



Carbett "Trey" J. Duhon III
Waller County Judge

TO: PRESS RELEASE

FROM: TREY DUHON, WALLER COUNTY JUDGE

DATE: AUGUST 24, 2016

RE: PROPOSED FISCALLY CONSERVATIVE 2017 COUNTY BUDGET
CUTS TAX RATE 3.2%

Hempstead, Texas – After months of preparation and a record-setting budget workshop, County Judge Trey Duhon today proposed a budget that allows conservative increases in spending to address growing needs in county services while still delivering much needed tax relief to taxpayers.

The 2017 proposed county budget, at roughly \$33.5 million, contains about \$1.74 million in new spending. The significant increases include:

- \$575,439 increase in Road & Bridge budget – adding 2 new employees for road repair, a Code enforcement officer, and \$300,000 in additional road materials for a total budget on road materials of \$2.5 million. This also includes an increase of \$105,000 in capital lease payments due to the acquisition of a new Gradall.
- \$219,409 increase at the Waller County Sheriff's Office for three (3) new deputies (including a deputy trained on

commercial truck enforcement) and a new jailer with EMT/paramedic training

- \$184,539 for increases in state required attorney ad litem appointments in Attorney General child-related matters and indigent healthcare
- \$150,000 for increase in budgeted amount for payments under Willow Creek Farms Development Agreement
- \$80,000 for the hiring of a County Construction Manager/Planning position
- \$140,000 for overtime budgeting as the County eliminates the Comp time accrual system
- \$146,000 for merit-based pay raises to be distributed by County Department heads

This proposed budget for 2017, if adopted, will result in an overall tax rate of \$.633760, **a decrease of \$.021046 from last year's tax rate of \$.654806 (a decrease of 3.2%)**. Combined with last year's tax rate cut of \$.032138, this will result in a combined tax rate decrease of 7.8% over the past two years. This rate will be the lowest tax rate since 2008, and the 4th lowest tax rate since 1995 if passed.

Commissioners Court, in order to lower the tax rate as much as possible, decided to address certain capital budget requests out of 2016 budget savings rather than have those paid out of next year's budget. "By moving up \$779,500 in expenditures, we were able to lower the tax rate an additional \$.02. Without this move, our tax rate would have been close to staying flat, but this Court felt it was a higher priority to provide tax relief than to add to reserves at this time," Judge Duhon commented.

Other than an increase in cell phone allowances from \$60/mo. to \$80/mo., and an \$800 increase in the travel allowances for the Justices of Peace, the Budget contains no increases in salary for elected officials, other than the County Clerk, District Clerk, County Treasurer, and County Tax Assessor. Judge Duhon stated, “A total of no more than \$15,000 was allocated to raise these salaries to \$65,000/year due to a salary analysis showing that these four positions were substantially undervalued, especially when compared to other counties in our area, even those with smaller populations. In years past, while other elected officials have seen their salaries increase through grievance filings, these four positions received nothing. It was time to correct that imbalance.”

The overwhelming vast majority of the increased spending is in the areas where it is needed the most – roads and law enforcement. With Waller County being the fastest growing county in Texas, our needs in these areas continue to outpace new revenue. “These are the type of growing pains you have when you have significant growth in a short period of time while the tax base from commercial development doesn’t increase quite as fast, but this Budget does a very good job at addressing those needs while still delivering tax relief to the taxpayers while most other counties’ tax rates are remaining unchanged or even increasing in other places. With more commercial projects coming to Waller County, and certain projects coming off of abatements, we should see a steady increase in commercial value in the years to come, which is what ultimately gives residential taxpayers the relief that they need,” Duhon added.

An increasing area of our budget seems to be “unfunded mandates” where the Texas Legislature passes laws that can have financial consequences, sometimes intended and sometimes not, on county government when the State does not provide the funding for the mandate. This budget contains an increase of \$60,000 for a total budget of \$140,000 in 2017 for attorney ad litem appointments, where the County is now required to appoint and pay for an attorney for indigent parents in any Attorney General proceeding, not just when parental

rights are sought to be terminated. Indigent healthcare is another area where the budget increased by over \$124,000 due to state requirements.

Another area of the budget where we had to increase budget line items was overtime. In the past, the County has used a comp time accrual system where county employees received “comp time” at 1.5 times their hourly rate, in lieu of overtime, that they could accrue and either use or keep accrued, until such time that the county paid the liability or the employee leaves employment and is paid. “What we were seeing was a significant increase in the comp time liability of the county,” Judge Duhon noted, and adding, “Comp time is harder to manage, and that liability on the books can continue to increase over time even as benefits and pay rates change, and after researching the issue and visiting with other counties across Texas, I found that the vast majority of counties in Texas are moving away from the comp time approach and are going back to a straight forward overtime system, which makes it far easier to identify and manage areas in which overtime is being incurred, especially during weather events and emergencies. Unfortunately, to make this change, we have to include budget line items for overtime in departments where we have not had to budget for overtime before. This will result in a budget increase of \$140,000 for 2017, but this will be a one-time adjustment and the long term benefits of the change will be substantial.”

Judge Duhon went on to point out that financially the County is on very sound footing at this time. The outside auditing firm of “Rutledge & Crain” gave the findings of its outside audit last week to Commissioners Court, and in addition to no negative findings, Mr. Crain noted that Waller County is in far better position financially than many other counties that he deals with. The hard decisions last year of changing the employee and retiree healthcare packages has resulted in a drastic decrease in OPEB (other post-employment benefits) liabilities by as much as \$7,671,841, which represents a decrease of 33%. So while other government entities and municipalities struggle with meeting future OPEB obligations, Waller County has taken the proactive

approach to ensuring that never becomes an issue here. The auditor noted that of the eight (8) counties he audits, Waller County is the only county that took such proactive steps.

Lastly, this budget allows for department heads to allocate 1.6% of their payroll to salary increases for employees based on merit, a change that was agreed to during the budget workshop by all of the Commissioners Court. “In my original proposed budget, there was no salary increase for employees for 2017, mainly due to the continued economic slowdown and knowing that many of our citizens are dealing with stagnant income, layoffs, and rising property values.” However, it was brought to the Commissioners Court’s attention that Waller County has begun to see substantial turnover and attrition amongst its ranks, with County Engineer Yancy Scott highlighting this by an example where one of the Road & Bridge Department’s best mechanics recently left employment with the county because of what he could earn elsewhere. “Losing good employees is a significant cost to the county and the taxpayers, and although the benefits are good, they are no longer enough reason in and of itself to keep qualified individuals working in their positions,” Judge Duhon pointed out. As such, the Court agreed to a cost of living adjustment calculation of 1.6% for department heads to allocate as they saw fit, another change from the traditional approach of “across-the-board” raises county-wide. Judge Duhon said, “If we are going to expect our employees to go above and beyond the call of duty, especially when we have emergencies, we also have to be prepared to recognize those that perform exceptionally in their job. This is a step in that direction. The County will also absorb a \$24,697 increase in healthcare insurance costs for the benefit of county employees. We understand that 1.6% and the healthcare costs are not a substantial amount in that regards, especially considering how hard the vast majority of our county employees work every day, but in light of other budget constraints and the current economy, it is the best we can do at this time to be able to curtail spending and deliver some tax relief to many families that have not seen an increase in income for several years now.”