FILED - JULY 17, 2026

CITY OF PINEY POINT VILLAGE, TEXAS

PROPOSED BUDGET

FISCAL YEAR JANUARY 1, 2027 - DECEMBER 31, 2027

JONATHAN CURTH
MAYOR

JOEL BENDER
MAYOR PRO-TEM
COUNCIL MEMBER, POSITION 3

MICHAEL HERMINGHAUS
COUNCIL MEMBER, POSITION 1

HENRY KOLLENBERG
COUNCIL MEMBER, POSITION 2

MARGARET ROHDE
COUNCIL MEMBER, POSITION 4

WYNNE SHARPE
COUNCIL MEMBER, POSITION 5

PRESENTED BY:
ROBERT PENNINGTON
CITY ADMINISTRATOR

MICHELLE YI
FINANCE DIRECTOR

For more information, contact:
The City of Piney Point Village
7660 Woodway, Suite 460; Houston, Texas 77063
(713) 782-0271
www.cityofpineypoint.com

CITY OF PINEY POINT VILLAGE
7660 Woodway Drive, Suite 460
Houston, Texas 77063

July 17, 2026

Honorable Mayor Jonathan Curth
Members of the City Council
City of Piney Point Village

Re: FY2027 Proposed Budget Transmittal Letter

Mayor Curth and Council Members:

In accordance with Chapter 102 of the Texas Local Government Code, I respectfully submit the FY2027 Proposed Budget for your review and consideration. This filing marks the formal beginning of the City's annual budget process and reflects the Administration's best financial estimates based on information available at the time of filing.

The proposed budget is intended to serve as the foundation for the City Council's budget discussions over the coming months. While the document presents the Administration's recommended financial plan, it should be viewed as a working document that will continue to evolve as additional information becomes available and the Council provides policy direction.

Staff has completed its internal review of the proposed budget and incorporated revisions based on comments from Finance and departmental staff. I also plan to meet with Mayor Curth to review the proposed budget. At this stage, I respectfully request that each Council Member review the document and provide any questions, comments, or recommended policy changes before the scheduled budget workshops. Your feedback will help staff prepare the final proposed budget for consideration during the public hearing and adoption process.

The next major milestones include the following:

- ✔ Budget Workshop No. 1 on July 27,
- ✔ Budget Workshop No. 2 on August 24, and
- ✔ Public hearing and consideration of the FY2027 Budget and property tax rate on September 28, 2026.

These meetings will provide the opportunity to discuss the budget in greater detail and consider any revisions before final adoption.

I would like to express my sincere appreciation to Finance Director Michelle Yi and City staff for their professionalism, expertise, and dedication throughout the preparation of this proposed budget. I also appreciate the Mayor and City Council for your continued leadership and commitment to the responsible stewardship of the City's financial resources.

Respectfully submitted,

Robert Pennington
City Administrator
City of Piney Point Village

CITY OF PINEY POINT VILLAGE
FISCAL YEAR 2027 PROPOSED BUDGET

The City Administrator has filed the FY2027 Proposed Budget in accordance with Chapter 102 of the Texas Local Government Code, initiating the City's annual budget adoption process. State law requires the proposed budget to be filed with the City Secretary at least 30 days prior to the adoption of the annual property tax levy and to be made available for public inspection.

The FY2027 Proposed Budget has been developed using a two-step budgeting approach. The Base Budget provides funding necessary to continue existing municipal operations and maintain current service levels. In addition, the budget identifies Supplemental Budget Requests for strategic initiatives, employee compensation adjustments, technology improvements, and other discretionary expenditures. Recommended supplemental requests have been incorporated into the proposed budget for planning purposes, but some items require separate City Council approval before funds may be expended.

Maintaining a structurally balanced budget remains a fundamental financial objective of the City. The proposed budget funds recurring operating expenditures with recurring revenues while preserving the City's financial flexibility and strong fund balance. One-time expenditures are evaluated separately to ensure they do not create ongoing financial obligations without a sustainable funding source.

FY2027 represents a significant transition for the City as it prepares for a major capital infrastructure program anticipated to total approximately $18 million. To support this long-term investment, the City expects to begin allocating a greater portion of its property tax rate to the Interest and Sinking (Debt Service) Fund while maintaining a balanced General Fund. This strategy positions the City to address critical infrastructure needs while preserving long-term financial stability.

As the budget process continues through September, staff will refine revenue estimates, evaluate market conditions, review compensation recommendations, and incorporate public and City Council feedback. The proposed budget remains a working financial plan and may be modified before final adoption to reflect updated information and Council policy direction.

The City's two primary operating funds serve distinct purposes:

- **General Fund (Fund 10):** The General Fund finances the City's day-to-day governmental operations, including administration, development services, municipal court, public works, public services, and capital maintenance. Major revenue sources include property taxes, sales taxes, franchise fees, permits, court revenues, and investment earnings. Public safety services provided through the Memorial Villages Police Department and Village Fire Department continue to represent the City's largest operating expenditure.
- **Debt Service Fund (Fund 20):** The Debt Service Fund accounts for revenues dedicated to the payment of principal and interest on the City's long-term obligations. Property tax revenues allocated to this fund are restricted for debt service and provide the financial framework necessary to support future capital infrastructure investments.

The pages that follow present the FY2027 Proposed Budget in detail, including estimated revenues, planned expenditures, departmental operating budgets, capital funding, and supplemental budget requests. Together, these sections provide a comprehensive financial plan to guide the City's operations while maintaining transparency, fiscal responsibility, and the high level of municipal services expected by the residents of Piney Point Village.

GENERAL FUND

The General Fund, designated as Fund 10, serves as the primary financial resource supporting essential municipal services within Piney Point Village. Major revenue sources include property taxes, sales taxes, franchise fees, permits, user fees, and municipal court fines. Expenditures support public safety, administrative services, development services, public works, municipal court operations, contract services, and capital programs. Public safety remains the largest component of the General Fund, with services provided through the Village Fire Department and the Memorial Villages Police Department.

FISCAL YEAR 2027 PROPOSED BUDGET

Financial Summary	FY2025 Actual	FY2026 Amended	FY2026 Projected	FY2027 Proposed
Total Revenues	$10,111,239	$10,452,697	$10,542,222	$10,337,462
Total Expenditures	$10,527,728	$11,560,295	$11,475,777	$10,337,462
Revenues Over (Under) Expenditures	$(416,489)	$(1,107,598)	$(933,555)	$0
Ending Fund Balance	$5,788,879	$4,681,281	$4,855,324	$4,855,324

The FY2027 Proposed Budget establishes a structurally balanced financial plan, demonstrating that recurring revenues are sufficient to fund ongoing municipal operations while preserving the City's strong financial position. Filing a balanced budget is one of the most important milestones in the annual budget process because it establishes a financially sustainable baseline before policy decisions are made. It confirms that the City can continue providing existing services without relying on one-time revenues or deficit spending and allows the City Council to evaluate supplemental requests, capital investments, employee compensation, and other policy initiatives from a position of financial strength rather than financial necessity. Establishing this baseline also provides transparency by clearly distinguishing between the cost of maintaining current operations and the cost of expanding services or undertaking new initiatives.

Although this filed budget is not expected to be the final adopted budget, it demonstrates that the City can sustain current service levels while maintaining long-term fiscal stability. Over the coming weeks, staff will continue refining revenue estimates, project costs, operational needs, and other budget assumptions before presenting updated recommendations for City Council consideration.

FY2027 Budget Highlights:

- ✔ <u>Balanced Budget</u>: Recurring revenues fully fund recurring operating expenditures with no planned operating deficit.
- ✔ <u>General Fund Stability</u>: Ending fund balance is projected to remain at $4.86 million, preserving the City's financial flexibility.
- ✔ <u>Public Safety Investment</u>: Approximately 56% of operating expenditures support police and fire protection.
- ✔ <u>Capital Planning</u>: The budget positions the City to evaluate a long-term capital improvement program exceeding $18 million while maintaining a balanced operating budget.
- ✔ <u>Debt Transition</u>: The City is scheduled to retire its remaining outstanding general obligation debt during FY2027, providing additional financial flexibility for future infrastructure investments.
- ✔ <u>Supplemental Requests</u>: Strategic initiatives are identified separately, allowing the City Council to evaluate policy priorities independently from the Base Budget.

GENERAL FUND - 10
FISCAL YEAR 2027 PROPOSED BUDGET

	FY 2025 YEAR END ACTUAL	FY 2026 AMENDED BUDGET	FY 2026 YEAR END PROJECTED	FY 2027 PROPOSED BUDGET
REVENUES:				
Property Taxes	7,205,570	8,260,747	8,260,747	8,078,987
Sales Taxes	534,440	500,000	500,000	515,000
Permits & Inspections	859,291	529,100	541,600	539,600
Court Revenue	191,892	143,562	175,850	175,850
Investment Income	400,964	373,505	405,000	390,000
Agencies & Alarms	20,350	0	0	0
Franchise Taxes	366,991	374,283	365,525	365,525
Contribution & Use Fee	107,500	107,500	107,500	107,500
Other Governmental	136,000	136,000	136,000	136,000
Donations & Other	14,977	5,000	27,000	6,000
Operating Revenues:	**9,837,976**	**10,429,697**	**10,519,222**	**10,314,462**
Ambulance	27,013	0	0	0
CIP Cost Share	223,149	0	0	0
Non-Operating Transfers	23,101	23,000	23,000	23,000
Non-Operating Revenues:	**273,263**	**23,000**	**23,000**	**23,000**
Total Revenues:	**$10,111,239**	**$10,452,697**	**$10,542,222**	**$10,337,462**
EXPENDITURES:				
Police Services	2,577,496	2,860,161	2,860,161	3,450,703
Fire Services	2,115,943	2,223,438	2,223,438	2,317,494
Sanitation Services	620,134	649,591	645,074	672,045
Other Public Services	32,205	42,000	51,500	57,500
Total Public Services:	**5,345,778**	**5,775,190**	**5,780,173**	**6,497,742**
Contract Services	477,786	527,000	502,000	509,500
Development Services	345,966	368,700	345,700	347,000
Administrative Services	1,324,335	1,455,938	1,443,304	1,513,111
Municipal Court	38,153	46,137	37,750	58,750
Public Works & Maintenance	274,515	387,330	366,850	316,850
	2,460,755	**2,785,105**	**2,695,604**	**2,745,211**
Operating Expenditures:	**7,806,533**	**8,560,295**	**8,475,777**	**9,242,953**
Capital Programs	2,721,195	3,000,000	3,000,000	1,094,509
Non-Operating Expenditures:	**2,721,195**	**3,000,000**	**3,000,000**	**1,094,509**
Total Expenditures:	**$10,527,728**	**$11,560,295**	**$11,475,777**	**$10,337,462**
Revenues Over Expenditures	*(416,489)*	*(1,107,598)*	(933,555)	*0*
Fund Balance - Beginning		5,788,879	5,788,879	4,855,324
Fund Balance - Ending	**$5,788,879**	**$4,681,281**	**$4,855,324**	**$4,855,324**
Reserve Requirement (25%)		2,140,074	2,140,074	2,310,738
Excess/(Deficit)		2,541,207	2,715,250	2,544,586

REVENUE SUMMARY

The FY2027 Proposed Budget includes $10.34 million in total revenues, a decrease of approximately $205,000 (1.9%) from the FY2026 projected year-end. The primary factor is the planned reallocation of a portion of the property tax rate from the General Fund's Maintenance & Operations (M&O) levy to the Interest & Sinking (I&S) levy in anticipation of issuing debt for future capital improvements, while maintaining the City's overall property tax rate. Excluding this planned shift, recurring operating revenues remain stable. Sales tax, permit and inspection fees, court revenues, and franchise taxes are budgeted based on current collection trends and historical performance, while investment income reflects continued strong cash balances with an expectation of moderating interest rates. One-time revenues, including settlements, donations, and other non-recurring receipts, have generally been excluded from the FY2027 base budget. Overall, the proposed revenue budget reflects a conservative and sustainable approach by emphasizing recurring revenue sources, current economic conditions, and prudent financial planning while maintaining the flexibility necessary to support the City's ongoing operations and long-term infrastructure investments.

A. Property Tax

Property tax remains the City's largest revenue source and is budgeted based on the best information currently available from the Harris Central Appraisal District (HCAD), the Texas Truth-in-Taxation (TNT) process, and the City's financial advisor, Masterson Advisors.

- The FY2027 budget is based on the 2026 tax levy.
- HCAD's preliminary estimate projects the City's taxable value at $3.722 billion, a 7.9% increase from last year.
- The budget assumes a potential future issuance of approximately $18 million in Certificates of Obligation for planning purposes. No debt has been authorized, and the City Council will determine whether to proceed following further review during the budget process.
- The budget assumes the total property tax rate will remain unchanged, with part of the existing rate shifting from Maintenance & Operations (M&O) to Interest & Sinking (I&S) for future debt service.
- The General Fund M&O property tax revenue is budgeted at $8,078,987.
- The finalized property tax levy, tax rates, and projected revenues will be revised once we receive the certified appraisal roll, complete the Truth-in-Taxation calculations, and the City Council approves the FY2027 tax rate.

Property Tax Calculation

Component	Current FY26 Rate	Proposed FY27 Rate	Change	FY27 Levy Estimate
Maintenance & Operations (M&O)	$0.245830	$0.221510	**(0.024320)**	$8,078,987
Interest & Sinking (I&S)	$0.009310	$0.033630	**+0.024320**	$1,251,597
Total Tax Rate	**$0.255140**	**$0.255140**	**No Change**	**$9,330,584**

Key Takeaway: The proposed budget maintains the City's overall property tax rate while reallocating approximately 2.43 cents from the M&O tax rate to the I&S tax rate to fund future infrastructure improvements.

B. Sales Tax

Sales tax is the City's second-largest locally generated revenue source and is distributed monthly by the Texas Comptroller based on taxable retail sales occurring within the City.

- FY2027 sales tax revenue is budgeted at $515,000, reflecting recent collection trends while maintaining a conservative estimate below the FY2025 actual collections.

- Historical collections have remained relatively stable, averaging approximately $489,000 annually over the past four fiscal years.
- Through May FY2026, collections are modestly below the prior year but remain within expected historical ranges.
- The budget continues a conservative approach by estimating revenue below the FY2025 actual collections of $534,440, recognizing that sales tax receipts are sensitive to broader economic conditions and consumer spending.
- Staff will continue to monitor monthly distributions from the Texas Comptroller and adjust revenue projections if significant trends develop during the fiscal year.

C. Permits & Inspections

Permit and inspection revenue is projected to stabilize following several years of elevated collections driven by large development projects and Special Use Permit (SUP) activity. FY2026 is projected to finish at approximately $541,600, slightly above the amended budget, reflecting continued redevelopment activity and the City's updated fee schedule. The FY2027 proposed budget of $539,600 maintains this level while recognizing that future revenues are expected to reflect normal permitting activity rather than one-time development projects.

D. Court Revenue

Court revenue is projected at $175,850 for FY2026, exceeding the amended budget based on stronger-than-anticipated collections, particularly in court fines and the Municipal Building Security Fee. The proposed FY2027 budget maintains this revenue level, reflecting current collection trends while recognizing that court revenues may fluctuate with citation activity and case volume.

E. Interest Revenue

Interest revenue continues to benefit from the City's strong cash position and prudent investment practices. While investment earnings are projected to exceed the FY2026 amended budget, the FY2027 proposed budget reflects a modest reduction, anticipating lower market interest rates while maintaining conservative revenue assumptions.

- FY2026 interest revenue is projected at $405,000 based on annualized May collections.
- FY2027 interest revenue is budgeted at $390,000.
- The estimate reflects continued strong investment balances and modestly lower interest rates.
- Investment earnings will continue to be monitored and adjusted as market conditions warrant.

F. Agencies & Alarms

Beginning in FY2026, the City no longer collects residential alarm registration fees. Because the Memorial Villages Police Department (MVPD) continues to provide alarm services without a separate fee, no revenue is budgeted for this category in FY2027.

G. Franchise Taxes

Franchise tax revenue is expected to remain stable in FY2027, reflecting consistent collections from electric, gas, cable, telephone, and wireless providers. While individual franchise categories may fluctuate due to utility usage, market conditions, and industry trends, the overall revenue base remains a dependable source of General Fund revenue.

- Electric franchise revenue remains the City's primary franchise revenue source and is projected based on historical collections, customer demand, and anticipated retail electric consumption.
- Cable franchise revenue is expected to remain relatively stable, but continues to reflect the long-term migration from traditional cable television services to streaming and internet-based platforms.
- Gas franchise revenue is budgeted conservatively due to its sensitivity to natural gas commodity prices, seasonal weather patterns, and customer consumption.

- Telephone franchise revenue continues to decline as legacy wireline services are replaced by wireless and Voice over Internet Protocol (VoIP) technologies.
- Wireless franchise revenue is budgeted based on recurring receipts and excludes an unusual FY2024 payment (Verizon) currently under review to determine whether it represented a non-recurring adjustment or settlement.
- The FY2027 proposed budget of $365,525 reflects anticipated recurring franchise revenues while recognizing the differing economic and regulatory factors affecting each utility sector.

H. Metro Congestion Mitigation

The City receives annual funding from METRO through the Congestion Mitigation/Traffic Management Agreement, originally executed on July 1, 1999, and subsequently amended. METRO is primarily funded through a one-cent local sales tax collected within its service area, a portion of which is returned to participating member jurisdictions through the General Mobility Program. Because Memorial Drive serves as a major regional transit corridor through Piney Point Village, the City receives an annual allocation of $136,000, subject to annual appropriations, to support transportation and mobility improvements. The FY2027 Proposed Budget continues this revenue at $136,000, consistent with the existing agreement. Eligible uses include street maintenance, traffic signal and intersection improvements, sidewalks, drainage improvements associated with roadways, and other transportation-related infrastructure that enhances mobility and public safety.

I. Kinkaid School Contribution

The Kinkaid School is a valued community partner and the City's largest institutional campus, encompassing approximately 65 acres and serving approximately 1,500 students from pre-kindergarten through twelfth grade. Because the school is exempt from property taxation, it provides an annual voluntary Payment in Lieu of Taxes (PILOT) in recognition of the municipal services provided by the City. The contribution helps offset a portion of the costs associated with public safety, traffic management, emergency response, infrastructure, and other municipal services necessary to support a campus of this size and activity. The current annual contribution of $107,500 was established through the 2022 mitigation agreement, which also resolved prior voluntary contributions and established an ongoing annual payment structure. In November 2023, Kinkaid voluntarily increased its annual contribution from $95,000 to $107,500 for calendar years 2024 through 2026 in recognition of increased activity during campus construction. The FY2027 Proposed Budget assumes continuation of the $107,500 annual contribution pending any future amendment to the agreement.

GENERAL FUND - 10
FISCAL YEAR 2027 PROPOSED BUDGET

		FY 2025 YEAR END ACTUAL	FY 2026 AMENDED BUDGET	FY 2026 YEAR END PROJECTED	FY 2027 PROPOSED BUDGET
REVENUE					
Tax Collection					
10-4101	Property Tax (M&O)	7,205,570	8,260,747	8,260,747	8,078,987
10-4150	Sales Tax	534,440	500,000	500,000	515,000
	Total Tax Collection:	**7,740,010**	**8,760,747**	**8,760,747**	**8,593,987**
Permits & Inspections					
10-4203	Plat Reviews	1,750	1,000	3,750	1,750
10-4205	Contractor Registration	11,700	9,750	11,000	11,000
10-4206	Drainage Reviews	65,850	57,850	65,850	65,850
10-4207	Permits & Inspection Fees	778,741	460,000	460,000	460,000
10-4208	Board of Adjustment Fees	1,250	500	1,000	1,000
	Total Permits & Inspections:	**859,291**	**529,100**	**541,600**	**539,600**
Municipal Court					
10-4300	Court Fines	175,710	130,000	160,000	160,000
10-4301	Building Security Fund	2,858	0	0	0
10-4302	Truancy Prevention	5,779	3,500	5,500	5,500
10-4303	Local Municipal Tech Fund	2,333	0	0	0
10-4304	Local Municipal Jury Fund	116	50	100	100
10-4305	Youth Diversion Admin Fee	0	10,012	0	0
10-4311	Muni Court Bld. Security	5,096	0	10,250	10,250
	Total Municipal Court:	**191,892**	**143,562**	**175,850**	**175,850**
Investment Income					
10-4400	Interest Revenue	400,964	373,505	405,000	390,000
	Total Investment Income:	**400,964**	**373,505**	**405,000**	**390,000**
Agencies & Alarms					
10-4508	Alarm Registration	20,350	0	0	0
	Total Agencies & Alarms:	**20,350**	**0**	**0**	**0**
Franchise Revenue					
10-4602	Cable Franchise	59,655	58,559	60,000	60,000
10-4605	Power/Electric Franchise	272,427	272,424	272,425	272,425
10-4606	Gas Franchise	32,248	30,000	30,000	30,000
10-4607	Telephone Franchise	2,073	3,300	2,100	2,100
10-4608	Wireless Franchise	588	10,000	1,000	1,000
	Total Franchise Revenue:	**366,991**	**374,283**	**365,525**	**365,525**
Donations & In Lieu					
10-4702	Kinkaid School Contribution	107,500	107,500	107,500	107,500
10-4703	Metro Congested Mitigation	136,000	136,000	136,000	136,000
10-4705	Ambulance	27,013	0	0	0
10-4801	Donations	14,977	5,000	27,000	6,000
10-4802	Reimbursement Proceeds	0	0	0	0
10-4803	CIP Cost Share	223,149	0	0	0
10-4804	Credit Card Fees	23,101	23,000	23,000	23,000
	Total Donations & In Lieu:	**531,740**	**271,500**	**293,500**	**272,500**
	TOTAL REVENUES:	**10,111,239**	**10,452,697**	**10,542,222**	**10,337,462**

EXPENDITURES

The FY2027 Proposed Budget reflects the City's continued commitment to delivering high-quality municipal services while maintaining long-term financial stability. Public safety remains the City's largest investment, followed by general government operations and capital improvements. The remaining budget supports development services, contract services, public works, and municipal court operations, providing the resources necessary to maintain infrastructure, protect public safety, and ensure the efficient delivery of municipal services. The table below summarizes how each budget dollar is allocated among the City's major operating functions.

Major Expenditure Category	FY2027 Budget	Percent of Total
Memorial Villages Police Department	$3,450,703	**33.4%**
Village Fire Department	$2,317,494	**22.4%**
General Government	$1,513,111	**14.6%**
Capital Programs	$1,094,509	**10.6%**
Contract Services	$509,500	**4.9%**
Development Services	$347,000	**3.4%**
Public Works	$316,850	**3.1%**
Municipal Court	$58,750	**0.6%**
Total Expenditures	**$10,337,462**	**100.0%**

Memorial Villages Police Department (33.4%)
The City's investment in the Memorial Villages Police Department provides residents with a technologically advanced, community-focused police agency serving Piney Point Village, Bunker Hill Village, and Hunters Creek Village. Services include 24-hour patrol, criminal investigations, traffic enforcement, emergency communications, drone operations, advanced public safety technology, and community policing programs. The Memorial Villages have been recognized among the safest communities in Texas, reflecting the partnership between residents, elected officials, and the Police Department. Continued investment in public safety protects residents, preserves property values, and maintains the exceptional quality of life that defines Piney Point Village.

Village Fire Department (22.4%)
Fire protection is the second-largest operating expenditure in the FY2027 Proposed Budget and supports fire suppression, emergency medical services, rescue operations, fire prevention, and disaster response. Through the Village Fire Department, Piney Point Village receives 24-hour emergency services from a regional department serving the six Memorial Villages. The department has earned the Insurance Services Office (ISO) Class 1 Public Protection Classification, the highest rating awarded in the nation, placing it among a select group of fire departments recognized for exceptional emergency response capabilities and fire protection.

General Government (14.6%)
General Government provides the administrative and operational support necessary to deliver municipal services throughout the City. In addition to executive management, finance, legal services, information technology, elections, and facilities administration, this category includes personnel supporting the Administrative Services, Development Services, Municipal Court, and Public Works functions. Centralizing these support functions promotes efficient operations, ensures regulatory compliance, and provides the organizational foundation for delivering high-quality municipal services.

EXPENDITURES - PUBLIC SERVICE DIVISION (510)

Police Services

The Memorial Villages Police Department (MVPD) was established in 1977 through an agreement between Bunker Hill Village, Hunters Creek Village, and Piney Point Village. It offers law enforcement, emergency communications, criminal investigations, traffic enforcement, and public safety services. Each city appoints a Police Commissioner and an Alternate Police Commissioner to oversee the Department and recommend the annual budget. The FY2027 MVPD Budget was approved by the participating cities in May 2026 and is incorporated into the City's proposed budget. Piney Point Village's allocated share totals $3,450,703, an increase of $590,542 (20.65%) over the projected FY2026 budget. The increase primarily reflects investments in personnel compensation and retention, employee benefits, the regional vehicle replacement program, and continued investment in public safety technology and communications infrastructure. Key highlights include:

- ✔ Operations: Increased $520,294 (18.29%), primarily due to personnel compensation adjustments, retirement and benefit costs, officer retention initiatives, and continued investments in technology and daily police operations.
- ✔ Vehicle Replacement: Increased $70,248 to $84,915, reflecting Piney Point Village's proportionate share of the regional fleet replacement program, which provides for the scheduled replacement of police vehicles and helps maintain a reliable patrol fleet.
- ✔ Capital Expenditures: No capital expenditures are proposed for FY2027.

Budget Summary:

	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Proposed
MVPD Operations	$2,520,829	$2,845,494	$2,845,494	$3,365,788
MVPD Auto Replacement	$48,000	$14,667	$14,667	$84,915
MVPD Capital	$8,667	$0	$0	$0
Police Total:	**$2,577,496**	**$2,860,161**	**$2,860,161**	**$3,450,703**

Change from Projected ($):	**$590,542**
Change from Projected (%):	**20.65%**

Fire Services

The Village Fire Department (VFD) provides fire suppression, advanced life support emergency medical services, rescue operations, hazardous materials response, fire prevention, and emergency preparedness for the six Memorial Villages through an interlocal agreement. Piney Point Village participates in the regional fire department by contributing its proportionate share of the annual operating budget while maintaining representation on the Village Fire Department Board of Commissioners. The FY2027 Proposed Budget reflects the Village Fire Department budget approved by the member cities in May 2026. Piney Point Village's FY2027 assessment totals $2,317,494, an increase of $94,056 (4.23%) over the FY2026 adopted and projected assessment. The approved budget maintains current fire and emergency medical service levels while funding personnel, operations, apparatus, and equipment replacement, facility maintenance, and long-term capital planning. Key highlights include:

- ✔ Operations: Maintains current fire and EMS service levels throughout the Memorial Villages.
- ✔ Capital Replacement / Fleet: Continues investment in apparatus and equipment replacement.
- ✔ Budgetary Change: The FY2027 budget maintains the regional funding model under the Interlocal Agreement. Piney Point Village's assessment is $2,317,494, representing 21.0% of the member city assessments and an increase of $94,056 (4.23%) from the FY2026 adopted assessment.

Budget Summary:

	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Proposed
Fire Services	$2,115,943	$2,223,438	$2,223,438	$2,317,494
			Change from Projected ($):	**$94,056**
			Change from Projected (%):	**4.23%**

Sanitation Collection

The City contracts with GFL Environmental to provide twice-weekly residential solid waste collection, weekly recycling collection, bulk waste collection, and backyard collection services to Piney Point Village residents. These services are among the City's core public services and provide residents with a high level of convenience, reliability, and customer service. The FY2027 Proposed Budget maintains the current level of sanitation services and reflects the contractually approved 4.71% Consumer Price Index (CPI) adjustment, approved by City Council in June 2026 and effective October 1, 2026. The FY2027 budget annualizes this adjustment over a full fiscal year. The fuel surcharge remains budgeted at the current level and will continue to be administered in accordance with the provisions of the GFL service agreement. Key highlights include:

- ✔ Collection Services: Funding allows for twice-weekly garbage collection and weekly recycling.
- ✔ Contract Rate Adjustment: The FY2027 budget includes the annual 4.71% CPI adjustment approved by City Council in June 2026.
- ✔ Fuel Surcharge: The sanitation fuel surcharge remains unchanged.

Supplemental Requests:

- ✔ Supplemental Request (510.1) – GFL Rate Contingency ($5,000): Provides contingency funding for potential contractual rate adjustments that may become effective October 1, 2027, under the GFL Environmental service agreement. The request includes $4,500 for the annual CPI adjustment to collection services and $500 for any authorized diesel fuel adjustment. Because the next annual contract adjustment has not yet been presented to or approved by City Council, this funding is included as a contingency for the final three months of FY2027. Any unused funds would remain unspent.

Line Item	FY27 Base	Supplemental	FY27 Total
Collection	$657,074	$4,500	$661,574
Fuel Charge	$9,971	$500	$10,471
Sanitation Total	**$667,045**	**$5,000**	**$672,045**

Other Public Services

A. Community Events**:** The Community Events program supports the City's annual celebrations and resident engagement initiatives. The FY2027 Proposed Budget continues funding for established programs, including the Twinkle Light Parade, Holiday Appreciation Dinner, Arbor Day activities, community beautification efforts, and routine resident outreach. The proposed budget also expands the City's investment in community engagement through supplemental funding for the Village Independence Festival, enhanced seasonal banners and decorations, and the Mayor's quarterly resident newsletter program, which was initiated following adoption of the FY2026 budget. These initiatives strengthen communication with residents, promote civic pride, and enhance the quality of community events year-round.

Supplemental Requests:

- Supplemental Request (510.2) – Community Celebrations ($8,000): Funds the Village Independence Festival ($5,000) and seasonal banners and decorations ($3,000) to enhance beautification and support City-sponsored events.
- Supplemental Request (510.3) – Public Relations ($6,000): Expands the City's resident communications through quarterly newsletters funded for printing, mailing, and digital initiatives to enhance transparency and engagement with City programs and services.

B. Streetlights: A review of historical expenditures and current utility costs identified no significant changes in service levels or operating costs. The FY2027 Proposed Budget maintains sufficient funding to support the City's existing street lighting system.

C. Library Services: A review of historical expenditures identified no change in the City's annual contribution. Although the Library has not consistently invoiced the City in prior years, the FY2027 Proposed Budget continues funding at $1,500.

GENERAL FUND - 10
FISCAL YEAR 2027 PROPOSED BUDGET

		FY 2025 YEAR END ACTUAL	FY 2026 AMENDED BUDGET	FY 2026 YEAR END PROJECTED	FY 2027 PROPOSED BUDGET
EXPENDITURES					
PUBLIC SERVICE DIVISION					
Community Events					
10-510-5001	Community Celebrations	10,555	10,000	18,000	18,000
10-510-5002	Public Relations	5,732	15,000	15,000	21,000
	Community Events:	**16,287**	**25,000**	**33,000**	**39,000**
Police Services					
10-510-5010	MVPD Operations	2,520,829	2,845,494	2,845,494	3,365,788
10-510-5011	MVPD Auto Replacement	48,000	14,667	14,667	84,915
10-510-5012	MVPD Capital Expenditure	8,667	0	0	0
	Police Services:	**2,577,496**	**2,860,161**	**2,860,161**	**3,450,703**
Sanitation Collection					
10-510-5030	Sanitation Collection	607,974	639,620	635,103	661,574
10-510-5031	Sanitation Fuel Charge	12,160	9,971	9,971	10,471
	Sanitation Collection:	**620,134**	**649,591**	**645,074**	**672,045**
Library Services					
10-510-5040	Spring Branch Library	0	0	1,500	1,500
	Library Services:	**0**	**0**	**1,500**	**1,500**
Street Lighting Services					
10-510-5050	Street Lighting	15,918	17,000	17,000	17,000
	Street Lighting Services:	**15,918**	**17,000**	**17,000**	**17,000**
Fire Services					
10-510-5060	Villages Fire Department	2,115,943	2,223,438	2,223,438	2,317,494
	Fire Services:	**2,115,943**	**2,223,438**	**2,223,438**	**2,317,494**
	TOTAL PUBLIC SERVICE:	**5,345,778**	**5,775,190**	**5,780,173**	**6,497,742**

EXPENDITURES - CONTRACT SERVICE DIVISION (520)

The Contract Service Division provides specialized professional services that support the City's financial management, engineering, legal services, technology, public health, and regulatory responsibilities. A review of historical expenditures and current operational needs indicates that existing service levels can generally be maintained within the FY2027 Proposed Budget. The only supplemental request is associated with the Harris Central Appraisal District assessment, where the final allocation is established after budget development.

A. Accounting/Audit

The Accounting and Audit budget funds the City's annual independent financial audit and related accounting services. A review of historical expenditures and the current professional services agreement identified no significant changes in service levels or costs. Accordingly, the FY2027 Proposed Budget maintains funding at $25,000**,** which is expected to remain adequate to support the City's annual financial reporting and audit requirements.

- ✔ Supplemental Request (520.1) – Enhanced Financial Reporting / GFOA Review ($2,500): Provides funding for additional accounting and professional review services to enhance the City's Annual Comprehensive Financial Report (ACFR) and support submission to the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. The supplemental funding will assist with expanded financial statement presentation, disclosures, and technical review necessary to produce an award-quality financial report. Achieving GFOA recognition demonstrates the City's commitment to transparency, accountability, and financial reporting excellence while establishing a benchmark for future financial reporting.

B. Engineering Services

The Engineering Services budget funds the City's on-call engineering consultant for development review, traffic operations, drainage and utility coordination, capital project support, and general engineering assistance. A review of historical expenditures and current spending trends indicates that the FY2026 budget of $270,000 remains adequate to maintain current service levels. Accordingly, the FY2027 Proposed Budget maintains funding at $270,000.

- ✔ Budget Assumption: Staff will review year-end expenditures and anticipated engineering needs prior to final budget adoption to determine if any adjustments are warranted.

C. Legal Services

The Legal Services budget funds general legal counsel, ordinance preparation, contract review, code enforcement, development matters, litigation support, and other municipal legal services. A review of historical expenditures and current spending trends indicates that routine legal service needs have declined in recent years. However, legal expenditures remain dependent on development activity, litigation, and other matters that cannot be accurately predicted. Accordingly, the FY2027 Proposed Budget establishes a base budget of $75,000, which staff believes is sufficient to support anticipated legal services while continuing to monitor expenditures throughout the fiscal year.

D. Tax Appraisal

The Tax Appraisal budget funds the City's annual assessment from the Harris Central Appraisal District (HCAD) for appraisal and assessment services. The FY2027 Proposed Budget maintains funding at $75,000 based on current estimates. Because the City's assessment is determined by HCAD and participating taxing entities, the final allocation is not available during budget development.

- ✔ Supplemental Request (520.2) – HCAD Assessment ($5,000): Provides contingency funding for potential increases in the City's annual HCAD assessment based on the final allocation approved by the appraisal district. Staff will review the final HCAD assessment prior to budget adoption and recommend any necessary adjustments to the base budget or supplemental request based on the official allocation.

E. Animal Control

The Animal Control budget funds contracted animal control and related public safety services. A review of historical expenditures and current service levels indicates the FY2027 Proposed Budget of $5,000 remains adequate to support anticipated service demands.

- ✔ Budget Assumption: The MVPD is evaluating an operational change that would allow officers to handle certain routine animal-related calls, potentially reducing the need for contracted animal control responses from the City of Bunker Hill Village and lowering future service costs.

F. IT Hardware/Software & Support

The IT budget funds software licensing, hardware replacement, technical support, cybersecurity, and network services. FY2025 expenditures were elevated due to a one-time server replacement. A review of current spending trends indicates the FY2027 Proposed Budget of $26,000 is sufficient to maintain existing technology services. In addition, the City has benefited from an employee with an information technology background who has assumed responsibility for many routine IT requests previously outsourced, improving responsiveness while reducing the City's reliance on contracted IT support services.

G. Mosquito Control

The Mosquito Control budget funds contracted mosquito surveillance and treatment services to protect public health and enhance residents' quality of life. A review of historical expenditures and current service levels indicates the FY2027 Proposed Budget of $26,000 remains adequate to maintain existing services.

GENERAL FUND - 10
FISCAL YEAR 2027 PROPOSED BUDGET

		FY 2025 YEAR END ACTUAL	FY 2026 AMENDED BUDGET	FY 2026 YEAR END PROJECTED	FY 2027 PROPOSED BUDGET
CONTRACT SERVICE DIVISION					
10-520-5102	Accounting/Audit	20,592	25,000	25,000	27,500
10-520-5103	Engineering	285,146	270,000	270,000	270,000
10-520-5104	Legal	57,112	100,000	75,000	75,000
10-520-5105	Tax Appraisal-HCAD	66,002	75,000	75,000	80,000
10-520-5107	Animal Control	3,874	5,000	5,000	5,000
10-520-5108	IT Hardware/Software & Support	27,245	26,000	26,000	26,000
10-520-5110	Mosquito Control	17,816	26,000	26,000	26,000
	TOTAL CONTRACT SERVICE DIVISION:	**477,786**	**527,000**	**502,000**	**509,500**

EXPENDITURES - DEVELOPMENT SERVICES DIVISION (530)

The Development Services Division supports residential development and redevelopment through contracted plan review, inspections, drainage review, urban forestry, and related building services. These professional services help ensure compliance with City ordinances, building codes, and engineering standards while supporting timely permit processing. A review of historical expenditures, current development activity, and the updated building permit fee schedule indicates that the FY2027 Proposed Budget maintains current service levels while aligning expenditures with anticipated workload.

A. Building & Inspection Services

The Building & Inspection Services provides third-party plan review, inspection, drainage review, and urban forestry services supporting residential development and redevelopment. Expenditures are directly tied to permit activity and are substantially offset by permit and inspection revenues. A review of historical expenditures, current development activity, and the updated fee schedule indicates that several inspection budgets can be modestly reduced while maintaining current service levels. Accordingly, the FY2027 Proposed Budget reflects a $10,000 (2.97%) reduction from the FY2026 adopted budget.

- ✔ Budget Assumption**:** Development activity and inspection demand will continue at current levels. Staff will review year-end permit activity and workload prior to final budget adoption and recommend any necessary adjustments.

B. Supplies and Office Expenditures

Administrative support costs have also been streamlined. Beginning in FY2027, routine office supplies, equipment, travel, and other administrative expenses previously budgeted within the Building Service Division have been consolidated into the Administrative Services Division to improve consistency, simplify budget administration, and better reflect how these shared resources are managed across City departments.

C. Credit Card Merchant Fees

Credit card processing fees are merchant service charges for online and in-person payment processing for permits, inspections, and other City transactions. A review of historical expenditures and current payment trends indicates that the FY2027 Proposed Budget of $20,000 is adequate to support anticipated transaction volumes. As the City continues to expand electronic payment options, staff will monitor transaction activity and adjust future budgets as needed.

Overall, the FY2027 Proposed Budget totals $347,000, a decrease of $21,700 (5.9%) from the FY2026 adopted budget. The proposed budget maintains current development review and inspection services, aligns expenditures with anticipated permit activity, and consolidates administrative support functions within the Administrative Services Division. Historical expenditures reflect periods of elevated activity associated with several major Specific Use Permit (SUP) developments, which required additional plan review, inspections, and professional services.

- ✔ Budget Assumption: The proposed budget assumes development activity will remain generally consistent with current trends. Staff will continue to monitor permit activity, including potential Chapelwood and Kinkaid improvement projects, and will review anticipated workload prior to final budget adoption to determine whether any budget adjustments are warranted.

GENERAL FUND - 10
FISCAL YEAR 2027 PROPOSED BUDGET

		FY 2025 YEAR END ACTUAL	FY 2026 AMENDED BUDGET	FY 2026 YEAR END PROJECTED	FY 2027 PROPOSED BUDGET
BUILDING SERVICE DIVISION					
Building & Inspection Services					
10-530-5152	Drainage Reviews	132,871	124,000	124,000	124,000
10-530-5153	Electrical Inspections	29,610	30,000	22,000	25,000
10-530-5155	Plan Reviews	48,000	48,000	48,000	48,000
10-530-5156	Plumbing Inspections	28,440	32,000	28,000	28,000
10-530-5157	Structural Inspections	40,950	43,000	43,000	43,000
10-530-5158	Urban Forester	35,960	50,000	50,000	50,000
10-530-5160	Mechanical Inspections	6,750	10,000	8,000	9,000
	Building and Inspection Services:	**322,581**	**337,000**	**323,000**	**327,000**
Supplies and Office Expenditures					
10-530-5207	Misc Supplies	30	1,000	1,000	0
10-530-5209	Office Equipment & Maintenance	0	500	500	0
10-530-5213	Office Supplies	0	900	900	0
10-530-5215	Travel & Training	0	300	300	0
	Supplies and Office Expenditures:	**30**	**2,700**	**2,700**	**0**
Processing					
10-530-5403	Credit Card Charges	23,355	29,000	20,000	20,000
	Processing:	**23,355**	**29,000**	**20,000**	**20,000**
	TOTAL BUILDING SERVICE DIVISION:	**345,966**	**368,700**	**345,700**	**347,000**

EXPENDITURES – ADMINISTRATIVE SERVICES DIVISION (540)

The Administrative Services Division is the heart of City operations, providing the centralized administrative, financial, and operational support necessary to deliver municipal services efficiently and effectively. The division oversees information technology, communications, records management, elections, legal notices, facility operations, purchasing, personnel administration, and other shared services that support every City department. The division also includes salaries and benefits for the City's administrative workforce.

A. Information Technology

The Information Technology budget funds managed IT services, cybersecurity monitoring, cloud backup and disaster recovery, software licensing, website hosting, network support, and routine technology maintenance. Staff completed a comprehensive review of three years of expenditures as part of the FY2027 budget development process. The review found that FY2024 and FY2025 included several one-time technology investments that are not expected to recur annually. FY2024 costs were primarily associated with the City Hall office relocation, including network cabling, website redesign, Microsoft 365 licensing, and related infrastructure improvements. FY2025 expenditures included implementation of the Municipal Court software system, workstation replacement, network upgrades, uninterruptible power supply (UPS) replacement, and security equipment enhancements. With these projects substantially complete, the FY2027 Proposed Budget reflects the City's recurring operational technology needs while maintaining current service levels.

Estimated Annual Recurring Information Technology Costs:

Service	Estimated Annual Cost
Managed IT Services	$15,000
Cloud Backup / Disaster Recovery (Datto)	$7,900
Cybersecurity Monitoring	$3,000
Website Hosting & Maintenance	$2,150
Microsoft 365 / Software Licensing	$1,100
Credit Card Processing & Misc. Software	$1,350
Routine Technology Support & Miscellaneous	$1,500
Estimated Recurring Annual Cost	**$32,000**

The FY2027 Proposed Budget reduces the Information Technology budget from the FY2026 adopted level of $45,000 to $35,000, reflecting the City's recurring operational technology needs while maintaining existing service levels.

- ✔ Budget Assumption: Staff will review recurring software licensing and technology subscription costs before final budget adoption. Future hardware replacements and major software or network upgrades will be evaluated separately for the supplemental budget or capital improvement planning.

B. Administrative/Professional Fees

The Administrative/Professional Fees budget funded a one-time municipal court consulting engagement during FY2025. The City retained a Level III Certified Municipal Court Clerk to provide operational support, staff training, records review, and process improvements during the transition to a new Municipal Court Clerk and implementation of updated court procedures. With the transition complete and court operations stabilized, these consulting services are no longer anticipated. Accordingly, the FY2027 Proposed Budget reduces funding to $5,000 to provide limited flexibility for specialized consulting if needed.

- ✔ Budget Assumption: The FY2027 Proposed Budget assumes existing staff can support normal court operations. If specialized consulting services are needed due to regulatory changes or staffing transitions, funding will be requested through a budget amendment or supplemental process.

C. Elections

The Elections budget funds the City's share of election administration costs, election notices, and related statutory election expenses. Actual expenditures vary significantly depending on whether a regular, runoff, or special election is required. Although recent expenditures have been minimal, the FY2027 Proposed Budget maintains funding at $3,000 to ensure adequate resources are available should an unanticipated special election or runoff become necessary.

- ✔ Budget Assumption: Election costs are inherently unpredictable and dependent upon candidate filings, election outcomes, and statutory requirements. Maintaining a modest budget provides flexibility to respond to election-related obligations without requiring a mid-year budget amendment.

D. Legal Notices

The Legal Notices budget funds the publication of public hearing notices, bid advertisements, and other legally required notices. Annual costs vary based on the number of public hearings and other regulatory requirements. For FY2027, the proposed budget remains at $8,000, which staff believes will adequately cover anticipated publication needs while allowing flexibility for routine City business.

- ✔ Budget Assumption: Publication requirements are dependent upon development activity, capital projects, procurement needs, and state statutory notice requirements. Staff will monitor spending and suggest adjustments in response to significant changes in publication activity.

E. Office Equipment & Maintenance

The Office Equipment & Maintenance budget funds the City's copier maintenance agreement, print usage charges, and minor office equipment expenses necessary to support daily administrative operations. A review of historical expenditures indicates these costs are generally stable and are driven primarily by routine copier usage and the City's maintenance agreement. The FY2027 Proposed Budget reduces funding to $8,000, reflecting current expenditure trends while maintaining adequate funding for ongoing operations.

- ✔ Budget Assumption: Staff is currently reviewing the copier agreement and associated contract terms to identify opportunities to reduce recurring costs and optimize service levels. Any recommended changes will be evaluated prior to final budget adoption and, as appropriate, incorporated into the FY2027 Budget.

F. Postage

The Postage budget historically funded postage meter rental, postage purchases, and mailing costs associated with City operations. In recent years, the City transitioned away from the postage meter, and most large mailings are now processed through third-party printing and mailing services. As a result, a majority of postage costs are now included in the vendor's printing costs.

- ✔ Budget Assumption: Staff will continue utilizing third-party printing and mailing services when cost-effective.

G. Meeting Supplies

The Meeting Supplies budget covers materials and supplies for City Council and official meetings, including refreshments, business cards, nameplates, recognition plaques, and public meeting supplies. FY2026 expenditures included one-time costs for the new Mayor and City Council, but historical spending shows that this account supports various meeting-related activities. Accordingly, the FY2027 Proposed Budget maintains funding at $10,000, which staff believes provides adequate flexibility to support routine operations and official City functions.

- ✔ Budget Assumption: The proposed budget assumes that meeting activity and official functions remain consistent.

H. Rent/Leasehold/Furniture

The Rent/Leasehold/Furniture budget funds the City's leased office space at City Hall, including base rent, operating expense reimbursements (CAM), after-hours HVAC, and other facility-related charges necessary to support daily operations. FY2025 represented the City's first full year in the new facility and included several one-time occupancy costs associated with the office relocation, including storage, millwork, furniture, appliances, and tenant improvements. Those startup costs have now been substantially completed.

The lease has transitioned into its recurring operational phase. Under the lease agreement, base rent increases incrementally over the lease term; however, it also provides scheduled rent-abatement months, resulting in 11 base rent payments in FY2027 rather than the typical 12 monthly payments. In addition to base rent, the City pays its proportionate share of building operating expenses, which are estimated monthly and reconciled annually, along with limited charges for after-hours HVAC and other building services. This lease structure provides predictable occupancy costs while moderating annual rent increases.

Estimated FY2027 Occupancy Costs:

Cost Component	FY2027
Base Rent (11 paid months)	$147,791
Operating Expenses (CAM)	$10,200
After-Hours HVAC & Building Services	$1,500
Miscellaneous Facility Charges	$500
Estimated Annual Occupancy Cost	$160,000

Future Base Rent Schedule:

Fiscal Year	Paid Months	Annual Base Rent
FY2027	11	$147,791
FY2028	11	$150,579*
FY2029	12	$167,310

**FY2028 includes one scheduled rent-abatement month in accordance with the lease agreement.*

Accordingly, the FY2027 Proposed Budget maintains funding at $160,000, which staff believes is sufficient to meet the City's lease obligations and anticipated facility operating costs.

- ✔ <u>Budget Assumption</u>: Staff will monitor expenses and recommend budget adjustments before final adoption.

I. Supplies/Storage

The Supplies/Storage budget funds centralized administrative and operational purchases that support multiple City departments. Beginning in FY2027, several routine office supply and administrative expense accounts previously budgeted within individual departments have been consolidated into this account to improve budget administration, streamline purchasing, and better reflect how shared operational resources are managed across the organization.

In addition to office supplies, the budget includes records management and document destruction services, employee uniforms, printed materials, business cards, signage, keys, and other miscellaneous operational purchases necessary to support daily City operations. The budget also includes recurring costs for two off-site Public Storage units used to store City records, equipment, and other materials that cannot be accommodated within the current City Hall facility.

Estimated Annual Recurring Supplies & Storage Costs:

Cost Component	Estimated Annual Cost
Public Storage (2 Units)	$8,676
Office Supplies	$5,000
Records Management & Shredding	$1,200
Employee Uniforms	$2,000
Printing, Business Cards & Signage	$2,000
Miscellaneous Operational Supplies	$3,100
Estimated Annual Recurring Cost	$21,976

Accordingly, the FY2027 Proposed Budget establishes a base budget of $22,000, which staff believes is sufficient to support routine operational needs while maintaining current service levels.

- ✔ Budget Assumption: The proposed budget assumes the City will continue utilizing the existing off-site storage units throughout FY2027.

J. Telecommunications

The Telecommunications budget funds the City's recurring communications services, including internet connectivity, the 8x8 cloud-based telephone system, and wireless service for City-issued mobile devices. These services support daily administrative operations, public safety coordination, field operations, and communication with residents. A review of historical expenditures and current service agreements indicates that telecommunications costs have stabilized following the City's relocation to the new City Hall and implementation of the cloud-based telephone system. The FY2027 Proposed Budget reflects the City's recurring communication costs while providing limited funding for routine equipment replacement and other operational communication needs.

Estimated Annual Recurring Telecommunications Costs:

Cost Component	Estimated Annual Cost
Wireless / Cellular Service	$5,200
8x8 Cloud Telephone System	$4,100
Internet Service	$2,700
Estimated Annual Recurring Cost	$12,000

The City's telecommunications costs are about $12,000 annually, but occasional one-time purchases, like mobile devices and equipment, are necessary. The FY2027 Proposed Budget sets a base of $14,000 to maintain communication services and allow for routine operational needs.

- ✔ Budget Assumption: The proposed budget assumes no significant changes to the number of City-issued mobile devices, internet service levels, or telephone users.

K. Wages & Benefits (Base Budget)

The Wages & Benefits budget covers salaries, payroll taxes, retirement contributions, and other personnel costs for the Administrative Services Division. The FY2027 Proposed Base Budget maintains the City's current staffing and organizational structure, with no changes to authorized positions. Any proposed staffing or compensation changes will be presented separately in the FY2027 Supplemental Budget for City Council review. Personnel costs are based on current staffing levels, salary schedules, payroll taxes, TMRS contributions, and processing costs, providing a stable baseline for evaluating future compensation recommendations.

Fuel Stipend

Employees are currently receiving a temporary fuel reimbursement benefit. Because current market conditions suggest fuel prices may have peaked in 2026, continuation of the fuel reimbursement program has not been included in the filed FY2027 Budget. Staff will continue to monitor fuel prices and other economic indicators and will provide a recommendation to the City Council prior to the September budget adoption regarding whether the benefit should be continued, modified, or discontinued.

Personnel Summary

The FY2027 Proposed Budget maintains the City's existing organizational structure and staffing levels with no changes to authorized positions. The City continues to operate with a lean workforce that emphasizes cross-functional responsibilities while utilizing contracted professional services where appropriate to supplement specialized operational needs. The current staffing roster consists of 10 employees, including 7 full-time and 3 part-time positions, organized across the Administration, Finance, Development Services, and Public Works divisions. The FY2027 Base Budget continues these existing positions. Any proposed additions to staffing, organizational changes, or employee compensation adjustments will be presented separately as part of the FY2027 Supplemental Budget for City Council consideration prior to final budget adoption.

Reporting Division	**Position**	**Status**
Administration	City Administrator	FT
Finance	Finance Director	FT
Finance	Executive Assistant	PT
Finance	Municipal Court Clerk	FT
Development Services	Development Services Director / Building Official	FT
Development Services	Development Manager	FT
Development Services	Administrative Assistant / Permit Clerk	PT
Public Works	Public Works Manager	FT
Public Works	Public Works Crew Member	FT
Public Works	Public Works Crew Member	PT

The City continues to provide a high level of municipal services through a lean organizational structure that leverages regional partnerships and specialized professional services where appropriate.

- ✔ 530.1 – Health Insurance Market Adjustment ($34,938): Provides funding for projected increases in employee health insurance premiums based on anticipated renewal costs while maintaining the current benefit program.
- ✔ 530.2 – Market Salary Adjustments ($48,092): Provides funding for market-based salary adjustments to maintain competitive compensation and support the recruitment and retention of qualified employees.
- ✔ Budget Assumption: The FY2027 Base Budget maintains current staffing levels and employee compensation. Funding for the recommended supplemental requests is included but requires separate City Council approval, which will take into account employee performance, market compensation, financial resources, and budget priorities.

GENERAL FUND - 10
FISCAL YEAR 2027 PROPOSED BUDGET

		FY 2025 YEAR END ACTUAL	FY 2026 AMENDED BUDGET	FY 2026 YEAR END PROJECTED	FY 2027 PROPOSED BUDGET
ADMINISTRATIVE SERVICE DIVISION					
Administrative Expenditures					
10-540-5108	Information Technology	39,688	45,000	33,000	35,000
10-540-5201	Admin/Professional Fee	15,188	5,000	5,000	5,000
10-540-5202	Auto Allowance/Mileage	7,569	7,800	7,800	8,700
10-540-5203	Bank Fees	1,032	1,500	1,250	1,500
10-540-5204	Dues/Seminars/Subscriptions	7,720	7,600	6,500	6,500
10-540-5205	Elections	78	3,000	400	3,000
10-540-5206	Legal Notices	9,335	8,000	8,000	8,000
10-540-5207	Miscellaneous	367	1,000	1,000	1,000
10-540-5208	Citizen Communication	5,711	7,000	7,000	8,000
10-540-5209	Office Equipment & Maintenance	8,519	9,000	9,000	8,000
10-540-5210	Postage	698	1,000	1,000	1,000
10-540-5211	Meeting Supplies	7,131	10,000	10,000	10,000
10-540-5212	Rent/Leasehold/Furniture	155,791	160,684	160,000	160,000
10-540-5213	Supplies/Storage	24,474	20,000	25,000	22,000
10-540-5214	Telecommunications	12,223	15,000	14,000	14,000
10-540-5215	Travel & Training	408	2,500	2,500	2,500
	Administrative Expenditures:	**295,933**	**304,084**	**291,450**	**294,200**
Wages & Benefits					
10-540-5301	Gross Wages	723,617	774,683	774,683	820,032
10-540-5302	Overtime/Severance	819	10,000	10,000	10,000
10-540-5306	FICA/Med/FUTA Payroll Tax Exp	53,655	62,439	62,439	65,182
10-540-5310	TMRS (City Responsibility)	163,700	196,552	196,552	180,579
10-540-5311	Payroll Process Exp-Paychex	4,004	4,500	4,500	4,500
	Wages & Benefits:	**945,795**	**1,048,174**	**1,048,174**	**1,080,293**
Insurance					
10-540-5353	Employee Insurance	69,492	91,027	91,027	122,121
10-540-5354	General Liability	7,604	10,000	10,000	10,000
10-540-5356	Workman's Compensation	5,511	2,653	2,653	6,497
	Insurance:	**82,607**	**103,680**	**103,680**	**138,618**
	TOTAL ADMINISTRATIVE SERVICE DIVISION:	**1,324,335**	**1,455,938**	**1,443,304**	**1,513,111**

EXPENDITURES – MUNICIPAL COURT DIVISION (550)

The Municipal Court Division supports the City's judicial functions by providing court administration, judicial services, prosecutor services, interpreter services, and related operational support necessary to administer municipal court proceedings. The Municipal Court Clerk position, along with all City employee salaries and benefits, is budgeted within the Administrative Services Division. The FY2027 Proposed Budget maintains current court operations while reflecting anticipated case activity and judicial service requirements. Routine administrative support costs have also been consolidated within the Administrative Services Division, allowing this division to focus on direct court operations.

A. Supplies & Office Expenditures

The FY2027 Proposed Budget maintains funding for required judicial education and professional development. Routine administrative supplies, office expenditures, and other support costs have been consolidated into the Administrative Services Division.

- ✔ 550.1 – Court Audio/Video System ($20,500): Provides funding to install a new audio/video system in the Municipal Court/Council Chamber using restricted Municipal Technology Funds. The recommended system includes integrated microphones, room audio, ceiling speakers, presentation capabilities, and basic video conferencing capabilities. The system will primarily support Municipal Court operations while also enhancing City Council, board and commission meetings, staff presentations, and other public functions held in the Council Chamber.

B. Court Operations

The Court Operations budget funds judicial, prosecutor, interpreter, and credit card processing services associated with Municipal Court operations. A review of historical expenditures and current case activity indicates the FY2027 Proposed Budget is sufficient to maintain existing service levels. Expenditures in FY2025 and FY2026 were influenced by the transition of the Municipal Court Clerk position, changes in prosecutor services, and a comprehensive review of Municipal Court operations. During this transition, the City incurred additional billable legal services to review court procedures and engaged a municipal court consultant to provide onsite training and operational guidance for the new Court Clerk. These one-time transition efforts strengthened court operations and have now been completed, allowing the FY2027 Proposed Budget to more accurately reflect ongoing operating costs.

- ✔ Budget Assumption: Court expenditures are dependent upon citation volume, court dockets, contested hearings, and interpreter services. Staff will continue to monitor court activity and review expenditures prior to final budget adoption to determine if any budget adjustments are warranted.

GENERAL FUND - 10
FISCAL YEAR 2027 PROPOSED BUDGET

		FY 2025 YEAR END ACTUAL	FY 2026 AMENDED BUDGET	FY 2026 YEAR END PROJECTED	FY 2027 PROPOSED BUDGET
MUNICIPAL COURT DIVISION					
Supplies & Office Expenditures					
10-550-5108	Information Technology	0	0	0	20,500
10-550-5215	Travel & Training	1,402	1,750	1,750	1,750
	Supplies and Office Expenditures:	**1,402**	**1,750**	**1,750**	**22,250**
Court Operations					
10-550-5403	Credit Card Charges	7,152	7,387	6,000	6,500
10-550-5404	Judge/Prosecutor/Interpretor	29,600	37,000	30,000	30,000
	Court Operations:	**36,752**	**44,387**	**36,000**	**36,500**
	TOTAL MUNICIPAL COURT DIVISION:	**38,153**	**46,137**	**37,750**	**58,750**

EXPENDITURES – PUBLIC WORKS DIVISION (560)

The FY2027 Proposed Budget for the Public Works Division totals $316,850, a decrease of $50,000 from the FY2026 projected year-end expenditures. The reduction is primarily attributable to the completion of one-time capital equipment purchases included in FY2026, while maintaining funding for core maintenance activities such as landscape services, traffic control, tree care, street maintenance, and community beautification. Overall, the proposed budget preserves current service levels and provides flexibility to address routine maintenance needs while continuing the City's proactive approach to infrastructure and public space maintenance.

A. Landscape Services

The Landscape Services budget funds the maintenance and appearance of the City's parks, rights-of-way, medians, municipal facilities, drainage corridors, and other public spaces. Services include mowing, edging, seasonal landscape maintenance, irrigation system repairs, litter removal, shrub and tree maintenance, seasonal plantings, fountain maintenance, and other activities necessary to preserve the City's high community standards. The City's landscape maintenance program is provided through an annual maintenance contract, which accounts for the majority of expenditures in this account. Over the past year, the maintenance program has become a top priority.

Estimated Annual Recurring Landscape Costs

Cost Component	Estimated Annual Cost
Landscape Maintenance Contract	$141,180
Irrigation Repairs & Fountain Maintenance	$2,000
Seasonal Plantings & Landscape Enhancements	$1,800
Contingency for Unanticipated Maintenance Needs	$5,020
FY2027 Proposed Budget	$150,000

The FY2027 Proposed Budget allocates $150,000 for the City's enhanced landscape maintenance program and includes a contingency for unexpected maintenance needs, such as emergency irrigation repairs, storm cleanup, and minor improvements.

- ✔ <u>Budget Assumption</u>: The proposed budget continues the current landscape maintenance program and service levels. Major beautification projects or changes to maintenance will be evaluated separately and presented through the supplemental budget or Capital Improvement Program.

B. Fuel

The Fuel budget provides funding for gasoline and diesel used to operate the City's two Public Works service vehicles. As the department has become more proactive in maintaining streets, drainage infrastructure, parks, and public facilities, fuel consumption has increased to support expanded field operations. The FY2027 Proposed Budget includes $6,000 for fuel, consisting of approximately $5,600 in anticipated recurring fuel costs and a $400 contingency for fluctuations in fuel prices and changing market conditions.

- ✔ <u>Budget Assumption</u>: The proposed budget assumes the current fleet and existing service levels remain unchanged. Staff will continue to monitor fuel consumption and pricing throughout the fiscal year.

C. Traffic Control

The Traffic Control budget funds the maintenance and repair of the City's traffic signal systems, pavement markings, traffic signs, and other traffic control devices. Because traffic signal maintenance requires specialized equipment and technical expertise, the City contracts with qualified traffic signal technicians to perform routine maintenance, emergency repairs, signal timing adjustments, equipment replacement, and system troubleshooting. The budget also includes funding for the City's annual pavement striping program and replacement of traffic control signs to maintain roadway safety and compliance with applicable traffic standards.

Traffic control expenditures vary from year to year depending on signal equipment failures, emergency repairs, and the timing of annual pavement striping, which is typically completed during the summer months, with the majority of expenditures occurring in August.

Estimated Annual Traffic Control Costs

Cost Component	Estimated Annual Cost
Traffic Signal Repairs & Preventive Maintenance	$12,000
Annual Pavement Striping & Pavement Markings	$10,000
Traffic Signs, Emergency Repairs & Miscellaneous Traffic Control	$8,000
FY2027 Proposed Budget	$30,000

The FY2027 Proposed Budget allocates $30,000, reflecting recent historical expenditures and the City's continued emphasis on proactively maintaining traffic infrastructure to improve roadway safety, operational reliability, and regulatory compliance.

- ✔ Budget Assumption: The budget maintains outsourced traffic signal maintenance and pavement striping, while major projects will be funded separately.

D. Water Utilities

The Water Utilities funds irrigation for the City's landscaped medians, rights-of-way, parks, and entry features. The City currently maintains approximately ten irrigation service locations throughout the community. Water usage varies based on seasonal irrigation demand, rainfall, and utility rates. Recent expenditures also reflect expanded irrigation service within the Greenbay corridor, increasing the City's recurring water consumption. Irrigation demand is typically highest during the summer months.

Estimated Annual Water Utility Costs

Cost Component	Estimated Annual Cost
Recurring Irrigation Water Service	$8,500
Seasonal Irrigation Demand & Utility Rate Contingency	$1,500
FY2027 Proposed Budget	$10,000

The FY2027 Proposed Budget allocates $10,000 to support the City's irrigation system, while providing a modest contingency for seasonal water usage and utility rate adjustments.

- ✔ Budget Assumption: The proposed budget assumes the irrigation system and service areas, including the expanded Greenbay corridor, remain unchanged. Water consumption will vary due to weather, seasonal demand, and utility rate changes.

E. Tree Care / Removal

This account funds routine tree trimming, removal of hazardous or diseased trees, storm-related debris removal, and contracted arborist services on City property and rights-of-way. Maintaining the City's urban tree canopy is essential to public safety, roadway clearance, drainage, and the preservation of the community's character. Expenditures fluctuate based on weather events and the condition of mature trees, but historical spending supports maintaining the current funding level.

- ✔ Budget Assumption: Funding assumes continuation of the City's proactive tree maintenance program and provides capacity to respond to storm damage and hazardous tree removals.

F. Community Beautification

The Community Beautification budget funds enhancement projects that improve the appearance of public spaces throughout the City. These projects include landscaping improvements, seasonal plantings, replacement of landscape materials, decorative enhancements, and other Council-directed beautification initiatives. The FY2027 Proposed Budget includes $50,000 to support anticipated beautification initiatives, while recognizing that larger capital improvements will be considered separately by the City Council.

G. Street Maintenance

The Street Maintenance budget funds minor roadway repairs, pavement patching, asphalt and concrete repairs, and maintenance of City-owned streets that do not qualify as capital improvement projects. The account also provides funding for miscellaneous roadway maintenance needed to address safety concerns and preserve pavement condition. The proposed budget supports routine maintenance activities intended to extend pavement life.

H. Capital Equipment

The Capital Equipment budget funds major equipment purchases and other long-lived assets that improve operational efficiency or replace equipment that has reached the end of its useful life. These expenditures are non-recurring and are budgeted only when a specific operational need has been identified.

FY2026 includes two one-time purchases totaling approximately $50,000:

- $18,000 for the City's share of a portable traffic trailer to support speed awareness and traffic enforcement operations by the Memorial Villages Police Department.
- $25,000 as the City's contribution toward the joint purchase of a bucket truck to be shared by the Memorial Villages. The purchase is expected to roll forward into FY2027 as the participating cities complete procurement and funding coordination.

The FY2027 Proposed Base Budget establishes $0 for Capital Equipment. Any future equipment purchases will be presented to the City Council through the supplemental budget or Capital Improvement Program as specific needs are identified.

GENERAL FUND - 10
FISCAL YEAR 2027 PROPOSED BUDGET

		FY 2025 YEAR END ACTUAL	FY 2026 AMENDED BUDGET	FY 2026 YEAR END PROJECTED	FY 2027 PROPOSED BUDGET
PUBLIC WORKS MAINTENANCE DIVISION					
Supplies & Office Expenditures					
10-560-5108	Information Technology	0	2,500	2,500	2,500
10-560-5207	Misc Supplies	986	500	500	500
10-560-5213	Office Supplies	0	5,000	5,000	5,000
10-560-5215	Travel & Training	0	1,000	1,000	1,000
	Supplies and Office Expenditures:	**986**	**9,000**	**9,000**	**9,000**
Maintenance & Repair					
10-560-5501	TCEQ/County Permits	2,166	1,850	1,850	1,850
10-560-5504	Landscape Services	129,875	144,280	150,000	150,000
10-560-5505	Fuel & Oil	3,527	3,200	6,000	6,000
10-560-5506	Right of Way Mowing	15,850	0	0	0
10-560-5507	Traffic Control	32,195	20,000	30,000	30,000
10-560-5508	Water Utilities	12,062	9,000	10,000	10,000
10-560-5509	Tree Care/Removal	32,921	40,000	40,000	40,000
10-560-5510	Drainage Maintenance	348	2,000	2,000	2,000
10-560-5515	Community Beautification	769	100,000	50,000	50,000
10-560-5516	Equipment Maintenance	3,011	3,000	3,000	3,000
10-560-5517	Street Maintenance	8,374	15,000	15,000	15,000
	Maintenance and Repair:	**241,096**	**338,330**	**307,850**	**307,850**
Other					
10-560-5600	Capital Equipment	32,433	40,000	50,000	0
	Other:	**32,433**	**40,000**	**50,000**	**0**
	TOTAL PUBLIC WORKS DIVISION:	**274,515**	**387,330**	**366,850**	**316,850**

CAPITAL OUTLAY PROGRAMS

The Capital Programming line item represents the City's annual appropriation for major infrastructure improvements and other City Council-authorized capital projects. Unlike operating expenditures, capital projects frequently span multiple fiscal years as they progress through engineering, environmental review, permitting, utility coordination, easement acquisition, bidding, and construction. Consequently, annual appropriations are intended to provide financial capacity for project delivery and do not necessarily represent expenditures that will occur within a single fiscal year.

The City originally planned approximately $3.68 million in capital improvements during FY2025. Actual capital expenditures totaled $2.72 million, reflecting the successful completion of numerous roadway, drainage, and public infrastructure projects while several larger initiatives continued into subsequent fiscal years. The FY2026 budget includes $3.0 million for capital programming, although the timing of project delivery remains dependent on factors outside the City's control.

When capital projects are not completed within the fiscal year, unspent appropriations generally follow one of two paths. If the City Council intends to continue the project, the remaining funding may be carried forward and applied to the existing project as work progresses. If a project is completed under budget, delayed indefinitely, or no longer prioritized, the remaining funds are returned to available fund balance and may be reallocated through future City Council action.

The Windermere 24-Inch Outfall Improvements illustrate this process. While engineering has substantially progressed, construction has been delayed pending completion of easement acquisition and related legal proceedings. As a result, a portion of the FY2026 capital allocation is expected to remain unspent at year-end and, subject to City Council approval, may be carried forward to support construction once the project is ready to proceed.

The FY2027 Proposed Budget includes an initial Capital Programming allocation of $1,094,509. This amount establishes a balanced operating budget while preserving the flexibility to further evaluate capital priorities during the remainder of the budget process. As engineering advances, partnerships are finalized, and project costs are refined, the City Council may elect to increase capital funding through available fund balance, grants, intergovernmental participation, or future debt financing. Additional discussion regarding project timing, carryforward funding, and long-term capital planning is provided in Appendix B.

GENERAL FUND - 10
FISCAL YEAR 2027 PROPOSED BUDGET

		FY 2025 YEAR END ACTUAL	FY 2026 AMENDED BUDGET	FY 2026 YEAR END PROJECTED	FY 2027 PROPOSED BUDGET
CAPITAL OUTLAY PROGRAMS					
Major Capital / Maintenance Programs					
10-580-5811	Capital Programming	2,721,195	3,000,000	3,000,000	1,094,509
		2,721,195	**3,000,000**	**3,000,000**	**1,094,509**
	TOTAL CAPITAL OUTLAY PROGRAMS:	**2,721,195**	**3,000,000**	**3,000,000**	**1,094,509**
	TOTAL EXPENDITURES:	**10,527,728**	**11,560,295**	**11,475,777**	**10,337,462**

DEBT SERVICE FUND

The Debt Service Fund accounts for property tax revenues legally restricted for the payment of principal, interest, and other costs associated with the City's general obligation debt. As reflected in the accompanying financial statements, FY2027 represents a significant transition as Piney Point Village retires its remaining outstanding bonded debt while positioning the City for future infrastructure investment.

The FY2027 Proposed Budget reflects a planning assumption that reallocates a portion of the City's existing property tax rate from the Maintenance and Operations (M&O) levy to the Interest and Sinking (I&S) levy while maintaining the City's overall tax rate of $0.25514 per $100 valuation. Under this scenario, the M&O rate decreases from $0.24583 to $0.22151, while the I&S rate increases from $0.00931 to $0.03363. This planning assumption demonstrates the City's financial capacity to support a future capital improvement program exceeding $18 million while maintaining the current overall tax rate. No additional debt has been authorized, and any future bond issuance will require separate City Council approval following completion of engineering, financial analysis, and public discussion.

The FY2027 Proposed Budget includes funding for the City's final scheduled principal and interest payment on its existing general obligation bonds, after which the city will have no outstanding bonded debt. The resulting increase in fund balance provides financial flexibility while the City Council evaluates future capital priorities, financing options, and the timing of any potential bond issuance. The financial schedules included in this section present the anticipated revenues, debt service expenditures, and projected fund balance for the Debt Service Fund, while Appendix C provides additional information regarding the City's outstanding debt obligations and long-term financing planning.

	FY 2025 YEAR END ACTUAL	FY 2026 AMENDED BUDGET	FY 2026 YEAR END PROJECTED	FY 2027 PROPOSED BUDGET
REVENUES:				
Property Taxes	892,454	322,757	322,757	1,251,597
Interest	25,899	10,000	13,500	35,000
Total Revenues:	**$918,353**	**$332,757**	**$336,257**	**$1,286,597**
EXPENDITURES:				
Debt Service	877,325	444,425	444,425	441,525
Fiscal Agent Fees	2,326	5,000	5,000	5,000
Total Expenditures:	**$879,651**	**$449,425**	**$449,425**	**$446,525**
Revenue Over/(Under) Expenditures	*38,702*	*(116,668)*	*(113,168)*	*840,072*
Fund Balance - Beginning	213,363	252,065	252,065	138,897
Fund Balance - Ending	$252,065	$135,397	$138,897	$978,969
Reserve Requirement (25%)		112,356	112,356	111,631
Excess/(Deficit)		23,041	26,541	867,338

APPENDIX A

SUPPLEMENTAL BUDGET REQUESTS

The FY2027 Proposed Budget has been developed using a two-step approach consisting of a Base Budget and Supplemental Budget Requests. The Base Budget funds the continuation of existing City operations and service levels. Supplemental Budget Requests identify strategic initiatives, contractual contingencies, employee compensation adjustments, technology improvements, and other discretionary expenditures that warrant separate consideration by the City Council.

The recommended supplemental requests have been allocated within the filed FY2027 Proposed Budget and are reflected in the City's financial plan. However, authorization to expend these funds requires separate action by the City Council. Requests identified as TBD are included for planning purposes only and are not funded in the filed FY2027 Proposed Budget.

Supplemental Budget Summary – Recommended:

Supplemental Request	Recurring	One-Time	Total
GFL Contingency – Collection	$0	$4,500	$4,500
GFL Contingency – Fuel	$0	$500	$500
Community Celebrations	$8,000	$0	$8,000
Public Relations	$6,000	$0	$6,000
Enhanced Reporting (GFOA)	$2,500	$0	$2,500
HCAD Assessment Contingency	$0	$5,000	$5,000
Salary Adjustments	$48,092	$0	$48,092
Insurance Adjustments	$34,938	$0	$34,938
Court Audio/Video System	$0	$20,500	$20,500
TOTAL	**$99,530**	**$30,500**	**$130,030**

**Funded from restricted Municipal Technology Funds.*

Supplemental Budget Summary – TBD:

Supplemental Request	Recurring	One-Time	Total
Fuel Reimbursement Program	$0	$33,150	$33,150
Event Planner	$3,000	$0	$3,000
Additional Full-Time Personnel	$92,000	$0	$92,000
Additional Part-Time Personnel	$25,000	$0	$25,000
Conference Chairs (Replace)	$0	$3,600	$3,600
Office Improvements	$0	$10,000	$10,000
TOTAL	**$120,000**	**$13,600**	**$166,750**

APPENDIX A

Total Supplemental Requests

Category	Recurring	One-Time	Total
Recommended Requests	$99,530	$30,500	$130,030
Planning Items	$120,000	$46,750	$166,750
Grand Total	**$219,530**	**$77,250**	**$296,780**

Recommended Supplemental Requests

- **510.1 – GFL Rate Contingency ($5,000)**
  Provides contingency funding for potential contractual rate adjustments under the GFL Environmental solid waste collection agreement that may become effective October 1, 2027. Funding includes approximately $4,500 for the annual CPI adjustment to collection services and $500 for any authorized diesel fuel surcharge. Because the annual adjustment has not yet been presented to or approved by the City Council, funding is limited to the estimated impact during the final three months of FY2027.

- **510.2 – Community Celebrations ($8,000)**
  Provides funding to expand community events through continued support of the Village Independence Festival and enhanced seasonal banners and decorations. These initiatives promote civic engagement, strengthen community identity, and enhance public spaces year-round.

- **510.3 – Public Relations ($6,000)**
  Provides funding for quarterly resident newsletters and related communication initiatives to improve transparency, increase resident engagement, and enhance communication regarding City programs, projects, and services.

- **520.1 – Enhanced Financial Reporting / GFOA Review ($2,500)**
  Provides funding for additional accounting and professional review services necessary to prepare an award-quality Annual Comprehensive Financial Report (ACFR) for submission to the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting Program.

- **520.2 – HCAD Assessment Contingency ($5,000)**
  Provides contingency funding for potential increases in the City's annual Harris Central Appraisal District assessment. The final assessment is determined after budget development and will be incorporated upon receipt of the official allocation.

- **530.1 – Health Insurance Market Adjustment ($34,938)**
  Provides funding for projected increases in employee health insurance premiums based on anticipated renewal costs while maintaining the City's existing employee benefit program.

- **530.2 – Market Salary Adjustments ($48,092)**
  Provides funding for market-based salary adjustments to maintain competitive compensation, support employee retention, and ensure the city remains competitive in recruiting qualified municipal employees.

APPENDIX A

- ✔ **550.1 – Court Audio/Video System ($20,500)**

Provides funding to install a new audio/video system in the Municipal Court/Council Chamber using restricted Municipal Technology Funds. The system includes integrated microphones, room audio, ceiling speakers, presentation capabilities, and basic video conferencing to support Municipal Court operations, City Council meetings, boards, commissions, and other public functions.

<u>Planning Items (Not Included in the Filed FY2027 Budget)</u>

The following items have been identified for future consideration but are not funded in the filed FY2027 Proposed Budget. Should the City Council determine that any of these initiatives are priorities, funding will require a separate budget amendment or identification of an available funding source.

- **Fuel Reimbursement Program ($33,150):** Funding to continue the temporary fuel reimbursement benefit currently provided to eligible employees. The program was implemented in response to significant increases in fuel prices and rising transportation costs. Because none of the City's employees reside within Piney Point Village, all employees commute from throughout the Greater Houston region. While fuel prices have moderated, market conditions remain uncertain. Staff will continue to monitor fuel prices and economic conditions and provide a recommendation to the City Council, prior to the September budget adoption, on whether to continue, modify, or discontinue the program.

- **Event Planner ($3,000):** Funding to assist with planning and coordination of City-sponsored events. As the City expands its community event programming while maintaining existing operational responsibilities, this support will help ensure events are organized efficiently and meet residents' quality expectations.

- **Additional Full-Time Personnel ($92,000):** Requested by the Mayor to evaluate expanding staffing levels if financial conditions permit. The request provides funding for one additional full-time position, including estimated salary and benefits. Administration anticipates that, if approved, the position would most likely be assigned to the Public Works Division to support the City's increasing service demands, enhance in-house maintenance capabilities, and reduce reliance on contracted services where practical. The estimate includes salary and employee benefits only. A more detailed analysis would be required to determine associated equipment, vehicle, supplies, training, and other indirect costs prior to implementation.

- **Additional Part-Time Personnel ($25,000):** Represents a scaled alternative to the proposed full-time position, providing flexible staffing to address increased operational demands. Administration anticipates these resources would primarily support the Public Works Division while evaluating the long-term need for a permanent full-time position.

- **Conference Chair Replacements ($3,600):** Replacement of aging conference room seating to improve functionality and appearance.

- **Office Enhancements ($10,000):** Funding minor improvements to City Hall workspaces, including additional storage within the existing office footprint, to improve organization, operational efficiency, and customer service.

APPENDIX B

CAPITAL IMPROVEMENT PROGRAM (CIP)

The City of Piney Point Village continues to strategically invest in public infrastructure through a comprehensive Capital Improvement Program (CIP) focused on drainage, roadway preservation, traffic safety, and community enhancements. Capital projects are prioritized based on public safety, infrastructure condition, available funding, and the City's long-term infrastructure needs. The City utilizes a balanced funding strategy that includes Pay-As-You-Go (PAYGO) financing, available fund balance, intergovernmental partnerships, grants, and, when appropriate, long-term debt financing. Individual capital projects are presented separately for City Council authorization as engineering, permitting, easement acquisition, and funding become available.

Historical Capital Investment

Over the past four fiscal years, the city has invested more than $7.3 million in roadway, drainage, traffic, and other public infrastructure improvements, demonstrating its continued commitment to preserving and enhancing community assets.

Fiscal Year	FY2022	FY2023	FY2024	FY2025
Capital Investment	$1,137,668	$2,311,753	$1,153,262	$2,721,195

Recent Capital Accomplishments

During FY2024 and FY2025, the city completed and advanced numerous infrastructure improvements designed to improve mobility, drainage, and public safety. Major accomplishments included completion of the 2023 Citywide Paving Improvements Program, Chuckanut Drainage and Paving Improvements, Chapelwood Court Drainage Improvements, Williamsburg Drainage Improvements, Blalock Point Repairs, and the emergency Blalock Road sinkhole repair. Additional investments included roadway rehabilitation, school zone safety enhancements, storm sewer improvements, drainage investigations, CCTV inspections, and engineering studies that continue to support future capital improvements.

FY2026 Capital Improvement Program – Estimated Activity

The FY2026 Capital Improvement Program reflects the City's anticipated infrastructure priorities and is provided for planning purposes only. Although the budget appropriates a single Capital Programs line item, the projects below illustrate how funding is expected to be allocated among major initiatives such as engineering, permitting, easement acquisition, and intergovernmental coordination progress. Actual expenditures and project schedules may vary, and each project will continue to require separate City Council authorization.

Project	FY2026 Budget	Current Status
Windermere 24-Inch Outfall Improvements	$1,067,000	Engineering complete; easement acquisition and construction pending.
Harris County Memorial Drive Traffic Signal Improvements	$400,000	Planning and coordination with Harris County for the remaining signalized intersections.
Memorial Drive Drainage Improvements (Flag Tree Park)	$600,000	Preliminary engineering completed; estimated construction cost developed.
Future Capital Programs / Other	$933,000	Reserved for future Council-authorized capital improvements and project contingencies.
Total Allocated FY2026 CIP	**$3,000,000**	

APPENDIX B

Capital Project Timing

Capital improvement projects frequently extend beyond a single fiscal year due to factors outside the City's control. Engineering design, environmental reviews, permitting, utility coordination, easement acquisition, property negotiations, bidding, weather events, and contractor availability can all affect project schedules. As a result, projects often span multiple budget cycles, with unspent appropriations carried forward as work progresses. The Windermere 24-Inch Outfall Improvements illustrate this process. Although engineering has advanced substantially, the project remains dependent on easement acquisition and other pre-construction activities before construction can begin. Accordingly, a portion of the FY2026 Capital Improvement Program allocation is expected to be carried forward into FY2027 to support the project's completion. Carryforward funding does not represent a new appropriation, but rather the continuation of an existing Council-authorized capital project as it advances toward construction. This approach allows the city to maintain continuity on major infrastructure initiatives while ensuring capital funding remains available until projects are completed.

FY2027 Capital Program Outlook

The FY2027 Proposed Budget includes an initial allocation of $1,094,509 for future capital improvements. This allocation is intended primarily to demonstrate that the city can maintain a balanced operating budget while preserving flexibility as the capital program continues to evolve. It should not be interpreted as the final level of capital funding for FY2027. As the budget process continues, the Administration will further refine project scopes, cost estimates, funding strategies, and implementation schedules. The City Council may determine that additional capital investments should proceed during FY2027 by utilizing available fund balance, allowing the City to accelerate priority infrastructure projects rather than defer them to future years. The City's strong financial position provides this flexibility while maintaining long-term fiscal stability.

In addition, the City Council will consider whether to move forward with the proposed long-term debt financing for the City's anticipated capital improvement program. That decision, together with updated engineering information, available partnerships, and Council priorities, will significantly influence the final capital budget presented for adoption. As a result, the FY2027 capital program and associated funding levels are expected to continue evolving throughout the remainder of the budget process before final adoption in September.

APPENDIX C

LONG-TERM DEBT OBLIGATIONS

The City of Piney Point Village maintains a conservative approach to long-term debt management. Historically, the City has relied primarily on Pay-As-You-Go (PAYGO) financing to fund infrastructure improvements, using available fund balance whenever practical and selectively using long-term debt for major capital investments. As of the filing of the FY2027 Proposed Budget, the City has $435,000 in outstanding general obligation debt, which is scheduled to be fully retired during FY2027. Upon payment of the final principal and interest installment, the City will have no outstanding bonded indebtedness, providing significant financial flexibility as the City Council evaluates future infrastructure investments. While no additional debt has been authorized, the Administration has evaluated the financial capacity to support a future capital improvement program exceeding $18 million. This planning analysis is intended to assist the City Council in evaluating future funding options and does not constitute authorization to issue debt.

Existing Debt:

Fiscal Year	Principal	Interest	Total Debt Service
FY2027	$435,000	$6,525	$441,525
Total	**$435,000**	**$6,525**	**$441,525**

Potential Future Capital Financing (Planning Analysis):

Item	Amount
Proposed Capital Program	$18,000,000
Estimated Project Proceeds	$17,761,194
Estimated Interest Rate	4.50%
Amortization	20 Years
Estimated Annual Debt Service	~$1.38 million
Current Debt Outstanding	$435,000 (retired FY2027)

Future Debt Planning

The FY2027 Proposed Budget demonstrates that the city can operate on a balanced basis while fully retiring its remaining outstanding debt. During the development of the proposed budget, staff and the City's financial advisor evaluated a financing scenario to support a capital improvement program exceeding $18 million while maintaining the City's current overall property tax rate. The analysis assumes a reallocation of a portion of the tax rate from the Maintenance and Operations (M&O) component to the Interest and Sinking (I&S) component as the City's existing debt is retired. Under this planning scenario, the M&O rate would decrease from $0.245830 to $0.221510 per $100 valuation, while the I&S rate would increase from $0.00931 to $0.03363, maintaining the overall tax rate at $0.25514 per $100 valuation.

This analysis demonstrates that the proposed tax levy can support approximately $18 million in future debt-funded infrastructure improvements without increasing the overall property tax rate, assuming current financial projections and taxable value estimates.