



2021 Budget Workshop

August 6, 2020 v2w

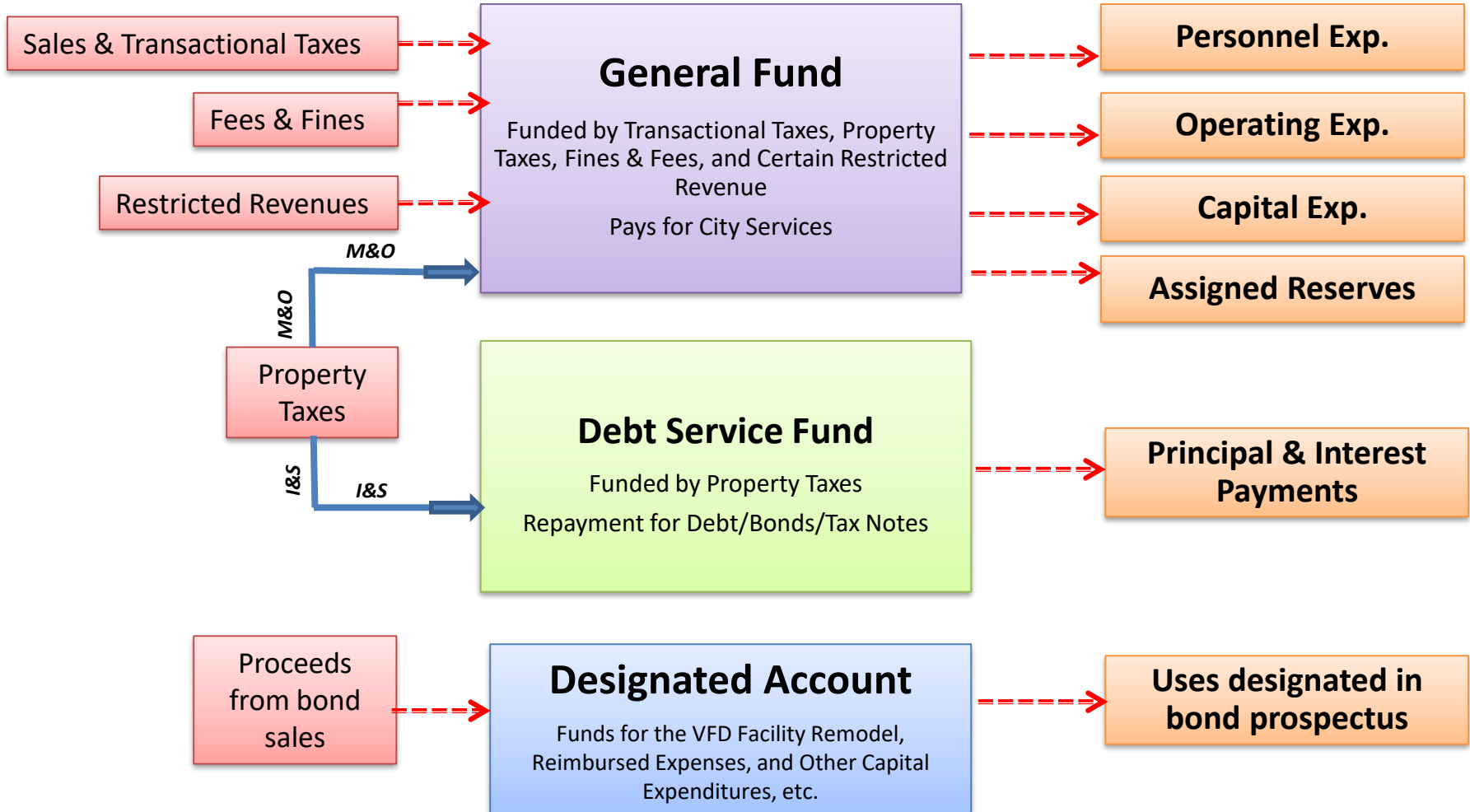


Budget Structure

Sources

Buckets

Uses



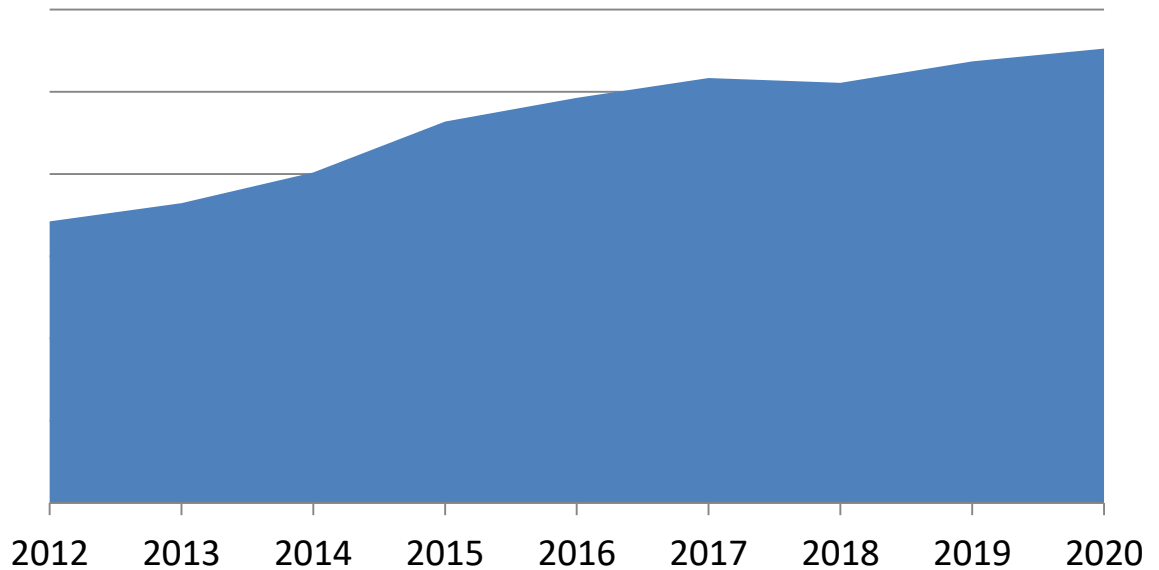
City of Hedwig Village **General Fund**

The General Fund is the chief operating fund of the City. The principal sources of revenue include local property taxes, franchise and sales taxes, court fees, building permits, Metro sales tax allocations, and other miscellaneous income. Expenditures include police and fire, personnel, commodities, parks and beautification, maintenance support, and capital outlay.

Preliminary 2021 revenues are calculated using the 2020 certified taxable value/tax rates.

City of Hedwig Village Taxable Value

	Taxable Values	
2016	\$985,120,836	6.23%
2017	\$1,033,346,655	4.90%
2018	\$1,021,473,308	-1.15%
2019	\$1,073,915,127	5.13%
2020	\$1,104,489,814	2.85%



Budget Highlights - Revenues

Revenue Assumptions:

- **Tax Rate:** Proposed Budget is presented at Tax Rate = \$0.374927 (*De-Minimis Rate*)
- **Ad Valorem Property Taxes:**
 - New tax laws in effect this year as a result of SB2.
 - Revenue @ 98.7% collection.
 - *Increase of \$473K (2020 vs 2021 Budget)*
 - Tax rate: every \$0.01 increase = ~\$110K of additional revenue.
- **Sales Tax:**
 - Decrease of 20% based on 2019 Actuals = \$1,650,000
 - COVID-19 & new businesses ????
 - *Decrease of \$245K (2020 vs 2021 Budget)*
- **Franchise Fees:**
 - Commercial Solid Waste @ ~ \$90K (up \$20K from 2020)
 - Other cable and telecom franchise remain the same @ \$330K.
- **Ambulance Revenue** – VFD has kept reimbursement for ambulance services last two years. Assumed \$Zero.
- **Court Revenue:**
 - Decrease of 20% based on 2018 Actuals – COVID–19.
 - *Decrease of \$41K (2020 vs 2021 Budget)*
- **Interest Revenue:**
 - Decrease in interest rates.
 - *Decrease of \$30K (2020 vs 2021 Budget)*

Budget Highlights - Expenditures

Expenditure Changes & Assumptions:

- **Personnel**

- 4% Salary increase
- ~ 15% increase in health care coverage (*last year budgeted @25%*)
- TMRS rate decreased from 7.58% to 6.83%.
- Includes 457 Deferred Plan - 2% of annual base salary.

- **Capital**

- PD – Body Cameras (4th year of 5 years) = \$13,038
- PD – In-Car Cameras (4th year of 5 years) = \$7,728
- PD – Tasers (5th year of 5 years) = \$7,344
- PD – (7) Automatic License Plate Reader = \$14,000
- PD – Replace 2 marked vehicles in fleet = \$90,000 (*budgeted 3 vehicles in 2020*)
- PD - New Body Armor for officers = \$11,000

- **Computer Capital** – Budget includes \$26,000 to replace 3 servers. (*Budgeted in 2020 but not replaced*)

Budget Highlights - Expenditures (cont'd)

Expenditure Changes & Assumptions: (cont'd)

- **Plan Checking & Inspections:**

- BBG paid monthly flat fee = \$12,500 plus plan review fees for certain projects.
- Includes Health Inspector, Forrester, Residential Drainage Review Engineer, and TIA for Memorial High School when completed.
- *Increase of \$100,000 (2020 vs 2021 Budget)*

- **Beautification :**

- \$40,000 – Projects for consideration – city marker landscaping, painting murals on utility boxes, 2nd Campbell Road Esplanade Project, doggy waste station maintenance, and other misc. projects.

- **Right of Way/Streets** – last payment for noise abatement to TXDOT made in 2020.

- **Reserve Schedule** – Budgeted to add \$190,300 to reserve.

- **Tax Note** – Estimated additional cost to complete the VFD Facility - \$18,500. Project cost \$5.1M.

- **Prior Year Fund Balance** – Budgeted \$30K – Some expenditures in the 2020 Budget not expensed for various reason, they were re-budgeted in 2021.

City of Hedwig Village

General Fund Revenue Summary

		2020	Projected	2021	2021 Prelim Budget vs.	
		Budget	2020 Actual	Prel. Budget	2020 Budget	
			@6/30/20		Net Difference	
General Fund						
REVENUES						
Property Taxes		2,603,000	2,594,393	3,075,644	472,644	18%
Sales Tax		1,895,000	1,830,000	1,650,000	(245,000)	-13%
Franchise Fees		400,000	400,000	420,000	20,000	5%
Permits		350,000	977,900	350,000	0	0%
Unrestricted Revenue		103,000	77,000	82,000	(21,000)	-20%
Restricted Revenue - Metro & Others		973,600	931,220	856,200	(117,400)	-12%
Municipal Court		250,000	95,657	204,000	(46,000)	-18%
Interest		32,000	8,431	2,000	(30,000)	-94%
TOTAL REVENUES		6,606,600	6,914,601	6,639,845	33,245	1%
2021 Preliminary Budget vs 2020 Budget				33,245		

City of Hedwig Village

Departmental* Expense Summary

		2020	Projected	2021	2021 Prelim Budget vs.	
		Budget	2020 Actual	Prel. Budget	2020 Budget	
			@6/30/20		Net Difference	
General Fund						
EXPENDITURES						
General Operations		440,900	429,600	455,200	14,300	3%
Fire Department		1,207,300	1,207,300	1,287,845	80,545	7%
Police Department		3,124,950	2,971,950	3,122,350	(2,600)	0%
Municipal Court		215,750	237,100	218,850	3,100	1%
Blding/Grnds/Parks/PW(Garbage)		905,600	896,964	867,300	(38,300)	-4%
Prof Srv/Community		429,000	651,045	528,000	99,000	23%
Infrastructure/Strt & Drainage		203,000	688,427	0	(203,000)	-100%
Reserve (Change)		80,100	(378,997)	160,300	80,200	100%
	TOTAL EXPENDITURES	6,606,600	6,703,389	6,639,845	33,245	1%
				2021 Preliminary Budget vs 2020 Budget	33,245	

*For presentation purposes, restricted revenues have been assigned to the department within which they are spent.

City of Hedwig Village

Expense Summary by Classification

	2020 Budget		2021 Preliminary Budget		Difference
Personnel Expenditures <i>(Includes VFD Personnel)</i>	\$4,263,932	65%	\$4,356,260	66%	\$92,328
Operating/Maint. Expenditures <i>(Includes VFD ops)</i>	1,626,853	25%	\$1,747,165	26%	\$120,312
Capital Expenditures <i>(Includes VFD Capital)</i>	\$635,715	10%	\$376,120	6%	(\$259,595)
Designated Reserves	180,100	3%	\$190,300	3%	\$10,200
Use of Designated Funds	(\$100,000)	(2%)	(\$30,000)	0%	\$70,000
TOTAL	\$6,606,600		\$6,639,845		\$33,245

City of Hedwig Village

Detail on 2020 vs 2021 Expenditure Variances

	2020 Budget
	vs
	2021 Prel. Budget
<i>Personnel</i>	
Employer Retirement Benefit Plans	(\$7,100)
Health Insurance and Taxes	(\$33,300)
Salary Increases	\$58,200
VFD Personnel Increases	\$74,528
Total Personnel	\$92,328
<i>Operating/Maint.</i>	
Misc. Operation Increases (includes VFD ops)	20,312
Plan Checking & Inspections	100,000
Total Operating	\$120,312
<i>Capital</i>	
HV Capital (Computers and Misc.)	(\$15,000)
Street/Drainage/Flood Infrastructure	(\$203,000)
PD - (down from 3 vehicles to 2 in 2020; add'l License Plate Reader)	(\$22,000)
Right of Way/Streets	(\$22,000)
VFD Capital Misc.	\$2,405
Total Capital	(\$259,595)
Designated Reserves	\$10,200
Use of Designated Funds	\$70,000
TOTAL	\$33,245

City of Hedwig Village Reserves Schedule

DESCRIPTION	Year	Useful Life	Estimated Life Remaining	Estimated Replacement Cost	Funds Reserved Prior Yrs	Over / Under Reserve	Proposed 2021 Budget	TOTAL RESERVED @ 12/31/2021
01- City Hall - General Admin								
Computer System - Software/Hardware		7	3	185,000	37,250	147,750	49,300	86,550
Building/Roof/Mechanical Equipment	2008	14	1	115,000	74,100	40,900	40,900	115,000
Total G&A Reserves				300,000	111,350	188,650	90,200	201,550
03- Police Department								
Computer System - Software/Hardware		7	3	215,000	151,100	63,900	21,300	172,400
Building/Roof/Mechanical Equipment	2017	14	10	115,000	10,500	104,500	10,500	21,000
PD - 250KW Generator	2017	20	16	75,000	10,205	64,795	4,100	14,305
Total Police Department Reserves				405,000	171,805	233,195	35,900	207,705
06- Park Department								
Park Equipment		15	4	45,000	14,229	30,771	7,700	21,929
Total Police Department Reserves				45,000	14,229	30,771	7,700	21,929
07- Public Works								
City Hall - 150KW Generator	2008	20	7	60,000	15,167	44,833	6,500	21,667
Total Public Works Reserves				60,000	15,167	44,833	6,500	21,667
11- Traffic & Mitigation								
Concrete Streets		50		32,799,540	0	32,799,540	0	0
Asphalts Streets		25		13,364,888	0	13,364,888	0	0
Total Traffic & Mitigation Reserves				46,164,428	0	46,164,428	0	0
Emergency Preparedness			0	500,000	25,000	475,000	50,000	75,000
GRAND TOTAL FOR RESERVES				47,474,428	337,550	47,136,877	190,300	527,851

↑
Needed Annually

City of Hedwig Village

Estimated EOY Balances

	@12/31/2020	Proposed 2021 Prelim. Budget @ 12/31/2021 w/tax rate .374927
ESTIMATED CASH BALANCES:		
OPERATING FUNDS		
GENERAL FUND:	1,359,383	\$1,329,383
RESTRICTED FUNDS		
CAPITAL - TAX NOTE 2018	63,459	\$45,009
POLICE SEIZURE	17,895	\$17,895
DEBT SERVICE	99,353	\$99,353
CONGESTION/MITIGATION	605,707	\$461,707
CAPITAL - TAX NOTE 2020	1,770,725	\$1,770,725
RESTRICTED TOTAL	2,557,140	\$2,394,690
RESERVES:		
OPERATING	\$95,439	\$95,439
STREET AND DRAINAGE	\$60,563	\$60,563
EQUIPMENT REPLACEMENT (Schedule)	\$312,550	\$452,850
EMERGENCY	\$25,000	\$75,000
RESERVES TOTAL	\$493,552	\$683,852
TOTAL	4,410,075	4,407,925

City of Hedwig Village
Debt Service Fund

*The **Debt Service Fund** is used to repay bond and/or tax note issues, including principal and interest payments and administrative costs.*

City of Hedwig Village Debt Service Fund

Description of Debt		Total Outstanding Debt @ 09/30/2020	Payment in 2021
Series 2012	expires 2022	\$260,000	\$133,413
Series 2014	expires 2034	\$3,390,000	\$313,413
Tax Note 2018	expires 2021*	\$350,000	\$360,395
Tax Note 2020	expires 2027	\$1,825,000	\$273,428
		\$5,825,000	\$1,080,648
Debt Per Capita		2,188	

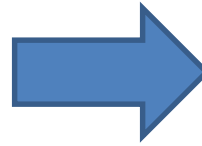
**Opportunity to Issue Debt for Infrastructure – Street / Drainage Improvements without a big increase in the tax rate.*

Tax Year 2020

Rollback M&O Rate + I&S Rate

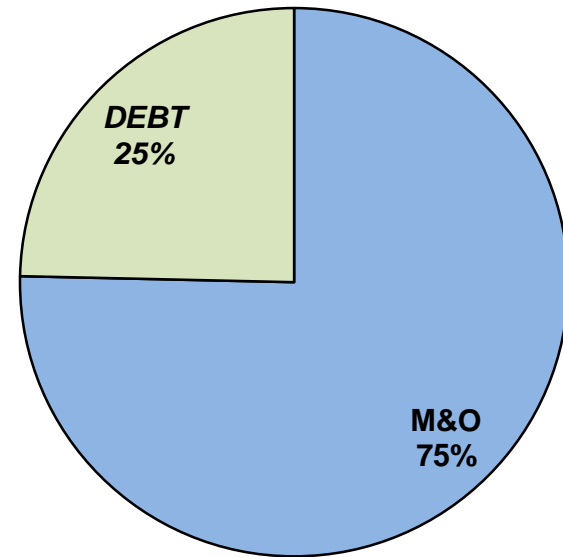
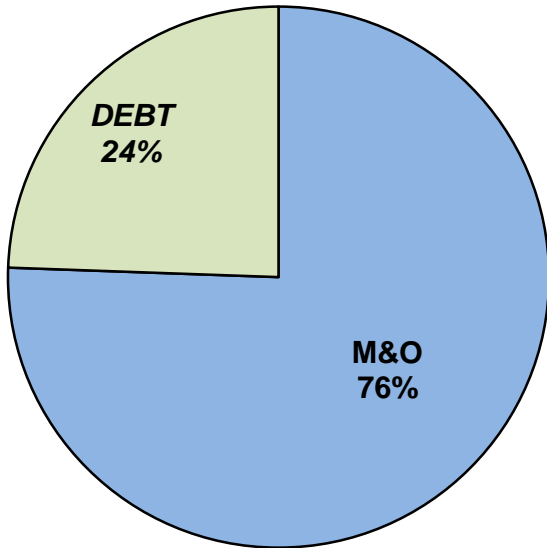
2019 ADOPTED TAX RATE

DEBT SERVICE RATE: .076609
MAINT.& OPER. RATE: .246869
TOTAL \$.323478



2020 PROPOSED TAX RATE

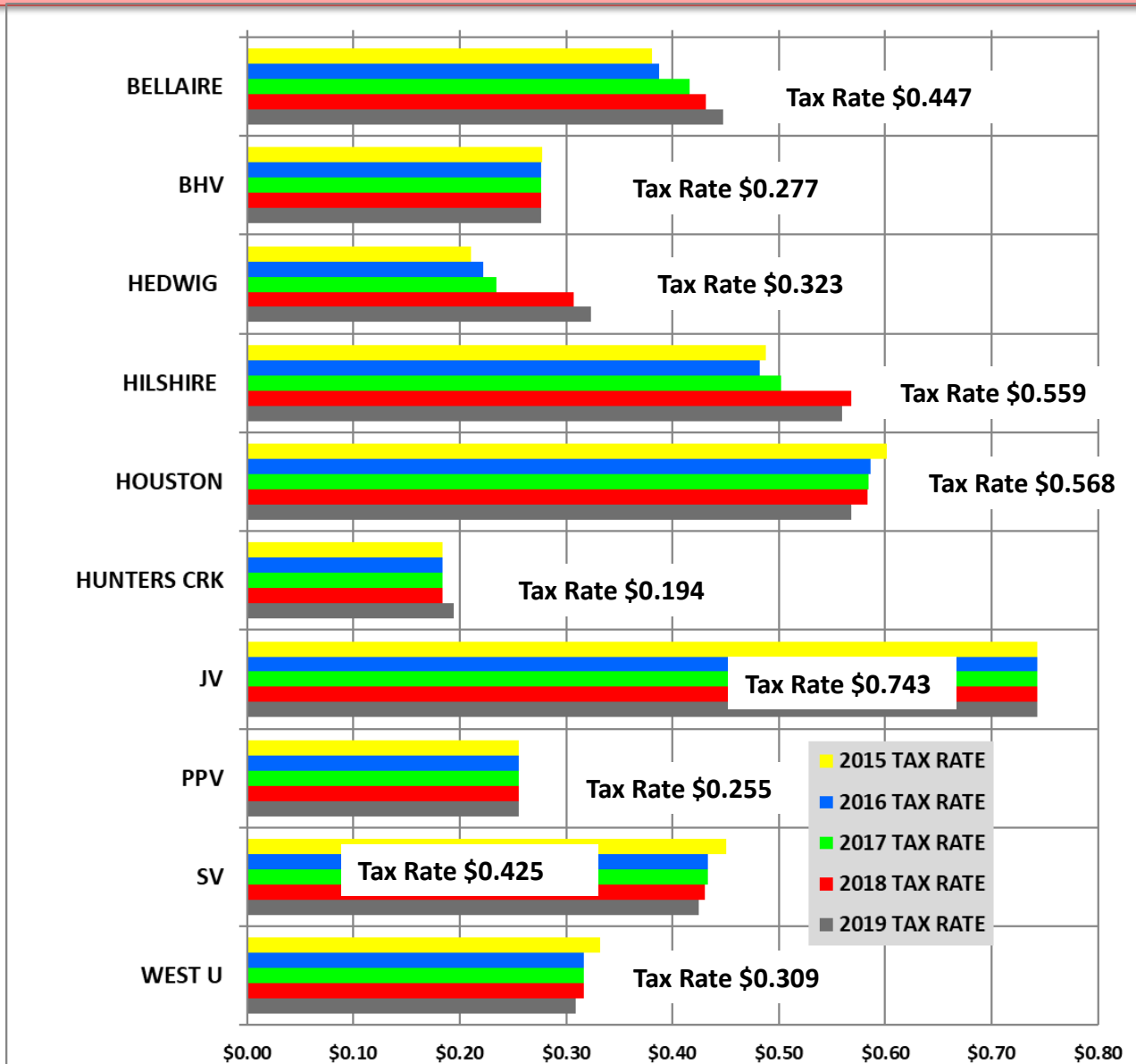
DEBT SERVICE RATE: .093132
MAINT.& OPER. RATE: .281795
TOTAL \$.374927



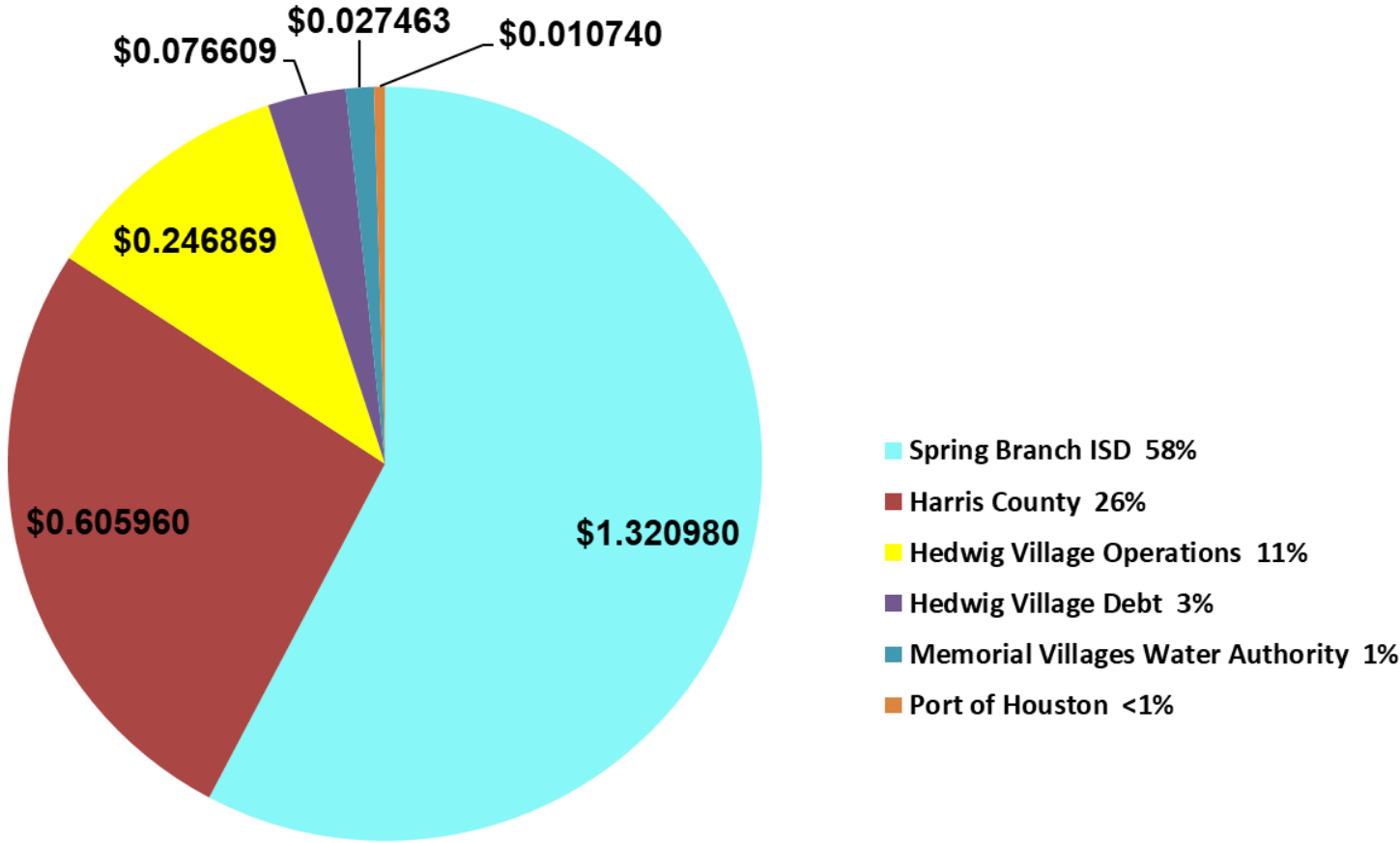
City Comparisons

City	Taxable Value @ 4/3/20	Debt EOY 2019	2019 NOMINAL Tax Rate	Tax Exemption	2019 Sales Tax Revenue
Bellaire (16,855)	\$4,805,549,044	123M	.447	<i>Homestead = 20% Over 65 = \$135K Disability = \$135K</i>	\$2,394,645
Bunker Hill (3,759)	\$2,249,652,879	8.3M	.277	No Homestead <i>Over 65 = \$15K</i>	\$161,446
Hedwig (2,667)	\$1,068,977,052	4.7M	.323	<i>Homestead = 20% Over 65 = \$20K</i>	\$2,001,277
Hilshire (761)	\$253,194,641	1.8M	.559	<i>Homestead = 20% Over 65 = \$40K Disability = \$40K</i>	\$60,792
Hunters Creek (4,374)	\$2,974,077,834	0	.194	No Homestead <i>Over 65 = \$10K</i>	\$505,761
Jersey Village (7,636)	\$1,052,160,608	10.9M	.743	<i>Homestead = 14% Over 65 = \$75K Disability = \$75K</i>	\$6,080,304
Piney Point (3,125)	\$2,779,025,279	1.5M	.255	No Homestead <i>Over 65 = \$21K Disability = \$21K</i>	\$224,208
Spring Valley (3,715)	\$1,316,360,714	12M	.425	<i>Homestead = 20% Over 65 = \$20K Disability = \$20K</i>	\$1,542,053
West Univ. (14,787)	\$6,498,912,342	39M	.309	No Homestead <i>Over 65 = \$185K Disability = \$185K</i>	\$1,221,643

Nominal Tax Rate Comparisons



City of Hedwig Village 2019 Property Tax Bill



City of Hedwig Village Estimated Revenues 2020 Proposed Tax Rates

		M&O Rate	Revenue	I&S Rate	Revenue	TOTAL Tax Rate	Revenue
CURRENT RATE: 2019 Tax Rate		0.246869	\$2,651,164	0.076609	\$822,716	0.323478	\$3,473,879
TAX RATE: 2020 Tax Rate							
No-New Revenue Rate (NNR)		0.239113	\$2,640,979	0.074126	\$868,345	0.313239	\$3,509,324
Voter-Approval Rate at 3.5% (VAR)		0.247481	\$2,733,402	0.093132	\$1,090,990	0.340613	\$3,824,392
Voter-Approval Rate at 8% (Spec)		0.258242	\$2,852,257	0.093132	\$1,090,990	0.351374	\$3,943,247
De-Minimis Rate (DMR)		0.281795	\$3,112,401	0.093132	\$1,090,990	0.374927	\$4,203,391




City of Hedwig Village

Tax Bill Impact

2020 Proposed Tax Rates

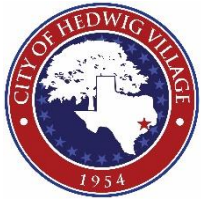
HOME VALUE COMPARISON - 1 Million Dollar Home w/Homestead Exemption

	Current Rate 2019 Rate	No-New Revenue 2020 Rate (NNR)	Voter-Approval 2020 Rate (VAR)	Disaster Relief 2020 Rate (Spec)	De-Minimis 2020 Rate (DMR)
Residential appraised value	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Tax rate (per \$100)	0.323478	0.313239	0.340613	0.351374	0.374927
Tax	\$2,588	\$2,506	\$2,725	\$2,811	\$2,999
					
Tax bill would increase over the Effective Rate		(\$82)	\$137	\$223	\$412



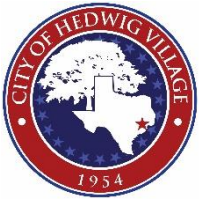
Drainage / Flooding Issues

- The City completed a Comprehensive Drainage Study in 2017.
- Flooding: *(updated with drainage survey done in spring of 2017)*
 - April 28, 2009 = 43 homes reported flooded (excess of 9+ inches of rain in 24hrs – 100 year rain event)
 - May 25, 2015 (Memorial Day Flood) = 35 homes reported flooded (excess of 10+ inches of rain in 24hrs – 100 year rain event)
 - April 18, 2016 (Tax Day Flood) = 8 homes reported flooded (excess of 8+ inches of rain in 24hrs – 50 year rain event)
 - August 25, 2017 (Hurricane Harvey – 4 day rain event) = 0 homes flooded (excess of 47+ inches of rain over 4 days – 100 – 500 year rain event)
- Hedwig Village has only two ways to get water out of the City, Hunter's Branch Creek and Soldier's Creek. - both are owned by Harris County Flood Control District (HCFCD).
- The majority of Hedwig Village's flooding is in the western half of the city, which is the largest residential area.



Street Assessment

- Streets:
 - **32.5 Concrete Streets:** (50 year life span if maintained)
 - 50+ years old = 10.5 streets *(1970 and older)*
 - 40-49 years old = 4 streets *(1971-1980)*
 - 30-39 years old = 2 street *(1981-1990)*
 - 20-29 years old = 6 streets *(1991-2000)*
 - Less 20 years old = 10 streets (includes all major streets) *(2001 -current)*
 - **24.5 Asphalt Streets:** (25 year life span if maintained)
 - 20+ years old = .5 streets *(2000 and older)*
 - 15-19 years old = 21 streets *(2001-2005)*
 - 10-14 years old = 1 street *(2006-2010)*
 - Less 10 year old = 2 streets *(2011-current)*



Street Assessment

Streets:

32.5 Concrete Streets: (50 year life span if maintained)

Currently

Priority	# of Streets	Cost
1	0	\$0
2	2.5	\$2,330,514
3	10.5	\$4,886,220
4	19.5	\$25,582,806
Total	32.5	\$32,799,540

24.5 Asphalt Streets: (25 year life span if maintained)

Currently

Priority	# of Streets	Cost
1	3	\$2,870,523
2	5	\$1,903,288
3	16.5	\$8,591,076
4	0	\$0
Total	24.5	\$13,364,888

AG/CM assessed all streets: 08-14-2019

Priority Scale
1 = worst
4 = good



Infrastructure Management Program Summary Street Inventory

Infrastructure Management Program - Concrete Streets

Street Material: Concrete with Curb, Gutter and Storm Sewer	Number of Major Roadways	Length (Miles)	Cost/Sq Ft	Total Value of Inventory	Useful Life (Years)	Replacement Annual Assessment	15 yrs @ 2% Annual Maintenance
Concrete - Major Streets	3.5	1.85	\$36.37	\$9,353,273	50 years w/maintenance	\$187,065	\$12,471
Concrete - Minor Streets	29	4.59	\$35.36	\$23,446,267	50 years w/maintenance	\$468,925	\$31,262
Total Concrete Street	32.5	6.44		\$32,799,540		\$655,991	\$43,733

Infrastructure Management Program - Asphalt Streets

Street Material: Asphalt with Storm Sewer	Number of Minor Roadways	Length (Miles)	Cost/Sq Ft	Total Value of Inventory	Useful Life (Years)	Replacement Annual Assessment	15 yrs @ 2% Annual Maintenance
Asphalt - Major Streets	.5	.55	\$31.58	\$2,182,810	25 years w/maintenance	\$87,312	\$8,731
Asphalt - Minor Streets	24	3.57	\$30.57	\$11,182,078	25 years w/maintenance	\$447,283	\$44,728
Total Asphalt Streets	24.5	4.12		\$13,364,888		\$534,596	\$53,460

Total Public Roadways	57	10.55		\$ 46,164,428		\$1,190,586	\$97,192
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Needed Annually

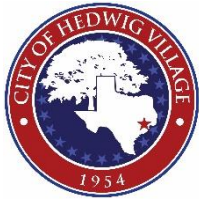


Street Assessment – Replaced in Paving & Drainage Project

Priority Scale
1 = worst
4 = good

On Paving and Drainage Report:			
Street Name	Asphalt of Concrete	Priority	Estimated Cost
Magdalene	C/A	2/3	\$1,843,959
Skene	C	3	\$403,104
Cawdor	C	3	\$346,528
Duart	C	2	\$664,768
Spriggs Way	A	3/1	\$709,835
Joan of Arc	A	2	\$874,302
Denise	A	3	\$978,240
Constance	A	2	\$353,084
North Lou-Al	A	3	\$1,008,810
South Lou-Al	A	3	\$605,286
Meridel	A	3	\$330,156
Lou-Al	A	3	\$201,762
		Sub-Total	\$8,319,834
Not Included in Paving/Drainage Report (Priority 1 & 2's only)			
Hedwig Circle	A	1	\$1,551,733
Hedwig Way	A	1	\$608,954
Hunters Branch Dr.	A	2	\$306,617
Tiber	A	2	\$161,410
Echo Wood	A	2	\$207,876
		Sub-Total	\$2,836,590
		GRAND TOTAL	\$11,156,424

AG/CM assessed all streets: 08-14-2019



Street Assessment – Replaced in Paving & Drainage Project

Streets:

32.5 Concrete Streets: (50 year life span if maintained)

<i>Currently</i>			<i>w/Paving & Drainage Prj</i>		<i>Add'l Priority 1 & 2</i>	
Priority	# of Streets	Cost	# of Streets	Cost	# of Streets	Cost
1	0	\$0	0	\$0	0	\$0
2	2.5	\$2,330,514	0	\$0	0	\$0
3	10.5	\$4,886,220	8	\$3,958,375	8	\$3,958,375
4	19.5	\$25,582,806	24.5	\$28,841,165	24.5	\$28,841,165
Total	32.5	\$32,799,540	32.5	\$32,799,540	32.5	\$32,799,540

24.5 Asphalt Streets: (25 year life span if maintained)

<i>Currently</i>			<i>w/Paving & Drainage Prj</i>		<i>Add'l Priority 1 & 2</i>	
Priority	# of Streets	Cost	# of Streets	Cost	# of Streets	Cost
1	3	\$2,870,523	2	\$2,160,688	0	\$0
2	5	\$1,903,288	3	\$675,903	0	\$0
3	16.5	\$8,591,076	11.5	\$5,466,822	11.5	\$5,466,822
4	0	\$0	8	\$5,061,475	13	\$7,898,065
Total	24.5	\$13,364,888	24.5	\$13,364,888	24.5	\$13,364,888

Priority Scale
1 = worst
4 = good

Meeting Schedule

July 23, 2020	1 st Budget Workshop @ 12:00 p.m. – <i>record vote and date for public hearing.</i> <i>Have only estimated taxable values/rates.</i>
July 27, 2020	Receive actual taxable values/rates.
August 6, 2020	2 nd Budget Workshop @ 3:30 p.m. - <i>record vote and date for public hearing.</i>
August 7, 2020	HCAD sends out postcards with No-New Revenue Rate, Voter Approval Rate, De- Minimis Rate, and Proposed Tax Rate.
August 28, 2020	3 rd Budget Workshop @ 10:00 a.m.
September 10, 2020	Public Hearing 6:00 p.m.
September 17, 2020	Adopt Budget; Set Tax Rate @ 6:00 p.m. (Regular Council Meeting)

