/View/3119/Governance-Strategy-and-Assessment-Report-10292012?bidId=>

³ Dominguez, Catherine. "The Woodlands Township Nixes Road Bond Support Due to Concerns." The Courier of Montgomery County. September 17, 2015. <https://www.yourconroenews.com/neighborhood/moco/news/article/The-Woodlands-Township-nixes-road-bond-support-9502604.php>

Second, in 2016, The Woodlands experienced significant flooding due to several major storm events in April and May of that year.⁴ This was followed in 2017 by the arrival of Hurricane Harvey, which brought extensive flooding and damage to the Houston-Galveston region.⁵ While The Woodlands suffered no loss of life, several hundred homes flooded, and major thoroughfares were closed. These events underscored the need for greater coordination regarding drainage and emergency management; however, as an unincorporated area, The Woodlands has no regulatory authority over drainage and must collaborate with multiple counties and MUDs to mitigate drainage concerns.

Finally, in 2017 the Texas Legislature passed Senate Bills 1014 and 1015, which provide clarification and detailed instruction on how The Woodlands can legally incorporate as a municipality.⁶ This legislation specifically authorizes The Township to place incorporation on an election ballot for approval by voters. If voters approve incorporation, The Woodlands will first become a General Law city, and the new city will have the option to become a Home Rule city at a later date. This information, combined with the roadway and drainage issues affecting the community, prompted the Board to reexamine incorporation impacts.

In early 2018, The Township engaged Matrix Consulting Group to conduct an incorporation study that included six key tasks:

- A **financial analysis** evaluating the financial, operational, and legal impacts arising from incorporation, including the following:
 - New services that would need to be provided by The Woodlands after incorporation.
 - Estimated staffing levels and costs associated with service after incorporation, informed by analysis of similar functions in benchmark communities.
 - The ability to continue contracting for services, such as law enforcement, municipal court, and street maintenance.
 - Potential facility needs associated with incorporation.
 - Potential new revenues that the new city could collect.
 - Consideration of the new city assuming control over MUDs to provide utility services.
 - Creation of a planning and zoning function in the new city compared to continuing covenant administration.
- A detailed review of **law enforcement** services, to determine the level of law enforcement/support staff that may be needed by the new city at incorporation versus the contracted cost of using other qualified agencies to provide law enforcement services.
- A detailed review of **street and pavement** conditions to determine the existing condition of the roadways to be assumed by the new city, the future cost and timeline for the replacement of the roadways (debt service), and to develop a projected annual cost for maintenance of the roadways.
- Coordinating with the Township's contracted legal counsel to conduct a **legal review** of assumptions involved in the financial analysis and other incorporation-related matters.
- Presentation of analysis findings at a **public forum** to gather public feedback and input.

⁴ Woodlands Joint Powers Agency (WJPA). WJPA and MUD 2016 Storm Response and Flood Control Efforts. July 20, 2016.

https://gallery.mailchimp.com/ee16daf074703410374e05917/files/2016_Storm_WJPA_MUD_memo_003_Updated_news_release.pdf

⁵ Forward, Jeff. "One Year After Harvey, Flood Mitigation Remains a Focus for The Woodlands." The Courier of Montgomery County. August 22, 2018.

<https://www.yourconroenews.com/neighborhood/moco/news/article/One-year-after-Harvey-flood-mitigation-remains-a-13172170.php>

⁶ Leonard, Marie. "The Woodlands Township's Incorporation-Planning Legislation Passes Through Texas Legislature in May." Community Impact Newspaper. June 12, 2017.

<https://communityimpact.com/houston/the-woodlands/at-the-capitol/2017/06/12/woodlands-townships-incorporation-planning-legislation-passes-texas-legislature-may/>

- Development of an **action/communication plan** based on input from the Board of Directors to provide the public with information about incorporation.

As the lead consultant, the Matrix Consulting Group managed all aspects of the incorporation planning study.

At the same time, the Board of Directors also retained The Novak Consulting Group to conduct an Independent Financial Analysis of incorporation impacts. The Novak Consulting Group was not responsible for community outreach, conducting a law enforcement analysis, a pavement management study, or infrastructure review but was given access to the reports developed by Matrix Consulting Group.

Both firms used data gathered from the same list of benchmark cities for their analysis. Based on benchmark data, information provided through Township staff and the Township legal team, feedback from the Township Board, and industry knowledge, Matrix Consulting Group and The Novak Consulting Group each independently developed a preliminary recommended operational, revenue, and financial plan for a new city government operation in The Woodlands. The Novak Consulting Group's Independent Financial Analysis Report is included as Appendix A to this report.

In November 2018, the preliminary results of the two independent financial analyses were presented at the Township Board's planning session. Following the November public presentation of the independent reports, the Board directed the Township's Finance Department to review the preliminary financial reports submitted by the consulting firms and provide an analysis of the major differences between the reports.

In December 2018, in preparation for a final financial model and a robust public outreach process, The Woodlands Township Board of Directors terminated its contract with Matrix Consulting Group and engaged The Novak Consulting Group as the lead firm for the remainder of the project. Throughout 2019 and 2020, The Novak Consulting Group worked closely with the Board of Directors and Township staff to refine financial assumptions related to incorporation. This resulted in several deliverables:

- A detailed analysis of law enforcement in The Woodlands, culminating in a Law Enforcement Report evaluating current service levels as well as three options for providing similar or enhanced services after incorporation. The Novak Consulting Group's Law Enforcement Report is attached as Appendix B.
- An updated analysis of financial assumptions related to Public Works and infrastructure management conducted in collaboration with HR Green. A presentation summarizing this analysis is attached as Appendix D.
- A list of pros and cons related to incorporation.
- A summary of incorporation-related policy decisions made by the Board of Directors throughout the study process, as well as updated financial impacts and analysis as incorporated in the financial model.
- A provisional estimate of the tax rate needed to fully fund incorporation-related initiatives should The Woodlands choose to incorporate.
- An online tax calculator tool that could be used by Township residents to calculate the estimated impact of incorporation on their tax bills.
- The creation of a community engagement website, www.thewoodlandsincorporationstudy.com, to serve as an online communications tool, resource, and repository for documents, reports, and presentations. In addition to hosting files and deliverables generated as part of the incorporation study process, the website also provided readers with an opportunity to read frequently asked questions (FAQs) about incorporation and to submit their own questions, which were answered by The Novak Consulting Group in consultation with Township staff.
- The development of a multi-year financial model that can be applied in future years to project the cost impact of incorporation.

The following sections summarize key learning points, policy decisions, and financial impacts associated with the 2019 Governance Planning Support effort. Several sections below contain itemized expense and revenue initiatives, which have been incorporated into the Financial Model developed by The Novak Consulting Group. These initiatives reflect policy decisions made by the Board during the incorporation study process, which result in quantifiable budget impacts. Initiatives are named according to a standard convention developed by The Novak Consulting Group: Prefix-Fund Number-Initiative Name. The Prefix indicates whether the initiative includes revenues, expenses, or a mixture of both. The Fund Number indicates the fund to which the initiative is applied in the Financial Model. The Initiative Name summarizes the content of the initiative. For example, the “Exp-100-City Secretary” initiative includes expenses in Fund 100 (the General Fund) related to a City Secretary position.

Additional Revenue Opportunities

Incorporation will empower a new City of The Woodlands to receive revenue from a wider array of sources than is presently available to the Township. The following sections discuss unique impacts on revenue streams that may occur after incorporation. At the direction of the Board, all revenues are assumed to be flat in future years to provide conservative estimates. Numbers included in this section reflect assumptions the Board agreed to and directed at its September 25, 2019, and February 26, 2020, Board of Directors meeting.

Alcohol Beverage Tax

Upon incorporation, The Woodlands will be eligible to receive revenues from the sale of alcoholic beverages. Based on estimates from the State Comptroller’s Office received in 2018, The Woodlands would receive an estimated \$966,000 per year from the sale of these beverages.

Table 2: Alcohol Beverage Tax Initiatives

Alcohol Beverage Tax	Year 1	Year 2	Year 3	Year 4
Rev-100-Alcohol Beverage Tax	\$960,000	\$960,000	\$960,000	\$960,000
Total	\$960,000	\$960,000	\$960,000	\$960,000

Franchise Fees

Franchise fees would be an available revenue source upon incorporation. Article III, Sec. 52 of the Texas Constitution prohibits the legislature from allowing a city to donate money or use of things of public value solely for the benefit of an individual, association, or corporation. Thus, cities are expected to collect reasonable compensation for the private use of public rights-of-way, and the legislature may not authorize a city to allow free private or commercial use. After incorporation, The Woodlands would assess franchise fees against any utility that utilizes public rights of way (telecommunications, cable television, electric, gas, etc.). The specific amount collected by the new city will depend on how the franchise fees are structured, the amount of the fees, and whether/how each utility chooses to pass the costs of the fee to customers.

The Novak Consulting Group provided an estimate of franchise fee impacts based on benchmark community demographics, as discussed on page 10 of its Independent Financial Analysis Report (Appendix A). This analysis results in an estimate of \$7.8 million per year in franchise fee revenue, which could be used to offset other operations undertaken by the new city. However, in 2019, the state passed additional legislation (SB1152) restricting the ability of cities to charge franchise fees. In response, benchmark communities lowered their franchise fee revenue forecasts by approximately 8%.

At the direction of the Board, The Novak Consulting Group included several initiatives related to franchise fees in the financial model. These initiatives assume that only a partial year of franchise fee revenues will be collected in the first year following incorporation, of which half of the revenue will be allocated to Fund 100 (the General Fund), and half will be allocated to Fund 490 (the Capital Improvement Fund). To account for the potential reduction in franchise fee revenue as a result of state legislation, the Board also approved additional initiatives adjusting forecasted franchise fee amounts by -8% each year. These initiatives are illustrated in the following table.

Table 3: Franchise Fee Initiatives

Franchise Fees	Year 1	Year 2	Year 3	Year 4
Rev-100-Franchise Fees	\$1,950,000	\$7,800,000	\$7,800,000	\$7,800,000
Rev-100-Franchise Fee Adj	(\$156,000)	(\$624,000)	(\$624,000)	(\$624,000)
Rev-490-Franchise Fees	\$1,950,000	\$0	\$0	\$0
Rev-490-Franchise Fee Adj	(\$156,000)	\$0	\$0	\$0
Total	\$3,588,000	\$7,176,000	\$7,176,000	\$7,176,000

Senior Property Tax Freeze

The Novak Consulting Group’s Independent Financial Analysis Report (Appendix A) discusses the potential for a future city to adopt a property tax freeze for senior and disabled residents. Currently, the Township, as a special district, is not eligible to adopt a tax freeze.

The estimated impact of adopting such a tax freeze was calculated by The Woodlands Township staff in consultation with the Montgomery County Tax Assessor and Chief Appraiser. The Novak Consulting Group reviewed these estimates and expanded the analysis through Year 10 to include the estimates in the financial model. It is assumed that Year 1 will reflect no impact on property taxes to provide time for implementation and initial collections. It is important to note that this initiative reflects a reduction in overall revenues as opposed to an expense since the tax freeze results in lower revenue collections and is not a reimbursement of revenues already collected.

Table 4: Senior Property Tax Initiatives

Senior Property Tax Freeze	Year 1	Year 2	Year 3	Year 4
Rev-100-Senior Property Tax Freeze	\$0	(\$69,327)	(\$143,549)	(\$223,010)
Total	\$0	(\$69,327)	(\$143,549)	(\$223,010)

According to The Woodlands’ legal counsel, any Texas city may adopt a tax freeze by ordinance or by election of the citizens. Once a tax freeze is adopted, it is permanent and cannot be repealed.

Solid Waste User Fee

As part of the Independent Financial Analysis Report, The Novak Consulting Group prepared a comparison of solid waste user fees among benchmark communities. This analysis is available on page 75 of the Independent Financial Analysis Report (Appendix A) and compares the overall level of service provided to residents in each community, along with monthly user fees paid for solid waste collection and disposal. At the time of this writing, The Woodlands currently contracts with Waste Management for solid waste services at a rate of \$14.51 per household per month, which is paid by the Township using property tax revenues rather than through a direct user fee. During the incorporation study process, the Board determined that the establishment of a separate user fee for solid waste services should not be included in

the financial model; however, this revenue option remains open should The Woodlands incorporate and a future City Council determine that it is warranted.

Additional Service Requirements

Following incorporation, the new city will be required to offer some services currently provided by outside agencies as a matter of state law, including but not limited to law enforcement, municipal court, and roadway and infrastructure maintenance. In addition to these services, incorporation will trigger other important needs and service level considerations. The following sections discuss specific service level impacts that will arise after incorporation, as informed by policy direction provided by the Board of Directors during the incorporation study process.

Administrative Services

Based upon an analysis of benchmark communities and The Woodlands' current organizational structure, incorporation will prompt a need to create additional administrative staff support in the new city organization. These positions are discussed on pages 17 and 18 of the Independent Financial Analysis Report (Appendix A) and include the following:

- City Secretary to assist with City Council agendas, minute-taking, legal notices, Freedom of Information (FOIA) requests, document management, elections, and related duties.
- Risk Manager to centralize risk management functions and evaluate risk in the context of the new municipal organization.
- Paralegal to provide enhanced general legal research, contract administration for legal services, and legal assistance with municipal code violations (both criminal and civil) where necessary.

The cost of these positions is estimated at \$371,000 in Year 1, inflating 2% per year commensurate with inflation. The following table illustrates the estimated cost growth over the first four years following incorporation.

Table 5: Administrative Services Initiatives

Administration Initiatives	Year 1	Year 2	Year 3	Year 4
Exp-100-City Secretary	\$162,000	\$165,240	\$168,545	\$171,916
Exp-100-Paralegal	\$91,000	\$92,820	\$94,676	\$96,570
Exp-100-Risk Manager	\$118,000	\$120,360	\$122,767	\$125,223
Total	\$371,000	\$378,420	\$385,988	\$393,709

Building Plan Review and Inspections

Upon incorporation, responsibility for establishing and enforcing development review codes will become a responsibility of the new city rather than of the Design Standards Committee, as described on page 102 of the Independent Financial Analysis Report (Appendix A). According to the Texas Municipal League (TML), the State of Texas has adopted a family of international codes for use by municipalities. These codes include the following:⁷

⁷ Houston, Scott. "Legal Q&A PART I – July 2014". Texas Municipal League.
<https://www.tml.org/DocumentCenter/View/159/Building-Codes---2014-07-PDF?bidId=>

- International Residential Code (IRC) for residential construction.
- National Electrical Code (NEC) for electrical construction (residential and commercial).
- International Energy Conservation Code (IECC) and the International Building Code (IBC) for all construction other than single-family residential.
- With regard to plumbing codes, a city may be operating under the plumbing provisions of the IRC and/or either the plumbing provisions of the Uniform Plumbing Code (UPC) or International Plumbing Code (IPC).

According to TML’s analysis, Texas municipalities must adopt building codes by ordinance in order to enforce them: “...most cities have an ordinance that formally adopts the codes, with or without local amendments. Those cities do so to avail themselves of (1) the ability to issue and enforce notices of violation for a violation of a code provision, and (2) to determine which provisions of the code may need modification to fit the city’s needs.”⁸ Additionally, TML reports that cities with populations of 5,000 residents or more must adopt a plumbing code per Texas state statute, and any city that “has adopted a plumbing code is required to employ or contract with a plumbing inspector and to inspect plumbing installed in the city. Tex. Occ. Code § 1301.255(e).”⁹

This analysis indicates that The Woodlands would need to adopt building, plumbing, and related codes required by state statute, and to inspect projects and enforce the codes after incorporation. In effect, this would require The Woodlands to transition from a committee structure of enforcing building code standards to a municipal structure, where a city council adopts relevant codes by ordinances and provides any revisions or local amendments to those codes that may be desired.

The Woodlands currently relies on a list of private third-party inspectors to ensure renovations and new construction comply with adopted building codes. While this practice may be continued after incorporation, it is more common for municipalities to provide some staff capacity for internal review and inspections or to contract the entire review and inspections function out to a single private contractor.

Benchmark communities evaluated for the incorporation study and communities across the country commonly assess development review fees to partially or fully offset the cost of development review and inspections. The financial model assumes that the development review function will be fully offset by fees whether it is provided by in-house staff or contracted out. A placeholder amount of \$150,000 was used in the financial model for development review expenditures associated with contracting/new staff hires, as well as \$150,000 in revenues associated with development review fees. These impacts are captured in a mixed expense/revenue initiative, as described in the following table.

Table 6: Building Permitting and Inspections Initiatives

Building Permitting and Inspections	Year 1	Year 2	Year 3	Year 4
Mix-100-Building Permit Review Function	\$0	\$0	\$0	\$0

The table and the associated initiative reflect a total impact of \$0 because this initiative is assumed to be cost-neutral after incorporation, with fees fully covering the cost of expense for development review services.

Covenant Administration/Planning

One of the policy decisions discussed by the Board of Directors involved determining whether a newly-incorporated city would continue to enforce covenants associated with each parcel or whether it would

⁸ Ibid.

⁹ Ibid.

adopt a planning and zoning approach to land use. The difference between covenant administration and planning and zoning is covered in detail, beginning on page 93 of the Independent Financial Analysis Report (Appendix A). It is important to emphasize that the covenants and deed restrictions that currently apply to parcels in The Woodlands would not be directly impacted by incorporation or the implementation of a planning and zoning model. The current covenants are legal instruments that are connected to the individual property parcels themselves, and they will continue to be in effect if The Woodlands incorporates and if the new city adopts a planning and zoning ordinance.

According to legal research by the Dallas Bar Association and Texas A&M University, zoning ordinances and restrictive covenants/deed restrictions may overlap. However, the more restrictive of the two prevails.¹⁰ This means that if a City of The Woodlands were to adopt zoning, the zoning ordinance would have to be more restrictive than existing covenants to be enforceable. For example, The Woodlands would need to establish more restrictive setback standards than those established in the existing covenants/ deed restrictions.

During the incorporation study process, the Board directed The Novak Consulting Group to determine whether establishing a planning and zoning approach would have any negative impacts on a new city's ability to enforce nuisances, such as loud noise, barking dogs, and other nuisances not currently covered by the various covenants. As discussed on page 98 of The Novak Consulting Group's Independent Financial Analysis Report (Appendix A), the state gives both General Law and Home Rule cities broad authority to address and enforce nuisance matters. Enforcement actions regarding these nuisances can be undertaken by civilian inspectors, peace officers, or other designated officials, as described in the municipality's codes. For example, the Town of Bartonville, Texas, is a Type A General Law Municipality that authorizes the town inspector to issue citations for tall grass violations.¹¹ Bartonville also allows "regularly salaried, full-time employees of the town" to abate and remove junked vehicles.¹² Similarly, the City of Early, Texas, does not specify that public safety personnel must administer public nuisance codes, indicating only that "the City" is authorized to enforce nuisance violations.¹³

In summary, a new city would not be required to adopt a planning and zoning approach, and it would be empowered to adopt nuisance ordinances and enforce them even if it does not adopt zoning. Based on this information, the financial model assumes that a newly incorporated City of The Woodlands would continue to provide covenant administration and undertake nuisance enforcement using existing staff. This approach is not expected to result in direct cost increases.

Law Enforcement and Municipal Court

In January of 2019, the Township Board directed The Novak Consulting Group to conduct additional studies related to law enforcement in order to operationalize what became known as the Hybrid Model of providing law enforcement and to understand staffing distinctions between the proposed models in The Woodlands and the benchmark communities. The Novak Consulting Group's 2019 Law Enforcement Report (Appendix B) provides an in-depth analysis and examination of incorporation on law enforcement

¹⁰ Fambrough, Judon and Dickson, Cindy. "Governing Property Use: Living with Deed Restrictions." Texas A&M University. 2013. <https://assets.recenter.tamu.edu/documents/articles/410.pdf>

¹¹ Bartonville Municipal Code:
http://z2.franklinlegal.net/franklin/Z2Browser2.html?showset=bartonville&collection=bartonville&doccode=z2Code_z20000043-648

¹² Bartonville Municipal Code:
http://z2.franklinlegal.net/franklin/Z2Browser2.html?showset=bartonville&collection=bartonville&doccode=z2Code_z20000052-488

¹³ Early Municipal Code:
https://library.municode.com/tx/early/codes/code_of_ordinances?nodeId=COOR_CH11HESA_ARTIII_PUNU

services in the community. As discussed in the report, a new city has three options to providing law enforcement service:

- **Full-Service Model:** Create a full-service, in-house police department providing the complete range of law enforcement services: patrol, investigations, traffic enforcement, and support services including dispatch, narcotics enforcement, forensics, records management, evidence and property management, training, etc. It would have full responsibility for the City, including that portion lying within Harris County (Creekside Village).
- **Hybrid Transition Model:** Create a smaller department that would provide core police services and continue to contract with Harris County for patrol officers in Creekside. Other major support services, such as dispatch and crime lab analysis, would also continue to be contracted.
- **Contract Model:** Maintain the current practice of contracting with Countywide agencies for law enforcement services.

It is important to acknowledge that during the incorporation study process, The Woodlands negotiated a transition agreement with Montgomery County that included specific provisions regarding law enforcement services. According to this transition agreement, should The Woodlands choose to incorporate, it would gradually become responsible for several County-funded law enforcement positions dedicated to The Woodlands, including command and investigative staff. The cost of these positions would transition to the new city over a three-year period, becoming fully effective in Year 4 after incorporation. This transition agreement informed the cost estimates for the models described above.

The estimated costs of creating a full-service, in-house Police Department are the most significant but also provide the most direct local control over law enforcement activities. Similarly, assuming a new city will continue the current contractual arrangement provides the least estimated cost but also the least level of local control. Continuing to contract for all law enforcement services also prevents the new city from developing its own public safety identity.

Through the incorporation study process, the Board of Directors determined that the estimated operating costs associated with a hybrid transition model should be used for financial modeling. This approach balances the creation of a city Police Department with the current transition agreement while allowing The Woodlands to continue contracting for specialized law enforcement and support services from Montgomery and Harris counties. By the time the transition agreement concludes in Year 4 following incorporation, the estimated net new cost to The Woodlands is approximately \$9.5 million,¹⁴ as illustrated in the table below.

Additionally, The Woodlands currently lacks appropriate facility space to house expanded law enforcement services and functions. The Novak Consulting Group provided an analysis of potential public safety facility costs as part of its Law Enforcement Report (Appendix B), and the Board selected the option for a full-service public safety facility to be included in the financial model. This estimate assumes the construction of an 85,600 square foot facility at a cost of \$30 million, based on similar size and construction costs associated with a 2016 public safety facility constructed in the City of Conroe. The financial model assumes that The Woodlands will finance construction over a 20-year period, with debt service payments of approximately \$1.8 million beginning in Year 4.

The operating and facility assumptions selected by the Board are illustrated in the table below.

¹⁴ These costs are itemized in greater detail on page 62 of the Revised Law Enforcement Report (Appendix B).

Table 7: Law Enforcement Operating Initiatives

Law Enforcement	Year 1	Year 2	Year 3	Year 4
Exp-100-LE Full Service Facility	\$0	\$0	\$0	\$1,820,019
Exp-100-LE Hybrid	\$284,808	\$3,319,178	\$6,353,548	\$9,479,868
Total	\$284,808	\$3,319,178	\$6,353,548	\$11,299,887

In addition to operating and facility costs, The Novak Consulting Group identified estimated capital and startup costs associated with the hybrid transition approach, as itemized on page 66 of the Law Enforcement Report (Appendix B). Total equipment and capital startup costs for law enforcement service are assumed to phase-in over a three-year period in line with the provisions of the transition agreement, as illustrated below.

Table 8: Law Enforcement Capital Initiatives

Law Enforcement Capital	Year 1	Year 2	Year 3	Year 4
Exp-RES-LE Hybrid	\$64,721	\$1,740,382	\$1,740,382	\$1,740,382
Total	\$64,721	\$1,740,382	\$1,740,382	\$1,740,382

It is important to emphasize that pages 47 – 49 of the 2019 Law Enforcement Report (Appendix B) contain a detailed analysis of staffing needs related to municipal court functions. A municipal court would need to be established relatively quickly after incorporation to hear cases related to municipal ordinance violations. The expense initiatives above assume that The Woodlands will create its own fully-staffed municipal court consisting of a Municipal Judge, Court Administrator, Court Clerks, and a Bailiff, who will be located in the new public safety facility. The estimated personnel costs associated with these positions is approximately \$877,411 per year, and are included in the overall law enforcement expenditures described in the table above.

Like development review functions, it is common for municipalities in Texas and across the country to support municipal court operations through fees, as well as proceeds from fines and forfeitures. At the direction of the Board, The Novak Consulting Group constructed the financial model to assume that municipal court operations would present a neutral budget impact to a future city. This required creating a revenue initiative to offset estimated municipal court expenditures included in the Law Enforcement Report.

The following initiative reflects revenues that fully offset municipal court expenses included in the financial model's law enforcement initiative and assumptions. Enabling this initiative in the financial model results in a net neutral cost impact for municipal court functions.

Table 9: Municipal Court Initiatives

Municipal Court	Year 1	Year 2	Year 3	Year 4
Rev-100-Municipal Court	\$877,411	\$877,411	\$877,411	\$877,411
Total	\$877,411	\$877,411	\$877,411	\$877,411

Municipal Utility Districts (MUDs)

In October 2018, HR Green performed an analysis of infrastructure liabilities associated with the 11 MUDs serving The Woodlands, including the existing asset conditions and valuations of each MUD, as well as estimated capital costs associated with improving those assets. This report identified several risks associated with the current MUD structure, including unfunded infrastructure demands, siloed services distributed

across multiple MUDs, fiscal constraints unique to each MUD, and varied tax levy policies among the MUDs. While establishing a consolidated utility department would address some of those risks, it would also create new challenges to ensure that the impacts of consolidation would be distributed equally among all Woodlands residents. For example, because some MUDs have higher debt service amounts than others, consolidating all MUD debt will cause residents in some MUDs to pay higher taxes after incorporation than in other MUDs.

Due to these impacts, and because the current MUD structure has historically performed well for The Woodlands residents, HR Green recommended leaving the current MUD operation in place and avoiding consolidation. Based on this recommendation, the Board of Directors instructed The Novak Consulting Group to exclude MUDs from the incorporation financial model. Development of the financial model and initiatives related to utility service delivery, such as the Public Works initiative described in the following section, was informed by this direction from the Board throughout 2019.

In response to follow-up questions from the Board in early 2020 regarding the impact of acquiring MUDs, The Novak Consulting Group engaged Stifel Financial Corporation to calculate the cost implications of absorbing the MUDs and refinancing their outstanding debts over a 30-year period. This analysis identified a mechanism to refinance outstanding MUD debts in a way that balances the tax implications of consolidation across all Woodlands residents.

The Novak Consulting Group and Township staff then applied the results of this analysis to residential tax bills in each of the MUDs and compared the impact of MUD consolidation and refinancing to current tax rates. The results of this analysis largely validate the findings of the 2018 HR Green Study: if MUD outstanding debt service amounts in early 2020 were to be consolidated and refinanced, then residents in five of the MUDs would experience a tax increase if consolidation were to occur, while residents in the remaining six MUDs would experience a tax decrease. However, after accounting for the impact of incorporation initiatives estimated in the financial model, residents in seven MUDs are projected to experience a net tax increase, while residents in the remaining four MUDs would experience a net tax decrease.

This analysis, which is included as Appendix C, provides important context to inform future policy decisions regarding whether to consolidate MUDs as part of the incorporation process or at another future time. As local tax revenues, debt service, and economic impacts change in response to the COVID-19 crisis, it will be important to revisit assumptions and calculations associated with MUDs as part of restarting the incorporation study process, as described later in the “Restarting the Incorporation Process” section of this report.

Public Works

The Woodlands currently relies on counties and contract staff support for public works related functions, including but not limited to streetscape and landscaping services; maintenance and repair for streets, pathways, and rights-of-way (ROWs); and solid waste services. While several of those services may continue to be contracted if The Woodlands incorporates, maintenance and construction of ROW will transfer from the counties to the new city.

The Novak Consulting Group estimated the cost impacts of creating a Public Works Department to perform infrastructure maintenance and repairs based on benchmark community staffing levels and industry best practices. These assumptions are detailed on page 18 of the Independent Financial Analysis Report (Appendix A) and reflect a total staffing level of 34 FTEs designed to support street maintenance, sign and signal maintenance, and fleet maintenance functions for a new city. The total estimated cost for creating a Public Works Department is approximately \$4.6 million, beginning in Year 2. The financial model assumes costs will increase by approximately 2% per year to account for inflation.

Table 1: Public Works Operating Initiatives

Public Works Operating	Year 1	Year 2	Year 3	Year 4
Exp-100-Public Works Department Operating	\$0	\$4,600,000	\$4,692,000	\$4,785,840
Total	\$0	\$4,600,000	\$4,692,000	\$4,785,840

Pages 21 through 23 of the Independent Financial Analysis Report (Appendix A) also identify startup and capital costs associated with a new Public Works Department, including \$5 million for initial capital equipment, \$6.5 million for land acquisition, and \$5.2 million for the construction of a new Public Works facility. Since the Independent Financial Analysis was completed, The Woodlands acquired land which might be suitable for constructing a new facility.

The Board directed The Novak Consulting Group to assume initial startup costs of \$10.2 million for capital equipment and new facility construction. Capital equipment costs phase-in over a three-year period as the new department grows (similar to the transition for law enforcement costs). The full cost of the proposed facility is included in Year 4, as illustrated in the following table.

Table 2: Public Works Capital Initiatives

Public Works Capital	Year 1	Year 2	Year 3	Year 4
Exp-RES-Public Works Department Startup	\$0	\$1,666,667	\$1,666,667	\$6,866,667
Total	\$0	\$1,666,667	\$1,666,667	\$6,866,667

Infrastructure

If The Woodlands chooses to incorporate, all public rights-of-way (ROWs) within the new city will become city ROWs. Any private ROWs or easements would remain private, but the new city will have authority to adopt ordinances that address, restrict, and regulate the construction of private roads or other structures.

Cost estimates for maintaining and improving the Township's current asphalt and concrete roads were first developed by Matrix Consulting Group and HR Green as part of the 2018 incorporation study. In 2019, The Novak Consulting Group re-engaged HR Green to refine and expand infrastructure assumptions, including pavement management, shoulder maintenance, and bridge deck maintenance for infrastructure that would become the responsibility of The Woodlands after incorporation. HR Green presented revised findings at a Board Planning Session meeting on July 25, 2019, and The Novak Consulting Group developed these findings into specific initiatives for the Board to consider as part of the financial model.

The Board then directed The Novak Consulting Group to assume \$1.25 million in annual infrastructure costs related to pavement management, including asphalt and concrete street construction. Based on the HR Green studies, this amount is sufficient to maintain all paved roadways in The Woodlands at "Excellent" condition. This amount is held flat in the financial model because estimated construction and repair needs in The Woodlands can be accomplished within the first five years. After Year 5, these monies would be carried forward and allocated to a sinking fund that can be used to offset the cost of future infrastructure projects and unexpected repairs.

In addition, the Board determined that the financial model should reflect \$50,000 per year for bridge deck maintenance as well as \$200,000 per year for roadway shoulder maintenance, each of which should increase by 2% per year in line with inflation estimates, as illustrated in the following table.

Table 3: Infrastructure Initiatives

Infrastructure	Year 1	Year 2	Year 3	Year 4
Exp-100-Bridge Deck Maintenance	\$50,000	\$51,000	\$52,020	\$53,060
Exp-100-Pavement Management	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
Exp-100-Shoulder Maintenance	\$200,000	\$204,000	\$208,080	\$212,242
Total	\$1,500,000	\$1,505,000	\$1,510,100	\$1,515,302

Total Estimated Cost Impacts

The financial model developed by The Novak Consulting Group for The Woodlands is built on the Township’s Five-Year Financial Plan. This plan illustrates anticipated revenues and expenditures over a five-year horizon, beginning with the current year budget and extending four years into the future. Similar to The Woodlands’ internal forecasting practices, the financial model assumes most future revenue growth will remain flat. However, property tax growth is estimated at 1% per year, sales tax growth is estimated at approximately 2% per year, and room tax growth is estimated at 3% per year. Most expenses in the Five-Year Plan are inflated at a rate of 2.3% to reflect annual inflation, and the Township provided data on specific cost considerations to be used with several capital, debt, and other line items.

In the financial model, revenues and expenses associated with the initiatives described above were projected through Year 4 for estimating the maximum tax rate. This timeframe was selected because it represents the period after which transition agreements negotiated with Montgomery County for law enforcement services will be fully implemented, provides sufficient time to begin building some service capacity from scratch, and reflects the last year of the Five-Year Financial Plan.

The Novak Consulting Group then finalized the expense and revenue initiatives described above and received Board approval to adopt the initiatives into the financial model on September 25, 2019, and February 26, 2020, to calculate a provisional maximum tax rate. The total impact of incorporation-related initiatives is illustrated in the following table.

Table 4: Total Incorporation Impacts

Incorporation Initiatives	Year 1	Year 2	Year 3	Year 4
Revenue				
Rev-100-Mixed Beverage Tax	\$960,000	\$960,000	\$960,000	\$960,000
Mix-100-Building Plan Review Function	\$150,000	\$150,000	\$150,000	\$150,000
Rev-100-Franchise Fee Revenue	\$1,950,000	\$7,800,000	\$7,800,000	\$7,800,000
Rev-100-Franchise Fee Adj	(\$156,000)	(\$624,000)	(\$624,000)	(\$624,000)
Rev-100-Municipal Court	\$877,411	\$877,411	\$877,411	\$877,411
Rev-100-Senior Property Tax Freeze	\$0	(\$69,327)	(\$143,549)	(\$223,010)
Revenue Total	\$3,781,411	\$9,094,084	\$9,019,862	\$8,940,401
Expenses				
Exp-100-City Secretary	(\$162,000)	(\$165,240)	(\$168,545)	(\$171,916)
Exp-100-Risk Manager	(\$118,000)	(\$120,360)	(\$122,767)	(\$125,223)
Exp-100-Paralegal	(\$91,000)	(\$92,820)	(\$94,676)	(\$96,570)
Mix-100-Building Plan Review Function	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)
Exp-100-LE Hybrid	(\$284,808)	(\$3,319,178)	(\$6,353,548)	(\$9,479,868)
Exp-100-LE Full Service Facility	\$0	\$0	\$0	(\$1,820,019)
Exp-100-Public Works Department Operating	\$0	(\$4,600,000)	(\$4,692,000)	(\$4,785,840)
Exp-100-Pavement Management	(\$1,250,000)	(\$1,250,000)	(\$1,250,000)	(\$1,250,000)
Exp-100-Bridge Deck Maintenance	(\$50,000)	(\$51,000)	(\$52,020)	(\$53,060)
Exp-100-Shoulder Maintenance	(\$200,000)	(\$204,000)	(\$208,080)	(\$212,242)
Expenses Total	(\$2,305,808)	(\$9,952,598)	(\$13,091,636)	(\$18,144,738)
Total Incorporation Initiative Impacts	\$1,475,603	(\$858,514)	(\$4,071,774)	(\$9,204,337)

According to the policy decisions adopted by the Board and the estimated financial impacts of incorporation projected by The Novak Consulting Group, incorporation will result in a need for approximately \$9.2 million in additional funding to support service delivery in the new city. The bulk of this funding reflects additional expenses associated with law enforcement and public works services.

At the time of this writing, each cent of property tax assessed generates approximately \$2.1 million in revenue for The Woodlands. Dividing \$9,204,337 in needed revenues by \$2,100,000 results in an estimated tax levy of 4.38 cents required to bridge the gap between current services provided by The Woodlands and service requirements following incorporation. The Board adopted this provisional maximum tax rate for incorporation initiatives at its regular meeting on February 26, 2020.

Incorporation Pros and Cons

Though the financial analysis detailed above is clear, there is no empirically correct answer to the question of whether The Woodlands should incorporate. Individual conclusions regarding the question will be informed, in part, by facts and data but also by each person's perception of government and the concept of self-determination at the local level.

The Woodlands is a unique community governed by a structure that is not protected in perpetuity. Existing service delivery mechanisms are very efficient and conservatively planned to ensure high-quality service delivery throughout the community. There is no imminent threat to the current structure of service delivery within the Township. As such, the question of incorporation is one that looks to ensure an identity and governance structure for future residents of the community. Potential benefits and tradeoffs are outlined below.

Pros

- **Annexation and Identity** – Incorporation will preserve the community identity of The Woodlands as a separate, distinct unit of government, and Township residents will have the opportunity to develop a home rule charter that reflects local priorities.
- **Status** – The Woodlands obtains recognition as a peer by other Houston area local governments and is acknowledged as a municipality from the State and Federal government.
- **Self-determination** – Establish service levels and tax rates consistent with the expectations of residents. There are many layers to the concept of self-determination, including these abilities:
 - Determine what services and at what levels should be provided, including the ability to form new departments, such as a public health department.
 - Be governed by your neighbors within The Woodlands vs. some other jurisdiction.
 - Determine the appropriate revenue and tax structure for funding the type and level of service desired by the community.
 - Establish and enforce ordinances, including nuisance ordinances. For example, the Township will be able to establish and enforce ordinances regarding fireworks noise, animal breeding, sex offender registration, sexually-oriented businesses, and other matters of local concern.
 - Establish and enforce a local building code.
 - Adjudicate matters through a local municipal court.
 - Implement a property tax freeze for disabled residents and residents over 65.
- **Transportation Infrastructure** – The Woodlands would take over ownership and control of most transportation infrastructure within The Woodlands.
- **New Revenue Sources** – The new city will be able to access additional revenue sources available to Texas cities, such as franchise fee revenue and alcohol and beverage tax revenue, as well as periodic grants from the State and Federal government that are available for municipal governments, such as the Department of Justice and Federal Emergency Management Agency (FEMA) public safety hiring grants and special CARES Act funding authorized during a pandemic.
- **Enhanced Local Control and Influence** – The new city will have membership rights and enhanced representation on the Houston-Galveston Area Council, the local Council of Governments (COG) where regional infrastructure projects and federal and state funds are passed through to local governments.
- **Emergency Response** – The ability to have more resources under local control and direction to respond to natural disasters and emergencies within the community, including the ability to access and leverage disaster mitigation funds directly.

Cons

- **Responsibility for Additional Asset Maintenance** – A new city will own the majority of roads within its municipal boundaries and be responsible for maintaining them in perpetuity.
- **Responsibility to Provide Services** – A new city will be required to provide certain services to its residents regardless of the mechanism for doing that. If transition or long-term agreements with other service providers, such as Montgomery County, change, the City will have to invest in the ability to provide these services.
- **Increased Staffing Costs** – The new city will be required to have additional positions that are not currently part of The Township.
- **Revenue Tradeoffs** – Additional constraints on the use of Hotel Occupancy Tax. The Hotel Occupancy Tax rate of 15.0 percent is levied on room night charges, and currently, revenues can be used for any purpose. Under incorporation, these revenues must be restricted to expenses relevant to the hotel and convention industry in The Township.
- **Irrevocable Decision** – Once the decision to incorporate is made, there is no provision in Texas law to allow the special district structure (Township) to be recreated.

Restarting the Incorporation Study Process

The scope of services initially contemplated by the Board of Directors and The Novak Consulting Group envisioned finalization of the incorporation financial model by early 2020, followed by community outreach and engagement in May 2020. The initial timeline included compiling feedback received during the community engagement process and updating the financial model to reflect the Township's latest budgetary assumptions in July and August of 2020. Following this, the provisional maximum tax rate would be adjusted as necessary, and the Board would make a final determination regarding placing incorporation on the ballot in November 2020.

However, this process was interrupted by the 2020 COVID-19 pandemic. With the onset of nationwide stay-at-home orders and travel restrictions beginning in early March, it became clear that the economic impacts of the pandemic would have a significant impact on The Woodlands, its revenues, and its ability to reasonably project incorporation impacts. Given the scope of the pandemic and the systemic and likely far-reaching economic ramifications involved in mitigating its spread, the Board of Directors deferred the incorporation study at its regular meeting on March 25, 2020.¹⁵ As a result of this deferral, The Novak Consulting Group was tasked with capturing and consolidating information gathered to date and to provide The Woodlands with a framework that can be used to restart the incorporation planning process. Restarting the incorporation study process will require several steps, as discussed below.

Step 1: Verify Assumptions

First, The Woodlands should review and verify assumptions used to inform the incorporation study, as discussed in this report and its Appendices. Specifically, The Woodlands should reexamine the following study elements and identify any material changes that should inform a revised financial model and maximum tax rate calculations, including the following:

- **Review service level standards.** Have service levels or contractual arrangements in each service area changed since this incorporation study? If services have changed, define the nature and scope of the change and calculate any associated cost implications.
- **Review revenue and expense projection assumptions included in the financial model.** The financial model should be updated to ensure it reflects the latest revenue and expense assumptions used by The Woodlands. This is particularly important given the likelihood that the economic impacts of COVID-19 will significantly alter tax revenues in the near- to medium-term. Expense projections should also be updated to account for the likelihood of inflation given contemporary economic circumstances.
- **Review Board policy decisions regarding incorporation initiatives.** The financial model includes all policy decisions adopted by the Board. Restarting the incorporation study process should prompt The Woodlands to re-evaluate and reaffirm the policy decisions made through this process, if appropriate, given future circumstances. For example, a future Board may wish to include MUD acquisition and consolidation of debt service as a baseline assumption for incorporation. This will require revisiting MUD debt service calculations and potentially revisiting other initiatives that intersect with utilities, such as the Public Works initiative.

¹⁵ <https://woodlandstx.new.swagit.com/videos/44910>

- **Review available reserves and fund balances.** During this incorporation study, the Board set aside approximately \$16 million in reserves to offset the costs of incorporation. The financial model assumed these reserves would be used for startup and capital costs associated with Law Enforcement and Public Works. However, the ongoing economic crisis may force The Woodlands to reallocate or repurpose these reserves. As part of resuming the incorporation study, it is important to identify whether any of the Township's reserves will be set aside for incorporation purposes and, if so, to confirm the balance of available reserves.

Step 2: Revisit and Update Transition Agreements

Next, the Township should revisit and update any applicable transition agreements that impact service delivery in The Woodlands. This is particularly important for services such as law enforcement, which is currently subject to a transition agreement that may need to be revisited as the COVID-19 crisis unfolds. Where practical and appropriate, the Board may wish to negotiate other transition agreements before restarting the incorporation process, including but not limited to agreements that specify cost-sharing or maintenance arrangements for public works and MUD services, depending on the policy direction set by the Board for the next incorporation study. The impact of material changes to transition agreements should be incorporated into the baseline assumptions used to inform a revised financial model.

Step 3: Update the Baseline Financial Model

Once baseline assumptions are confirmed, and the scope of active transition agreements are reviewed and incorporated into these assumptions, the financial model should be updated. To update the financial model, The Woodlands should input the current adopted budget plus actual budget revenues, expenses, and starting fund balances for the previous five years. Next, it should adjust projection assumptions in the financial model to match the latest Five-Year Financial Plan. These adjustments should include any revised baseline assumptions identified in Step 1 above.

Step 4: Update Initiatives

After the baseline financial model is updated, initiatives associated with the model should be revised and recalculated to reflect all service adjustments, policy assumptions, and contemporary costs associated with incorporation. This step may require significant time and attention if a future Board's policy direction significantly differs from the policy direction used to inform this incorporation study. Economic changes and impacts due to COVID-19 may also require significant analysis to revise and update the initiatives included in the financial model.

Step 5: Recalculate the Provisional Maximum Tax Rate

Equipped with a revised financial model and associated initiatives, The Woodlands should then recalculate the provisional maximum tax rate. To accomplish this, The Woodlands should select a target year that represents the year when the fully-loaded cost of incorporation will be borne by the new city (likely Year 4 or Year 5, depending on the timing and scope of transition agreements). The difference between current tax revenues and tax revenues required to support the City after fully incorporating should be calculated first. This amount should then be divided by the estimated revenues generated from a single cent of property tax levy to calculate the total number of cents needed to cover any shortfall.

Step 6: Re-engage the Community

Next, a community engagement and education process should be initiated to communicate the results of the updated incorporation study analysis and gather feedback on whether incorporation should be placed on the ballot for voter consideration. This engagement process could take a variety of forms, including but not limited to the creation of a successor incorporation website containing information about the revised study process, community forums to gather direct feedback, smaller engagements with village associations and neighborhood groups, and the publication of informational articles, videos, and social media campaigns.

Following these steps will provide a thorough review of past analysis related to incorporation and enable the Township to identify future incorporation impacts in a relatively rapid and straightforward manner.

Leveraging the financial model to assist with calculations will help the Township better understand and communicate how COVID-19 and changing economic circumstances impact incorporation. The model also provides a useful tool for examining the impact of revised policy decisions made by a future Board with respect to incorporation and can be used to visually illustrate how incorporation will affect the Township during and beyond its Five-Year Financial Plan.

Step 7: Consider an Incorporation Ballot Measure

After resuming the incorporation study process and completing the additional analysis, a future Board may determine whether to call for an election to determine whether The Woodlands should incorporate. The Township Board of Directors has the sole authority to call an incorporation election. The legislation allows the Township to consider incorporating as a Type A, Type B or Type C General Law city:

- **Type A** General Law cities typically have a City Council with a Mayor and five Council members (elected by district or at large).
- **Type B** General Law cities typically have a Mayor and five aldermen elected at large.
- **Type C** General Law cities typically have a Board of Commissioners, which consists of a Mayor and two commissioners.

As a matter of reference, most General Law cities have populations under 5,000. The legislation allows the Township to consider incorporating as a Type A, Type B, or Type C General Law city, and the Township Board would designate the type of city when ordering the incorporation election.

It is important to emphasize that General Law cities have no authority to act unless the State legislature gives them the specific authority to do so. In contrast, Home Rule cities derive authority via a charter approved by the voters and have authority to act on any matter unless specifically restricted by state constitution or state statute. The Woodlands already meets the population requirements for a Home Rule city; however, under the provisions of current legislation, it must first incorporate as a General Law city and then establish a Charter Commission, draft a charter, and approve the charter at a future election in order to become a Home Rule City.

According to the legislation, a newly-incorporated City of The Woodlands would not have the option to revert to a special purpose district after incorporation.

As provided by statute, the incorporation ballot initiative placed before voters must state the maximum property tax rate that can be imposed at the time of incorporation. This maximum tax rate must be approved by a majority of the voters as part of the incorporation election.

The maximum tax rate authorizes the new city to implement an initial tax rate following incorporation, up to the voter-approved maximum tax rate. The tax rate established by the new city cannot exceed the initial maximum tax rate authorization provided by the voters in an incorporation election.

Following the initial year of implementation, the tax rate for subsequent years would be established by the City Council in accordance with statutory provisions that exist at that time. The City Council may set a tax rate that is lower than the initial maximum tax rate approved by the voters. The initial maximum tax rate is not impacted by statutory property tax caps in the initial year of implementation.

The legislation provides the following when the incorporation of the territory of the Township is approved by a majority of Township voters in an incorporation election:

- The dissolution of the Township occurs when the new city is created.
- The new city government will assume all assets, liabilities, obligations, rights, powers, duties, purposes, bond and tax authorizations, functions, and responsibilities of the Township as the successor entity.
- The Township Board of Directors would assume responsibility as temporary elected officials for the new city until an election can be held for the new City Council. The election of city officials could be called at any time after the Township Board completes the canvassing of the votes from the balloting initiative but must be completed no later than the next uniform election date. If a special election is desired, current statutory provisions require that the election must be called a minimum of 62 days in advance of the election date.
- The temporary governing body (Township Board of Directors) shall order the election to elect the permanent governing body.

Conclusion

Determining whether and when to incorporate is a significant undertaking for any community. The Woodlands' unique history as a planned community with exceptional service delivery creates important policy questions and considerations that must be evaluated as part of the incorporation process.

The financial model scenarios, initiatives, and context regarding core services, peer community practices, and important legal questions included in this report and its appendices provide a framework for incorporation. The study process was designed to help The Woodlands effectively understand, consider, and prioritize policy decisions related to incorporation and project the impact of those decisions in future years.

Though the COVID-19 pandemic impeded the Township's decision on whether to call an incorporation vote in 2020, the incorporation study process and outcomes provide a framework that can be updated and revisited by future boards should it become prudent to re-evaluate the question of incorporation.

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Appendix A: Independent Financial Analysis Report

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Appendix B: Revised Law Enforcement Report

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Appendix C: Supplemental MUD Analysis

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Appendix D: Public Works and Maintenance Operations Presentation

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Appendix E: Senate Bills 1014 and 1015

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**The Woodlands, Texas
Independent Financial Analysis**

Draft Report

January 18, 2019



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January 18, 2018

Mr. Don Norrell, General Manager
The Woodlands Township
2801 Technology Forest Boulevard
The Woodlands, TX 77381

Dear Mr. Norrell:

We are pleased to provide you with this report summarizing our independent analysis of the potential impacts and costs of incorporation on The Woodlands Township. The research and analysis included in this report is built upon information from a wide variety of sources, including data provided by The Woodlands, interviews with The Woodlands staff, statistics gathered from the U.S. Census Bureau and benchmark communities, input gathered from public meetings, and information supplied by The Matrix Consulting Group.

The decision about whether, when, and how to incorporate involves important policy considerations and requires careful consideration on the part of the Board of Directors and The Woodlands residents. The information contained in this report is intended to help the Township more effectively weigh and consider the benefits and impacts of incorporation and to frame policy questions which current and future elected officials should consider as this process moves forward.

It has been our pleasure to assist The Woodlands Township in this effort.

Sincerely,

Julia Novak
President

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Executive Summary

In early 2018, The Woodlands Board of Directors initiated a process to evaluate the service level and financial implications associated with incorporating as a Texas municipality. The Township contracted with The Matrix Consulting Group (“Matrix”) to analyze and quantify the implications of incorporation. In addition, the Township contracted with The Novak Consulting Group to develop an independent financial analysis of incorporation scenarios. Specifically, The Novak Consulting Group was tasked with completing benchmarking and best practices research to inform financial model assumptions as well as developing an independent financial model that outlines the revenue and expense impact of incorporation.

To complete this task, The Novak Consulting Group engaged in four key activities. First, we met with staff and program directors from each current Township program to inventory and document Township programs and service levels. The purpose of these meetings was to ensure that we had a detailed understanding of current operations and that current service levels were accounted for and protected in any incorporation scenario. Attachment A provides an inventory of the Township’s core programs and service levels.

Second, we engaged in a benchmarking process to identify how five Texas cities, identified by the Board of Directors, are structured to deliver municipal services. This research allowed us to identify the various revenue options that may exist under incorporation and what programs and services the Township may need to create should its residents opt to become a Texas city. This research was used to inform revenue and expense assumptions in the financial model. A summary of the benchmarking research can be found in Attachment B.

Third, The Novak Consulting Group conducted an analysis of covenant administration practices in The Woodlands and the potential impacts of implementing a planning and zoning development model in a newly-incorporated city. This analysis was informed by independent research as well as legal opinions provided by The Township’s contracted legal counsel. The policy decision to retain covenant administration or utilize a planning and zoning model will have significant impacts on how a future city performs development review functions. Attachment C summarizes that research and analysis.

Lastly, The Novak Consultant Group met extensively with Township finance and administrative personnel to analyze historical financial trends and incorporate known factors into operating and capital expense projections.

Using the information gathered through these processes, The Novak Consulting Group developed a series of financial assumptions and recommendations and worked with ResourceX to develop a dynamic financial model that will allow decision-makers in The Woodlands to evaluate the costs of major incorporation policy decisions in a variety of economic contexts. The implications of these decisions can be compared to the baseline scenario: “What would happen if the Township does not incorporate?” As such, The Township’s existing budget and Five-Year Financial Plan are included in the financial model as a baseline scenario. In addition to this baseline, The Novak Consulting Group has developed alternative scenarios: the first scenario assumes revenue becomes constrained in future years, while the second scenario assumes revenue grows more rapidly than contemplated in the Five-Year Financial Plan. The financial model allows the Township to project financial impacts associated with incorporation against any or all of these scenarios simultaneously. The assumptions included in each of these scenarios are discussed in the Financial Model Scenarios section of this report.

The financial model also enables the Township to apply specific initiatives to each scenario. These initiatives reflect policy decisions associated with incorporation, such as additional revenue sources, the impact of programs such as a Senior Property Tax Freeze, and the creation of additional departments such as a Police Department and a Public Works Department. The Financial Model Initiatives section of this report discusses each initiative in detail, including initiatives developed independently by The Novak Consulting Group as well as sub-study initiatives developed by Matrix and HR Green for Law Enforcement, Pavement Management, and Municipal Utility District (MUD) incorporation alternatives.

Together, the compiled information in this report encapsulates the major policy questions and cost impacts associated with incorporation and allows The Woodlands to evaluate policy decisions in light of current services and peer community practices. The information included in this report should be utilized alongside the financial model developed by The Novak Consulting Group to enable real-time analysis of impacts and findings. Where appropriate, The Township should continue to adjust and customize this information as the incorporation study process continues.

Financial Model Scenarios

The Novak Consulting Group partnered with ResourceX, a leading developer of priority-based budgeting software, to develop a dynamic financial model for The Woodlands Township that could be used to evaluate incorporation impacts. The development of this model was guided by three primary goals:

Goal 1: Identify reasonable baseline projection assumptions based on historical revenue and expense trends in each Township fund. Achieving this goal ensures that the financial model accurately forecasts budget trends in The Woodlands regardless of whether the Township chooses to incorporate, and it creates a stable baseline for comparing decisions and initiatives related to incorporation.

Goal 2: Define a bandwidth of projection scenarios that reflects strong as well as limited revenue growth. This goal allows the Township to compare budgetary impacts across a variety of economic conditions and observe how various initiatives will affect the budget should conditions change in the future. These comparisons are essential to inform the Board's consideration of revenue and expense alternatives under incorporation.

Goal 3: Provide a functional and dynamic tool that can be used to evaluate the financial impact of incorporation scenarios in real-time and in future years. The financial model is intended to visually and dynamically illustrate the impact that revenue and expense initiatives have on the Township's bottom line. This allows the Township to evaluate initiatives in real-time and to adjust the model to reflect new budgetary assumptions and economic realities.

Baseline Scenario

Building an effective financial model that meets the goals described above requires a detailed and granular analysis of the Township's financial data. To accomplish this, The Novak Consulting Group populated the financial model with actual revenue and expense information from FY2014 through FY2017 and budgeted revenue and expense information from FY2018 and FY2019. This information included all line items by fund account and category for each fiscal year.

Next, financial assumptions included in the Township's Adopted 2019 Budget and Five-Year Financial Plan were incorporated into the financial model. Together, this budget data and the Five-Year Financial Plan assumptions constitute a baseline scenario for projecting anticipated budget trends. The following sections discuss specific assumptions which inform the **Baseline** scenario.

Baseline Revenue Projections

The Woodlands' Five-Year Financial Plan assumes most revenues are held flat with a few exceptions. The following table summarizes revenue assumptions included in the financial model, as informed by the Five-Year Financial Plan. Revenue categories highlighted in orange represent one-time revenues as identified by The Novak Consulting Group in conversations with The Woodlands staff. The financial model assumes that these revenue sources will experience no additional growth in outlying years; consequently, all one-time revenue line items are projected to experience 0% growth.

Table 1: Baseline Revenue Projections Based on Five-Year Plan

Revenue Category	Line Item/GL Code	FY2019 Budget Amount	Baseline Growth Projection	Notes
Contractual	All Line Items	\$1,505,385	0%	Five-Year Plan revenue growth assumption
Fees	All Line Items	\$239,500	0%	Five-Year Plan revenue growth assumption
Grants	All Line Items	\$3,192,279	Various	The Five-Year Plan assumes grant revenues will vary among several related line items in the coming years. Actual anticipated revenue figures for these line items were provided by The Woodlands staff and incorporated into the financial model.
Interest Income	All Line Items	\$864,295	Various	The Five-Year plan assumes interest revenue will reflect a portion of fund balances multiplied by a reasonable estimated interest rate. Actual anticipated revenue figures for these line items were provided by The Woodlands staff and incorporated into the financial model.
Leases	All Line Items	\$127,702	0%	One-Time Revenue
Other Income	4580 Insurance Proceeds	\$0	0%	One-Time Revenue
	4590 Sale of Property	\$0	0%	One-Time Revenue
	4595 Convention and Visitors Center (CVB) Revenue to The Township	\$862,172	0%	Five-Year Plan revenue growth assumption
	4599 Other Income	\$146,000	0%	One-Time Revenue
Program Revenue	All Other Line Items	\$6,062,764	Various	The Five-Year Plan projects sufficient revenue to meet Board Policy of 50% Aquatics cost recovery and 100% of Recreation cost recovery per year. To account for this, line items in this category are inflated at 3.07% for FY2020, 2.12% for FY2021, 2.56% for FY2022, and 3.42% for FY2023 per Township staff.
	4110 Bus Fares	\$3,600,000	Various	The Five-Year Plan projects bus fare revenue growth to cover costs plus approximately \$100,000 in surplus to repay Reserve for bus purchases. Actual anticipated revenue figures for this line item were provided by The Woodlands staff and incorporated into the financial model.

Revenue Category	Line Item/GL Code	FY2019 Budget Amount	Baseline Growth Projection	Notes
Taxes	4010 Property Taxes - Current	\$45,664,426	1%	Five-Year Plan revenue growth assumption with adjustments for anticipated new construction and abatements reflected in the Five-Year Plan.
	4011 Property Taxes - Delinquent	\$0	1%	Five-Year Plan revenue growth assumption
	4012 Property Taxes - Interest & Penalty	\$100,000	1%	Five-Year Plan revenue growth assumption
	4013 Property Tax - Refunds	(\$342,483)	1%	Five-Year Plan revenue growth assumption
	4014 Property Tax Rendition	\$0	1%	Five-Year Plan revenue growth assumption
	4020 Sales and Use Taxes	\$55,059,173	2% to 1.75%	2% in 2020, 1.75% in outlying years per Five-Year Plan
	4030 Hotel Occupancy Taxes	\$7,538,554	3%	Five-Year Plan revenue growth assumption
	4031 Supplemental Hotel Occupancy Taxes	\$2,153,873	3%	Five-Year Plan revenue growth assumption
	4040 Event Admissions Taxes	\$1,453,714	1%	Five-Year Plan revenue growth assumption
Transfer In	All Line Items	\$47,738,175	0%	Transfers are held at 0% to prevent artificially inflating revenues from these sources

Baseline Expense Projections

The Baseline scenario assumes an inflation factor of 2.3% for most expense line items, according to the Township’s Five-Year Financial Plan. The following table summarizes expense assumptions included in the financial model.

Table 2: Baseline Expense Growth Projections

Expense Category	Line Item/GL Code	FY2019 Budget Amount	Baseline Growth Projection	Notes
Administrative	All Line Items	\$587,100	2.3%	Five-Year Plan expense assumption
Capital	All Line Items	\$8,676,813	Various	Actual anticipated capital expenditures for these line items were provided by The Woodlands staff and incorporated into the financial model.

Expense Category	Line Item/GL Code	FY2019 Budget Amount	Baseline Growth Projection	Notes
Contracted	All Line Items	\$33,766,715	Various	Most contracted service expenditures are anticipated to increase at 2.3%; however, the Five-Year Plan also contemplates additional adjustments for several contracts including solid waste, streetscape, and waterway in the out years of the Five-Year Plan. These are reflected in the financial model.
Debt Service / Principal	All Line Items	\$7,891,455	Various	Actual anticipated debt service expenditures for these line items were provided by The Woodlands staff and incorporated into the financial model.
Equipment	All Line Items	\$3,053,096	Various	Actual anticipated equipment expenditures for these line items were provided by The Woodlands staff and incorporated into the financial model.
Facility	All Line Items	\$3,676,250	2.3%	Five-Year Plan expense assumption
Maintenance	All Line Items	\$812,100	2.3%	Five-Year Plan expense assumption
Miscellaneous	All Line Items	\$7,637,078	2.3%	Five-Year Plan expense assumption
Program Expense	All Line Items	\$4,806,451	2.3%	Five-Year Plan expense assumption
Public Education / Relations	All Line Items	\$398,440	2.3%	Five-Year Plan expense assumption
Salaries and Benefits	All Line Items	\$12,299,122	Various	Anticipated personnel-related expenditures for these line items were provided by The Woodlands staff and incorporated into the financial model. The financial model reflects the Township's assumptions regarding position additions in year 2 through 5 of the Five-Year plan.
Staff Development	All Line Items	\$871,700	2.3%	Five-Year Plan expense assumption

Expense Category	Line Item/GL Code	FY2019 Budget Amount	Baseline Growth Projection	Notes
Transfer Out	All Line Items	\$45,938,175	0%	Transfers are held at 0% to prevent artificially inflating expenses from these sources

Constrained, Budgeted, and Projected Scenarios

The Baseline scenario described above allows the financial model to project revenue and expense trends according to the Township’s Five-Year Financial Plan. However, to provide the Township with a more comprehensive understanding of financial impacts across different economic possibilities, The Novak Consulting Group conducted a detailed analysis of the Township’s budgeted and historical financial trends from fiscal years 2014 through 2017.

Next, The Novak Consulting Group applied the results of the trend analysis to develop revenue projections for three additional scenarios in the financial model: Probable, Budgeted, and Constrained. These scenarios form the core of the financial model and allow the Township to compare the impact of initiatives across a variety of economic conditions:

- The **Probable** scenario assumes revenue trends will reflect actual revenue growth based on the Township’s five-year historical experience (adjusted to reflect known economic trends).
- The **Budgeted** scenario is a duplicate of the Baseline scenario which assumes revenue trends will follow the assumptions indicated in the Township’s Five-Year Financial Plan. This scenario allows the Township to apply initiatives using baseline assumptions without affecting the underlying Baseline scenario.
- The **Constrained** scenario assumes revenue growth in the Township will remain flat in an effort to illustrate highly conservative revenue patterns.

The following table compares revenue projection assumptions for each scenario. The financial model applies these projection assumptions to each budget line item in each scenario to calculate estimated revenue growth in future years. Revenue categories highlighted in orange represent one-time revenues as identified by The Novak Consulting Group in conversations with The Woodlands staff.

Table 3: Financial Model Revenue Assumptions

Revenue Category	Line Item/GL Code	FY2019 Budget Amount	Constrained Growth Projection	Budgeted / Baseline Growth Projection	Probable Growth Projection
Contractual	All Line Items	\$1,505,385	0%	0%	4%
Fees	All Line Items	\$239,500	0%	0%	-9%
Grants	All Line Items	\$3,192,279	0%	Various	0%
Interest Income	All Line Items	\$864,295	0%	Various	5%
Leases	All Line Items	\$127,702	0%	0%	0%
Other Income	4580 Insurance Proceeds	\$0	0%	0%	0%
	4590 Sale of Property	\$0	0%	0%	0%
	4595 CVB Revenue to The Township	\$862,172	0%	0%	4%
	4599 Other Income	\$146,000	0%	0%	0%
Program Revenue	All Other Line Items	\$6,062,764	0%	Various	2.8%
	4110 Bus Fares	\$3,600,000	0%	Various	2%
Taxes	4010 Property Taxes - Current	\$45,664,426	0%	1%	2%
	4011 Property Taxes - Delinquent	\$0	0%	1%	2%
	4012 Property Taxes - Interest & Penalty	\$100,000	0%	1%	2%
	4013 Property Tax - Refunds	(\$342,483)	0%	1%	2%
	4014 Property Tax Rendition	\$0	0%	1%	2%
	4020 Sales and Use Taxes	\$55,059,173	0%	2% to 1.75%	3%
	4030 Hotel Occupancy Taxes	\$7,538,554	0%	3%	3%
	4031 Supplemental Hotel Occupancy Taxes	\$2,153,873	0%	3%	3%
	4040 Event Admissions Taxes	\$1,453,714	0%	1%	1%
Transfer In	All Line Items	\$47,738,175	0%	0%	0%

While revenue projections for each scenario vary, all scenarios utilize the same expense assumptions that appear in the Baseline scenario. This provides a uniform basis across scenarios for evaluating the impact of financial decisions.

Additionally, the financial model plots and compares each of the scenarios described above to the original Baseline scenario. This allows the Township to rapidly evaluate how various scenarios and initiatives compare to the current Five-Year Financial Plan without altering Baseline scenario data.

Financial Model Initiatives

Initiatives that may be implemented by The Woodlands Township or its successor municipality are included in the financial model for projection purposes. Each initiative includes a description of the financial decision to be made, as well as the estimated one-time and ongoing revenues and expenses associated with that decision. Initiatives may be enabled or disabled to provide real-time feedback about the impact of various policy and operational decisions in the financial model dashboard. The initiatives included in the financial model are derived from two sources: The Novak Consulting Group and sub-studies conducted by Matrix and HR Green.

Initiatives developed by The Novak Consulting Group include revenue and expense estimates for several incorporation policy decisions, such as establishing franchise fees or hiring additional staff. To support the estimates included in these initiatives, The Novak Consulting Group conducted benchmarking research regarding budget and staffing practices in five peer Texas communities, including the Cities of Allen, Frisco, Round Rock, Southlake, and Sugar Land. While the most relevant benchmarking information for each initiative is presented in the following sections, expanded discussion of these benchmarking efforts is provided in the Peer Community Benchmarking section of this report.

The following table illustrates initiatives included in the financial model which were developed by The Novak Consulting Group, along with the associated Year 1 impact and the fund account where the initiative is applied in the financial model.

Table 4: Financial Model Initiatives Developed by The Novak Consulting Group

Initiative Type	Initiative Name	Year 1 Impact	Applicable Fund Account
Revenue	Rev-Franchise Fees-Capital	\$1,950,000	490 – Capital Reserves
	Rev-Franchise Fees-General Fund	\$1,950,000	100 – The Woodlands Township
	Rev-Alcohol Beverage Tax	\$966,000	100 – The Woodlands Township
	Rev-Solid Waste User Fee	\$5,700,000	100 – The Woodlands Township
	Rev-Unrestricted Hotel Tax	(\$3,353,153)	300 – Debt Service
Mixed (Revenue and Expense)	Mix-Municipal Court	Cost Neutral	100 – The Woodlands Township
	Mix-Building Permit Review Function	Cost Neutral	100 – The Woodlands Township
	Rev-Senior Property Tax Freeze Probable Scenario	\$0	100 – The Woodlands Township
	Rev-Senior Property Tax Freeze Budgeted Scenario	\$0	100 – The Woodlands Township
Expense	Exp-City Secretary	\$160,000	100 – The Woodlands Township
	Exp-Risk Manager	\$118,000	100 – The Woodlands Township
	Exp-Paralegal	\$91,000	100 – The Woodlands Township
	Exp-Public Works Department-General Fund	\$4,600,000	100 – The Woodlands Township
	Exp-Public Works Department-Capital	\$16,800,000	490 – Capital Reserves

Initiatives developed by Matrix and HR Green include financial information provided to The Woodlands and The Novak Consulting Group in various sub-study documents. These sub-studies include separate analyses of Public Safety, Pavement Management, and MUDs. The Novak Consulting Group did not participate in formulating the financial information included in these studies; however, this information is included in the financial model.

Revenue-Only Initiatives

The following initiatives describe potential revenue enhancements as researched by The Novak Consulting Group. These initiatives are included in the financial model and may be enabled/disabled as needed.

Franchise Fees

Upon incorporation, The Woodlands will gain the authority to collect franchise fees from utility operators. To estimate potential franchise fee revenue, The Novak Consulting Group analyzed actual franchise fee revenues from all sources (natural gas, electricity, etc.) in peer communities. These revenues were divided by the estimated number of housing units in each community according to the latest available American Community Survey (ACS) data from the U.S. Census Bureau. This analysis indicates that on average, housing units in peer communities pay an average of \$236.16 per year in franchise fees.

Table 5: Estimated Franchise Fee Revenues

Peer Community	FY2017 Actual Franchise Fee Revenue (All Sources)	Est. Housing Units (2016 ACS)	Est. Annual Franchise Fee Revenue per Housing Unit
Allen	\$7,350,060	31,028	\$236.88
Frisco	\$9,368,510	50,882	\$184.12
Round Rock	\$7,579,548	38,645	\$196.13
Southlake	\$2,907,537	9,400	\$309.31
Sugar Land	\$7,513,818	29,540	\$254.36
Average	\$6,943,895	31,899	\$236.16

According to the 2016 ACS, The Woodlands has 42,533 housing units. Multiplying the lowest peer community annual fee (\$184.12) by the number of housing units in The Woodlands yields a total estimated revenue of \$7,831,176.

Based on this analysis, the franchise fee initiative included in the financial model assumes annual revenues of \$7.8 million per year from franchise fees. These revenues are prorated in Year 1 to reflect a partial year of collections. Year 1 revenues are also split between the Capital Reserve Fund and the General Fund in Year 1. Franchise fee revenues in out years are allocated entirely to the General Fund.

Financial Model Initiatives

- The **Rev-Franchise Fees-Capital** initiative applies \$1.95 million in anticipated franchise fee revenue to Fund 490 – Capital Reserve in Year 1.
- The **Rev-Franchise Fees-General Fund** initiative applies \$1.95 million in anticipated franchise fee revenue to Fund 100 – The Woodlands Township in Year 1 and \$7.8 million to this fund in out years. This amount is inflated by 2% per year in Years 2 through 10 to account for inflation.

Alcohol Beverage Tax

Upon incorporation, The Woodlands will be eligible to receive revenues from the sale of alcoholic beverages. The Woodlands staff received an annual revenues estimate from the State Comptroller's Office of \$966,000 per year.

Financial Model Initiatives

- The **Rev-Alcohol Beverage Tax** initiative applies \$966,000 in anticipated alcoholic beverage revenue to Fund 100 – The Woodlands Township in Year 1. This amount is inflated by 2% per year in Years 2 through 10 to account for inflation.

Solid Waste User Fee

In future years, The Woodlands may consider the adoption of a solid waste user fee to offset the cost of solid waste services to residents, including refuse, recycling, yard waste collection, and bulky item pickup.

The Novak Consulting Group performed an analysis of solid waste fees paid by residents in peer communities. The most comparable level of service among peer communities is in Frisco, which has the same level of service for refuse, recycling, and yard waste but does not provide textile recycling or bulk cardboard collection. These services cost residents \$13.50 per month per household. Sugar Land provides the same service as The Woodlands, but refuse collection occurs twice weekly and residents are provided with a smaller recycling container. Sugar Land residents pay \$18.46 per month per household for solid waste services. The average rate among all peer communities is \$16.41 per month.

Currently, The Woodlands' solid waste contractor serves 34,988 customers. Applying estimated fee revenue of \$13.50 per month (similar to Frisco) to these customers results in estimated solid waste utility fee collections of \$5,668,056 per year. For the purposes of the financial model, this initiative reflects \$5,700,000 in estimated annual revenue each year.

Financial Model Initiatives

- The **Rev-Solid Waste User Fee** initiative applies \$5,700,000 in anticipated solid waste user fee revenue to Fund 100 – The Woodlands Township in Year 1. This amount is inflated by 2% per year in Years 2 through 10 to account for inflation.

Hotel Tax

The Woodlands currently levies a Hotel Occupancy Tax (HOT) and a Supplemental HOT. According to the FY2019 budget, approximately \$7.5 million in Hotel Occupancy Tax (HOT) revenue is allocated to Fund 300 – Debt Service and about \$2.1 million in Supplemental HOT revenue is allocated to Fund 110 – CVB. This results in total estimated hotel tax revenues of about \$9.6 million in FY2019. Currently, hotel tax revenues support debt service, the Convention and Visitors Bureau, and Phase 3 of the Township's trolley program.

While the Township can currently utilize hotel tax revenues for a variety of purposes, under Texas law incorporated municipalities may only spend hotel tax revenues on eligible restricted expenditures, such as CVB-related expenses. This means that upon incorporation, The Woodlands will be unable to utilize unrestricted hotel tax revenues for other purposes, which effectively represents a loss of hotel tax revenue. However, money collected by the hotel tax that is not allocated to eligible expenses would be allocated to the Township's Hotel Tax Reserve unless eligible expenses are identified.

The following table illustrates the estimated amount of unrestricted hotel tax revenues which would be added to the new City's Hotel Tax Reserve in future years, according to The Woodlands staff.

Table 6: Hotel Tax Revenue Impact from Incorporation

Hotel Occupancy Tax Revenue	2020	2021	2022	2023	2024
Township Budgeted Hotel Tax Revenue	\$9,983,200	\$10,282,696	\$10,591,176	\$10,908,912	\$11,236,179
Utilized for Debt Service	(\$3,377,463)	(\$3,379,163)	(\$3,381,563)	(\$3,379,563)	(\$3,385,488)
Utilized for CVB	(\$3,252,584)	(\$3,333,017)	(\$3,415,582)	(\$3,500,464)	(\$3,587,701)
Remaining Unrestricted Balance	\$3,353,153	\$3,570,516	\$3,794,031	\$4,028,885	\$4,262,990

Financial Model Initiatives

- The **Rev-Unrestricted Hotel Tax (High)** initiative reduces Fund 300 – Debt Service revenues as illustrated in the table above in Years 1 through 4. This amount is inflated by 2% per year in Years 5 through 10 to account for anticipated growth in overall hotel tax revenue.

Mixed (Revenue and Expense) Initiatives

The following initiatives contain both revenue and expense components as researched by The Novak Consulting Group.

Fine and Forfeiture Revenue/Municipal Court

As an incorporated City, The Woodlands will have the opportunity to create its own municipal court. Among peer communities, the average staffing level for municipal courts is approximately 13.2 full-time equivalent (FTE) employees, and the average budgeted expenses for court operations is \$1.3 million. However, these averages are skewed by the City of Frisco, which has approximately twice the average number of court-related staff and funding as other peer communities. Rather than utilizing a peer community average, The Novak Consulting Group estimated municipal court staffing and costs based on the City of Round Rock, which shares some similar demographics with The Woodlands as illustrated in the following table.

Table 7: Key Demographic Indicators for The Woodlands and Round Rock

Key Indicator	The Woodlands	Round Rock
2017 Population Estimate	118,810	123,678
2016 ACS - Est. Households	39,907	36,051
2016 ACS - Est. Housing Units	42,533	38,645

Round Rock has a similar population, number of households, and number of housing units as The Woodlands. According to the City's latest available budget data, Round Rock's budget for fine and forfeiture revenues is approximately \$1.1 million, and it staffs its municipal court with 10.25 FTEs. Given

these similarities, the financial model assumes fine and forfeiture revenue for The Woodlands will be similar to fine and forfeiture revenue generated by Round Rock (approximately \$1 million per year).

Most peer communities (including Round Rock) employ a municipal judge as well as a Municipal Court Administrator, Bailiff/Warrant Officer, and Court Clerks. Based on peer community salaries and fringe benefits costs for employees in The Woodlands, the estimated total personnel costs of staffing a Municipal Court are approximately \$876,000. The Novak Consulting Group calculated estimated benefits and employer costs related to these positions based on a benefits load analysis conducted by The Woodlands staff for FY2019. To provide a conservative cost estimate, the benefits calculation assumes family health insurance coverage for all employees. The following table illustrates the total estimated expenses for Municipal Court personnel.

Table 8: Estimated Municipal Court Staffing Requirements

Recommended Structure	Benchmark Average Salary	Estimated Total Compensation per Position	Number of Recommended Positions	Estimated Total Personnel Costs
Judge	\$104,000	\$151,000	1	\$151,000
Municipal Court Administrator	\$94,554	\$139,000	1	\$139,000
Bailiff/Warrant Officer	\$41,619	\$75,000	1	\$75,000
Court Clerk	\$40,250	\$73,000	7	\$511,000
Total			10	\$876,000

This leaves \$124,000 in additional expenses related to court software, equipment, and other incidentals before expenses outpace anticipated fine and forfeiture revenue.

Financial Model Initiatives

- The **Mix-Municipal Court** initiative applies \$1,000,000 in anticipated fine and forfeiture revenue, along with \$1,000,000 in anticipated Municipal Court expenses to Fund 100 – The Woodlands Township in Years 1 through 10. This initiative presents a cost-neutral solution; however, actual revenues and expenses will depend on caseloads and a variety of other factors.

Permit Fees

As an incorporated municipality, The Woodlands will need to establish a building code and related trades codes. Enforcing these codes is generally accomplished through a permitting and plan review process. While The Woodlands currently performs some plan reviews to ensure projects comply with covenant administration, these activities would need to be expanded to include review and inspection of building and trades codes adopted by the new City.

While there is likely some staff capacity in Covenant Administration to absorb these new duties, The Novak Consulting Group recommends the creation of a Chief Building Official position to oversee the building code and coordinate permitting and inspection efforts. Additionally, the financial model assumes The Woodlands will contract for plan review and inspection services with a third-party provider, such as SafeBuilt, which can provide comprehensive staff support and review services for planning and permitting functions.

Under a contractual relationship, typically 80% of plan review and permitting fees are allocated to the contractor and 20% are allocated to the jurisdiction. The actual breakdown that could be employed in The Woodlands is highly dependent on the service levels desired by the new City, the amount of permit activity, the fee schedule, and the City's cost recovery philosophy. It is common for municipalities to structure permit and plan review fees to achieve some cost recovery from review and inspection services. The financial model assumes any permit fee revenues collected by the new City will fully offset costs associated with permitting and inspections, including the costs of a new Chief Building Official position and the costs of hiring a third-party contractor for review services.

Based on peer salaries, The Novak Consulting Group estimates the salary of a Chief Building Official will amount to approximately \$104,000, as illustrated in the following table.

Table 9: Chief Building Official Midpoint Salaries Among Peer Communities

Chief Building Official	Current Salary
Allen	\$112,342
Frisco	\$110,196
Round Rock	\$98,218
Southlake	\$94,869
Sugar Land	Not Available
Average	\$103,906

The Novak Consulting Group calculated estimated benefits and employer costs related to this position based on a benefits load analysis conducted by The Woodlands staff for FY2019. To provide a conservative cost estimate, the benefits calculation assumes family health insurance coverage. After accounting for employer costs, the total estimated compensation of this position is approximately \$150,000 in the first year. These personnel expenditures, along with any additional expenditures associated with contracting for plan review services, should be offset by fee revenue.

Financial Model Initiatives

- The **Mix-Building Permit Review Function** initiative assumes offsetting expenses and revenues of \$150,000 in estimated personnel costs in Fund 100 – The Woodlands Township in Years 1 through 10.

Property Tax Freeze

After incorporation, the new City may consider establishing a property tax freeze for eligible residents. Such a freeze would apply to residents aged 65 or older or to disabled persons, and it would prevent City property taxes from increasing for these residents. In short, the amount of City property taxes paid by eligible individuals would not increase, even if the valuation of their properties or the City-wide property tax increases.

In 2018, The Novak Consulting Group completed a preliminary estimate of the potential impacts of a property tax freeze based on historical property tax revenues and the latest available U.S. Census data. In 2019, the Montgomery County Tax Assessor and Chief Appraiser provided The Woodlands staff with additional, granular information regarding property counts, property values, levy amounts, and an analysis of demographic trends. The Woodlands staff utilized this information to create a detailed analysis of estimated property freeze impacts in Years 1 through 5 (2020 through 2024).

The Novak Consulting Group reviewed the assumptions and methodology utilized by Montgomery County and The Woodlands and concurs with these findings. The Novak Consulting Group then expanded the analysis performed by The Woodlands through Year 10 (2029) to estimate additional tax freeze impacts in out-years. The following table reflects these estimated reductions in property tax revenue attributable to a senior property tax freeze. It is assumed that Year 1 will reflect no impact to property taxes to provide time for implementation and initial collections.

Table 10: Estimated Impact of Property Tax Freeze

Senior Property Tax Freeze	Budgeted Scenario (1% Growth)	Probable Scenario (2% Growth)
Year 1	\$0	\$0
Year 2	(\$69,327)	(\$140,027)
Year 3	(\$143,549)	(\$291,424)
Year 4	(\$223,010)	(\$455,115)
Year 5	(\$308,082)	(\$632,097)
Year 6	(\$399,159)	(\$823,450)
Year 7	(\$496,667)	(\$1,030,341)
Year 8	(\$601,059)	(\$1,254,032)
Year 9	(\$712,821)	(\$1,495,886)
Year 10	(\$832,473)	(\$1,757,379)

Financial Model Initiatives

- The **Rev-Senior Property Tax Freeze Budgeted Scenario** initiative assumes the proportion of seniors eligible for a property tax freeze will continue to increase in future years, while unfrozen property taxes continue to increase at a rate of 1% annually. Implementing a freeze with these assumptions results in an initial reduction of \$69,327 in property tax revenues in Year 2, increasing to approximately \$830,000 in Year 10. This initiative is applied to Fund 100 – The Woodlands Township in Years 1 through 10.
- The **Rev-Senior Property Tax Freeze Probable Scenario** initiative assumes the proportion of seniors eligible for a property tax freeze will continue to increase in future years, while unfrozen property taxes continue to increase at a rate of 2% annually. Implementing a freeze with these assumptions results in an initial reduction of \$140,000 in property tax revenues in Year 2,

increasing to approximately \$1.8 million in Year 10. This initiative is applied to Fund 100 – The Woodlands Township in Years 1 through 10.

Expense-Only Initiatives

The following initiatives describe potential future expenses associated with incorporation decisions, particularly regarding personnel and operational impacts as calculated by The Novak Consulting Group.

City Secretary

Upon incorporation, The Woodlands will have the option of creating a City Secretary position to assist with City Council agendas, minute-taking, legal notices, Freedom of Information (FOIA) requests, document management, elections, and related duties. This will require the creation of a City Secretary position at a director level.

Among peer communities who responded to information requests, the average midpoint City Secretary salary is \$110,017.

Table 11: City Secretary Midpoint Salaries Among Peer Communities

City Secretary	Current Salary
Allen	\$119,000
Frisco	\$132,000
Round Rock	Not Applicable
Southlake	\$83,881
Sugar Land	\$105,186
Average	\$110,017

The Novak Consulting Group calculated estimated benefits and employer costs related to this position based on a benefits load analysis conducted by The Woodlands staff for FY2019. To provide a conservative cost estimate, the benefits calculation assumes family health insurance coverage. The resulting estimated total compensation cost based on a salary of \$110,017 is \$160,000 in Year 1.

Financial Model Initiatives

- The **Exp-City Secretary** initiative applies \$160,000 in anticipated additional personnel expenditures and reserve contributions to Fund 100 – The Woodlands Township in Year 1. This amount is inflated by 2% per year in Years 2 through 10 to account for inflation and cost growth.

Risk Manager

Upon incorporation, there is an opportunity to centralize risk management functions in a dedicated staff position that focuses on implementing risk management best practices in a municipal context. This will require the creation of a Risk Manager position. Among peer communities who responded to information requests, the average midpoint Risk Manager salary is \$77,444.

Table 12: Risk Manager Midpoint Salaries Among Peer Communities

Risk Manager	Current Salary
Allen	\$88,023
Frisco	\$72,224
Round Rock	\$74,318
Southlake	Not Available

Risk Manager	Current Salary
Sugar Land	\$75,213
Average	\$77,444

The same benefits calculation assumptions used for the City Secretary position were used to estimate total compensation for the Risk Manager position. Given these assumptions, the resulting estimated total compensation cost based on a salary of \$77,444 is \$118,000 in Year 1.

Financial Model Initiatives

- The **Exp-Risk Manager** initiative applies \$118,000 in anticipated additional personnel expenditures and reserve contributions to Fund 100 – The Woodlands Township in Year 1. This amount is inflated by 2% per year in Years 2 through 10 to account for inflation and cost growth.

Legal Support

Incorporation will present additional legal workload for the newly established City to process and administer. Anticipated additional legal needs involve general legal research, contract administration for legal services, as well as assistance with municipal code violations (both criminal and civil) where necessary.

The Woodlands currently contracts for legal services; however, the unique history of The Woodlands and the circumstances surrounding incorporation support a need for dedicated legal staff in future years. It is not unusual for municipalities to employ paralegals to provide legal support to contracted or staff attorneys. However, none of the peer communities evaluated for benchmarking purposes employ paralegal positions.

According to the most recent available data from the U.S. Bureau of Labor Statistics (BLS), the mean occupational wage for a paralegal in Texas is \$54,940 per year. Benefits expenses in The Woodlands were applied to this salary to calculate total estimated costs for creating and filling a single Paralegal position. Given these assumptions, the resulting estimated total compensation cost based on a salary of \$54,940 is \$91,000 in Year 1.

Financial Model Initiatives

- The **Exp-Paralegal** initiative applies \$91,000 in anticipated additional personnel expenditures and reserve contributions to Fund 100 – The Woodlands Township in Year 1. This amount is inflated by 2% per year in Years 2 through 10 to account for inflation and cost growth.

Public Works

The Woodlands currently contracts for most traditional public works functions, including fleet maintenance services, streetscaping maintenance, and solid waste collection. Street maintenance and repair is currently performed by Montgomery and Harris Counties, and water and wastewater utilities are provided by Municipal Utility Districts (MUDs). The Woodlands utilizes some internal staff for facility maintenance tasks as well as contract oversight, quality control, and to respond to emergency service requests.

If The Woodlands incorporates, the new City can choose to contract with counties for most public works services, or it may choose to create an in-house Public Works Department. The Woodlands is currently engaged in discussions with the counties to determine the potential cost impact of a contracted service

model. The outcome of those negotiations will ultimately be reflected in the financial model so that decision-makers can evaluate the most appropriate course of action from a cost and service level perspective. However, it is also important to provide some basis of comparison that defines the potential cost implications of establishing an internal Public Works Department which will require additional investments in personnel and equipment.

Most of the benchmark communities utilize large departments (or multiple departments) to provide a wide array of public works-related functions, as discussed in the Peer Community Benchmarking section of this report. Some of the functions provided by peer departments, including water and wastewater utility services, are connected to other complex incorporation decisions such as the acquisition of MUDs, as discussed in the Sub-Study Initiatives section of this report.

Benchmark communities employ an average of 23 FTEs for street maintenance services, equivalent to approximately 3.23 FTEs per 100 lane miles. Assuming The Woodlands applies the same staffing ratio to approximately 894 lane miles, an estimated 29 FTEs will be required to perform road maintenance functions. Each benchmark community follows a similar pattern with respect to organizing street maintenance staff. Typically, a Director or Assistant Director of Public Works supervises one or more Street Superintendents who are responsible for maintaining the community's streets and rights-of-way. These Superintendents manage Supervisors, who in turn oversee Crew Leaders, Equipment Operators, and Maintenance Workers. Notably, Allen does not currently utilize Street Supervisor positions, and Southlake does not utilize Street Superintendent positions. In these communities, Crew Leaders report to a Superintendent or a Supervisor, respectively, who in turn reports directly to Public Works upper management staff.

Based on industry best practices, benchmark community information, and anticipated maintenance needs as discussed in the pavement management sub-study, an in-house Public Works Department would be led by a Director and staffed by a Street Superintendent, two Street Supervisors, four Crew Leaders, eight Equipment Operators, 12 Maintenance Workers, and an Administrative Assistant. This represents a proposed staffing level of 29 FTEs. However, given the specialized vehicles, equipment, and duties performed by street maintenance staff, it is also appropriate for the new Department to employ a Lead Mechanic and a Mechanic, as well as a Senior Signal Technician and a Signal Technician. Finally, the significant asset management and data tracking responsibilities undertaken by the department justify the creation of an Assistant Public Works Director. This staffing arrangement results in a Department staffed by 34 FTEs, as illustrated in the following figure.

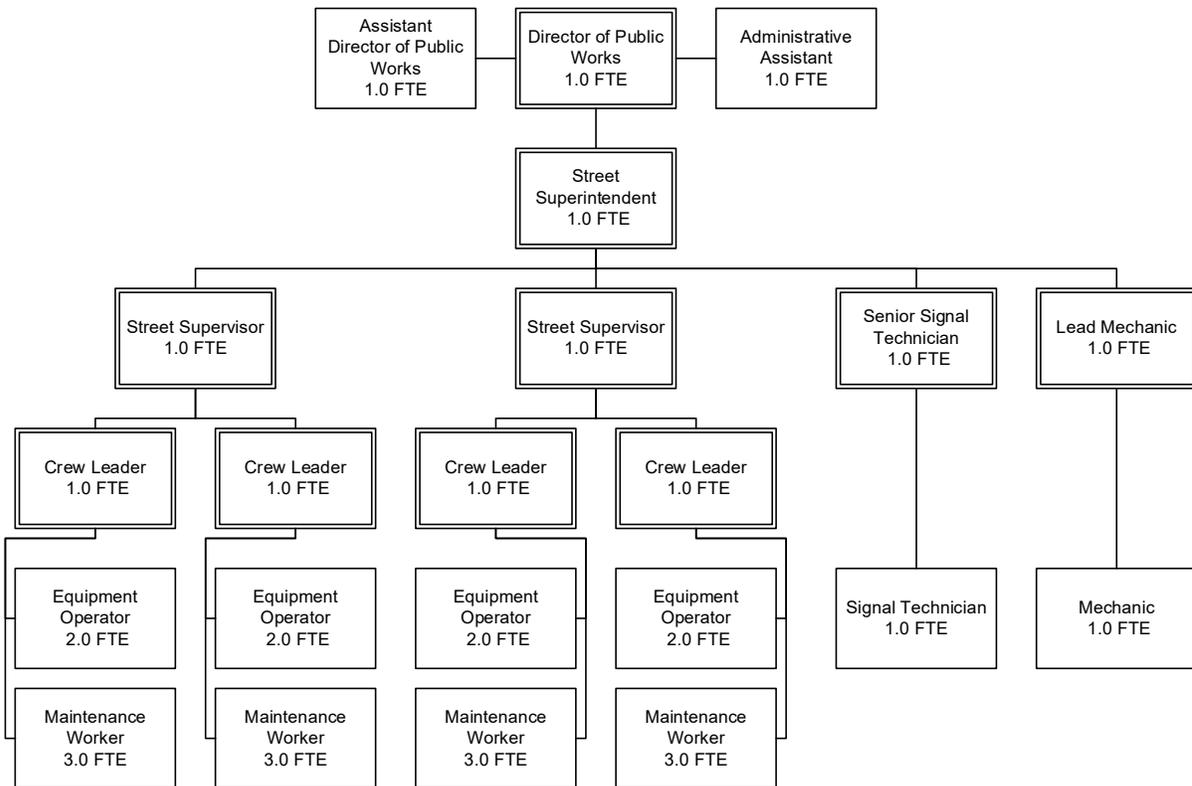


Figure 1: Proposed Organizational Structure of The Woodlands Public Works Department

Using this structure, the Director will be responsible for determining the Department's overall strategic priorities, serving as a liaison to the new city's senior management staff and elected officials, and establishing Departmental goals and practices that advance the new city's mission and vision. The Assistant Director will have primary responsibility for coordinating asset management, data collection, and work planning practices among the Department's supervisors and managers. Wherever possible, the Assistant Director should encourage and steer the Department to adopt innovative technological solutions for asset management including the use of Geographic Information Systems (GIS) and mobile applications to improve reporting and performance measurement. The Assistant Director should also coordinate relevant training on useful technology and operational practices to the Department's staff.

The Street Superintendent will be responsible for managing the day-to-day affairs of Street Supervisors, the Senior Signal Technician, and the Lead Mechanic. Each of these functions is closely interrelated, and it will be important for the Street Superintendent to ensure that staff collaborate effectively and work together as a team. Additionally, the Street Superintendent will be responsible for ensuring that the Department's asset management and data collection goals are practiced by supervisors and subordinate staff, and support the Assistant Director with collecting and analyzing asset management and performance data.

Street Supervisors will be responsible for assigning Crew Leaders and line staff to specific crews and operations based on work plan requirements and Departmental priorities. These staff should also spend time in the field ensuring that Crew Leaders and line staff perform work effectively, safely, and according to Department protocols. Crew Leaders will be working supervisors who direct line staff in the field

regarding specific duties and tasks. These positions will be responsible for ensuring that work is completed according to industry best practices and within reasonable timeframes.

The Senior Signal Technician will be responsible for working with Entergy, the Township’s current electricity provider, as well as Town Center staff to manage and maintain street lights, signals, and electronic signage across the new city. These staff should also be responsible for the maintenance and replacement of street signs, wayfinding signs, and other traffic-related signage across the new city. The Lead Mechanic will work with the Mechanic to maintain specialized vehicles and equipment purchased for Public Works activities. These staff may also coordinate repair activities with other staff, such as Park Operations, to maximize the efficiency of in-house fleet maintenance services.

This structure provides The Woodlands with a sufficient number of skilled personnel to implement and maintain an appropriate asset management program for roadways, signs/signals, and the fleet and equipment necessary to maintain those assets. Based on peer community salaries and fringe benefits costs for employees in The Woodlands, the estimated total personnel costs of staffing the Public Works Department are approximately \$2.7 million, as illustrated in the following table.

Table 13: Estimated Public Works Department Personnel Costs

Recommended Public Works Structure	Benchmark Average Salary per Position	Estimated Total Compensation per Position	Number of Recommended Positions	Estimated Total Personnel Costs
Director of Public Works	\$123,837	\$175,000	1	\$175,000
Assistant Director of Public Works	\$101,743	\$148,000	1	\$148,000
Street Superintendent	\$57,968	\$94,000	1	\$94,000
Street Supervisors	\$47,613	\$82,000	2	\$164,000
Crew Leaders	\$49,291	\$84,000	4	\$336,000
Equipment Operator	\$41,062	\$74,000	8	\$592,000
Maintenance Worker	\$34,945	\$66,000	12	\$792,000
Admin Assistant	\$43,215	\$76,000	1	\$76,000
Lead Mechanic	\$53,199	\$89,000	1	\$89,000
Mechanics	\$43,824	\$77,000	1	\$77,000
Senior Signal Technician	\$57,846	\$94,000	1	\$94,000
Signal Technician	\$45,901	\$80,000	1	\$80,000
Total			34	\$2,717,000

In addition to personnel, the new Public Works Department will require vehicles, equipment, and supplies necessary to perform street maintenance and repair functions. It is difficult to quantify the specific equipment needs of the proposed Department for several reasons. First, the types and kinds of equipment that should be procured depend largely on the robustness of the new City’s pavement management program and the skills of employees. Second, limited benchmarking data is available from peer communities, and most peer communities engage in some form of vehicle and equipment sharing among various divisions and departments. This reduces overall equipment needs and skews comparisons to the proposed department. Finally, other ancillary duties and tasks may expand the scope of vehicles, equipment, and materials necessary to accomplish assigned work.

However, at a minimum the Department should supply each crew with the equipment necessary to perform asphalt and concrete patching and to transport personnel and supplies to each job site. The following equipment list estimates capital vehicle and equipment costs based on the recommended staffing level discussed above:

Table 14: Estimated Public Works Department Capital Vehicle and Equipment – Startup Costs

Item	Unit Cost	Quantity	Total Estimated Cost
Light-Duty/Pickup Trucks	\$75,000	10	\$750,000
Heavy Duty/Dump Trucks	\$200,000	4	\$800,000
Concrete Mixer Trucks	\$200,000	2	\$400,000
Pothole Patching Trucks	\$300,000	2	\$600,000
Excavators	\$40,000	2	\$80,000
Trailers for hauling equipment	\$15,000	4	\$60,000
Asphalt Crack Filling Machines	\$5,500	4	\$22,000
Asphalt/Concrete Saws	\$12,000	4	\$48,000
Snow Plows	\$5,000	4	\$20,000
Street Sweepers	\$150,000	3	\$450,000
Lift/Bucket Truck	\$150,000	1	\$150,000
Small Milling Machine	\$20,000	1	\$20,000
Hand-Held Compactors	\$2,500	4	\$10,000
Machine Compactors/Rollers	\$30,000	2	\$60,000
Miscellaneous Equipment	\$1,500,000	1	\$1,500,000
Total	\$2,705,000	44	\$4,970,000

In addition to the listed equipment and vehicles above, there is a placeholder line item for Miscellaneous Equipment. This line item represents 30% of the overall budget for equipment and should be used for the purchase of compressors, jack hammers, communications equipment, specialized sign plotters, signal maintenance equipment, personal protective gear, hand tools, and any other equipment needs the new Department may experience at startup.

Because The Woodlands currently contracts out for many public works functions, there are limited opportunities to leverage existing equipment and facilities space. Consequently, creating a dedicated Department will require the acquisition of land and the construction of a physical public works facility. Based on available benchmarking data, peer community public works facilities are approximately 34,500 square feet on average and are situated on parcels averaging approximately 5.1 acres. Based on a sample of current land listings, commercial and industrial acreage in The Woodlands is priced at approximately \$1.3 million per acre. Consequently, acquiring five acres of land will cost an estimated \$6.5 million. Assuming average construction costs of \$150 per square foot for new construction, the estimated cost of constructing a new, 34,500 square foot public works facility is approximately \$5.2 million. In total, the one-time capital costs associated with land acquisition and new construction are an estimated \$11.7 million.

The new Department will also require additional ongoing funding to support personnel, equipment maintenance and replacement, supplies, personal protective equipment (PPE), and other essential job-related needs. To estimate these ongoing costs, The Novak Consulting Group refined benchmarking data

to determine average annual street maintenance expenses per lane mile in each peer community. This data was available for all peer communities except Round Rock. On average, peer communities spend \$5,176 per lane mile to provide street maintenance services, as illustrated in the following table. These costs include personnel, operations, and capital equipment as indicated in each community's FY2018 budget document.

Table 15: Estimated Street Maintenance Costs Per Lane Mile in Peer Communities, FY2018

Benchmark Community	FY2018 Street Maintenance Expenses	Lane Miles	Street Expenses per Lane Mile
Allen	\$2,144,492	334	\$6,421
Frisco	\$5,655,208	2,011	\$2,812
Southlake	\$1,663,459	209	\$7,959
Sugar Land	\$3,591,148	1,022	\$3,514
Peer Average	\$3,263,577	894	\$5,176

Applying the average peer community cost to 894 lane miles in The Woodlands results in an estimated overall Public Works Department budget of \$4,627,735. Assuming \$2.7 million is utilized for personnel services as described above, approximately \$1.9 million in additional funding will be needed to operate the Department each year. The financial model rounds the total estimated Public Works Department operating budget to \$4,600,000 in Year 1.

Financial Model Initiatives

- The **Exp-Public Works Department-General Fund** initiative applies \$4,600,000 in ongoing operational costs for a new Public Works Department in Year 1, including \$2.7 million in anticipated ongoing personnel expenditures and \$1.9 million in anticipated ongoing operational costs. These costs are inflated by 2% per year in Years 2 through 10 to account for inflation and cost growth. This initiative is applied to Fund 100 – The Woodlands Township.
- The **Exp-Public Works Department-Capital** initiative applies \$16.8 million in one-time capital costs to Fund 100 – The Woodlands Township in Year 1. These costs reflect \$5.0 million in initial capital equipment, \$6.5 million for initial land acquisition, and \$5.2 million for the construction of a new public works facility. This initiative is applied to Fund 100 – The Woodlands Township.

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Sub-Study Initiatives

As part of the incorporation study, The Woodlands retained the services of other third-party consultants to perform sub-studies of incorporation impacts in three critical areas: Law Enforcement, Municipal Utility Districts, and Pavement Management. The Novak Consulting Group was not involved in conducting these sub-studies; however, specific financial options and impacts which were identified in each sub-study are incorporated into the financial model.

The following sections describe initiatives associated with each sub-study.

Law Enforcement

The law enforcement sub-study conducted by Matrix contemplates three options for The Woodlands to provide law enforcement services upon incorporation. These options include fully contracting for services, creating an in-house police department, and a hybrid approach where The Woodlands contracts with Montgomery County for police services but also develops an in-house department to serve residents located in Harris County. The figures in this section were obtained from the “Governance Planning Consulting Services: Law Enforcement Feasibility Analysis” study conducted by Matrix dated November 28, 2018.

Police – Fully Contract

The first option involves fully contracting for police services. This service delivery model is similar to the current arrangement utilized by The Woodlands and maintains contracts with Montgomery and Harris Counties for law enforcement. According to the sub-study, the Township is developing a transition agreement with Montgomery County which contemplates transitioning 14.5 positions currently funded by the County over to the Township. The net impact of this transition is approximately \$1.2 million over three years, as illustrated in the following table.

Table 16: Fully Contract Law Enforcement Cost Estimate

Fully Contract Phased-In	Year 1	Year 2	Year 3	Year 4
Current Contracting Costs	\$11,552,813	\$11,552,813	\$11,552,813	\$11,552,813
County Transition	\$0	\$396,000	\$792,000	\$1,200,000
Net Impact	\$11,552,813	\$11,948,813	\$12,344,813	\$12,752,813

Additionally, \$540,000 in estimated capital expenditures are included with this initiative in Year 1, as indicated in the Matrix report.¹

Financial Model Initiatives

- The **Exp-Police-Fully Contract-General Fund** initiative applies estimated operating costs as illustrated in the table above in Years 1 through 4, as well as \$540,000 in capital costs in Year 1, to Fund 100 – The Woodlands Township. The total estimated operating cost from Year 4 (\$12,752,813) is inflated by 2% per year to account for inflation and cost growth in Years 5 through 10.

¹ “Governance Planning Consulting Services: Law Enforcement Feasibility Analysis.” Matrix Consulting Group. November 28, 2018. Page 4.

Police – In-House

The second option contemplates creating an in-house police department for The Woodlands through a multi-year phase-in process. To calculate the net impact of this option, The Novak Consulting Group compared cost estimates provided by Matrix to current expenses, as illustrated in the following table.

Table 17: In-House Law Enforcement Cost Estimate

In-House Phased-In	Year 1	Year 2	Year 3	Year 4
Estimated Operating Costs²				
Internal Personnel	\$1,031,833	\$6,742,325	\$11,642,942	\$15,661,172
Contracted Personnel	\$11,017,248	\$7,516,250	\$4,503,320	\$0
Other Operating Costs	\$2,163,354	\$2,792,494	\$2,906,922	\$2,965,214
Subtotal Operating Costs	\$14,212,435	\$17,051,069	\$19,053,184	\$18,626,386
Less Current Contracting Costs	(\$11,552,813)	(\$11,552,813)	(\$11,552,813)	(\$11,552,813)
Net Operating Impact	\$2,659,622	\$5,498,256	\$7,500,371	\$7,073,573
Estimated One-Time Capital Costs	\$8,501,131	\$765,220	\$481,440	\$0
Total Estimated Net Impact	\$11,160,753	\$6,263,476	\$7,981,811	\$7,073,573

The Novak Consulting Group also calculated estimated reserve contributions required for additional General Fund operating expenses under this option.

Financial Model Initiatives

- The **Exp-Police-In House-General Fund** initiative applies estimated operating and capital costs as illustrated in the table above in Years 1 through 4 to Fund 100 – The Woodlands Township. Estimated net operating impacts from Year 4 (\$7,073,573) are inflated by 2% per year to account for inflation and cost growth in Years 5 through 10.

Police – Hybrid

The third option contemplates continuing to contract with Montgomery County for law enforcement services while phasing in a small in-house Police Department over three years to support portions of The Woodlands located in Harris County. This option also assumes that approximately \$1.2 million in personnel expenses currently borne by Montgomery County will be transitioned to The Woodlands over a three-year period. To calculate the net impact of this option, The Novak Consulting Group compared cost estimates provided by Matrix to current expenses, as illustrated in the following table.

Table 18: Hybrid Law Enforcement Cost Estimate

Hybrid Phased-In	Year 1	Year 2	Year 3	Year 4
Estimated Costs				
Internal Personnel ³	\$1,847,785	\$1,847,785	\$1,847,785	\$1,847,785
Contracted Personnel ⁴	\$12,043,344	\$12,043,344	\$12,043,344	\$12,043,344

² Ibid. Pages 13-14.

³ Ibid. Page 71.

⁴ Ibid. Page 72.

Hybrid Phased-In	Year 1	Year 2	Year 3	Year 4
County Transition ⁵	\$0	\$396,000	\$792,000	\$1,200,000
Other Operating Costs ⁶	\$272,414	\$272,414	\$272,414	\$272,414
Subtotal Operating Costs	\$14,163,543	\$14,559,543	\$14,955,543	\$15,363,543
Less Current Contracting Costs	(\$11,552,813)	(\$11,552,813)	(\$11,552,813)	(\$11,552,813)
Net Operating Impact	\$2,610,730	\$3,006,730	\$3,402,730	\$3,810,730
Estimated One-Time Capital Costs ⁷	\$1,665,990	\$0	\$0	\$0
Total Estimated Net Impact	\$4,276,720	\$3,006,730	\$3,402,730	\$3,810,730

Financial Model Initiatives

- The **Exp-Police-Hybrid Model-General Fund** initiative applies estimated operating and capital costs as illustrated in the table above in Years 1 through 4 to Fund 100 – The Woodlands Township. Estimated net operating impacts from Year 4 (\$3,810,730) are inflated by 2% per year to account for inflation and cost growth in Years 5 through 10.

Pavement Management

The pavement management sub-study conducted by HR Green contemplates 16 options for maintaining the Township’s streets under three categories: Concrete Pavement Management, Asphalt Pavement Management, and Stop Gap Funding. Each category includes scenarios designed to achieve a target pavement condition classification and address the backlog associated with needed improvements.

The sub-study evaluated 6,051 concrete pavement sections in The Woodlands and found that these sections overall are in Very Good condition. There is a backlog of maintenance and repair (M&R) work for concrete sections which are in need of major repairs. The amount of funding needed to address this backlog varies depending on the Township’s street condition target, as discussed in Scenarios 1-5 below.

The sub-study also evaluated 31 asphalt pavement sections in The Woodlands and determined that all of these sections were in need of total reconstruction, at an estimated cost of \$2.5 million. The goal of this reconstruction would be to reestablish the condition of all asphalt streets to Good condition. The amount of funding needed to address this backlog varies depending on the Township’s street condition target, as discussed in Scenarios 6-10 below.

The financial model also includes an initiative covering the recommended stop-gap funding discussed in the HR Green sub-study. This stop-gap funding is discussed in Scenario 11 below.

While the number of initiatives associated with the pavement management sub-study is extensive, the variety of initiatives provides The Woodlands with maximum customizability when evaluating the potential future impacts of a comprehensive pavement management program. Any and all of the initiatives discussed below can be simultaneously enabled or disabled in the financial model to provide real-time feedback about the cost impacts associated with pavement management.

⁵ Ibid. Page 78.

⁶ Ibid. Page 77.

⁷ Ibid. Page 76.

Scenario 1: Concrete Sections: Excellent Condition; No Backlog

This scenario invests \$1,800,000 per year into concrete pavement management projects to achieve Pavement Condition Index (PCI) scores between 95.0 and 91.3 over the next five years, equivalent to an “Excellent” condition rating. Of this amount, \$550,000 is allocated to preventive maintenance for the entire road network and \$1,250,000 is allocated to reconstruction efforts. This level of investment will eliminate an estimated backlog of \$6.7 in M&R costs needed to raise the condition of existing concrete street sections.

Financial Model Initiatives

- The **Exp-Concrete Pvmnt M&R-Excellent, No Backlog-Capital** initiative applies \$1,800,000 in estimated one-time capital improvement costs to Fund 100 – The Woodlands Township in Years 1 through 5. This amount is inflated by 2% per year to account for anticipated increases in inflation and construction costs.

Scenario 2: Concrete Sections: Excellent Condition; Reduced Backlog

This scenario invests \$1,300,000 per year into concrete pavement management projects to achieve PCI scores between 94.2 and 89.7 over the next five years, equivalent to an “Excellent” condition rating. Of this amount, \$550,000 is allocated to preventive maintenance for the entire road network and \$750,000 is allocated to reconstruction efforts. This level of investment will reduce the existing backlog of M&R costs to an estimated \$3.5 million.

Financial Model Initiatives

- The **Exp-Concrete Pvmnt M&R-Excellent, Reduced Backlog-Capital** initiative applies \$1,300,000 in estimated one-time capital improvement costs to Fund 100 – The Woodlands Township in Years 1 through 5. This amount is inflated by 2% per year to account for anticipated increases in inflation and construction costs.

Scenario 3: Concrete Sections: Good Condition; Reduced Backlog

This scenario invests \$1,100,000 per year into concrete pavement management projects to achieve PCI scores between 94.2 and 89.5 over the next five years, equivalent to a “Good” condition rating. Of this amount, \$550,000 is allocated to preventive maintenance for the entire road network and \$550,000 is allocated to reconstruction efforts. This level of investment will reduce the existing backlog of M&R costs to an estimated \$5.0 million.

Financial Model Initiatives

- The **Exp-Concrete Pvmnt M&R-Good, Reduced Backlog-Capital** initiative applies \$1,100,000 in estimated one-time capital improvement costs to Fund 100 – The Woodlands Township in Years 1 through 5. This amount is inflated by 2% per year to account for anticipated increases in inflation and construction costs.

Scenario 4: Concrete Sections: Good Condition; Increased Backlog

This scenario invests \$800,000 per year into concrete pavement management projects to achieve PCI scores between 94.2 and 89.4 over the next five years, equivalent to a “Good” condition rating. Of this amount, \$550,000 is allocated to preventive maintenance for the entire road network and \$250,000 is allocated to reconstruction efforts. This level of investment will increase the existing backlog of M&R costs to an estimated \$6.6 million.

Financial Model Initiatives

- The **Exp-Concrete Pvmnt M&R-Good, Increased Backlog-Capital** initiative applies \$800,000 in estimated one-time capital improvement costs to Fund 100 – The Woodlands Township in Years 1 through 5. This amount is inflated by 2% per year to account for anticipated increases in inflation and construction costs.

Scenario 5: Concrete Sections: Good Condition; Increased Backlog; No Additional Funding

This scenario assumes The Woodlands will invest no additional funds per year into concrete pavement management projects. This will increase the existing backlog of M&R costs to an estimated \$8.2 million. The financial model includes placeholder initiatives for this scenario in the event The Woodlands chooses to edit or customize this pavement management scenario.

Financial Model Initiatives

- The **Exp-Concrete Pvmnt M&R-No Add Funding-Capital Project** initiative applies \$0 in estimated one-time capital improvement costs to Fund 100 – The Woodlands Township in Years 1 through 5.

Scenario 6: Asphalt Sections: Satisfactory Condition; No Backlog

This scenario invests \$500,000 per year into asphalt pavement management projects to achieve PCI scores between 64.5 and 80.1 over the next five years, equivalent to a “Satisfactory” condition rating. This level of investment will eliminate an estimated backlog of \$2.5 in M&R costs needed to raise the condition of existing asphalt street sections.

Financial Model Initiatives

- The **Exp-Asphalt Pvmnt M&R-Satisfactory, No Backlog-Capital** initiative applies \$500,000 in estimated one-time capital improvement costs to Fund 100 – The Woodlands Township in Years 1 through 5. This amount is inflated by 2% per year to account for anticipated increases in inflation and construction costs.

Scenario 7: Asphalt Sections: Satisfactory Condition; Reduced Backlog

This scenario invests \$400,000 per year into asphalt pavement management projects to achieve PCI scores between 64.1 and 75.2 over the next five years, equivalent to a “Satisfactory” condition rating. This level of investment will reduce the existing M&R backlog to an estimated \$0.75 million.

Financial Model Initiatives

- The **Exp-Asphalt Pvmnt M&R-Satis, Reduced Backlog-Capital** initiative applies \$400,000 in estimated one-time capital improvement costs to Fund 100 – The Woodlands Township in Years 1 through 5. This amount is inflated by 2% per year to account for anticipated increases in inflation and construction costs.

Scenario 8: Asphalt Sections: Fair Condition; Reduced Backlog

This scenario invests \$300,000 per year into asphalt pavement management projects to achieve PCI scores between 63.6 and 66.5 over the next five years, equivalent to a “Fair” condition rating. This level of investment will reduce the existing M&R backlog to an estimated \$1.5 million.

Financial Model Initiatives

- The **Exp-Asphalt Pvmnt M&R-Fair, Reduced Backlog-Capital** initiative applies \$300,000 in estimated one-time capital improvement costs to Fund 100 – The Woodlands Township in Years 1 through 5. This amount is inflated by 2% per year to account for anticipated increases in inflation and construction costs.

Scenario 9: Asphalt Sections: Fair Condition; Increased Backlog

This scenario invests \$200,000 per year into asphalt pavement management projects to achieve PCI scores between 62.2 and 59.6 over the next five years, equivalent to a “Fair” condition rating. This level of investment will increase the existing M&R backlog to an estimated \$2.25 million.

Financial Model Initiatives

- The **Exp-Asphalt Pvmnt M&R-Fair, Increased Backlog-Capital** initiative applies \$200,000 in estimated one-time capital improvement costs to Fund 100 – The Woodlands Township in Years 1 through 5. This amount is inflated by 2% per year to account for anticipated increases in inflation and construction costs.

Scenario 10: Asphalt Sections: Unsatisfactory Condition; Increased Backlog; No Additional Funding

This scenario assumes The Woodlands will invest no additional funds per year into asphalt pavement management projects. This will increase the existing backlog of M&R costs to an estimated \$3.5 million. The financial model includes a placeholder initiative for this scenario in the event The Woodlands chooses to edit or customize this pavement management scenario.

Financial Model Initiatives

- The **Exp-Asphalt Pvmnt M&R-No Add Funding-Capital** initiative applies \$0 in estimated one-time capital improvement costs to Fund 100 – The Woodlands Township in Years 1 through 5.

Scenario 11: Stop-Gap Funding

This scenario assumes The Woodlands will invest \$500,000 in ongoing costs to support stop-gap maintenance efforts for emergency repairs.

Financial Model Initiatives

- The **Exp-Stop-Gap Pvmnt Funding** initiative applies \$500,000 in estimated one-time capital improvement costs to Fund 100 – The Woodlands General Fund in Years 1 through 10. This amount is inflated by 2% per year to account for anticipated increases in inflation and construction costs.

Municipal Utility Districts (MUDs)

The MUD sub-study was prepared by HR Green. This report provides a detailed overview of the MUDs serving Woodlands residents and presents three options regarding the relationship between The Woodlands and MUDs. These options include leaving the current arrangement in place, creating a Woodlands Utility Model based on existing MUD assets and operations, and acquiring MUDs over time.

Current Arrangement

The HR Green report recommends leaving the existing relationship structure between The Woodlands and MUDs in place, and addressing service issues through the creation of service level agreements after incorporation has occurred. Because this option represents a cost-neutral approach to The Woodlands and effectively preserves the status quo, the financial model does not include an initiative for this scenario.

Woodlands Utility Model

Assuming The Woodlands incorporates and chooses to establish a Utility Department that comprises existing MUD assets and operations, the new City would take over utility services currently handled by MUDs, and all MUD assets and liabilities would transfer to the City. This will require significant financial resources. HR Green estimates a total of \$57.4 million in General Fund expenditures will be needed to acquire and operate the existing MUDs, which will be offset by an estimated \$64.5 million in revenue, as illustrated on the following table.

Table 19: Estimated General Fund Impacts of Woodlands Utility Model by HR Green

General Fund Impacts	HR Green Estimate
General Fund Revenue	
Water and Sewer Revenue	\$50,193,351
Property Tax Revenue	\$13,290,063
Tap Fees	\$552,118
Interest & Other	\$451,662
General Fund Revenue Total	\$64,487,194
General Fund Expenditures	
Purchased Water & Sewer	\$43,727,020
Purchased Water & Sewer Services	\$7,195,526
Capital Outlay	\$2,599,637
Debt Service	\$3,884,653
General Fund Expenditures Total	\$57,406,836

While HR Green has allocated these revenues and expenses to the General Fund, The Novak Consulting Group recommends the establishment of a dedicated enterprise utility fund for all utility-related operations. The financial model applies these revenues and expenses to a placeholder utility fund.

Upon acquiring the MUDs, The Woodlands will also become responsible for approximately \$29 million in outstanding debt service paid by the MUDs. Currently, this debt service is supported by a portion of property taxes collected by the MUDs which totals approximately \$30.1 million per year.

Financial Model Initiatives

- The **Mix-Utility Dept-Utility Fund** initiative applies \$11,080,179 in estimated ongoing costs to Fund 999 – Utility Fund in Year 1. These costs reflect \$7.1 million for water and sewer services, as well as \$3.9 million in debt service indicated in the table above. This amount is inflated by 2% in Years 2 through 10 to account for inflation and cost growth. Additionally, this initiative contemplates \$46,326,657 in Year 1 one-time expenses which include the initial purchase of MUD assets along with other capital outlay. These expenses are offset by an estimated \$64,490,000 in Year 1 revenues, which are also inflated by 2% in Years 2 through 10 to account for inflation and revenue growth. Fund 999 is a placeholder fund which represents a proposed enterprise fund account dedicated solely to MUD-related utilities.
- The **Mix-Utility Dept-Debt Svc Fund** initiative applies \$29,000,000 in estimated ongoing costs to Fund 310 – Debt Service Reserve in Year 1. This amount is inflated by 2% in Years 2 through 10 to account for inflation and cost growth. These expenses are offset by an estimated \$30,160,000 in revenues from Years 1 through 10.

Acquiring MUDs Over Time

According to the HR Green report, The Woodlands may consider a policy of acquiring MUDs over time based on existing debt load. This approach requires careful consideration by The Woodlands and should be accompanied by the development of a formal policy outlining when and how MUDs will be considered for acquisition. Because the policy considerations associated with this approach are unknown at the time of this writing, the financial model includes two placeholder initiatives which can be used to assist with future discussions.

Financial Model Initiatives

- The **Mix-MUD Acq. Over Time-General Fund** initiative currently applies \$0 in revenues and expenses to Fund 100 – The Woodlands Township in Years 1 through 10. This amount may be adjusted over time to help The Woodlands estimate the impacts of acquiring MUDs as policy discussions proceed.
- The **Mix-MUD Acq. Over Time-Debt Svc Fund** initiative currently applies \$0 in revenues and expenses to Fund 310 – Debt Service Reserve in Years 1 through 10. This amount may be adjusted over time to help The Woodlands estimate the impacts of acquiring MUDs as policy discussions proceed.

Conclusion

Determining whether and when to incorporate is a significant undertaking for any community. The Woodlands' unique history as a planned community with exceptional service delivery creates important policy questions and considerations that must be evaluated as part of the incorporation process.

The financial model scenarios, initiatives, and context regarding core services, peer community practices, and important legal questions included in this report are intended to help facilitate and support the incorporation process. The information contained in this report is designed to help The Woodlands effectively understand, consider, and prioritize policy decisions related to incorporation and project the impact of those decisions in future years. As the process of evaluating incorporation continues, the data and assumptions included in this report should be updated and customized to reflect The Township's evolving decisions and needs.

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Attachment A - The Woodlands Township Core Services and Program Inventory

One of most important considerations of the incorporation evaluation process relates to service levels. The Board of Trustees and Township residents have expressed a commitment that any incorporation scenario would, at a minimum, protect the level of service currently provided to Township residents, business owners, and program customers. To help ensure that this objective is met, The Novak Consulting Group engaged in a process of documenting current Township programs and service levels as a means to establish a baseline for the incorporation evaluation process. The following details the programs, program activities, current service level, and service provider for each of The Township’s established services and functions.

Administration - Finance Department

Table 20: Finance Department Programs, Activities, Service Level, and Service Provider

Finance Programs	Activities	Service Level	Provider
Administration	Monitor GAAP, GASB, and OSHA compliance and providing guidance to departments	Ongoing	Township
	Provide financial guidance to the board	Ongoing	Township
	Implement and monitor internal financial controls based on GFOA and GAAP best practices; internal as well departmental financial process audits	Ongoing	Township
	Maintain records management policies and compliance	Ongoing	Township
Accounting	Accounts payable/receivable	Daily processing; checks are cut weekly with 30-day payment target	Township
	Financial audit preparation and CAFR development	Monthly	Township
	Record financial activities in the general ledger	Daily	Township
	Monthly account reconciliation	Daily processing with monthly reconciliations	Township
	Tax compliance/audit; File informational tax returns	Annual with quarterly financial reviews	Township

Finance Programs	Activities	Service Level	Provider
Fiscal Services	Operating and Capital Budget Monitoring	Monitor revenue and expenditures and send monthly budget-to-actual reports to departments. Provide updates to Board.	Township
	Create annual operating and capital budgets and long-range financial plans (five-year plan)	Meet with departments to discuss and prepare requests, assemble a recommended budget, and present to the Board and the public for consideration	Township
	Sales and Hotel tax monitoring and administration and compliance oversight	Daily administration and monthly reporting	Township
	Treasury and cash management	Daily cash reconciliations	Township
	Debt management; ensure compliance with bond covenants and monitor opportunities for early bond redemption and refinancing	Monthly	Township
	Investment management	Review and verify monthly collateral management and invest cash per the investment policy	Township
Grant Administration	Grants management and compliance including accounting and grant reporting support	As defined in grant agreements	Township
Information Technology	Answer and respond to customer support requests and diagnose and troubleshoot issues; includes mobile data support	Daily; as needed	Township
	Design and manage network switches and infrastructure	Daily; as needed	Township
	Develop custom GIS maps for departments and external customers	Daily; as needed	Township
	Maintain Township’s GIS software and layers	Daily	Township
	Manage and support the Abila MIP accounting software	Daily; as needed	Township
	Manage Township’s fiber optic network	Daily; as needed	Township
	Manage user account access and security of Township information systems and networks	Daily; as needed	Township

Finance Programs	Activities	Service Level	Provider
	Procure and configure desktops, phones, mobile devices, and peripheral equipment	Daily; as needed	Township
	Manage physical security, surveillance, and facility access control systems	Daily; as needed	Township
	Cybersecurity and data protection	Daily	Township
	Manage PCI and PII security	Daily	Township
	Support the emergency operations center	As needed	Township
	Provide radio and mobile data terminal support to the Fire Department	Daily; as needed	Township
Payroll	Manage contract relationship with Paycom; quality control before third-party processing	Biweekly	Township
Public Information	Coordinate the Township's response to Freedom of Information Act Requests	Daily	Township
Purchasing	Administer procurement card program; facilitate monthly p-card reconciliation process	Monthly	Township
	Develop and enforce purchasing guidelines	Review and approve all purchase orders within five days of receipt	Township
	Oversee and provide support for Township RFP, RFQ, and Bid solicitation process	As needed; monthly	Township
Risk Management and Safety	Manage contract for risk management services with Texas Municipal League	Review risk reports monthly and facilitate targeted safety training	Township
	Workplace safety review and training through TML	Review risk reports monthly and facilitate targeted safety training	Township

Administration - General Manager’s Office

Table 21: General Manager’s Office Programs, Activities, Service Level, and Service Provider

GM Office Programs	Activities	Service Level	Provider
Administration and Leadership	Coordinate the board and committee agenda development process	Weekly	Township
	Facilitate organization's response to Board of Directors’ requests	As needed	Township
	Provide strategic direction for the Township organization	Ongoing	Township
	Provide direction and oversight of all Township functions	Ongoing	Township

Administration - Human Resources

Table 22: HR Programs, Activities, Service Level and Service Provider

HR Programs	Activities	Service Level	Provider
Administration	Develop, administer, and interpret personnel policies	Update Personnel Manual every other year	Township
	Monitor and ensure compliance with state and federal employment laws	Ongoing	Township
	Provide strategic leadership on the Executive Management Team	Ongoing	Township
	Monitor and develop initiatives to support organizational culture and employee experience	Ongoing	Township
Benefits Administration	Coordinate with benefits broker to define benefit plans/options	Annually	Township
	Oversee employee enrollment	Annual open enrollment as well as enrollment for new employees or employees with a qualifying reason for benefit changes	Township

HR Programs	Activities	Service Level	Provider
	Process leave and Family Medical Leave Act (FMLA) requests	Ongoing	Township
	Assist employees with claims/issues	Ongoing	Township
	Chair the employee retirement committee that meets semi-annually and act as fiduciary for the retirement plan	Ongoing	Township
	Serve as trustee for the fire pension plan	Ongoing	Township
	Coordinate government compliance for all benefits plans	Ongoing	Township
	Assist employees with claims/issues	Ongoing	Township
Classification and Compensation	Analyze equity and time and position eligibility and process position adjustments through the budget process	Review re-classification requests as received and during the annual budget process	Township
	Prepare the personnel services base budget for inclusion in the budget – prepared annually in June	Quarterly and as part of the annual budget process; Monthly position control	Township
	Process reclassification requests annually and include in the base personnel budget	Upon request	Township
	Prepare staff update monthly; manage position control process	Monthly	Township
	Conduct market research for pay and class to ensure competitiveness of salary structure	Annually	Township
Employee and labor relations	Guide departments in handling disciplinary issues and employee grievances	As needed	Township
Human Capital Management	Perform time and leave verification for payroll process	Ongoing	Township
Professional Development	Administer employee performance evaluation process	Annual process staggered based on employee start date	Township
	Administer online assessments of employees and supervisors	Annual process staggered based on employee start date	Township
	Oversee contracted training services; provide in-house training to employees on harassment awareness, progressive discipline, and supervisory practice; bi-weekly new employee orientation	Ongoing	Township

HR Programs	Activities	Service Level	Provider
Recruitment	Assist with interview processes	Ongoing and as needed	Township
	Create and place advertisements and recruitment notices	Ongoing and as needed	Township
	Screen applicants; complete employee verification and reference checks; conduct pre-employment physicals; manage new employee onboarding and paperwork	Ongoing and as needed	Township
Risk Management and Safety	Administer random drug tests; handle workers comp compliance including reporting and investigations and serve as the workers comp provider liaison; identify and correct safety issues in departments	Ongoing and as needed	Township

Administration - Legal Support

Table 23: Legal Support Programs, Activities, Service Level, and Service Provider

Legal Programs	Activities	Service Level	Provider
Corporation Counsel	Provide oral and written advice on legal issues and prepare documents to implement official Township actions	As needed	Township
	Facilitate and communicate with DA and County Attorneys on prosecutable offenses	As needed	Township
	Prepare governmental documents, contacts, interlocal agreements, and resolutions	As needed	Township
	Manage contracted legal services	As needed	Township
	Review personnel issues	As needed	Township
	Attend all Economic Development Committee meetings, Township standing committees, and Board meetings	As needed	Township
Representation	Manage contract for advocacy, defense, and prosecution services on behalf of the Township's interests	Ongoing	Contracted
City Secretary	Maintain legal documents and signature processes	As needed	Township

Community Relations and Convention Center

Table 24: Community Relations and Convention Center Programs, Activities, Service Level, and Service Provider

Community Relations and Convention Center Programs	Activities	Service Level	Provider
Advertising	Design and place advertisements in newspapers and magazines	As needed	Township
	Design and place signage	As needed	Township
	Design materials for Township departments (e.g., Action Guide)	Upon request	Township
	Take community photographs for marketing materials	As needed	Township
	Create and distribute Talk of the Township newsletter	Weekly	Township
Community Relations	Creation of resident information materials	As needed	Township
	Develop and implement social media campaigns	As needed	Township
	Monitor Township Facebook, Twitter, and Instagram accounts	As needed	Township
	Support Department-specific blogs and newsletters	As needed	Township
	Support Department-specific social media accounts (Parks and Recreation Facebook account; Transportation Twitter account)	As needed	Township
	The Woodlands Community Magazine content creation	Monthly	Township
	The Woodlands Community Magazine photography	Monthly	Township
	Website updates	Daily or as needed	Township
Crisis Communications	Draft and distribute press releases	As necessary during weather emergencies	Township
	Post documents for outside organizations	As necessary during weather emergencies	Township
	Post on social media	As necessary during weather emergencies	Township
	Send Talk of the Township newsletters	As necessary during weather emergencies	Township

Community Relations and Convention Center Programs	Activities	Service Level	Provider
Media Relations	Draft and distribute press releases	As needed	Township
	Respond to media requests	As needed	Township
Proclamations	Research and draft proclamations	Upon request	Township
Economic Development	Biannual resident survey	Bi-annual	Contracted
	Business attraction	Ongoing marketing program	Township
	Business retention	Ongoing marketing program	Township
Tourism	Brand development and advertising	Ongoing marketing program	Township
	Convention development	Ongoing marketing program	Township
	Coordinate special events	As scheduled - average at least weekly events	Township
	Develop and implement "Visit The Woodlands" social media campaigns	Daily	Township
	Send Convention Development eNewsletters	Monthly	Township

Community Services - Environmental Services

Table 25: Environmental Services Programs, Activities, Service Level, and Service Provider

Environmental Services Programs	Activities	Service Level	Provider
Contract Oversight	Administer solid waste management contract	Daily	Township
	Coordinate resolution of resident service issues	Daily	Township
	Provide information/education to residents on services provided	Daily	Township
Education	3R Bazaar to collect batteries and electronics, and offer document shredding	Annually	Township

Environmental Services Programs	Activities	Service Level	Provider
	Adopt a Pathway program	Coordinate adoption program and volunteer events as needed; 60 groups/1224 volunteer hours	Township
	Green Up Clean Up litter cleanup event	Annually	Township
	Composting classes	Monthly	Township
	Nature lecture series	Monthly	Township
	Pollinator programming	Monthly	Township
	Walk to School programs	Annually, each October	Township
	Water conservation seminars and workshops	Monthly	Township
Mosquito Eradication and Prevention	Mosquito spray abatement (Creekside Park)	As dictated by testing results	Harris County
	Mosquito spray abatement (Montgomery County Precinct 2)	Every two weeks	Montgomery County
	Mosquito spray abatement (Montgomery County Precinct 3)	Every two weeks or as dictated by testing	Montgomery County
	Sample 50 sites and set traps (~1,700) to collect mosquitoes	Weekly during season	Township
	Send traps and mosquitoes to county/state for analysis	Weekly during season	Township
	Develop and provide mosquito prevention education and awareness programs	Weekly during season	Township
Solid Waste Enforcement and Remediation	Clean up illegal dump sites	As needed	Township
	Monitor illegal dump sites	As needed	Township
	Place bollards to prevent illegal dumping	As needed	Township
Solid Waste Services	Operate recycling center to collect residential recycling and yard waste	Twice weekly (Wednesdays and Saturday)	Waste Management
	Provide contracted curbside bulk item services to approximately 38,000 residential units	Weekly upon customer request	Waste Management

Environmental Services Programs	Activities	Service Level	Provider
	Provide curbside recycling service (96-gallon cart) to approximately 38,000 residential units	Weekly	Waste Management
	Provide curbside solid waste collection (96-gallon cart) to approximately 38,000 residential units	Weekly	Waste Management
	Provide curbside textile recycling service to approximately 38,000 residential units	Weekly	Waste Management
	Provide curbside yard waste collection to approximately 38,000 residential units	Weekly	Waste Management
	Provide special collection service for elderly/disabled residents	As needed upon request	Waste Management
	Provide curbside textile recycling services	Weekly	Simple Recycling

Community Services - Infrastructure

Table 26: Infrastructure Programs, Activities, Service Level and Service Provider

Infrastructure Programs	Activity	Service Level	Provider
Resident Support	Field and respond to resident requests relating to stormwater, flooding, utility constriction, and roadway construction issues	Daily	Township
	Act as liaison and coordinate communications between residents and the appropriate parties for all stormwater, flooding, utility constriction, and roadway construction issues	Daily	Township

Community Services - Law Enforcement

Table 27: Law Enforcement Programs, Activities, Service Level and Service Provider

Law Enforcement Programs	Activities	Service Level	Provider
Administration	General administrative support	Daily	Montgomery County
	Provide training to officers and staff	Ongoing; as needed	Montgomery and Harris County
Investigations	Auto theft Task Force	Ongoing; as needed	Montgomery County
	Crime Scene Processing	Ongoing; as needed	Montgomery County
	General Investigations	Daily	Montgomery County
	Hostage Negotiation	Ongoing; as needed	Montgomery County
	Internet Crimes Detectives/Investigations	Ongoing; as needed	Montgomery County
	Safe Harbor Detectives/Investigations	Annually	Montgomery County
Mounted Patrol	Provide mounted patrol in Town Center, Hughes Landing, and the 242 Corridor	Daily	Alpha and Omega Mounted Patrol
Neighborhood Watch	Administer Dog Walker Watch program	Monthly	Township
	Plan and administer National Night Out	Annually in October	Township
	Program and attend safety meetings	Monthly; as needed	Township
	Conduct safety programming for senior citizens, apartments, students, businesses, emergency preparedness	Provide 600+ programs per year	Township
	Administer Safety Awareness Days	Monthly	Township

Law Enforcement Programs	Activities	Service Level	Provider
	Village neighborhood watch meetings	Monthly; as needed	Township
Patrol	Zone 9 Patrol services (1 Sergeant and 11 Deputy Constables in Zone 9)	2 Deputies per zone serving 8-hour shifts, year-round	Harris County
	Patrol services in and around Town Center	12 man-hours daily	Contracted
	Zone 1 – 8 Patrol services throughout Township (87 Deputies in Zones 1 – 8)	Ongoing	Montgomery County
	Provide monthly reports regarding significant events and arrests, trouble spots and crime analysis, traffic trouble spots, criminal mischief, traffic contact, and other important trends	Monthly	Montgomery County
	Special Units/K9 support	Ongoing; as needed	Montgomery County
Special Events	Coordinate ~340 independent contracts for security services (off-duty officers)	As needed per event	Township
Special Services	SWAT team	Ongoing; as needed	Montgomery County
Technical Services	Emergency communications/dispatch	Daily	Montgomery County
	Fleet Maintenance Support	Daily	Montgomery County

Community Services - Streetscape

Table 28: Streetscape Programs, Activities, Service Level and Service Provider

Streetscape Programs	Activities	Service Level	Provider
Streetscape Contract Administration	Monitor and inspect compliance with contract specifications	Daily	Township
	Administer streetscape maintenance contract provisions, billing, resident complaints, and customer service	Daily	Township
Streetscape Chemical Applications	Spot treat fire ant mounds	As needed	TWLDC
	Treat ground cover to reduce annual weeds	2 times per year	TWLDC

Streetscape Programs	Activities	Service Level	Provider
	Treat turf and ground cover for fire ants	Biannually	TWLDC
	Treat turf to control perennial weeds	Annually	TWLDC
Streetscape Ground Cover Renovation	Plant ground cover in areas that have been damaged, vandalized, or run over by vehicles	As needed	TWLDC
Streetscape Mow and Edge	Edge non-tractor mowed areas including roadside and esplanade curbs and remove clippings from roadways	3 times per month (May to August); 1 time per month (September to April)	TWLDC
	Edge tractor mowed areas including roadside and esplanade curbs and remove clippings from roadways	Two complete edgings per year	TWLDC
	Mow all rights-of-way and remove grass clippings from roadway	18 times per year	TWLDC
	Mow and trim entry medians, sculpture areas, esplanades, and other areas that require more detailed maintenance than rights-of-way	24 times per year	TWLDC
	Remove and dispose of all waste generated by mowing or edging	As needed	TWLDC
Streetscape Plant Maintenance	Fertilize all ground cover and bed areas to maintain healthy plant materials	As needed	TWLDC
	Manually remove weeds in all ground cover and bed areas	15 times per year	TWLDC
	Prune ground cover to result in smooth manicured appearance	10 times per year	TWLDC
	Prune at intersections and entry medians for sight visibility	Biannually (April & October)	TWLDC
Streetscape Sweep and Clean	Blow off all non-curbed areas	35 times per year	TWLDC
	Respond to special occurrences	Up to 104 times per year	TWLDC
	Utilize vacuum truck with magnetic drag bar and gutter boom along ~187 miles of roadway	35 times per year	TWLDC
Streetscape Trash Removal	Remove all visible trash in rights-of-way and entry medians	Every Monday, Wednesday, and Friday, 52 weeks per year	TWLDC
	Remove and dispose of smaller, non-hazardous trees from rights-of-way, medians, and other areas	As needed	TWLDC
	Remove large and dead hazardous trees	As needed	TWLDC

Streetscape Programs	Activities	Service Level	Provider
Streetscape Utility Rebilling	Monitor electric bills to prevent rebilling	As needed	TWLDC
	Process all water and electric bills for streetscape areas	As needed	TWLDC

Community Services - Town Center Operations

Table 29: Town Center Operations Programs, Activities, Service Level and Service Provider

Town Center Operations Programs	Activities	Service Level	Provider
Special Events	Manage special events occurring in the Town Center	As needed	Township
Streetlights	Change 1,200 banners on poles in Town Center area	Annually	Township
	Maintain 500 streetlights in Town Center area	Annually based on Preventive Maintenance work plan	Township
	Maintain specialized traffic and regulatory signs (e.g., LED street signs)	Annually based on Preventive Maintenance work plan	Township
Town Center	Manage lighting of 600 street trees	Annually	Township
	Maintenance of site amenities (e.g., street furniture and trash cans)	Daily	Contracted
	Pathway maintenance	Daily	Contracted
	Street tree inspections and maintenance	Annually based on Preventive Maintenance work plan	Township
Town Center Ice Rink	Manage parking lot and facility maintenance	Daily	Township and Contracted
Town Center Rangers	Inspect Town Center rights-of-way for broken non-standard elements (rock faces, special pavers, painted guardrails, etc.)	Daily	Township
	Patrol Town Center area with 22 Rangers plus a supervisor	Daily; 3 Rangers on duty with overlapping shifts 6AM-4AM every day except 12/25	Township
	Pre- and post-event assessments – take pictures of event area	As needed	Township
	Enforce Township Orders/park rules	Daily	Township

Town Center Operations Programs	Activities	Service Level	Provider
	Provide resident and tourist services, directions, assistance	Daily	Township
Town Green Park	Oversee Maintenance of turf, trees, and landscape	Weekly to monthly based on Preventive Maintenance work plan	Township
	Inspect and Maintain public art: sculptures, art benches	Daily; as needed	Township
Amenity/Fountains Maintenance	For three water fountains located at mall turning basin, Waterway Square, Town Green Park turning basin: backwash filters, load chemical feeders, brush, and vacuum.	Weekly	Fountain Works & Township
	For three water fountains located at mall turning basin, Waterway Square, and Town Green Park Turning Basin: drain fountains, evaluate filter sand, inspect and lubricate pumps	Annually	Fountain Works
Waterway Debris and Litter Removal	Check trash receptacles and dispose off-site	Daily, 365 days per year	TWLDC
	Collect litter on the entire waterway site, including the water surface	Daily, 365 days per year	TWLDC
Waterway Electrical Maintenance	Inspect lighting and provided detailed report	Weekly	TWLDC
	Inspect tree lights and provide report of trees with lights out	Daily	TWLDC & Township
	Provide complete inspection of all electrical equipment pertaining to Waterway and provide report	Annually	TWLDC
	Repair circuitry, time clocks, photo cells, and GFCIs	As needed	TWLDC
	Replace lamps and ballast	As needed	TWLDC
	Reset GFCI receptacles	Daily	TWLDC & Township
Waterway Elevator Maintenance	Clean all three elevators including wipe down, polish, clean, and sweep	Weekly	TWLDC & Township
Waterway Elevator Maintenance	Monitor Help Phones and Fire Alarms	24 hours per day, seven days per week	Township
	Perform operational checks	Three times daily	Township

Town Center Operations Programs	Activities	Service Level	Provider
	Provide elevator maintenance for three elevators located on waterway	As needed	TWLDC
Waterway Extermination	Apply insect and rodent bait stations to control pests	Monthly	TWLDC
Waterway Facility Maintenance	Maintain and repair all types of facilities located on the Waterway	As needed	Township
Waterway Gate Arm Maintenance	Maintain gate arm equipment in good working order	As needed	TWLDC
Waterway Irrigation	Adjust system clock due to power outages	Monthly	TWLDC
	Inspect site for leaks and broken heads and perform minor head adjustments	Monthly	TWLDC
	Perform two-minute test of each zone in the system	Monthly	TWLDC
	Program controller for automatic operation based on current weather conditions	Monthly	TWLDC
	Turn on water, replace backup battery, pressurize system in accordance with accepted start-up procedures	Annually	TWLDC
Waterway Koi and Koi Pond	Feed koi, monitor water quality, clean pond, maintain pond equipment	As needed	TWLDC
Waterway Mowing	Apply herbicides, trimming, and hand weeding to joints, cracks, and crevices of hard surfaces to maintain neat appearance	As needed to preserve good condition	TWLDC
	Maintain mowing equipment and sharpen blades	As needed to preserve good condition	TWLDC
	Power edge curbs and walks to maintain neat appearance	48 times per year	TWLDC
	Remove excess grass clippings and blow off walks and curbs	Every 7 days, weather permitting, during periods of active growth	TWLDC
	Remove trash, sticks, and debris from lawn areas and cut turf to 2.5-3" high	Every 7 days, weather permitting, during periods of active growth	TWLDC
	Trim grass near signs, light poles, and obstructions with a line trimmer	Weekly	TWLDC

Town Center Operations Programs	Activities	Service Level	Provider
Waterway Painting and Graffiti Removal	Paint bollards, supports, lighting poles	Once per year if required	TWLDC
	Remove all graffiti	As soon as possible	TWLDC & Township
Waterway Painting and Graffiti Removal	Treat lower level vertical walls with anti-graffiti coating	Once per year	TWLDC
Waterway Pressure Washing	Apply concrete sealer to protect colors	Annually	TWLDC
	Pressure wash pathways, tramways, under bridges to remove stains and maintain neat appearance	Monthly	TWLDC
Waterway Shrubs, Beds, and Groundcover	Apply ornamental fertilizer to individual shrubs, perennials, and groundcover beds	Each spring and fall	TWLDC
	Apply pre-emergent weed control	Each spring and fall	TWLDC
	Cut back ornamental grasses or perennials left standing over winter	Each spring	TWLDC
	Deadhead perennial flowers and remove poor quality foliage	As needed	TWLDC
	Engage in hard weeding and spot spraying with post-emergent herbicides	As needed	TWLDC
	Install premium grade, double shredded bark mulch to replenish shrub beds and tree pits to a depth of 2"	Each spring	TWLDC
	Provide deep-root fertilization for shade and ornamental trees	Each spring and fall	TWLDC
	Prune groundcovers and vines from the base of plant material, sidewalks, and buildings to maintain neat appearance	No less than one time per month during heavy growing season or 9 times per year	TWLDC
	Prune ornamental shade trees less than 15 feet tall	Once per year during dormancy	TWLDC
	Remove later winter leaves from beds	Each spring	TWLDC
	Remove routine fallen sticks and leaves	As needed	TWLDC
		Sweep and clean tramway and washout areas	As needed

Town Center Operations Programs	Activities	Service Level	Provider
Waterway Sweeping and Cleaning	Apply dormant oils	As needed in early spring if over-wintering insect problems are encountered	TWLDC
	Inspect trees and shrubs less than 15 feet tall for pest management needs	Monthly from March – November	TWLDC
	Monitor and target spray damaging insect populations	As needed	TWLDC
	Release predatory insects or mites	As needed	TWLDC
Waterway Turf Program	Aerate lawn areas	Once per year during fall months	TWLDC
	Apply broadcast fire ant bait to control fire ants	Every May	TWLDC
	Apply fast release high nitrogen fertilizer with one pound of nitrogen per 1,000 square feet	Every April	TWLDC
	Apply perennial ryegrass at a rate of 8 pounds per square 1,000 square feet	Every October	TWLDC
	Apply post and pre-emergent herbicides	Every February	TWLDC
	Apply post-emergent herbicide	Every March, July, September	TWLDC
	Apply pre-emergent herbicide	Every December	TWLDC
	Apply slow release fertilizer with one pound of nitrogen per 1,000 square feet	Every February, July, October, and December	TWLDC
	Scalp turf grass	Every October	TWLDC
	Spot treat persistent fire ant mounds	As needed throughout the year	TWLDC
Spray out winter rye grass	Every March and September	TWLDC	
Waterway Water Quality	Apply chemical treatment to maintain attractive water free of aquatic vegetation	As needed	TWLDC
	Drain Waterway channel and collect silt for removal	As needed when silt impedes operation of water taxi	TWLDC
	Maintain water circulation pumps	Monthly	Township

Town Center Operations Programs	Activities	Service Level	Provider
	Monitor water quality	As needed	TWLDC & Township
	Pull, clean, and lubricate water circulation pumps	Annually	Township
	Pump water from Lake Woodlands to maintain water level	As needed	TWLDC

Community Services - Transportation

Table 30: Transportation Programs, Activities, Service Level, and Service Provider

Transportation Programs	Activities	Service Level	Provider
Paratransit	Administer Paratransit service, contract and requests for service	Upon request	Township
	Provide paratransit services to residents of The Woodlands	Upon request	Brazos Transit District
Park and Ride Custodial Services	Clean and disinfect all drinking fountains	Weekly, each Friday	GSA America
	Clean and disinfect toilets	9AM to 4PM Monday through Friday	GSA America
	Clean and polish all mirrors	9AM to 4PM Monday through Friday	GSA America
	Clean and polish restroom faucets and sinks	9AM to 4PM Monday through Friday	GSA America
	Clean, mop, and disinfect all restroom floors	9AM to 4PM Monday through Friday	GSA America
	Disinfect all restroom partitions, doors, floors, etc.	Weekly, each Friday	GSA America
	Disinfect all telephones and handsets	Monthly	GSA America
	Disinfect all trash cans and receptacles	Monthly	GSA America
	Dispose of all debris and trash	9AM to 4PM Monday through Friday	GSA America
	Dust all furniture, window sills, and flat surfaces	Weekly, each Friday	GSA America

Transportation Programs	Activities	Service Level	Provider
	Dust and vacuum all carpeted areas	Weekly, each Friday	GSA America
	Dust, clean, and polish customer service counters	Weekly, each Friday	GSA America
	Empty all ashtrays and receptacles	9AM to 4PM Monday through Friday	GSA America
	Empty all trash cans and replace liners	9AM to 4PM Monday through Friday	GSA America
	Inspect and report any vandalism, equipment malfunctions or need	9AM to 4PM Monday through Friday	GSA America
	Mop, dust-mop or sweep non-carpeted floors	9AM to 4PM Monday through Friday	GSA America
	Remove all graffiti in any area	9AM to 4PM Monday through Friday	GSA America
	Remove any gum deposits or similar stains from floors and walkways	Semi-annually	GSA America
	Remove cobwebs from all walls, ceilings, etc.	Monthly	GSA America
	Restock all paper supplies, soap, etc.	9AM to 4PM Monday through Friday	GSA America
	Shampoo all carpeted areas	Annually	GSA America
	Spot clean door glass on exterior/interior doors	9AM to 4PM Monday through Friday	GSA America
	Strip and wax all vinyl and tile floors	Semi-annually	GSA America
	Sweep or blow exterior areas around terminal	9AM to 4PM Monday through Friday	GSA America
	Wash and clean glass windows and doors on both inside and outside of terminal	Monthly	GSA America
	Wash and clean glass windows of customer service counters	Weekly, each Friday	GSA America
	Wipe down and clean benches	Weekly, each Friday	GSA America
	Wipe down vending machines	Weekly, each Friday	GSA America

Transportation Programs	Activities	Service Level	Provider
	Inspect all park and ride terminals for compliance to contract specifications	Weekly	Township
Park and Ride Landscape Maintenance	Apply mulch to a depth of 3" to bed areas and tree wells	Annually	Brightview
	Conduct quality site inspections	19 times per year	Brightview
	Edge curbs and walks and remove grass clippings	19 times per year	Brightview
	Fertilize trees and shrubs (5 pounds of fertilizer per 1,000 square feet)	1 time per season	Brightview
	Fertilize turf. Vary NPK as appropriate (1 pounds of nitrogen per 1,000 square feet)	2 times per season	Brightview
	Irrigation – inspect and monitor	12 times per year	Brightview
	Maintain and repair irrigation breaks caused by Contractor	As needed	Brightview
	Mow and trim turf to 1.25-1.5" during cool season and 1.5-2" during warm season. Alternating mow pattern required. Grass clumps to be raked, mulched, or removed.	19 times per year	Brightview
	Police grounds – remove trash and litter prior to mowing	19 times per year	Brightview
	Provide site quality report to Township	Monthly	Brightview
	Report breaks, leaks, and unknown irrigation malfunctions to Township	As needed	Brightview
	Respond to complaints	As needed	Brightview
	Schedule irrigation on automatic controllers	Adjust according to seasonal requirements	Brightview
	Spray herbicide to expansion joints in concrete and landscape beds	19 times per year	Brightview
	Treat turf with insecticide	1 time per year	Brightview
Inspect all park and ride terminals for compliance to contract specifications	Weekly	Township	
Security Services	Provide unarmed security and passenger ticket sales services at each of the Township's 3 park and ride locations	Monday – Friday 5AM to 9PM; approximately 80 hours per week	Vets Securing America

Transportation Programs	Activities	Service Level	Provider
	Open and close gates to park and ride lots and doors to terminals	Monday - Friday by 5AM and at 9PM	Vets Securing America
	Administer Security Services Contract, process invoices	Daily	Township
Senior/Disabled Transit	Provide demand response transport services for senior citizens and qualified disabled individuals within Montgomery County, including services to and from the City of Conroe and the Township	Upon request	Senior Rides
	Transport senior citizens to and from The Woodlands Town Center and other commercial areas in The Woodlands	Upon request	Interfaith
Infrastructure	Field and respond to resident requests relating to stormwater, flooding, utility constriction, and roadway construction issues	Daily	Township
	Act as liaison and coordinate communications between residents and the appropriate parties for all stormwater, flooding, utility constriction, and roadway construction issues	Daily	Township

Covenant Administration

Table 31: Covenant Administration Programs, Activities, Service Level, and Service Provider

Covenant Administration Programs	Activities	Service Level	Provider
Development Review	Conduct intake and property visit/documentation for residential and commercial building improvement applications and signage	Performed for each application, target within 10 days and will have completed applications whether going to committees; most is staff approval	Township
	Staff and support Residential Development Review Committee (RDRC) Review; 8 committees	Once per month with each committee; 8 meetings per month	Township
	Process and forward applications to the Community Standards Committee (CSC) Review	Meets as needed for commercial developments >	Township

Covenant Administration Programs	Activities	Service Level	Provider
		1,000 square feet, comes back to DSC for construction	
	Staff and support the Development Standards Committee (DSC) Review	Twice per month	Township
Enforcement	Support court cases/prosecutions; provide documentation and testimony	120 in legal process; typically 6 to 8 active cases per month; average 12 active litigation cases per month and 4 to 6 court cases per month	Strong Firm with support of Township staff
	Perform covenant violation inspection and notification	Take photos and log violations same day or the next day within 1 business day; follow-up after 15-day compliance period	Township
	Enter into the legal letter process for compliance; when authority is available, initiate remediation	45 days after citation	
	Remediate with internal staff or contractors and document abatement costs	As needed	
	File liens to recover maintenance/abatement costs which comes back on home sale and no activity at that point	As needed per case	Township
	Complete proactive enforcement of covenants standards (34 inspectors assigned to specific villages – about 1,400 homes)	View each home every 6 weeks	Township
Public Education	Develop and administer Good Neighbor Days and Community Involvement Days; serve as an exhibitor in home and garden shows; public communication; content provider in monthly magazine regarding preventive measures; administer serving our seniors 1 day per year and Day of Caring once per year	Hold an involvement/ education day at least once per month except December	Township
Revitalization	Provide financial support and assistance to seniors or those who income qualify or who can't afford covenant enforcement remediation	Fund 80+ projects annually across a variety of subject and assistance areas	Township
	Coordinate with Interfaith to manage income and revitalization qualifications	Interfaith provides \$600 to assist with remediation; the	Township

Covenant Administration Programs	Activities	Service Level	Provider
		Township covers the remaining expense then places a lien on the property	
	Proactively identify individuals facing financial issues and guide them toward remediation and support programs at Interfaith	As needed	Township
	Coordinate with corporate or non-profit groups who wish to target improvements in specific properties	As needed	Township
	Coordinate replacement of post office cluster mail boxes	As needed	Township

Fire Department

Table 32: Fire Department Programs, Activities, Service Level and Service Provider

Fire Department Programs	Activity	Service Level	Provider
Administration	Maintain mutual aid and intergovernmental partnerships that support regional fire and EMS service delivery	Ongoing	Township
	Facility maintenance; complete PMs in-house and manage contract for major mechanical repairs for 8 stations and the emergency training center	Ongoing	Township
	Fleet maintenance; complete PMs in-house and manage contract for some heavy repairs	Ongoing	Township
	Develop specifications for apparatus purchase; manage equipment and supply purchases	Ongoing	Township
	Manage contract for Human Resources support in the areas of labor relations and discipline	As needed	Township
	Serve as the Township's emergency management coordinator	Manage the Township's emergency management plan and coordinate emergency response for major events	Township
	Manage records management system and reporting process	Daily	Township

Fire Department Programs	Activity	Service Level	Provider
	Manage training center participation and facility rentals; deliver necessary training to maintain annual certifications	Daily	Township
Dispatch	Dispatch Fire calls Countywide with the exception of the City of Conroe; provide secondary PSAP and dispatch services for fire and EMS calls	Daily	Township
	Field administrative calls after normal business hours	Daily	Township
EMS	Provide ALS first responder services; respond to emergency medical calls for service (not transport)	Daily	Township
	Manage EMS Quality Control in-house through the QA/QI Committee	Monthly	Township
	Plan and administer EMS training	Ongoing	Township
Prevention	Inspect commercial buildings according to the NIFRS occupancy inspection guidelines (plan reviews and fire scene investigations done by County)	Annual based on NFIRS guidelines	Township
	Offer supplemental inspection services for occupancy and building inspection processes on behalf of the County	As needed	Township
	Provide public education activities including youth events, CPR/First Aid.	Daily	Township
	Serve as American Heart Association BLS training center; support over 100 community CPR instructors	Ongoing	Township
	Support the Montgomery County CERT team	Ongoing	Township
Special Operations	Provide Technical Rescue (Dive/High Angle/Swift Water/Trench/Confined Space/Structure Collapse)	Conduct training on an ongoing basis and deploy resources as events dictate	Township
	Provide hazardous materials response through participation on a regional response team	Conduct training on an ongoing basis and deploy resources as events dictate	Township
Suppression	Respond to emergency calls for service in the Woodlands and in mutual aid supported communities	Average five-minute response time; ISO 1 rating	Township

Parks and Recreation – Aquatics

Table 33: Aquatics Programs, Activities, Service Level, and Service Provider

Aquatics Programs	Activities	Service Level	Provider
Lifeguards	Lifeguard skill assessments	Hourly during 10-minute pool safety break	Township
	Provide on-call assistance for pool-related emergencies	Seasonally; May to September; 4 pools year-round	Township
	Staff pools with 350 lifeguards	May to September with 6 to 10 lifeguards working year-round	Township
	Conduct seasonal hiring processes including recruitment, interviewing, and screening	Continuous hiring and screening process year-round; renewal letters sent in November and training begins in December	Township
	Train lifeguards including basic lifeguard skills, first aid/CPR; 50 to 70 receive waterfront and waterpark training	Pre-season and weekly in-service during season; ongoing training throughout the year	Township
	Provide aquatic and support assistance for the annual Ironman, Tri the Woodlands (Triathlon), and open-water pre-swim training events	Four days of open water events per year	Township
	Pool facility restroom maintenance and cleaning during open season	May to September; 4 pools year-round	Township
	Point of sale cash receipts at pool facilities	May to September; 4 pools year-round	Township
Operations – Facilities and Maintenance	Coordinate chemical deliveries	Weekly	Township
	Maintain 14 pools (including 1 water park)	Daily/weekly inspection and coordination of emergency repairs; execution of proactive preventive maintenance plan	Township
	Maintain 5 spray grounds	March 1 through October conduct daily/weekly inspection and coordination of emergency repairs; execution of proactive preventive maintenance plan	Township
	Perform regular pool evaluation to define the annual maintenance and improvement plan	3 times per year: pre-, mid-, and post-season	Township

Aquatics Programs	Activities	Service Level	Provider
	Conduct pool facility renovation projects including project definition, board approval, bid solicitation, and project management	Annually based on park asset management plan	Township
Programming	Hire ~45 swim instructors on a seasonal part-time basis	Hire and train all instructors by Memorial Day; staffed April through October	Township
	Manage contracted lap lane agreements with 15 swimming clubs/groups for year-round use	Year-round	Township
	Manage pool rental calendar and cash receipts; staff pool rentals with lifeguards	Year-round; 175 pool rentals per year	Township
	Offer 30+ programs including diving, aqua yoga, stroke clinics, water aerobics, deep water weights, etc.	Calendar is developed annually that provides daily recreation programming through in-house staff and some contractors	Township
	Develop aquatics programming guide, the “Splash” brochure once per year; recreation programming guide three times per year	Three times per year	Township
	Swim lessons; learn to swim program	Year-round swim lesson offerings offered by in-house staff	Township
	Manage and administer 7 swim teams, including 3 junior teams, 3 summer teams, and 1 winter team including 1,200 participants per year.	Year-round program offerings for youth, junior	Township

Parks and Recreation – Development

Table 34: Development Programs, Activities, Service Level, and Service Provider

Program	Activities	Service Level	Provider
Special Events	Coordinate lights and event setup at sports fields	As needed	Township
	Coordinate special event needs with other Township departments and special event providers; this includes review and development of traffic control plans, fireworks, sound, law enforcement, traffic control staff, and signage	As needed	Township
	Develop marking plans for events, services, and concert series (e.g., races, ice rink)	As needed but only for Township-produced events	Township
	Produce two of three concert series per year	Estimated 23 concert days per year	Township
	Manage Township sponsorships for special events	As needed	Township
	Process ~200 special event applications	Annually	Township
	Produce multiple events per year, including Arts in the Park, 9/11 Memorial events, Labor Day events, Memorial Day event, Red Hot and Blue, Trick or Trail, and Lighting of the Doves	Annually	Township
	Support village flea markets and Village Spirit Events (logistics, materials purchases, marketing)	Annually as needed	Township
	Coordinate use of sports fields and process fees for field usage	Ongoing	Township

Parks and Recreation – Park Operations

Table 35: Park Operations Programs, Activities, Service Level, and Service Provider

Park Operations Programs	Activities	Service Level	Provider
Custodial Services	30 park restrooms	Cleaned and operated 365 days/year	Contracted
	Township facilities (Town Hall, Recreation Centers)	Daily	Contracted but in-house staff provide additional support to Town Hall
	Clean and mop waiting rooms/lobbies	Daily (Mon-Fri)	Contracted
	Clean security and staff offices and empty trash cans	Every Friday	Contracted
	Dust furniture and window sills	Every Friday	Contracted
	Empty all trash cans and cigarette containers in waiting rooms/lobbies, rest rooms and offices, inside and outside of the buildings	Daily (Mon-Fri)	Contracted
	Remove trash and litter from the perimeter of buildings	Daily (Mon-Fri)	Township
	Replace toilet paper, paper towels, and soap as needed	Daily (Mon-Fri)	Contracted
	Spot clean glass on all doors and windows	Daily (Mon-Fri)	Contracted
	Strip, wax, and reseal floors	As needed, no less than twice per year	Contracted
	Sweep, clean, and mop restrooms	Daily (Mon-Fri)	Contracted
	Vacuum and shampoo carpets	As needed, no less than twice per year	Contracted
	Vacuum floors and rugs	Every Friday	Contracted
	Wash and clean all glass windows and doors, inside and outside of all buildings	Once per month	Contracted
	Coordinate inspections for Lake Woodlands dam	Annually	Contracted

Park Operations Programs	Activities	Service Level	Provider
Dam/Well Management	Monitor and track volume 10 wells, including 1 irrigation well and 9 make-up water wells for amenity ponds	Monthly reports and annual report	Township
	Regular dam maintenance	As needed	Contracted
Facilities	Install holiday lights including 24 doves and light Southshore Park Holiday Tree with 25,000 lights	Seasonally	Township
	Install 8 doves over Lake Robbins Bridge; Winter Wonderland display at Ice Rink; Holiday Tree at Waterway Square; 40+/- doves, trees, and stars at Town Green	Seasonally	Contracted
	Maintain lights on 800 community trees per year	10 months per year	Contracted
	Electrical light replacements (ballfields, facilities, neighborhoods)	As needed and according to established Preventive Maintenance Plan	Contracted
	Electrical system maintenance and repairs	As needed and according to established Preventive Maintenance Plan	Contracted
	Heating, ventilation, air conditioning (HVAC) maintenance	Quarterly	Township with Contracted support
	Painting facilities	As needed and according to established Preventive Maintenance Plan	Contracted
	Painting fire hydrants	As needed and according to established Preventive Maintenance Plan	Contracted
	Painting County installed stop signs and posts	As needed and according to established Preventive Maintenance Plan	Contracted
	Plumbing maintenance (including lift stations)	As needed and according to established Preventive Maintenance Plan	Contracted
	Power washing tennis courts	As needed and according to established Preventive Maintenance Plan	Contracted
Roofing maintenance	As needed and according to established Preventive Maintenance Plan	Contracted	

Park Operations Programs	Activities	Service Level	Provider
	Supplemental power washing (tennis courts, graffiti)	As needed and according to established Preventive Maintenance Plan	Township
Fleet Maintenance	Acquisition and disposal of vehicle assets	Annual	Township
	Preventive and reactive maintenance and painting/fabrication for Township vehicles, gems, mules, small equipment, and trailers except public works, police, fire	As needed	Contracted
	Manage aftermarket vehicle outfitting process	Annually	Contracted
	Manage on-site fuel program and support contracted Law Enforcement (Montgomery Co. only) fueling stations	Daily	Township
	Fleet leasing program (in pilot phase)	Ongoing	Contracted
Forestry	Arbor Day – distribute 50,000-70,000 seedlings and plant remainder	Annually	Contracted
	Fertilization injections focused on Town Center area	Twice per year	Contracted
	Pruning for visibility in streetscape and at pathways	As needed based on recurring inspections and calls for service	Contracted
	Reforest cul-de-sacs, parks, and streetscapes reforestation trees	3,000+ trees per year	Contracted
	Stump removal	As needed	Contracted
	Tree inspection and removal	Annual inspection and contracted removal	Contracted
	Tree planting	2 new trees for every tree removed	Contracted
	Community tree planting event	Annually	Township
	Vine and invasive species removal	1/4 of The Woodlands each year; 250+ crew days per year	Township and Contactors
Irrigation	Adjust sprinkler heads	As needed	Contracted
	Conduct backflow preventer inspection for each irrigation system	Annually	Contracted

Park Operations Programs	Activities	Service Level	Provider
	Inspect irrigation systems	Monthly	Contracted
	Inspect sprinkler heads, spray patterns, and controllers	Weekly during irrigation season	Contracted
	Maintain 120+ park irrigation systems	Annually	Contracted
	Maintain 550+ streetscaping irrigation systems	Annually	Contracted
	Manually water streetscapes if necessary	As needed, averaging 1" application 2 times per week (June 15 – September 15)	Contracted
	Monitor water bills for leak detection	Monthly	Township
	Manage and administer irrigation system; monitor efficiency and water control features of centralized irrigation system (Maxicom)	Daily	Township
	Respond and address emergency repairs and issues with the irrigation system	As needed	Township
	Repair breaks, leaks, and malfunctions	As needed upon Township approval	Contracted
Lake and Pond Management	Algae treatment and remediation at all 64 lakes/ponds covering nearly 500 acres	48 visits/treatments per year or 4 per month	Contracted
	Decorative light maintenance at various ponds	As needed	Contracted
	Manage de-siltation of ponds and slope restoration	One pond per year	Contracted
	Fountain maintenance at ~30 lakes/ponds	As needed	Township
	Stock 30 ponds for recreational fishing	48 visits per year	Lake Pro
	Lake Woodlands bulkhead inspection and coordinate with property owners who are responsible for repairs	Annual	Township
	Nuisance wildlife abatement	As needed	Township and Contractor
	Water Hyacinth abatement	5 to 7 days per year or as needed	Township
Turf Management	Maintenance for 4 baseball/softball fields and 22 additional sports fields	Weekly	Contracted

Park Operations Programs	Activities	Service Level	Provider
	Clean park swales	Annually	Township
	Fertilize 4 baseball/softball fields and 22 additional sports fields	As needed	Contracted
	Supplemental turf management	As needed	Township
	Maintain turf on 9 artificial sports fields	As needed	Contacted
Park Maintenance	Placement and removal of street pole banners throughout the year	Banners changed as needed or are timed with events	Township
	Maintenance and rehabilitation of natural surface trails (15 miles) and decomposed granite trails (3+ miles)	As needed/weekly	Township
	Replenish mulch for 84 playgrounds and 4 dog parks	Annually or bi-annually	Contracted
	Graffiti removal	Within 24 hours	Township
	Dead animal removal from parks	As needed	Township
	Service park trash cans	Three times per week; daily in some areas	Contracted
Park Rangers	Cash collection from park and ride facilities	2 hours per day, five days per week	Township
	Dead animal removal from roads and pathways	As needed	Township
	Park inspections; 12,000+ inspections per year including recurring playground safety inspections	Daily	Township
	Pathway patrol	125-135 hours per week during daylight	Township
Special Events	Event setup, tear-down, and equipment coordination	Weekly; over 300 events per year	Township & contract support
Trash/Litter Removal	Remove trash/litter from all other parks and pathway trash cans for streetscape	156 times per year, three times per week (Mon, Fri, Sat)	Contracted
	Remove trash/litter from Town Green Park, Waterway Square, Village Center, Riva Row Boat House	Daily, 365 times per year, prior to 9:30AM	Contracted

Parks and Recreation – Park Planning

Table 36: Park Planning Programs, Activities, Service Level, and Service Provider

Park Planning Programs	Activities	Service Level	Provider
Amenity Renovations	Amenity replacement	As needed or based on the replacement schedule identified in the park asset management plan	Contracted
	Conduct playground safety audit	Each playground inspected once per year by CPSI	Township
	Playground replacement	Every 12 – 15 years or as needed based on condition	Contracted
	Tennis court resurfacing	Every 7 – 10 years	Contracted
Construction	Construct/repair fences surrounding drainage ways	As needed or based on the replacement schedule identified in the park asset management plan	Township
	Small concrete work, specialty projects, art benches, drainage, signs, other skilled labor tasks	As needed	Township
Gifts for Our Community	Establish park amenities in memoriam	As needed	Township
	Eagle Scout and Girl Scout Gold program support	As needed; average 5 projects per year	Township
Pathway Maintenance	Audit pathway intersections and wayfinding assets	Every 3 years	Township
	Remove and replace paved path panels	As needed; reactive maintenance	Township and Contracted
	Mowing, blowing, and canopy management for 220 miles of pathways	Weekly	Contracted
	Paint pathway stop signs and stencils	Repaint and stencil on 3-4 year cycle	Contracted
	Repair pathway intersections and wayfinding assets	As needed	Contracted
Administration	Contract oversight (e.g., cement, power-washing tennis courts)	Daily	Township
	Managing RFP, RFQ, and Bid process	As needed; year-round	Township

Park Planning Programs	Activities	Service Level	Provider
	Develop and maintain integrated standards and procedures for Township-wide amenities, services, programs, and facilities	As needed; year-round	Township
Planning	Develop plans for park redevelopment and modernization	Bi-annual Village park renovation	Township
	Inspection of neighborhood entrance signs	As needed; year-round	Township
	Maintenance of neighborhood entrance signs (washing, painting, sealing)	As needed; year-round	Township
	Project design, implementation and project management	As needed	Township

Parks and Recreation – Recreation

Table 37: Recreation Programs, Activities, Service Level, and Service Provider

Recreation Programs	Activities	Service Level	Provider
Adult Enrichment	Provide adult fitness and recreation programming	Year-round	Contractor
Boathouse Management	Manage kayak, paddle boards, swan paddle boards, and kayak paddle rentals at two boathouses; 93 vessels	Year-round; 23,000 rentals per year	Township
	Manage kayak storage space rental program at Wood Forest boathouse	Year-round	Township
Contract Oversight	Manage independent contractors	Approximately 70% of recreation programming provided by contractors	Township
Program Design	Conduct periodic and annual user surveys to guide programming decisions	Ongoing	Township
Fitness	Provide passive fitness space and offer active fitness programming	Year-round	Township
Recreation Centers	Manage two recreation centers and teen center space for residents and members	Year-round	Township
Adventure Park	Manage and staff 73 element/adventure features	Year-round	Township
	Maintain and inspect safety equipment	Year-round	Township

Recreation Programs	Activities	Service Level	Provider
	Point of sale cash receipts	Year-round	Township
	Third-party inspection and training program	Year-round	Township
Special Events	Develop and provide holiday programming (Christmas/Hanukkah; Halloween; Easter)	Annually	Township
	Organize and stage Daddy/Daughter Dance with 650 attendees	Annually	Township
	Plan and manage 4 park concert series	38 total concerts per year	Township
Sports Leagues	Coordinate adult soccer leagues	Seasonal	Township
	Coordinate softball leagues	Seasonal	Township
Tennis	Manage and offer adult leagues; provide 15 tennis instructor contractors who provide programming at 76 tennis courts	Year-round	Township with contractor support
	Manage Tennis Events/Tournaments	50 per year	Contracted
	Provide wheelchair tennis program	Year-round	Contracted
Youth Enrichment	Manage scholarship program and pool passes for youth program participation	Year-round	Township
	Provide annual summer camps	11 weeks each summer at two locations; 200 children per week with an estimated unique user of 2,000 per year	Township
	Provide annual holiday and school break camps	Spring break, Thanksgiving, and Christmas/Hanukkah	Township
	Provide youth fitness, recreation programming, and mini-camp program events	Year-round	Township with some Contractor support for mini-camps

Attachment B - Peer Community Benchmarking

To better understand how revenues and programs offered by Texas municipalities compare to The Woodlands, The Novak Consulting Group conducted extensive benchmarking research. The goal of this research was to compare revenue sources and staffing levels among peer communities and to provide information that The Woodlands can utilize to inform incorporation decisions. In 2018, the Incorporation Task Force identified five peer Texas communities for benchmarking purposes. These communities included the Cities of Allen, Frisco, Round Rock, Southlake, and Sugar Land. The following graphic illustrates the approximate location of each peer community.



Figure 2: Location of Peer Communities in Texas

The Novak Consulting Group conducted a review of each community’s budget documents, publicly-available reports, and U.S. Census Bureau data, and engaged peer community staff to compare demographic and budgetary indicators as described in the following sections.

Profile of Peer Communities

The peer communities selected for benchmarking purposes share several important similarities with The Woodlands, including comparable populations, number of housing units, land areas, and major tax revenue sources. These baseline indicators provide a useful mechanism for comparing staffing and spending information.

Population

According to the U.S. Census Bureau’s Population Estimates Program and data provided by The Woodlands, the Township’s estimated population is approximately 116,278 residents. This is highly comparable to Round Rock and Allen, and near the peer community average of 104,392 residents. The following figure illustrates overall population estimates for each community.

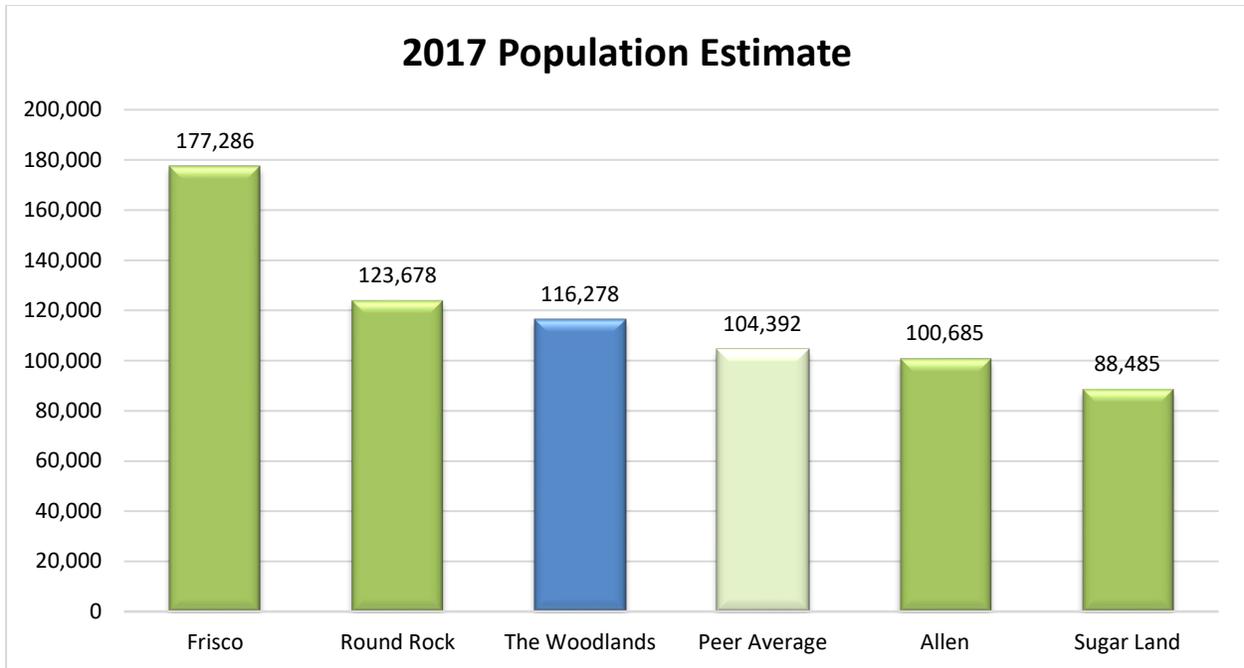


Figure 3: Estimated Population of Peer Communities, 2017

Housing Units

According to the U.S. Census Bureau’s 2016 American Community Survey, The Woodlands has the second-highest number of housing units compared to peer communities, as illustrated in the following figure.

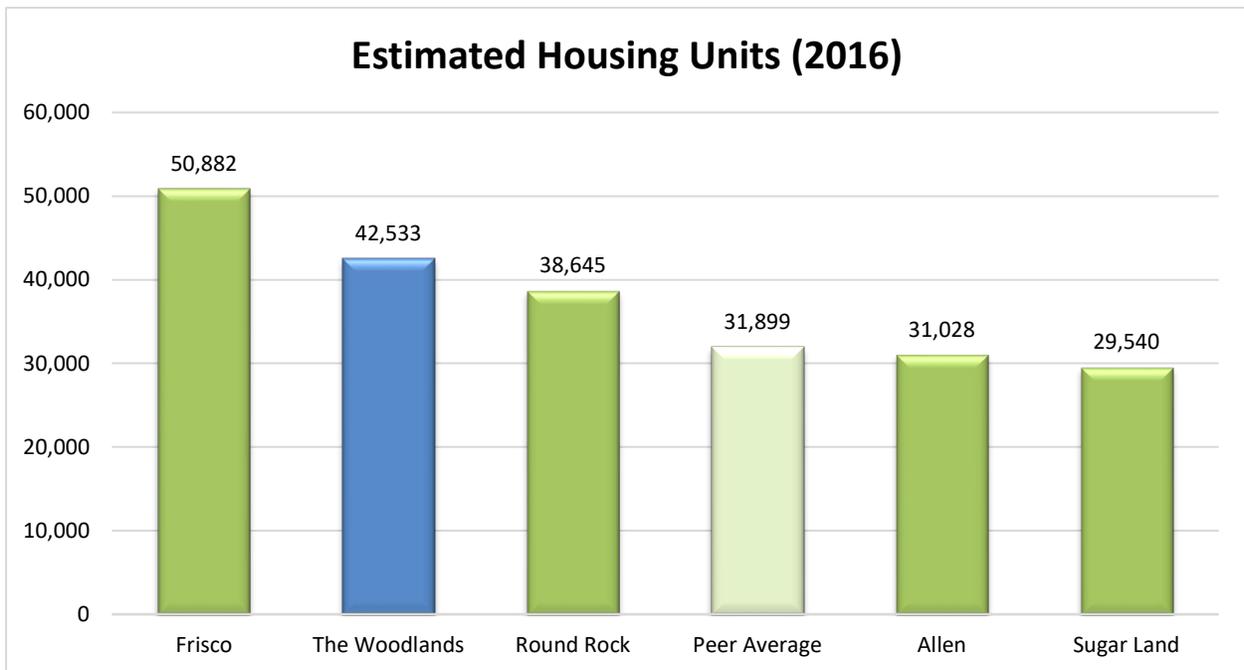


Figure 4: Estimated Number of Housing Units in Peer Communities, 2016

The average number of housing units in peer communities is approximately 31,900. The Woodlands has slightly more than this average at 42,533 housing units and falls between Frisco and Round Rock regarding the overall number of housing units in the community.

Land Area

Estimated land area information was collected from each community’s annual budget documents. According to the latest available information, The Woodlands has the second-largest land area at 44 square miles. This area is most similar to the City of Sugar Land. The average land area among all peer communities is approximately 39 square miles.



Figure 5: Estimated Land Area of Peer Communities (Square Miles), 2017

Major Tax Sources

All peer communities and The Woodlands derive significant revenues from major tax sources including property taxes, local sales taxes, and hotel occupancy taxes. While all benchmark communities and The Woodlands utilize the same tax rates for local sales and hotel occupancy taxes, The Woodlands levies a lower property tax rate per \$100 of valuation compared to all peers.

Table 38: Major Tax Revenue Comparison Among Peer Communities, FY2018

Peer Community	Property Tax Rate per \$100	Local Sales Tax Rate	Hotel Tax Rate
Allen	\$0.51000	2%	7%
Southlake	\$0.46200	2%	7%
Frisco	\$0.44660	2%	7%
Round Rock	\$0.43000	2%	7%
Sugar Land	\$0.31762	2%	7%
The Woodlands	\$0.23000	2%	7%

Notably, the FY2019 Adopted Budget for The Woodlands utilizes a property tax rate of \$0.2273 per \$100, a reduction of \$0.0027 per \$100 compared to FY2018.

In addition to these revenue sources, The Woodlands and Round Rock levy a supplemental 2% tax on hotel occupancies. The Woodlands uses this supplemental hotel occupancy tax to fund its CVB. In Round Rock, supplemental hotel tax income is used to fund the Round Rock Sports Center, which attracts tourism through major sporting events and tournaments.

Revenue Opportunities

The revenues discussed in the following sections are commonly collected by municipalities in Texas. Upon incorporation, The Woodlands will be empowered to begin collecting additional revenues similarly to peer communities.

Franchise Fees

Franchise fees are paid by utility providers in exchange for the right to use rights-of-way owned by the City, including, but not limited to, placing service lines in easements and maintaining utility infrastructure in streets. Franchise fee amounts are typically based on a percentage of a utility provider’s gross receipts, the number of utility connections, and/or the quantity of energy sold by the utility.

All benchmark jurisdictions collect franchise fees for a variety of utilities and services, including natural gas, electricity, and telecommunications. To estimate the potential impact of franchise fee revenues after incorporation, The Novak Consulting Group compared actual FY2017 franchise fee revenues to the number of housing units in each community, as illustrated in the following figure.

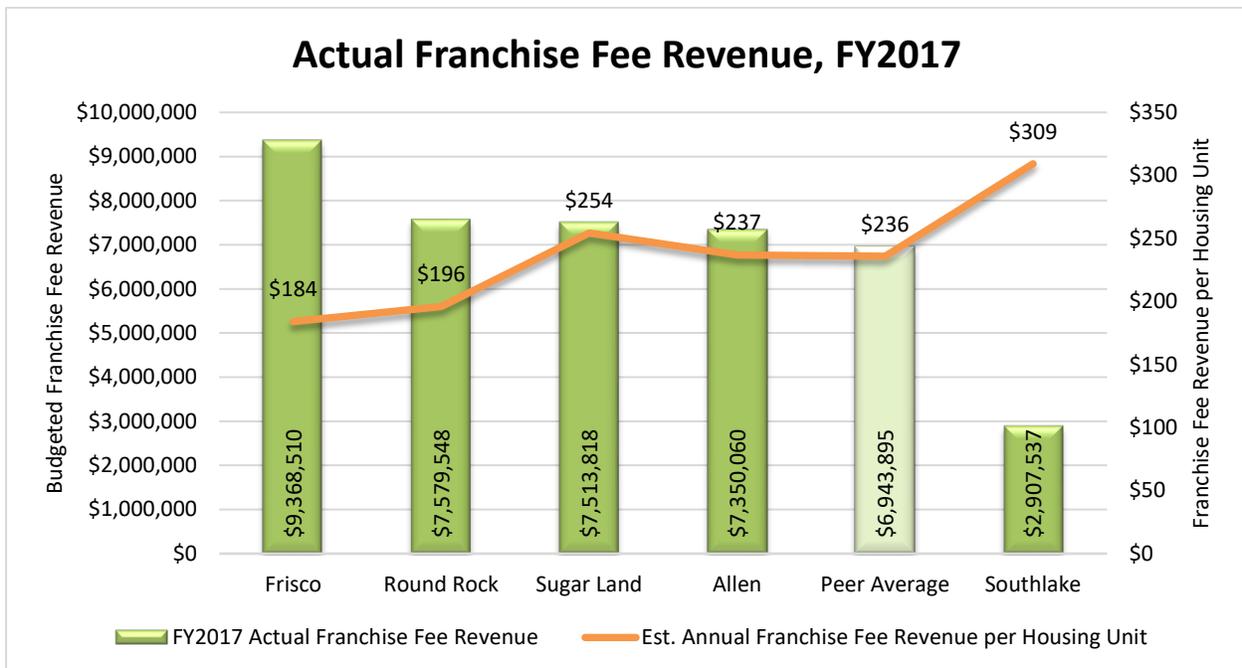


Figure 6: Actual Franchise Fee Revenue Among Peer Communities, FY2017

The total amount of franchise fee revenues collected by peer communities varies widely. On average, benchmark communities collect approximately \$6.9 million, or \$236 per housing unit, in annual franchise fees. While this information is useful, it is important to emphasize that franchise fees are typically assessed to utility providers and are only indirectly paid by utility customers. Should The Woodlands choose to implement franchise fees, the amount borne by Woodlands residents will depend on how the franchise fees are structured, the amount of the fees, and whether/how each utility chooses to pass the costs of the fee to customers.

Solid Waste Revenue

Another potential revenue source involves establishing a user fee for solid waste services. These fees, commonly referred to as “solid waste utility fees” or “solid waste user fees,” are utilized by municipalities to recover costs associated with garbage and recycling collection.

All benchmark communities currently contract with a single waste hauler for residential solid waste services, and all but one (Round Rock) contract with a single hauler for commercial solid waste service. The service level provided by haulers in peer communities varies widely; however, compared to peer communities, The Woodlands receives a high level of service. The following table summarizes solid waste service levels provided by peer communities at the time of this writing.

Table 39: Comparison of Curbside Solid Waste Service Levels Among Peer Communities, 2018

Curbside Collection Service Levels	The Woodlands	Allen	Frisco	Round Rock	Southlake	Sugar Land
Garbage	Once weekly, 96 gallon cart	Once weekly, 95 gallon cart	Once weekly, 95 gallon cart	Once weekly	Twice weekly, bin not provided	Twice weekly, 95 gallon cart
Recycling	Once weekly, 96 gallon cart	Every two weeks, 95 gallon cart	Once weekly, 95 gallon cart	Every two weeks	Once weekly	Once weekly, 65-gallon cart
Green/Yard Waste	Once weekly	Once weekly	Once weekly	Weekly, limit seven items	Leaf recycling offered five times annually	Once weekly
Bulky Waste	On-call	Monthly	Monthly, limit five items per month	Weekly, limit one item per week	On-call, limit 12 cubic yards annually	Monthly
Textiles	Once weekly	None	None	None	None	Once weekly
Bulk Cardboard	On-call	On-call	None	None	None	On-call
Household Hazardous Waste	None	Twice yearly, limited to five gallons per pickup	None	None	None	On-call

While none of the peer communities provide exactly the same services as The Woodlands, Frisco provides the same level of service regarding garbage, recycling, and yard waste collection. Sugar Land also provides

comparable services; however, the recycling container provided by Sugar Land is smaller, and garbage collection occurs more frequently.

The Woodlands residents pay the lowest monthly rate for solid waste services among benchmark communities, as illustrated on the following table.

Table 40: Monthly Solid Waste User Fees Among Peer Communities, FY2018

Category	Monthly Solid Waste Cost per Household	What portion of the solid waste fee is paid by residents?
Round Rock	\$20.52	Residents pay full fee.
Sugar Land	\$18.45	Residents pay full fee.
Allen	\$15.02	Residents pay full fee. Senior Citizens eligible for 20% discount.
Southlake	\$14.55	Residents pay full fee.
Frisco	\$13.50	Residents pay full fee.
The Woodlands	\$10.46	Residents do not pay a solid waste fee.
Benchmark Average	\$16.41	N/A

Notably, The Woodlands is the only community that does not require residents to pay a solid waste fee.

Assuming The Woodlands began collecting a \$13.50 monthly fee from 34,988 households currently served by the Township's solid waste provider, an estimated \$5.7 million in annual revenue would be generated.

Permit Fees

All benchmark communities collect revenues related to issuing licenses, permit intake, and plan review. To better understand how fees are set among peers and their financial impact, The Novak Consulting Group compared methodologies and fees for new construction building permits in each benchmark jurisdiction.

The methodology used to set permit fees varies among peers. Allen, Frisco, and Sugar Land base fees for residential and commercial building permits on the valuation of proposed projects. Southlake uses valuation for commercial building permits but uses square footage for residential building permits. Round Rock uses flat fees for new single-family and duplex residential construction and bases all other fees on the square footage of new construction. The following table summarizes permit fee methodologies for new construction among benchmark communities.

Table 41: Permit Fee Methodologies Among Peer Communities – New Construction, FY2018

Fee Methodology - New Construction Building Permits	Residential	Commercial
Allen	Valuation	Valuation
Frisco	Valuation	Valuation
Round Rock	Single Family/Duplex: Flat Multi-Family: Square Footage	Square Footage
Southlake	Square Footage	Valuation
Sugar Land	Valuation	Valuation

Peer communities also take a variety of approaches regarding specific fee amounts; however, it is common for communities using a project valuation methodology to assess fee amounts based on the total valuation of new construction. The following table illustrates the average permit fee based on new construction valuation among peer communities.

Table 42: Average Permit Fee Amounts Among Peer Communities – New Construction, FY2018

New Construction Valuation	Average Fee (Allen, Frisco, Southlake, Sugar Land)
\$1 to \$500	\$50.13 minimum
\$501 to \$2,000	\$29.00 for the first \$500 plus \$4.74 for each additional \$500
\$2,001 to \$25,000	\$76.88 for the first \$2,000 plus \$16.06 for each additional \$1,000
\$25,001 to \$50,000	\$410.38 for the first \$25,000 plus \$12.01 for each additional \$1,000
\$50,001 to \$100,000	\$748.31 for the first \$50,000 plus \$8.50 for each additional \$1,000
\$100,001 to \$500,000	\$1,173.19 for the first \$100,000 plus \$6.44 for each additional \$1,000
\$500,001 to \$1,000,000	\$3,868.75 for the first \$500,000 plus \$5.49 for each additional \$1,000
\$1,000,000 and up	\$6,331.25 for the first \$1,000,000 plus \$3.79 for each additional \$1,000

On average, permit fee amounts based on valuation tend to increase as valuation increases. This links the amount of the fee to the value of the new property; however, there is wide variation among benchmarks regarding the fee rate. For example, for projects valued between \$1 and \$500, the City of Allen charges a permit fee of \$23.50, and the City of Southlake charges \$100.

Total budgeted permit fee revenue for FY2018 averages \$5.4 million among benchmark communities. Actual revenues are highly influenced by the amount of development activity in each jurisdiction, as well as the methodology used to calculate fees. None of the benchmark communities utilize formal cost recovery goals for development review and permitting processes.

Fines and Forfeitures

All benchmark communities collect revenues based on municipal court fines and forfeitures. In FY2018, the average budgeted revenue from these sources amounted to \$2.2 million among peer communities. Sugar Land budgeted the most revenue at over \$3.6 million, while Round Rock budgeted the least amount of revenue at \$1.1 million.

The Novak Consulting Group compared budgeted fine and forfeiture revenue to each peer community's estimated population. This comparison indicates that Southlake collects the most revenue per capita (over \$63) while Round Rock collects the lowest (\$9.22). The following figure illustrates budgeted fine and forfeiture revenue and revenue per capita among benchmark communities.

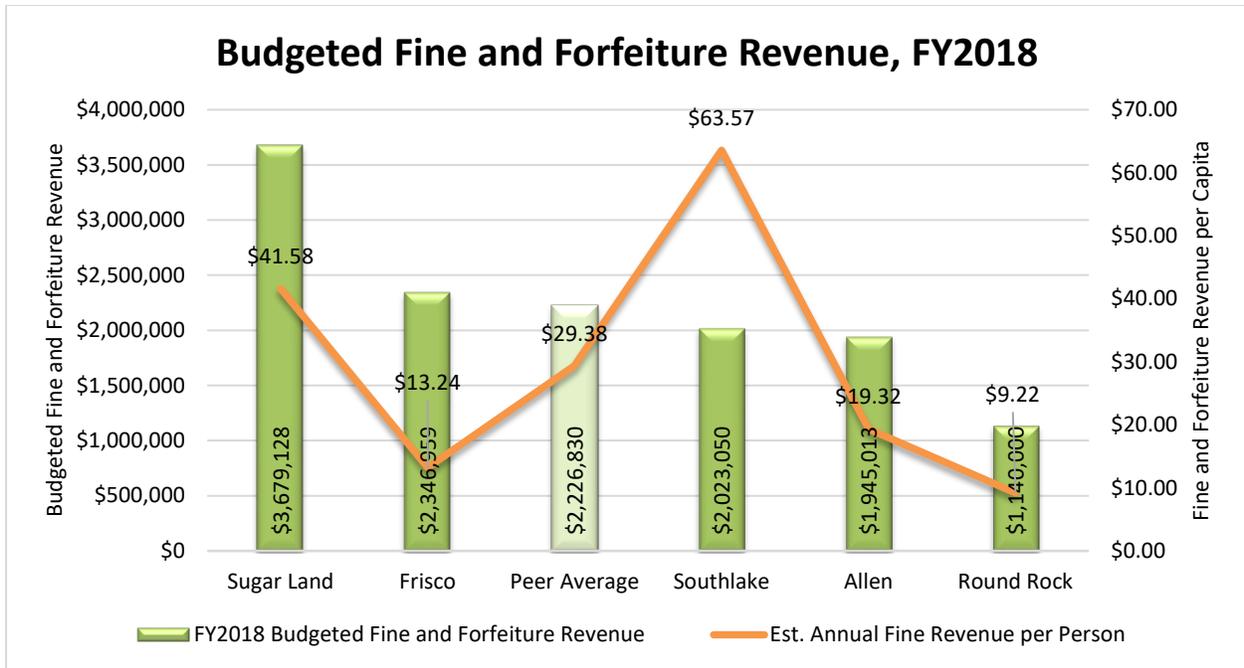


Figure 7: Budgeted Fine and Forfeiture Revenue Among Peer Communities, FY2018

It must be emphasized that fine and forfeiture revenue is often collected from non-residents and travelers passing through a community. The amount of revenue generated is highly dependent on each community’s overall approach to law enforcement, the number of cases brought to court, and the outcome of those cases.

Grant Revenue

The Woodlands has historically relied on grant revenues to support public transit services and capital projects. The Novak Consulting Group evaluated grant revenues among benchmark communities and found that grants make up a comparatively small percentage of benchmark revenues. In FY2018, Round Rock budgeted nearly \$4 million in grant revenues related to Community Development Block Grant (CDBG) and capital improvement projects. Frisco also budgeted approximately \$3.5 million in grant revenues, due primarily to a \$2 million SAFER grant and CDBG funding. Southlake and Sugar Land appear to rely comparatively little on grant revenue.

The following figure illustrates the amount of grant revenues budgeted for each peer community in FY2018.

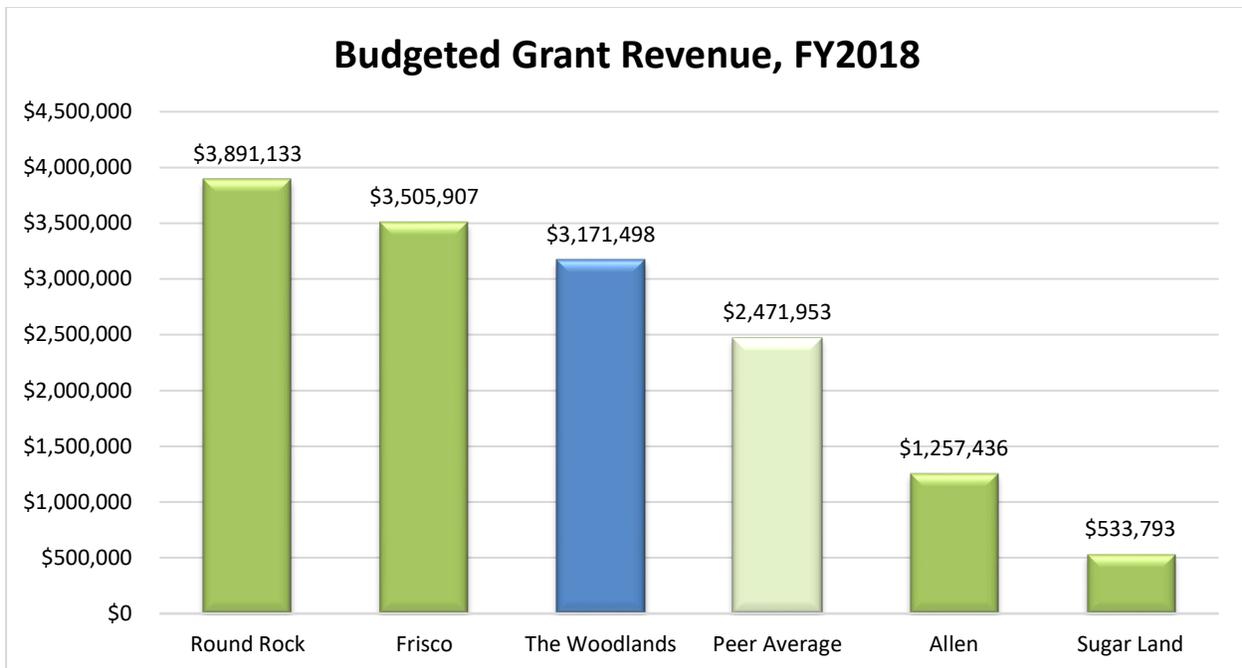


Figure 8: Budgeted Grant Revenue Among Peer Communities, FY2018

It is important to emphasize that grant revenue is highly dependent on each community’s pursuit of grant-eligible projects and activities. Actual grant revenues may fluctuate from year-to-year depending on whether a community can successfully gather enough funding to initiate projects or undertake new operations supported by the grant.

Utility Revenue

Benchmark communities currently provide a variety of utility services directly to their residents, such as the treatment, distribution, and collection of water and wastewater. These services are provided using enterprise funds which collect utility fees and dedicate those revenues to utility operations.

In contrast, The Woodlands is served by MUDs which provide water and wastewater services to various parts of the Township. MUDs serving The Woodlands are supported by ad valorem taxes and user fees. The following table illustrates the latest available ad valorem tax information for MUDs that currently serve The Woodlands.

Table 43: Property Tax Rates Among Utilities Serving The Woodlands, FY2017

MUD #	FY2017 Property Tax Rate
1	0.0800
6	0.0750
7	0.1645
36	0.0350
39	0.3550
46	0.2125
47	0.2450

MUD #	FY2017 Property Tax Rate
60	0.1650
67	0.2175
386	0.4650
Metro	0.1050
Average	0.1927

In addition to ad valorem taxes, MUDs serving The Woodlands also assess residential and commercial user fees, similar to utilities provided directly by benchmark communities. These fees have two components: a base rate according to the size of the meter installed at the property and a volume charge based on the amount of water used by the customer.

Residents in The Woodlands generally pay lower base fees and volume charges for water and wastewater services compared to residents in peer communities, as illustrated in the following table.

Table 44: Residential Utility Fee Methodologies Among Peer Communities, FY2018

Residential Fee Methodologies	Residential Water	Residential Wastewater
The Woodlands	Base Rate: \$5.00 Volume Charges: \$1.70 - \$5.80 based on tiers per 1,000 gallons	Base Rate: \$10.50 Volume Charges: \$4.50 per 1,000 gallons
Allen	Base Rate: \$11.32 - \$30.20 according to meter size Volume Charges: \$3.74 - \$13.18 based on tiers per 1,000 gallons	Base Rate: \$22.87 Volume Charges: \$2.82 based on tiers per 1,000 gallons up to max \$46.84
Frisco	Base Rate: \$17.69 up to 2,000 gallons Volume Charges: \$3.84 - \$6.65 based on tiers per 1,000 gallons	Base Rate: \$25.44 Volume Charges: \$5.36 per 1,000 gallons *City does average residential sewer billing
Round Rock	Base Rate: \$16.04 - \$35.26 depending on meter size Volume Charges: \$2.49 - \$5.60 based on meter size and tiers per 1,000 gallons	Base Rate: \$13.27 - \$2,066.84 depending on meter size Volume Charges: \$3.39 per 1,000 gallons *City does average residential sewer billing
Southlake	Base Rate: \$40.58 - \$125.70 depending on meter size Volume Charges: \$4.53 - \$6.89 based on meter size and tiers per 1,000 gallons	Base Rate: \$32.14 up to 2,000 gallons Volume Charges: \$3.69 per 1,000 MAXIMUM RESIDENTIAL CHARGE: \$61.66
Sugar Land	Base Rate: \$7.98 - \$752.65 depending on meter size Volume Charges: \$0.90 - \$1.64 based on tiers per 1,000 gallons	Base Rate: \$12.40 - \$1,291.80 depending on meter size Volume Charges: \$2.90 per 1,000 gallons *City does average residential sewer billing

Similarly, commercial utility customers in The Woodlands generally pay lower base rates and volume charges than commercial properties in peer communities, as illustrated in the following table.

Table 45: Commercial Utility Fee Methodologies Among Peer Communities, FY2018

Commercial Fee Methodologies	Commercial Water	Commercial Wastewater
The Woodlands	Base Rate: \$8.15 Volume Charges: Usage compared to 1/12th of prior year's usage and assessed rate of \$2.85 to \$4.00 depending on volume	Base Rate: \$11.25 Volume Charges: \$4.75 per 1,000 gallons
Allen	Base Rate: \$37.74 - \$377.50 according to meter size Volume Charges: \$2.58 - \$3.21 based on tiers per 1,000 gallons	Base Rate: \$28.39 per month Volume Charges: \$3.72 per 1,000 gallons
Frisco	Base Rate: \$19.29 - \$547.47 according to meter size Volume Charges: \$3.97 for every 1,000 gallons	Base Rate: \$45.00 Volume Charges: \$5.36 per 1,000 gallons
Round Rock	Base Rate: \$16.04 - \$3,423.41 depending on meter size Volume Charges: \$2.72 per 1,000 gallons	Base Rate: \$13.27 - \$2,066.84 depending on meter size Volume Charges: \$3.39 per 1,000 gallons
Southlake	Base Rate: \$62.64 - \$362.90 depending on meter size Volume Charges: \$4.53 - \$6.93 based on meter size and tiers per 1,000 gallons	Base Rate: \$32.14 up to 2,000 gallons Volume Charges: \$3.69 per 1,000 gallons
Sugar Land	Base Rate: \$7.98 - \$752.65 depending on meter size Volume Charges: \$1.17 per 1,000 gallons	Base Rate: \$12.40 - \$1,291.80 depending on meter size Volume Charges: \$2.90 per 1,000 gallons

Upon incorporation, The Woodlands will have an opportunity to explore developing its own capacity to provide utility services.

Program Comparisons

As part of the benchmarking process, The Novak Consulting Group compared staffing levels among major programs and functional areas in each benchmark jurisdiction. The following table illustrates the approximate number of FTE employees utilized by each peer community among various functions.

Table 46: Full-time Equivalent (FTE) Staffing per 1,000 Population for Major Programs/Functions, FY2018

FTE Staffing per 1,000 Population for Major Programs/Functions	The Woodlands	Allen	Frisco	Round Rock	Southlake	Sugar Land	Benchmark Average
City Administration	0.04	0.05	0.08	0.08	0.24	0.25	0.14
City Secretary	Not Applicable	0.03	0.02	0.02	0.13	0.1	0.06

FTE Staffing per 1,000 Population for Major Programs/Functions	The Woodlands	Allen	Frisco	Round Rock	Southlake	Sugar Land	Benchmark Average
Planning and Zoning	0.46 ⁸	0.3	0.37	0.42	0.72	0.45	0.45
CVB/Tourism	0.06	0.05	0.08	0.17	0.00	0.05	0.07
Finance	0.12	0.2	0.13	0.17	0.66	0.24	0.28
Fire	1.44	1.15	1.42	1.23	2.29	1.47	1.51
Human Resources	0.05	0.06	0.07	0.1	0.21	0.12	0.11
Information Technology	0.14	0.18	0.29	0.17	0.25	0.26	0.23
Municipal Court	District Court	0.11	0.11	0.08	0.03	0.14	0.09
Parks and Recreation	1.74	1.42	1.09	0.85	3.61	0.45	1.49
Police	Contracted	1.88	1.75	2.03	2.15	2.72	2.11
Public Communications	0.04	0.06	0.05	0.04	0.21	0.12	0.1
Public Works	Provided by County	0.25	0.53	0.57	1.13	0.59	0.61
Utilities (Water, Sewer, Stormwater)	Provided by MUDs	0.76	0.73	1.07	1.13	0.85	0.91

While broad comparisons regarding staffing levels as illustrated above are often interesting, they are insufficient for calculating an organization's actual staffing needs. Determining an appropriate staffing level for municipal operations requires a detailed understanding of service level expectations, operational and budgetary constraints, environmental factors, and policy decisions that impact how many personnel are needed by an organization.

To better understand how staffing in The Woodlands compares to peer communities, The Novak Consulting Group examined specific programs currently offered by The Woodlands or that may be provided by The Woodlands after incorporation.

Planning & Zoning

The Woodlands currently utilizes approximately 44 staff to perform covenant administration functions, including enforcement of design standards and inspecting covenant violations. This process is similar to traditional plan review performed in peer communities, insofar as staff review applications for compliance with design standards. However, The Woodlands does not have a zoning ordinance, does not engage in long-range planning activities, and does not perform construction or trades inspections.

In contrast, benchmark communities utilize traditional planning, zoning, and inspection service models and do not engage in covenant administration. On average, these communities employ 13.4 FTEs in planning and zoning functions and 20.75 FTEs in building and trades inspection functions, as illustrated in the following figure.

⁸ The Woodlands currently enforces covenants and deed restrictions and does not utilize a planning and zoning model for service delivery. This ratio reflects covenant administration staff in The Woodlands.

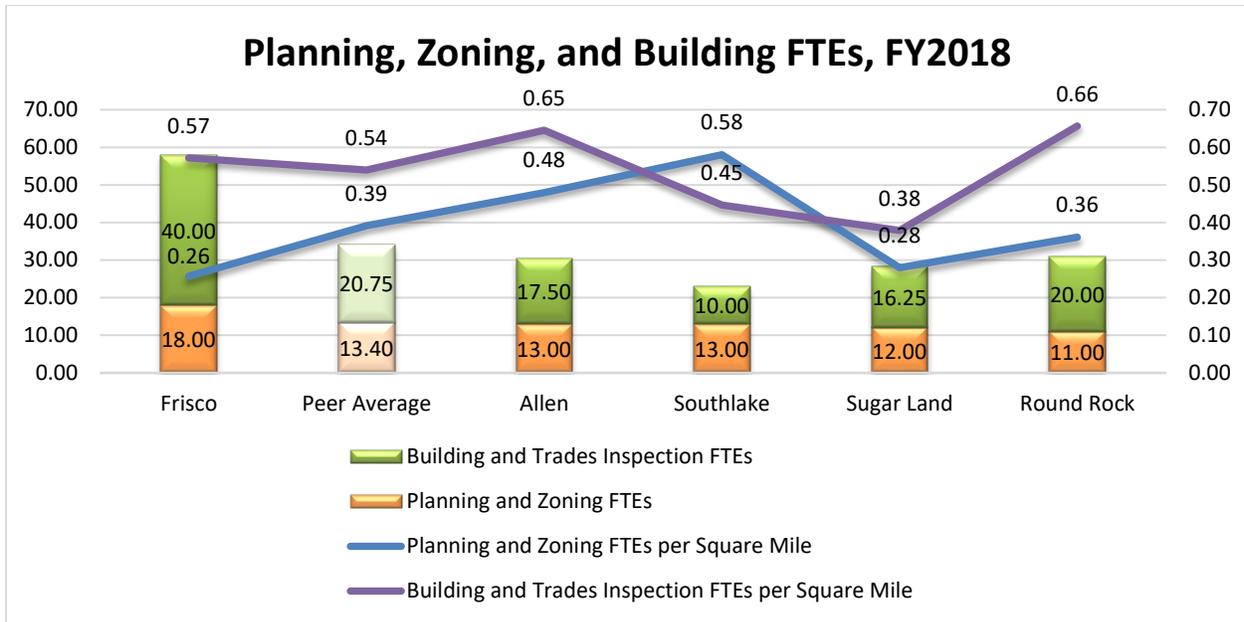


Figure 9: Planning, Zoning, and Building FTEs Among Peer Communities, FY2018

On average, peer communities employ approximately one FTE per square mile to perform building, trades, planning, and zoning functions. Assuming The Woodlands adopted a similar staffing ratio for these functions, approximately 44 staff would be needed. This is a similar staffing level compared to the current covenant administration model.

The ratio of total expenses to FTEs in benchmark jurisdiction planning, zoning, and development inspections functions is approximately \$98,422 per FTE, as illustrated in the following figure.

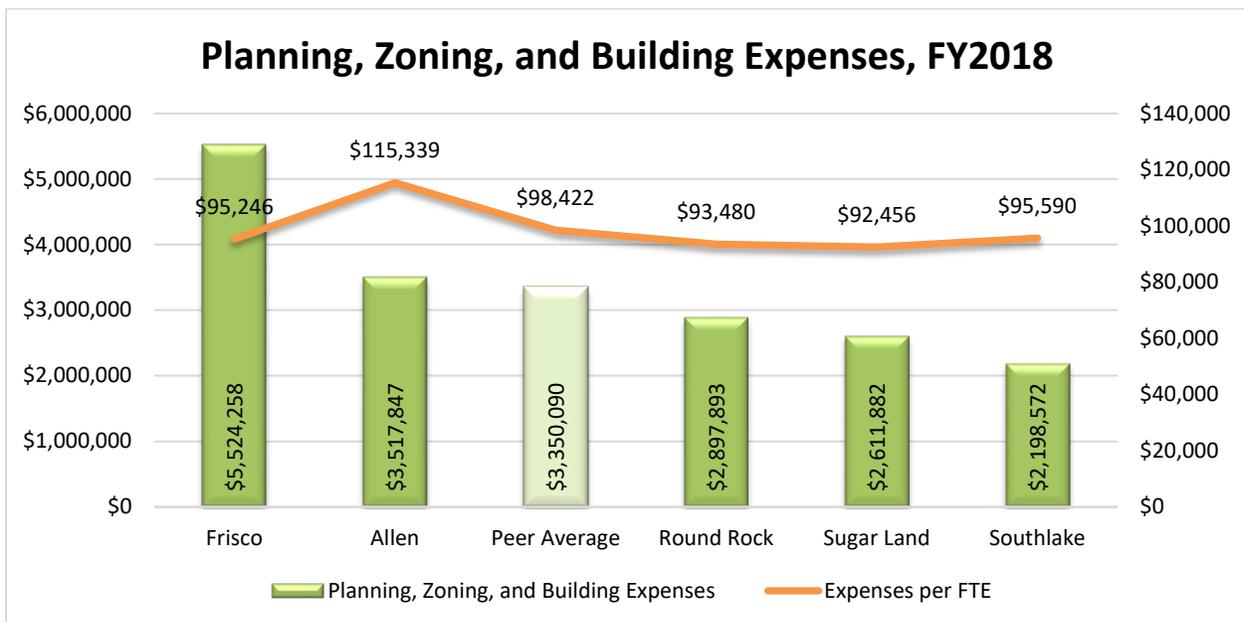


Figure 10: Planning, Zoning, and Building Expenses Among Peer Communities, FY2018

If The Woodlands chooses to implement a planning and zoning model, it is reasonable to assume that some staff currently performing covenant administration would be reallocated to planning, zoning, and development inspections. However, actual staffing needs will depend on the type and quantity of future developments as well as service level expectations associated with inspections and building code enforcement. Other important policy and legal considerations regarding planning and zoning are discussed in the Covenant Administration section of this report.

City Secretary

All benchmark communities currently utilize a City Secretary’s Office (or, in the case of Round Rock, a City Clerk) to perform administrative functions related to recordkeeping and municipal governance. These functions generally include preparing and posting meeting agendas and minutes, coordinating the appointment process for board and commission members, posting election information and legal notices, processing public information requests, maintaining and managing the organization’s records, and providing voter registration and educational information.

On average, peer communities utilize approximately 4.5 FTEs and budget nearly \$600,000 to perform these functions. The following figure compares staffing levels and budgeted expenses for City Secretary functions among benchmark jurisdictions.

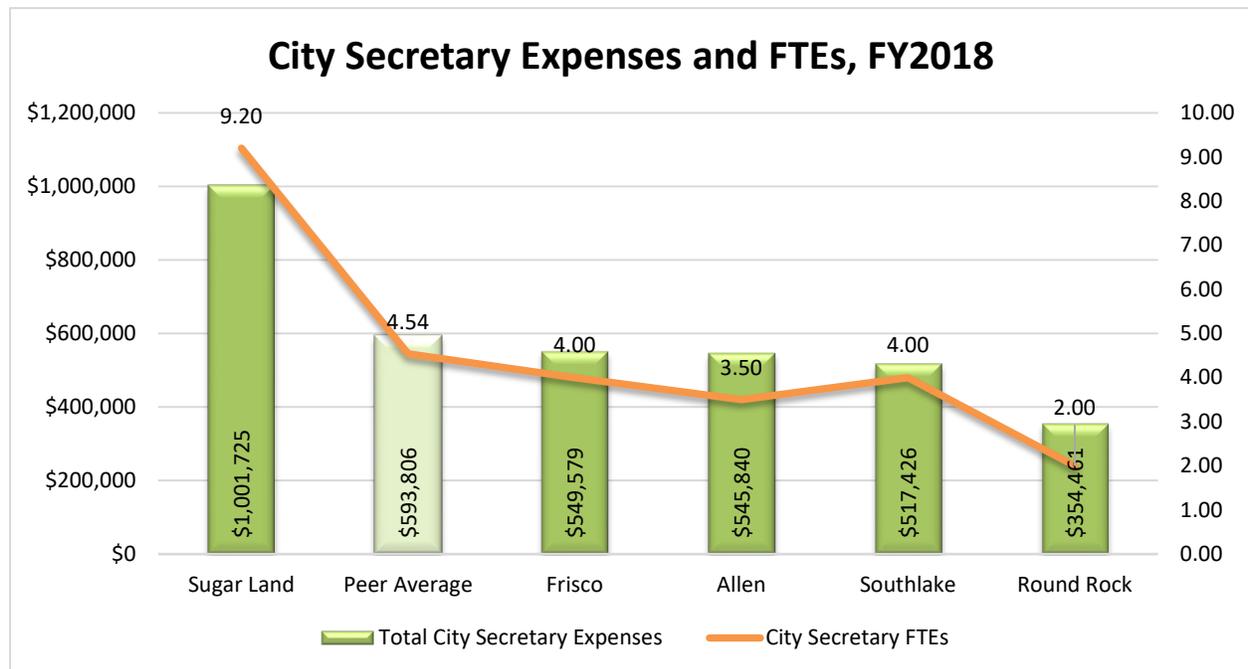


Figure 11: City Secretary Expenses and FTEs Among Peer Communities, FY2018

Most of these services are currently decentralized among several staff in The Woodlands. Incorporation presents a unique opportunity for The Woodlands to create a centralized City Secretary position to help coordinate and perform these functions.

Municipal Court

All benchmark communities operate a municipal court to process a variety of issues including traffic violations, municipal ordinance violations, and penal code cases. On average, peer communities utilize

13.2 FTEs to staff their municipal courts, and budget approximately \$1.3 million to cover municipal court operations. The following figure illustrates staffing and budget levels among benchmark communities.

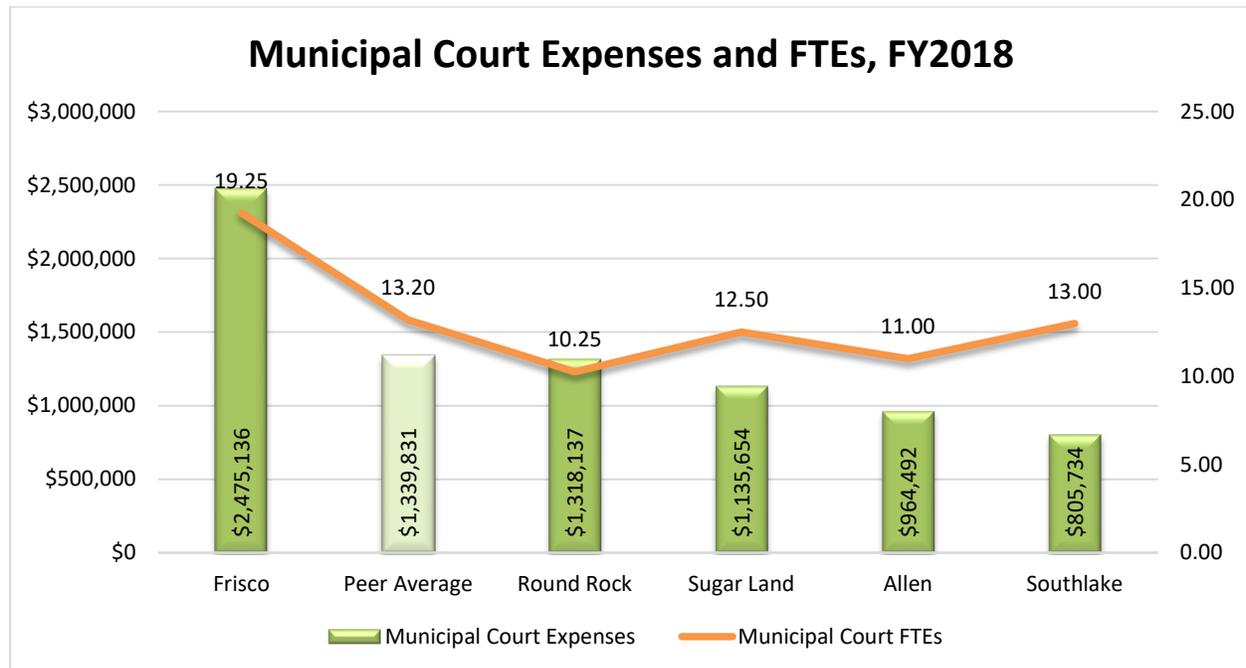


Figure 12: Municipal Court Expenses and FTEs Among Peer Communities, FY2018

Staffing a municipal court function is highly dependent on the volume and complexity of cases processed by the court. This caseload is dependent in turn on the community’s law enforcement policies, procedures, and activities.

Fire Department

Each benchmark jurisdiction operates its own Fire Department, as does The Woodlands Township. All benchmark fire departments provide the same core services, including emergency medical services (EMS), fire suppression and prevention, and emergency management. Notably, The Woodlands Fire Department is the only organization among peer jurisdictions that provides fire dispatch services. Fire dispatch is performed by police departments in Allen, Frisco, and Round Rock, and by a dedicated Public Safety Dispatch department in Sugar Land. Southlake utilizes the Northeast Tarrant County Communications (NETCOM) for police and fire dispatch. To provide a more accurate comparison of staffing levels, The Novak Consulting Group excluded 17.5 dispatch FTEs in The Woodlands Fire Department from comparisons with peer jurisdictions.

The average Fire Department staffing level among benchmark communities is 144.7 FTEs, or about 1.5 firefighters per 1,000 population. Staffing at The Woodlands is 1.29 FTEs per 1,000 population, comparable to the benchmark average. The following figure illustrates total Fire Department staffing and FTEs per 1,000 population among benchmark communities, compared to The Woodlands.

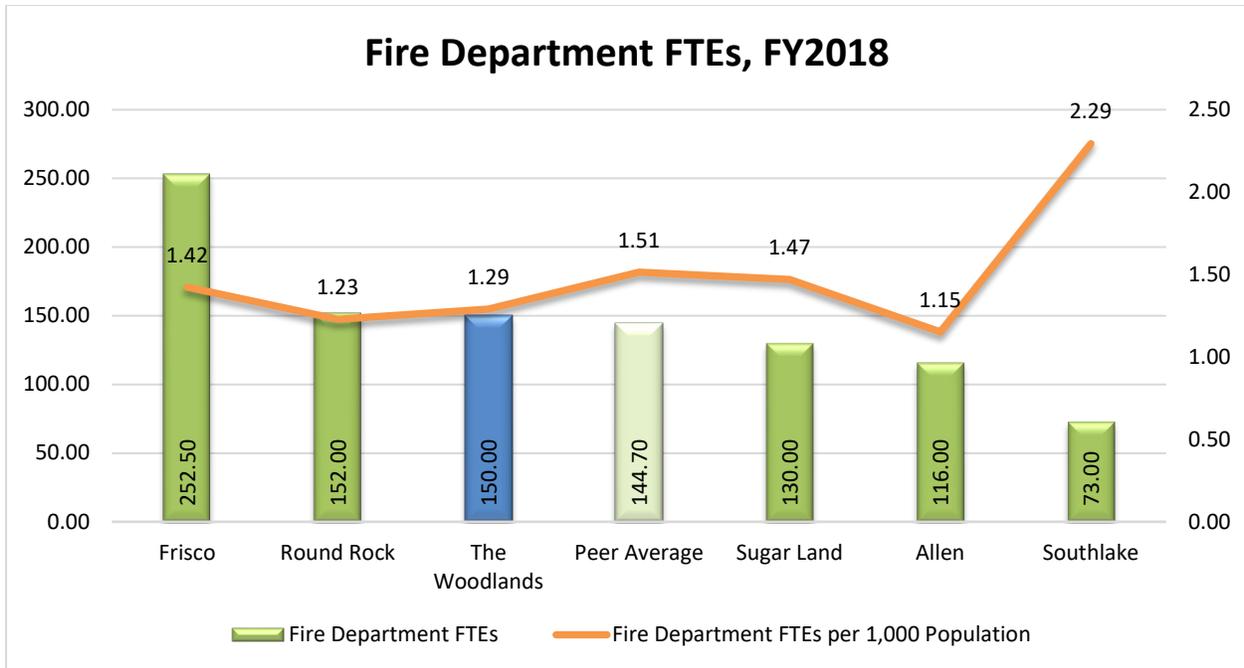


Figure 13: Fire Department FTEs Among Peer Communities, FY2018

The Novak Consulting Group also compared fire station coverage and Insurance Service Office (ISO) ratings for fire protection among peer communities. The Woodlands compares favorably with peer communities in both of these areas, offering the same station coverage as the benchmark average and the highest ISO public protection classification rating.

Table 47: Fire Department Indicators Among Peer Communities, FY2018

Benchmark Indicator	The Woodlands	Allen	Frisco	Round Rock	Southlake	Sugar Land	Peer Average
Est. Land Area (Square Miles)	44	27	70	30	22	43	39
Number of Stations	8	5	8	9	3	7	6
Stations per Square Mile	0.18	0.18	0.11	0.30	0.13	0.16	0.18
ISO Public Protection Classification	1	2	1	2	1	2	Not Applicable

Fire Department expenses at The Woodlands are generally consistent with peer Fire Departments, averaging nearly \$140,000 per FTE compared to \$133,000 per FTE among benchmark communities. The following figure compares expenses for each Fire Department included in the benchmarking analysis.

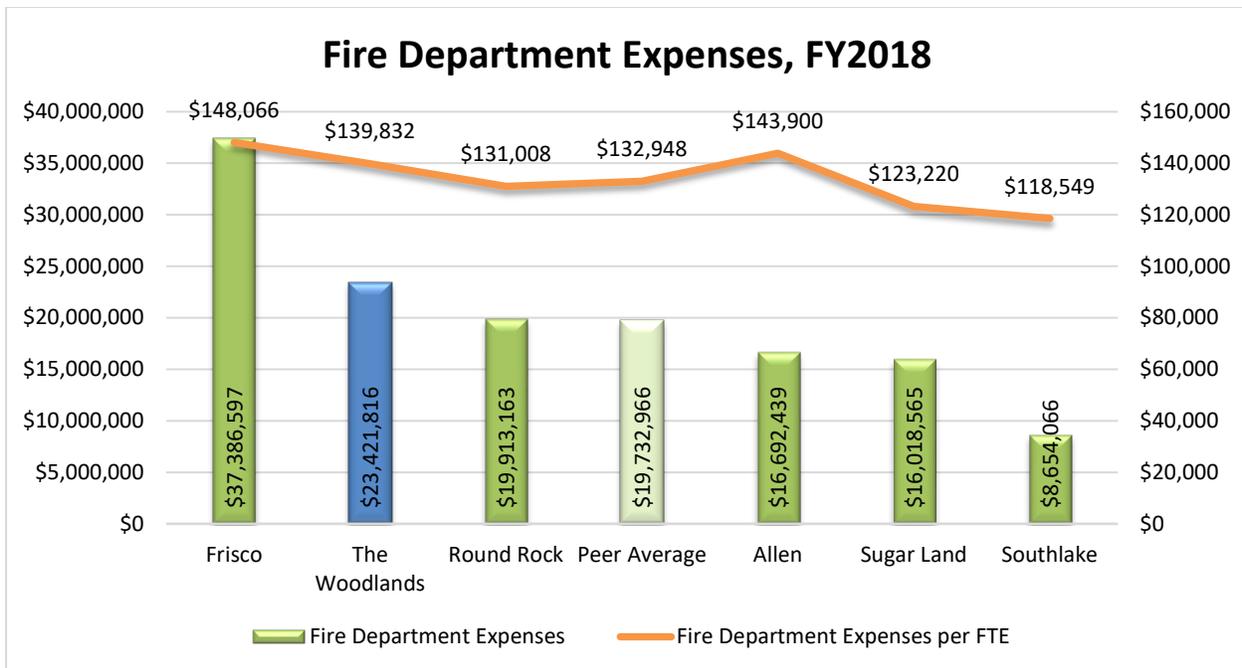


Figure 14: Fire Department Expenses Among Peer Communities, FY2018

Parks and Recreation

Residents of The Woodlands enjoy high levels of service and extensive park amenities. Park acreage in The Woodlands is nearly twice as large as benchmark communities, and trail/path mileage is nearly six times as large as benchmark communities. The following table provides a summary of parks and recreation indicators among peer jurisdictions.

Table 48: Parks and Recreation Indicators Among Peer Communities, FY2018

Parks and Recreation Indicator	The Woodlands	Allen	Frisco	Round Rock	Southlake	Sugar Land	Peer Average
Park/Open Space Acreage	3,000	1,188	1,432	2,280	1,200	2,132	1,646
Trail/Path Miles	210.00	65.75	17.40	23.95	6.00	65.00	36.00
Parks and Recreation FTEs	202.45	143.20	191.05	105.39	114.78	39.80	118.84
Parks and Recreation FTEs per 1,000 population	1.70	1.42	1.08	0.85	3.61	0.45	1.48
Parks and Recreation FTEs per park acre	0.07	0.12	0.13	0.05	0.10	0.02	0.08
Parks and Recreation FTEs per trail mile	0.96	2.18	10.98	4.40	19.13	0.61	7.46

The Woodlands has more Parks and Recreation FTEs per 1,000 population than most benchmark communities. However, The Woodlands has a lower ratio of FTEs per park acre and trail mile due to the Township's reliance on contractors for parks and recreation services.

Compared to peer jurisdictions, The Woodlands utilizes the largest budget for parks and recreation expenses. However, this is largely attributable to the extensive network of parks and trails in The

Woodlands. Evaluating park and recreation expenses per park acre indicates that The Woodlands spends approximately \$7,150, compared to nearly \$6,400 per park acre on average among peers.

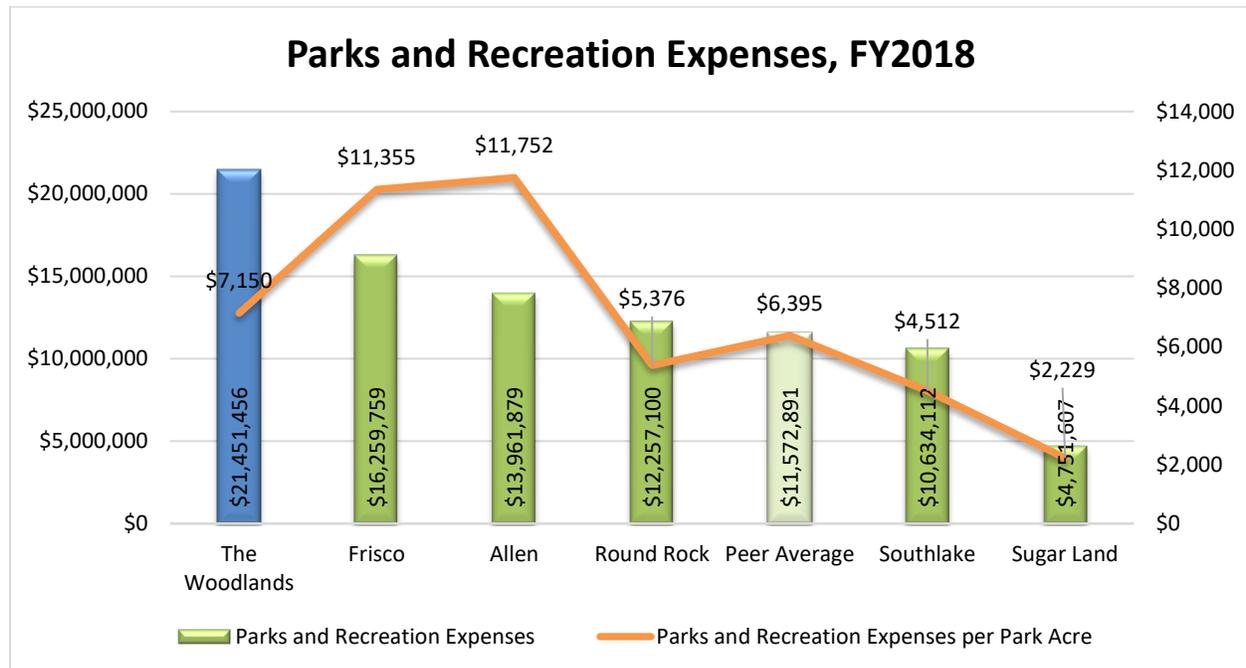


Figure 15: Parks and Recreation Expenses Among Peer Communities, FY2018

An important element of parks and recreation administration involves cost recovery considerations. Cost recovery targets, methodologies, and actual experience range from community to community. For example, The Woodlands targets 50% cost recovery for aquatics programs and 100% cost recovery for recreation programs. Similarly, Southlake targets 9% cost recovery for aquatics and 65% cost recovery for recreation programs. However, other peer communities do not specifically target formal cost recovery goals for these programs. Some cities, such as Allen and Frisco, target cost recovery goals for facility rentals of 125% and 100%, respectively. The City of Frisco also targets a cost recovery goal for overall Parks and Recreation operations (46%) as well as athletics programs (76%). The cities of Southlake and Sugar Land do not utilize formal cost recovery targets for parks and recreation.

Public Works

As part of the benchmarking process, The Novak Consulting Group evaluated public works functions and staffing levels among each of the peer jurisdictions. Traditional public works functions commonly include facilities maintenance, fleet maintenance, solid waste collection, stormwater/drainage maintenance, street maintenance, and the provision of water and wastewater utility services.

The Woodlands currently contracts for several of these functions. Street maintenance is performed by Montgomery and Harris Counties, streetscaping is provided by The Woodlands Development Company, solid waste collection and fleet maintenance services are provided by outside contractors, and MUDs provide water and wastewater utility services to residents. Other functions are currently performed by in-house staff. For example, Park Operations staff perform facility, sign, and drainage maintenance, and Environmental Services staff frequently improve wildflower plantings in rights-of-way to reduce mowing needs.

While some peer communities assign these functions to a single “Public Works” department, not all communities use the same terminology or assign functions in the same way. The following table illustrates how public works functions are distributed among departments in benchmark jurisdictions.

Table 49: Distribution of Public Works Functions Among Peer Community Departments

Public Works Function	Assigned Department and Fund				
	Allen	Frisco	Round Rock	Southlake	Sugar Land
Facilities Maintenance	Community Services (General Fund)	Administrative Services (General Fund)	General Services (General Fund)	Public Works (General Fund)	Environmental & Neighborhood Services (General Fund)
Fleet	Community Services (General Fund)	Administrative Services (General Fund)	General Services (General Fund)	Contracted Out	Environmental & Neighborhood Services (General Fund)
Sign, Signal, and Traffic Operations	Engineering (General Fund)	Public Works (General Fund)	Transportation (General Fund)	Public Works (General Fund)	Public Works (General Fund)
Solid Waste	Community Services (Solid Waste Fund)	Public Works (Environmental Services Fund)	Utilities and Environmental Services (General Fund)	Contracted Out	Environmental & Neighborhood Services (Solid Waste Fund)
Stormwater/ Drainage	Community Services (Drainage Fund)	Public Works (Stormwater Drainage Fund)	Transportation (General Fund) and Utilities and Environmental Services (Drainage Fund)	Public Works (Storm Water Fund)	Environmental & Neighborhood Services (General Fund)
Streets Maintenance	Community Services (General Fund)	Public Works (General Fund)	Transportation (General Fund)	Public Works (General Fund)	Public Works (General Fund)
Wastewater	Community Services (Water and Sewer Fund)	Public Works (Utility Fund)	Utilities and Environmental Services (Utility Fund)	Public Works (Utility Fund)	Public Works (Utility Fund)
Water	Community Services (Water and Sewer Fund)	Public Works (Utility Fund)	Utilities and Environmental Services (Utility Fund)	Public Works (Utility Fund)	Public Works (Utility Fund, Surface Water Fund)

The wide variety of functional assignments across multiple departments in peer communities complicates efforts to accurately benchmark staffing and funding levels. Given that The Woodlands currently

maintains effective contracting relationships for many of the public works services described above, it is important to benchmark the impact of additional services that would be required after incorporation.

Should The Woodlands choose to incorporate, it will become responsible for the maintenance and repair of streets and rights-of-way within the new city limits. The Novak Consulting Group compared staffing for road maintenance functions to overall public works staffing levels in each benchmark community. Notably, the comparison below excludes water and wastewater utility staff, as these services are currently provided by MUDs and are the subject of additional research as part of the incorporation effort.

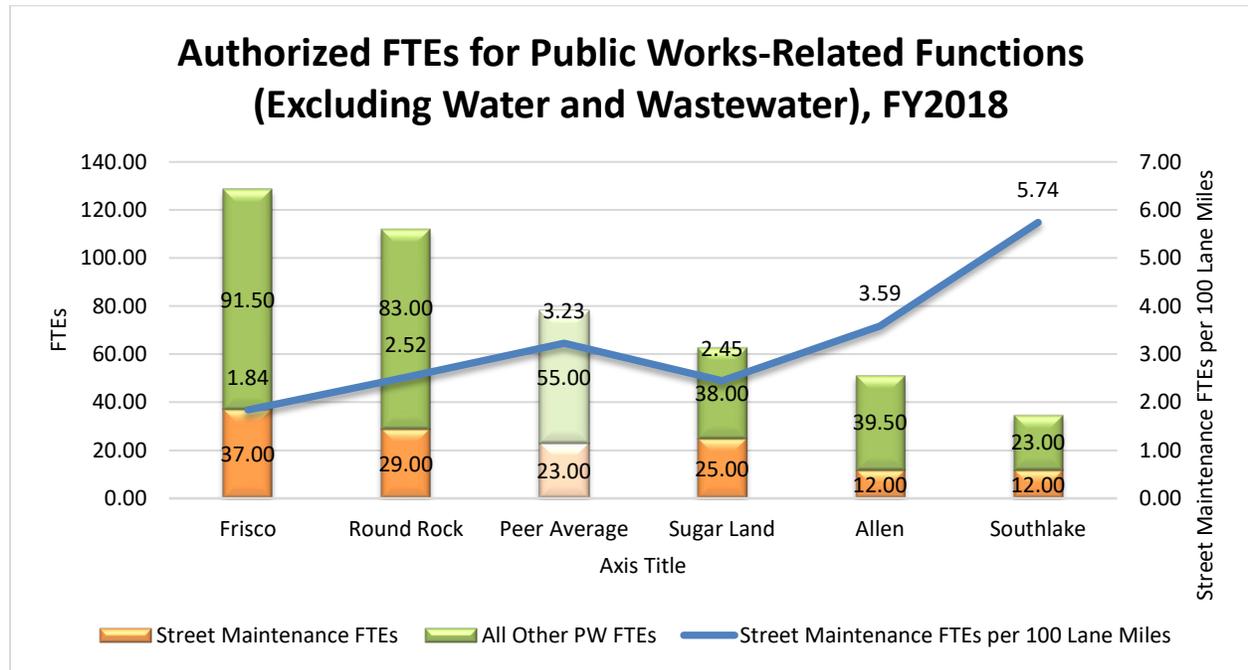


Figure 16: Public Works FTEs Among Peer Communities, FY2018

On average, peer communities employ 23 FTEs for street maintenance functions and 55 FTEs for other traditional public works functions such as facility and fleet maintenance, stormwater maintenance, sign and signal maintenance, and solid waste services.

The Novak Consulting Group also evaluated expenses for typical public works functions described above in each peer community, excluding water and wastewater utilities. On average, benchmark communities budget approximately \$15 million for functions related to public works. The average ratio of total expenses for all public works functions (except utilities) to lane miles in benchmark communities is approximately \$16,020 per lane mile, as illustrated in the following figure.

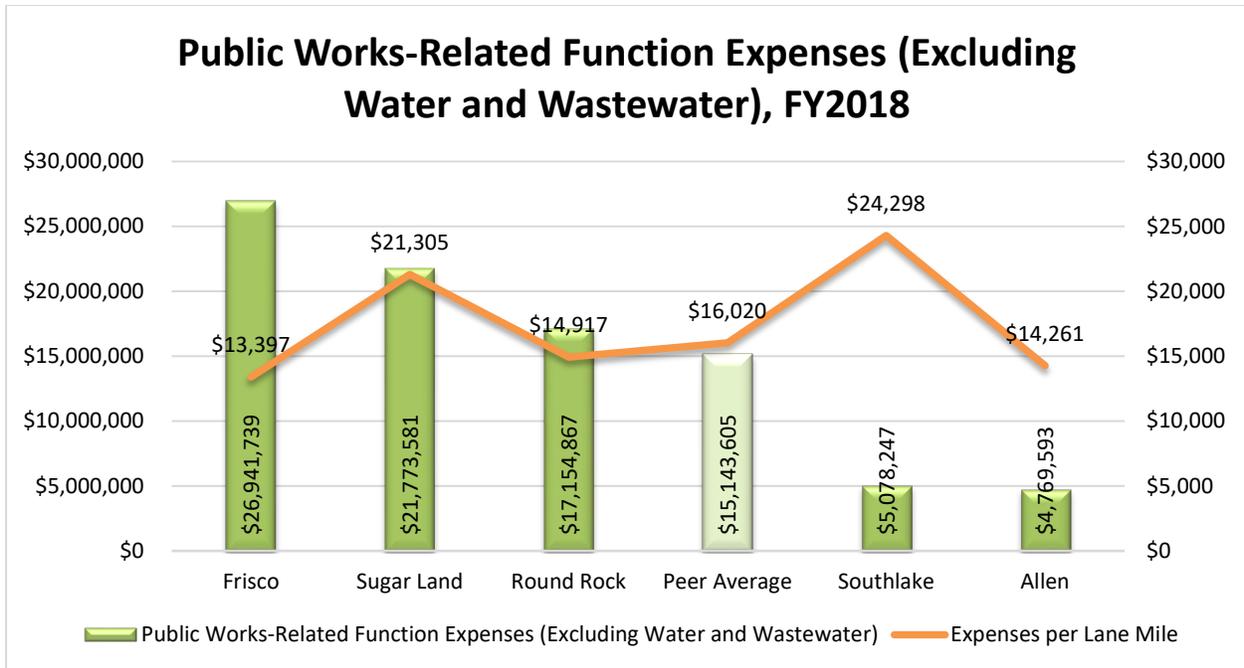


Figure 17: Public Works Expenses Among Peer Communities, FY2018

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Attachment C - Covenant Administration

As an incorporated city, The Woodlands can maintain its current approach to land use and development (a covenant administration model) or it can adopt a planning and zoning model. To aid in the decision-making process, The Novak Consulting Group conducted research to determine how other communities in Texas approach planning and zoning, code enforcement, and the management of deed restrictions. This research also provided context for policy consideration and identified the various options available. There are three options available to The Woodlands through the incorporation process:

- **Option 1:** maintain the current Covenant Administration model. Under this model, The Woodlands will continue to administer and enforce the covenants (also referred to as deed restrictions) that were established during the development of The Woodlands.
- **Option 2:** adopt a Planning and Zoning model. This would require The Woodlands to adopt a zoning code that *is at least as restrictive or more restrictive* than the existing covenants.
- **Option 3:** maintain the Covenant Administration model during the required general law city period then transition to a planning and zoning model as a phase of the charter development process.

To assess each of these options, it is necessary to consider what rights and authorities would be maintained, gained, and/or lost under these options should The Woodlands choose to incorporate and to consider policy questions that are pertinent to the incorporation study process. The Novak Consulting Group's research yielded a number of findings for policy consideration.

If The Woodlands retains Covenant Administration, what authority will be gained or lost?

- The new statutory or charter city would maintain the ability to enforce existing covenants and restrictions within specific statutory bounds, as long as no zoning ordinance is adopted.
- Covenant enforcement would continue to be purely civil in nature and could not involve criminal misdemeanor charges.
 - It is interesting to note that the benchmark communities who operate under a planning and zoning model also generally handle nuisance violations through civil, rather than criminal, processes. In other words, even where a violation could result in misdemeanor charges, staff usually seek cooperative resolutions and exhaust civil strategies before pursuing citations.

For example, all benchmark communities (Allen, Frisco, Round Rock, Southlake, and Sugar Land) will abate tall grass/weed violations and assess liens. Allen, Frisco, and Southlake also authorize code enforcement staff to issue citations for these violations, but these are generally used for repeat offenders and not first-time violators.

- As a general law or charter city, The Woodlands would have statutory authority to pass additional ordinances addressing nuisances and life/health/safety issues that are not currently defined in restrictive covenants (such as barking dogs, noise violations, and juvenile curfews).

- According to The Township’s legal counsel, general law and home-rule municipality can elect to enforce deed restrictions then later adopt zoning and vice versa.

If The Woodlands implements a Planning and Zoning model, what authority will be gained or lost?

- According to legal research by the Dallas Bar Association and Texas A&M University, zoning ordinances and restrictive covenants/deed restrictions may overlap. However, the more restrictive of the two prevails.⁹ This means that if The Woodlands were to adopt zoning, the zoning ordinance would have to be more restrictive than existing covenants to be enforceable.

For example, The Woodlands would need to establish more restrictive setback standards than that which is called for in existing covenants/deed restrictions.

- Converting to a planning and zoning model may require that the City add personnel to administer the planning and land development processes. Among The Woodlands’ five benchmark communities¹⁰, an average of 13 FTE positions are assigned to planning functions. These positions represent functions not currently performed by The Woodlands staff and work areas that The Woodlands would take over if a planning and zoning model is implemented.
- As an incorporated city, The Woodlands would gain the ability to establish and enforce ordinances that classify zoning-related infractions as misdemeanors.
 - These violations can be enforced by civilian personnel. Civilian staff in benchmark communities (Allen, Frisco, and Southlake) are authorized to write citations. Other general law cities also have this ability. For example, the cities of Early, Texas and Bartonville, Texas – both Type A General Law municipalities – utilize civilian personnel to enforce zoning infractions classified as misdemeanors. The benchmark communities are all charter cities and they also use civilian staff to issue citations.

What new authority or responsibilities will an incorporated City gain, regardless of whether it operates under a Covenant Administration or Planning and Zoning?

- As an incorporated city, The Woodlands could adopt ordinances regulating life, health, safety, and construction issues unrelated to zoning/land use. Enforcement of these ordinances could include fines and misdemeanor charges depending on the issue and the City’s statutory authority. For example, an incorporated city could establish ordinances regulating noise in the community.
 - Generally, benchmark communities emphasize the importance of working cooperatively with violators to resolve nuisance complaints, even if staff have the statutory authority to issue citations and fines.
- Civilian staff in benchmark communities are commonly given authority to issue citations relevant to their enforcement duties, such as for nuisances or noise. Benchmarking research indicates that the amount of time required to resolve nuisance issues, whether through a civil or misdemeanor

⁹ Fambrough, Judon and Dickson, Cindy. “Governing Property Use: Living with Deed Restrictions.” Texas A&M University. 2013. <https://assets.recenter.tamu.edu/documents/articles/410.pdf>

¹⁰ Benchmark communities include the Cities of Frisco, Round Rock, Allen, Sugar Land, and Southlake.

process, will not be significantly shortened under incorporation regardless of the model employed.

- The Woodlands would be required to adopt a building code, conduct inspections, and enforce the building code.

The Novak Consulting Group's research indicates that there are several questions the Board of Directors may invite community input on as it considers this issue during the incorporation process:

1. Are there life, health, and safety type nuisances you would like to regulate that The Woodlands cannot currently respond to?
2. Is a criminal (misdemeanor) enforcement power for code violations perceived as inherently stronger than civil enforcement mechanisms?
3. As a new city, should The Woodlands control development decisions in the community through planning and zoning, rather than allow the development company to administer development?
4. Are there potential development projects in The Woodlands that cause you concern? Should an incorporated city exercise greater control over those issues?

In addition, it will be important to gain further legal clarification regarding whether there are elements of the existing covenants that cannot be included in municipal zoning ordinance.

The following sections detail the supporting research pertaining to the findings summarized above.

Comparing Covenant Administration and Planning and Zoning

Definitions

While restrictive covenants and planning and zoning both frequently address land use issues, they are fundamentally different. Covenant administration involves the enforcement of deed restrictions (restrictive covenants), which are written agreements between private property owners that limit how real property may be used. These restrictions can cover any topic that does not violate existing law or public policies. Deed restrictions are filed with the real property records of the county in which the property is located and "run with the property" – meaning they remain in effect even if the property is sold to a new owner.

Enforcement of covenants/deed restrictions involves civil (not criminal) litigation. They are typically enforced by:

1. *[...] an entity, such as a Texas nonprofit corporation, established to provide for their enforcement on a long-term basis;*
2. *[...] private enforcement by individuals such as, initially, the developer and, later, individual landowners; and*

3. [...] specially authorized counties and cities. Residential deed restrictions are actively enforced in the City of Houston. TEX. LOC. GOV'T CODE ANN. §§ 212.131 et seq. (Vernon Supp. 2004).¹¹

In contrast, a planning and zoning function involves a municipality legislating an ordinance that regulates how property owners may use their properties. According to Texas law, these regulations must be for these purposes:

- promoting the public health, safety, morals, or general welfare; and
- protecting and preserving places and areas of historical, cultural or architectural importance and significance¹²

Most municipalities across the United States and in Texas utilize some form of zoning to regulate how properties may be used within their jurisdictions. While restrictive covenants can cover virtually any topic, zoning regulations are limited to specific aspects of lots, buildings, and structures, such as height, density, open space, and use. Additionally, zoning regulations must be adopted according to a comprehensive plan and address specific goals described by the Texas legislature.¹³ Violations of zoning ordinances are misdemeanor criminal offenses, and municipalities may also levy civil fines and penalties for violations.¹⁴ An educational primer composed by Reid Wilson (Wilson, Cribbs & Goren, P.C.) on the fundamentals of real estate development in Texas provides a useful comparison of the basis, goals, interpretation, and enforcement of covenant administration and planning and zoning. This summary is paraphrased in the following table.

Table 50: Comparison of Covenant Administration and Planning and Zoning¹⁵

Comparison	Covenant Administration (CA)	Planning and Zoning (PZ)
Basis	CA is based on the right of property owners to privately contract and encumber their property rights in any manner that does not violate law or public policy.	PZ is based on a municipality's police power to protect public health, safety, and welfare. This power is legislative and governed by a municipal entity.
Goals	Enhance the value of private property.	Protect the community by regulating individual land use.
Interpretation	Covenants can cover any matter which is not illegal or contrary to public policy. "Covenants should be liberally construed to determine the framer's intent, and if there is any ambiguity as	Regulations must have a substantial relationship to a community's health, safety, morals, and general welfare.

¹¹ Wilson, Reid. "ZONING: A REAL ESTATE PROFESSIONAL'S GUIDE". Sterling Education Services, Inc. Fundamentals of Real Estate Development. 2006. <http://www.wcglaw.com/assets/docs/publications/Zoning%20-%20A%20Real%20Estate%20Professionals%20Guide.pdf> Page 2.

¹² Ibid. Page 12.

¹³ Texas Local Government Code. Section 211.004
<http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.211.htm#211.004>

¹⁴ Texas Local Government Code. Section 211.012
<http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.211.htm#211.012>

¹⁵ Wilson, Reid. "ZONING: A REAL ESTATE PROFESSIONAL'S GUIDE". Sterling Education Services, Inc. Fundamentals of Real Estate Development. 2006. <http://www.wcglaw.com/assets/docs/publications/Zoning%20-%20A%20Real%20Estate%20Professionals%20Guide.pdf> Page 3.

Comparison	Covenant Administration (CA)	Planning and Zoning (PZ)
	to that intent, the covenant should then be strictly construed in favor of the free and unrestricted use of the premises.” ¹⁶	
Enforcement	Covenants are typically enforced by owners’ associations and developers. Some Texas cities can enforce covenants under limited circumstances.	Zoning violations are misdemeanor offenses enforced by municipalities. Other civil penalties may apply based on the municipality.

Enforcement Implications

If The Woodlands chooses to incorporate and implement a planning and zoning model, it will be necessary to adopt zoning ordinances that exceed the level of restriction outlined in the established covenants/deed restrictions. According to the Dallas Bar Association, properties may be subject both to restrictive covenants/deed restrictions and zoning ordinances. However, zoning laws may not relax the requirements of restrictive covenants, and covenants are still enforceable if they are more restrictive than any applicable zoning ordinance.¹⁷ This position is also supported by legal research conducted by Texas A&M University, as discussed earlier in this report.¹⁸ As a result, a zoning ordinance that is less restrictive than existing covenants would be practically unenforceable under the current law.

If The Woodlands chooses to incorporate and retain the current covenant administration model, it will retain broad authority to enforce existing deed restrictions. The State of Texas provides cities without zoning ordinances the ability to enforce deed restrictions that meet specific criteria:

A city with (i) an ordinance requiring uniform application and enforcement of section 211.151 et seq., and (ii) either (a) no zoning, or (b) over 1.5 million in population, may enforce deed restrictions affecting the use, setback, lot size or type and number of structures by suit to enjoin or abate a violation and/or seeking a civil penalty. TEX. LOC. GOV'T CODE ANN. §§ 212.131–.137 (Vernon Supp. 2004).19,20

Specifically, restrictions that may be enforced by these cities include any land-use regulation that does the following:

- (1) affects the character of the use to which real property, including residential and rental property, may be put;*
- (2) fixes the distance that a structure must be set back from property lines, street lines, or lot lines;*

¹⁶ Dallas Bar Association, http://www.dallasbar.org/sites/default/files/2010_september_reasonable_enforcement_of_deed_restrictions_0.pdf

¹⁷ Ibid.

¹⁸ Fambrough, Judon and Dickson, Cindy. “Governing Property Use: Living with Deed Restrictions.” Texas A&M University. 2013. <https://assets.recenter.tamu.edu/documents/articles/410.pdf>

¹⁹ Wilson, Reid. “ZONING: A REAL ESTATE PROFESSIONAL'S GUIDE”. Sterling Education Services, Inc. Fundamentals of Real Estate Development. 2006. <http://www.wcglaw.com/assets/docs/publications/Zoning%20-%20A%20Real%20Estate%20Professionals%20Guide.pdf> Page 20.

²⁰ Since the publication of this document, the Texas Legislature moved the relevant code section to 212.151 et seq.

(3) affects the size of a lot or the size, type, and number of structures that may be built on the lot;

(4) regulates or restricts the type of activities that may take place on the property, including commercial activities, sweepstakes activities, keeping of animals, use of fire, nuisance activities, vehicle storage, and parking;

(5) regulates architectural features of a structure, construction of fences, landscaping, garbage disposal, or noise levels; or

(6) specifies the type of maintenance that must be performed on a lot or structure, including maintenance of a yard or fence.²¹

Consequently, “when a city enforces deed restrictions, it is vested with much the same power and protection as a city enforcing zoning.”²² However, unlike enforcement of zoning ordinances, the enforcement of deed restrictions may only be accompanied by civil penalties.²³

Impact of Incorporation on Nuisance Enforcement

If The Woodlands incorporates, the new city would acquire statutory authority to pass ordinances addressing nuisances and life/health/safety issues that are not defined in restrictive covenants (such as barking dogs, noise violations, and juvenile curfews) and enforce these ordinances through civil and/or criminal litigation. This authority would be granted under incorporation regardless of whether The Woodlands maintained the current covenant administration model or adopted a planning and zoning Model.

The Township would initially incorporate as a Type A, B, or C General Law Municipality. After incorporation, the voters of the new city would then have to approve a charter in a future election to become a Home Rule City.²⁴ While Home Rule cities have a great deal of flexibility to define and enforce nuisances, the state statutes also provide Type A General Law municipalities with similar authority:²⁵

The governing body of the municipality may:

(1) abate and remove a nuisance and punish by fine the person responsible for the nuisance;

(2) define and declare what constitutes a nuisance and authorize and direct the summary abatement of the nuisance; and

²¹ Texas Local Government Code. Section 212.152

<http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.212.htm#212.152>

²² Wilson, Reid. “ZONING: A REAL ESTATE PROFESSIONAL'S GUIDE”. Sterling Education Services, Inc. Fundamentals of Real Estate Development. 2006. <http://www.wcglaw.com/assets/docs/publications/Zoning%20-%20A%20Real%20Estate%20Professionals%20Guide.pdf> Page 4.

²³ Texas Local Government Code. Section 212.156

<http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.212.htm#212.156>

²⁴ <https://www.thewoodlandstownship-tx.gov/DocumentCenter/View/11642/Incorporation-Fact-Sheet--081117-FINAL?bidId=>

²⁵ Texas Local Government Code. Section 217.002

<http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.217.htm#217.002>

(3) *abate in any manner the governing body considers expedient any nuisance that may injure or affect the public health or comfort.*

The following table from the Texas Municipal League illustrates nuisances that may be regulated by cities of various types, along with code citations from the Texas Local Government Code (LGC) and other applicable statutes.²⁶

Table 51: Summary of Nuisance Enforcement

Issue	Home Rule	Type A	Type B	Type C
General Nuisance Authority	May define and abate in city limits and up to 5,000 feet outside city limits LGC 217.042	May regulate and abate nuisances LGC 217.002	May regulate and prevent nuisances and charge expense to landowner LGC 217.022	See powers of Type A or Type B depending on population
Disorderly Conduct; Noise	LGC 271.003	LGC 271.003	LGC 271.003	LGC 271.003
Dangerous Buildings	LGC 214.001	LGC 214.001	LGC 214.001	LGC 214.001
Dangerous Buildings: Assess Costs	LGC 214.0015	LGC 214.0015	LGC 214.0015	LGC 214.0015
Rendering Plants	LGC 215.003	LGC 215.003	LGC 215.003	LGC 215.003
Sewers	Health & Safety 342.002	Health & Safety 342.002	Health & Safety 342.002	Health & Safety 342.002
Weeds	Health & Safety 342.004; abate without notice 342.008	Health & Safety 342.004; abate without notice 342.008	Health & Safety 342.004; abate without notice 342.008	Health & Safety 342.004; abate without notice 342.008
Stagnant Water	Health & Safety 342.001	Health & Safety 342.001	Health & Safety 342.001	Health & Safety 342.001
Dumping Trash, Dead Animals	No specific statutory authority	Health & Safety 342.021	Same as Type A	Same as Type A if population over 200
Dangerous Dogs	Health & Safety 822.047	Health & Safety 822.047	Health & Safety 822.047	Health & Safety 822.047
Junked Vehicles	Transportation 683.0711	Transportation 683.0711	Transportation 683.0711	Transportation 683.0711
Animals		LGC 215.025; 215.026; 215.027		
Disease; Quarantine	Health & Safety 122.006	Health & Safety 122.005		

²⁶ <https://www.tml.org/p/docs/typesofcities.pdf>

Issue	Home Rule	Type A	Type B	Type C
Cost of Cleaning Nuisance Charged to Property Owner	Health & Safety 342.006; obtain lien 342.007			
Juvenile Curfew		LGC 341.905; 351.903	LGC 341.905; 351.903	LGC 341.905; 351.903

The Novak Consulting Group’s research also indicates that nuisance ordinances can be enforced by civilian inspectors, peace officers, or other designated officials as described in the municipality’s codes. For example, the Town of Bartonville, Texas is a Type A General Law Municipality which authorizes the town inspector to issue citations for tall grass violations.²⁷ Bartonville also allows “regularly salaried, full-time employees of the town” to abate and remove junked vehicles.²⁸ Similarly, the City of Early, Texas does not specify that public safety personnel must administer public nuisance codes, indicating only that “the City” is authorized to enforce nuisance violations.²⁹

It is clear that incorporation will impart additional authority for The Woodlands to establish and enforce nuisance ordinances for things not covered through existing covenants/deed restrictions. The Woodlands would also gain the authority to enforce those ordinances through both civil and criminal processes. However, incorporation will not fundamentally decrease the amount of time required to resolve related property issues. Further, transitioning to a planning and zoning model will not necessarily provide the opportunity to address property issues in a timelier manner than allowed under the current covenant administration model.

The Novak Consulting Group completed cycle time benchmarking for an example nuisance violation (grass complaints) and found that the typical process resolution timeline in the Township’s five benchmark communities is shorter than The Woodlands. However, comparably longer cycle times in The Woodlands are largely attributable to notice requirements included in the covenants. Understanding how a “more restrictive zoning ordinance” impacts the timeframes would clarify the nuance of this distinction.

The following table summarizes typical tall grass ordinance enforcement process cycle times in peer communities compared to The Woodlands.

²⁷ Bartonville Municipal Code:
http://z2.franklinlegal.net/franklin/Z2Browser2.html?showset=bartonvilleset&collection=bartonville&docode=z2Code_z20000043-648

²⁸ Bartonville Municipal Code:
http://z2.franklinlegal.net/franklin/Z2Browser2.html?showset=bartonvilleset&collection=bartonville&docode=z2Code_z20000052-488

²⁹ Early Municipal Code:
https://library.municode.com/tx/early/codes/code_of_ordinances?nodeld=COOR_CH11HESA_ARTIIPUNU

Table 52: Typical Tall Grass Enforcement Cycle Times (Days)

Process Task	The Woodlands	Benchmark Communities	Notes
Inspect violation and mail/post initial notice	1	1	
Owner given time to address violation	15	7	In The Woodlands, all covenants require a 15-day waiting period from initial notification to the next process step
Reinspection and mail/post second notice	1	1	WCA and TWA covenants in The Woodlands do not require second notice; however, Section 7.01 of the WCOA covenants requires a second notice and an additional 15-day waiting period. As a practice, The Woodlands staff routinely mail second notices for violations.
Owner given time to address violation	15	7	
Reinspection and post final notice	1	1	None of the covenants in The Woodlands strictly require final notice before abatement can proceed. However, in an effort to secure voluntary compliance, The Woodlands staff routinely arrange for a final notice to the property owner from the Township's legal counsel.
Owner given time to address violation	5	5	
Abatement	7	7	Assumes a contractor is available within 7 days.
City bills owner for abatement costs and fees	0	30	
Township files suit to recover abatement costs	30	0	
Liens filed	7	7	Assumes legal processes have concluded to allow filing within 7 days
Total Estimated Days	82	66	

While total grass enforcement cycle times in The Woodlands are longer than benchmark communities, there are three important factors to note. First, the process in The Woodlands is lengthened by mandatory 15-day waiting periods specified in Section 7.01 of the WCOA covenants. Second, staff in benchmark communities and The Woodlands indicated an emphasis on cooperative case resolution and stated that a large majority of cases are resolved prior to final notice issuance. Third, the timeframes illustrated above

are representative of a “typical” process, which may not capture various considerations that lengthen process times (such as the inability to provide legal notice, serve lawsuits, secure materials to file liens, etc.).

A major takeaway from this analysis is that the full process times associated with nuisance violations are lengthy, even in benchmark communities that operate using a planning and zoning model.

Impact of Incorporation on Building Codes

According to the Texas Municipal League (TML), the State of Texas has adopted a family of international codes for use by municipalities. These codes include the following:³⁰

- International Residential Code (IRC) for residential construction.
- National Electrical Code (NEC) for electrical construction in both residential and commercial construction.
- International Energy Conservation Code (IECC) and the International Building Code (IBC) for all construction other than single-family residential.
- With regard to plumbing codes, a city may be operating under the plumbing provisions of the IRC and/or either the plumbing provisions of the Uniform Plumbing Code (UPC) or International Plumbing Code (IPC).

According to TML’s analysis, Texas municipalities must adopt building codes by ordinance in order to enforce them: “most cities have an ordinance that formally adopts the codes, with or without local amendments. Those cities do so to avail themselves of: (1) the ability to issue and enforce notices of violation for a violation of a code provision; and (2) to determine which provisions of the code may need modification to fit the city’s needs.”³¹

Additionally, TML reports that cities with populations of 5,000 residents or more must adopt a plumbing code per Texas state statute, and any city that “has adopted a plumbing code is required to employ or contract with a plumbing inspector and to inspect plumbing installed in the city. Tex. Occ. Code § 1301.255(e).”³²

This analysis indicates that The Woodlands would need to adopt building, plumbing, and related codes required by state statute in order to inspect and enforce the codes after incorporation. This means the newly incorporated City would be required to adopt these codes regardless of whether The Woodlands implements planning and zoning or retains covenant administration.

³⁰ Texas Municipal League. “Legal Q&A PART I – July 2014”.
<https://www.tml.org/p/2014%20July%20Building%20Codes%20SH.pdf>

³¹ Ibid.

³² Ibid.

Other Texas Community Case Studies

There are a few examples of communities in Texas that do not utilize zoning laws and are involved in the enforcement of deed restrictions and nuisance issues, as described in the following sections.

City of Houston – Population 2,312,717 (2017 Estimate)

The City of Houston is the largest municipality in the United States without a zoning ordinance and presents the closest comparable community to The Woodlands regarding the relationship between planning and zoning and covenant administration. According to the City’s website, the Department of Planning and Development is responsible for enforcing development regulations:

The Department of Planning and Development regulates land development in Houston and within its extraterritorial jurisdiction (ETJ). The City of Houston does not have zoning but development is governed by codes that address how property can be subdivided. The City codes do not address land use. The Department checks subdivision plats for the proper subdivision of land and for adequate street or right-of-way, building lines and for compliance with Chapter 42, the City’s land development ordinance. Development site plans are checked for compliance with regulations that include parking, tree and shrub requirements, setbacks, and access.³³

The City currently enforces deed restrictions, other aspects of development, and public nuisances. Houston exercises its right to enforce certain private deed restrictions according to the authority granted by the Texas Local Government Code, Section 212.151 (described above). The City Attorney’s Office enforces deed restrictions related to the following:

- Use (residential vs. commercial)
- Building setbacks
- Size of lot or size, type, and number of structures on a lot
- Orientation of a structure
- Construction of fences that require a building permit: masonry and concrete over 4 feet, all other materials over 8 feet³⁴

Restrictions not covered by the criteria above are enforced by private owners or associations through civil litigation. Issues that appear to be deed restriction violations that are covered by other City of Houston ordinances are referred to the appropriate City department for enforcement. The table below lists common violations and Houston departments responsible for investigating and enforcing complaints.

Table 53: Department Referrals for Common Complaints/Issues

Complaint/Issue	Department Referral
Construction Without Permits	Public Works and Engineering
Parking and Noise	Police Department
Weeds, Abandoned Cars, Houses	Department of Neighborhoods
Bandit Signs	Sign Administration
Animals	BARC

³³ City of Houston Development Regulations: <http://www.houstontx.gov/planning/DevelopRegs/>

³⁴ City of Houston: http://www.houstontx.gov/planning/Neighborhood/docs_pdfs/deed_rest_violations.pdf

The City derives its authority to regulate some aspects of development, such as historic preservation, hotels and motels, and trees, from its authority to protect the health, safety, and general welfare of the public. For example, in 2015, the City amended its Historic Preservation Ordinance and cited these factors as justifications for exercising regulatory authority:

Whereas, the City Council finds that the conservation, preservation, protection, enhancement, and perpetuation of sites, landmarks and areas of historical, cultural, architectural, paleontological or archaeological interest is a public policy and public necessity, is required to promote the public health, safety and general welfare of the public and the cultural, economic and educational wellbeing of the public, and represents a compelling public interest...³⁵ (emphasis added)

In short, the lack of a zoning ordinance does not prevent the City of Houston from regulating some aspects of development or life, health, and safety in a manner similar to traditional zoning.

City of Pasadena – Population 153,520 (2017 Estimate)

The City of Pasadena is a non-zoned municipality located in the Houston metro area. Like the City of Houston, land use regulations within the City of Pasadena corporate limits are accomplished through City ordinances and applicable deed restrictions.

Unlike the City of Houston, the City of Pasadena does not enforce deed restrictions and leaves this function entirely up to private owners and associations. However, the City of Pasadena utilizes ordinances to regulate some land use and enforcement requirements. For example, in 2015, the City passed a code enforcement ordinance authorizing code compliance officers, building inspectors, and related staff to issue citations. This ordinance was passed out of the City’s desire to “protect and promote the public health, safety, and welfare through the passage and enforcement of reasonable regulations.”³⁶

City of Victoria – Population 67,106 (2017 Estimate)

According to its 2015 land use and development plan, the City of Victoria “does not use regulation to direct the location of particular land use types.”³⁷ In other words, the City does not maintain a zoning ordinance or zoning map. However, the City does regulate land use through a platting process. Chapter 21 of the City Code, “Subdivision & Development,” states:

Regulation of the subdivision of land and the attachment of reasonable conditions to land subdivision is an exercise of valid police power delegated by the state to this municipality. The developer has the duty of compliance with reasonable conditions laid down by the Planning Commission for design, dedication, improvement, and restrictive use of the land so as to conform to the physical and economical development of the municipality and to the safety and general welfare of the future property owners in the subdivision and of the community at large.³⁸

In essence, The City of Victoria utilizes its platting process to enforce development restrictions on land that is to be subdivided, as well as unplatted land where an owner wishes to engage in new construction or significant remodeling. Proposed plats are reviewed by the Planning Services Department, which

³⁵ City of Houston: https://library.municode.com/tx/houston/ordinances/code_of_ordinances?nodeId=741790

³⁶ City of Pasadena: https://library.municode.com/tx/pasadena/ordinances/code_of_ordinances?nodeId=745027

³⁷ City of Victoria: <http://www.victoriatx.org/home/showdocument?id=9004>

³⁸ City of Victoria: <http://www.victoriatx.org/home/showdocument?id=624>

manages the City's comprehensive plan and ensures that site plans and plats comply with the City's Subdivision & Development Regulations. Building plans are reviewed by the City's Development Center.

The City of Victoria does not engage in covenant administration or enforcement of deed restrictions.

Covenant Administration Conclusion

The question of whether to maintain the current approach to Covenant Administration or convert to a planning zoning model is one of the most significant issues that will be tackled by the Board of Directors and the public. It is clear that the act of incorporation, regardless of whether the current covenant model is maintained, will equip The Woodlands with the authority to enact and enforce additional nuisance ordinances. In addition, The Township will need to develop the capacity to oversee the building plan review and construction process for major remodels and new construction. The Board and the public will need to determine if the additional authority or responsibilities conferred under a planning and zoning model warrant a change in the service delivery approach. The information provided above is intended to support The Board of Directors and the public in the incorporation decision-making process.

The Woodlands Township, Texas 2019 Law Enforcement Analysis

Draft Report

January 15, 2020



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January 15, 2020

Mr. Don Norrell, General Manager
The Woodlands Township
2801 Technology Forest Boulevard
The Woodlands, TX 77381

Dear Mr. Norrell:

We are pleased to present this report containing an analysis of law enforcement operations in The Woodlands Township, along with cost estimates regarding various options for developing an in-house law enforcement function should the Township incorporate. The analysis included in this report was developed utilizing a variety of sources, including interviews with The Woodlands staff and stakeholders, information provided by Montgomery and Harris Counties, and publicly-available information from benchmark communities.

The options included in this report are intended to help inform policy decisions regarding incorporation and its impacts on law enforcement. It has been our pleasure to work with The Woodlands Township on this report.

Sincerely,

Julia Novak
President

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Executive Summary

Public safety is one of the primary reasons local government exists. Communities form to govern themselves, establish standards and laws, and determine how to best enforce those rules through a variety of governmental services. The Woodlands Township, as a special district, contracts for law enforcement services through the Montgomery County Sheriff's Office (MCSO), the Montgomery County Constable's Office, and the Harris County Constable's Office, and provides several additional supportive services through Township staff and other services contracts.

As part of ongoing efforts to evaluate the impacts of potentially incorporating as a municipality, The Woodlands Township engaged The Novak Consulting Group to assess the law enforcement service options that would be available to the Township should the residents choose to incorporate as a municipality and to develop cost estimates for each of those options. This report reviews and analyzes three options for consideration: the Full-Service Model, the Hybrid Transition Model, and the Contract Model.

The Full-Service Model reflects the development of a stand-alone police department primarily composed of Woodlands personnel. The Hybrid Transition Model calls for the development of a cadre of Woodlands police officers and support staff while continuing some contracted services with the MCSO and the Montgomery and Harris County Constable's Offices. This option takes into account a four-year transition agreement signed by the Township and the MCSO and accounts for the continuation of service levels within the Village of Creekside Park ("Creekside"), a Woodlands Township neighborhood located in Harris County. The Contract Model reflects the cost of continuing the current arrangements with the MCSO and the Constable's Offices.

Each of these service options reflects various advantages and disadvantages. The Full-Service Model provides maximum autonomy and local control but also requires the greatest ongoing operating cost and initial capital investment. The Hybrid Transition Model provides a mechanism for The Woodlands to move toward a full-service department while providing a mechanism to evaluate whether specific law enforcement services or support service contract arrangements can be negotiated with current service providers if an affirmative incorporation vote occurs. This could potentially allow The Woodlands to capitalize on economies of scale provided through the existing service contracts while also developing in-house policing capacity. The Contract Model provides a straightforward mechanism to continue present services and is the most cost-effective alternative available but does not result in unilateral authority over law enforcement services and properties. These benefits and tradeoffs are discussed in greater detail in the "Benefits and Tradeoffs of Law Enforcement Service Delivery Models" section of this report.

The service level and autonomy implications of each law enforcement model must also be weighed against the financial costs of each alternative. To answer this question for each service option, The Novak Consulting Group conducted a detailed review of core law enforcement functions, including patrol, investigations, and support services, itemizing services provided directly and indirectly via contract, and estimating the impact of in-sourcing these services. These estimated costs were then aggregated to identify total estimated costs associated with each option above. Finally, estimated staffing needs for a full-service Woodlands Police Department were compared to benchmark communities to better understand how The Woodlands would compare to other municipal police departments.

It is important to emphasize that there may be some law enforcement services that could continue to be contracted to Montgomery County, Harris County, other municipalities, or third-party providers during

and after incorporation. However, this report assumes that most services will ultimately be brought in-house under a full-service or hybrid model to better identify and compare the total estimated costs associated with municipal law enforcement. This represents a conservative approach to understanding the financial impacts of incorporation. The following table summarizes the operating cost implications of each law enforcement alternative.

Table 1: Comparison of Net Cost Impacts for Law Enforcement Service Delivery Models

Full-Service	Expenditure Category	Year 1	Year 2	Year 3	Year 4
Current Operating	Ongoing Operating	\$11,162,822	\$11,162,822	\$11,162,822	\$11,162,822
Net New Operating	Personnel	\$246,894	\$3,537,796	\$6,828,699	\$10,219,326
	Equipment Replacement and Maintenance	\$3,514	\$177,905	\$352,296	\$531,972
	Capital Replacement and Maintenance	\$11,864	\$387,513	\$763,162	\$1,150,194
	Other New Operating Costs	\$22,536	\$762,823	\$1,503,109	\$2,265,829
	Subtotal Net New Operating Costs	\$284,808	\$4,866,037	\$9,447,266	\$14,167,321
Total		\$11,447,630	\$16,028,859	\$20,610,088	\$25,330,143
Hybrid	Expenditure Category	Year 1	Year 2	Year 3	Year 4
Current Operating	Ongoing Operating	\$11,162,822	\$11,162,822	\$11,162,822	\$11,162,822
Net New Operating	Personnel	\$246,894	\$2,364,313	\$4,481,732	\$6,663,315
	Equipment Replacement and Maintenance	\$3,514	\$145,648	\$287,781	\$434,222
	Capital Replacement and Maintenance	\$11,864	\$239,757	\$467,650	\$702,449
	Other New Operating Costs	\$22,536	\$569,460	\$1,116,384	\$1,679,882
	Subtotal Net New Operating Costs	\$284,808	\$3,319,178	\$6,353,548	\$9,479,868
Total		\$11,447,630	\$14,482,000	\$17,516,370	\$20,642,690
Contract	Expenditure Category	Year 1	Year 2	Year 3	Year 4
Current Operating	Ongoing Operating	\$11,162,822	\$11,162,822	\$11,162,822	\$11,162,822
Net New Operating	Personnel	\$246,894	\$1,084,057	\$1,921,220	\$2,783,751
	Equipment Replacement and Maintenance	\$3,514	\$3,514	\$3,514	\$3,514
	Capital Replacement and Maintenance	\$11,864	\$11,864	\$11,864	\$11,864
	Other New Operating Costs	\$22,536	\$22,536	\$22,536	\$22,536
	Subtotal Net New Operating Costs	\$284,808	\$1,121,971	\$1,959,134	\$2,821,665
Total		\$11,447,630	\$12,284,793	\$13,121,956	\$13,984,487

For each model, “Current Operating” reflects the ongoing operating cost of law enforcement services based on the Township’s budgeted FY2020 expenses. This represents money the Township is already spending and will continue to spend for law enforcement services regardless of whether it continues to contract or bring personnel in-house. The amount in this line is itemized in detail in Table 50 and includes

personnel, fuel, and overtime costs for contracted law enforcement services currently provided by the Montgomery County Sheriff’s Office, Montgomery County Constable Precinct 3, and Harris County Constable Precinct 4.

“Net New” costs for each model reflect the additional cost of personnel covered under the transition agreement with Montgomery County as well as new positions, equipment, and operating expenses. It is important to note that Year 1 operating expenses for each model are the same and reflect the need to hire and support a City Marshal/Chief of Police in Year 1. Additional personnel and operating costs for each model phase in from Year 2 through Year 4, similar to the phase-in described in the transition agreement. Operating costs summarized above are itemized in detail throughout this report.

In addition to operating costs, each model also contemplates capital and start-up costs associated with facility space, equipment acquisition, and other capital projects and purchases, as summarized in the following table.

Table 2: Comparison of Estimated Capital and Startup Costs for Law Enforcement Service Delivery Models

Full-Service	Expenditure Category	Year 1	Year 2	Year 3	Year 4
Debt Service	Facility Construction	\$0	\$0	\$0	\$1,820,019
Startup	Equipment Acquisition	\$12,900	\$671,767	\$671,767	\$671,767
	Capital Projects and Purchases	\$51,821	\$2,057,990	\$2,057,990	\$2,057,990
Total		\$64,721	\$2,729,757	\$2,729,757	\$4,549,776
Hybrid	Expenditure Category	Year 1	Year 2	Year 3	Year 4
Debt Service	Facility Construction	\$0	\$0	\$0	\$1,167,817
Startup	Equipment Acquisition	\$12,900	\$531,267	\$531,267	\$531,267
	Capital Projects and Purchases	\$51,821	\$1,209,115	\$1,209,115	\$1,209,115
Total		\$64,721	\$1,740,382	\$1,740,382	\$2,908,199
Contract	Expenditure Category	Year 1	Year 2	Year 3	Year 4
Debt Service	Facility Construction	\$0	\$0	\$0	\$0
Startup	Equipment Acquisition	\$12,900	\$0	\$0	\$0
	Capital Projects and Purchases	\$51,821	\$0	\$0	\$0
Total		\$64,721	\$0	\$0	\$0

Several assumptions inform the estimates above. First, the Full-Service and Hybrid models assume The Woodlands will finance facility-related construction expenses over a 20-year period, as discussed in the Facilities Maintenance section of this report. The “Debt Service” line in the table above assumes facility-related debt service payments would not begin until Year 4 to provide sufficient time for determining facility needs and design, acquiring real estate (if necessary), arranging financing, and commencing construction. Additionally, these debt service expenses are grouped with other capital startup costs because The Woodlands could choose to utilize reserves or other revenue streams to pay for facility-related costs after incorporation.

Second, each model assumes the same Startup costs in Year 1 to support the City Marshal/Police Chief position. Additional equipment and capital projects/purchases (such as vehicles) are phased in from Year

2 through Year 4 at the same pace operating expenses are phased in. According to this schedule, all Startup needs for each model are complete by the end of Year 4, and no additional Startup expenses are required in Year 5.

These costs described above are discussed in detail throughout this report. While Tables 1 and 2 provide an estimated annual cost for law enforcement operations and capital based on a four-year timeframe, it is important to emphasize that actual costs incurred each year are likely to vary as The Woodlands addresses the specific implementation of in-house and/or contract law enforcement operations.

As the incorporation process continues, the information included in this report is intended to help inform and guide policy and community discussions regarding how The Woodlands could receive law enforcement services in the future. The goal of this report is not to provide a “correct” answer regarding how The Woodlands should provide law enforcement but instead to reasonably estimate impacts so that the Township can anticipate the potential costs, advantages, and tradeoffs of incorporation on law enforcement and make appropriate assumptions in the financial model.

Previous Law Enforcement Studies

In previous years, The Woodlands Township has engaged consultants to perform similar studies regarding in-sourcing law enforcement services. In 2011, The Township engaged The Novak Consulting Group, and in 2018, it engaged Matrix Consulting. Each of these studies examines the staffing and cost implications of creating full-service police departments in The Woodlands, similar to this 2019 report.

This 2019 report identifies more staffing needs for a full-service, in-house police department compared to the 2011 and 2018 reports. The additional staffing needs identified in this report are largely attributable to growth in service level expectations since 2011 as well as a greater need for support services such as dispatch, community engagement, crime scene/lab/evidence processing, facility and fleet management, information technology, and animal control compared to earlier reports. A more complete analysis of differences between the 2011 and 2018 studies compared to this report is discussed in the “Comparison to Previous Reports” section.

Background and Methodology

In April 2019, The Woodlands Township retained the services of The Novak Consulting Group to examine the impact of incorporation as a city on law enforcement services. The Township contracts for law enforcement services with the Montgomery County Sheriff's Office, the Harris County Constable's Office, and the Montgomery County Constable's Office. The purpose of this study was to assess the options available to a potential City of The Woodlands for law enforcement services, the operational and structural items that would need to be addressed to maintain an equivalent level of service, and the estimated costs of these alternatives.

To accomplish these tasks, The Novak Consulting Group conducted fieldwork that involved interviews with members of the Montgomery County Sheriff's Office, the Harris County Constable's Office, the Montgomery County Constable's Office, Township staff, community representatives, and other government entities that would be involved with or impacted by incorporation.

The Novak Consulting Group also requested and analyzed background information provided by staff from the Township and the agencies that currently provide law enforcement services to it. A thorough review of its core functions and activities was accomplished by evaluating budget information, workload measures, performance indicators, and other salient data about operations and administration. Lastly, The Novak Consulting Group completed benchmarking research in five communities that were previously established by the Board of Directors: Allen, Frisco, Round Rock, Southlake, and Sugar Land. In addition, while the City of Conroe is not an established benchmark community, its proximity to The Woodlands and the fact that it is also part of Montgomery County makes it a relevant comparison and was included in this review. The purpose of this research was to provide context regarding the public safety staffing levels in other full-service municipalities in Texas.

This data was evaluated using a multi-faceted analytical approach that takes into account service expectations and goals, practical operational constraints, and data-derived issue analysis and validation. This process has resulted in the identification of key patrol, investigative, and ancillary services that would be needed by an incorporated city, three primary service delivery options, and the anticipated operational and cost impacts of each. Specific analysis and recommendations follow.

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Summary of Law Enforcement Services in The Woodlands

The Woodlands Township is a unique community. Established in 1974 as a master-planned community, many of the services traditionally provided by local government were provided by community associations: The Woodlands Community Association, The Woodlands Association, and The Woodlands Commercial Owners Association. In 1992, The Woodlands Community Service Corporation was established to provide staffing and managerial services to the community associations. In 1993, an act of the Texas Legislature created the Town Center Improvement District as a government agency charged with promoting economic development in The Woodlands Town Center. In 2007, voters approved the expansion of the Town Center Improvement District to cover the entire 28,000 acres of The Woodlands, as well as transition agreements to merge the community associations and the Town Center Improvement District. Operations transitioned to The Woodlands Township on January 1, 2010. The Woodlands has grown to serve an estimated population of 117,305,¹ 2,181 businesses,² and 43.27 square miles.

The State of Texas does not have conventional townships. As such, The Woodlands Township is a Special Purpose District, a legal entity under the Constitution of the State of Texas. As a Special Purpose District, the Township is not legally authorized to directly hire law enforcement officers. Law enforcement services have been provided by contracts with Countywide agencies.

The Woodlands receives law enforcement services primarily from three sources. The MCSO provides patrol, investigative, and support services, including dispatch and 911 call taking, for the portion of the Township located within Montgomery County. The Harris County Constable's Office Precinct 4 (HCCO) provides patrol, investigative, and support services for the portion of the Township located within Harris County (primarily the Creekside area). The Montgomery County Constable's Office Precinct 3 (MCCO) provides investigative services regarding internet crimes and sexual assault of children through the Internet Crimes Against Children (ICAC) Task Force and the Safe Harbor Child Advocacy Center.

Other agencies provide services outside the scope of these contracts. The Texas Department of Public Safety investigates all traffic-related deaths and conducts traffic enforcement on major roadways. The Texas Rangers provide assistance upon request during major investigations. Although they are not law enforcement agencies since they are unarmed and their mission is primarily oriented toward a community ambassador role, the Alpha Omega Mounted Patrol, the Town Center Rangers, and the Park Rangers work closely with law enforcement staff and provide a visible security presence. Alpha Omega patrols The Woodlands Mall and designated areas on horseback under contract with the Township. The Town Center Rangers, who are Township employees, have a multifaceted role of inspecting the Town Center area to identify sanitation and maintenance issues, performing minor routine maintenance, helping residents and tourists in need of assistance, and providing an "eyes and ears" security presence. The Park Rangers, also Township employees, inspect parks and pathways to identify safety hazards and maintenance needs, perform routine maintenance, and address violations of the park regulations that do not require police authority. In addition, the Township's Neighborhood Services staff coordinate public education events

¹ The Howard Hughes Corporation estimates the 2019 population at 117,305: https://www.thewoodlandstowship-tx.gov/DocumentCenter/View/12189/Demographics_123118_FINAL?bidId= Estimated 2018 U.S. Census data is unavailable; the Census Bureau states that it is not comparable to other geographic levels. It lists a 2010 population of 93,847, <https://www.census.gov/quickfacts/thewoodlandscdptexas>

² Howard Hughes Corporation estimate for 2018. U.S. Census Bureau data cites 9,329 businesses as of 2012, <https://www.census.gov/quickfacts/thewoodlandscdptexas>

regarding crime prevention and emergency preparedness and serves as liaison with each of The Woodland's villages.

The Woodlands Township is largely located in Montgomery County; however, Creekside (one of eight Villages in The Woodlands) is located entirely within Harris County. Because The Woodlands crosses multiple county lines, law enforcement services are provided to The Woodlands residents through contractual relationships with both Montgomery and Harris County law enforcement agencies.

The Montgomery County Sheriff is the chief law enforcement officer for Montgomery County and provides basic law enforcement services to unincorporated areas, including The Woodlands Township. As it grew from an initial population of 124 in 1974 to 30,165 in 1990, 63,203 in 2000, and 97,023 in 2010, The Woodlands recognized the need for an increasingly higher level of law enforcement to meet its public safety needs, as well as to meet the service level expectations of its residents and businesses. It has addressed those needs by contracting with the Montgomery County Sheriff's Office for the bulk of the Township and with the Harris County Constable's Office Precinct 4 for services in Creekside.

The Montgomery County Sheriff's Office dedicates 111.5 personnel to The Woodlands. The Township pays and contracts for 89 positions, and 22.5 are provided for and funded by the County. The following table illustrates these positions by title and sworn status.

Table 3: The Woodlands Staffing – Montgomery County Sheriff's Office³

MCSO Position Title	Township-funded	County-funded (Covered Under Transition Agreement)	Total Positions
Sworn Positions			
Captain	0	1	1
Lieutenants	0	2	2
Sergeants	13	0	13
Deputies	75	9	84
Detectives	0	8	8
Safe Harbor Investigator	1	0	1
Total Sworn Positions	89	20	109
Civilian Positions			
Secretary/Administrative Assistant	0	1	1
Clerk – Part Time	0	1.5	1.5
Total Civilian Positions	0	2.5	2.5
Grand Total Staff	89	22.5	111.5

The Harris County Constable's Office Precinct 4 assigns 12 sworn personnel to its portion of The Woodlands. No civilian staff are directly assigned to The Woodlands through the contract with Harris County; however, Harris County has significant patrol and investigations resources that can be drawn upon as necessary to support law enforcement operations in The Woodlands. The following table illustrates the current allocation of HCCO sworn personnel in The Woodlands.

³ Staffing levels effective June, 2019.

Table 4: The Woodlands Staffing – Harris County Constable’s Office Precinct 4

HCCO Position Title	Township-funded
Sergeant	1
Corporal	1
Deputies	10
Total Sworn Personnel	12

The Montgomery County Constable’s Office Precinct 3 assigns three Township-funded Detectives exclusively to The Woodlands investigations. One is assigned to the Houston Metro Internet Crimes Against Children (ICAC) Task Force, made up of representatives of 52 local, state, and federal agencies investigating online child victimization and child pornography in the greater Houston area. Two are assigned to the Children’s Safe Harbor Advocacy Center, where crimes against children are investigated using a multidisciplinary, victim-centered approach.

In addition to staff provided by contract agencies, The Woodlands currently employs seven personnel in its Neighborhood Services Department, including three Program Coordinators and four Program Specialists. These staff provide community engagement support and facilitate interactions between residents and contracted law enforcement personnel. Including Neighborhood Services staff, the total complement of law enforcement-related personnel assigned to The Woodlands is shown in the following table.

Table 5: The Woodlands Current Law Enforcement Staffing – All Agencies

Position Title	MCSO	HCCO	MCCO3	The Woodlands	Total
Sworn Positions					
Captain	1	0	0	0	1
Lieutenants	2	0	0	0	2
Sergeants	13	1	0	0	14
Corporals	0	1	0	0	1
Deputies	84	10	0	0	94
Detectives	8	0	3	0	11
Safe Harbor Investigator	1	0	0	0	1
Total Sworn Positions	109	12	3	0	124
Civilian Positions					
Neighborhood Services	0	0	0	7	7
Secretary/Administrative Assistant	1	0	0	0	1
Clerk – Part Time	1.5	0	0	0	1.5
Total Civilian Positions	2.5	0	0	7	9.5
Grand Total Staff	111.5	12	3	7	133.5

Although The Woodlands receives direct services from Montgomery and Harris Counties as described above, it also benefits from certain economies of scale regarding these contractual relationships. The Montgomery County Sheriff's Office employs more than 800 sworn and civilian personnel, assigned to ten divisions that provide a full range of operational, investigative, and support services. Similarly, the Harris County Constable's Office Precinct 4 has an overall staff of approximately 500 sworn and civilian personnel. Both agencies have substantial resources from which to draw, additional patrol personnel, investigative units, and sizeable support structures. Police support services that are critical to its ability to operate are often underestimated, and many of those functions are subsumed within the contracts. Many of the services the Sheriff's Office provides to unincorporated areas and small municipalities in its role as a Countywide support agency are not routinely provided to incorporated cities.

Analysis of Law Enforcement Alternatives

Should the Township decide to incorporate as a city, maintaining current service levels will require changes and adaptations to the existing provision of law enforcement. Specifically, three primary service delivery models for law enforcement are detailed in this report:

- **Full-Service Model:** Create a full-service, in-house police department providing the complete range of law enforcement services: patrol, investigations, traffic enforcement, and support services including dispatch, narcotics enforcement, forensics, records management, evidence and property management, training, etc. It would have full responsibility for the City, including that portion lying within Harris County. Although officers would have jurisdiction within Harris County, there are sufficient differences in arrest processing, court procedures, and processing of prisoners to warrant the assignment of a specific group of officers to the Creekside area currently served by the Harris County Constable Precinct 4. Although the resources of the entire Department would be available to that area for emergency response, backup, special details, etc., this squad of officers specifically trained in Harris County procedures would be primarily responsible for the handling and associated processing of events occurring within Harris County.
- **Hybrid Transition Model:** Create a smaller department that would provide core police services city-wide except for patrol operations in Creekside, and continue to contract with Harris County for patrol officers in Creekside. Other major support services would also continue to be contracted, such as dispatch and crime lab analysis.
- **Contract Model:** Maintain the current practice of contracting with Countywide agencies for law enforcement services.

Each option will be examined from the perspective of the three principal areas of service delivery: patrol, investigations, and support services. Advantages, disadvantages, and operational challenges will be discussed in this report, as well as the relative cost of each alternative.

Full-Service Model

The overarching guidance provided by The Woodlands Township Board of Directors is that any service model for an incorporated community must maintain or enhance the level of service provided under the existing Township service delivery approach. To determine what staffing framework is needed to accomplish this goal, it is necessary to review each of the core policing and support services functions provided through the existing contracts and to determine how those functions would be replicated under the Full-Service model. In some areas, such as patrol and investigations, staffing levels are specifically defined in the existing agreements, and cost estimates can easily be developed by replicating those staffing levels. In other areas, such as support services, the existing law enforcement contracts do not define specific dedicated positions or levels of effort. Instead, these services are subsumed as an element of the contract.

The following sections provide a detailed analysis of the current staffing approach and service level in each law enforcement program area and define the staffing and costs implications of replicating that service level under the Full-Service Model.

Department Administration

The Full-Service Model assumes a City Marshal/Chief of Police and Administrative Assistant will be necessary to manage the Department and its operations. These positions are not currently provided by contracted personnel and represent a net impact of two staff at an estimated total net cost of \$246,894 per year by Year 4, as illustrated in the following table.

Table 6: Estimated Department Administration Staff for City of The Woodlands Police Department

Department Administration Staffing	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position ⁴	Estimated Grand Total Annual Net Impact in Year 4
City Marshal/Police Chief	1	0	1	0	\$168,991	\$168,991
Administrative Assistant	0	1	0	1	\$77,903	\$77,903
Total	1	1	1	1		\$246,894

Patrol

Patrol services in The Woodlands are primarily provided by two agencies – The Montgomery County Sheriff’s Office and the Harris County Constable’s Office. The contracts with these agencies specifically define the number of patrol personnel who are dedicated to The Woodlands.

The MCSO Woodlands Township Patrol Division is a distinct unit within the Sheriff’s Office, also referred to as District Six. Its organizational structure is depicted in the following organization chart.

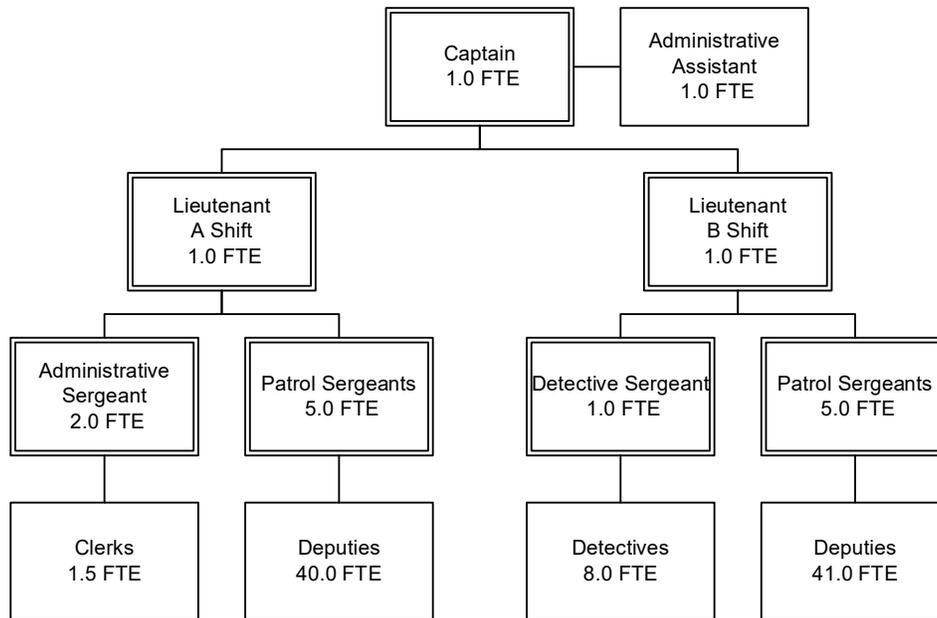


Figure 1: Organizational Structure, Montgomery County Sheriff’s Office – The Woodlands District

⁴ Includes base salary estimates based on benchmark communities plus fringe benefits based on current rates paid by The Woodlands Township.

The Woodlands Patrol Division operates from a County-owned building at 9200 Grogan’s Mill Road in The Woodlands. One Captain is assigned as the Commanding Officer of the Division. Patrol Deputies are assigned to two “shifts,” each supervised by a lieutenant and five sergeants. Both lieutenants have duties in addition to patrol supervision. The A Shift Lieutenant is responsible for administration and the Crime Prevention program; two Administrative Sergeants are assigned to special event planning, crime prevention, and other administrative duties. The B Shift Lieutenant is responsible for the Detective Unit (sometimes referred to as “Patrol Detectives” to distinguish them from detectives assigned to specialized squads in the Criminal Investigations Division) and Field Training. One Sergeant and seven Detectives are assigned to the Unit.

Deputies are assigned to three 12-hour shifts: a Day Shift from 6:00 AM to 6:00 PM, a Night Shift from 6:00 PM to 6:00 AM, and a Swing Shift from 10:00 AM to 10:00 PM. Two Sergeants are assigned to the Day Shift; two to the Night Shift; and one to the Swing Shift. Minimum staffing is 12 Deputies on the Day and Night Shifts and five Deputies on the Swing Shift, resulting in an average deployment of 12 to 17 Deputies on patrol during most hours. Coverage is supplemented by “Village Center Overtime” for increased visibility during peak hours. In 2018, Deputies responded to more than 130,000 calls for service. More than half of those calls (54%) were associated with proactive crime prevention activities, such as area patrols, vacation watch, and building checks.⁵ Dispatch and Public Safety Answering Point services are provided by the MCSO. In addition, a Countywide on-call Lieutenant is available at all times to serve as Incident Commander in the event of a critical incident.

Pursuant to the contract with Harris County Constable’s Office Precinct 4, one Sergeant, one Corporal, and ten Deputy Constables from the North Central Command are assigned to Creekside, as shown on the following organization chart.

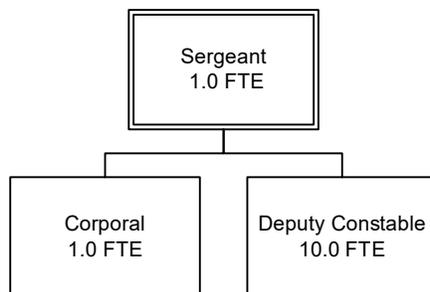


Figure 2: Organizational Structure, Harris County Constable Precinct 4 – The Woodlands

Four Deputy Constables are assigned to shifts of 6:00 AM to 2:00 PM, four to shifts of 2:00 PM to 10:00 PM, one to a swing shift of 6:00 PM to 2:00 AM, and three to night shifts of 10:00 PM to 6:00 AM. Actual deployment is typically two Deputies per shift. Harris County Deputy Constables responded to 22,240 calls for service in The Woodlands in 2018; of those calls, 8,201 were for Vacation Watch.

Deputy Constables work from the North Central Command facility at 7817 West Rayford Road. Dispatch and Public Safety Answering Point services are provided by the Harris County Sheriff’s Office pursuant to a contract with the Constable’s Office. Constable’s Office investigators handle all investigations except homicide and sexual assault, which are investigated by the Harris County Sheriff by contract.

⁵ Approximately 46,541 calls for Area Patrol, 18,553 for Vacation Watch, 4,106 for Building Check.

At a basic level, under the full-service model, it is necessary to replicate this patrol staffing level to replicate service levels. However, it is also valuable to analyze how these patrol staffing levels pair with workload demands and best practice guidelines in the area of patrol services. This requires a multi-faceted analytical approach.

The core responsibility of a police department is the work done by its patrol staff: basic patrol and response to emergency calls for service, traffic enforcement, preliminary investigation, and suppression of crime. Every community handles these core functions in a slightly different way; there are a wide variety of shift schedules, minimum staffing goals, and deployment schemes.

The goal in analyzing patrol staffing is to identify staffing levels and deployment practices that provide adequate coverage for response to calls for service while also enabling officers to engage in the level of proactive policing desired by the community – that is, to be proactive as well as reactive. Proactive policing allows an agency to strategically deploy personnel to focus on identified trends and high crime areas, thereby preventing and reducing crime. Whether it is referred to as Community Policing, Problem Solving Policing, Data-Driven Policing, or some other term, the goal is largely the same: to provide sufficient time for Patrol Officers to identify problem areas or conditions; develop and implement strategies to address those conditions; establish relationships with members of the community to partner with in developing long-term solutions to issues; gather intelligence; and show police presence through interaction with residents and businesses as well as team-led enforcement initiatives. It includes targeted patrols, narcotics enforcement, traffic enforcement, and community outreach.

Geography is also a major consideration. Although a certain number of officers may be sufficient to meet the average calls for service workload, additional officers may be required to provide adequate coverage, visibility, backup, and availability for emergency response. Policy determinations regarding staffing should ensure that adequate and timely backup is available, given the size of the community and the presence of any geographical barriers.

A community's proactive policing level of service standard is a policy decision. The International Association of Chiefs of Police (IACP) guideline recommends allocating at least 33% of an officer's time to proactive policing; the remaining two-thirds is divided equally between response to calls for service and administrative duties. Put differently, in theory, an officer should spend 20 minutes of each hour on calls for service, 20 minutes on the resulting administrative tasks (preparation of reports, etc.), and 20 minutes on proactive policing. However, while the IACP sets a guideline target of 33% proactive, some communities may wish to establish a higher proactive service level.

To identify the current proactive policing service level provided by the police department, Dispatched Calls for Service (DCFS) data (the primary driver of patrol activity) is analyzed to determine how much of officers' time is absorbed responding to DCFS by hour of the day and day of the week. The analysis below examines call data received from the MCSO; at the time of this writing, call data from HCCO was not readily available.

Based on available call data, overall call volume increased from just over 71,000 calls in 2016 to more than 135,000 in 2018. This increase is primarily attributable to more accurate call tracking practices for proactive and administrative calls implemented since 2016. Notably, most calls for service in The Woodlands involve proactive service requests. These calls are not generated in response to emergencies or violations of the law, but rather encompass community policing and prevention efforts such as area patrols, vacation watches, and building checks. In 2017 and 2018, approximately 33% of all MCSO calls in

The Woodlands were reactive, meaning these calls were dispatched in response to an emergency or violation. Among reactive calls, traffic violations, residential/business alarms, and suspicious vehicle/persons reports account for 66% of all DCFS. The following table illustrates DCFS call trends in The Woodlands as provided by the MCSO.

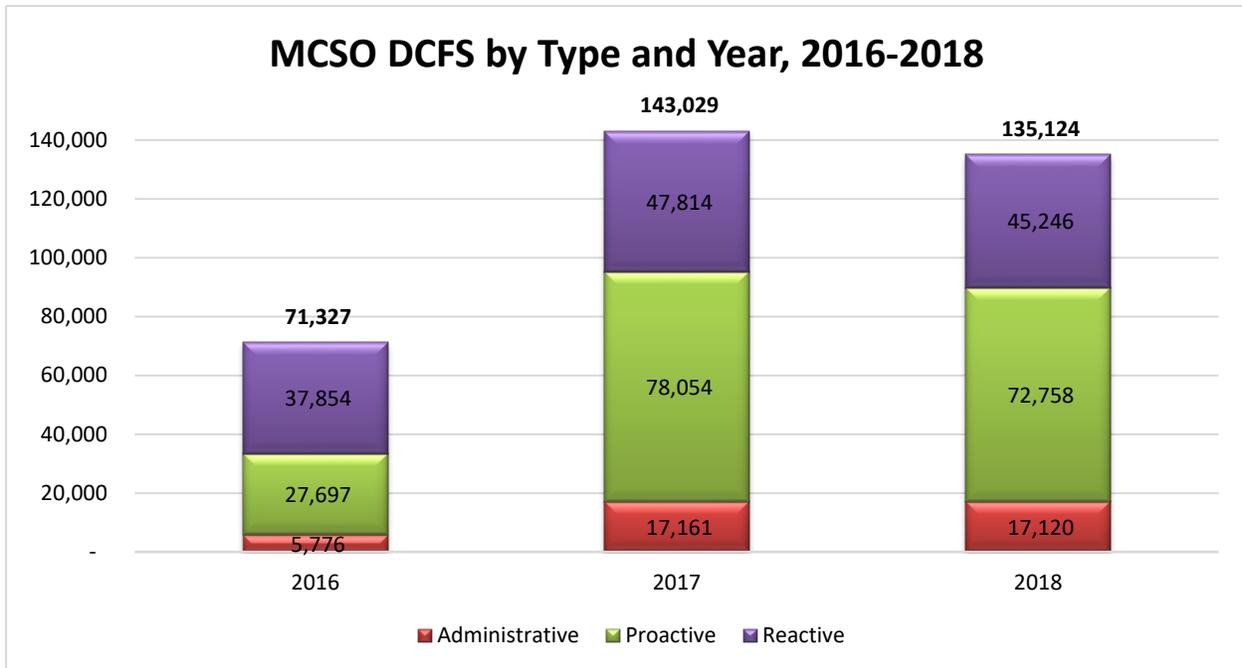


Figure 3: MCSO Calls for Service in The Woodlands Township by Type and Year, 2016-2018

To evaluate the MCSO’s capacity for proactive policing based on current deployment and staffing levels, The Novak Consulting Group calculated the average number of minutes MCSO deputies spend on reactive calls each hour of the day, each day of the week. The following table illustrates the results of this calculation.

Table 7: Average Minutes Spent Responding to Calls for Service by Time of Day and Day of Week

Time of Day	Mon	Tue	Wed	Thu	Fri	Sat	Sun
Midnight to 1:00	111.6	107.0	100.3	106.4	120.9	176.2	192.2
1:00 to 2:00	87.3	62.1	91.9	83.0	97.0	163.7	182.8
2:00 to 3:00	108.7	70.6	65.0	75.8	97.4	155.2	150.6
3:00 to 4:00	53.6	38.0	49.6	50.4	54.4	81.7	85.7
4:00 to 5:00	42.1	43.3	37.9	33.2	32.9	47.2	49.5
5:00 to 6:00	43.0	39.0	38.4	37.4	41.1	41.4	48.8
6:00 to 7:00	61.5	64.9	75.4	77.8	73.6	59.4	46.2
7:00 to 8:00	116.3	98.2	120.9	113.2	111.1	67.3	47.9
8:00 to 9:00	130.3	154.9	170.8	139.8	144.0	88.0	73.8
9:00 to 10:00	184.2	163.6	165.3	156.3	167.0	110.6	85.6
10:00 to 11:00	188.6	195.8	180.9	173.6	178.8	143.3	116.5
11:00 to 12:00	185.7	223.4	188.0	196.2	180.3	142.4	134.5
12:00 to 13:00	174.8	190.9	200.2	169.2	182.3	155.3	128.3
13:00 to 14:00	232.7	207.7	209.5	231.6	219.2	193.1	143.2
14:00 to 15:00	241.3	234.8	218.0	222.2	239.8	175.1	162.1
15:00 to 16:00	207.2	240.2	250.0	257.7	221.8	196.6	165.5
16:00 to 17:00	237.3	233.6	233.4	205.4	213.8	189.5	156.3
17:00 to 18:00	237.9	210.8	214.9	227.9	275.4	199.6	169.3
18:00 to 19:00	184.4	205.8	197.4	226.7	204.5	187.7	173.7
19:00 to 20:00	185.1	185.6	166.4	175.5	213.3	205.8	168.5
20:00 to 21:00	168.3	180.4	160.0	187.0	175.4	197.4	166.7
21:00 to 22:00	220.2	177.3	165.0	186.3	178.3	189.2	179.4
22:00 to 23:00	195.4	217.2	166.4	178.6	208.7	198.3	169.4
23:00 to Midnight	132.5	132.7	119.4	139.9	192.8	197.8	111.3

Next, the number of deputies currently deployed by the MCSO was compared to the number of deputies needed to respond to reactive calls, assuming a 33% proactive policing standard is in place. This is calculated by dividing the average reactive call time demand by 20 minutes (33% of one hour) to determine the number of officers needed to field reactive calls. For example, in the table above, Mondays between midnight and 1:00 AM typically involve approximately 112 minutes of reactive call time. Since each deputy should spend no more than 20 minutes per hour on reactive calls to achieve a 33% proactive standard, 112 reactive minutes is divided by 20 minutes per deputy to calculate the total number of deputies needed during this time ($112/20=5.6$, or effectively 6.0 deputies).

This calculation is repeated for each hour of the day, each day of the week, to estimate the number of deputies needed to respond to reactive calls. The following table illustrates the number of MCSO patrol deputies needed on average to respond to reactive calls for service. The last column illustrates the current daily minimum staffing target for MCSO deputies at each hour of the day.

Table 8: Deputies Needed to Achieve 33% Proactive Policing

Row Labels	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Current Daily Minimum Staffing
Midnight to 1:00	6	6	6	6	7	9	10	12
1:00 to 2:00	5	4	5	5	5	9	10	12
2:00 to 3:00	6	4	4	4	5	8	8	12
3:00 to 4:00	3	2	3	3	3	5	5	12
4:00 to 5:00	3	3	2	2	2	3	3	12
5:00 to 6:00	3	2	2	2	3	3	3	12
6:00 to 7:00	4	4	4	4	4	3	3	12
7:00 to 8:00	6	5	7	6	6	4	3	12
8:00 to 9:00	7	8	9	7	8	5	4	12
9:00 to 10:00	10	9	9	8	9	6	5	12
10:00 to 11:00	10	10	10	9	9	8	6	17
11:00 to 12:00	10	12	10	10	10	8	7	17
12:00 to 13:00	9	10	11	9	10	8	7	17
13:00 to 14:00	12	11	11	12	11	10	8	17
14:00 to 15:00	13	12	11	12	12	9	9	17
15:00 to 16:00	11	13	13	13	12	10	9	17
16:00 to 17:00	12	12	12	11	11	10	8	17
17:00 to 18:00	12	11	11	12	14	10	9	17
18:00 to 19:00	10	11	10	12	11	10	9	17
19:00 to 20:00	10	10	9	9	11	11	9	17
20:00 to 21:00	9	10	8	10	9	10	9	17
21:00 to 22:00	12	9	9	10	9	10	9	17
22:00 to 23:00	10	11	9	9	11	10	9	12
23:00 to Midnight	7	7	6	7	10	10	6	12

Based on this analysis, The Township would need at least eight officers on each morning and night shift (6:00 AM to 6:00 PM and 6:00 PM to 6:00 AM), as well as three officers on each swing shift (10:00 AM to 10:00 PM) to meet call for service demands. This results in a total daily minimum staffing of 19 deputies. In contrast, the Township currently deploys 12 officers on each morning and night shift, as well as five officers on each swing shift. This results in current daily staffing of 29 deputies.

Because The Woodlands currently deploys approximately 10 more deputies per day than are required to meet the IACP proactive policing guidelines, its contract police force is able to provide a high level of community and proactive policing. In other words, the volume and time associated with reactive calls for service in The Woodlands does not impede the MCSO’s ability to engage in proactive policing.

In addition to the DCFS analysis above, it is helpful to compare the total amount of available staff time to the total amount of time spent on reactive calls. The MCSO deploys approximately 84 patrol deputies in The Woodlands using 12-hour shifts. In a typical year, these deputies are scheduled to work 2,190 hours;

however, after accounting for training and leave usage, each deputy's actual availability is an estimated 1,764 hours per year.⁶

Multiplying 1,764 available hours by 84 deputies means that the total amount of available time for proactive, reactive, and administrative policing is approximately 148,176 hours per year. Assuming deputies allocate this time consistently according to a 33% proactive policing standard, 49,392 hours per year would be devoted to each activity. However, based on available DCFS data, MCSO deputies in The Woodlands spend an average of 21,786 hours per year on reactive calls (15% of all available time). Assuming 49,392 hours (33% of available time) is spent performing administrative tasks, MCSO deputies in The Woodlands spend approximately 76,998 hours per year on proactive activities. This represents an overall estimated proactivity rate of 52%. The following table illustrates this comparison.

Table 9: Estimated Proactivity Calculation, MCSO Deputies

Activities	Target Hours (33% Proactive)	Estimated Actual Hours
Administrative	49,392	49,392
Proactive Calls	49,392	76,998
Reactive Calls	49,392	21,786
Total	148,176	148,176

It is important to emphasize that while the estimated proactivity rate described above is higher than the IACP suggestion of 33%, it is commensurate with the community's expectations for service. To continue to meet this service level, a future city will need to employ a similarly-sized Patrol Division.

The following table illustrates the estimated staffing costs associated with Patrol functions based on the number of Patrol positions currently assigned to The Woodlands (from MCSO and HCCO). The "Gross Sworn" and "Gross Civilian" positions illustrate total estimated staffing needs to support this function. However, because The Woodlands currently contracts for patrol service, the net impact of in-sourcing will be smaller than the gross estimates. The "Net New Sworn" and "Net New Civilian" columns illustrate the number of additional positions required beyond currently contracted staff, including staff covered under the MCSO transition agreement. Should the Township choose to incorporate, the cost of positions in the transition agreement will transfer from the County to the new City over a four-year period. The table below illustrates the estimated annual net financial impact in Year 4 following incorporation.

⁶ Based on data from the MCSO and leave accrual policies, deputies engage in approximately 60 hours of training per year and are eligible to use approximately 366 hours of leave per year.

Table 10: Estimated Patrol Staff for City of The Woodlands Police Department

Patrol Staffing	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position ⁷	Estimated Grand Total Annual Net Impact in Year 4
Operations						
Captain	1	0	1	0	\$175,396	\$175,396
Lieutenant	2	0	2	0	\$151,398	\$302,796
Sergeant	14	0	1	0	\$134,450	\$134,450
Deputy/Officer	92	0	9	0	\$109,745	\$987,705
Administrative Assistant	0	1	0	1	\$77,903	\$77,903
Clerk	0	1.5	0	1.5	\$76,731	\$115,097
Total	109	2.5	13	2.5		\$1,793,347

Of the 111.5 estimated gross positions needed to provide patrol services, 96 are currently covered under existing contracts and represent no net increase in costs. Should the Township choose to incorporate, it will become responsible for an additional 22.5 contracted positions currently funded by the MCSO. Of these, 14.5 positions are associated with Patrol functions, including a Captain, two Lieutenants, nine Deputies, an Administrative Assistant, and 1.5 Clerks, as illustrated in the “Net New” columns above. In addition to these 14.5 positions, a Sergeant position is included to help balance shift supervision coverage in the full-service, in-house model. This represents a net impact of 15.5 staff at an estimated total net cost of \$1,793,347 per year by Year 4.

Investigations

The second core service of a police department is the investigation of crimes in the past. On a Countywide level, the MCSO’s Criminal Investigation Division has three Lieutenants, seven Sergeants, and 65 Detectives to handle violent felonies and major crimes. The Division also has three Administrative Assistants. Two Texas Rangers work out of the Division’s office on officer-involved shooting cases; they provide assistance to the MCSO upon request.

In addition to investigative staff provided by the MCSO, The Woodlands benefits from participation in several joint investigative task forces, either through individual funding of personnel or MCSO participation. Task forces are a force multiplier for addressing crimes that require combined resources, specialized training and equipment, and/or cross jurisdictional boundaries. They generally bring local, state, and federal agencies together and can involve sharing of financial resources.

The following sections discuss investigative and task force services currently provided to The Woodlands (directly or indirectly) and the estimated staffing needed to provide similar services in a City of The Woodlands Police Department. It is important to emphasize that staffing levels for investigative units do not lend themselves to the same sort of analysis as patrol units, which have recognized national standards that can be applied as general guidelines. Caseload and clearance rates are frequently used as valid metrics, although they cannot be used as raw numbers without further scrutiny. The workload of a detective specializing in the investigation of violent crimes may show a relatively small number of cases,

⁷ Includes base salary estimates based on benchmark communities plus fringe benefits based on current rates paid by The Woodlands Township.

but each is a labor-intensive, major investigation. Conversely, some property crimes with no significant leads may be routinely closed based on a quick telephone call to the victim, so a higher caseload may not reflect a significantly higher workload.

Other factors, such as technical complexity, digital evidence, computer forensics, and case assignment practices, also impact workload and staffing needs. The assignment of investigations cases is essentially a triage process that evaluates a number of factors: the level of the crime, the presence of a willing complainant, the availability of evidence or witnesses, the extent to which the suspect is or can be identified, the availability of investigative resources, and the public profile of a case. Because these factors can vary considerably from community to community, the following sections estimate investigative staffing needs based on current practices and anticipated future needs.

General Investigations

The MCSO assigns one Detective Sergeant and eight Detectives specifically to The Woodlands as District Detectives to handle general investigations involving felonies such as fraud, forgery, felony theft, sex crimes involving victims above the age of 14, burglary, unarmed robbery, and auto theft. Misdemeanor crimes are investigated by the responding Patrol Deputies.

Detailed statistics regarding detectives' caseloads and clearance rates have not been made available. However, District Detectives reportedly are assigned 15 to 20 cases per month. Given that these staff are already assigned to The Woodlands, it is reasonable to assume that a future City of The Woodlands Police Department would need to closely replicate the current staffing level to maintain service. This would require a Sergeant and seven Detective positions, as illustrated in the following table.

Table 11: Estimated General Investigations Staff for City of The Woodlands Police Department

General Investigations Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Sergeant	1	0	0	0	\$0	\$0
Detective	7	0	7	0	\$109,745	\$768,215
Grand Total	8	0	7	0		\$768,215

It is important to note that the Detective Sergeant position is included in the Township's current contract with the MCSO, while the remaining eight Detectives assigned to The Woodlands are covered under the transition agreement. Upon incorporation, seven of these Detectives could become part of a General Investigations Division, while the eighth Detective could be assigned to major cases as discussed below. The estimated cost of transitioning seven Detectives to a General Investigations unit is approximately \$768,215 in Year 4, as illustrated above.

Homicide/Violent Crimes (Major Case Squad)

The MCSO Homicide/Violent Crimes unit consists of one Lieutenant, one Sergeant, and 12 Detectives. These staff investigate all felonies referred to the Criminal Investigation Division as well as homicides, suicides, and other violent crimes. According to MCSO staff, these staff receive about 20 cases per month Countywide, and cases from The Woodlands represent approximately 20% of the Division's workload. The transition agreement between The Woodlands and Montgomery County identifies these major crime investigations as services the County will continue to provide after incorporation.

However, based on the MCSO’s current workload pattern for major cases, it would be appropriate for a City of The Woodlands Police Department to create a Major Case Squad consisting of one Sergeant and three Detectives to handle homicides, violent crimes, and other major felony cases, as illustrated in the following table.

Table 12: Estimated Homicide/Violent Crime Investigations Staff for City of The Woodlands Police Department

Major Case Squad Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Sergeant	1	0	1	0	\$134,450	\$134,450
Detective	3	0	3	0	\$109,745	\$329,235
Grand Total	4	0	4	0		\$463,685

The estimated cost of hiring additional staff to investigate major cases is approximately \$463,685 in Year 4, as illustrated above.

Auto Theft

The MCSO operates an Auto Theft Task Force that comprises officers from the MCSO, the Texas Department of Public Safety, the Grimes County Sheriff's Department, the Montgomery County Fire Marshal's Office, and the City of Conroe. The task force operates in Angelina, Grimes, Madison, Montgomery, Polk, San Jacinto, Trinity, and Walker Counties. Its mission is to investigate and recover stolen items, including motorized and non-motorized vehicles and trailers stolen within the Task Force’s operational area. The Woodlands is not directly represented on the task force but is indirectly represented as a municipality within Montgomery County.

According to information provided by The Woodlands, there were approximately 40 auto thefts in 2017 and 28 in 2018. Based on this workload, it is appropriate to rely on General Investigations staff as well as the Auto Theft Task Force to pursue auto-related thefts. The Woodlands Police Department may then choose to assign resources to the Auto Theft Task Force at a later date.

Cold Case Squad

The MCSO assigns two Detectives to a Countywide Cold Case Squad. According to MCSO staff, each Cold Case Detective carries a caseload of approximately 30 investigations, which involve cases across Montgomery County. However, few if any of these investigations pertain directly to The Woodlands.

Because existing cold cases related to The Woodlands are relatively minimal, it is assumed that these cases could be assigned to General Investigations Detectives in a City of The Woodlands Police Department without significantly disrupting other work.

Narcotics and Human Trafficking

MCSO’s Criminal Investigation Division operates MOCO Net, a joint federal, state, and local narcotics task force involving the Drug Enforcement Administration (DEA), the Federal Bureau of Investigation, Customs and Border Protection, Homeland Security, the City of Houston, and Walker County. MCSO assigns one Lieutenant, one Sergeant, and nine Detectives to the Task Force, whose mission is to reduce drug trafficking organizations and money laundering organizations by disrupting, dismantling, and prosecuting narcotics trafficking organizations involved in the importation, manufacture, distribution, sale, and use of

illegal narcotics. The County funds its officers' salaries; the DEA funds a specified amount of overtime and provides vehicles. Participating jurisdictions receive a percentage of proceeds from seized assets.

In addition to MOCO Net, MCSO staffs a Narcotics Unit composed of one Sergeant and four Detectives that primarily focuses on human trafficking. This unit operates Countywide and concentrates on massage parlors and prostitution.

Although MOCO Net and the MCSO Narcotics Unit are effective in addressing large scale narcotics and human trafficking operations, it is important to have a resource specifically assigned to address local complaints and target local conditions. To accomplish this, one Sergeant and two Detectives should be assigned to a Narcotics Unit in a City of The Woodlands Police Department. This staffing level creates an ability for multiple staff to operate as a team to enhance safety and provides appropriate coverage in the event staff take leave. It is also similar to current narcotics staffing in the City of Conroe, which consists of three sworn personnel plus a supervisor who investigate narcotics violations within the City.

Table 13: Estimated Narcotics and Human Trafficking Investigations Staff for City of The Woodlands Police Department

Narcotics and Human Trafficking Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Sergeant	1	0	1	0	\$134,450	\$134,450
Detective	2	0	2	0	\$109,745	\$219,490
Grand Total	3	0	3	0		\$353,940

Specific positions dedicated to narcotics and human trafficking staff are not currently included in The Woodlands' law enforcement contracts with county agencies. However, one of the MCSO Detectives covered under the existing transition agreement could be assigned to this unit. The estimated cost of transitioning an MCSO Detective currently assigned to The Woodlands as well as hiring additional staff to investigate narcotics cases is approximately \$353,940 in Year 4, as illustrated above.

Crimes Against Children

The Woodlands Township currently funds three positions at the Safe Harbor Child Advocacy Center, where crimes against children are investigated using a multidisciplinary, victim-centered approach. Two are assigned by the Montgomery County Constable's Office Precinct 3 under contract with The Woodlands. MCSO assigns one Sergeant and five Detectives, one of whom is funded by the Township. In total, these staff were assigned 127 Safe Harbor investigations in 2018.

In addition to Safe Harbor, The Woodlands Township funds one Detective at the Montgomery County Constable's Office Precinct 3 assigned to the Houston Metro Internet Crimes Against Children (ICAC) Task Force. This task force comprises representatives of 52 local, state, and federal agencies investigating online child victimization and child pornography in the greater Houston area. The Detective funded by The Woodlands was assigned 22 new cases in 2018.

Maintaining a Woodlands focus on these task forces and providing a similar level of service will require in-sourcing detectives currently assigned through other agencies. Should The Woodlands create its own Police Department, this will require four Detective positions: three to participate in the Safe Harbor program and one to participate in ICAC, as illustrated in the following table.

Table 14: Estimated Crimes Against Children Investigations Staff for City of The Woodlands Police Department

Crimes Against Children Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Detective	4	0	0	0	\$0	\$0
Grand Total	4	0	0	0	\$0	\$0

Because these positions are currently included in contracts with county agencies, there is no net additional staff or associated cost to The Woodlands associated with creating a Crimes Against Children unit consisting of four Detectives as described above.

In addition to investigating Crimes Against Children, there is an opportunity for these Detectives to coordinate sex offender registration, which is currently handled by the MCSO Sex Offenders Compliance Unit. The MCSO does not provide sex offender registry services to municipalities. According to State records, there are only five registered sex offenders in The Woodlands.⁸ They would, however, require registration, monitoring, and compliance checks. Pending an increase in the number of sex offenders, Detectives assigned to Crimes Against Children could be assigned sex offender registry tasks.

Victim Services

While it is not a strictly investigative function, it would be appropriate to place a Victim Services Unit within the Investigations Unit. The Victim Services Unit provides information and assistance – financial, physical, and mental health-related – to crime victims, particularly those affected by a violent crime or domestic violence, and assists them in completing the investigation and prosecution stages of their cases. Staffing levels and the makeup of such units vary; many rely largely on volunteers, but it is important to have at least a core staff to manage the program. Recommended staffing would be one full-time and five on-call or volunteer Advocates.

Table 15: Estimated Victim Services Staff for City of The Woodlands Police Department

Victim Services Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Victim Advocate	0	1	0	1	\$86,934	\$86,934
Grand Total	0	1	0	1		\$86,934

Specific positions dedicated to victim services are not currently included in The Woodlands’ law enforcement contracts with county agencies. As a result, creating this unit will require one net new position at an estimated net annual cost of approximately \$86,934 in Year 4, as illustrated above.

Similar to Victim Services, the Sexual Assault Nurse Examiner Program (SANE) is an important component of police response to sexual assault. SANE nurses are specially trained to conduct medical, psychological, and forensic examinations of sexual assault victims to ensure that the victim is treated with compassion and respect and receives appropriate medical and psychological care, as well as to ensure that critical evidence of the crime is recovered and processed to enhance the prosecution. SANE services have been

⁸ <http://www.city-data.com/soz/soz-77382.html>

provided by a contract between the County and the Hospital District that has reportedly been the subject of challenging negotiations. While it should primarily be a Countywide issue, a potential City of The Woodlands would have to develop in-house capacity for this service if it is not resolved.

Professional Standards

The MCSO utilizes a Professional Standards unit composed of one Lieutenant and three Sergeants who perform internal affairs investigations. Internal investigations and audits are a critical aspect of police governance, and it is essential for a City of The Woodlands Police Department to provide this function. Given the size of The Woodlands, one Sergeant should be added as a Professional Standards investigator to handle internal investigations and audits.

Table 16: Estimated Professional Standards Investigations Staff for City of The Woodlands Police Department

Professional Standards Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Sergeant	1	0	1	0	\$134,450	\$134,450
Grand Total	1	0	1	0		\$134,450

Specific positions dedicated to professional standards are not currently included in The Woodlands' law enforcement contracts with county agencies. As a result, creating this unit will require one net new position at an estimated net annual cost of approximately \$134,450 in Year 4, as illustrated above.

Investigations Administration

Leading and coordinating the investigations activities above will require dedicated command staff and administrative support. One Lieutenant should be assigned as the overall supervisor of investigations in the City of The Woodlands Police Department, with support from an Administrative Assistant to perform clerical tasks.

Table 17: Estimated Investigations Administration Staff for City of The Woodlands Police Department

Investigations Administration Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Lieutenant	1	0	1	0	\$151,398	\$151,398
Administrative Assistant	0	1	0	1	\$77,903	\$77,903
Grand Total	1	1	1	1		\$229,301

Command and administrative support for investigations functions are not currently included in The Woodlands' law enforcement contracts with county agencies. Creating the two net new positions described above results in an estimated net annual cost of approximately \$229,301 in Year 4.

Summary of Investigations Needs

Overall recommended staffing for Investigations functions in a City of The Woodlands Police Department is shown in the table below. Of the 23 estimated gross positions needed to provide investigations services, five are currently covered under existing contracts and represent no net increase in costs, including a

Detective Sergeant (assigned to General Investigations) and four Detectives (assigned to Crimes Against Children).

Eight Detective positions are currently covered under the MCSO transition agreement; the cost of these positions will transfer to the new City after incorporation. Ten additional net new positions are required across all other Investigations functions. This represents a net impact of 18.0 staff at an estimated total net cost of \$2,036,525 per year by Year 4.

Table 18: Estimated Investigations Staff for City of The Woodlands Police Department

Investigations Staffing	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Grand Total Annual Net Impact in Year 4
General Investigations	8	0	7	0	\$768,215
Major Case Squad	4	0	4	0	\$463,685
Narcotics	3	0	3	0	\$353,940
Crimes Against Children	4	0	0	0	\$0
Victim Services	0	1	0	1	\$86,934
Professional Standards	1	0	1	0	\$134,450
Administration	1	1	1	1	\$229,301
Grand Total	21	2	16	2	\$2,036,525

Support Services

As noted previously, the “back office” requirements of a Police Department are considerable, and they have grown substantially in recent years as technology that was unheard of a decade ago has been introduced to policing and as regulatory and reporting requirements continue to increase. As an example, body cameras, which have become commonplace in law enforcement within the last five years, were essentially unheard of before 2005. Usage of the devices grew rather slowly until 2014 when several controversial incidents triggered a national debate about their widespread deployment. In 2013, 75% of police agencies reported that they did not use body-worn cameras.⁹ By 2016, 95% of major police departments across the country either were using them or had committed to their implementation.¹⁰ Discussion and planning for the deployment of cameras initially focused on the costs associated with their purchase and maintenance. However, many Departments have encountered significant unanticipated costs in staff hours managing video data; processing video to link it with related cases; filling requests from prosecutors, defense counsel, media, and the public for copies; and reviewing footage by police officers and detectives before court testimony.

Many support services have been provided to The Woodlands by the MCSO, MCCO, and HCCO without explicitly defining the services and service standards in interlocal agreements. This practice is similar to County-level support for law enforcement services in other unincorporated areas. While each of these law enforcement agencies will assist incorporated municipalities with service requests as a common professional courtesy, the level of service provided to a future City of The Woodlands Police Department would likely mirror services provided to other cities. In other words, should The Woodlands choose to

⁹ <https://www.nij.gov/topics/law-enforcement/technology/pages/body-worn-cameras.aspx>

¹⁰ <http://www.governing.com/topics/public-justice-safety/gov-police-body-camera-survey.html>

incorporate, it will likely be required to develop support service capacity to carry out law enforcement activities beyond Patrol and Investigations, as discussed above.

Although there may be opportunities to obtain some support services through contractual or cost-sharing arrangements, many will have to be developed in-house to sustain efficient police operations. Even if such contractual and cost-sharing initiatives are pursued, there is no guarantee that these arrangements will persist in perpetuity as crime trends, organizational needs, and political priorities evolve. Consequently, it is important to identify specific support needs and anticipated costs associated with operating a fully-fledged City of The Woodlands Police Department. The Township must be aware of the full scope of its needs and of its potential financial and operational exposure in order to make prudent decisions regarding what services it should develop internally and what might be obtained by contract.

Because it provides a majority of services in The Woodlands, the discussion in this section largely focuses on support services rendered by the MCSO. Most of these services are mirrored in Harris County and are provided to The Woodlands by the HCCO for law enforcement functions located in Creekside. These implicit services are discussed in detail, and the staffing and cost implications of replicating those services through a Full-Service Model are discussed below.

Community Engagement

Three MCSO Deputy Sheriffs are assigned to Crime Prevention duties, reporting to a Lieutenant assigned to The Woodlands Patrol Division. They are responsible for public education, community events, security surveys, and similar community relations work encompassing topics such as personal safety, holiday safety, identity theft, safety at home, realtor safety, and active shooter response. Much of their work is coordinated by the Township's Neighborhood Services staff.

In addition to the Deputies described above, the MCSO staffs a Media Team that serves as a central source of information released by the department. Public Information officers respond to requests for information from both the media and the public; assist news reporters covering routine news stories and at the scene of incidents; prepare and distribute news releases; authorize the release of information regarding victims, witnesses, suspects, and confidential investigations and operations; and assist in crisis situations. MCSO maintains a social media presence on Facebook, Twitter, Instagram, and Nextdoor, a semi-private social network for neighborhoods. In July 2019, the MCSO also launched the Montgomery County Sheriff App, an interactive application developed to help improve communication with residents. A similar public information and social media presence will be expected from a City of The Woodlands police department.

Neighborhood Services staff in The Woodlands consists of three existing Program Coordinators who oversee major programs such as National Night Out, emergency preparedness training, the Drug Takeback Program, Business Watch, and social media. Four Program Specialists, part-time employees who work 30 hours per week, serve as liaisons with the Township's Village Associations, each typically responsible for two Villages. They serve as conduits for information between the Village Associations and the Township, help coordinate Village Association meetings, distribute agendas and minutes, and present reports on crime statistics. They also schedule events in individual neighborhoods, such as safety meetings and appearances by Sheriff and Fire Department staff.

Crime Prevention events are regularly scheduled to address senior citizens, distracted driving, emergency preparedness, and business. Large scale annual events include National Night Out, Public Safety Awards,

and a Public Safety Expo that includes federal and local agencies. The workload is substantial, as illustrated in the following table.

Table 19: The Woodlands Contract Law Enforcement Staffing – All Agencies¹¹

County	Events	Number of Attendees
Montgomery County	545	32,274
Harris County	147	10,757
Total	692	43,031

The creation of an independent police department presents an opportunity to incorporate multiple functions – Public Information, Social Media Management, Crime Prevention, Neighborhood Watch, and Village Liaisons – into a single entity with a coordinated command structure. This will require transferring existing Program Coordinators and Program Specialists positions to the Police Department, in-sourcing the three MCSO Deputies currently assigned to crime prevention, and creating a command structure and additional staff to oversee community engagement functions. These additional staff should consist of one Lieutenant as Primary Public Information Officer/Unit Commander and two Assistant Public Information Officers, at least one of whom should be in the rank of Sergeant to provide additional supervision to the unit.

Table 20: Estimated Community Engagement Staff for City of The Woodlands Police Department

Community Engagement Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Lieutenant	1	0	1	0	\$151,398	\$151,398
Sergeant	1	0	1	0	\$134,450	\$134,450
Deputy/Officer	4	0	1	0	\$109,745	\$109,745
Program Coordinator	0	3	0	0	\$0	\$0
Program Specialist	0	4	0	0	\$0	\$0
Grand Total	6	7	3	0		\$395,593

Because three Deputies are currently included in The Woodlands’ contract with the MCSO, there is no net additional cost associated with these positions. Similarly, the Program Coordinator and Program Specialist positions reflect existing Township positions. Creating three net new positions to help facilitate community engagement functions as described above results in an estimated net annual cost of approximately 395,593 in Year 4.

Crime Scene Investigations/Lab/Evidence

The MCSO operates a comprehensive Crime Lab that provides services to The Woodlands. The Crime Lab’s responsibilities include crime scene response, forensics, firearms and toolmark examination, and DNA processing. Evidence and Property Management is also under the purview of the Lab. The Woodlands

¹¹ Events include: Safety Meetings; Safety Awareness Days; Crime Prevention Education; Watch Talk Wednesday; Emergency Preparedness; Community Events and Meetings; Village Association Meetings; National Night Out; Business Meetings; Campus Meetings; and Senior Meetings.

Township benefits from these services as ancillary support services, which are not explicitly itemized in existing contracts. Additionally, the transition agreement between The Woodlands and Montgomery County identifies these services as services the County will continue to provide after incorporation.

However, should The Woodlands incorporate and establish a City of The Woodlands Police Department, there are two principal reasons for developing in-house Crime Lab capabilities. The first is that a police agency requires the availability of trained crime scene investigators to respond to and process crime scenes: to collect and examine evidence for hair, fibers, blood, and DNA; to preserve that evidence; and (in some cases) to test it to prove its evidentiary and scientific value. Crime scene response capacity is a necessity, whether it is agency-specific or obtained from an outside source. The MCSO does not regularly provide crime scene investigation support to large municipalities, and it is likely that The City of The Woodlands Police Department would need to develop its own resources to meet this need.

A second reason to develop in-house Crime Lab capabilities is to reduce time lag associated with evidence processing. The Texas Department of Public Safety's Crime Laboratory Service provides law enforcement agencies access to laboratory services through a statewide network of 13 labs. The Houston Lab, which services The Woodlands, reports a turnaround time of approximately 20 days for alcohol content; 79 days for analysis of seized drugs; 443 days for biology screening, which includes the examination of items for biological evidence; 550 days for DNA screening; and ten days for supplemental DNA requests, which are requests for additional DNA testing on already screened items.¹² Because these delays can significantly impact investigations, it is common for law enforcement agencies to utilize their own lab facilities to reduce backlogs and outsource work to private labs for complex, high-priority testing (such as biological evidence and DNA).

The MCSO Crime Lab is staffed by one Lieutenant, one Sergeant, eight Crime Scene Investigators, one Firearms Examiner, one Firearms Technician, and one Digital Forensics Examiner. One Supervisor and four Property/Evidence Technicians are assigned to the Property/Evidence Section. The MCSO's current annual Crime Lab budget is approximately \$2,000,000.

The Crime Scene Investigators, Firearms Examiner, Firearms Technician, and Digital Forensics Examiner have expertise in fingerprint identification; blood spatter analysis; digital analysis; skeletal remains recovery; photography; firearm and tool mark examination; crime scene investigation; evidence handling, storage, and disposition. Notably, all MCSO Patrol Deputies are trained to perform basic fingerprint processing and handle most residential, vehicle, and commercial burglaries. MCSO Crime Scene Investigators personnel respond to more complex incidents, including 18 calls in The Woodlands in 2017 and 11 in 2018. In addition to these responses, Crime Scene Investigators personnel processed evidence submitted from an estimated 4,024 calls for service in 2017 and 4,016 calls for service in 2018, according to MCSO staff.

Based on these workload levels (and assuming City of The Woodlands Patrol deputies would continue performing basic evidence processing), insourcing crime lab services would require the City of The Woodlands Police Department to create a Crime Lab Supervisor position that oversees four Crime Scene Investigators. These staff should be responsible for crime scene response and processing, evidence processing, latent fingerprint examination and processing, firearms examination, and digital forensic examinations. More technically advanced work, such as trace evidence analysis, tool mark analysis,

¹² <https://www.dps.texas.gov/CrimeLaboratory/LabRequest.htm>

toxicology, questioned documents analysis, and firearms analysis, could be outsourced to other agencies or private organizations as incidents and cases warrant.

In addition to creating Crime Scene Investigator positions, a City of The Woodlands Police Department will require staff to process evidence and property, a key function of any law enforcement agency. It is essential to maintain strict standards of security and accountability regarding property taken into the custody of the Department as well as the chain of custody of evidence. Based on the property and evidence collected in 2017 and 2018 as described above, a minimum of three civilian Evidence and Property Technicians would be needed.

It is also important to designate Evidence and Property Technicians who are exclusively responsible for managing digital and video evidence. The explosion in the use of video technology, and the related increase in requests for production of video as evidence in court or in response to Open Records requests, has created the need for staff to track the storage of data from body cameras, in-car video systems, interview room recordings, and security cameras, and to respond to locations, such as businesses with security video systems, to collect and process video evidence.

Specific positions dedicated to crime scene investigations, lab work, and evidence are not currently included in The Woodlands' law enforcement contracts with county agencies. As a result, creating this unit will require eight net new positions at an estimated net annual cost of approximately \$635,731 in Year 4, as illustrated below.

Table 21: Estimated Crime Scene, Lab, and Evidence Staff for City of The Woodlands Police Department

Crime Scene, Lab, Evidence Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Crime Lab Supervisor	1	0	1	0	\$92,573	\$92,573
Crime Scene Investigator	4	0	4	0	\$81,872	\$327,488
Property/Evidence Technician	0	3	0	3	\$71,890	\$215,670
Grand Total	5	3	5	3		\$635,731

It is also advisable to have a cadre of five to ten patrol officers trained as alternate crime scene investigators who are used to assist with large scale crime scenes or to handle routine crime scenes when the full-time Lab staff is otherwise occupied or unavailable. All patrol officers would be given basic latent fingerprint training in order to process minor incidents such as vehicle burglaries.

In addition to the estimated personnel costs above, establishing an in-house crime lab and property/evidence functions will incur additional costs that are not readily quantifiable. For example, construction of a Crime Lab will need to meet specifications regarding plumbing and ventilation and include specialized equipment such as microscopes, lighting systems, drying equipment, a fuming chamber, firearms examination equipment, and a photo room. Storing evidence and property will require a secure facility with strictly limited access and separate secure storage areas for firearms, money, and narcotics.

Lab software needs will include a Laboratory Information Management System (LIMS) to manage tasks and track items of evidence being processed. Software and hardware will also be required for bar-coding and tracking of evidence, storage of digital photographic and video evidence, body camera footage, and access control.

Equipment needs will vary based on the scope of the lab's work and the staff's training. The Lab should also be accredited under the ANSI/ANAB – American National Standards Institute/ANSI National Accreditation Board standards to ensure that it complies with industry best practices.

While the lab, investigations, and evidence functions described above reflect the estimated cost of insourcing, it would also be appropriate to continue contracting with the MCSO for these services. A contractual arrangement would allow The Woodlands to reduce estimated personnel costs but would still require five to ten trained patrol officers to be cross-trained as front-line crime scene investigators. These officers would be responsible for primary crime scene response for most incidents and could contact the MCSO for support regarding major crime scene and evidence processing.

Dispatch and Public Safety Answering Point

Although generally thought of as a support service, 911 call-taking and dispatching are critical functions in a police department. They are also highly technical, complex (since they involve multiple funding sources from multiple agencies), and costly.

The MCSO Communications Division serves as the Public Safety Answering Point (PSAP) for the portion of The Woodlands within Montgomery County, as well as 32 other municipalities within the County excluding the City of Conroe. The MCSO also maintains the Texas Crime and Information Center/National Crime Information Center (TCIC/NCIC) system for those agencies and serves as one of two primary PSAPs in the County. The other primary PSAP is the City of Conroe, which dispatches its own Police Department. There are two secondary PSAPs: the Montgomery County Hospital District, which dispatches all emergency medical service (EMS) calls Countywide as well as the City of Conroe Fire Department, and The Woodlands Fire Department, which provides dispatch service for all Fire Departments in the County except the City of Conroe.

The MCSO Communications Division is staffed by one Communications Manager, four Shift Supervisors, 61 Telecommunicators, and one Records Specialist. These staff generally cover 12-hour shifts from 6:00 AM to 6:00 PM and 6:00 PM to 6:00 AM, with four workdays followed by three days off. However, to avoid mandatory overtime, Shift Supervisors and Telecommunicators work 12-hour shifts on their second and third scheduled days and 8-hour shifts on the first and fourth scheduled days.

In 2017, the MCSO Communications Division processed 703,000 Countywide incidents in its Computer-Aided Dispatch (CAD) system. In addition to emergency calls, the Communications Division receives non-emergency calls directed to the agencies for which it dispatches; it received more than 568,000 Countywide calls, of which 179,635 were received via the 911 emergency number. Data regarding calls specifically related to The Woodlands was unavailable; however, as a practice, the Communications Division typically assigns one Telecommunicator per shift to dispatch for The Woodlands.

Public safety dispatch and emergency communications in Montgomery County are supported by the Montgomery County Emergency Communication District (MCECD), a special purpose district¹³ that owns

¹³ Chapter 772, Texas Health and Safety Code.

and maintains the 911 call processing system and additional hardware, operates a backup communications facility at the County's Emergency Operations Center, and administers revenue to fund certain PSAP equipment through grants. Additionally, the MCECD funds the Call-Taker incentive pay program. All employees engaged in call taking or dispatch must be licensed by the Texas Commission on Law Enforcement (TCOLE) and must maintain certification through in-service training. Employees who complete specific levels of certification are eligible for salary incentives that are subsidized by the MCECD. The MCECD also provides some funding for PSAP staff, including 18 Call-Takers at MCSO and five Call-Takers at Conroe.

In Harris County, which covers Creekside, 911 calls are received by the Harris County Communications Center and forwarded to either the Harris County Constable's Office Precinct 4 for police response; The Woodlands Fire Department for fire response; or to Cypress Creek EMS¹⁴ for medical response.

If the Township elects to incorporate and establish its own Police Department, it could explore options for continuing to leverage third-party providers for dispatch functions or establish an independent primary PSAP and dispatch function. While maintaining the existing arrangement would continue the current level of service, it would require additional discussions with the MCSO, Harris County, and/or other providers to formalize service expectations and costs.

The following table illustrates potential options associated with PSAP services following incorporation.

¹⁴ The Cypress Creek Emergency Medical Services Association is a not for profit organization founded in 1975 to provide emergency medical service and fire dispatch services for northern Harris County.

Table 22: PSAP Service Options

911 Call Routing After Incorporation		PSAP Options	
		Continue to rely on County PSAPs	Create Primary PSAP for The Woodlands
Law Enforcement Service Options	Continue Contracting for Law Enforcement Services	<p>Status quo – this represents the current level of service and the level of service that will be provided under the transition agreement with Montgomery County.</p> <p>Woodlands 911 calls are routed to Montgomery and Harris County PSAPs based on geography.</p> <p>Law enforcement calls are directly dispatched by the County PSAP using staff contracted to The Woodlands.</p> <p>Fire calls are transferred to The Woodlands secondary PSAP for dispatching.</p>	<p>Woodlands 911 calls first go to The Woodlands Primary PSAP.</p> <p>Law enforcement/medical calls would then be transferred to the appropriate County PSAP for dispatching. This represents an additional transfer compared to the status quo.</p> <p>Fire calls would be directly dispatched by The Woodlands Primary PSAP.</p>
	Create Woodlands Police Department	<p>Woodlands 911 calls are routed to Montgomery and Harris County PSAPs based on geography.</p> <p>County PSAPs would then dispatch City of The Woodlands Police Officers. This likely requires agreements with county agencies regarding dispatch protocols and coordinating radio/phone communications.</p>	<p>Woodlands 911 calls first go to The Woodlands Primary PSAP.</p> <p>The Woodlands PSAP would directly dispatch both law enforcement and fire calls to City public safety personnel. No transfer of law enforcement/fire calls is necessary.</p>

The MCSO will continue to provide PSAP services according to the transition agreement between Montgomery County and The Woodlands. However, there are advantages to establishing an independent primary PSAP operation as part of a City of The Woodlands Police Department. Rather than being one of 32 municipalities served by the MCSO Communications Division, The Woodlands would operate its own law enforcement communications, similar to how it operates its own communications for Fire service functions currently. The City would be able to set its own standards regarding staffing levels, hiring and training, supervision, policy, quality control, and equipment. If performance metrics did not meet desired levels, the City could act swiftly and unilaterally to implement corrective action or to adjust staffing levels accordingly. Harris County and Montgomery calls could be re-routed through boundary reprogramming so that all calls requesting emergency services within the City of The Woodlands would be routed to, processed, and dispatched by a single entity.

Creating an independent PSAP/Dispatch operation would entail considerable expense. However, the basic infrastructure to perform this function is in place, and the secondary PSAP at The Woodlands Fire

Department Communications Center could be converted to a primary PSAP. It is staffed by one Dispatch Manager, 16 full-time Dispatchers, and one part-time Dispatcher. The staff works 12-hour shifts, 6:00 AM to 6:00 PM and 6:00 PM to 6:00 AM, with a minimum staffing level of one Supervisor and two to three Dispatchers. Four additional seasonal Dispatchers are available on an on-call basis for emergency or anticipated high volume periods, such as weather events. They do not serve as Call-Takers since that function is handled by the primary PSAP at MCSO.

It is important to emphasize that Police dispatching is quite different from Fire Service dispatching in many respects. Police are typically dispatched to a higher number of time-sensitive calls of varying types, which can create situations where multiple calls compete for officer attention throughout the day. One of the primary functions of Police dispatchers is to help manage this call volume and mitigate call stacking so that officers can respond in a timely manner. This requires dispatchers to devote significant focus and attention to multiple incidents and officers as calls come in.

In contrast, Fire dispatch generally involves lower call volumes but more labor-intensive calls that may consume significant resources (particularly during large events such as major vehicle accidents and structure fires). Generally, Fire dispatchers will assign first responders to a call and then isolate radio communications for that incident to a specific radio channel (a “tactical channel”). This frees the main fire dispatch channel for communication regarding any new incidents that arise while the first incident is in progress. As a result, Fire dispatching is somewhat more focused on individual incident response and channel management, whereas Police dispatching requires more intensive focus on coordinating officers and incident response across multiple timeframes and scenes. While it is appropriate to cross-train Fire and Police dispatchers, in practice, these functions differ significantly and should be staffed by dedicated personnel.

Based on the staffing practices at the MCSO Communications Division as described above, it is reasonable to assume that each shift would require one Dispatcher and two Call-Takers for law enforcement activities to preserve the existing level of service. Assuming The Woodlands law enforcement Dispatchers and Call-Takers work a similar 12-hour schedule compared to Fire Dispatchers, and after accounting for leave, five additional Dispatchers and ten dedicated Call-Takers would be required for answering incoming law enforcement and public safety calls. All of these staff represent net new positions because The Woodlands does not currently directly contract for PSAP personnel. The estimated net annual cost of in-sourcing these positions is approximately \$1,173,525 in Year 4, as illustrated in the following table.

Table 23: Estimated Additional PSAP Staff for City of The Woodlands Police Department

Dispatch/ PSAP Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Dispatcher/ Call-Taker	0	15	0	15	\$78,235	\$1,173,525
Grand Total	0	15	0	15		\$1,173,525

Note that the staffing calculation above assumes Dispatchers are cross-trained and able to assist Call-Takers with incoming calls in the event call volume peaks.

There are also significant non-personnel expenses. The acquisition of a suitable CAD module is estimated at \$600,000, including licensing and implementation fees. Additional investments in Records

Management System (RMS) software would also be required to accurately record and track law enforcement-related calls. Additional call taking/dispatch consoles and related hardware would be required to accommodate increased staffing, as illustrated in the following table.

Table 24: Estimated PSAP Startup and Equipment Costs for City of The Woodlands Police Department

Startup Costs	Quantity	Estimated Unit Cost	Estimated Total Startup Cost
Law Enforcement Computer Aided Dispatch (CAD) Module and Implementation	1	\$619,000	\$619,000
Records Management System Licensing and Implementation	1	\$550,000	\$550,000
Call Taking/Dispatch Basic Workstation	4	\$12,000	\$48,000
Mid-Level Supervisor Workstation Improvements	1	\$18,000	\$18,000
Additional CAD Licenses	7	\$2,300	\$16,100
Total			\$1,251,100

It is important to emphasize that some of the personnel and equipment costs identified above may be reduced based on available funding from the MCECD; however, the specific equipment and personnel items that would be funded would be subject to review and negotiation between The Woodlands and the MCECD.

Policy and Planning/Accreditation

The MCSO has a Policy and Research Unit to conduct policy analysis to identify sound operating principles and policies for the organization consistent with best practices. Its duties include the following:

- Review and analysis of agency policies
- Statistical analysis and research
- Compilation of data to enhance crime reduction efforts and ensure that the agency is prepared for future population growth
- Ensuring that the agency is in compliance with local, state, and federal law in its practices and procedures
- Developing, maintaining, and revising the agency's operations manual.

A police department of the size anticipated for The Woodlands would benefit from a similar Policy and Planning Unit capable of performing the high-level research and analysis required by a modern police agency. It would also be beneficial to combine this function with an Accreditation staff.

It is highly recommended that the department obtain and maintain accreditation under the Texas Police Chiefs Association Recognition Program, a voluntary process under which law enforcement agencies verify their compliance with 166 best practices that were developed to assist agencies in the efficient and effective delivery of service, the reduction of risk, and the protection of individual rights. The accreditation process involves a written submission verifying compliance, followed by an on-site review by a team of assessors. If the assessment is successful, the agency is awarded "recognized" status for a period of four years. During that period, the agency must provide annual proof of compliance with selected standards, and a complete assessment is done every four years.

Accreditation processes like this exist in many states, and the Commission on Accreditation of Law Enforcement Agencies (CALEA) is a national accreditation agency. Programs such as the Texas Chiefs of Police Association program are effective, low-cost ways to ensure that a law enforcement agency develops and follows sound policies and procedures that comply with current laws, standards, and best practices. Recommended staffing would be one Sergeant, one Management Analyst, and one Clerk. The Sergeant would work with a Management Analyst as part of a Policy and Planning Unit that would provide a necessary data analysis component to the review and development of agency policies; the development and monitoring of performance measures in crime reduction efforts; and the many aspects of the operation and administration of a police department that require the application of data. The Sergeant would provide procedural knowledge and the rank necessary to obtain compliance with accreditation reporting by units within the Department. The Management Analyst would provide data analysis capability to assist with Accreditation and with the review and development of policies and procedures, as well as statistical analysis for the Department’s planning function. They would be supported by one Clerk, who would provide clerical support and maintain the extensive records associated with the unit’s functions.

Table 25: Estimated Policy and Planning/Accreditation Staff for City of The Woodlands Police Department

Policy and Planning/Accreditation Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Sergeant	1	0	1	0	\$134,450	\$134,450
Management Analyst	0	1	0	1	\$99,345	\$99,345
Clerk	0	1	0	1	\$76,731	\$76,731
Grand Total	1	2	1	2		\$310,526

Specific positions dedicated to policy and planning/accreditation staff are not currently included in The Woodlands’ law enforcement contracts with county agencies. As a result, creating this unit will require three net new positions at an estimated net annual cost of approximately \$310,526 in Year 4, as illustrated above.

Quartermaster

Uniform appearance is an important part of a professional law enforcement agency, and a Quartermaster is generally responsible for developing uniform standards and equipment specifications, identifying vendors, procurement and issuance of items, budgeting, and monitoring expenses. To illustrate the scope of these tasks, MCSO recruits are issued a full set of uniforms, including a badge, three short-sleeved shirts, one long-sleeved shirt, three pants, a tie, a clasp, body armor, raingear, headgear, a firearm, electronic control device (Taser), and duty gear including an equipment belt, pepper spray, baton holder, and handcuffs. Worn uniforms must also be replaced, generally on an annual or biannual basis. The MCSO also issues several specialized uniforms for specific functions, including Crime Scene Investigators, K9 Officers, the Livestock Unit, bicycle patrol uniforms, Mechanics, Radio Shop personnel, and Dispatchers.

A Quartermaster function – which involves not only the purchase and issuance of uniforms but a research and development role in monitoring trends and advancement in uniforms and equipment and making appropriate recommendations about new items – would need to be replicated in an independent police department. It is common in many police departments for quartermaster functions to be assigned as an

ancillary duty for existing staff, rather than dedicating staff specifically to this function. At a minimum, a City of The Woodlands Police Department should assign quartermaster duties to senior personnel. Although this will reduce the need for additional staff positions in an in-house, full-service department, it will also reduce the capacity of senior staff to attend to other duties and obligations. As the department grows, it may become prudent to assign quartermaster functions to a dedicated position; however, it is appropriate to assign these duties to senior staff when the Department is first created.

Real-Time Crime Center

Six analysts assigned to the MCSO Real-Time Crime Center combine data gathered from commercial and government databases with freshly received information from the Office's CAD system, as well as any accessible video sources, to produce timely, actionable intelligence information to Deputies in the field.

This function, which represents the state-of-the-art in policing, is best accomplished on a larger scale using the current Countywide unit. Optimally, it will remain as a Countywide function; however, if an agreement cannot be reached in that regard, or if The Township should elect to implement its own Dispatch or RMS, a smaller crime analysis unit should be put in place to identify crime trends and ensure that criminal intelligence is disseminated appropriately. This function should be assigned to a civilian Crime Analyst position.

Table 26: Estimated Crime Analyst Staff for City of The Woodlands Police Department

Crime Analyst Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Crime Analyst	0	1	0	1	\$88,590	\$88,590
Grand Total	0	1	0	1		\$88,590

Crime analysis functions are not currently directly funded by The Woodlands under contract. Creating a Crime Analyst position represents an increase of one net new position at an estimated net annual cost of approximately \$88,590 in Year 4, as illustrated above.

Records Management

The MCSO assigns 28 civilian employees to its Records and Warrants Unit. One Manager oversees the unit. A Warrants Supervisor supervises 14 Specialists who handle Warrants and Protective Orders, which is a 24-hour daily operation since warrants must be confirmed at any hour of the day. Another Supervisor is in charge of five Specialists handling Records, and one Open Records Supervisor is responsible for four Specialists handling Open Records requests. One employee is assigned to the front desk. A Supervisor in the Communications Division is assigned full-time to process Open Records requests for audio and computer-aided dispatch records. During 2018, the Open Records staff processed 8,036 requests for information.

Duties associated with Records Management include not only the processing of incoming reports but the expungement of records mandated by court order or in accordance with records retention schedules; the processing of protective orders, which is time-sensitive; and as noted above, the processing of Open Records requests.

Exact figures are not available regarding the percentage of the unit's work that is generated by The Woodlands. Assuming it to be approximately 20%, four clerks and one supervisor would be recommended

for general records retention and processing open records requests. The Warrant function would remain a County function and would not require additional police department staff at this time.

Because none of these functions is currently directly supported by The Woodlands through contracts, creating a Records Management unit presents a net new increase of five personnel at an estimated net annual cost of approximately \$406,299 in Year 4, as illustrated below.

Table 27: Estimated Records Management Staff for City of The Woodlands Police Department

Records Management Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Records Supervisor	0	1	0	1	\$99,375	\$99,375
Clerk	0	4	0	4	\$76,731	\$306,924
Grand Total	0	5	0	5	0	\$406,299

Recruitment and Training

Staff turnover is a constant in policing. In addition to routine service retirement, officers frequently retire early due to injury or leave for other employment. Even in policing, the workforce has become more mobile, and employees are increasingly likely to seek a mid-career job change. The nature of police hiring also requires a strong recruitment program so that a pool of candidates is always at the ready. Unlike many professions, police officers cannot generally be hired off the street and put to work: MCSO recruits are required to have 60 college credits, military experience, or four years of police experience.

The MCSO hiring process involves an online application, initial online testing of basic skills, physical agility testing, completion of a detailed application that includes personal history and addresses integrity issues, an interview, background investigation, polygraph examination, physical and psychological examinations, fingerprinting, and review and approval by a Sergeant, a Lieutenant, a Captain, and the Sheriff prior to a job offer. However, even this three- to six-month process does not produce a work-ready candidate. It is followed by six months of basic training in the Police Academy and several months of field training with experienced officers before the candidate is fully ready for duty. In total, hiring and training to fill a vacancy is typically a 12- to 18-month process; it can be longer if the vacancy does not coincide with the Police Academy training cycle.

In addition to recruitment and the training of new recruits, a new City of The Woodlands Police Department would be responsible for providing regular training to its staff. The Texas Commission on Law Enforcement (TCOLE), which oversees peace officer licensing in the state, sets forth clear requirements for both entry-level and in-service training for peace officers. In-service officers are required to complete 40 hours of training during each two-year “Training Unit” that is part of a four-year “Training Cycle.” The Commission establishes a curriculum for each cycle; the curriculum includes such programs as a Legislative Update, Cultural Diversity, Crisis Intervention Training, Special Investigative Topics, De-escalation, Human Trafficking, Canine Encounters, Deaf and Hard of Hearing Drivers, and Civilian Interaction Training. Entry-level officers are required to complete 600 hours of Police Academy basic training followed by several months of field training. TCOLE also establishes guidelines for course certification, instructor certification, and maintenance of records.

Note that the MCSO Training Academy normally schedules two 800-hour Police Academy sessions per year, each training 20 cadets. The Academy has a full-time staff of nine and an adjunct staff of 13, who are drawn from other assignments to teach specific topics. The MCSO Training Academy also provides in-service training in classroom and online formats. It normally does not open entry-level academy training to outside agencies, primarily due to the lack of space in its classes, but it does invite participation in in-service training. It is important to note that the transition agreement between The Woodlands and Montgomery County includes training services as services the County will continue to provide after incorporation. However, the size and complexity of the Woodlands Police Department under the proposed full-service model justifies dedicated staffing for these functions.

While creating an independent academy would provide The Woodlands with maximum control over the style, quality, and content of recruitment and training, this is an expensive and time-consuming endeavor. In the near term, The Woodlands should require new recruits to obtain pre-employment training at police academies operated by municipal agencies or academic institutions, as permitted by state law. A Woodlands Sergeant and a Police Officer should be assigned responsibility for recruitment and training functions. When the Department is created, the bulk of the work assigned to these positions will involve recruiting new officers and filling vacancies. As the Department grows, this workload will adapt to include developing training curricula, delivering and coordinating training on a variety of subjects, and maintaining TCOLE-required records.

The Woodlands does not currently directly support recruitment and staffing positions through its law enforcement contracts. This unit consequently represents a net new impact of two staff at an estimated net annual cost of approximately \$244,195 in Year 4, as illustrated below.

Table 28: Estimated Recruitment and Training Staff for City of The Woodlands Police Department

Recruitment and Training Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Sergeant	1	0	1	0	\$134,450	\$134,450
Deputy/Officer	1	0	1	0	\$109,745	\$109,745
Grand Total	2	0	2	0		\$244,195

It is important for the officers above to forge close working relationships with the Township's Human Resources staff and the Human Resources Generalist assigned to the Police Department (as discussed in the "Other Administrative Overhead" section later in this report). These HR professionals should help provide guidance, support, and recordkeeping assistance to ensure the quality and quantity of training provided to The Woodlands Police Officers meets state and Police Department standards.

There are non-personnel expenses associated with recruitment and training that are difficult to quantify, including advertising, development of examination materials, medical and psychological examination costs, polygraph costs (the MCSO budgets \$48,000 annually for polygraph examination), and travel associated with background investigations. However, the selection of high-quality candidates is vital to the success of a police department, and recruitment is an essential staffing need and expense.

Animal Control

The Montgomery County Animal Control Authority, an agency separate from the MCSO, is responsible for animal control in Montgomery County. In Harris County, the Veterinary Public Health Division of Harris

County Public Health has responsibility for animal control functions. Statutes regarding animal control refer to the agencies’ role in unincorporated areas of their respective counties; they are unclear as to their authority within incorporated cities, and many cities maintain their own animal control capabilities. The Animal Control practices of several benchmark communities are illustrated in the table below.

Table 29: Animal Control - Benchmark Communities

City	Population	Department Responsible for Animal Control	Animal Control Staff (FTE)	Shelter Operator
Allen	100,685	Police	7	City of Allen
Conroe	87,654	Police	2.5	Private Contractor
Frisco	177,286	Police	8	Collin County
Round Rock	123,678	Police	6	Williamson County
Southlake	31,284	Police	1	City of Keller
Sugar Land	88,485	Environmental/Neighborhood Services	5	City of Sugar Land

Animal control activity in The Woodlands does not account for a large volume of calls for service, as illustrated below. Calls in Montgomery County are recorded in three subcategories; calls in Harris County are recorded in only one.

Table 30: Animal Control Calls for Service in The Woodlands

County	Call Category	Number of Calls 2018	Number of Calls 2017
Montgomery County	Animal Control	12	14
	Animal Cruelty	69	86
	Animal Call	153	106
	Subtotal	234	206
Harris County	Animal Calls	42	38
Total Animal Control Calls in The Woodlands		276	244

Although the number of animal calls is not extreme, they are sensitive calls. Usually, by the time a call is made for police or animal control intervention, the animal is in distress – or the caller is in distress as a result of the animal’s behavior. Arrangements must be made for the removal and shelter of stray or dangerous animals, preferably utilizing the existing County animal shelters. Local animal control authorities typically deal only with domesticated animals; wildlife incidents are referred to the Texas Parks and Wildlife Department.

Texas state law requires animal control officers to complete an initial training course, and thereafter to complete 30 hours of in-service training every three years.¹⁵ While animal control could be handled as a collateral duty of one or more officers, it is most efficient to appoint a staff of non-sworn Animal Control Officers. These staff would be responsible for responding to animal-related calls, enforcing ordinances

¹⁵ Texas Health and Safety Code, Title 10, Chapter 29.

regarding licensing and control of animals, preparing cases and enforcement actions regarding the removal of dangerous animals, and related duties.

An initial staffing complement for these services should consist of one Animal Control Supervisor and two Animal Control Officers. This staffing level can provide weekday coverage during daytime and early evening hours as well as availability on weekends to help cover calls. Because The Woodlands does not currently contract directly for animal control positions, the proposed staffing for this unit reflects three net new positions at an estimated net annual cost of approximately \$243,688 in Year 4, as illustrated below.

Table 31: Estimated Animal Control Staff for City of The Woodlands Police Department

Animal Control Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Animal Control Supervisor	0	1	0	1	\$96,892	\$96,892
Animal Control Officer	0	2	0	2	\$73,398	\$146,796
Grand Total	0	3	0	3		\$243,688

Based on a review of recent animal control truck listings, it is reasonable to assume that procuring and configuring vehicles for animal control purchases will cost approximately \$60,000 per vehicle, depending on the type of vehicle and the specific configuration. Assuming two vehicles are purchased, this would require approximately \$120,000. An additional budget of approximately \$20,000 would be required for the initial purchase of related equipment and supplies such as nooses, storage cages, and personal protective equipment.

Given the volume of animal-related calls in The Woodlands, establishing and staffing an independent shelter would present a significant expense. To the greatest extent possible, The Woodlands should engage a third party (such as the Montgomery County Animal Control Authority or another independent contractor) for animal shelter and care services. While the actual costs associated with this contract arrangement would be determined through an independent negotiation process, it is reasonable to assume an estimated annual contract cost of \$140,000 based on readily available contract costs in other Texas communities.

Crisis Intervention/Crisis Negotiation Team (CIT/CNT)

The ability of law enforcement personnel to defuse violent situations and resolve critical incidents has become increasingly important. It is typically addressed on two levels: Mental Health Crisis Intervention Training for line officers to ensure that they are well-equipped to provide initial response to persons experiencing a mental health crisis, and the development of a Crisis Negotiation Team, a cadre of officers specially trained in techniques for negotiating peaceful solutions to hostage situations, barricaded subjects, or similar incidents. Both are legitimate needs that would have to be included in the establishment of a police department. Training for line officers should be included in the course of normal in-service training. Establishing a Crisis Negotiation Team based on a similar but smaller version of the MCSO model would require training expense; however, since this team would be composed of existing sworn staff, no additional personnel would be necessary.

Notably, much of the essential equipment commonly utilized by crisis negotiation teams is already issued to deputies (such as weapons and phones); however, it is appropriate to establish a startup budget of approximately \$10,000 to cover the cost of other helpful items including specialized uniforms, bullhorns, binoculars, prepaid cell phones, common household tools, and portable lights.

Jail

The MCSO is responsible for the operation of the County Jail, which is staffed by 266 sworn and civilian personnel, including a Captain, five Lieutenants, and six Sergeants, who in addition to maintaining custody of inmates perform numerous support functions, including a Medical Department, Chaplain's Office, Commissary, Laundry, Inmate Grievance, Law Library, Mail, and Transportation Units. Cities and other law enforcement agencies are not billed for jail services once a prisoner is booked into a facility and becomes an inmate. In addition to the Central Jail, MCSO operates two annexes: one in East Montgomery and one in The Woodlands located at 9200 Grogan's Mill, where male prisoners without medical or violence issues can be brought for booking. Four civilian jailers are assigned to The Woodlands; they are County-funded positions.

Because the MCSO already provides jail services to municipalities in the County, it is not anticipated that a City of The Woodlands would need to construct its own jail. However, under a full-service law enforcement model, the new City will need to provide a place for temporarily holding prisoners prior to releasing or transferring them to the County jail. There are two primary options for locating and staffing a temporary holding function.

If The Woodlands chooses to purchase the facility at 9200 Grogan's Mill, as described in the Facilities Maintenance section below, it could seek to leave the existing County public safety building in place and utilize it for temporary holding services. However, this will likely require negotiations with the MCSO. Alternatively, The Woodlands could utilize the existing public safety building as a Department holding facility or construct a new temporary holding facility as part of a new Police Department headquarters. Because crime rates in The Woodlands are relatively low, The Woodlands Police Department could assign officers to the temporary holding facility as a special assignment on an as-needed basis. As a consequence, staffing the temporary holding facility is not likely to require additional dedicated personnel.

Special Response Group (SRG)

The MCSO Special Response Group (SRG) is a part-time assignment for deputies trained in tactics for crowd and disorder control. Officers complete a 40-hour course that includes crowd control formations and techniques for containment and dispersal of riots, protests, demonstrations, or mass gatherings. Generally, teams assemble from multiple jurisdictions to ensure that a sufficient number of trained officers are available to address a particular situation. The goal of SRG tactics is to achieve a peaceful resolution to such events. This is not a full-time assignment and would not incur additional direct personnel costs; trained personnel would be drawn from other assignments as needed. In light of the number of large gathering places, corporate offices, and special events held in The Woodlands, it is important that a municipal police department retains this capability.

Special Weapons and Tactics (SWAT)

The MCSO Special Weapons and Tactics Team (SWAT) includes a full-time component of 13 (one Lieutenant, one Sergeant, and 11 Specialists) and an additional 16 members who are assigned to the team as a collateral duty. SWAT responsibilities include response to barricaded suspects, hostage rescue, sniper situations, terrorist acts, high-risk warrant service, witness and dignitary protection, and fugitive apprehension. The team is available for callout 24 hours per day.

SWAT is a training-intensive assignment; members must pass several tests and complete the initial SWAT training course. Thereafter, members are expected to complete a minimum of 24 hours of training monthly. Consequently, the extent to which a municipality commits to staffing varies based on several factors, such as existing staffing levels, availability of funding for training and equipment, assessment of use/potential use of the team, and opportunity to participate in a joint team with neighboring jurisdictions. Some cities elect to create a full-time SWAT team, others a part-time team, and others rely on mutual aid from Countywide teams or other agencies.

Based on the size and population of The Woodlands, it is appropriate for the Township to establish a part-time team of six to ten members to ensure the availability of at least basic SWAT resources pending the arrival of additional teams through mutual aid. It should also explore the possibility of establishing a joint team with the Sheriff's Office. Because the SWAT unit will consist of existing sworn officers allocated to SWAT on a part-time basis, there are no direct personnel costs for SWAT, although there are indirect costs in time away from members' full-time duties as they participate in required training (up to 24 hours monthly for SWAT and periodically for the Special Response Group).

Estimated startup costs for equipment (such as specialized personal protective gear and weapons) are approximately \$8,900 per SWAT officer based on information published by the National Tactical Officers Association. Assuming a SWAT team of ten individuals, the estimated total startup cost associated with SWAT is approximately \$89,000.

Traffic Enforcement

In addition to the traffic enforcement performed by Deputies in the course of their patrol duties, the MCSO staffs a Motorcycle Traffic Unit consisting of one Sergeant and four Deputies. Their duties are to enforce traffic laws in high-frequency locations, conduct vehicle crash investigations and commercial vehicle enforcement, provide special event and dignitary escorts, conduct traffic control at accident scenes or other major events impacting traffic, conduct neighborhood patrols, and assist disabled motorists. They are deployed throughout the unincorporated areas of the County.

In light of the high Patrol service level functions desired by residents of The Woodlands, it is reasonable to assign traffic enforcement functions to existing Patrol officers as a specialized detail assignment. However, this would require training a cadre of Patrol officers to provide traffic-related services currently provided by the MCSO and the Texas Department of Public Safety, including accident reconstruction, fatal motor vehicle investigations, and commercial vehicle enforcement. Additionally, officers assigned to the traffic detail should provide traffic control at special events and dignitary escorts.

Assigning traffic enforcement to existing Patrol officers reduces the need to hire additional staff and provide specialized vehicles for traffic enforcement. However, this approach is likely to temporarily reduce officers available for regular patrol functions during major traffic-related accidents and special events. If the workload burden associated with traffic enforcement functions becomes significant as the Department grows, it should consider creating a dedicated traffic enforcement unit. Additionally, the Department may choose to equip officers assigned to traffic enforcement with specialized motorcycles to enhance the visibility and versatility of these units; however, this will require additional capital costs depending on the number of motorcycles procured.

Facilities Maintenance

MCSO has a staff of seven employees assigned to its Facilities Maintenance section. They are responsible for the upkeep and maintenance of 19 facilities, including the building at 9200 Grogan's Mill Road

occupied by The Woodlands Patrol Division. They perform general repairs and minor construction, including plumbing, carpentry, groundskeeping, painting, electrical work, and janitorial services. Major projects such as air conditioning repair and Crime Lab and jail ventilation repairs are outsourced or completed with assistance from the County Building Maintenance Department.

It is important to note that the facility located at 9200 Grogan's Mill Road is approximately 19,885 square feet and primarily supports patrol operations. According to an amendment to the interlocal agreement between The Woodlands and Montgomery County dated April 23, 2019, The Woodlands Township or a successor City of The Woodlands has the Right of First Opportunity to purchase this property within two years of incorporation, or no later than September 30, 2021. The amount of the purchase is to be set by Montgomery County.

Should The Woodlands choose not to purchase this property, it will need to identify appropriate facility space for locating police operations. The City of Conroe, also located in Montgomery County, operates a full-service police department that performs many of the same functions discussed in this report. In 2016, the City constructed a new police headquarters and municipal court complex spanning 69,500 square feet at an estimated construction cost of \$24.3 million (approximately \$350 per square foot).¹⁶ This facility supports 174 police and court staff in the City of Conroe and represents a ratio of 400 square feet per position.

Based on the analysis in this report, a full-service City of The Woodlands Police Department and municipal court could contain as many as 214.5 staff. Applying a ratio of 400 square feet per position results in an estimated facility space need of 85,677 square feet. Multiplying this area by an estimated construction cost of \$350 per square foot yields an estimated total construction cost of approximately \$29,956,131.

Alternatively, The Woodlands could choose to purchase and renovate the existing property at 9200 Grogan's Mill for use as a police headquarters. Assuming remodeling costs are approximately half as expensive as new construction (\$175 per square foot), the total estimated renovation cost is \$3,479,875. It is important to note that this estimate does not include the purchase price of the facility, which would need to be negotiated between The Woodlands and Montgomery County. It is also likely that additional new construction will be required to provide adequate space for The Woodlands Police personnel: achieving a target of 85,677 square feet will require an additional 65,792 square feet of new construction at an estimated cost of \$23,003,534. The total estimated cost of renovations plus new construction is \$26,483,409 to accommodate a full-service department.

It is important to emphasize that achieving a target of 85,677 square feet for Police Department functions could be accomplished by constructing a single new facility, renovating 9200 Grogan's Mill and constructing an additional facility/facilities, or constructing multiple substations to accommodate Police services and staff. For the purposes of this report, the estimated construction costs above are calculated on a square footage basis and could be applied to one or more facilities to achieve the target square footage necessary to accommodate a Police Department.

This report also assumes that the capital costs associated with new construction and/or renovation will be amortized over a 20-year period to avoid significant initial startup expenditures for facility needs. Because The Woodlands maintains an excellent credit rating and market conditions are favorable, the estimated annual interest rate on 20-year bonds is assumed to be 1.932%. Financing the estimated cost

¹⁶ <https://www.pgal.com/projects/city-of-conroe-public-safety-complex>

of all-new construction (\$29,956,131) at this rate over a 20-year period results in estimated annual payments of \$1,820,019. Should The Woodlands choose to incorporate, a future City Council should evaluate various construction options and proposals and choose whichever option is most economically viable and conducive to supporting law enforcement operations.

However The Woodlands decides to accommodate Police facility needs, additional staff will be required to conduct facility maintenance and custodial services. According to a 2017 benchmarking survey conducted by the International Facility Management Association (IFMA), facilities up to 100,000 square feet typically utilize approximately three generalist maintenance positions.¹⁷ To provide sufficient facility maintenance support for a Police Department headquarters, the new City would need to hire at least a Facilities Supervisor and a Facility Maintenance Technician. This represents two net new positions at an estimated net annual cost of approximately \$173,425 in Year 4, as illustrated below.

Table 32: Estimated Facilities Maintenance Staff for City of The Woodlands Police Department

Facilities Maintenance Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Facilities Supervisor	0	1	0	1	\$102,117	\$102,117
Facility Maintenance Technician	0	1	0	1	\$71,308	\$71,308
Grand Total	0	2	0	2		\$173,425

It is important to note that these staff would not likely work in the Police Department proper. Rather, these positions reflect additional overhead that would be allocated in other departments but perform dedicated police-related support functions. While the positions above could also be contracted, the estimated cost of in-sourcing these positions is provided to illustrate an upper-bound cost estimate associated with creating a full-service, in-house police department.

Fleet Management

MCSO staffs its Fleet Operations Division with one Shop Manager, one Shop Supervisor, one Administrative Assistant, and 14 mechanics. The shop is responsible for approximately 750 vehicles assigned to the Sheriff's Office, including preventative maintenance, state registration and inspection, repair, equipment installation, road call assistance, and towing. Some major repairs, bodywork, and warranty work are outsourced to dealers, as is striping, installation of radar units and roof lights, and some wiring. The shop is responsible for developing specifications for vehicles and equipment, purchasing and disposal of vehicles, and tracking fuel purchases.

The Township funds the vehicles and equipment issued to MCSO Deputies operating in The Woodlands. While a detailed vehicle inventory was not readily available, in 2019, The Woodlands budgeted funds for 11 replacement Chevrolet Tahoes at a unit cost of \$51,821 including specialized equipment installation such as lightbars, sirens, and radios. Additionally, The Woodlands budgeted \$291,200 in FY2019 for fuel

¹⁷ International Facilities Management Association (IFMA). Operations and Maintenance Benchmarks. September 2017. Page 49. <http://www.leegov.com/facilities/Documents/SALES-198456e.pdf>

cost related to MCSO Deputy vehicles. The Township typically replaces vehicles issued to MCSO deputies after approximately 80,000 miles of service.

The Township also purchases the vehicles used by the two Detectives from the Montgomery County Constable’s Office Precinct 3 assigned to the Safe Harbor Child Advocacy Center, and \$5,000 for fuel is added into the contract cost of each Detective. The Constable’s Office manages the maintenance of the vehicles. However, vehicles and fuel costs used by the Harris County Constable’s Office Precinct 4 for service in Creekside are factored into the per-Deputy contract price.

Creating an in-house Police Department will require The Woodlands to assume responsibility for fleet management. Assuming all sworn staff are issued take-home vehicles to increase responsiveness and visibility, the estimated number of fleet vehicles required is approximately 150. Applying the estimated unit cost of \$51,821 to this fleet requirement results in an estimated cost of \$7,773,150; however, The Woodlands already owns vehicles utilized by MCSO Patrol Deputies and has the Right of First Opportunity to purchase County-owned vehicles assigned to other MCSO staff operating in The Woodlands.

In addition to procuring a full fleet, The Woodlands Police Department would need to provide sufficient staff support to adequately service and maintain these vehicles. The best practice method of estimating fleet staffing needs is through a Vehicle Equivalent Unit (VEU) analysis. This analysis assumes that a standard sedan requires approximately 15 labor hours of preventative and reactive service per year, on average – meaning one VEU is equivalent to 15 labor hours. According to benchmark research conducted by Government Fleet, it is reasonable to estimate that patrol vehicles typically create a workload equivalent of 2.5 VEUs. Multiplying 150 vehicles by 2.5 VEUs results in a total estimated fleet-wide labor demand of 375 VEUs, or 5,625 labor hours per year. Assuming mechanics are actively working on vehicles for 70% of their scheduled hours, 3.86 mechanics would be required to manage the Police Department’s vehicles.

To achieve this staffing level, the Police Department should create a Master Fleet Technician to oversee all fleet management tasks and vehicle replacement, as well as schedule and supervise maintenance activities assigned to three Fleet Technicians. Because existing law enforcement contracts do not directly cover fleet management personnel, this staffing level represents four net new positions at an estimated net annual cost of approximately \$331,884 in Year 4, as illustrated below.

Table 33: Estimated Fleet Management Staff for City of The Woodlands Police Department

Fleet Management Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Master Fleet Technician	0	1	0	1	\$97,086	\$97,086
Fleet Technician	0	3	0	3	\$78,266	\$234,797
Grand Total	0	4	0	4		\$331,884

Similarly to Facilities Maintenance, the positions above could continue to be contracted out to local dealerships and service providers, or in-sourced staff could be allocated to another department in The Woodlands rather than the Police Department. However, the costs of in-sourcing these positions are included to provide an upper-bound estimate of in-sourcing police services.

Financial Administration

A police department requires considerable financial administration and related support for tasks such as payroll, time and attendance records, purchasing, accounts payable and receivable, budget preparation and administration, asset management, grant administration, and miscellaneous reporting. As these tasks shift from the Sheriff's Office to a newly created police department, they will create more workload for the new city and its staff.

The MCSO Finance Division is staffed by one Director, one Assistant Manager, three Financial Assistants, one Payroll Coordinator, one Clerk, two Alarm Specialists, and one Deputy (who is assigned to the Alarm Detail). At a minimum, a City of The Woodlands Police Department should establish a Financial Administration Division consisting of a Financial Services Manager, a Financial Analyst, and a Clerk. The Financial Services Manager and Clerk would be located in the Police Department and would be responsible for core financial functions such as assistance with budget preparation, procurement, and the administration of law enforcement-related licenses and permits, such as taxicab licenses, towing, precious metal dealers, and alarm systems. The Financial Analyst should be assigned to the new City's Finance Department to assist with analysis and overhead demands imposed by the creation of the new Police Department.

Table 34: Estimated Financial Administration Staff for City of The Woodlands Police Department

Financial Administration Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Financial Services Manager	0	1	0	1	\$131,973	\$131,973
Financial Analyst	0	1	0	1	\$96,926	\$96,926
Clerk	0	1	0	1	\$76,731	\$76,731
Grand Total	0	3	0	3		\$305,630

The Woodlands does not directly support financial administration staff through its existing law enforcement contracts. Staffing this function, as described above, represents a net impact of three net new positions at an estimated net annual cost of approximately \$305,630 in Year 4.

Human Resources (HR)

The MCSO currently staffs HR functions using two Human Resource Specialists and one Human Resource Clerk.

A police department with a headcount that is likely to exceed 150 employees will have a substantial human resources workload, including recruitment, hiring, termination, management of performance evaluations and confidential records, compliance with employment law and policy, administration of health and retirement benefits, and administration of employee wellness programs. This will generate additional workload for both the City of The Woodlands Police Department as well as City HR.

To help absorb this workload, the Township should establish an HR Generalist position tasked with meeting the Department's HR needs. This position will be an employee located in the Human Resources Department with direct responsibility for Police Department personnel and human resources needs.

Because existing law enforcement contracts do not directly cover HR personnel, this staffing level represents one net new positions at an estimated net annual cost of approximately \$96,644 in Year 4, as illustrated below.

Table 35: Estimated Human Resources Staff for City of The Woodlands Police Department

Human Resources Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
HR Generalist	0	1	0	1	\$96,644	\$96,644
Grand Total	0	1	0	1		\$96,644

Information Technology (IT)

Technology is a critical part of a police department’s daily operation; tasks such as dispatching calls for service, checking active warrants, scheduling employees, and preparing reports require that critical systems operate 24 hours a day, 365 days a year, with minimal downtime. The MCSO utilizes an IT Division consisting of a Director who oversees the Office’s databases and training regarding them. The Director coordinates IT equipment maintenance and relies on County IT employees assigned to the Sheriff’s Office to service the equipment.

The Township has an IT staff; however, the creation of a police department would significantly increase their workload. According to the Township’s IT staff, creating an in-house Police Department will require at least four positions including a Network/Systems Administrator responsible for police hardware and specialized software such as the RMS and CAD systems, two additional Help Desk Technicians to help support hardware and software issues as well as accommodate service requests, and a Clerk who can manage records, requests, and paperwork related to police IT overhead.

The Township’s current law enforcement contracts do not directly support IT-related personnel. As a result, staffing Police IT needs, as discussed above, represent four net new positions at an estimated net annual cost of approximately \$376,819 in Year 4, as illustrated below.

Table 36: Estimated Information Technology Staff for City of The Woodlands Police Department

Information Technology Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Systems Administrator	0	1	0	1	\$118,376	\$118,376
Help Desk Technician	0	2	0	2	\$90,856	\$181,712
Clerk	0	1	0	1	\$76,731	\$76,731
Grand Total	0	4	0	4		\$376,819

Like other administrative support services including facilities, fleet, finance, and HR, it is assumed that IT functions will become a part of the new City’s IT Department; however, the estimated costs above reflect an upper-bound estimate of the additional technology staffing needs created by a new Police Department.

Municipal Court

Incorporation has a potential impact on the adjudication of certain cases through the courts. There are several levels of courts in the Montgomery County Judicial System, described below.

Justice of the Peace Courts is a basic court with jurisdiction over “Class C” misdemeanor cases, which are those that are punishable by fine but not jail time. The Justice of the Peace Court for Precinct 3 handles traffic and criminal citations, small claims, evictions, and death inquests, and can issue arrest warrants. The Justice of the Peace would have no jurisdiction over violations of city ordinances. Appeals from decisions of Justice Courts are *de novo*: since there is no record, they essentially begin as new cases in the County Court or District Court.

Municipal Courts share jurisdiction over Class C misdemeanors with the local Justice of the Peace Court but have exclusive jurisdiction over violations of city ordinances. They also have the authority to issue search warrants, arrest warrants, and emergency protective orders. They are not courts of record; they do not have a court reporter and, consequently, do not have a record of proceedings. Decisions may be appealed to a County Court or District Court. As in the Justice Courts, appeals are *de novo*.

Municipal Courts of Record have similar jurisdiction. However, a record of proceedings is maintained; therefore, appeals are not trials *de novo* but are based on the record of the trial court proceeding.

County Courts have jurisdiction over Class A and B misdemeanors and appellate jurisdiction over Justice of the Peace Court and Municipal Court cases. District Courts have jurisdiction over felony cases.

The principal impact of incorporation would be on the Justice of the Peace Court, which handles all traffic and Class C criminal citations. During 2018, 25,142 new cases were filed with the Precinct 3 Justice of the Peace. In addition to these new cases, 18,022 cases were on the court’s criminal docket and 18,011 on the civil docket. Fines were collected in the amount of \$3,910,579.00. Approximately 65% of the court’s workload was generated by The Woodlands.

Upon incorporation, The Woodlands would have options regarding the processing of cases, particularly if it enacts municipal ordinances. The first option is to establish a full municipal court with jurisdiction over all Class C citations as well as violations of municipal ordinances. That would require a judge and a staff proportional to that of the Justice of the Peace, whose staff consists of the judge, a court administrator, 17 clerks, and two bailiffs. Based on this workload and court staffing in benchmark communities, proportional staffing would require a judge and approximately nine employees. This amounts to ten net new positions at an estimated net annual cost of approximately \$877,411 in Year 4, as illustrated below.

Table 37: Estimated Municipal Court Staff for City of The Woodlands Police Department

Municipal Court Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Municipal Judge	0	1	0	1	\$145,229	\$145,229
Court Administrator	0	1	0	1	\$135,993	\$135,993
Senior Court Clerk	0	1	0	1	\$77,852	\$77,852
Court Clerk	0	6	0	6	\$71,491	\$428,946
Bailiff	1	0	1	0	\$89,391	\$89,391
Grand Total	1	9	1	9		\$877,411

In addition to personnel expense, creating a municipal court would require startup, capital, and operating expenses for courtroom space, office space, records management systems, and other needs. These expenses are not readily quantifiable; however, benchmark facility construction data and related costs included municipal courts as a facility element.

It is uncertain whether the workload regarding city ordinances will be sufficient to warrant the expense of a full municipal court. Alternatively, instead of establishing a fully-fledged municipal court, a City of The Woodlands could continue to have Class C citations adjudicated by the Justice of the Peace and establish a limited municipal court hearing only city ordinance violations. Cases could be heard once each week in a location such as Council Chambers. This option would require less staff and initial startup costs: a reasonable approach would involve hiring a full-time Court Administrator responsible for processing municipal citations, scheduling, and all of the administrative tasks associated with the court. Instead of a full-time judge, the new City could contract with a qualified judge or attorney to hear municipal ordinance cases. Bailiff duties should be assigned to a Police Officer temporarily assigned to the post on an as-needed basis.

Table 38: Estimated Alternate Municipal Court Staff for City of The Woodlands Police Department

Alternate Municipal Court Staff	Sworn Positions	Civilian Positions	Estimated Total Compensation per Position	Estimated Grand Total Compensation
Municipal Judge	0	1	\$15,600	\$15,600
Court Administrator	0	1	\$135,993	\$135,993
Total	0	2		\$151,593

Support Services Administration

Leading and coordinating Support Services functions will require dedicated command staff and administrative support. The breadth and depth of these functions justify allocating an additional Captain, Lieutenant, and two Administrative Assistants to facilitate Support Services Administration if these functions are brought in-house. Because command and administrative staff for support services are not currently included in The Woodlands’ law enforcement contracts with county agencies, this requires creating four net new positions at an estimated net annual cost of approximately \$482,600 in Year 4.

Table 39: Estimated Support Services Administration Staff for City of The Woodlands Police Department

Support Services Administration Staff	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Annual Net Impact per Position	Estimated Grand Total Annual Net Impact in Year 4
Captain	1	0	1	0	\$175,396	\$175,396
Lieutenant	1	0	1	0	\$151,398	\$151,398
Administrative Assistant	0	2	0	2	\$77,903	\$155,806
Grand Total	2	2	2	2		\$482,600

Summary of Support Services Needs

This review of support services has been provided to illustrate the scope of the support and ancillary services that will be necessary to operate an independent police department. While many of these services are indirectly provided by contract law enforcement agencies, this report identifies a total of 81 gross positions necessary to provide support services for a full-service, in-house police department (including municipal court functions). Of these positions, ten are currently directly supported by the Township, including three Deputies, three Program Coordinators, and four Program Specialists (all assigned to Community Engagement).

None of the positions discussed in this section are currently covered under the MCSO transition agreement. In total, 71 additional net new positions are required across all other support services functions, including ten additional net new positions for the municipal court, resulting in an estimated total net cost of \$6,496,500 per year by Year 4.

Table 40: Estimated Support Services Staff for City of The Woodlands Police Department

Support Services Staffing	Gross Sworn Positions	Gross Civilian Positions	Net New Sworn Positions	Net New Civilian Positions	Estimated Grand Total Annual Net Impact in Year 4
Community Engagement	6	7	3	0	\$395,593
CSI/Lab/Evidence	5	3	5	3	\$635,731
Dispatch/PSAP	0	15	0	15	\$1,173,525
Accreditation	1	2	1	2	\$310,526
Real-Time Crime Center	0	1	0	1	\$88,590
Records	0	5	0	5	\$406,299
Training and Recruitment	2	0	2	0	\$244,195
Animal Control	0	3	0	3	\$243,688
Facilities Maintenance	0	2	0	2	\$173,425
Fleet Management	0	4	0	4	\$331,884
Finance	0	3	0	3	\$305,630
Human Resources	0	1	0	1	\$96,644
Information Technology	0	4	0	4	\$376,819
Municipal Court	1	9	1	9	\$877,411
Administration	2	2	2	2	\$482,600
Grand Total	17	61	17	54	\$6,142,560

Summary of Full-Service Model Structure and Costs

Upon incorporation, The Woodlands has the option to create an independent police department that would provide a full range of police services within the boundaries of the City – including the areas in both Montgomery County and Harris County. The issue created by County boundaries is not jurisdictional as much as it is procedural. City police officers would be authorized to perform their duties throughout the City, regardless of County lines. However, County statutes and procedures for processing arrests, lodging prisoners, and prosecuting cases through the Harris County Courts are sufficiently different from those of Montgomery County as to require some degree of specialized knowledge if officers are unfamiliar with them. Under this alternative, a squad of one Sergeant and 11 Police Officers would be specifically assigned to Creekside, mirroring the arrangement currently in place with Harris County Deputy Constables. Although the resources of the entire Department would be available to that area for emergency response, backup, special details, etc., this squad of officers specifically trained in Harris County procedures would be primarily responsible for the handling and associated processing of events occurring within Harris County.

The creation of an independent police department would require The Woodlands to assume responsibility for many of the support services currently provided by contracted agencies, either by developing independent capacity or by contracting such services. It would require the creation of a command staff, acquisition of a headquarters facility, development of policies and procedures, recruitment and hiring of staff, and acquisition of vehicles and equipment. The table below summarizes net startup and annual ongoing costs associated with developing a full-service in-house Police Department.

Table 41: Estimated Total Net Cost for Full-Service City of The Woodlands Police Department

Full-Service Model	Expenditure Category	Year 1	Year 2	Year 3	Year 4
Net New Operating					
	Personnel	\$246,894	\$3,537,796	\$6,828,699	\$10,219,326
	Equipment Replacement and Maintenance	\$3,514	\$177,905	\$352,296	\$531,972
	Capital Replacement and Maintenance	\$11,864	\$387,513	\$763,162	\$1,150,194
	Other New Operating Costs	\$22,536	\$762,823	\$1,503,109	\$2,265,829
Subtotal		\$284,808	\$4,866,037	\$9,447,266	\$14,167,321
Debt Service	Facility Construction	\$0	\$0	\$0	\$1,820,019
Capital and Startup					
	Equipment Acquisition	\$12,900	\$671,767	\$671,767	\$671,767
	Capital Projects and Purchases	\$51,821	\$2,057,990	\$2,057,990	\$2,057,990
Subtotal		\$64,721	\$2,729,757	\$2,729,757	\$4,549,776
Grand Total		\$349,529	\$7,595,794	\$12,177,023	\$18,717,097

The following sections include summary discussions of the personnel, equipment, and startup costs necessary to create a full-service police department.

Personnel and Structure

Based on the analysis of Patrol, Investigative, and Support Services above, an estimated gross total of 214.5 staff would be required to create a full-service City of The Woodlands Police Department. This gross total includes 148 sworn and 66.5 civilian positions.

Of the estimated gross total positions described in this report, approximately 104 are directly contracted through county agencies, and seven are current Township positions. This results in an estimated impact of 103.5 net new additional personnel, including 44 sworn and 59.5 civilian positions. These net new positions include staff that will transition to The Woodlands under current transition agreements as well as additional positions as described in this report. The estimated total net cost of these positions is approximately \$10.2 million in Year 4, including salaries and benefits.

Table 42: Estimated Net Staff and Personnel Costs for City of The Woodlands Police Department¹⁸

Division	Net New Sworn Positions	Net New Civilian Positions	Estimated Grand Total Annual Net Impact in Year 4
Department Administration	1	1	\$246,894
Patrol	13	2.5	\$1,793,347
Investigations			
General Investigations	7	0	\$768,215
Major Case Squad*	4	0	\$463,685
Narcotics	3	0	\$353,940
Professional Standards	0	1	\$86,934
Victim Services	1	0	\$134,450
Investigations Administration	1	1	\$229,301
Investigations Subtotal	16	2	\$2,036,525
Support Services			
Community Engagement	3	0	\$395,593
CSI/Lab/Evidence*	5	3	\$635,731
Dispatch/PSAP*	0	15	\$1,173,525
Accreditation	1	2	\$310,526
Real-Time Crime Center	0	1	\$88,590
Records	0	5	\$406,299
Recruitment and Training*	2	0	\$244,195
Animal Control	0	3	\$243,688
Facilities Maintenance	0	2	\$173,425
Fleet Management	0	4	\$331,884
Finance	0	3	\$305,630
Human Resources	0	1	\$96,644
Information Technology	0	4	\$376,819
Municipal Court	1	9	\$877,411
Support Services Administration	2	2	\$482,600
Support Services Subtotal	14	54	\$6,142,560
Grand Total	44	59.5	\$10,219,326

The proposed structure of the full-service Police Department model is illustrated in the following organization chart.

¹⁸ Includes base salary estimates based on benchmark communities plus fringe benefits based on current rates paid by The Woodlands Township.

* These functions are included in the transition agreement with Montgomery County as functions that could be provided by the MCSO after incorporation. They are included as part of the Full-Service Model because the Full-Service Model encompasses all parts of The Woodlands (including both Montgomery and Harris Counties) and to provide a more comprehensive cost estimate of a full-service department.

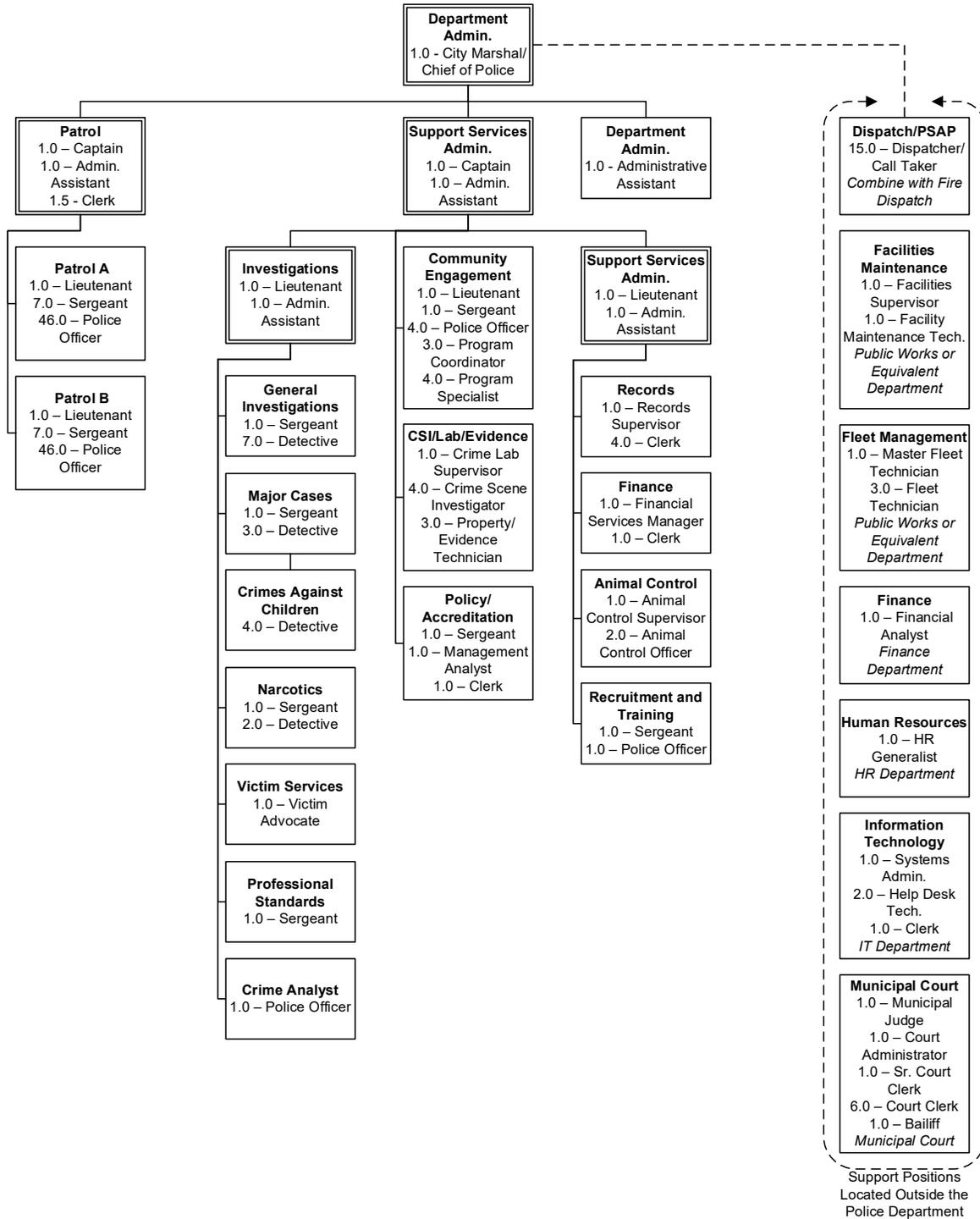


Figure 4: Organization Chart – Proposed Structure of Full-Service Model

The Department would be headed by a City Marshal/Chief of Police, who would have three direct reports: two Captains and an Administrative Assistant. The Operations Captain would supervise the Patrol Division, and the Support Services Captain would oversee Investigations and all non-patrol support functions.

The Operations Division would be divided into two patrol shifts, similar to the current configuration, each supervised by a Lieutenant and consisting of six Patrol Sergeants and 46 Police Officers.¹⁹ Each shift would also have one Sergeant assigned to Administration and Event Planning. Traffic Enforcement, SWAT, the Critical Incident Response Team, and the Special Response Group, all of which would be collateral assignments for personnel with other primary duties, would also report to the Operations Captain.

The Support Services Captain would oversee the remainder of the Department's operations with support from an Administrative Assistant, as described below.

The Investigations Unit would be commanded by a Lieutenant and comprise the following:

- A General Investigations Section staffed by one Sergeant and seven Detectives.
- A Major Case Investigations Section staffed by one Sergeant and three Detectives. This Sergeant would also oversee a Crimes Against Children Section staffed by four Detectives.
- A Narcotics Section staffed by one Sergeant and two Detectives.
- A civilian Victim Advocate.
- A Professional Standards/Internal Affairs Section staffed by one Sergeant.

In addition to the sections described above, a Crime Analyst and an Administrative Assistant would be assigned to the Investigations Unit.

Public Information, Crime Prevention, and the duties currently performed by the Township's Neighborhood Services staff would be combined into one unit supervised by a Lieutenant, who would be the agency's Public Information Officer (PIO). One Police Officer would function as Assistant PIO. A Crime Prevention/Village Liaison Section would be led by a Sergeant and staffed by three Crime Prevention Officers, four Program Coordinators, and three Program Specialists.

Crime Lab and Evidence/Property staffing would consist of a Crime Lab Supervisor, four Crime Scene Investigators, and three civilian Evidence and Property Technicians. It would also be advisable to have a cadre of five to ten patrol officers trained as alternate crime scene investigators who are used to assist with large scale crime scenes or to handle routine crime scenes when the full-time Lab staff is otherwise occupied or unavailable. All patrol officers would be given basic latent fingerprint training in order to process minor incidents such as vehicle burglaries.

One Sergeant, a Management Analyst, and a Clerk would be assigned full-time to obtaining and maintaining accreditation under the Texas Police Chiefs Association Recognition Program, a voluntary process under which law enforcement agencies verify their compliance with 166 best practices that were developed to assist agencies in the efficient and effective delivery of service, the reduction of risk, and the protection of individual rights. The process involves a written submission verifying compliance, followed by an on-site review by a team of assessors. If the assessment is successful, the agency is awarded "recognized" status for a period of four years. During that period, the agency must provide annual proof of compliance with selected standards, and a complete assessment is done every four years. These staff would also be responsible for planning-related responsibilities, including review and analysis of agency policies and procedures to ensure that the agency is in compliance with local, state, and federal laws and maintaining and revising the department's operations manual.

¹⁹ This is higher than the current staffing level of five Sergeants and 42 Deputies provided by the MCSO because a full-service in-house Police Department will also need to serve residents in Creekside.

One Lieutenant would be assigned as Administrative Lieutenant and would oversee multiple units:

- A Records Supervisor would oversee four Clerks and coordinate records retention and open records requests.
- A Fiscal Services Manager and Clerk to oversee financial management and recordkeeping functions, including budget preparation and administration, purchasing, accounts payable and receivable, and alarm registration.
- Animal Control, including one Animal Control Supervisor and two full-time Animal Control Officers.
- A Sergeant and a Police Officer would be assigned responsibilities for recruitment and training and report directly to the Support Services Captain.

The Administrative Lieutenant would receive clerical support from an Administrative Assistant.

The full-service model assumes the following positions will be required to support a full-service Police Department but will be placed in other areas within The Woodlands or contracted out. Because these positions would not be employees of the Police Department, they are illustrated on the right side of the figure above:

- Fifteen proposed dispatch/PSAP positions would be incorporated into the existing The Woodlands Fire Department Communications Center.
- Two Facilities Maintenance positions including a Facilities Supervisor and a Facility Technician to manage police-related buildings.
- Four Fleet Management positions including a Master Fleet Technician and three Fleet Technicians to manage and maintain the Department's vehicle fleet.
- A Financial Analyst position to help assist with analysis and overhead demands associated with the new Police Department.
- A Human Resources Generalist to support HR-related issues among Department personnel.
- Four positions related to Information Technology, including a Systems Administrator to manage hardware and infrastructure, two Help Desk staff to provide customer support, and a Clerk to manage records, will be added to the Information Technology Department and dedicated to Police support.
- Ten positions associated with a Municipal Court would become their own department led by a Municipal Judge and staffed by a Court Administrator, a Senior Court Clerk, six Court Clerks, and a Bailiff.

The structure and recommended initial staffing levels of the proposed police department are based on a review of available data, industry best practices, and an assessment of the level of quality expected by The Township, viewed in light of responsible financial management. They are subject to change based on decisions to be made about which services must be established in-house and which can be obtained from other agencies by contract, additional needs that may become apparent as plans for the new department are finalized, and further review of cost impacts.

Initial Startup Costs

In addition to the personnel costs described above, implementing a full-service Police Department will require initial investments of approximately \$10 million, including \$1.8 million in annual facility debt

service payments as well as \$8.2 million in startup costs for equipment, vehicles, and other capital items. The following table summarizes these costs by category.

Table 43: Estimated Net Startup Costs for City of The Woodlands Police Department

Item	Unit Quantity	Estimated Unit Cost	Estimated Total Startup Cost
Debt Service			
Facility-Related Construction	1	\$1,820,019	\$1,820,019
Debt Service Total			\$1,820,019
Equipment Acquisition			
Sworn Officer Equipment			
Body-Worn Camera	148	\$1,200	\$177,600
Cell Phone	148	\$200	\$29,600
Portable Radio	148	\$4,000	\$592,000
Uniforms and Other Equipment	148	\$7,500	\$1,110,000
Sworn Officer Equipment Subtotal			\$1,909,200
Specialized Equipment			
Animal Control	1	\$20,000	\$20,000
Crisis Intervention/Crisis Negotiation	1	\$10,000	\$10,000
SWAT	10	\$8,900	\$89,000
Specialized Equipment Subtotal			\$119,000
Equipment Acquisition Total			\$2,028,200
Capital Projects and Purchases			
Vehicles			
Animal Control	2	\$60,000	\$120,000
Sworn Personnel	52	\$51,821	\$2,694,692
Vehicles Subtotal			\$2,814,692
Expand Dispatch			
Additional CAD Licenses	7	\$2,300	\$16,100
Call-Taking/Dispatch Basic Workstation	4	\$12,000	\$48,000
Law Enforcement Computer Aided Dispatch (CAD) Module and Implementation	1	\$619,000	\$619,000
Mid-Level Supervisor Workstation Improvements	1	\$18,000	\$18,000
Records Management System Licensing and Implementation	1	\$550,000	\$550,000
Expand Dispatch Subtotal			\$1,251,100
Information Technology Overhead	1	\$2,160,000	\$2,160,000
Capital Projects and Purchases Total			\$6,225,792
Grand Total			\$10,074,011

The Full-Service Model assumes that The Woodlands will need to construct 85,677 square feet of space for Police Department purposes at an estimated cost of \$29,956,131, as described in the Facilities Maintenance section of this report. Because this represents a significant capital expense, it is likely that The Woodlands will choose to finance construction over a 20-year period. Because The Woodlands

maintains an excellent credit rating and market conditions are favorable, the estimated annual interest rate on 20-year bonds is assumed to be 1.932%. Financing the estimated cost of construction at this rate over a 20-year period results in estimated annual payments of \$1,820,019. Although it is possible to support these payments using General Fund operating revenues, Debt Service is grouped with other capital and startup costs because The Woodlands may choose to use reserves or other funding to support facility needs after incorporation.

Sworn Officer Equipment includes body-worn cameras, cell phones, portable radios, uniforms, an issued firearm, leather belts and pouches, body armor, handcuffs, taser, and related equipment. It is important to note that startup costs associated with sworn officer equipment reflect the Department's total gross staffing number because uniforms and equipment will need to be standardized for all staff.

Specialized Equipment includes a budget for animal cages, nooses, traps, and related equipment for use by Animal Control Officers during the course of their duties. A budget is also provided for Crisis Intervention/Crisis Negotiation staff to procure specialized items such as bullhorns, binoculars, portable lights, and related items for use during incidents. Equipment needs for SWAT team members were estimated based on information from the National Tactical Officers Association.

The full-service model assumes each sworn officer will receive a take-home vehicle to increase visibility and improve response times in the event of a call-out or major incident. The estimated cost for animal control vehicles is based on available pricing for fully-configured cargo vans or trucks equipped with holding cages and animal control supplies. Costs for sworn personnel vehicles are based on FY2020 budget estimates used by the Montgomery County Sheriff's Office and The Woodlands Township staff for fully-equipped Chevrolet Tahoes. Because the Township currently provides contract staff with approximately 95 vehicles, only net new vehicle startup costs are illustrated.

Startup costs associated with expanding dispatch/PSAP services to include law enforcement account for software costs as well as the costs of adding workstations for staff. Cost estimates for these items were developed in conjunction with staff from The Woodlands Fire Department and The Woodlands Information Technology Department.

Information Technology Overhead includes additional technology infrastructure (servers, server racks, network switches, telecom systems, fiber optic connections, cabling), as well as hardware (desktop computers, printers, etc.), software (Office 365 licensing), and facility enhancements (security systems, video recording, facility access control systems) that will be required to support police department operations. These estimates were developed in conjunction with The Woodlands Information Technology Department.

It is important to emphasize that the specific timing of these costs will depend on how The Woodlands chooses to phase implementation of a Full-Service Police Department. For the purposes of this report, it is assumed that Debt Service costs will be incurred beginning in Year 4, whereas Equipment Acquisition and Capital Projects and Purchase costs will be phased in between Year 1 and Year 4, as described in the Executive Summary of this report.

Ongoing Annual Costs

In addition to initial startup costs, an in-house police department will require approximately \$4.0 million in ongoing annual expenses to operate, as illustrated in the following table. It is important to note that

these estimates contemplate replacement and maintenance costs associated with the full scope of the Department's equipment and capital assets.

Table 44: Estimated Net Ongoing Annual Costs for City of The Woodlands Police Department

Item	Unit Quantity	Estimated Annual Ongoing Cost per Unit	Estimated Total Annual Ongoing Cost
Equipment Replacement and Maintenance			
Sworn Officer Equipment			
Body-Worn Camera	148	\$390	\$57,720
Cell Phone	148	\$740	\$109,520
Portable Radio	148	\$884	\$130,832
Uniforms and Other Equipment	148	\$1,500	\$222,000
Sworn Officer Equipment Subtotal			\$520,072
Specialized Equipment			
Animal Control	1	\$2,000	\$2,000
Crisis Intervention/Crisis Negotiation	1	\$1,000	\$1,000
SWAT	10	\$890	\$8,900
Specialized Equipment Subtotal			\$11,900
Equipment Replacement and Maintenance Total			\$531,972
Capital Replacement and Maintenance			
Vehicles			
Animal Control	2	\$13,500	\$27,000
Sworn Personnel	147	Varies	\$759,428
Vehicles Subtotal			\$786,428
Expand Dispatch			
Additional CAD Licenses	7	\$2,300	\$16,100
Call-Taking/Dispatch Basic Workstation	4	\$1,200	\$4,800
Law Enforcement Computer Aided Dispatch (CAD) Module and Implementation	1	\$80,950	\$80,950
Mid-Level Supervisor Workstation Improvements	1	\$1,800	\$1,800
Records Management System Licensing and Implementation	1	\$47,500	\$47,500
Expand Dispatch Subtotal			\$151,150
Information Technology Overhead	1	\$212,616	\$212,616
Capital Replacement and Maintenance Total			\$1,150,194
Other New Operating Costs	1	\$2,265,829	\$2,265,829
Grand Total			\$3,947,995

Ongoing costs for Sworn Officer Equipment include annual maintenance for officer cameras, cell phone fees, and radios, as well as budgeted monies to replace each item in this category every five years.

It is assumed that Specialized Equipment will need to be replaced on a ten-year cycle; the values above indicate 10% of budgeted startup values.

Ongoing costs for Vehicles include approximately \$1,500 in annual maintenance per vehicle, plus monies to replace vehicles every five years. Annual replacement costs for vehicles already owned by The Woodlands are not included in the table above because they are already contemplated as part of the Township's Five-Year Financial Plan.

Annual costs associated with expanding dispatch/PSAP services include annual license fee estimates for software, which were developed in conjunction with The Woodlands Fire Department and The Woodlands IT Department. Additionally, it is assumed that money will be set aside to replace CAD and RMS software after 20 years, while workstations will be replaced after ten years.

Ongoing annual costs for IT Overhead were developed in conjunction with The Woodlands IT Department and reflect annual software license costs as well as maintenance and replacement costs for IT infrastructure and hardware.

In addition to the costs described above, The Novak Consulting Group estimated other additional new operating costs for supplies, utilities, professional services, and other expenses not directly itemized in this report. To estimate this cost, the operating budgets of benchmark communities were divided by the total police department staff in each community to generate an estimate of ongoing annual overhead per position. This resulted in an estimate of \$11,268 in annual overhead expenses per year, per position, as illustrated in the following table.

Table 45: Estimated Additional Ongoing Annual Costs for City of The Woodlands Police Department

Benchmark Community	Total Police Positions (Sworn and Civilian)	FY2019 Operating Budget	Annual Overhead per Position
Allen	198.00	\$1,339,908	\$6,767
Conroe	162.00	\$2,546,344	\$15,718
Frisco	325.00	\$4,931,337	\$15,173
Round Rock	254.96	\$3,814,234	\$14,960
Southlake	69.45	\$695,191	\$10,010
Sugar Land	229.60	\$1,143,498	\$4,980
Average	206.50	\$2,411,752	\$11,268

Multiplying this expense by 214.5 positions in the full-service model yields an estimated additional overhead cost of \$2,417,029 per year. This amount was then reduced by \$291,200 to reflect fuel costs currently budgeted by The Woodlands. In addition to these costs, an estimated \$140,000 is included for animal control shelter services. This results in a total Ongoing Operating Cost estimate of \$2,265,829 per year.

Hybrid Transition Model

If The Woodlands chooses to incorporate, it will not be possible to create a full-service, in-house police department overnight. Upon incorporation, The Woodlands must first become a General Law Type A city. According to the Texas Local Government Code, cities in this classification must establish a City Marshal position.²⁰ The Marshal is an ex officio chief of police and may appoint one or more deputies to assist with carrying out duties assigned to the Marshal by statute and with law enforcement activities.²¹ A City Marshal is a peace officer; however, Marshals typically have specific duties involving warrant enforcement, court security, operating detention centers, and supervising proceedings in city courts.

While existing contractual relationships with Montgomery County and Harris County will remain in place after the City incorporates, the new City's relationship with Montgomery County will be guided by the terms of a transition agreement signed on April 23, 2019. According to the terms of this agreement, for the first year following a vote to incorporate, Montgomery County Sheriff's Office services and costs currently borne by the County (approximately 22.5 positions dedicated to command, support, and ancillary services) would be fully funded by the County. During the second year, those services would be funded by 66% by the County. During the third year, they would be funded 33% by the County, and in the fourth year, The Woodlands would assume all costs, with the City funding 100%.

At the time of this writing, a similar transition agreement between The Woodlands Township and Harris County has not been negotiated. However, it will be important to guarantee that residents of Creekside do not experience a decline in service level during the transition period. Not only do Creekside residents receive direct service from the 12 officers assigned to their neighborhood, but they have access to over 500 additional officers from the Harris County Constable's Office in the event of a major emergency. This service level must be maintained. Maintaining the existing contract preserves effective relationships between Harris County staff and Creekside residents and alleviates training and procedural challenges associated with having in-house staff patrol multiple counties.

This transition period also presents an ideal window for the City of The Woodlands to begin developing an in-house command structure and a police force that could easily transition to a full-service police department if The Woodlands chooses to become a Home Rule city. By the time the transition agreement with Montgomery County expires, The Woodlands should implement an in-house command structure and key functions designed to reduce the new City's reliance on Montgomery County for core services. These functions include police patrol services (for all areas of The Woodlands except Creekside, which is in Harris County); investigations services for general cases, narcotics, and crimes against children; victim services; professional standards; community engagement; records management; and animal control. Additional support services related to financial services, human resources, and information technology should also be developed to ensure that the new City can adequately support law enforcement personnel.

While The Woodlands builds internal capacity to perform the functions described above, it should continue to contract with Harris County for patrol and related support services in Creekside through the duration of the transition period. This preserves service level continuity for residents in Creekside and allows The Woodlands to focus on developing internal support service capabilities. Other support services functions, including those identified in the transition agreement with Montgomery County, such as crime

²⁰ Texas Local Government Code Title 2(B) §22.071.

²¹ Texas Local Government Code Title 11(A) §341(C).

lab and evidence processing, dispatch, facilities and fleet maintenance, and crime analysis, should be contracted or outsourced to the greatest extent possible during the transition period.

In effect, during the fourth year of transition after incorporating as a General Law city, The Woodlands will be responsible for most of its own primary law enforcement functions. At that time, it can analyze whether and how to proceed with developing a full-service department if the community chooses to become a Home Rule city. The following sections provide an overview of a “hybrid transition model” that provides a mixture of in-house and contracted services. The table below summarizes net startup and annual ongoing costs associated with a hybrid transition model.

Table 46: Estimated Total Net Cost for City of The Woodlands Hybrid Transition Model

Hybrid Model	Expenditure Category	Year 1	Year 2	Year 3	Year 4
Net New Operating					
	Personnel	\$246,894	\$2,364,313	\$4,481,732	\$6,663,315
	Equipment Replacement and Maintenance	\$3,514	\$145,648	\$287,781	\$434,222
	Capital Replacement and Maintenance	\$11,864	\$239,757	\$467,650	\$702,449
	Other New Operating Costs	\$22,536	\$569,460	\$1,116,384	\$1,679,882
Subtotal		\$284,808	\$3,319,178	\$6,353,548	\$9,479,868
Debt Service	Facility Construction	\$0	\$0	\$0	\$1,167,817
Capital and Startup					
	Equipment Acquisition	\$12,900	\$531,267	\$531,267	\$531,267
	Capital Projects and Purchases	\$51,821	\$1,209,115	\$1,209,115	\$1,209,115
Subtotal		\$64,721	\$1,740,382	\$1,740,382	\$2,908,199
Grand Total		\$349,529	\$5,059,560	\$8,093,930	\$12,388,067

The following sections include summary discussions of the personnel, equipment, and startup costs necessary to implement a hybrid model.

Personnel and Structure

Assuming a hybrid structure is implemented as described above, 12 positions (one Sergeant and 11 Patrol Deputies) from Harris County would continue to be contracted, while core police department functions would be brought in-house. According to the transition agreement between The Woodlands and Montgomery County, “Both before and following the Incorporation Transition Period, the MSCO will continue to provide the same services as provided or offered by the MCSO to the Woodlands as is provided to other city governments within Montgomery County at no additional cost to the Woodlands, as follows:

- Communications – law enforcement dispatch services
- Training
- Detectives/Major Crimes
- K9 Services
- SWAT Team

- Crime Scene Investigation
- Crime Lab Services
- Auto Theft Task Force
- Hostage Negotiation
- Jail Services²²

Because the transition agreement specifies that the MCSO will continue to provide the functions above, the hybrid model does not include dedicated staffing for these functions. However, it is likely that staff brought in-house under the hybrid model will need to be familiar with many of these functions in the event that County services become delayed or unavailable. Specifically, The Woodlands General Investigators should have some familiarity with major crimes cases and crime scene processing, and The Woodlands administrative staff (such as Support Services Administration) should assist the County with coordinating training efforts.

The following table illustrates core functions and staffing levels that should be in-sourced as part of a hybrid model. These core functions require an estimated gross total of 174.5 staff, including 135 sworn and 39.5 civilian positions.

Of the estimated gross total positions described in this report, approximately 104 are currently directly contracted through Harris County, the Montgomery County Sheriff's Office, and Montgomery County Constable's Office, and seven are current Township positions. This results in an estimated impact of 63.5 net new additional personnel, including 31 sworn and 32.5 civilian positions at an estimated personnel cost of \$6.7 million in Year 4, including salaries and benefits.

²² "First Amended Interlocal Cooperation Agreement by and Between Montgomery County, Texas and The Woodlands Township." May 17, 2019. Page 3.

Table 47: Estimated Net Staff and Personnel Costs for City of The Woodlands Hybrid Transition Model

Division	Sworn	Civilian	Estimated Grand Total Annual Net Impact in Year 4
Department Administration	1	1	\$246,894
Patrol	12	2.5	\$1,658,897
Investigations			
General Investigations	7	0	\$768,215
Narcotics	3	0	\$353,940
Victim Services	0	1	\$86,934
Professional Standards	1	0	\$134,450
Investigations Administration	1	1	\$229,301
Investigations Subtotal	12	2	\$1,572,840
Support Services			
Community Engagement	3	0	\$395,593
Records	0	5	\$406,299
Animal Control	0	3	\$243,688
Finance	0	3	\$305,630
Human Resources	0	1	\$96,644
Information Technology	0	4	\$376,819
Municipal Court	1	9	\$877,411
Support Services Administration	2	2	\$482,600
Support Services Subtotal	6	27	\$3,184,684
Grand Total	31	32.5	\$6,663,315

The proposed structure of the hybrid transition model is illustrated in the following organization chart.

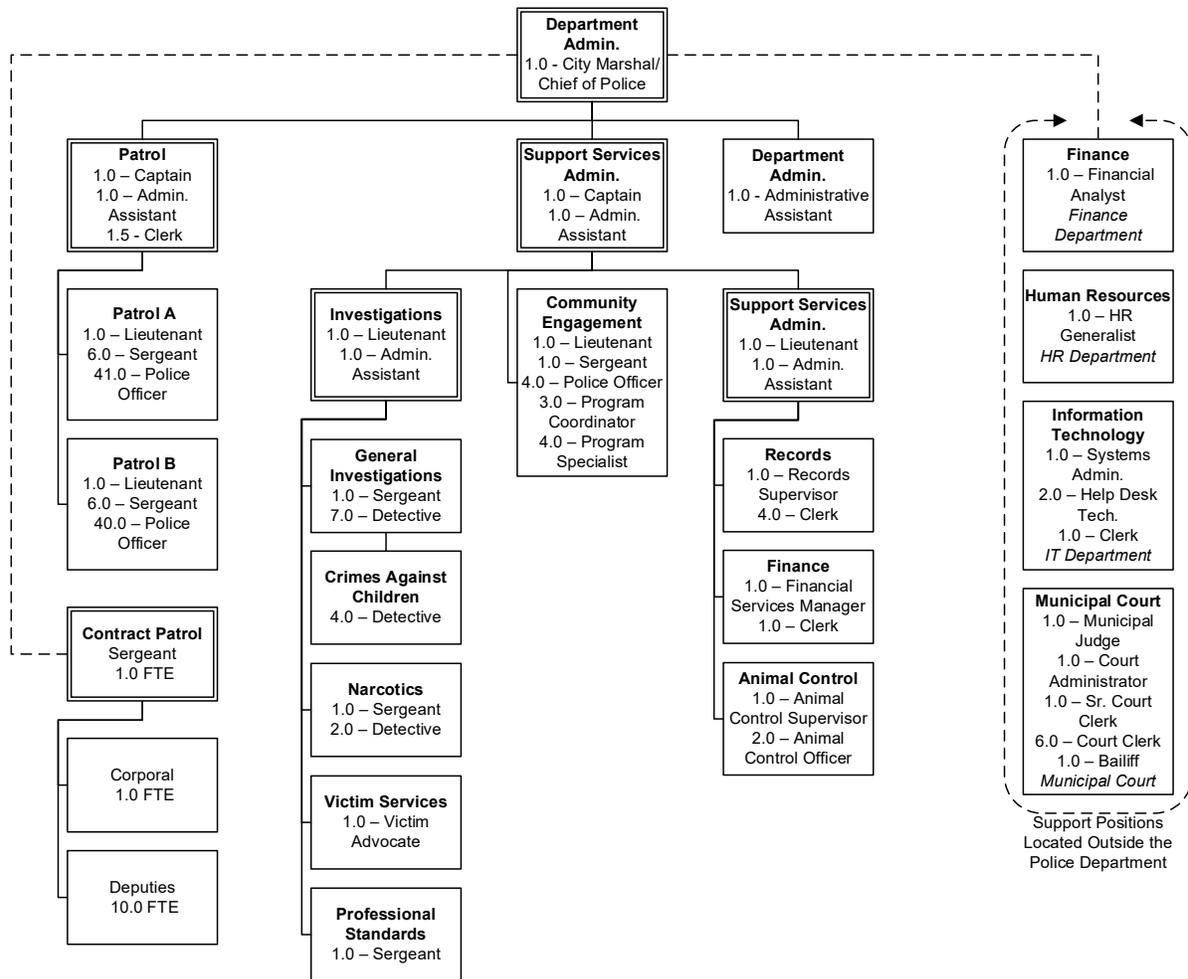


Figure 5: Organization Chart – Proposed Structure of Hybrid Transition Model

The Department would be headed by a City Marshal/Chief of Police, who would have three direct reports: two Captains and an Administrative Assistant. The Operations Captain would supervise the Patrol Division, and the Support Services Captain would oversee Investigations and all non-patrol support functions.

The specific staffing and functions of the hybrid transition model largely mirror the full-service model described above, with a few key differences. First, overall staffing in the Operations division is lower than in the full-service model because the hybrid transition model assumes contract law enforcement staff will continue to be utilized in Creekside. This reduces the number of in-house staff needed to provide patrol coverage according to current service levels.

Second, the hybrid transition model also assumes that support services identified in the transition agreement with Montgomery County will continue to be provided by the County, including but not limited to dispatch/PSAP, major case investigations, crime scene investigations, lab work, property/evidence, and crime analysis. The hybrid model also assumes that other support functions, including facilities maintenance and fleet management, will continue to be contracted out as The Woodlands grows and develops law enforcement operations. While these services could be in-sourced as part of a full-service department, they are likely to require significant investments in facilities and equipment, which will

increase the startup and ongoing costs associated with law enforcement operations. Because these services will continue to be provided by the County, they are not illustrated in the figure above.

Finally, the hybrid transition model assumes some additional support services will be required to help facilitate the Department and its operations. These positions are illustrated on the right side of the figure above:

- A Financial Analyst position to assist with analysis and overhead demands associated with the new Police Department.
- A Human Resources Generalist to support HR-related issues among Department personnel.
- Four positions related to Information Technology, including a Systems Administrator to manage hardware and infrastructure, two Help Desk staff to provide customer support, and a Clerk to manage records, will be added to the Information Technology Department and dedicated to Police support.
- Ten positions associated with a Municipal Court would become their own department led by a Municipal Judge and staffed by a Court Administrator, a Senior Court Clerk, six Court Clerks, and a Bailiff.

Initial Startup Costs

Similar to a full-service, in-house police department, a hybrid structure will also require investments in facilities, equipment, vehicles, and related startup costs. The following table summarizes these costs by category. The same assumptions used to develop startup cost estimates for the Full-Service model were applied to this model.

As in the Full-Service model, The Woodlands will need to provide facility space for law enforcement activities. However, because the Hybrid model estimates that a total of 162.5 in-house staff²³ are needed to provide service, less physical space will be required compared to the Full-Service model. Assuming space needs of 400 square feet per position (as described in the Facilities Maintenance section above), the total estimated space required for the Hybrid model is 64,907 square feet.

The Hybrid model assumes that The Woodlands will choose to purchase and renovate the existing property at 9200 Grogan's Mill, which will require an estimated \$3,479,875 in remodeling costs. Subtracting 19,885 square feet for the Grogan's Mill facility results in a need for 45,022 square feet of new construction at an estimated cost of \$15,741,505. As a result, the total estimated cost of renovations plus new construction is \$19,221,380 to accommodate a hybrid department. This cost estimate does not include the initial purchase price of the Grogan's Mill facility, which will be negotiated between the City and the County.

Assuming this cost is financed over 20 years at a rate of 1.932% (the same as the Full-Service model), the estimated annual payment associated with debt service is approximately \$1,167,817. As in the Full-Service model, Debt Service is grouped with other capital and startup costs because The Woodlands may choose to use reserves or other funding to support facility needs after incorporation.

Other startup costs including Equipment Acquisition and Capital Projects and Purchases utilize the same assumptions as the Full-Service model but have been revised where appropriate to reflect the Hybrid

²³ Twelve additional law enforcement staff would continue to be contracted through Harris County and would not require dedicated facility space, including a contract Sergeant, Corporal, and 10 Deputies.

model's staffing needs. Total estimated net startup costs are approximately \$6.5 million as illustrated in the following table.

Table 48: Estimated Net Startup Costs for City of The Woodlands Hybrid Transition Model

Item	Unit Quantity	Estimated Unit Cost	Estimated Total Startup Cost
Debt Service			
Facility-Related Construction	1	\$1,167,817	\$1,167,817
Debt Service Total			\$1,167,817
Equipment Acquisition			
Sworn Officer Equipment			
Body-Worn Camera	123	\$1,200	\$147,600
Cell Phone	123	\$200	\$24,600
Portable Radio	123	\$4,000	\$492,000
Uniforms and Other Equipment	123	\$7,500	\$922,500
Sworn Officer Equipment Subtotal			\$1,586,700
Specialized Equipment			
Animal Control	1	\$20,000	\$20,000
Specialized Equipment Subtotal			\$20,000
Equipment Acquisition Total			\$1,606,700
Capital Projects and Purchases			
Vehicles			
Animal Control	2	\$60,000	\$120,000
Sworn Personnel	27	\$51,821	\$1,399,167
Vehicles Subtotal			\$1,519,167
Information Technology Overhead	1	\$2,160,000	\$2,160,000
Capital Projects and Purchases Total			\$3,679,167
Grand Total			\$6,453,684

It is important to emphasize that the specific timing of these costs will depend on how The Woodlands chooses to phase implementation of a Hybrid Police Department. For the purposes of this report, it is assumed that Debt Service costs will be incurred beginning in Year 4, whereas Equipment Acquisition and Capital Projects and Purchase costs will be phased in between Year 1 and Year 4, as described in the Executive Summary of this report.

Ongoing Annual Costs

A hybrid transition model will also impose annual cost obligations on the new City of The Woodlands, as detailed in the following table. As with initial startup costs, the same assumptions utilized in the Full-Service Model informed the estimated net annual cost calculations below.

Table 49: Estimated Net Ongoing Annual Costs for City of The Woodlands Hybrid Transition Model

Item	Unit Quantity	Estimated Annual Ongoing Cost per Unit	Estimated Total Annual Ongoing Cost
Equipment Replacement and Maintenance			
Sworn Officer Equipment			
Body-Worn Camera	123	\$390	\$47,970
Cell Phone	123	\$740	\$91,020
Portable Radio	123	\$884	\$108,732
Uniforms and Other Equipment	123	\$1,500	\$184,500
Sworn Officer Equipment Subtotal			\$432,222
Specialized Equipment			
Animal Control	1	\$2,000	\$2,000
Specialized Equipment Subtotal			\$2,000
Equipment Replacement and Maintenance Total			\$434,222
Capital Replacement and Maintenance			
Vehicles			
Animal Control	2	\$13,500	\$27,000
Sworn Personnel	123	Varies	\$462,833
Vehicles Subtotal			\$489,833
Information Technology Overhead	1	\$212,616	\$212,616
Capital Replacement and Maintenance Total			\$702,449
Other New Operating Costs	1	\$1,679,882	\$1,679,882
Grand Total			\$2,816,554

As in the Full-Service model, The Novak Consulting Group also applied a cost assumption for other ongoing operating overhead expenses not specifically itemized in the table above: assuming an average operating expense of \$11,268 per position, an estimated \$1.8 million will be required per year to cover other costs such as utilities, miscellaneous supplies, professional services, and related expenses. An additional \$140,000 was also budgeted for contracted animal control shelter services, and estimated costs were reduced by \$291,200 to account for currently budgeted fuel costs, as in the Full-Service Model. This results in an estimated annual Ongoing Operating Cost of approximately \$1.7 million.

Contract Model

Another viable alternative to developing a Full-Service in-house police department would be to continue the practice of contracting with the Montgomery County Sheriff’s Office (MCSO), the Harris County Constable’s Office Precinct 4, and the Montgomery County Constable’s Office Precinct 3 (for investigative services). This option essentially maintains the status quo. Each agency would continue to provide law enforcement services in its respective area, per the established agreements between each agency and The Woodlands. Costs would remain essentially the same, although future increases would be anticipated to keep pace with inflation and adjustments to staffing levels as needed.

The following table illustrates FY2020 budgeted costs for contracted services.

Table 50: FY2020 Budget – Law Enforcement Contract Services²⁴

Contract Agency	Contract Personnel	Personnel Cost	Fuel	Overtime	Total
Montgomery County Sheriff's Office	89 Township-Funded: - 1 Detective Sergeant - 2 Admin Sergeant - 10 Patrol Sergeants - 75 Patrol Deputies - 1 Safe Harbor Detective				
	22.5 County-Funded: - 1 Captain - 2 Lieutenants - 9 Patrol Deputies - 8 Detectives - 1 Administrative Assistant - 1.5 Secretary/Clerks	\$8,116,800	\$291,200	\$999,600	\$9,407,600
Harris County Constable Precinct 4	12 Township-Funded: - 1 Sergeant - 11 Deputies	\$1,297,200	Included in Contract Price	\$40,000	\$1,337,200
Montgomery County Constable Precinct 3	3 Township-Funded: - 2 Safe Harbor Detectives - 1 Internet Crimes Against Children Detective	\$418,022	Included in Contract Price	Not Applicable	\$418,022
Total	104 Township-Funded 22.5 County-Funded	\$9,832,022	\$291,200	\$1,039,600	\$11,162,822

According to the latest transition agreement between The Woodlands Township and the MCSO, upon incorporation, The Woodlands would assume personnel costs associated with 22.5 positions currently

²⁴ Does not include The Woodlands staff expense associated with Law Enforcement and Neighborhood Services.

funded by the MCSO. These positions are equivalent to approximately \$2.5 million in overhead costs and would become the full responsibility of The Woodlands four years after incorporation. However, they would remain County employees.

It is important to emphasize that state law requires The Woodlands to establish a City Marshal position should the Township choose to incorporate. This position should be accompanied by an Administrative Assistant, similar to Department Administration staffing in the Full Service and Hybrid Transition Models. The following sections discuss specific net additional costs to the Township incurred as a result of these positions.

The table below summarizes net startup and annual ongoing costs associated with the Contract Model, including transitioned personnel costs and the impact of a City Marshal's Office.

Table 51: Estimated Total Net Cost for City of The Woodlands Contract Model

Contract Model	Expenditure Category	Year 1	Year 2	Year 3	Year 4
Net New Operating					
	Personnel	\$246,894	\$1,084,057	\$1,921,220	\$2,783,751
	Equipment Replacement and Maintenance	\$3,514	\$3,514	\$3,514	\$3,514
	Capital Replacement and Maintenance	\$11,864	\$11,864	\$11,864	\$11,864
	Other New Operating Costs	\$22,536	\$22,536	\$22,536	\$22,536
Subtotal		\$284,808	\$1,121,971	\$1,959,134	\$2,821,665
Capital and Startup					
	Debt Service	\$0	\$0	\$0	\$0
	Equipment Acquisition	\$12,900	\$0	\$0	\$0
	Capital Projects and Purchases	\$51,821	\$0	\$0	\$0
Subtotal		\$64,721	\$0	\$0	\$0
Grand Total		\$349,529	\$1,121,971	\$1,959,134	\$2,821,665

Personnel and Structure

The Contract Model assumes The Woodlands will continue to rely on county providers for law enforcement services. However, it will begin to directly support approximately 22.5 additional contract positions employed by the MCSO, as well as an in-house City Marshal/Chief of Police and an Administrative Assistant. This results in an estimated impact of 24.5 net new additional personnel, including 21 sworn and 3.5 civilian positions at an estimated personnel cost of \$2.8 million in Year 4, including salaries and benefits.

Table 52: Estimated Net Staff and Personnel Costs for City of The Woodlands Hybrid Transition Model

Division	Sworn	Civilian	Year 1	Year 2	Year 3	Year 4
Department Administration	1	1	\$246,894	\$246,894	\$246,894	\$246,894
MCSO Patrol Cost Transition	12	2.5	\$0	\$547,436	\$1,094,872	\$1,658,897
MCSO Investigations Cost Transition	8	0	\$0	\$289,727	\$579,454	\$877,960
Grand Total	21	3.5	\$246,894	\$1,084,057	\$1,921,220	\$2,783,751

Initial Startup Costs

As with the Full-Service and Hybrid Transition models, the Contract Model will require modest investments in equipment, vehicles, and startup costs to support the City Marshal. The following table summarizes these costs by category and utilizes the same assumptions as other models. Total estimated net startup costs are approximately \$64,721.

Table 53: Estimated Net Startup Costs for City of The Woodlands Contract Model

Item	Unit Quantity	Estimated Unit Cost	Estimated Total Startup Cost
Equipment Acquisition			
Body-Worn Camera	1	\$1,200	\$1,200
Cell Phone	1	\$200	\$200
Portable Radio	1	\$4,000	\$4,000
Uniforms and Other Equipment	1	\$7,500	\$7,500
Equipment Acquisition Total			\$12,900
Capital Projects and Purchases			
City Marshal Vehicle	1	\$51,821	\$51,821
Capital Projects and Purchases Total			\$51,821
Grand Total			\$64,721

It is assumed that these capital purchases will be made in Year 1 to support the City Marshal/Police Chief upon hire.

Ongoing Annual Costs

A contract model will also impose new annual cost obligations to support the City Marshal, as detailed in the following table. As with initial startup costs, the same assumptions utilized in other models informed the estimated net annual cost calculations below.

Table 54: Estimated Net Ongoing Annual Costs for City of The Woodlands Contract Model

Item	Unit Quantity	Estimated Annual Ongoing Cost per Unit	Estimated Total Annual Ongoing Cost
Equipment Replacement and Maintenance			
Body-Worn Camera	1	\$390	\$390
Cell Phone	1	\$740	\$740
Portable Radio	1	\$884	\$884
Uniforms and Other Equipment	1	\$1,500	\$1,500
Equipment Replacement and Maintenance Total			\$3,514
Capital Replacement and Maintenance			
City Marshal Vehicle	1	\$11,864	\$11,864
Capital Replacement and Maintenance Total			\$11,864
Other New Operating Costs	1	\$22,536	\$22,536
Grand Total			\$37,914

As in the other models, The Novak Consulting Group included a cost assumption for other ongoing operating overhead expenses. Assuming an average operating expense of \$11,268 per position, an estimated \$22,536 will be required per year to cover other costs such as utilities, miscellaneous supplies, and related expenses for the City Marshal and Administrative Assistant. This estimate was not applied to other contracted staff because it is assumed that related overhead expenses will continue to be covered by the counties per existing contracts and transition agreements.

Benefits and Tradeoffs of Law Enforcement Service Delivery Models

While the analysis above discussed the specific staffing, operational, capital, and cost implications of each law enforcement service delivery model, it is appropriate to devote some discussion to the qualitative benefits and tradeoffs each model conveys. The following sections discuss specific factors that will help inform policy discussions regarding law enforcement service delivery in The Woodlands.

Full-Service Model

The principal benefit of a full-service, in-house police department is local control. By establishing its own Police Department, The Woodlands would gain the ability to unilaterally define the mission and priorities of its police force and provide the support and direction to achieve those goals. Many communities see their local law enforcement agencies as an important reflection of their city's identity. They consider them a reflection of the community and take a measure of comfort in knowing that the officers with whom they interact are familiar with the area they serve and identify as part of it.

The Woodlands would also gain greater directive ability to ensure that services are delivered consistently across the new City through uniform hiring, training, performance measurement, and disciplinary practices. Additionally, The Woodlands would gain the ability to adjust staffing levels and deployment without seeking the approval and cooperation of another level of government.

In summary, The Woodlands would have a police department of appropriate size that would bear the identity of the new City, carry out the City's laws and municipal ordinances, and adjust practices as needed to meet the community's service level expectations.

The primary disadvantages associated with creating a full-service, in-house police department are financial. Although the Township would have a more direct ability to control costs, the scope of those costs will increase compared to the current contract arrangement. Because the new City would need to replicate some support services provided by Montgomery and Harris Counties, additional personnel, startup costs, capital costs, and ongoing annual costs will be incurred, and the economies of scale associated with the contracting arrangement will be lost.

Hybrid Transition Model

The primary advantage of a hybrid transition model is that it allows The Woodlands to begin developing its own law enforcement capabilities, practices, and sense of identity as the new City continues to grow and evolve. By leveraging existing contracts and transition agreements, The Woodlands will be able to grow internal capacity to perform core police functions in a deliberate and effective manner. This effort can be overseen by the City Marshal, who would serve as ex officio police chief and function as the main point of contact between The Woodlands and contracted law enforcement agencies.

An additional advantage of the hybrid model approach is that it preserves the current level of service offered to residents of The Woodlands who reside in Harris County. Once the policies, practices, and operational procedures of a Woodlands Police Department have been fully implemented, the City could then determine when and how to absorb Creekside into its regular operations while continuing to provide exceptional service delivery.

There are also several challenges associated with the hybrid model. First, this model presumes that Montgomery and Harris Counties, or other third-party contractors, will be able and willing to supply support services such as laboratory testing, evidence processing, dispatch, facility and fleet maintenance, and crime analysis. The availability and cost of these services are not readily quantifiable, but the need to procure these services will increase the estimated operational costs described in this report and will require specific negotiation with those agencies.

Second, while implementing a hybrid structure could be an effective method of transitioning to a full-service Police Department, it does not address operational challenges that cross County lines. Many of the support services discussed in this report would continue to be provided by multiple county agencies or other third parties. Some of these services, such as dispatching, will require the City Marshal to closely coordinate with The Woodlands law enforcement staff as well as staff from Montgomery County and Harris County to ensure communications practices are clearly understood by all parties.

Similarly, the hybrid transition model perpetuates the practice of utilizing multiple organizations to provide law enforcement services in different parts of The Woodlands. This structure could limit the new City's ability to form a cohesive law enforcement identity and challenge efforts to implement a unified mission, vision, and strategic structure that ensures equitable service delivery for all Woodlands residents.

Contract Model

The contract model offers several advantages, as well. Contracting for law enforcement has served the Township well and has been expanded as necessary to meet the Township's needs. It removes the Township from almost all the administrative responsibilities attendant to operating a police department. Township staff involved in Law Enforcement and Neighborhood Services are primarily responsible for contract administration, liaison with the law enforcement agencies, and coordination of community outreach and crime prevention activities.

Much of the cost of administrative, command, and support services is absorbed by the existing administrative structure of the contracted agencies. Because the number of Township staff would not increase, the need to expand other Township support services, such as Human Resources and Information Technology, is reduced compared to in-sourcing services. Additionally, capital costs associated with this model, such as constructing a new police headquarters, are also significantly reduced as long as existing service levels and personnel remain consistent.

The primary disadvantage of the contract model is that it inhibits the Township's ability to unilaterally define its own law enforcement mission, vision, values, and identity. The new City's law enforcement staff would remain employees of outside agencies, and The Woodlands would have limited flexibility to enhance some services (such as dispatch) while using contracted staff.

Additionally, while incorporation provides The Woodlands with an opportunity to craft City ordinances that could be enforced by law enforcement staff, these ordinances could not be enforced by contracted County Deputies. This could prevent The Woodlands from easily addressing important quality of life concerns using contracted law enforcement staff.

The current contract model is also dependent on the willing participation of separate political entities. Political turnover has the potential, though unlikely, to disrupt the contract renewal process. However, since this risk already exists, it is not a "new" risk associated with incorporation. Rather, incorporation would provide the statutory authority to develop a standalone department should such an issue emerge.

Finally, maintaining the current service delivery model also retains the bifurcated structure between parts of The Woodlands located in Montgomery County and Harris County. While the overall level of service to residents would remain the same, the new City would continue to rely on multiple contracted service providers, PSAP and dispatch centers, service protocols used by deputies, and support structures that are separated by the County line.

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Comparison to Previous Reports

In addition to this 2019 study, The Woodlands Township has evaluated the potential staffing and cost impacts of law enforcement services in previous years, including a study by The Novak Consulting Group in 2011 and an additional study by Matrix Consulting in 2018. Excluding municipal court functions, the Full-Service model in this 2019 study recommends an additional 23 positions compared to the 2011 Novak study and 49 additional positions compared to the 2018 Matrix study, as illustrated in the following figure.

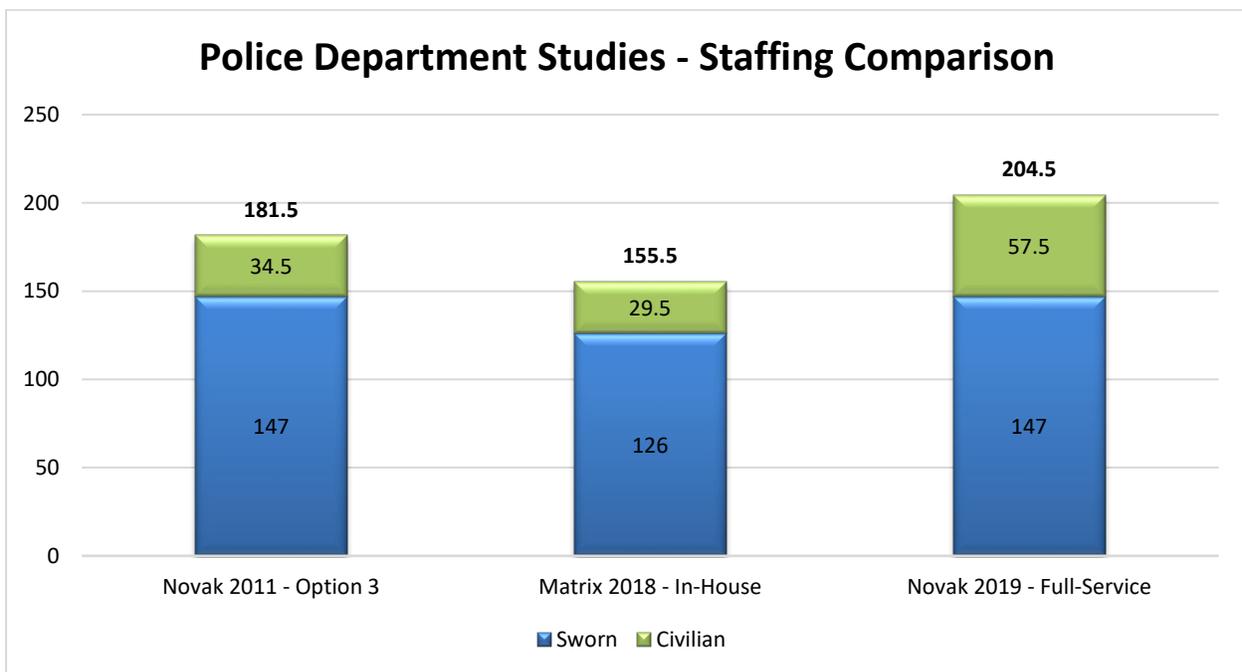


Figure 6: Comparison of Law Enforcement Staffing Studies

The following sections briefly describe key differences in Patrol, Investigations, Support Services, and Municipal Court staffing among the three reports.

Patrol

The following figure compares recommended Patrol staffing levels among the three reports:

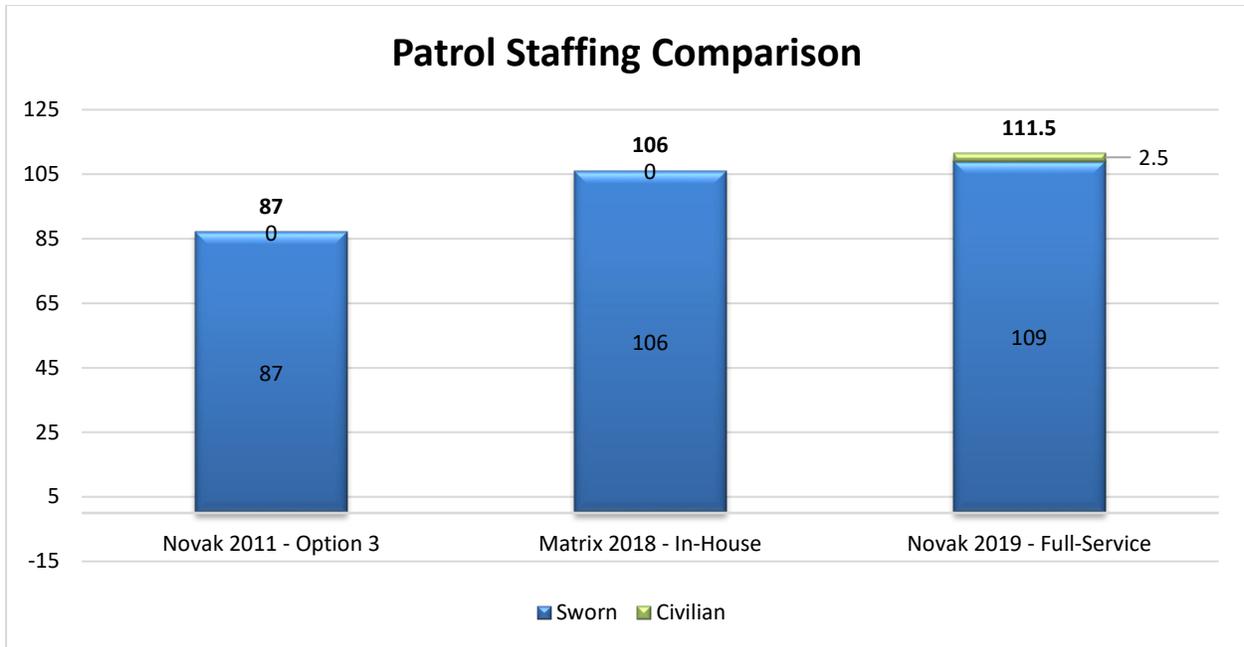


Figure 7: Comparison of Law Enforcement Staffing Studies – Patrol Services

The 2018 Matrix Law Enforcement Study and The Novak Consulting Group’s 2019 Law Enforcement Study reports utilize nearly the same staffing assumptions related to Patrol positions, including the same number of Captains (1.0), Lieutenants (2.0), and Police Officers (92.0). The Novak Consulting Group’s 2019 Law Enforcement Study report includes 14.0 Sergeants and 2.5 civilians compared to 11.0 Sergeants and no civilians in the 2018 Matrix Law Enforcement Study report. Notably, The Novak Consulting Group’s 2011 Law Enforcement Study report includes fewer positions, largely because the Township’s contracted law enforcement services have expanded to accommodate growth since 2011.

Investigations

The following figure compares the recommended Investigations staffing levels among the three reports:

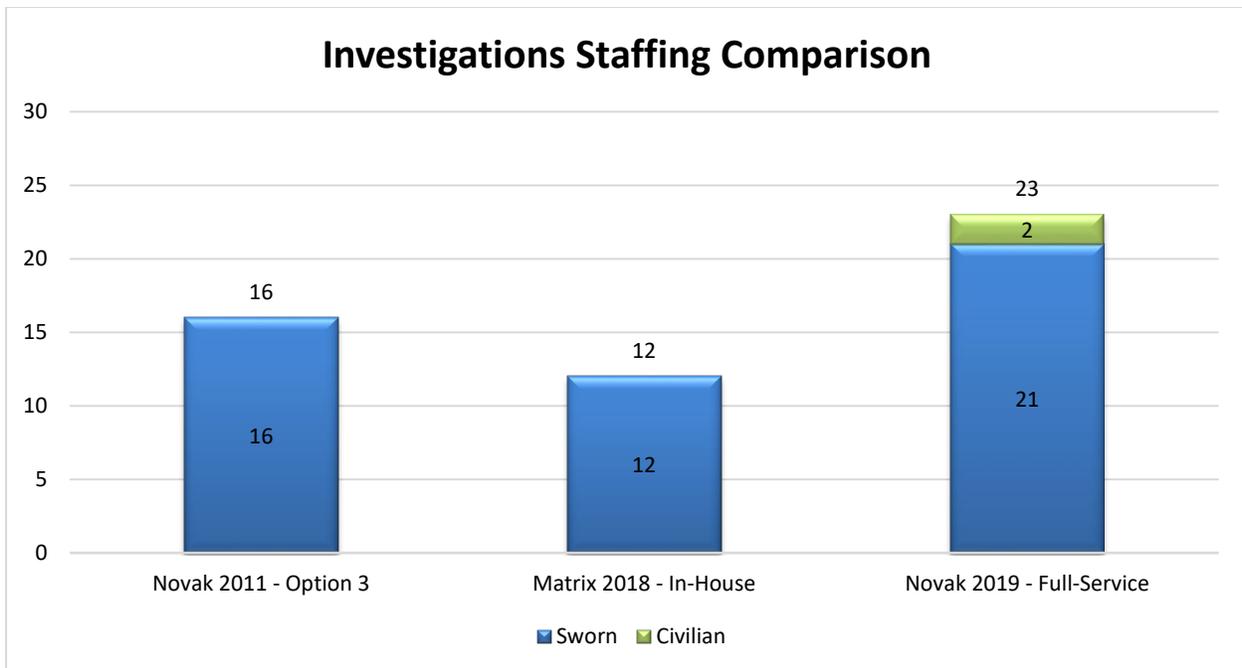


Figure 8: Comparison of Law Enforcement Staffing Studies - Investigations Services

The Novak Consulting Group’s 2011 Law Enforcement Study recommended a supervising Lieutenant overseeing two major units: General Investigations staffed with a Sergeant and 6.0 Detectives, and Technology Crimes staffed with a Sergeant and 6.0 Detectives. A Lieutenant devoted to Professional Standards is also recommended. This results in a total of 16.0 investigations-related positions. Notably, the 2018 Matrix Law Enforcement Study includes the lowest overall recommended Investigations staff. The 2018 Matrix Law Enforcement Study provides 12.0 total staff (1.0 Sergeant and 11.0 Detectives) to cover all investigative activity in The Woodlands.

This 2019 Law Enforcement Study includes more staffing compared to the other reports to account for a comprehensive overview of investigative services, including General Investigations, Major Case Unit, Narcotics, Crimes Against Children, Victim Services, Professional Standards, and administrative staff. Each of these investigative functions is described in detail in this report.

Support Services

The following figure compares the recommended Support Services staffing levels among the three reports:

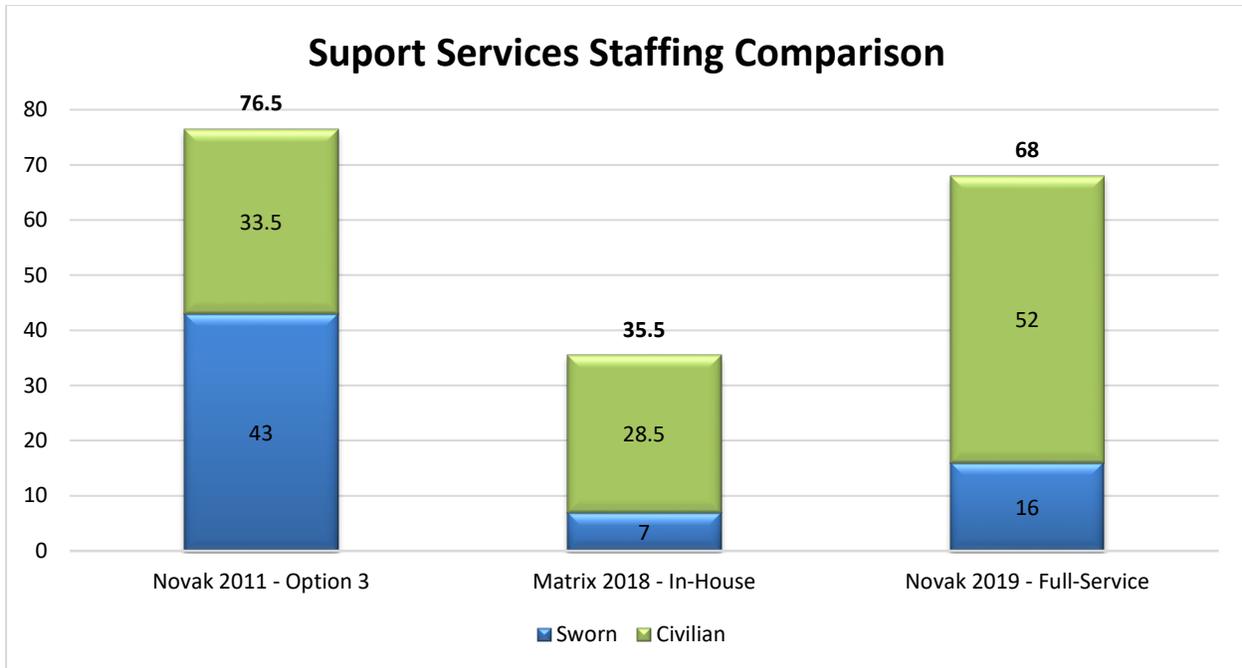


Figure 9: Comparison of Law Enforcement Staffing Studies - Support Services

The 2018 Matrix Law Enforcement Study includes the lowest overall support services staffing among the three reports. In general, the 2018 Matrix Law Enforcement Study provides support services for Dispatch functions (10.0 civilians), Records (6.0 civilians), Community Engagement (3.0 positions), and Finance positions (3.0 positions).

The Novak Consulting Group's 2011 Law Enforcement Study and The Novak Consulting Group's 2019 Law Enforcement Study reports recommend similar support services staffing. Both reports provide for approximately 13.0 Community Engagement positions to reflect high service level expectations in The Woodlands. Recommended Dispatch/PSAP staffing is also similar (12.0 in the 2011 report and 15.0 in the 2019 report). However, The Novak Consulting Group's 2011 Law Enforcement Study report provides for several support services functions that are not included in The Novak Consulting Group's 2019 Law Enforcement Study report, such as School Resource Officers and Special Operations staff. This 2019 study assumes these functions will be provided by school districts and existing Patrol staff, respectively.

In lieu of School Resource Officers and Special Operations staff, this 2019 report includes more detailed staffing assumptions regarding Crime Scene Investigations/Lab/Evidence processing, Fleet Management, Information Technology, Accreditation, and Animal Control compared to the 2011 report.

Municipal Court

The following figure compares recommended Municipal Court staffing levels among the three reports:

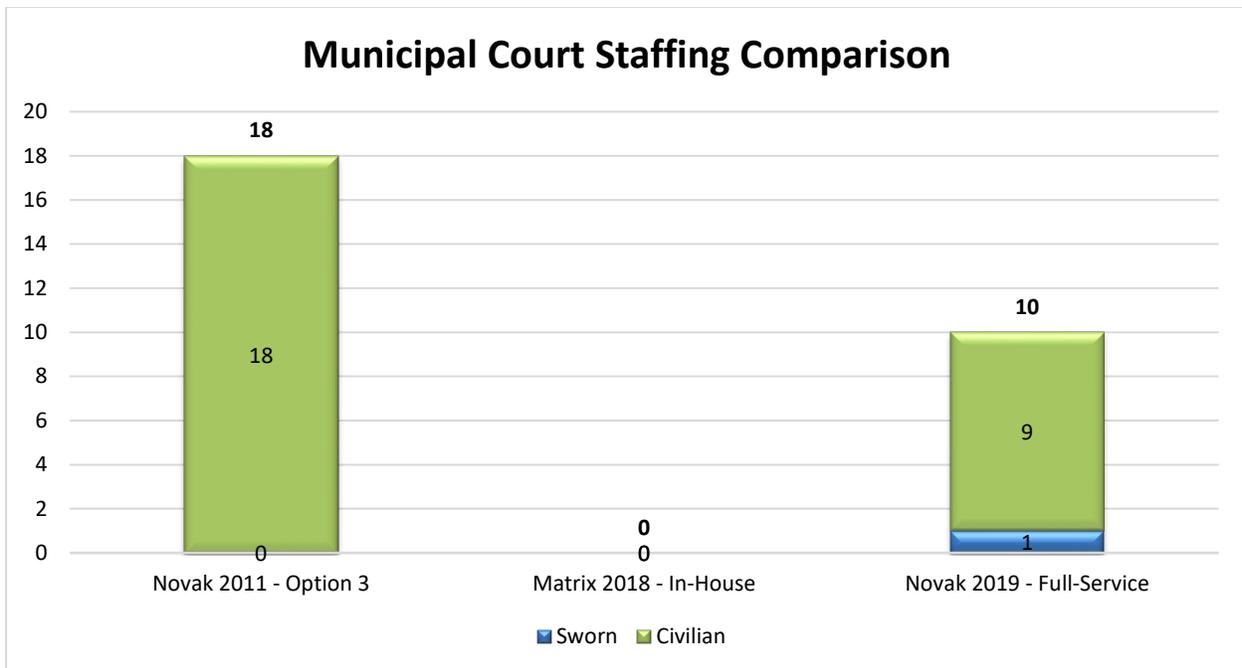


Figure 10: Comparison of Law Enforcement Staffing Studies – Municipal Court

The Novak Consulting Group’s 2011 Law Enforcement Study report estimates 18 municipal court personnel are required based on a comparative analysis of staffing levels and budgets across several benchmark Texas communities. The 2018 Matrix Law Enforcement Study report did not include an independent analysis of municipal court services.

This 2019 Law Enforcement Study report estimates ten municipal court staff will be required based upon a similar analysis of staffing ratios per population among five benchmark communities, including Allen, Frisco, Round Rock, Southlake, and Sugar Land. This staffing level is likely sufficient to process cases currently handled by the Justice of the Peace as well as any municipal ordinance violations and is discussed in detail in the Municipal Court section of this report.

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Benchmarking Community Comparisons

As a part of this law enforcement analysis, The Novak Consulting Group conducted benchmarking research regarding police staffing levels in six Texas cities: Allen, Conroe, Frisco, Round Rock, Southlake, and Sugar Land. While the City of Conroe was not among the initial benchmark communities utilized in earlier studies conducted by The Novak Consulting Group regarding incorporation matters, it was included in this analysis because it shares a similar population size to The Woodlands and is the largest comparable city in Montgomery County that operates its own police department.

The following sections provide an overview of law enforcement staffing levels in benchmark communities, particularly regarding overall staffing, patrol, investigations, and support services functions. To accomplish this analysis, The Novak Consulting Group reviewed publicly available documentation regarding each benchmark community's staffing levels and practices.

The information below is presented for illustrative purposes to help distinguish how a proposed full-service police department in The Woodlands would compare to law enforcement services provided by benchmark organizations. While every effort was made to categorize staff as accurately as possible, it must be emphasized that communities often utilize staff with similar titles in various ways, and staff often serve multiple overlapping roles that are not directly comparable from one organization to the next.

Benchmarking Methodology

The full-service model described in this report includes 214.5 gross positions required to create an in-house City of The Woodlands Police Department. However, the full-service model includes 22 positions that could reasonably be located in other departments:

- 2 Facility Maintenance positions
- 1 Finance position
- 4 Fleet positions
- 1 Human Resources position
- 4 Information Technology position
- 10 Municipal Court positions

While these staff would be required to support Police Department operations, benchmark communities frequently allocate these positions outside of the police department. To compare overall Police Department staffing as accurately as possible among the benchmark communities, The Novak Consulting Group excluded the staff above from benchmarking analysis.

Additionally, benchmark police departments commonly include dispatch and communications functions, which support multiple public safety services, such as police, fire, and emergency medical service (EMS). The Woodlands already employs 16 personnel associated with Fire dispatch who could become part of a comprehensive dispatch/PSAP function if a full-service, in-house police department is created. To more accurately compare total dispatch staffing among benchmark communities, The Novak Consulting Group included the 16 current Fire communications positions in the benchmarking analysis below. As a result, the benchmarking analysis below includes 208.5 total staff for a full-service City of The Woodlands Police Department: 214.5 gross full-service positions as initially estimated, less 22 positions which could be allocated to other departments, plus 16 existing Fire communications staff which could be incorporated into a full-service police communications function.

Overall Police Department Staffing

Overall, law enforcement staffing among the benchmark communities varies widely. The City of Frisco utilizes the largest police department with approximately 325 sworn and civilian positions, while the City of Southlake has the smallest department with approximately 69 sworn and civilian positions. After implementing a full-service police department, estimated staffing in The Woodlands would be the fourth-highest among benchmark communities, between the City of Sugar Land and the City of Allen. The following figure illustrates overall law enforcement staffing among the benchmark communities.

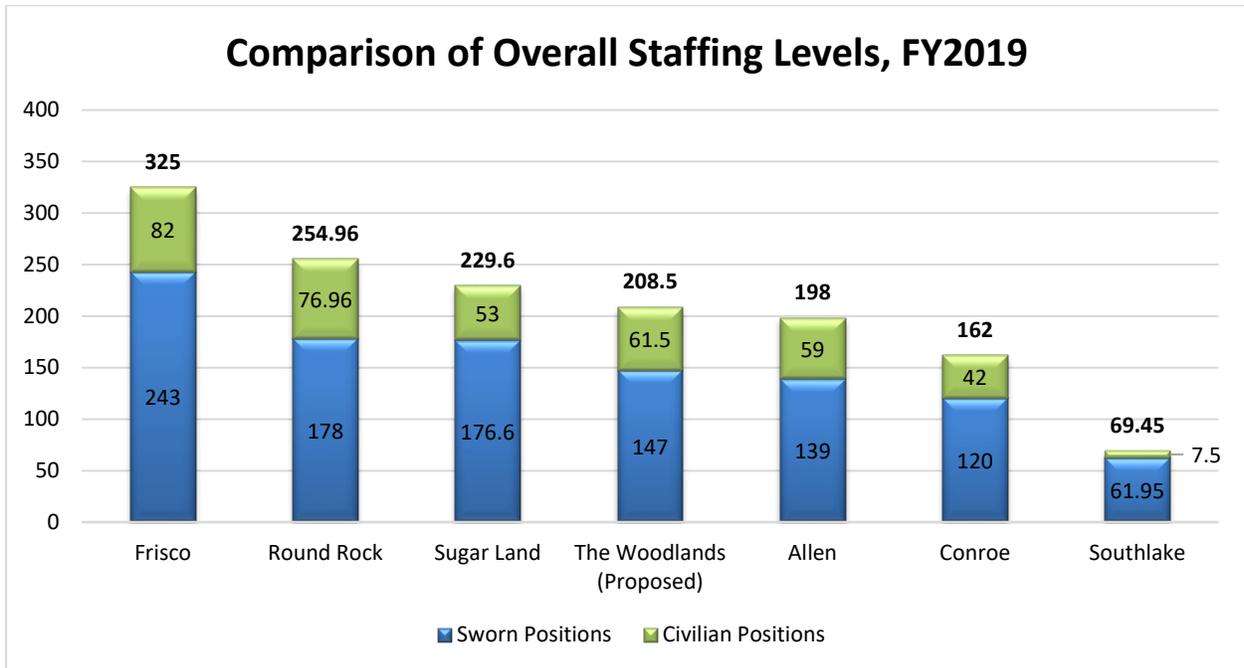


Figure 11: Comparison of Overall Police Department Staffing Levels, FY2019

Because law enforcement agencies serve all the residents of their communities, it is common to compare staffing in the context of a community’s total population. This is commonly accomplished by calculating the number of sworn officers per 1,000 population in a given community, as illustrated in the following figure.

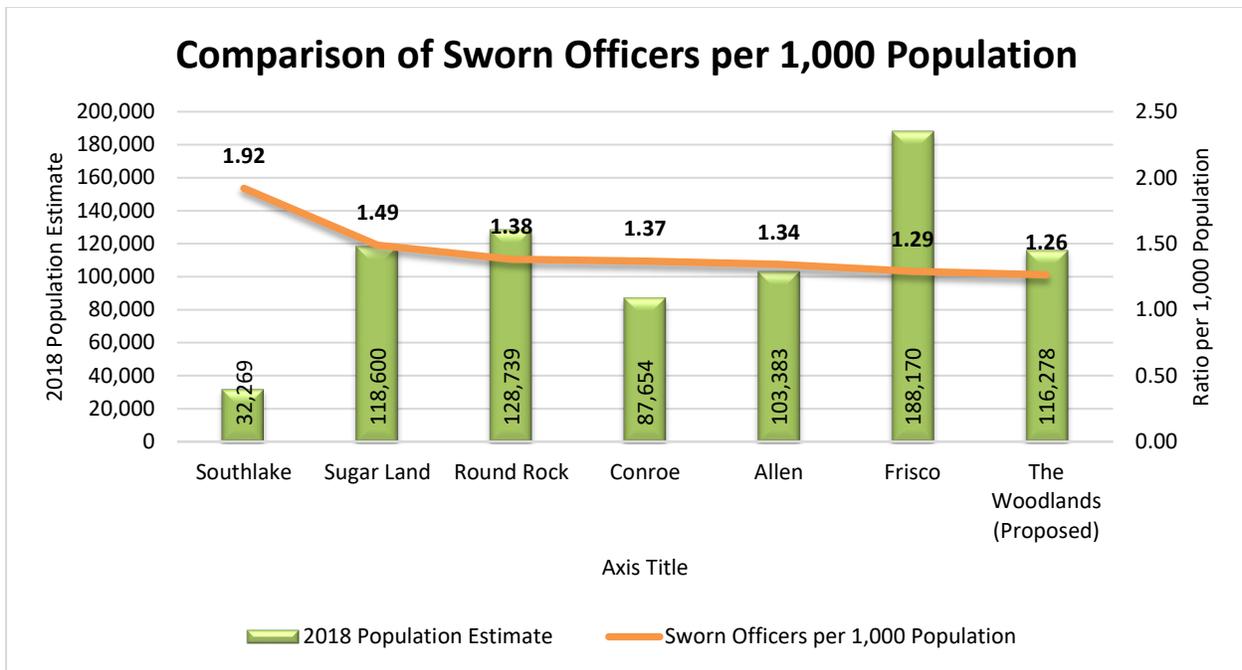


Figure 12: Comparison of Sworn Officers per 1,000 Population, FY2019

Although it has the smallest department, the City of Southlake has the highest ratio of sworn staff per 1,000 population. Although The Woodlands has the lowest ratio of sworn officers per 1,000 population, this ratio is similar to the Cities of Round Rock, Conroe, Allen, and Frisco.

Several factors can impact the ratio analysis above. Some departments may use sworn staff to carry out functions performed by civilian staff in other departments; this would result in higher ratios similar to Southlake and Sugar Land. Communities may also provide other services not provided in The Woodlands (such as School Resources Officers), which increase the overall proportion of sworn staff compared to civilian staff.

Patrol Staffing

Because The Woodlands expects a high level of service regarding patrol operations, it is useful to compare the ratio of patrol officers per 1,000 population among benchmark communities. The comparison below excludes patrol staff with supervisory responsibilities, such as corporals, sergeant, lieutenants, and captains. In many communities, although supervisory staff are a part of the patrol unit, they often serve as a backup resource for service calls. By comparing the number of front-line officers only, it is possible to examine the ratio of patrol staff whose primary function is responding to service requests rather than supervising other staff.

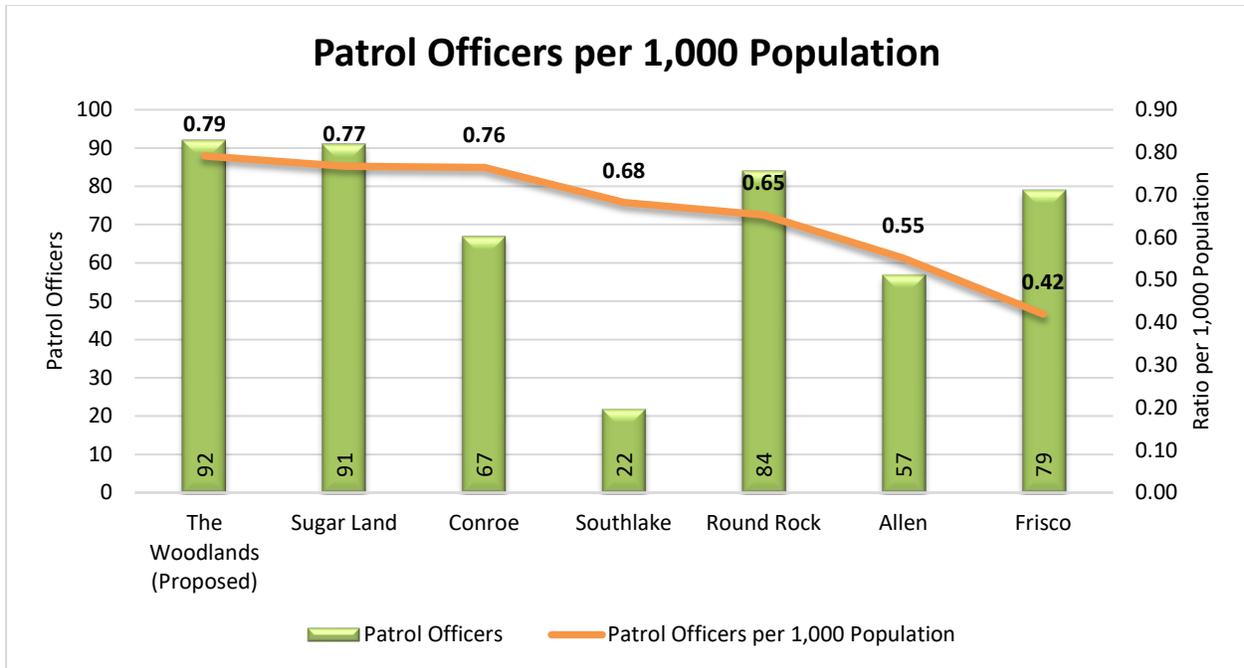


Figure 13: Comparison of Patrol Officers per 1,000 Population, FY2019

The Woodlands has the highest ratio of front-line patrol officers per 1,000 population among benchmark communities as a result of an emphasis on high service level expectations and a commitment to overall patrol visibility. Similarly, the Cities of Sugar Land and Conroe also utilize a similar proportion of patrol officers in their police departments.

Notably, although the City of Frisco has the largest overall law enforcement department in terms of staffing numbers, it has the lowest ratio of patrol offers per 1,000 population. This is attributable to several other support functions performed by Frisco staff, including school resource officer operations, jail and detention staffing, and investigations.

Investigations Staffing

The following figure compares sworn staff dedicated to investigations-related activities in each benchmark community. These activities include but are not limited to general investigations, homicide and major crime investigations, sex crime investigations, and victim services support.

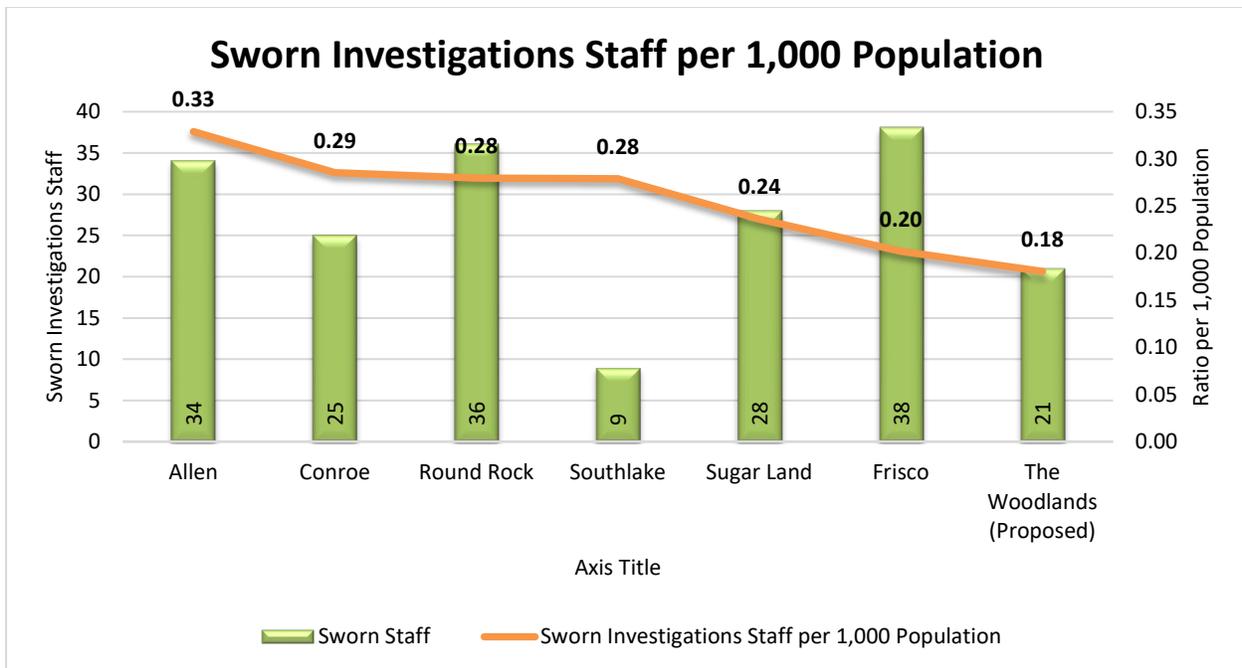


Figure 14: Comparison of Sworn Investigations Staff per 1,000 Population, FY2019

The City of Allen has the highest ratios of investigative staff per 1,000 population among the benchmark communities, while the City of Frisco has the lowest. Estimated staffing for a full-service department in The Woodlands indicates the ratio of investigations staff per 1,000 population would nearly match the City of Frisco.

The relatively low ratio in The Woodlands is a function of estimated staffing needs based on historical crime activity trends. While crime occurs in The Woodlands, several benchmark communities experience higher crime rates and more violent crime, which requires additional dedicated investigations resources.

Support Services Staffing

Support services functions for this analysis are grouped into two categories. The first involves law enforcement support services, which are typically staffed by a police department, including but not limited to specialized external activities such as community engagement, crime scene investigation and lab work, dispatch and communications, animal control, crisis response, and SWAT. The second group involves law enforcement support services, which are typically staffed by other city departments, including facility and fleet maintenance, human resources administration, procurement, budgeting, financial support, and technology services. The following sections compare overall and estimated staffing for each of these categories in turn.

It is important to emphasize that there is no single best practice associated with assigning many support services functions among police department or other department staff. In some cases, police department staff may be responsible for several support services functions and may perform liaison duties involving central services such as finance and human resources administration. In other cases, some of these services may be handled entirely by other city departments. As a result, it is difficult to readily compare discrete support services among benchmark communities. To better facilitate comparisons and provide

an indication of each benchmark community’s utilization of support services staff, this section analyzes all sworn and civilian positions that do not directly support patrol or investigations functions.

Law Enforcement Support Services Based in the Police Department

Since many benchmark communities dispatch for both police and fire services, the following figures include staff in The Woodlands Fire Department Communications Center along with the proposed Law Enforcement Dispatchers and Call-Takers in the Full-Service Model. Including both Fire and Police communications staff represents a more accurate comparison to benchmark communities whose communications and dispatch centers serve both functions. Additionally, Neighborhood Services staff who currently perform law enforcement community engagement functions in The Woodlands are also included in the analysis below, since these staff could become a component of a Community Engagement unit in a full-service, in-house Woodlands Police Department.

The Cities of Southlake, Frisco, and Allen have the highest ratio of support services staff per 1,000 population among benchmark communities. A full-service department in The Woodlands would be most comparable to the Cities of Sugar Land and Round Rock, as illustrated in the following figure.

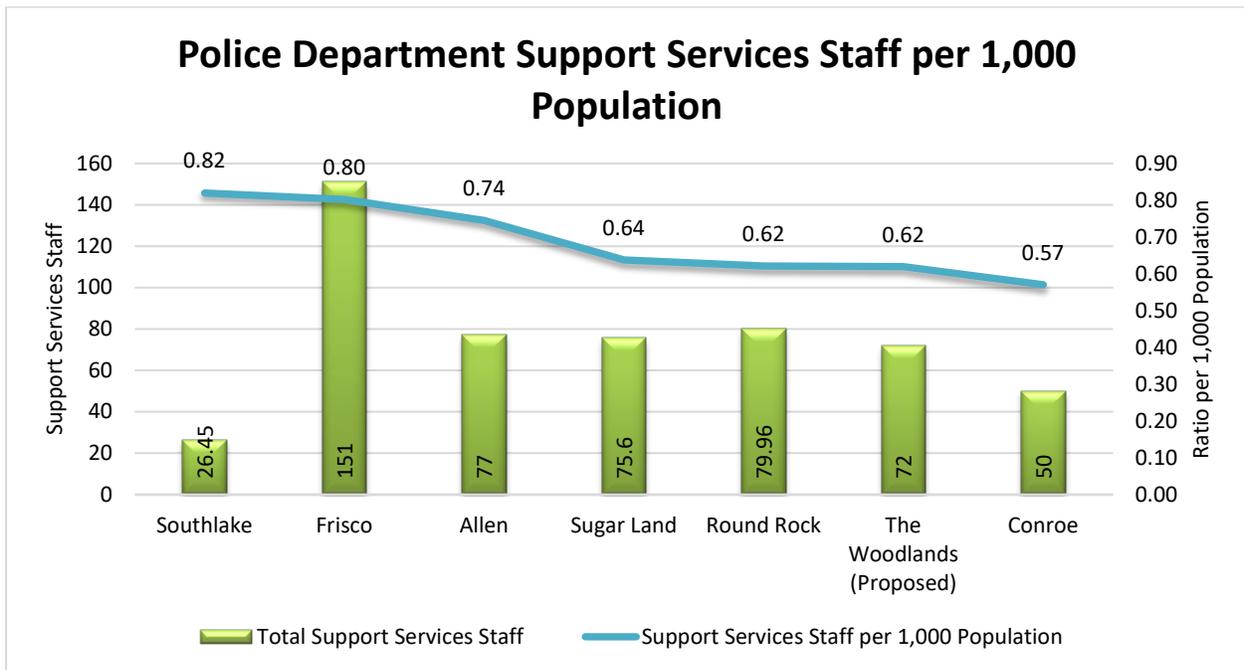


Figure 15: Comparison of Support Services Staff per 1,000 Population, FY2019

This distribution is attributable to several factors. The City of Southlake assigns approximately 11 police department officers as School Resource Officers and five to traffic enforcement. These staff alone comprise more than 20% of the police department’s personnel.

Similarly, the City of Frisco staffs several major support services functions, including 39 staff assigned to dispatch/communications, 30 assigned as School Resource Officers, 20 assigned to jail and detention, 13 to traffic enforcement, and 12 to records management. This amounts to 114 total positions or 35% of the police department’s authorized personnel.

Support services in the City of Allen primarily include 20 staff to dispatch communications, 12 as School Resource Officers, and eight to jail and detention. These 40 positions reflect 20% of the police department's authorized personnel.

It is important to emphasize that some support services functions such as School Resource Officers and jail/detention services are not included in the full-service model estimate developed for The Woodlands. These services are frequently provided by outside organizations such as school districts and county agencies, and it is assumed that outside agencies will continue to provide these services should The Woodlands choose to incorporate and form its own police department. As a result, support service ratios for The Woodlands are lower.

It is also helpful to evaluate the proportion of support services staff located in the police department to the police department's total authorized staffing, as illustrated in the following figure.

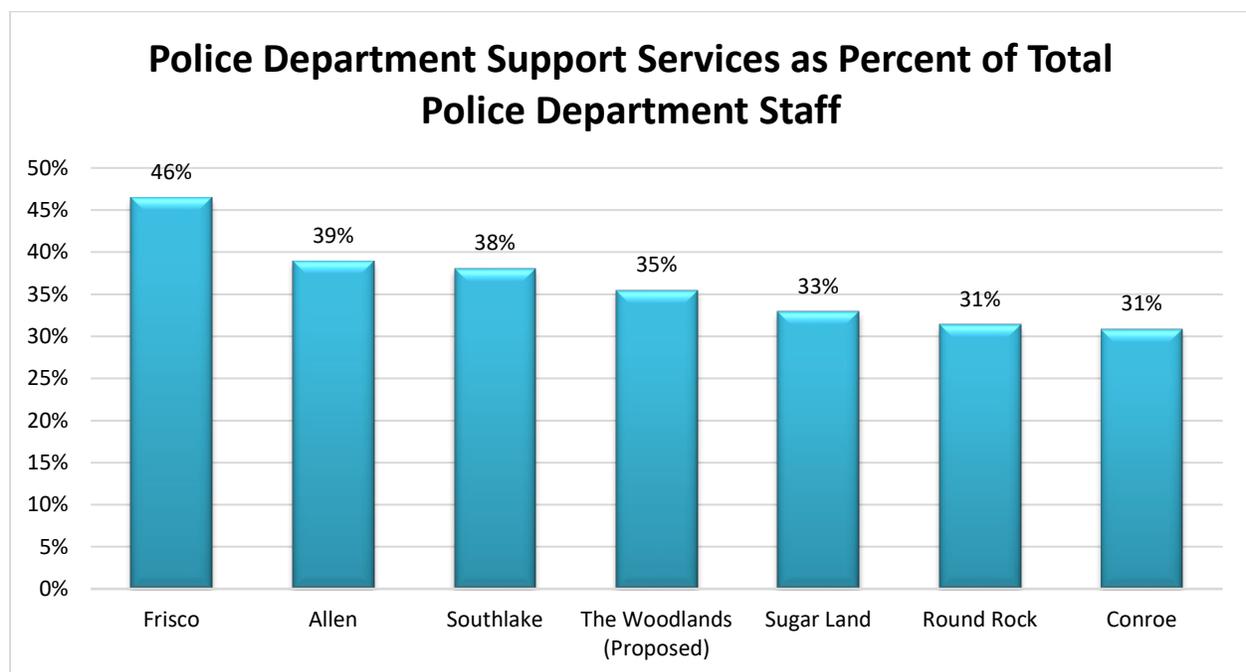


Figure 16: Comparison of Support Services as a Percent of Total Police Department Staff, FY2019

The patterns in the figure above are similar to the ratio of support services staff per 1,000 population. Estimated support services staffing levels in The Woodlands account for approximately 35% of total police department staffing needs. In general, this represents an effort to provide significant services in-house to meet the needs of the department and provide services according to community expectations. It is also similar to proportional support services staffing levels found in most of the benchmark communities.

Law Enforcement Support Services Based in Other Departments

In addition to support services staff that are located within each police department, it is also important to compare support services overhead staff located in other departments. The proposed Full-Service Model outlined in this report includes 12 positions that would be necessary to support police operations but which could conceivably be allocated to other departments. These positions include the following:

Table 55: Full-Service Model Support Services Positions Allocated to Other Departments

Function	Position Title	Number of Positions
Facilities Maintenance	Facilities Supervisor	1.00
	Facility Maintenance Technician	1.00
Financial Administration	Financial Analyst	1.00
Fleet Management	Master Fleet Technician	1.00
	Fleet Technician	3.00
Human Resources	HR Generalist	1.00
Information Technology	Clerk	1.00
	Help Desk Technician	2.00
	Systems Administrator	1.00
Total		12.00

It is important to emphasize that it is difficult to quantify the number of support services personnel in benchmark communities that directly support police operations. This is because the benchmark communities use a variety of staffing models, workload assignments, and practices to share and distribute police-related workload among internal staff. As a consequence, a direct comparison of staffing levels is unfeasible.

However, to provide some insight regarding how the proposed support services staffing levels above compare to benchmark communities, The Novak Consulting Group utilized a two-step process. First, the ratio of support services staff in each of the functions above compared to total city staff was calculated. For example, approximately 20 staff in the City of Allen are assigned to Financial Administration functions out of a total city-wide staffing level of 838.96 positions. This means that approximately 2% of the City's staff are involved in Financial Administration.

Next, this ratio was applied to the number of police department personnel in each benchmark organization. For example, the City of Allen Police Department is staffed by 198 personnel. If Financial Administration functions require approximately 2% staff overhead as described above, then an estimated 3.96 of the City's 20 Financial Administration positions are likely to support the Police Department. In effect, this calculation estimates the proportion of support services staff who are assigned to police department activities based on each benchmark community's overall staffing ratios.

The following table illustrates the resulting calculation for each function and benchmark community.

Table 56: Comparison of Estimated Law Enforcement Support Services Positions Allocated to Other Departments

Police Support Function	Allen	Conroe	Frisco	Round Rock	Southlake	Sugar Land	The Woodlands (Proposed)
Facilities Maintenance	0.00	1.62	6.50	7.65	1.39	2.30	2.00
Financial Administration	3.96	3.24	6.50	7.65	2.08	6.89	1.00
Fleet Management	0.00	3.24	3.25	5.10	0.00	2.30	4.00
Human Resources	1.98	1.62	3.25	2.55	1.39	2.30	1.00
Information Technology	3.96	3.24	6.50	5.10	1.39	6.89	4.00
Total Support Services Staff	9.90	12.96	26.00	28.05	6.25	20.66	12.00

Based on this analysis, the number of additional support services overhead positions needed for police services in The Woodlands is comparable to benchmark communities. In particular, the 12 positions recommended in the Full-Service Model closely mirror estimated support services staffing in the City of Conroe.

Benchmarking Conclusion

The benchmarking analysis above demonstrates that proposed staffing levels for a full-service City of The Woodlands Police Department compare favorably to benchmark communities in many respects. While the overall police department staffing ratio is comparable to other communities, The Woodlands full-service model emphasizes the importance of patrol visibility commensurate with community expectations. While staffing ratios for investigative services are lower than most benchmark communities, The Woodlands experiences proportionally less severe crime and utilizes the same staffing ratio as the City of Frisco. Overall staffing for support services functions is also appropriate given the services a City of The Woodlands police department will be expected to provide, and the estimated staffing ratios are similar to several benchmark communities.

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Conclusion

The analysis and benchmarking information contained in this report is intended to provide a detailed overview of law enforcement services currently received by The Woodlands Township, as well as to provide reasonable cost estimates regarding future service options should the Township incorporate. This information can be used to inform policy discussions regarding law enforcement operations in The Woodlands as the incorporation process moves forward.

It must be emphasized that the assumptions and costs included in this report are likely to change in future years as community preferences and external factors impact law enforcement operations. However, this analysis provides a reasonable and conservative basis for financial modeling should the Township choose to pursue an incorporation vote.

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Appendix A: Comparison of Benchmark Communities

As in the Benchmarking section of this report, the tables below provide a detailed comparison of estimated staffing levels in a full-service, in-house City of The Woodlands Police Department compared to benchmark communities.

It is important to emphasize that the number of personnel compared to benchmark communities varies slightly from total number of staff described in the full-service model to preserve accurate comparisons. Specifically, while the full-service model contemplates 214.5 gross full-service positions, 22 of those positions were excluded from benchmarking analysis because they can be allocated to other departments as other support services overhead, including the following:

- 2 Facility Maintenance positions
- 1 Finance position
- 4 Fleet positions
- 1 Human Resources position
- 4 Information Technology positions
- 10 Municipal Court positions

Additionally, because dispatch functions in many benchmark communities include police and fire dispatchers, the 16 existing Fire communications staff employed by The Woodlands were added to the recommended 15 Police dispatch staff under the full-service model to reflect a full-service communications function.

As a result, the total number of staff compared for benchmarking purposes is 208.5 positions in The Woodlands: 214.5 total positions, less 22 assigned to other departments, plus 16 Fire dispatch staff.

The table below compares sworn and civilian staffing levels among benchmark police departments based on the assumptions described above.

Table 57: Comparison of Sworn and Civilian Staffing Levels in Benchmark Police Departments by Function, 2019

Major Police Function	Allen	Conroe	Frisco	Round Rock	Southlake	Sugar Land	The Woodlands (Proposed)
Department Administration							
Sworn	1.00	3.00	7.00	3.00	3.00	3.00	1.00
Civilian	1.00	0.00	3.00	11.00	1.00	1.50	1.00
Department Administration Subtotal	2.00	3.00	10.00	14.00	4.00	4.50	2.00
Patrol							
Sworn	79.00	80.00	120.00	123.00	30.00	119.00	109.00
Civilian	1.00	1.00	0.00	0.00	0.00	1.00	2.50
Patrol Subtotal	80.00	81.00	120.00	123.00	30.00	120.00	111.50
Investigations							
Sworn	34.00	25.00	38.00	36.00	9.00	28.00	21.00
Civilian	5.00	3.00	6.00	2.00	0.00	1.50	2.00
Investigations Subtotal	39.00	28.00	44.00	38.00	9.00	29.50	23.00
Support Services							
Sworn	25.00	12.00	78.00	16.00	19.95	26.60	16.00
Civilian	52.00	38.00	73.00	63.96	6.50	49.00	56.00
Support Services Subtotal	77.00	50.00	151.00	79.96	26.45	75.60	72.00
Grand Total	198.00	162.00	325.00	254.96	69.45	229.60	208.50

The following table provides a comparison of overall staffing levels by function. It is important to note that because police organizations allocate functions to staff in several ways, it is not possible to accurately categorize all staff in each department based on readily available data. Rather, the information below is intended to provide a broad overview of the major functions performed within each department and the relative staffing levels associated with each, based on readily available data.

Table 58: Comparison of Sworn and Civilian Staffing Levels in Benchmark Police Departments by Function, 2019

Police Department Function	Allen	Conroe	Frisco	Round Rock	Southlake	Sugar Land	The Woodlands (Proposed)
Department Administration	2.00	3.00	10.00	14.00	4.00	4.50	2.00
Patrol	80.00	81.00	120.00	123.00	30.00	120.00	111.50
Investigations							
Administration							2.00
Crimes Against Children	3.00						4.00
General Investigations	11.00						8.00
Investigations			37.00				
Major Case Squad							4.00
Narcotics	4.00						3.00
Professional Standards	7.00		4.00		2.00		1.00
Victim Services	1.00	1.00	3.00	2.00		0.50	1.00
(Not Readily Categorized)	13.00	27.00		36.00	7.00	29.00	
Investigations Subtotal	39.00	28.00	44.00	38.00	9.00	29.50	23.00
Support Services							
Accreditation			1.00	1.00	1.00		3.00
Administration							4.00
Animal Control	7.00	2.00	8.00	6.00			3.00
Community Engagement	4.00		9.00	3.00	1.00	0.00	13.00
CSI/Lab/Evidence	2.00	8.00	8.00	8.48	2.00	2.00	8.00
Dispatch/PSAP	20.00	21.00	39.00	31.00		35.00	31.00 ²⁵
Facilities Maintenance		4.00					
Financial Administration		0.00					2.00
Human Resources		2.00					
Jail	8.00		20.00			6.00	
Quartermaster	1.00			2.00			
Radio			6.00				
Real-Time Crime Center	1.00		2.00	6.00	1.00	2.00	1.00
Records	5.00	4.00	12.00	5.48	3.50	5.50	5.00
Recruitment and Training		2.00	2.00	9.00	2.00		2.00
School Resource Officers	12.00		30.00		10.95		
Traffic	6.00	1.00	13.00		5.00		
(Not Readily Categorized)	11.00	6.00	1.00	8.00		25.10	
Support Services Subtotal	77.00	50.00	151.00	79.96	26.45	75.60	75.00
Grand Total	198.00	162.00	325.00	254.96	69.45	229.60	208.50

²⁵ Includes 16 existing Fire dispatchers employed by The Woodlands to provide a more accurate comparison to benchmark community staffing.

FAQ - Consolidation of MUD Debt at Incorporation

Background

- There are ten MUD's operating within the Woodlands Township, Montgomery County and one MUD in The Woodlands Township, Harris County.
 - Each of the eleven MUD's have an independent governing Board comprised of five elected Directors
 - Each of the MUDs is responsible for establishing a budget to support operations, provide for capital costs and as necessary, issue debt for capital improvements.
 - The Directors for each of the MUDs set a use fee and a property tax rate as needed to fund operating costs and support debt service for outstanding debt.
 - Each of the MUD's charge a user fee for providing water, sanitary sewer and storm water services.
 - The MUDs's levy a property tax to fund debt service for outstanding bonds and some MUDs also fund a portion of their operating costs through the tax levy.
- In 2019, the tax levy for the eleven MUD's in the Township ranged from 7.5 cents to 46.5 cents per \$100 of taxable property value.
- In the Montgomery County portion of the Woodlands, the ten MUD's coordinate operations and maintenance through a management entity called The Woodlands Water Authority.
- The MUD's in the Montgomery County portion of the Woodlands contract directly with the San Jacinto River Authority to buy water and provide for the treatment of sanitary sewer.

Can the Woodlands MUD operations be assumed by a city government at time of incorporation?

- The MUDs can be assumed by the new city at time of incorporation or the MUD's can remain as independent government units.

- A city may dissolve the MUDs at any time and assume responsibility as a city operation.
- Outstanding MUD Debt would become an obligation of the “new” city at time of incorporation

If the MUDs we assumed by a new City government, what happens to the existing MUD operations?

- The assets, liabilities and responsibilities of the MUDs would be assumed as a city government operation.
- The city would assume all financial responsibilities of the MUD’s
- All outstanding debt would become obligation of the new city
- The new city would assume all MUD operations in the Woodlands

What are the benefits of operating water, sanitary sewer and storm water services under a city versus the current MUD system?

- Consolidation of government units / there are 11 MUDs with 55 elected officials
- Potential for operational cost saving through service consolidation / efficiency
- Equal service throughout the Township
- Consistent water, sanitary sewer rates throughout the Woodlands
- Ability to plan and fund water, sanitary sewer and storm water projects on a city wide basis

How much MUD debt is currently outstanding?

- At year end 2019, there was approximately \$270 million of outstanding MUD debt (all Township MUDs) .
- The average debt service for all outstanding MUD debt is approximately 20.687 cents per \$100 of assessed value in 2019.

If the MUDs become part of the city at time of incorporation, can the outstanding debt of the MUDs be refinanced by the new city?

Preliminary analysis shows that a MUD debt refinancing following incorporation would be feasible and has the potential to achieve a significant reduction in the tax rate levied for MUD debt service.

- Existing MUD debt at time of incorporation would become the obligation of the new city
- The refinancing of outstanding MUD debt would require action by the new City Council following the incorporation vote
- The benefits achieved at refinancing would be dependent on the market conditions at the time of the refinancing

Did the Incorporation study include a projection of savings that could be achieved by a refinancing of MUD debt?

Per the request of the Township, Stiefel Public Finance provided a refinance analysis of outstanding MUD debt that would be assumed by the new city based on a 2020 incorporation date with a November, 2021 refinance date. The analysis assumed

- The refinanced bonds would have a 30 year amortization
- The refinanced bonds would have a total Interest cost of 3.75%
- Prior to refinance, the MUD consolidated tax rate is projected at 20.687 cents per \$100 of assessed tax value
- After refinance the, the MUD consolidated tax rate is projected at 14.051 cents per \$100 of assessed tax value.

Reports and Analysis Attached

Exhibit 1 – MUD Outstanding Bond Summary

Exhibit 2 – Stifel Public Finance Analysis

Exhibit 3 – Analysis of MUD Consolidation – Net tax rate change – MUD debt refinance and Incorporation

Exhibit 4 – Analysis of MUD Debt Consolidation – Net tax rate change – MUD refinance only

MUD Bond Information

MUD 39	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2009	\$865,000	3.75%-4.125%	9/1/2017	2022
Series 2011	\$3,475,000	4.00%	9/1/2019	2026
Series 2013	\$3,310,000	3.50% - 4.00%	9/1/2021	2026
Series 2017	\$5,160,000	3.00% - 3.625%	9/1/2024	2040
Total Outstanding Unlimited Tax Bonds	\$12,810,000			

MUD 46	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2011	\$4,075,000	2.50%-4.00%	3/1/2019	2022
Series 2012	\$700,000	3.00%	3/1/2019	2021
Series 2013	\$19,310,000	3.00% - 5.00%	3/1/2021	2030
Series 2015A	\$5,875,000	2.00% - 4.00%	3/1/2024	2030
Series 2015 - Refunding	\$17,095,000	2.00% - 4.00%	3/1/2025	2030
Series 2016 - Refunding	\$6,380,000	1.84%	3/1/2024	2028
Series 2017 - Refunding	\$11,805,000	2.29%	n/a	2026
Series 2019 - Refunding	\$7,455,000	2.00% - 4.00%	3/1/2024	2029
Total Outstanding Unlimited Tax Bonds	\$72,695,000			

MUD 47	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2010	\$1,855,000	4.00%	10/1/2018	2023
Series 2012	\$580,000	3.00%	n/a	2020
Series 2014	\$4,320,000	3.00% - 4.00%	10/1/2023	2024
Series 2016	\$5,340,000	3.00% - 4.00%	n/a	2024
Total Outstanding Unlimited Tax Bonds	\$12,095,000			

MUD 60	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2010	\$2,160,000	4.00%	9/1/2018	2024
Series 2014	\$2,760,000	3.00% - 3.50%	9/1/2022	2025
Series 2016A	\$2,365,000	2.00% - 3.00%	9/1/2024	2040
Series 2016	\$4,420,000	3.00% - 4.00%	n/a	2025
Total Outstanding Unlimited Tax Bonds	\$11,705,000			

Callable Bond Principal Amounts		2022	2023	2024	2025	2026	Total
2020	2021						
	Matured						\$0
		\$2,545,000					\$2,545,000
		\$2,850,000					\$2,850,000
				\$5,160,000			\$5,160,000
\$0	\$0	\$5,395,000	\$0	\$5,160,000	\$0	\$0	\$10,555,000

Callable Bond Principal Amounts		2022	2023	2024	2025	2026	Total
2020	2021						
	Matured						\$0
	Matured						\$0
		\$17,650,000					\$17,650,000
				\$3,415,000			\$3,415,000
					\$14,940,000		\$14,940,000
				\$4,135,000			\$4,135,000
	Not callable						\$0
				\$6,640,000			\$6,640,000
\$0	\$0	\$17,650,000	\$0	\$14,190,000	\$14,940,000	\$0	\$46,780,000

Callable Bond Principal Amounts		2022	2023	2024	2025	2026	Total
2020	2021						
		\$780,000					\$780,000
	Matured						\$0
			\$1,810,000				\$1,810,000
	No call provision listed						\$0
\$0	\$0	\$780,000	\$1,810,000	\$0	\$0	\$0	\$2,590,000

Callable Bond Principal Amounts		2022	2023	2024	2025	2026	Total
2020	2021						
		\$1,090,000					\$1,090,000
		\$2,325,000					\$2,325,000
				\$2,025,000			\$2,025,000
	No call provision listed						\$0
\$0	\$0	\$3,415,000	\$0	\$2,025,000	\$0	\$0	\$5,440,000

MUD 67	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2010	\$330,000	3.875%	9/1/2017	2020
Series 2012	\$1,190,000	3.00% -3.50%	9/1/2019	2021
Series 2017	\$7,015,000	2.15% - 3.00%	9/1/2025	2032
Series 2019 - Refunding	\$6,805,000	2.00% - 3.00%	9/1/2024	2029
Total Outstanding Unlimited Tax Bonds	<u>\$15,340,000</u>			

Metro Center MUD	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2010	\$2,765,000	4.00%	10/1/2018	2026
Series 2013	\$2,895,000	2.00% -4.125%	10/1/2021	2033
Series 2014	\$1,120,000	1.700%	n/a	2021
Series 2018	\$4,535,000	2.25% - 3.625%	10/1/2023	2033
Total Outstanding Unlimited Tax Bonds	<u>\$11,315,000</u>			

MUD 386 (Harris - Montgomery Co.)	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2010	\$995,000	4.00% -5.50%	9/1/2018	2020
Series 2011	\$16,635,000	3.00% -5.00%	9/1/2019	2036
Series 2012	\$20,000,000	3.00% -4.50%	9/1/2020	2037
Series 2014	\$22,140,000	3.00% -4.125%	9/1/2022	2038
Series 2014A	\$25,670,000	2.00% -4.00%	9/1/2022	2040
Series 2015	\$8,045,000	2.00% -3.625%	9/1/2024	2041
Series 2015R	\$15,460,000	2.00% -4.00%	9/1/2026	2035
Series 2016R	\$25,410,000	2.00% -4.00%	9/1/2026	2035
Total Outstanding Unlimited Tax Bonds	<u>\$134,355,000</u>			
Grand Total Outstanding Unlimited Tax Bonds	<u>\$270,315,000</u>			

Callable Bond Principal Amounts		2022	2023	2024	2025	2026	Total
	Matured						\$0
	Matured				\$7,015,000		\$7,015,000
				\$2,250,000			\$2,250,000
2020	2021	2022	2023	2024	2025	2026	Total
\$0	\$0	\$0	\$0	\$2,250,000	\$7,015,000	\$0	\$9,265,000

Callable Bond Principal Amounts		2022	2023	2024	2025	2026	Total
		\$1,525,000					\$1,525,000
		\$2,590,000					\$2,590,000
	No call provision listed						\$0
			\$3,715,000				\$3,715,000
2020	2021	2022	2023	2024	2025	2026	Total
\$0	\$0	\$4,115,000	\$3,715,000	\$0	\$0	\$0	\$7,830,000

Callable Bond Principal Amounts		2022	2023	2024	2025	2026	Total
	Matured						\$0
		\$15,370,000					\$15,370,000
		\$18,475,000					\$18,475,000
		\$20,615,000					\$20,615,000
		\$24,155,000					\$24,155,000
				\$6,570,000			\$6,570,000
						\$13,010,000	\$13,010,000
						\$16,500,000	\$16,500,000
2020	2021	2022	2023	2024	2025	2026	Total
\$0	\$0	\$78,615,000	\$0	\$6,570,000	\$0	\$29,510,000	\$114,695,000
2020	2021	2022	2023	2024	2025	2026	Total
\$0	\$0	\$109,970,000	\$5,525,000	\$30,195,000	\$21,955,000	\$29,510,000	\$197,155,000

MUD Bond Summary

MUD 39	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2009	\$865,000	3.75%-4.125%	9/1/2017	2022
Series 2011	\$3,475,000	4.00%	9/1/2019	2026
Series 2013	\$3,310,000	3.50% - 4.00%	9/1/2021	2026
Series 2017	\$5,160,000	3.00% - 3.625%	9/1/2024	2040
Total Outstanding Unlimited Tax Bonds	<u>\$12,810,000</u>			

Principal Payment & Callable Amounts								
2020	2021	2022	2023	2024	2025	2026	Total	
\$270,000	\$290,000	\$305,000						\$865,000
\$460,000	\$470,000	\$2,545,000						\$3,475,000
\$225,000	\$235,000	\$2,850,000						\$3,310,000
\$0	\$0	\$0	\$0	\$5,160,000				\$5,160,000
\$955,000	\$995,000	\$5,700,000	\$0	\$5,160,000	\$0	\$0		\$12,810,000

MUD 46	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2011	\$4,075,000	2.50%-4.00%	3/1/2019	2022
Series 2012	\$700,000	3.00%	3/1/2019	2021
Series 2013	\$19,310,000	3.00% - 5.00%	3/1/2021	2030
Series 2015A	\$5,875,000	2.00% - 4.00%	3/1/2024	2030
Series 2015 - Refunding	\$17,095,000	2.00% - 4.00%	3/1/2025	2030
Series 2016 - Refunding	\$6,380,000	1.84%	3/1/2024	2028
Series 2017 - Refunding	\$11,805,000	2.29%	n/a	2026
Series 2019 - Refunding	\$7,455,000	2.00% - 4.00%	3/1/2024	2029
Total Outstanding Unlimited Tax Bonds	<u>\$72,695,000</u>			

Principal Payment & Callable Amounts								
2020	2021	2022	2023	2024	2025	2026	Total	
\$1,015,000	\$1,605,000	\$1,455,000						\$4,075,000
\$410,000	\$290,000							\$700,000
\$1,550,000	\$110,000	\$17,650,000						\$19,310,000
\$630,000	\$650,000	\$680,000	\$500,000	\$3,415,000				\$5,875,000
\$405,000	\$420,000	\$430,000	\$445,000	\$455,000	\$14,940,000			\$17,095,000
\$80,000	\$80,000	\$975,000	\$1,110,000	\$4,135,000				\$6,380,000
\$110,000	\$1,630,000	\$1,885,000	\$2,180,000	\$2,240,000	\$2,310,000	\$1,450,000		\$11,805,000
\$95,000	\$55,000	\$335,000	\$330,000	\$6,640,000				\$7,455,000
\$4,295,000	\$4,840,000	\$23,410,000	\$4,565,000	\$16,885,000	\$17,250,000	\$1,450,000		\$72,695,000

MUD 47	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2010	\$1,855,000	4.00%	10/1/2018	2023
Series 2012	\$580,000	3.00%	n/a	2020
Series 2014	\$4,320,000	3.00% - 4.00%	10/1/2023	2024
Series 2016	\$5,340,000	3.00% - 4.00%	n/a	2024
Total Outstanding Unlimited Tax Bonds	<u>\$12,095,000</u>			

Principal Payment & Callable Amounts								
2020	2021	2022	2023	2024	2025	2026	Total	
\$525,000	\$550,000	\$780,000						\$1,855,000
\$580,000								\$580,000
\$810,000	\$835,000	\$865,000	\$1,810,000					\$4,320,000
\$1,160,000	\$1,175,000	\$940,000	\$990,000	\$1,075,000				\$5,340,000
\$3,075,000	\$2,560,000	\$2,585,000	\$2,800,000	\$1,075,000	\$0	\$0		\$12,095,000

MUD 60	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2010	\$2,160,000	4.00%	9/1/2018	2024
Series 2014	\$2,760,000	3.00% - 3.50%	9/1/2022	2025
Series 2016A	\$2,365,000	2.00% - 3.00%	9/1/2024	2040
Series 2016	\$4,420,000	3.00% - 4.00%	n/a	2025
Total Outstanding Unlimited Tax Bonds	<u>\$11,705,000</u>			

Principal Payment & Callable Amounts								
2020	2021	2022	2023	2024	2025	2026	Total	
\$520,000	\$550,000	\$1,090,000						\$2,160,000
\$220,000	\$215,000	\$2,325,000						\$2,760,000
\$80,000	\$85,000	\$85,000	\$90,000	\$2,025,000				\$2,365,000
\$705,000	\$745,000	\$790,000	\$830,000	\$880,000	\$470,000			\$4,420,000
\$1,525,000	\$1,595,000	\$4,290,000	\$920,000	\$2,905,000	\$470,000	\$0		\$11,705,000

MUD 67	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2010	\$330,000	3.875%	9/1/2017	2020
Series 2012	\$1,190,000	3.00% - 3.50%	9/1/2019	2021
Series 2017	\$7,015,000	2.15% - 3.00%	9/1/2025	2032
Series 2019 - Refunding	\$6,805,000	2.00% - 3.00%	9/1/2024	2029

Principal Payment & Callable Amounts								
2020	2021	2022	2023	2024	2025	2026	Total	
\$330,000								\$330,000
\$1,075,000	\$115,000							\$1,190,000
\$0	\$0	\$0	\$0	\$0	\$7,015,000			\$7,015,000
\$175,000	\$1,340,000	\$1,495,000	\$1,545,000	\$2,250,000				\$6,805,000

Total Outstanding Unlimited Tax Bonds	\$15,340,000				
Metro Center MUD	Balance @	Interest	Call	Maturity	
	1/1/2020	Rate	Date	Date	
Unlimited Tax Bonds (Property Tax)					
Series 2010	\$2,765,000	4.00%	10/1/2018	2026	
Series 2013	\$2,895,000	2.00% -4.125%	10/1/2021	2033	
Series 2014	\$1,120,000	1.700%	n/a	2021	
Series 2018	\$4,535,000	2.25% - 3.625%	10/1/2023	2033	
Total Outstanding Unlimited Tax Bonds	\$11,315,000				
MUD 386 (Harris - Montgomery Co.)	Balance @	Interest	Call	Maturity	
	1/1/2020	Rate	Date	Date	
Unlimited Tax Bonds (Property Tax)					
Series 2010	\$995,000	4.00% -5.50%	9/1/2018	2020	
Series 2011	\$16,635,000	3.00% -5.00%	9/1/2019	2036	
Series 2012	\$20,000,000	3.00% -4.50%	9/1/2020	2037	
Series 2014	\$22,140,000	3.00% -4.125%	9/1/2022	2038	
Series 2014A	\$25,670,000	2.00% -4.00%	9/1/2022	2040	
Series 2015	\$8,045,000	2.00% -3.625%	9/1/2024	2041	
Series 2015R	\$15,460,000	2.00% -4.00%	9/1/2026	2035	
Series 2016R	\$25,410,000	2.00% -4.00%	9/1/2026	2035	
Total Outstanding Unlimited Tax Bonds	\$134,355,000				
Grand Total Outstanding Unlimited Tax Bonds	\$270,315,000				

	\$1,580,000	\$1,455,000	\$1,495,000	\$1,545,000	\$2,250,000	\$7,015,000	\$0	\$15,340,000
Principal Payment & Callable Amounts	2020	2021	2022	2023	2024	2025	2026	Total
	\$605,000	\$635,000	\$1,525,000					\$2,765,000
	\$150,000	\$155,000	\$2,590,000					\$2,895,000
	\$555,000	\$565,000						\$1,120,000
	\$265,000	\$275,000	\$280,000	\$3,715,000				\$4,535,000
	\$1,575,000	\$1,630,000	\$4,395,000	\$3,715,000	\$0	\$0	\$0	\$11,315,000
Principal Payment & Callable Amounts	2020	2021	2022	2023	2024	2025	2026	Total
	\$995,000							\$995,000
	\$615,000	\$650,000	\$15,370,000					\$16,635,000
	\$745,000	\$780,000	\$18,475,000					\$20,000,000
	\$745,000	\$780,000	\$20,615,000					\$22,140,000
	\$740,000	\$775,000	\$24,155,000					\$25,670,000
	\$370,000	\$370,000	\$370,000	\$365,000	\$6,570,000			\$8,045,000
	\$105,000	\$110,000	\$115,000	\$115,000	\$980,000	\$1,025,000	\$13,010,000	\$15,460,000
	\$755,000	\$1,820,000	\$1,890,000	\$1,970,000	\$1,210,000	\$1,265,000	\$16,500,000	\$25,410,000
	\$5,070,000	\$5,285,000	\$80,990,000	\$2,450,000	\$8,760,000	\$2,290,000	\$29,510,000	\$134,355,000
	\$18,075,000	\$18,360,000	\$122,865,000	\$15,995,000	\$37,035,000	\$27,025,000	\$30,960,000	\$270,315,000
	2020	2021	2022	2023	2024	2025	2026	
Principal Balance at Year End	\$252,240,000	\$233,880,000	\$111,015,000	\$95,020,000	\$57,985,000	\$30,960,000	\$0	

Principal Payments - Non-Callable Debt	\$73,160,000
Principal Payments-Defeasement of Callable Debt	\$197,155,000
Total Principal Payments	\$270,315,000

MUD Bond Information

MUD 39	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2009	\$865,000	3.75%-4.125%	9/1/2017	2022
Series 2011	\$3,475,000	4.00%	9/1/2019	2026
Series 2013	\$3,310,000	3.50% - 4.00%	9/1/2021	2026
Series 2017	\$5,160,000	3.00% - 3.625%	9/1/2024	2040
Total Outstanding Unlimited Tax Bonds	<u>\$12,810,000</u>			

MUD 46	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2011	\$4,075,000	2.50%-4.00%	3/1/2019	2022
Series 2012	\$700,000	3.00%	3/1/2019	2021
Series 2013	\$19,310,000	3.00% - 5.00%	3/1/2021	2030
Series 2015A	\$5,875,000	2.00% - 4.00%	3/1/2024	2030
Series 2015 - Refunding	\$17,095,000	2.00% - 4.00%	3/1/2025	2030
Series 2016 - Refunding	\$6,380,000	1.84%	3/1/2024	2028
Series 2017 - Refunding	\$11,805,000	2.29%	n/a	2026
Series 2019 - Refunding	\$7,455,000	2.00% - 4.00%	3/1/2024	2029
Total Outstanding Unlimited Tax Bonds	<u>\$72,695,000</u>			

MUD 47	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2010	\$1,855,000	4.00%	10/1/2018	2023
Series 2012	\$580,000	3.00%	n/a	2020
Series 2014	\$4,320,000	3.00% - 4.00%	10/1/2023	2024
Series 2016	\$5,340,000	3.00% - 4.00%	n/a	2024
Total Outstanding Unlimited Tax Bonds	<u>\$12,095,000</u>			

MUD 60	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2010	\$2,160,000	4.00%	9/1/2018	2024
Series 2014	\$2,760,000	3.00%-3.50%	9/1/2022	2025
Series 2016A	\$2,365,000	2.00% - 3.00%	9/1/2024	2040
Series 2016	\$4,420,000	3.00% - 4.00%	n/a	2025
Total Outstanding Unlimited Tax Bonds	<u>\$11,705,000</u>			

Debt Service Payment & Callable Amounts									
2020	2021	2022	2023	2024	2025	2026			Total
\$304,306	\$314,181	\$317,581							\$936,068
\$599,000	\$590,600	\$2,545,000							\$3,734,600
\$349,625	\$351,750	\$2,850,000							\$3,551,375
\$169,600	\$169,600	\$169,600	\$169,600	\$5,160,000					\$5,838,400
\$1,422,531	\$1,426,131	\$5,882,181	\$169,600	\$5,160,000	\$0	\$0			\$14,060,443

Debt Service Payment & Callable Amounts									
2020	2021	2022	2023	2024	2025	2026			Total
\$1,135,875	\$1,673,475	\$1,473,188							\$4,282,538
\$424,850	\$294,350								\$719,200
\$2,233,775	\$768,875	\$17,650,000							\$20,652,650
\$789,500	\$796,700	\$812,550	\$617,400	\$3,415,000					\$6,431,150
\$1,018,100	\$1,022,825	\$1,024,325	\$1,028,350	\$1,025,988	\$14,940,000				\$20,059,588
\$196,656	\$195,184	\$1,080,478	\$1,196,296	\$4,135,000					\$6,803,614
\$379,075	\$1,879,152	\$2,093,905	\$2,342,361	\$2,351,752	\$2,369,655	\$1,466,603			\$12,882,502
\$266,444	\$224,194	\$498,344	\$483,369	\$6,640,000					\$8,112,350
\$6,444,275	\$6,854,755	\$24,632,790	\$5,667,776	\$17,567,740	\$17,309,655	\$1,466,603			\$79,943,591

Debt Service Payment & Callable Amounts									
2020	2021	2022	2023	2024	2025	2026			Total
\$599,200	\$603,200	\$780,000							\$1,982,400
\$597,400									\$597,400
\$948,800	\$949,500	\$954,450	\$1,810,000						\$4,662,750
\$1,160,000	\$1,175,000	\$940,000	\$990,000	\$1,075,000					\$5,340,000
\$3,305,400	\$2,727,700	\$2,674,450	\$2,800,000	\$1,075,000	\$0	\$0			\$12,582,550

Debt Service Payment & Callable Amounts									
2020	2021	2022	2023	2024	2025	2026			Total
\$606,400	\$615,600	\$1,090,000							\$2,312,000
\$313,475	\$301,875	\$2,325,000							\$2,940,350
\$137,375	\$140,775	\$139,075	\$142,375	\$2,025,000					\$2,584,600
\$867,300	\$886,150	\$908,800	\$917,200	\$934,000	\$488,800				\$5,002,250
\$1,924,550	\$1,944,400	\$4,462,875	\$1,059,575	\$2,959,000	\$488,800	\$0			\$12,839,200

MUD 67	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2010	\$330,000	3.875%	9/1/2017	2020
Series 2012	\$1,190,000	3.00% - 3.50%	9/1/2019	2021
Series 2017	\$7,015,000	2.15% - 3.00%	9/1/2025	2032
Series 2019 - Refunding	\$6,805,000	2.00% - 3.00%	9/1/2024	2029
Total Outstanding Unlimited Tax Bonds	\$15,340,000			

Metro Center MUD	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2010	\$2,765,000	4.00%	10/1/2018	2026
Series 2013	\$2,895,000	2.00% - 4.125%	10/1/2021	2033
Series 2014	\$1,120,000	1.700%	n/a	2021
Series 2018	\$4,535,000	2.25% - 3.625%	10/1/2023	2033
Total Outstanding Unlimited Tax Bonds	\$11,315,000			

MUD 386 (Harris - Montgomery Co.)	Balance @ 1/1/2020	Interest Rate	Call Date	Maturity Date
Unlimited Tax Bonds (Property Tax)				
Series 2010	\$995,000	4.00% - 5.50%	9/1/2018	2020
Series 2011	\$16,635,000	3.00% - 5.00%	9/1/2019	2036
Series 2012	\$20,000,000	3.00% - 4.50%	9/1/2020	2037
Series 2014	\$22,140,000	3.00% - 4.125%	9/1/2022	2038
Series 2014A	\$25,670,000	2.00% - 4.00%	9/1/2022	2040
Series 2015	\$8,045,000	2.00% - 3.625%	9/1/2024	2041
Series 2015R	\$15,460,000	2.00% - 4.00%	9/1/2026	2035
Series 2016R	\$25,410,000	2.00% - 4.00%	9/1/2026	2035
Total Outstanding Unlimited Tax Bonds	\$134,355,000			
Grand Total Outstanding Unlimited Tax Bonds	\$270,315,000			

Debt Service Payment & Callable Amounts	2020	2021	2022	2023	2024	2025	2026	Total
	\$342,788							\$342,788
	\$1,111,275	\$119,025						\$1,230,300
	\$188,638	\$188,638	\$188,638	\$188,638	\$188,638	\$7,015,000		\$7,958,190
	\$422,969	\$1,533,125	\$1,647,925	\$1,653,075	\$2,250,000			\$7,507,094
	\$2,065,670	\$1,840,788	\$1,836,563	\$1,841,713	\$2,438,638	\$7,015,000	\$0	\$17,038,372

Debt Service Payment & Callable Amounts	2020	2021	2022	2023	2024	2025	2026	Total
	\$715,600	\$721,400	\$1,525,000					\$2,962,000
	\$252,029	\$254,029	\$2,590,000					\$3,096,058
	\$574,040	\$574,605						\$1,148,645
	\$405,429	\$409,466	\$408,004	\$3,715,000				\$4,937,899
	\$1,947,098	\$1,959,500	\$4,523,004	\$3,715,000	\$0	\$0	\$0	\$12,144,602

Debt Service Payment & Callable Amounts	2020	2021	2022	2023	2024	2025	2026	Total
	\$1,014,900							\$1,014,900
	\$1,363,975	\$1,376,025	\$15,370,000					\$18,110,000
	\$1,374,544	\$1,379,744	\$18,475,000					\$21,229,288
	\$1,568,494	\$1,572,994	\$20,615,000					\$23,756,488
	\$1,607,019	\$1,619,294	\$24,155,000					\$27,381,313
	\$604,763	\$597,363	\$589,962	\$575,787	\$6,570,000			\$8,937,875
	\$649,712	\$650,937	\$652,012	\$649,137	\$1,493,388	\$1,498,288	\$13,010,000	\$18,603,474
	\$1,673,750	\$2,713,000	\$2,736,450	\$2,758,550	\$1,944,800	\$1,950,300	\$16,500,000	\$30,276,850
	\$9,857,157	\$9,909,357	\$82,593,424	\$3,983,474	\$10,008,188	\$3,448,588	\$29,510,000	\$149,310,188
	\$26,966,681	\$26,662,631	\$126,605,287	\$19,237,138	\$39,208,566	\$28,262,043	\$30,976,603	\$297,918,946

Debt Service Amounts \$100,763,946
Callable Amount \$197,155,000

To: The Woodlands Township
The Novak Consulting Group

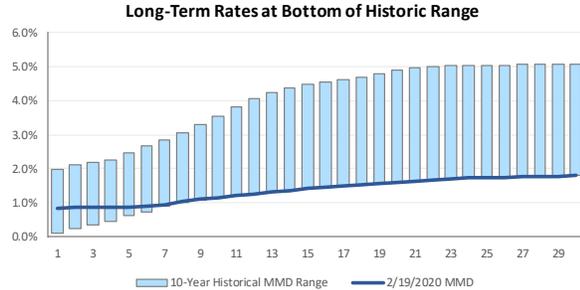
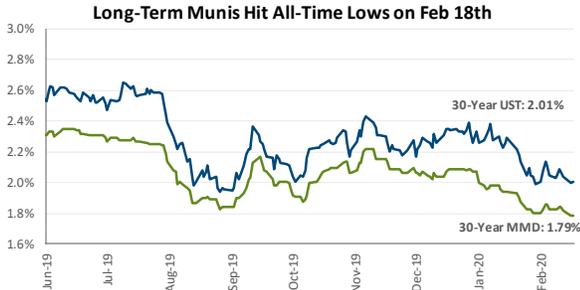
From: Stifel

Date: February 20, 2020

Subject: MUD Refinancing Analysis

Per the request of the Township, Stifel has analyzed a potential refinancing of the outstanding municipal utility district (“MUD”) debt that would be assumed by the Township upon a potential incorporation of the MUDs serving the Township. In this memo we provide an overview of the current interest rate environment and outline the results of our analysis (including assumptions).

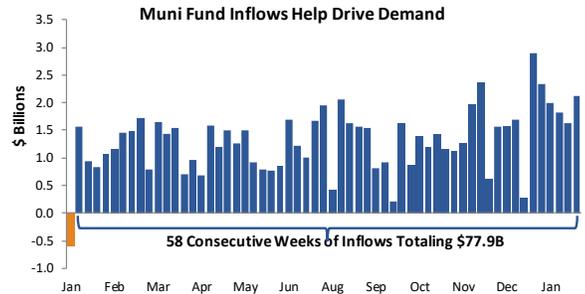
Current Interest Rate Environment



Tax-exempt and taxable yields continue to flirt with all-time lows, though municipal yields have outperformed treasuries since November of last year. This outperformance has been partially driven by favorable supply and demand dynamics pressuring tax-exempt yields. As of Wednesday, February 19th, the 10- and 30-year US Treasury yields were at 1.56% and 2.01%, respectively, the while 10- and 30-year municipal AAA MMD yields were at 1.16% and 1.79%. The tax-exempt yields sit at the bottom of the historical 10-year range, and the municipal yield curve remains very flat with a spread of only 95 basis points (0.97%) between 1- and 30-year yields.

Municipal Supply: 2019 saw total net new issue supply of \$421 billion, making it the 2nd highest annual new issuance volume of the decade (behind only 2017). Taxable issuance in 2019 was more than double that of 2018, influenced by a variety of factors including low rates favorable for advance refundings. Weekly supply in 2020 has averaged \$7.4 billion, nearly \$1 billion higher than the weekly average for 2019. *The Bond Buyer* estimates approximately 36% of the coming 30-day municipal calendar is taxable.

Municipal Demand: Through February 7th, Lipper reported 58 consecutive weeks of inflows into municipal bond funds totaling nearly \$78 billion, the longest streak since Lipper began collecting data in 1992. In addition, the week of January 6th saw \$2.89 billion of inflows, which is the largest amount that Lipper has ever recorded. Looking further ahead this year, the market consensus is that fund inflows are expected to continue, and when combined with scheduled redemptions of existing bonds, the supply of new debt will be easily absorbed.



Fed Action: As expected, the Fed opted to keep policy unchanged in January after adding three rounds of additional accommodation in 2019. Describing the economy as “moderate,” the Committee remains confident the current path of monetary policy remains “appropriate,” at least for now. This confidence was on further display in Chairman Powell’s February 11th testimony before the House Financial Services Committee, where he reiterated confidence in the Fed’s decision to cut rates last year and the current state of policy to continue to foster growth. The FOMC, Powell said, judges that current policy is in the right place to “optimize” the outlook for growth and inflation, but “it is not on a present course.”

In regards to the global environment, the Chairman was again optimistic regarding the resilience of the domestic economy, particularly as some risks surrounding trade in particular have been mitigated, while others have emerged. At this point, however, the Chairman emphasized it is too early to determine the full impact of the virus, although he mentioned policy makers are closely watching.

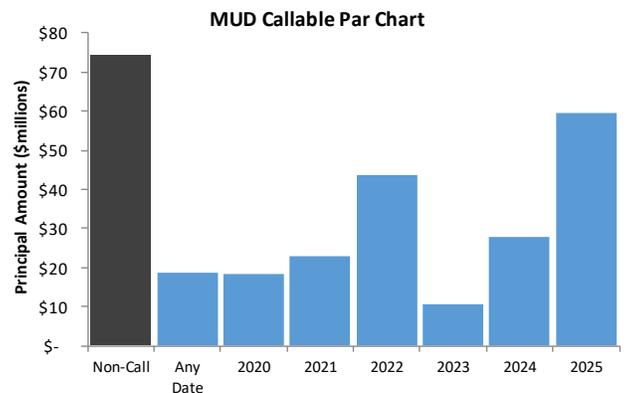
Background

For our analysis, we reviewed the outstanding debt for the following municipal utility districts serving the Township:

- The Woodlands MUD #1 (“Woodlands MUD #1”)
- Montgomery County MUD #6 (“MC MUD #6”)
- Montgomery County MUD #7 (“MC MUD #7”)
- Montgomery County MUD #36 (“MC MUD #36”)
- Montgomery County MUD #39 (“MC MUD #39”)
- Montgomery County MUD #46 (“MC MUD #46”)
- Montgomery County MUD #47 (“MC MUD #47”)
- Montgomery County MUD #60 (“MC MUD #60”)
- Montgomery County MUD #67 (“MC MUD #67”)
- The Woodlands Metro Center MUD (“WMC MUD”)
- Harris-Montgomery County MUD #386 (“HMC MUD #386”)

Currently, only MC MUD #39, MC MUD #46, MC MUD #47, MC MUD #60, MC MUD #67, WMC MUD, and HMC MUD #386 have bond debt outstanding. As of January 1, 2020, these MUDs had 37 issues outstanding totaling \$276.2 million (these issues are collectively referred to herein as the “MUD Debt”). A snapshot of each outstanding issue in the debt profile included in **Appendix A**. Of the outstanding bonds, approximately 73% are callable through 2025, while 27% is non-callable.

We note these MUDs have \$169.5 million in remaining bond authorization for additional debt. The Texas bond calendar currently has a sale for HMC MUD #386 for an additional \$11.2 million that is scheduled to sell on February 27, 2020 via competitive sale. Because this issue has not been priced, it has not been included in our analysis (we will update our analysis upon sale of the bonds).



Refinancing Analysis

At the direction of the Township, we have prepared a refinancing analysis of the MUD Debt, assuming the Township were to issue voter-authorized bonds in late 2021 to refinance and re-amortize the full amount of then outstanding MUD Debt over a 20- or 30-year period.

As discussed in the **Background** section, approximately 73% of the currently outstanding MUD Debt is subject to a variety of optional redemption dates ranging from callable on any date to callable in 2025. Additionally, approximately 27% of the MUD Debt is non-callable and not subject to optional redemption. Under current tax rules, any tax-exempt debt to be refinanced by bonds that are issued more than 90 days prior to the redemption date must be done on a taxable basis. Thus, our analysis assumes the issuance of both tax-exempt *and* taxable bonds. We estimate current market taxable interest rates to be approximately 50-90 basis points (0.50% - 0.90%) higher than tax-exempt rates on a yield-to-call basis (meaning the yield to investors assuming the bonds are called after 10 years).

Assumptions. Below we provide the basic assumptions for our analyses.

	Scenario A	Scenario B	Scenario C	Scenario D
Structure	20-Year Financing (Current Rates) Level Debt Service	30-Year Financing (Current Rates) Level Debt Service	20-Year Financing (Current + 100 bps) Level Debt Service	30-Year Financing (Current + 100 bps) Level Debt Service
Issuance Date	11/16/2021	11/16/2021	11/16/2021	11/16/2021
Final Maturity	3/1/2042	3/1/2052	3/1/2052	3/1/2052
Assumed Ratings	Aa1/AA	Aa1/AA	Aa1/AA	Aa1/AA
Escrow Securities	SLGS + Open Markets	SLGS + Open Markets	SLGS + Open Markets	SLGS + Open Markets

Scenario A. In Scenario A below, we provide for a refinancing of the MUD Debt using a 20-year principal amortization and extending debt service to FY 2042. Under this scenario, annual debt service is approximately \$15.9 million and total debt service is increases by \$26.3 million over the existing debt structure.

Scenario A - 20-Year Refinancing @ Current Rates

Period Ending	Existing Aggregate Debt Service	20-Year Taxable Refunding	20-Year Tax-Exempt Refunding	Total 20-Year Financing Scenario	Debt Service Increase (Decrease)
12/31/2022	\$ 27,524,103	\$ 3,832,540	\$ 1,486,631	\$ 5,319,171	\$ (22,204,932)
12/31/2023	27,487,021	12,854,632	3,081,975	15,936,607	(11,550,414)
12/31/2024	27,381,731	12,854,666	3,083,600	15,938,266	(11,443,464)
12/31/2025	24,359,008	12,853,532	3,081,975	15,935,507	(8,423,501)
12/31/2026	23,044,749	12,857,449	3,081,975	15,939,424	(7,105,325)
12/31/2027	20,591,789	12,857,380	3,078,475	15,935,855	(4,655,933)
12/31/2028	21,010,782	12,857,889	3,081,225	15,939,114	(5,071,668)
12/31/2029	22,255,161	12,854,095	3,079,975	15,934,070	(6,321,091)
12/31/2030	22,480,225	12,855,482	3,079,600	15,935,082	(6,545,143)
12/31/2031	13,676,338	12,857,989	3,079,850	15,937,839	2,261,502
12/31/2032	13,746,163	12,853,397	3,080,475	15,933,872	2,187,709
12/31/2033	12,635,538	12,853,567	3,081,225	15,934,792	3,299,255
12/31/2034	11,974,806	12,857,907	3,081,850	15,939,757	3,964,951
12/31/2035	8,340,869	12,855,927	3,082,100	15,938,027	7,597,159
12/31/2036	6,935,413	12,857,119	3,081,725	15,938,844	9,003,432
12/31/2037	5,315,894	12,854,918	3,083,100	15,938,018	10,622,124
12/31/2038	3,513,825	12,855,971	3,082,100	15,938,071	12,424,246
12/31/2039	3,493,625	12,858,031	3,082,000	15,940,031	12,446,406
12/31/2040	1,518,481	12,855,889	3,082,600	15,938,489	14,420,008
12/31/2041	481,856	12,854,334	3,078,800	15,933,134	15,451,278
12/31/2042	-	12,853,084	3,080,400	15,933,484	15,933,484
Total	\$ 297,767,374	\$ 260,945,799	\$ 63,111,656	\$ 324,057,455	\$ 26,290,081

Preliminary and subject to change. Actual results may differ, and Stifel makes no commitment to underwrite at these levels. The use of 'Aa1/AA' (Moody's/S&P) ratings is consistent with the ratings of the Township's outstanding general obligation debt. Interest rate assumptions are based on current market conditions and similar credits. Costs of issuance and underwriter's discount are each estimated at \$10 per bond for discussion purposes. SLGs were used to fund the tax-exempt escrow and open market securities were used to fund the taxable escrow but in no way is Stifel recommending this or any other investment strategy.

Scenario B. In Scenario B below, we provide for a refinancing using a 30-year principal amortization and extending debt service to FY 2052. Under this scenario, annual debt service is approximately \$12.3 million, a reduction of \$3.6 million when compared to **Scenario A**. However, the term extension results in a significant increase total debt service. Compared to the existing structure, debt service increases by \$77.4 million (a nearly \$51 million increase in payments as compared to **Scenario A**).

Scenario B - 30-Year Refinancing @ Current Rates

Period Ending	Existing Aggregate Debt Service	30-Year Taxable Refunding	30-Year Tax-Exempt Refunding	Total 30-Year Financing Scenario	Debt Service Increase (Decrease)
12/31/2022	\$ 27,524,103	\$ 4,170,216	\$ 1,433,392	\$ 5,603,608	\$ (21,920,495)
12/31/2023	27,487,021	9,866,624	2,454,100	12,320,724	(15,166,297)
12/31/2024	27,381,731	9,863,457	2,450,350	12,313,807	(15,067,924)
12/31/2025	24,359,008	9,866,742	2,454,850	12,321,592	(12,037,415)
12/31/2026	23,044,749	9,864,329	2,452,475	12,316,804	(10,727,944)
12/31/2027	20,591,789	9,861,830	2,453,225	12,315,055	(8,276,733)
12/31/2028	21,010,782	9,863,936	2,451,975	12,315,911	(8,694,871)
12/31/2029	22,255,161	9,865,649	2,453,600	12,319,249	(9,935,913)
12/31/2030	22,480,225	9,861,739	2,452,975	12,314,714	(10,165,511)
12/31/2031	13,676,338	9,864,902	2,450,100	12,315,002	(1,361,336)
12/31/2032	13,746,163	9,866,062	2,454,725	12,320,787	(1,425,376)
12/31/2033	12,635,538	9,866,302	2,451,725	12,318,027	(317,510)
12/31/2034	11,974,806	9,865,368	2,451,100	12,316,468	341,662
12/31/2035	8,340,869	9,862,998	2,452,600	12,315,598	3,974,729
12/31/2036	6,935,413	9,863,859	2,451,100	12,314,959	5,379,546
12/31/2037	5,315,894	9,866,251	2,453,200	12,319,451	7,003,557
12/31/2038	3,513,825	9,866,130	2,454,300	12,320,430	8,806,605
12/31/2039	3,493,625	9,865,880	2,453,200	12,319,080	8,825,455
12/31/2040	1,518,481	9,865,362	2,454,800	12,320,162	10,801,681
12/31/2041	481,856	9,864,435	2,454,000	12,318,435	11,836,579
12/31/2042	-	9,862,958	2,450,800	12,313,758	12,313,758
12/31/2043	-	9,861,981	2,455,000	12,316,981	12,316,981
12/31/2044	-	9,866,039	2,451,500	12,317,539	12,317,539
12/31/2045	-	9,863,550	2,450,300	12,313,850	12,313,850
12/31/2046	-	9,864,367	2,451,200	12,315,567	12,315,567
12/31/2047	-	9,863,274	2,454,000	12,317,274	12,317,274
12/31/2048	-	9,865,051	2,453,600	12,318,651	12,318,651
12/31/2049	-	9,864,480	2,450,000	12,314,480	12,314,480
12/31/2050	-	9,866,343	2,453,000	12,319,343	12,319,343
12/31/2051	-	9,865,422	2,452,400	12,317,822	12,317,822
12/31/2052	-	9,866,499	2,453,100	12,319,599	12,319,599
Total	\$ 297,767,374	\$ 300,112,033	\$ 75,012,692	\$ 375,124,725	\$ 77,357,351

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Scenarios C and D. As previously discussed, borrowing rates for tax-exempt and taxable municipal bonds are currently at all-time lows. While we anticipate favorable supply and demand dynamics to continue, there can be no guarantee that rates 18 months from now will be the same. We have thus prepared two additional scenarios that assume an interest rate increase 100 basis points (1.00%) above the current market.

Scenario C - 20-Year Refinancing @ Current Rates + 100 bps					
Period Ending	Existing Aggregate Debt Service	20-Year Taxable Refunding	20-Year Tax-Exempt Refunding	Total 20-Year Financing Scenario	Debt Service Increase (Decrease)
12/31/2022	\$ 27,524,103	\$ 5,454,041	\$ 1,592,715	\$ 7,046,756	\$ (20,477,348)
12/31/2023	27,487,021	14,073,491	3,298,850	17,372,341	(10,114,680)
12/31/2024	27,381,731	14,073,331	3,301,100	17,374,431	(10,007,300)
12/31/2025	24,359,008	14,069,154	3,299,850	17,369,004	(6,990,003)
12/31/2026	23,044,749	14,072,227	3,299,975	17,372,202	(5,672,546)
12/31/2027	20,591,789	14,073,081	3,301,225	17,374,306	(3,217,482)
12/31/2028	21,010,782	14,071,017	3,303,350	17,374,367	(3,636,415)
12/31/2029	22,255,161	14,070,830	3,301,225	17,372,055	(4,883,106)
12/31/2030	22,480,225	14,071,625	3,299,725	17,371,350	(5,108,875)
12/31/2031	13,676,338	14,069,210	3,303,475	17,372,685	3,696,348
12/31/2032	13,746,163	14,069,815	3,302,225	17,372,040	3,625,877
12/31/2033	12,635,538	14,069,782	3,300,850	17,370,632	4,735,095
12/31/2034	11,974,806	14,073,188	3,299,100	17,372,288	5,397,482
12/31/2035	8,340,869	14,069,170	3,301,600	17,370,770	9,029,902
12/31/2036	6,935,413	14,071,753	3,302,975	17,374,728	10,439,316
12/31/2037	5,315,894	14,073,332	3,301,600	17,374,932	12,059,039
12/31/2038	3,513,825	14,070,039	3,303,400	17,373,439	13,859,614
12/31/2039	3,493,625	14,069,600	3,300,800	17,370,400	13,876,775
12/31/2040	1,518,481	14,071,255	3,303,600	17,374,855	15,856,374
12/31/2041	481,856	14,069,336	3,301,600	17,370,936	16,889,079
12/31/2042	-	14,073,081	3,299,700	17,372,781	17,372,781
Total	\$ 297,767,374	\$ 286,878,358	\$ 67,618,940	\$ 354,497,298	\$ 56,729,924

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Scenario D - 30-Year Refinancing @ Current Rates + 100 bps

Period Ending	Existing Aggregate Debt Service	30-Year Taxable Refunding	30-Year Tax-Exempt Refunding	Total 30-Year Financing Scenario	Debt Service Increase (Decrease)
12/31/2022	\$ 27,524,103	\$ 5,804,794	\$ 1,542,958	\$ 7,347,752	\$ (20,176,351)
12/31/2023	27,487,021	11,198,118	2,641,250	13,839,368	(13,647,652)
12/31/2024	27,381,731	11,197,728	2,639,875	13,837,603	(13,544,128)
12/31/2025	24,359,008	11,197,461	2,641,625	13,839,086	(10,519,921)
12/31/2026	23,044,749	11,200,286	2,641,375	13,841,661	(9,203,087)
12/31/2027	20,591,789	11,196,578	2,639,125	13,835,703	(6,756,085)
12/31/2028	21,010,782	11,195,974	2,639,750	13,835,724	(7,175,058)
12/31/2029	22,255,161	11,198,264	2,638,125	13,836,389	(8,418,772)
12/31/2030	22,480,225	11,197,984	2,639,125	13,837,109	(8,643,116)
12/31/2031	13,676,338	11,197,894	2,642,500	13,840,394	164,057
12/31/2032	13,746,163	11,198,636	2,638,250	13,836,886	90,724
12/31/2033	12,635,538	11,195,999	2,641,250	13,837,249	1,201,711
12/31/2034	11,974,806	11,199,463	2,641,250	13,840,713	1,865,907
12/31/2035	8,340,869	11,198,501	2,638,250	13,836,751	5,495,882
12/31/2036	6,935,413	11,197,652	2,642,000	13,839,652	6,904,239
12/31/2037	5,315,894	11,200,125	2,639,600	13,839,725	8,523,831
12/31/2038	3,513,825	11,196,524	2,641,600	13,838,124	10,324,299
12/31/2039	3,493,625	11,198,683	2,641,200	13,839,883	10,346,258
12/31/2040	1,518,481	11,196,222	2,638,400	13,834,622	12,316,141
12/31/2041	481,856	11,198,760	2,638,100	13,836,860	13,355,004
12/31/2042	-	11,195,916	2,640,100	13,836,016	13,836,016
12/31/2043	-	11,198,351	2,639,300	13,837,651	13,837,651
12/31/2044	-	11,200,243	2,640,600	13,840,843	13,840,843
12/31/2045	-	11,199,818	2,638,900	13,838,718	13,838,718
12/31/2046	-	11,196,686	2,639,100	13,835,786	13,835,786
12/31/2047	-	11,200,260	2,641,000	13,841,260	13,841,260
12/31/2048	-	11,199,954	2,639,500	13,839,454	13,839,454
12/31/2049	-	11,195,376	2,639,500	13,834,876	13,834,876
12/31/2050	-	11,195,940	2,640,800	13,836,740	13,836,740
12/31/2051	-	11,195,962	2,638,300	13,834,262	13,834,262
12/31/2052	-	11,199,757	2,641,800	13,841,557	13,841,557
Total	\$ 297,767,374	\$ 341,743,909	\$ 80,744,508	\$ 422,488,417	\$ 124,721,043

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Summary

The table below provides a comparison of Scenarios A-D.

	Scenario A 20-Year Refi (Current Rates)	Scenario B 30-Year Refi (Current Rates)	Scenario C 20-Year Refi (Current + 100 bps)	Scenario D 30-Year Refi (Current + 100 bps)
Issuance Date	11/16/2021	11/16/2021	11/16/2021	11/16/2021
Final Maturity	3/1/2042	3/1/2052	3/1/2052	3/1/2052
Refunded Principal	\$238,230,000	\$238,230,000	\$238,230,000	\$238,230,000
Refinancing Principal	\$241,580,000	\$242,745,000	\$244,495,000	\$245,955,000
Estimated TIC	2.60%	2.84%	3.55%	3.76%
Annual Debt Service	\$15,940,000	\$12,315,000	\$17,370,000	\$13,840,000
Total Debt Service	\$324,057,455	375,124,725	\$354,497,298	\$422,488,417
Increase (Decrease) in Total Debt Service	\$26,290,081	\$77,357,351	\$56,729,924	\$124,721,043

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Stifel is providing information and is declaring to the proposed municipal issuer and any obligated person that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm's-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

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Appendix A - Municipal Utility Districts Serving the Woodlands

Aggregate Debt Profile

As of 1/1/2020

Final CUSIP	Dated	Original Par	Outstanding Par	Issue	Final Coupon	Final Maturity	Ratings	Callable Par	Next Call	Call Price
Montgomery County Municipal Utility District #39								Remaining Authorization: \$ 6,480,000		
613901NV5	2/1/2017	\$ 5,160,000	\$ 5,160,000	Wtr Wks & Swr Sys U/L Tax Ref Bonds, Series 2017	3.625%	9/1/2040	A+ (BAM AA)	\$ 5,160,000	9/1/2024	100
613901NF0	8/1/2013	5,245,000	3,310,000	U/L Tax Ref Bonds, Series 2013	4.000%	9/1/2026	A+ (BAM AA)	2,850,000	9/1/2021	100
613901MR5	10/1/2011	4,995,000	3,475,000	U/L Tax Ref Bonds, Series 2011	4.000%	9/1/2026	A+ (AGM AA)	3,475,000	Any Date	100
613901MA2	9/1/2009	5,955,000	865,000	U/L Tax Ref Bonds, Series 2009	4.125%	9/1/2022	A+ (AGM AA)	865,000	Any Date	100
Montgomery County Municipal Utility District #46								Remaining Authorization: \$ 9,100,000		
613910WA2	5/1/2019	\$ 7,455,000	\$ 7,455,000	U/L Tax Ref Bonds, Series 2019	2.500%	3/1/2029	Aa3	\$ 6,345,000	3/1/2024	100
None (Pvt)	12/1/2017	11,910,000	11,805,000	U/L Tax Ref Bonds, Series 2017	2.290%	3/1/2028	None	-	Non-Callable	-
None (Pvt)	8/1/2016	6,535,000	6,380,000	U/L Tax Ref Bonds, Series 2016	1.840%	3/1/2028	None	2,990,000	3/1/2024	100
613910UQ9	10/1/2015	6,685,000	5,875,000	U/L Tax Ref Bonds, Series 2015A	3.250%	3/1/2030	Aa3	2,895,000	3/1/2024	100
613910TZ1	4/1/2015	18,340,000	17,095,000	U/L Tax Ref Bonds, Series 2015	4.000%	3/1/2030	Aa3	14,465,000	3/1/2025	100
613910TJ7	2/1/2013	24,575,000	19,310,000	U/L Tax Ref Bonds, Series 2013	3.125%	3/1/2030	AA-	17,650,000	3/1/2021	100
613910RM2	5/1/2012	9,520,000	700,000	U/L Tax Ref Bonds, Series 2012	3.000%	3/1/2021	AA-	700,000	Any Date	100
613910RB6	10/1/2011	9,265,000	4,075,000	U/L Tax Ref Bonds, Series 2011	2.500%	3/1/2022	AA-	4,075,000	Any Date	100
Montgomery County Municipal Utility District #47								Remaining Authorization: \$ 6,865,000		
613914VL1	7/1/2016	\$ 8,325,000	\$ 5,340,000	U/L Tax Ref Bonds, Series 2016	4.000%	10/1/2024	Aa3	\$ -	Non-Callable	-
613914VC1	7/1/2014	8,070,000	4,320,000	U/L Tax Ref Bonds, Series 2014	4.000%	10/1/2024	AA-	920,000	10/1/2023	100
613914US7	9/1/2012	2,325,000	580,000	U/L Tax Ref Bonds, Series 2012	3.000%	10/1/2020	AA-	-	Non-Callable	-
613914UJ7	9/1/2010	5,290,000	1,855,000	U/L Tax Ref Bonds, Series 2010	4.000%	10/1/2023	AA- (BAM AA)	1,855,000	Any Date	100
Montgomery County Municipal Utility District #60								Remaining Authorization: \$ 5,950,000		
613917TH6	8/1/2016	\$ 2,590,000	\$ 2,365,000	Wtr Wks & Swr Sys U/L Tax Bonds, Series 2016A	3.000%	9/1/2040	Aa3	\$ 1,935,000	9/1/2024	100
613917SH7	7/1/2016	6,325,000	4,420,000	U/L Tax Ref Bonds, Series 2016	4.000%	9/1/2025	Aa3	-	Non-Callable	-
613917RX3	4/1/2014	3,800,000	2,760,000	U/L Tax Ref Bonds, Series 2014	3.500%	9/1/2025	AA-	2,135,000	9/1/2022	100
613917RL9	9/1/2010	7,470,000	2,160,000	U/L Tax Ref Bonds, Series 2010	4.000%	9/1/2024	AA- (AGM AA)	2,160,000	Any Date	100
Montgomery County Municipal Utility District #67								Remaining Authorization: \$ 6,550,000		
613924LV9	6/1/2019	\$ 6,805,000	\$ 6,805,000	U/L Tax Ref Bonds, Series 2019	2.375%	9/1/2029	A1 (BAM AA)	\$ 665,000	9/1/2024	100
613924LK3	11/1/2017	7,015,000	7,015,000	Wtr Wks & Swr Sys U/L Tax Bonds, Series 2017	3.000%	9/1/2032	A1 (BAM AA)	6,305,000	9/1/2025	100
613924KV0	6/1/2012	3,075,000	1,190,000	U/L Tax Ref Bonds, Series 2012	3.000%	9/1/2021	A+ (AGM AA)	1,190,000	Any Date	100
613924JH3	3/1/2010	8,095,000	330,000	U/L Tax Ref Bonds, Series 2010	3.875%	9/1/2020	A+	330,000	Any Date	100
The Woodlands Metro Center Municipal Utility District								Remaining Authorization: \$ 8,940,000		
979686MD1	11/1/2018	\$ 4,770,000	\$ 4,535,000	Wtr Wks & Swr Sys U/L Tax Bonds, Series 2018	3.625%	10/1/2033	Aa3	\$ 3,425,000	10/1/2023	100
None (Pvt)	7/1/2014	5,695,000	1,120,000	U/L Tax Ref Bonds, Series 2014	1.700%	10/1/2021	None	-	Non-Callable	-
979686LN0	12/1/2013	3,690,000	2,895,000	Wtr Wks & Swr Sys U/L Tax Bonds, Series 2013	4.125%	10/1/2033	A+ (BAM AA)	2,590,000	10/1/2021	100
979686KS0	9/1/2010	5,745,000	2,765,000	U/L Tax Ref Bonds, Series 2010	4.000%	10/1/2026	A+ (AGM AA)	2,765,000	Any Date	100
Harris-Montgomery Counties Municipal Utility District #386								Remaining Authorization: \$ 125,630,000		
41456PLD7	9/1/2018	\$ 10,800,000	\$ 10,330,000	Unlimited Tax Bonds, Series 2018	3.625%	9/1/2041	Aa3	\$ 7,980,000	9/1/2024	100
41456PKE6	11/1/2017	15,520,000	15,285,000	U/L Tax Ref Bonds, Series 2017	3.125%	9/1/2035	Aa3 (BAM AA)	11,705,000	9/1/2025	100
41456PJL2	8/1/2016	25,570,000	24,655,000	U/L Tax Ref Bonds, Series 2016	4.000%	9/1/2034	Aa3	15,170,000	9/1/2025	100
41456PHS9	12/1/2015	9,150,000	7,675,000	Unlimited Tax Bonds, Series 2015A	3.625%	9/1/2040	Aa3 (BAM AA)	6,205,000	9/1/2023	100
41456PGR2	11/1/2015	15,855,000	15,355,000	U/L Tax Ref Bonds, Series 2015	4.000%	9/1/2034	Aa3 (BAM AA)	11,930,000	9/1/2025	100
41456PFW2	10/1/2014	28,470,000	24,930,000	Unlimited Tax Bonds, Series 2014A	4.000%	9/1/2039	Aa3	22,495,000	9/1/2022	100
41456PEV5	3/1/2014	24,785,000	21,395,000	Unlimited Tax Bonds, Series 2014	4.125%	9/1/2037	Aa3 (AGM AA)	18,945,000	9/1/2022	100
41456PDW4	12/1/2012	23,260,000	19,255,000	Unlimited Tax Bonds, Series 2012	3.500%	9/1/2036	A- (AGM AA)	18,475,000	9/1/2020	100
41456PCH8	12/1/2011	20,400,000	1,335,000	Unlimited Tax Bonds, Series 2011	3.875%	9/1/2021	A-	1,335,000	Any Date	100
Total		\$ 378,535,000	\$ 276,175,000					\$ 201,985,000		

Analysis of MUD Debt Consolidation

MUD #	2017 Tax Rates	2017 Taxable value	2017 Tax Collected	2017 % of Total MUD Value
1	0.0800	1,069,535,988	855,629	5.46%
6	0.0750	942,624,147	706,968	4.81%
7	0.1645	1,014,027,009	1,668,074	5.18%
36	0.0350	563,314,171	197,160	2.88%
39	0.3550	570,802,846	2,026,350	2.91%
46	0.2125	4,175,474,240	8,872,883	21.31%
47	0.2450	2,575,175,551	6,309,180	13.15%
60	0.1650	2,044,457,648	3,373,355	10.44%
67	0.2175	1,538,640,197	3,346,542	7.85%
Metro	0.1050	2,431,509,056	2,553,085	12.41%
MUD 386	0.4650	2,664,174,848	12,388,413	13.60%
				100.00%

	Consolidated Tax Rate	Reduction in rate due to refinancing
Total - All MUDs	0.21592	
Refinancing with \$10 Million in savings	0.16487	(0.05105)
Refinancing with \$13 Million in savings	0.14956	(0.06636)

MUD #	2017 Tax Rates	Projected FY2023 Average MUD rate if refinanced for 30 years	Increase/(Decrease) in tax rate after refinancing	Initial Maximum Incorporation Tax Rate	Projected FY2023 Net Tax Impact	2017 % of Total MUD Value
1	0.08000	0.14956	0.069556	0.062200	0.13176	5.46%
6	0.07500	0.14956	0.074556	0.062200	0.13676	4.81%
7	0.16450	0.14956	(0.014944)	0.062200	0.04726	5.18%
36	0.03500	0.14956	0.114556	0.062200	0.17676	2.88%
39	0.35500	0.14956	(0.205444)	0.062200	(0.14324)	2.91%
46	0.21250	0.14956	(0.062944)	0.062200	(0.00074)	21.31%
47	0.24500	0.14956	(0.095444)	0.062200	(0.03324)	13.15%
60	0.16500	0.14956	(0.015444)	0.062200	0.04676	10.44%
67	0.21750	0.14956	(0.067944)	0.062200	(0.00574)	7.85%
Metro	0.10500	0.14956	0.044556	0.062200	0.10676	12.41%
MUD 386	0.46500	0.14956	(0.315444)	0.062200	(0.25324)	13.60%
						100.00%

Conclusion assuming MUD debt is consolidated and refinanced with 30 year amortization:

- Four MUDs would experience a tax increase, ranging from 10.676 cents to 17.672 cents per \$100 of taxable value.
- Two MUDs would experience a net tax increase, ranging from 4.676 cents to 4.726 cents per \$100 of taxable value, but the net increase would be less than the initial maximum incorporation tax rate of 6.22 cents due to an offsetting decrease in the MUD rate after refinancing.
- Five MUDs would experience a tax decrease after MUD refinancing, ranging from .078 cents to 25.328 cents per \$100 of taxable value.

MUDs with an increase in property tax rate after MUD debt is refinanced represent approximately 41% of population.
MUDs with a decrease in property tax rate after MUD debt is refinanced represent approximately 59% of population.

Property owners in MUD #1:

Currently pay a MUD tax of 8.0 cents per \$100 of taxable value
After refinancing, would pay a revised MUD rate of 14.956 cents per \$100 of taxable value for consolidated MUD debt. This represents a 6.9556 cents increase from the current rate of 8.0 cents.
Combined with the additional cost of incorporation of 6.22 cents, the net tax impact at incorporation would be an increase of 13.176 cents per \$100 of valuation.
Based on a percentage of total taxable value of the MUDs, MUD #1 represents approximately 5.46% of total Woodlands residents.

Analysis of MUD Debt Consolidation

MUD #	2019 Tax Rates	2017 * Taxable value	Tax Collected		2017 * % of Total MUD Value
1	0.07500	1,069,535,988	802,152	* Taxable values will be updated as soon as the 2019 values are publicly available.	5.46%
6	0.08000	942,624,147	754,099		4.81%
7	0.12500	1,014,027,009	1,267,534		5.18%
36	0.03500	563,314,171	197,160		2.88%
39	0.35500	570,802,846	2,026,350		2.91%
46	0.20974	4,175,474,240	8,757,640		21.31%
47	0.24500	2,575,175,551	6,309,180		13.15%
60	0.16500	2,044,457,648	3,373,355		10.44%
67	0.16000	1,538,640,197	2,461,824		7.85%
Metro	0.09000	2,431,509,056	2,188,358		12.41%
MUD 386	0.46500	2,664,174,848	12,388,413	13.60%	
			Consolidated Tax Rate		100.00%
Total - All MUDs			19,589,735,701	40,526,066	0.20687
Refinancing with \$10 Million in savings			30,526,066	0.15583	(0.05105)
Refinancing with \$13 Million in savings			27,526,066	0.14051	(0.06636)

MUD #	2019 Tax Rates	Projected FY2023 Average MUD rate if refinanced for 30 years	Increase/(Decrease) in tax rate after refinancing			2017 * % of Total MUD Value
1	0.07500	0.14051	0.065513			5.46%
6	0.08000	0.14051	0.060513			4.81%
7	0.12500	0.14051	0.015513			5.18%
36	0.03500	0.14051	0.105513			2.88%
39	0.35500	0.14051	(0.214487)			2.91%
46	0.20974	0.14051	(0.069227)			21.31%
47	0.24500	0.14051	(0.104487)			13.15%
60	0.16500	0.14051	(0.024487)			10.44%
67	0.16000	0.14051	(0.019487)			7.85%
Metro	0.09000	0.14051	0.050513			12.41%
MUD 386	0.46500	0.14051	(0.324487)			13.60%
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Analysis of MUD Debt Consolidation

MUD #	2017 Tax Rates	2017 Taxable value	2017 Tax Collected	2017 % of Total MUD Value
1	0.0800	1,069,535,988	855,629	5.46%
6	0.0750	942,624,147	706,968	4.81%
7	0.1645	1,014,027,009	1,668,074	5.18%
36	0.0350	563,314,171	197,160	2.88%
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Public Works and Maintenance Operations



- Pavement Management Capital Improvement Plan (CIP)
- Public Works Maintenance
- Other Infrastructure Conditions
- Conclusions
- Questions and Answers



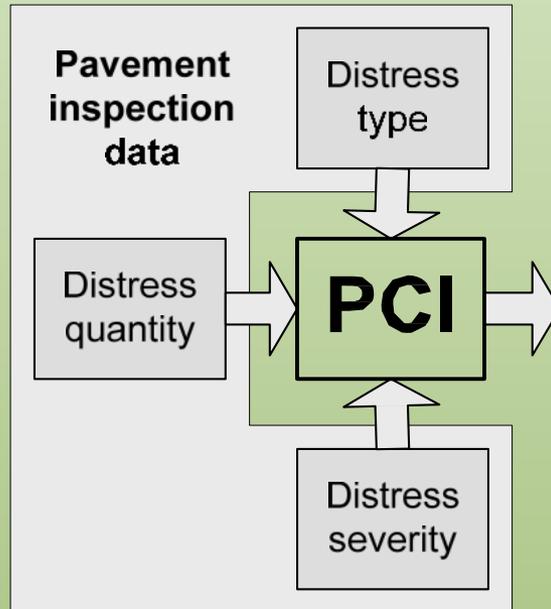
CAPITAL IMPROVEMENT PLAN (CIP)

Pavement Management CIP

- Implemented the Paver™ system roadway pavement network.
- Pavement Condition Index (PCI) Survey
Performed a network-level field condition survey and established a PCI of the Township's roadway pavements.
- Roadway Pavement M&R Budget Analyses
Performed five-year budget analyses of multiple scenarios using Paver™ to determine future needs of alternative scenario.



Pavement Management CIP



Condition Assessment Scale

Condition Assessment	PCI Value
Excellent	98-100
Very Good	90-99
Good	80-89
Satisfactory	60-79
Fair	60-69
Unsatisfactory	40-59
Failed	0-39

Tasks Part of the CIP – Pavement Only

- Understand of the current roadway condition
- Develop the pavement management plan
- Evaluate the network-level pavement condition survey
- Apply software to identify future M&R needs.
- Determine future maintenance costs
- Develop a 5 year CIP

Good Condition



Poor Condition



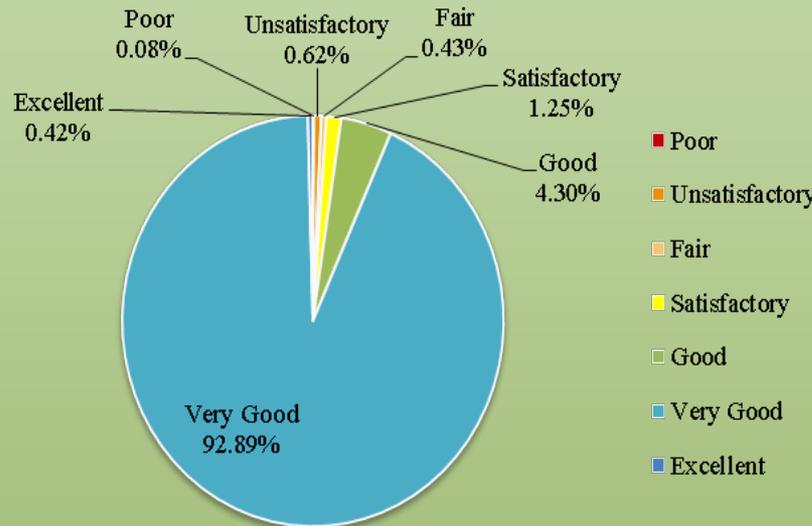
Existing Pavement Conditions and Field Observations



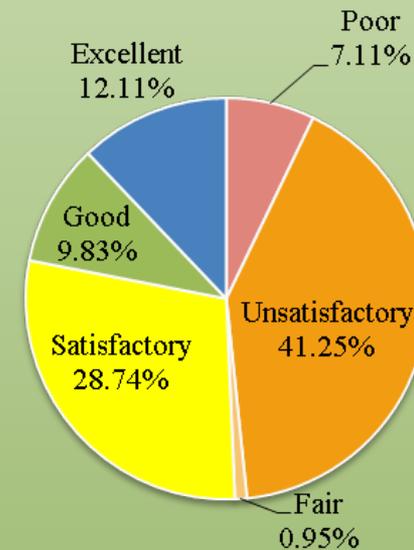
Table 1: Pavement Condition Distribution of Each Surface Type

Pavement Surface Type	Inspected Pavement Area (SY)	Pavement Area (%)	2018 Average PCI
Asphalt	62,444	0.96	64.3
Concrete	6,425,152	99.03	95.0

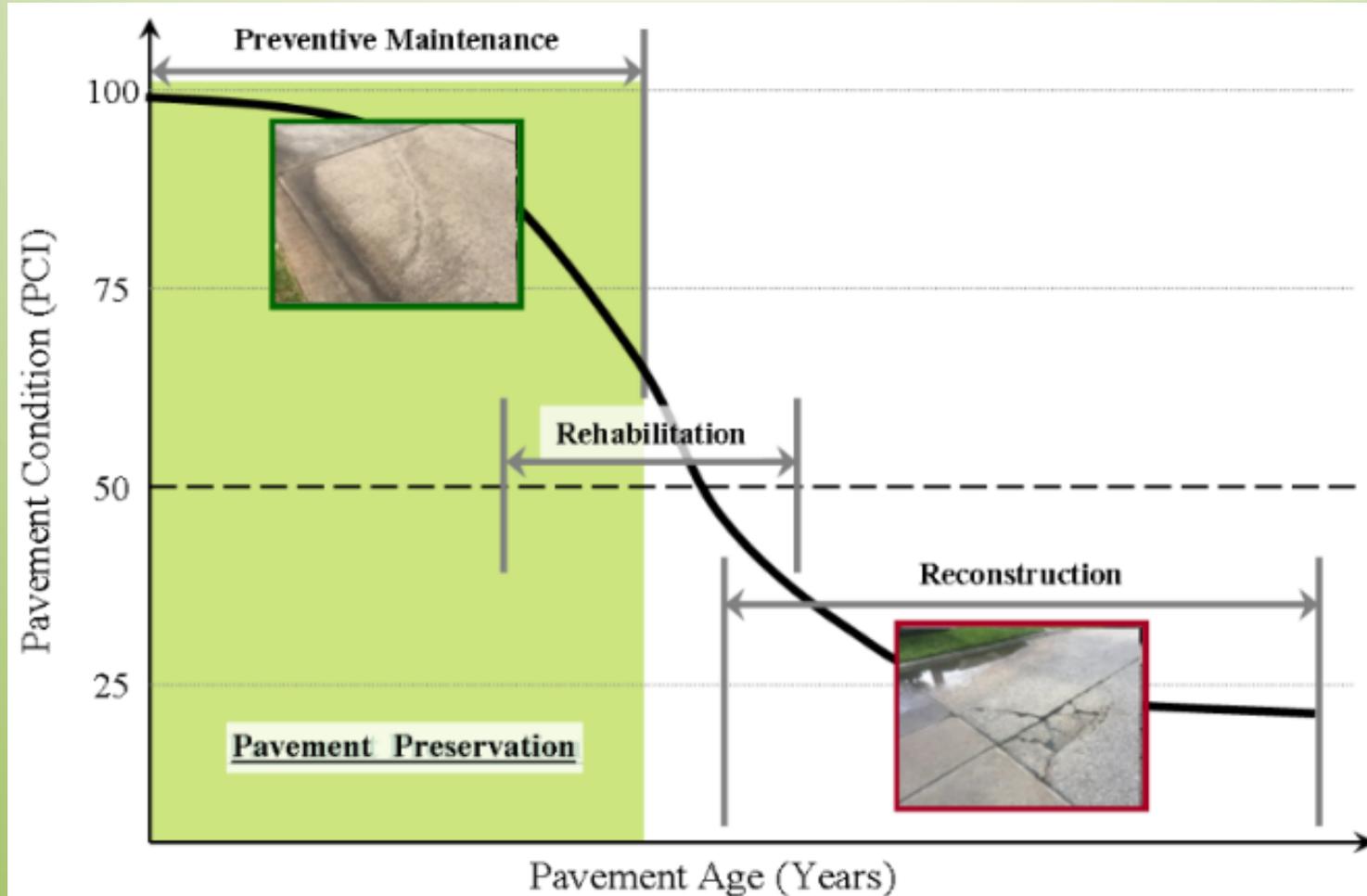
Concrete Pavement Condition by Area



Asphalt Pavement Condition by Area



Explain the 100 year Cycle



Explain the 100 year Cycle



- Accepted “norm” for Concrete Pavement Life = 50-60 years
- The current pavement has been built over a 40+ Year Period
- Based on the current PCI of 95 our team felt that a total life span of a 100 Year Service Life Span was reasonable
- The CIP reflects a remaining life span of 60 years
 - Developed a short term – 5 year plan
 - Developed a long range – 55 year plan

Maintenance & Rehabilitation Budget Analyses



SHORT RANGE CIP PLAN

(TO BRING CURRENT STREETS TO ACCEPTABLE LEVEL)

Results for Concrete Pavement

5-year Capital Improvements: \$6,250,000 (\$1,250,000 per year)

Results for Asphalt Pavement

5-year Capital Improvements: \$2,500,000 (\$500,000 per year)

Five-year Capital Improvements for both Concrete and Asphalt Streets

Yields: \$8,750,000 (Over 5 years)

Pavement Management Plan - Other



Stop Gap “Emergency” Fund

- Unforeseen Damage
 - Flooding
 - Utility Breaks
 - Bridges
 - Etc.
- Budget \$500,000 Annually

PAVEMENT INVESTMENT PLAN



REVIEWS

- Special Projects, E.G.
 - South County Mobility Plan
 - Bridges

TYPICAL APPROACHES

- Capital Investment when required
- Bond Measures
- Sinking Fund



PUBLIC WORKS

Fiscal Analysis Assumptions



•Assumptions

- Lane Miles= 840
- Assumes Annual Maintenance Cost/Mile= \$5,176
- Anticipated Annual Public Works Budget= \$4,627,735
- Assumes Annual Maintenance Operating Budget (Excluding Personnel) = \$1.9M
- HRG pavement maintenance estimate= \$550,000/year
- Remainder= \$1,350,000 for other activities(\$1.9M – 550k)

Conclusions

- Assumptions are conservative
- Reasonable for in-house service - based on peer communities
- Additional cost estimates developed for public works contracting options

Public Works Contracting Options



Optional Delivery Methods

- Provide maintenance operations/services
 - In-house (As Assumed)
 - County (Ongoing Contract)
 - Private Contractor(s)- Maintenance Services Contract

Additional Analysis Option

- Current maintenance service levels are based on lane mile estimates. There is value in establishing a Work Program & Budget for contracting services. Identifies labor, equipment and materials. Use field inventories to establish levels of service

Public Works Maintenance Options



Approach	Total Capital Initial \$	# Personnel	*Maintenance Operating Budget \$	
In-house	19.4M	34	1.9M	
Private Contractor	1.0M	5 to 7*	1.5M	About a 20% saving

Note: All \$ in Millions

Assumes all services levels are the same

*Assumes: Director, Admin, Superintendent, Signal Crew & related equipment (as an option)



OTHER CONSIDERATIONS

Bridge Maintenance and Repair



- A field evaluation Bridges was not completed (Used TDOT Report)
 - Elements
 - Bridge deck repair/maintenance
 - Structural repair requirements
 - Actions
 - Based on very good ratings requires maintenance not major repair
 - Maintenance of bridge decks
 - Estimate: covered by a 10% increase in maintenance budget (\$50k)/year
 - Fund uncertainties from stop gap amount
 - Option: Conduct a sampling of the 62 bridges to provide a more accurate estimate for maintenance
- This does not include structural requirements

The MUDs



- MUD Report outlines two options concerning MUDs
 - Option 1 – City takes over MUDs upon incorporation
 - Provides direct control and over flood control and mitigation issues
 - Tax rates in each MUD vary and difficult to fairly distribute tax burden
 - Option 2 - City integrates MUDs over time
 - Facilities in very good condition
 - Helps mitigate tax rate balancing issues
 - Limits the City’s ability control operations but provides time to develop a unified flood control strategy
- An additional option is to have the current model remain in place and pursue intergovernmental agreements with the MUDs to create the structure for the Township and/or the City to provide greater direction on flood control strategies



QUESTIONS

By: Creighton
(Keough)

S.B. No. 1014

Substitute the following for S.B. No. 1014:

By: Larson

C.S.S.B. No. 1014

A BILL TO BE ENTITLED

AN ACT

relating to The Woodlands Township.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 8(e), Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, is amended to read as follows:

(e) A vacancy in the office of director shall be filled by appointment of a qualified individual by a majority vote of the remaining directors[~~, except that if the number of directors for any reason is less than four, on petition of a resident of or owner of real property in the district, the commission shall appoint the required number of qualified individuals to fill the vacancies~~].

SECTION 2. Section 11B, Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, is amended by adding Subsection (b) to read as follows:

(b) Notwithstanding Subsection (a) of this section, if at least 99 percent of the territory of the district is incorporated and the district is dissolved in the manner provided by Section 14A of this Act, the district or municipality shall apply the proceeds from a hotel occupancy tax imposed under Section 11A of this Act:

(1) for the purposes described by Section 351.101, Tax Code; or

(2) as may otherwise be required in connection with the district's debt and other obligations existing before the incorporation to which the proceeds from a hotel occupancy tax

1 imposed under Section 11A of this Act have been pledged.

2 SECTION 3. Section 11C(p), Chapter 289, Acts of the 73rd
3 Legislature, Regular Session, 1993, is amended to read as follows:

4 (p) Sections 311.002 and 311.014 through 311.017, Tax Code,
5 apply to the district, except that for purposes of this subsection:

6 (1) a reference in those sections to a municipality
7 means the district and the development zone;

8 (2) a reference in those sections to an ordinance
9 means an order;

10 (3) a reference in those sections to a reinvestment
11 zone means a development zone;

12 (4) a reference in those sections to an agreement made
13 under Subsection (b), Section 311.010, Tax Code, means an agreement
14 made under Subsection (1) of this section;

15 (5) "development" means initial development;

16 (6) "redevelopment" means substantial redevelopment;

17 (7) Section 311.016, Tax Code, applies only if ad
18 valorem taxes are used, in whole or in part, in payment of project
19 costs of a development zone; and

20 (8) a development zone created without a duration or
21 date of termination may be dissolved by a two-thirds vote of the
22 board of directors of the district or of the governing body of a
23 municipality or other form of local government, other than the
24 development zone, succeeding to the principal assets, powers,
25 functions, and liabilities of the district, but only if:

26 (A) the development zone has no outstanding
27 indebtedness or other obligations; or

1 (B) the assets, powers, functions, and
2 liabilities, and any outstanding indebtedness or obligations, of
3 the development zone are expressly assumed by the district or the
4 succeeding municipality or local government.

5 SECTION 4. Chapter 289, Acts of the 73rd Legislature,
6 Regular Session, 1993, is amended by adding Section 14A to read as
7 follows:

8 Sec. 14A. INCORPORATION. (a) This section prevails over
9 any other provision of this Act that conflicts with or is
10 inconsistent with this section.

11 (b) Except as provided by Subsections (c) and (f) of this
12 section, and subject to any applicable limitations of the
13 constitution of this state, if the incorporation of at least 99
14 percent of the territory of the district and the transfer of the
15 rights, powers, privileges, duties, purposes, functions, and
16 responsibilities of the district and the district's authority to
17 issue bonds and impose a tax to the municipality are approved by a
18 majority of the voters voting in an election held for that purpose,
19 including an election described by Section 9(h)(2) of this Act:

20 (1) the assets, liabilities, obligations, rights,
21 powers, privileges, duties, purposes, functions, and
22 responsibilities of the district and the district's authority to
23 issue bonds and impose a tax are transferred to the municipality;
24 and

25 (2) the district is dissolved.

26 (c) If on the date the incorporation of the territory of the
27 district is approved at an election described by Subsection (b) of

1 this section the district owes any debt that cannot be transferred
2 to the municipality, the district is continued until the debt is
3 retired or is restructured in a manner that the debt may be
4 transferred to the municipality.

5 (d) If the conditions described by Subsection (c) of this
6 section are met:

7 (1) the board shall adopt an order certifying that the
8 conditions have been met; and

9 (2) on the effective date of the order:

10 (A) the assets, liabilities, obligations,
11 rights, powers, privileges, duties, purposes, functions, and
12 responsibilities of the district and the district's authority to
13 issue bonds and impose a tax are transferred to the municipality;
14 and

15 (B) the district is dissolved.

16 (e) In addition to any other restructuring methods
17 permitted by law, the district may restructure its outstanding debt
18 for the purpose of transferring the debt to the municipality by
19 issuing refunding bonds secured by:

20 (1) a limited pledge of ad valorem tax revenue not
21 greater than that authorized to be levied by the municipality;

22 (2) a pledge of one or more other sources of revenue
23 available to the district that are also available to the
24 municipality under this section or general law; or

25 (3) a pledge of a combination of revenues described by
26 Subdivisions (1) and (2) of this subsection.

27 (f) The transfer of assets, liabilities, obligations,

1 rights, powers, privileges, duties, purposes, functions, and
2 responsibilities of the district and the district's authority to
3 issue bonds and impose a tax to the municipality under this section
4 is effective regardless of whether the boundaries of the
5 municipality are coterminous with the boundaries of the district,
6 unless the transfer would materially impair the security for a debt
7 transferred to the municipality. If the transfer would materially
8 impair the security for a debt transferred to the municipality, the
9 debt must be restructured in the manner provided by this section
10 before the transfer may occur.

11 SECTION 5. Subtitle X, Title 6, Special District Local Laws
12 Code, is amended by adding Chapter 11011 to read as follows:

13 CHAPTER 11011. THE WOODLANDS TOWNSHIP

14 Sec. 11011.001. DEFINITION. In this chapter, "district"
15 means The Woodlands Township.

16 Sec. 11011.002. LAW GOVERNING DISTRICT. The district is
17 governed by this chapter and Chapter 289, Acts of the 73rd
18 Legislature, Regular Session, 1993.

19 Sec. 11011.003. DISSOLUTION OF DISTRICT. (a) If at least
20 99 percent of the territory of the district is incorporated and the
21 district is dissolved in the manner provided by Section 14A,
22 Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993,
23 only the following sections of Chapter 289, Acts of the 73rd
24 Legislature, Regular Session, 1993, apply to the municipality in
25 addition to any applicable general law provisions, a reference in
26 those sections to the district means the municipality, and a
27 reference in those sections to the board or board of directors means

1 the governing body of the municipality:

2 (1) Sections 6(a) and (c);

3 (2) Sections 7(a), (b), (c), (e), (f), (g), (h), (i),
4 (j), (l), (n), (o), (p), (q), (r), (t), (u), (v), (w), (y), (z), and
5 (aa);

6 (3) Section 7H;

7 (4) Sections 9(h)(3), (4), and (5);

8 (5) Section 11;

9 (6) Section 11A;

10 (7) Section 11B;

11 (8) Section 11B-1;

12 (9) Section 11C;

13 (10) Sections 12A(a), (c), (d), (e), and (f); and

14 (11) Section 13.

15 (b) The remaining provisions of Chapter 289, Acts of the
16 73rd Legislature, Regular Session, 1993, do not apply to the
17 municipality after the dissolution of the district.

18 SECTION 6. (a) The legal notice of the intention to
19 introduce this Act, setting forth the general substance of this
20 Act, has been published as provided by law, and the notice and a
21 copy of this Act have been furnished to all persons, agencies,
22 officials, or entities to which they are required to be furnished
23 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
24 Government Code.

25 (b) The governor, one of the required recipients, has
26 submitted the notice and Act to the Texas Commission on
27 Environmental Quality.

1 (c) The Texas Commission on Environmental Quality has filed
2 its recommendations relating to this Act with the governor,
3 lieutenant governor, and speaker of the house of representatives
4 within the required time.

5 (d) The general law relating to consent by political
6 subdivisions to the creation of districts with conservation,
7 reclamation, and road powers and the inclusion of land in those
8 districts has been complied with.

9 (e) All requirements of the constitution and laws of this
10 state and the rules and procedures of the legislature with respect
11 to the notice, introduction, and passage of this Act have been
12 fulfilled and accomplished.

13 SECTION 7. This Act takes effect immediately if it receives
14 a vote of two-thirds of all the members elected to each house, as
15 provided by Section 39, Article III, Texas Constitution. If this
16 Act does not receive the vote necessary for immediate effect, this
17 Act takes effect September 1, 2017.

By: Creighton

S.B. No. 1015

A BILL TO BE ENTITLED

AN ACT

relating to procedures for incorporation or establishment of another form of local government for certain areas subject to a regional participation agreement.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter D, Chapter 43, Local Government Code, is amended by adding Section 43.0755 to read as follows:

Sec. 43.0755. PROCEDURES FOR INCORPORATION OR ESTABLISHMENT OF ANOTHER FORM OF LOCAL GOVERNMENT FOR CERTAIN AREAS SUBJECT TO REGIONAL PARTICIPATION AGREEMENT. (a) In this section, "district," "eligible municipality," and "regional participation agreement" have the meanings assigned by Section 43.0754.

(b) This section applies only to a district and an eligible municipality that have entered into a regional participation agreement under Section 43.0754 that authorizes any of the actions described by Section 43.0754(c)(6), (7), or (8).

(c) Notwithstanding any other law, including laws prescribing population or territorial requirements for incorporation under Section 5.901, 6.001, 7.001, or 8.001, the governing body of a district may order an election as provided by this subsection to be held on a uniform election date prescribed by Section 41.001, Election Code. An election under this subsection may, consistent with the regional participation agreement, be ordered for the purpose of:

1 (1) submitting to the qualified voters of the district
2 the question of whether the territory of the district should be
3 incorporated as a municipality;

4 (2) submitting to the qualified voters of a designated
5 area of the district the question of whether that designated area
6 should be incorporated as a municipality;

7 (3) submitting to the qualified voters of the district
8 the question of whether the territory of the district should adopt a
9 specific alternate form of local government other than a
10 municipality; or

11 (4) submitting to the qualified voters of a designated
12 area of the district the question of whether that designated area
13 should adopt a specific alternate form of local government other
14 than a municipality.

15 (d) Notwithstanding any other law:

16 (1) the authority of the governing body of a district
17 to order an election under Subsection (c) is separate and
18 independent and is the exclusive means of ordering any such
19 election;

20 (2) all or any part of the territory of a district may
21 be incorporated as a Type A, Type B, or Type C municipality, as
22 determined by the governing body of the district ordering the
23 incorporation election under Subsection (c)(1) or (2); and

24 (3) the requirements of Sections 7.002 and 8.002 do
25 not apply to an election ordered under Subsection (c)(1) or (2).

26 (e) In an election ordered under Subsection (c)(2) or (4),
27 the governing body of the district may order elections in multiple

1 designated areas on the same date or order elections in designated
2 areas periodically on a uniform election date.

3 (f) In any election ordered under Subsection (c), the
4 governing body of the district shall also submit for confirmation
5 to the voters voting in the election the proposed initial property
6 tax rate determined for the municipality or alternate form of
7 government, as applicable, which may not exceed the maximum rate
8 authorized by law. The ballot in an election held under Subsection
9 (c) shall be printed to permit voting for or against the
10 proposition: "Authorizing the (specify the incorporation of or the
11 adoption of an alternate form of local government for) (insert name
12 of local government) and the adoption of an initial property tax
13 rate of not more than (specify the maximum rate determined)."

14 (g) In any election ordered under Subsection (c), the
15 governing body of the district may also submit to the voters voting
16 in the election any other measure the governing body considers
17 necessary and convenient to effectuate the transition to a
18 municipal or alternate form of local government, including a
19 measure on the question of whether, on incorporation as a
20 municipality or establishment of an alternate form of local
21 government, any rights, powers, privileges, duties, purposes,
22 functions, or responsibilities of the district or the district's
23 authority to issue bonds and impose a tax is transferred to the
24 municipality or alternate form of local government.

25 (h) If a majority of the voters voting in an election under
26 Subsection (c)(2) or (4) approve the proposition submitted on the
27 form of local government, the county judge of the county in which

1 the municipality or alternate form of local government is located
2 shall order an election for the governing body of the municipality
3 or alternate form of local government to be held on a date that
4 complies with the provisions of the Election Code, except that
5 Section 41.001(a), Election Code, does not apply. A municipality
6 or alternate form of local government resulting from an election
7 described by this subsection is incorporated or established on the
8 date a majority of the members of the governing body qualify and
9 take office.

10 (i) If a majority of the voters voting in an election under
11 Subsection (c)(1) or (3) approve the proposition submitted on the
12 form of local government, the district is dissolved and the
13 governing body of the district will serve as the temporary
14 governing body of the municipality or alternate form of local
15 government until a permanent governing body is elected as provided
16 by Subsection (j).

17 (j) The temporary governing body under Subsection (i) shall
18 order an election to elect the permanent governing body of the
19 municipality or alternate form of local government to occur on a
20 date that complies with the provisions of the Election Code, except
21 that Section 41.001(a), Election Code, does not apply.

22 (k) An election ordered under Subsection (h) or (j) to elect
23 members of the governing body of a municipality must be held under
24 the applicable provisions of Chapter 22, 23, or 24, to the extent
25 consistent with this section. An election for members of the
26 governing body of an alternate form of government must be held under
27 the law applicable to that form of government, to the extent

1 consistent with this section.

2 (1) If a majority of the voters voting in an election under
3 Subsection (c)(1) or (3) approve the proposition submitted on the
4 form of local government for the territory of the district, the
5 assets, liabilities, and obligations of the district are
6 transferred to the form of government approved at the election.

7 (m) If a majority of the voters voting in an election under
8 Subsection (c)(2) or (4) approve the proposition submitted on the
9 form of local government in a designated area of the district and
10 if, on the date of the election approving the form of local
11 government, the district owes any debts, by bond or otherwise, the
12 designated area is not released from its pro rata share of the
13 indebtedness.

14 (n) For purposes of determining the initial tax rate of a
15 municipality or an alternate form of local government, the tax rate
16 of the district when the territory incorporated or established as
17 an alternate form of government was part of the district is not
18 considered for purposes of the calculations required by Section
19 26.04(c), Tax Code.

20 SECTION 2. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2017.