



PROPOSED BUDGET

BUDGET WORKSHOP #2

August 25, 2025

TAX RATE & NOTICE REQUIREMENTS

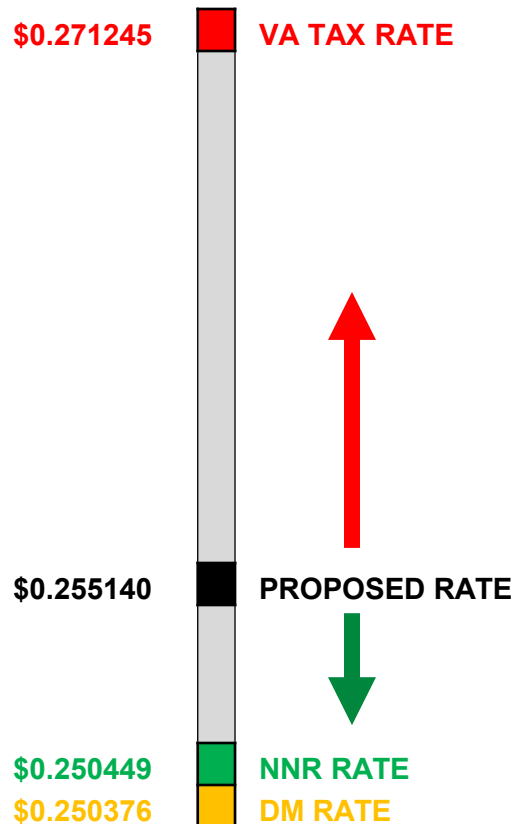
Proposed property tax rate for 2025 (FY 2026 Budget) per Texas Tax Code Section 26.04.

Proposed Tax Rate:	\$0.255140	per \$100
No-New-Revenue Tax Rate:	\$0.250449	per \$100
Voter-Approval Tax Rate:	\$0.271245	per \$100
De Minimis Rate:	\$0.250376	per \$100

Truth-in-Taxation Definitions and Public Hearing Requirements

- No-New-Revenue Tax Rate: Generates the same total revenue as the previous year on the same properties.
- Voter-Approval Tax Rate: Maximum rate the city can adopt without triggering an automatic election.
- De Minimis Rate: Allows small cities (under 30,000 population) to raise \$500,000 in M&O revenue plus debt service needs.

TAX RATE & NOTICE REQUIREMENTS



Because the **Proposed Rate of \$0.255140** is:

1. **Above the No-New-Revenue Tax Rate,**
- and
2. **Above the De Minimis Rate,** but
3. **Below the Voter-Approval Tax Rate,**

The City must hold **one public hearing** and publish the **Notice of Public Hearing on Tax Increase.**

Voters *may petition* for a rollback election if the adopted rate is higher than the de minimis rate but does not exceed the voter-approval rate.

TAX RATE & LEVY IMPACT

Property Valuation Comparison

Tax Year	Fiscal Year	Taxable Value	Change
2024	FY25	\$3,135,560,697	
2025	FY26	\$3,466,778,191	\$331,217,494

Proposed Rate

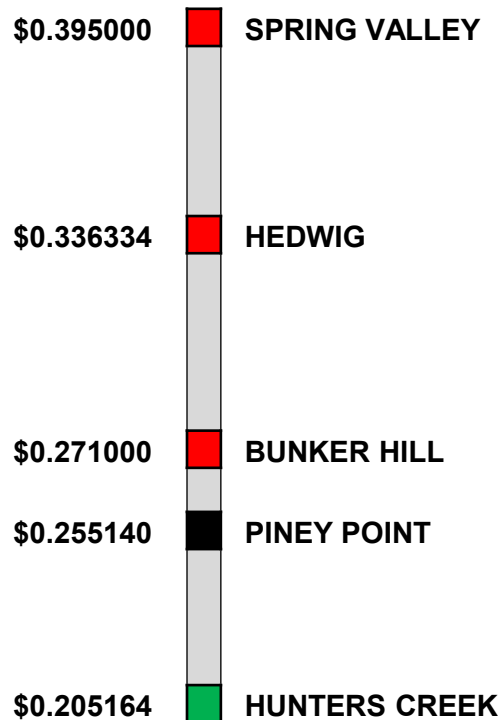
M&O Rate	\$0.242263
Debt Service (I&S)	\$0.012877
Total	\$0.255140

The estimated average taxable value per residence likely falls between \$2.5 million and \$2.75 million. Considering listing and appraised values, a midpoint around \$2.6 million is a reasonable working estimate.



Taxable Avg.	Tax Rate	Tax Levy
\$2,600,000	\$0.255140	\$6,633.64

TAX RATE COMPARISON



Proposed Rate

M&O Rate	\$0.242263
Debt Service (I&S)	\$0.012877
Total	\$0.255140

Alternate Rate

M&O Rate	\$0.237123
Debt Service (I&S)	\$0.012877
Total	\$0.250000

The city may accumulate excess reserves beyond its operational needs. However, a significant cut in the tax rate can commit the city to lower ongoing revenues, which might not support long-term service levels. Residents of Hunters Creek and Piney Point are subjected to overlapping taxes from the Water Authority at \$0.023929.

TAX RATE & LEVY IMPACT

Alternative Rate Scenario: \$0.25000 Combined Rate

Assuming the debt rate remains at \$0.012877, the M&O rate would be reduced to \$0.237123.

Proposed Rate

M&O Rate	\$0.242263
Debt Service (I&S)	\$0.012877
Total	\$0.255140

Alternate Rate

M&O Rate	\$0.237123
Debt Service (I&S)	\$0.012877
Total	\$0.250000

Taxable Value: \$3,466,778,191

Scenario	Rate	Levy @ 100%	Rate Change	Levy Change
Current Proposed Rate	\$0.255140	\$8,845,138	—	—
Half-Cent Reduction	\$0.250140	\$8,671,799	(\$0.005000)	(\$173,339)
Alternate Scenario	\$0.250000	\$8,666,946	(\$0.005140)	(\$178,192)

The estimated average taxable value
on \$2.6 million.



Rate	Levy
\$0.255140	\$6,633.64
\$0.250000	\$6,500.00
Change:	\$133.64

TAX RATE & LEVY IMPACT

CONSIDERATIONS FOR DEBT SERVICE RATE

Debt Service has a restricted cash balance that was originally raised through Property Tax for the debt service obligation. It is recommended that the retained cash in Debt Service be applied towards the remaining annual debt payments, thus lowering Debt Service.

Proposed Rate

M&O Rate	\$0.242263
Debt Service (I&S)	\$0.012877
Total	\$0.255140

Alternate Rate

M&O Rate	\$0.237123
Debt Service (I&S)	\$0.012877
Total	\$0.250000

Proposed Rate - Debt Cash

M&O Rate	\$0.245830
Debt Service (I&S)	\$0.009310
Total	\$0.255140

Alternate Rate - Debt Cash

M&O Rate	\$0.240690
Debt Service (I&S)	\$0.009310
Total	\$0.250000

TAX RATE & LEVY IMPACT

TEXAS HOUSE BILL 73

HB 73 would amend the Local Government Code to place strict limits on annual expenditures for all political subdivisions—including cities and counties—based on inflation and statewide population growth. Specifically:

- Caps spending to the greater of last year's total expenditures or an inflation/population-adjusted amount.
- Exceeding the cap needs voter approval or a disaster exception.
- Certain revenue sources, like voter-approved bonds, are excluded.
- The Legislative Budget Board will publish the allowable growth rate by January 31 each year.

The current bill draft does not set a population threshold, limiting its application to large cities. In contrast, HB 73 applies to "a political subdivision," which includes cities of all sizes.

DEBT SERVICE

	FY24	FY25	FY25	FY26
	Actual	Budget	Projected	Proposed
Revenue / Tax	\$900,270	\$902,719	\$902,719	\$320,775
Expend / Debt	\$884,200	\$881,325	\$881,325	\$444,425
Over / (Under)	\$16,070	\$21,394	\$21,394	(\$123,651)
Fund Balance -Ending			\$234,757	\$111,107

- Revenues at \$320,775, mainly from property taxes (\$301,729) and interest income (\$19,046).
- Expenditures were \$444,425, primarily for bond principal (\$425,000) and debt interest (\$19,425).
- This results in a planned shortage of \$123,651 for FY26, intentionally reducing excess reserves.

DEBT SERVICE

DEBT MATURITY SCHEDULES

SERIES 2015 GENERAL OBLIGATION BONDS

Fiscal Year	Principal	Interest	Total
FY2026			
FY2027			
FY2028			
FY2029			
FY2030			
FY2031			
FY2032			
FY2033			
FY2034			
FY2035			
FY2036			
FY2037			
Total	-	-	-

SERIES 2017 GENERAL OBLIGATION BONDS

Fiscal Year	Principal	Interest	Total
FY2026	425,000	19,425	444,425
FY2027	435,000	6,525	441,525
FY2028			
FY2029			
FY2030			
FY2031			
FY2032			
FY2033			
FY2034			
FY2035			
FY2036			
FY2037			
Total	860,000	25,950	885,950

- The remaining debt service cash reserves will be utilized in fiscal year 2027 to fully settle the final debt obligation.
- The city does not expect to need debt, as it will use maintenance and operations (M&O) funds to support pay-as-you-go capital programming.

DEBT SERVICE FUND

LIST OF PROPOSED CHANGES FROM THE PROPOSED FILED

	<u>FY25 PROJECTED</u>	<u>FY26 PROPOSED</u>	<u>DATE OF CHANGE</u>
Preliminary (Filed) Revenues:	\$902,719	\$320,775	
<u>Changes to Preliminary Revenues:</u>			
1 Change I&S Rate (\$0.009310)		\$21,028	08/13/25
2 Interest Revenue		(\$9,046)	08/13/25
Total Revenue Changes:	<u>\$0</u>	<u>\$11,982</u>	
Total Revenue with Changes:	<u>\$902,719</u>	<u>\$332,757</u>	

DEBT SERVICE FUND

LIST OF PROPOSED CHANGES FROM THE PROPOSED FILED

	<u>FY25 PROJECTED</u>	<u>FY26 PROPOSED</u>	<u>DATE OF CHANGE</u>
Preliminary (Filed) Expenditures:	\$881,325	\$444,425	
<u>Changes to Preliminary Expenditures:</u>			
1 Fiscal Agent Fees	\$0	\$5,000	08/13/25
Total Change in Expenditures:	<u>\$0</u>	<u>\$5,000</u>	
Total Expenditures with Changes:	<u>\$881,325</u>	<u>\$449,425</u>	
Net Revenues Over/(Under) Expenses	\$21,394	(\$116,668)	
Beginning Fund Balance	213,363	234,757	
Ending Fund Balance	<u>\$234,757</u>	<u>\$118,089</u>	

GENERAL FUND

	FY24	FY25	FY25	FY26
	Actual	Budget	Projected	Proposed
Revenue	\$9,399,849	\$9,337,577	\$9,855,088	\$9,663,875
Expenditures	\$8,810,649	\$10,987,967	\$10,997,779	\$9,663,875
Over / (Under)	589,199	(1,650,390)	(1,142,691)	0
Fund Balance -Ending			\$5,094,926	\$5,094,926

- The FY26 budget projects revenues of \$9,653,863, up 3.4% from FY25.
- Total expenditures are set at \$9.66 million, with \$5.78 million allocated for public services like police, fire, and sanitation.
- Contracts, administrative, court, and public works expenses total \$2.74 million.
- Non-operating expenses for capital programs in streets, drainage, and infrastructure are proposed at \$1.15 million.

GENERAL REVENUE

KEY HIGHLIGHTS:

- **Permit**: FY25 is projected at \$780,447, boosted by post-storm activity and Kinkaid School projects. FY26 is proposed at \$529,100, a 32.21% decrease, reflecting normal levels.
- **Court**: FY25 is projected to exceed the original budget by over \$32,283 due to increased citation/collection activity. The FY26 proposed revenue of \$143,562 is lower than the FY25 projection, reflecting a conservative expectation of court revenue performance.
- **Alarm**: The FY25 budget was initially set at \$23,500; now revised to a to \$21,015. It is recommended that the permit be eliminated, as the MVPD will assume alarm information directly (as in BHV and HCV), and authorized staff will have access to contact information.
- **Ambulance Billing**: VFD plans to directly allocate our ~\$79K to cover vehicle replacements, identified as capital funding within their budget.

GENERAL EXPENDITURE

KEY HIGHLIGHTS:

- **MVPD**: The police budget includes increased personnel and operational costs aimed at improving community service and retaining staff. The total budget for FY26 is \$8,680,494, with Piney Point Village's contribution totaling \$2,860,165.
- **Sanitation**: GFL Environmental has increased the per-household service rate by 4.88%, in line with nationwide CPI trends. GFL has reduced its fuel surcharge from 3% to 2%. However, these changes go into effect mid-year, and FY26 includes a projected increase for the latter half of FY26.
- **VFD**: The fire budget totals \$10.9M, with \$10.6M allocated as assessments to the member cities that support a necessary increase in personnel, capital expenditures, and operating expenses. Piney Point's contribution totals \$2,223,438, which is a 21% share of the contribution requirement.

GENERAL EXPENDITURE

KEY HIGHLIGHTS (continued):

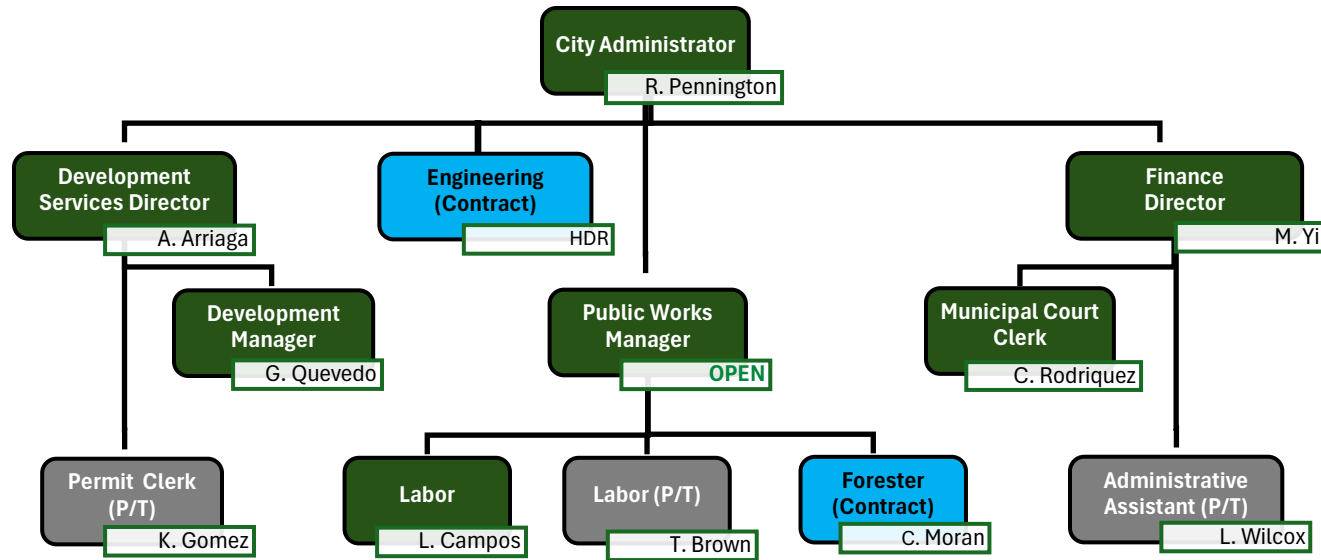
- **Contract Services**: The FY26 Proposed Budget for the Contract Service Division is \$507,000, with increases for Engineering and legal services.
- **Building Services**: Division is \$368,700, a modest increase from FY25 Projected, but a significant change from FY25 Budget. Notable adjustments include an increase for Drainage, Electrical, Structural, and Plumbing Inspections due to higher service demand. The Urban Forester line includes up to a \$5K increase to support contractual services. Office supplies and technology expenditures remain level. Credit card service fees are consistent with previous years.
- **Municipal Court**: Division proposes a \$46,137 budget, an increase from prior years to cover costs for the Judge, Prosecutor, and Interpreter. Credit card processing fees are consistent with the growing use of cards. Supplies and office supplies remain minimal.

GENERAL EXPENDITURE

KEY HIGHLIGHTS (continued):

- **Administrative Services**: Division expenses increase from \$264,601 in FY24 to \$304,084 in FY26, driven by new lease costs (\$160,684), higher IT services (\$45,000), and extra professional support (\$5,000). Wages and benefits rose to \$1.04 million in FY26 due to new positions, salary adjustments, retirement contributions, and payroll taxes needed to attract and retain staff. Gross wages increase to \$774,683, with the potential for an additional increase of up to 3% based on employee performance. Projected health insurance expenses for FY26 are expected to reach \$91,027, marking a potential 15% increase to account for rate hikes after the budget approval. Any savings will return to the fund balance at year-end.
- **Public Works**: Division budget is proposed at \$342,330. The total is lower than FY25's amended budget, reflecting a return to typical operational levels after one-time capital equipment costs in FY25. Maintenance and repair remain the largest category at \$338,330.

ORGANIZATION CHART



The illustrated chart presents the current organizational structure for Piney Point Village. Full-time employees are denoted in Green, part-time employees are shown in gray, and contract personnel are represented in blue.

EMPLOYEE SALARY/WAGES

The FY26 Budget includes a proposed general wage increase for city employees to maintain competitive pay, retain experienced staff, and address the rising cost of living.

- A 3% increase is included in the proposed budget, and final increases are subject to council approval, as a review of inflationary factors will occur at that designated time.
- Some area cities choose to utilize merit-based salary increases to replace or add to COLA increases in order to reward employees for their performance or increased responsibilities.

CITY	COLA	MERIT
Baytown	4%	
Bunker Hill	3%	3%
Deer Park	1.2 - 1.8%	3% STEP
Hitchcock	3%	
Huntsville	1.5 - 2%	
La Porte	3%	
League City	2%	2%
Mont Belvieu	3%	3% STEP
Morgan's Point	3%	3%
Pasadena	2 - 2.5%	
Seabrook		3% STEP
Southside Place	2-3%	2-3%
Tomball	3%	3%

GENERAL EXPENDITURE

Capital Project Funding:

The city has \$3M allocated for FY25 improvements. The Windermere Outfall Repair Project is 75% designed and expected to be completed by August. Construction for the city-wide point repair project will begin in late FY25. The Chapelwood Court Drainage Project is in the bidding phase and is anticipated to begin in FY25. Calico Lane and Oaklawn Ditch Improvements are nearly complete, pending invoicing. Plans for a left-turn lane at Kinkaid School await a traffic study update. Construction on Chuckanut Drainage and Paving Improvements has started. Ongoing replacements of traffic signals on Memorial Drive are progressing.

	FY24 Actual	FY25 Budget	FY25 Projected	FY26 Proposed
Capital Projects	\$1,153,262	\$3,009,490	\$3,009,490	\$1,148,581
			Non-Allocated Cash:	\$2,966,102
			Total Available:	\$4,114,683

CAPITAL PROGRAMS

Program/Project	FY2025 Projected	FY2026 Proposed
<u>Scheduled CIP</u>		
Bayou Debris Removal	40,000	0
Blalock Point Repairs	75,000	0
Calico Lane Drainage Improvements	17,000	0
Chapelwood Court Drainage	255,000	0
Chuckanut Drainage & Paving	1,000,000	170,000
City-Wide Point Repair	865,450	0
Engineering Services - Other	25,000	25,000
Kinkaid Intersection (School Funded)	0	0
METRO Memorial (Greenbay-San Felipe)	0	0
Paving Improvements Project - 2023	693,000	0
School Zones Signs	11,000	0
Shadow Way Drainage	15,000	500,000
South Piney Point Road Improvements	17,000	0
Street Condition Assessment	30,000	0
Traffic Signal Participation - Harris Co.	475,000	25,000
Windermere Outfall (V2)	160,050	1,067,000
	\$3,678,500	\$1,787,000

The capital items listed are currently under review and will be assessed for further evaluation.

CAPITAL PROGRAMS

Program/Project	FY2025 Projected	FY2026 Proposed
<u>Proposed CIP</u>		
Country Squire Drainage Outfall	0	TBD
Jamestown Drainage	0	TBD
Landscape - S. Piney Point Rd.	0	TBD
Landscape - San Felipe Esplanade	0	TBD
Soldiers Creek HCFCFCD	0	TBD
Future Capital Programs/Other	0	1,213,000
	<u>\$0</u>	<u>\$1,213,000</u>
Scheduled CIP (<i>prior slide</i>)	\$3,678,500	\$1,787,000
Total CIP Determined:	<u>\$3,678,500</u>	<u>\$3,000,000</u>

The capital items listed are currently under review and will be assessed for further evaluation.

GENERAL FUND

LIST OF PROPOSED CHANGES FROM THE PROPOSED FILED

	<u>FY25 PROJECTED</u>	<u>FY26 PROPOSED</u>	<u>DATE OF CHANGE</u>
Preliminary (Filed) Revenues:	\$9,855,088	\$9,663,875	
<u>Changes to Preliminary Revenues:</u>			
1 Adjust Property Tax (M&O = 0.24069)		\$788,822	08/13/25
Total Revenue Changes:	\$0	\$788,822	
Total Revenue with Changes:	\$9,855,088	\$10,452,697	

GENERAL FUND

LIST OF PROPOSED CHANGES FROM THE PROPOSED FILED

	<u>FY25 PROJECTED</u>	<u>FY26 PROPOSED</u>	<u>DATE OF CHANGE</u>
Preliminary (Filed) Expenditures:	\$10,997,779	\$9,663,875	
<u>Changes to Preliminary Expenditures:</u>			
1 Proposed Capital-Supplemental Base		\$1,851,419	08/13/25
Total Change in Expenditures:	<u>\$0</u>	<u>\$1,851,419</u>	
Total Expenditures with Changes:	<u>\$10,997,779</u>	<u>\$11,515,294</u>	
Net Revenues Over/(Under) Expenses	(\$1,142,691)	(\$1,062,598)	
Beginning Fund Balance	\$6,237,617	\$5,094,926	
Ending Fund Balance	<u>\$5,094,926</u>	<u>\$4,032,328</u>	

PROPOSED REQUESTS


















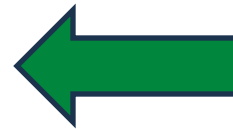
Bucket Truck –The proposal is to share the cost of a used bucket truck among the three villages for police use, specifically for Automated License Plate Recognition (ALPR) and cameras, as well as for tree trimming during disasters or as needed.

Speed Trailer – The proposal is to purchase a speed trailer, specifically for Piney Point use at ~\$15K.



BUDGET CALENDAR TIMELINE – FY26

Friday, July 25, 2025		Admin files Proposed Budget, Appraiser delivers Certified Roll.
		
Monday, August 4, 2025		Admin submits no-new-revenue and voter-approval tax rates.
		
Wed, August 13, 2025		Budget Workshop #1.
		
Monday, August 25, 2025		Budget Workshop #2.
		
Monday, September 1, 2025		Labor Day
		
Wed, September 3, 2025		Send notice of Tax Hearing and Budget Hearing
		
Wed, September 10, 2025		Publish notice of Tax Hearing and Budget Hearing
		
Wed, September 24, 2025		Tax Hearing, Budget Hearing, Adoption



FY26 PROPOSED BUDGET

QUESTIONS

