



NOTICE OF SPECIAL MEETING

TEMPLE CITY COUNCIL

THURSDAY, AUGUST 23, 2007

**5:00 P.M. REGULAR MEETING – MUNICIPAL BUILDING
COUNCIL CHAMBERS – 2ND FLOOR, 2 NORTH MAIN STREET**

I. Call to Order

1. Invocation
2. Pledge of Allegiance

II. BUDGET/TAX RATE ITEMS

3. [2007-5144-R](#): PUBLIC HEARING – Conduct a public hearing and consider a resolution adopting the City's budget for fiscal year beginning October 1, 2007 and ending September 30, 2008, including the Operating Budget for 2007-2008, the City's compensation plans, and a Fiscal & Investment Policies.
4. [2007-4166](#): FIRST & FINAL READING – PUBLIC HEARING - Consider adopting an ordinance approving the tax roll and authorizing calculation of the amount of tax that can be determined for all real and personal property in the City for the tax year 2007, to be considered on an emergency basis
5. [2007-4167](#): FIRST & FINAL READING - PUBLIC HEARING - Consider adopting an ordinance levying taxes and setting a tax rate for the City for the tax year 2007, making the appropriation for the regular operation of the City, to be considered on an emergency basis.
6. [2007-5145-R](#): Consider adopting a resolution authorizing the adoption of the 2007-2017 Capital Improvement Plan.
7. [2007-5146-R](#): Consider adopting a resolution funding the rates for medical/prescription insurance and dental insurance for employees and under age 65 retirees and the biweekly transfer of the City's and employees' and retirees' contributions to the trust for the payment of benefits purchased by the City of Temple Employee Benefit Trust.

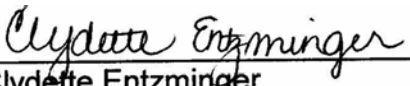
8. [2007-5147-R](#): Consider adopting a resolution amending the current utility system fees to be effective October 1, 2007 by:
- (A) Increasing the current water rate monthly minimum service charge based on meter size and increasing the volumetric rate;
 - (B) Increasing the current wastewater rate monthly minimum service charge.
9. [2007-5148-R](#): Consider adopting a resolution authorizing the City Manager to enter into an agreement with the Temple Economic Development Corporation for economic development services.

III. ELECTION ITEMS

10. (A) [2007-5149-R](#): Consider adopting a resolution calling a bond election for November 6, 2007
- (B) [2007-5150-R](#): Consider adopting a resolution authorizing a joint election agreement with Bell County for the November 6, 2007 bond election.
- (C) [2007-5151-R](#): Consider adopting a resolution authorizing the use of the ES&S AutoMARK Voter Assist Terminal V.1.0; ES&S Model 100 Optical Scan Voting System Version 5.500; or Model 650 Optical Scan Voting System V.1.2.0.0, to be leased from Bell County for the November 6, 2007 bond election and all future elections called by the City of Temple.

The City Council reserves the right to discuss any items in executive (closed) session whenever permitted by the Texas Open Meetings Act.

I hereby certify that a true and correct copy of this Notice of Meeting was posted in a public place at 4:55 p.m., on August 20, 2007.


Clydette Entzminger
City Secretary



COUNCIL AGENDA ITEM MEMORANDUM

08/23/07
Item #3
Regular Agenda
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DEPT./DIVISION SUBMISSION & REVIEW:

David Blackburn, City Manager
Traci L. Barnard, Director of Finance

ITEM DESCRIPTION: PUBLIC HEARING – Conduct a public hearing and consider a resolution adopting the City's budget for fiscal year beginning October 1, 2007 and ending September 30, 2008, including the Operating Budget for 2007-2008, the City's compensation plans, and Fiscal & Investment Policies.

STAFF RECOMMENDATION: Conduct public hearing and adopt resolution as presented in item description.

ITEM SUMMARY: This item is to conduct a public hearing and adopt the 2007-2008 proposed budget. Attached is a list of changes, for all funds, that have been made since the budget was filed with the City Secretary on June 29, 2007. The changes are a result of Council work sessions, public input and updated information since the Council last reviewed the budget.

The ad valorem tax rate is proposed to decrease from the prior year's rate of \$0.5734 to \$0.5681. This decrease of \$0.0053 is comprised of a decrease in the maintenance and operation rate of \$0.0003 and the debt service rate of \$0.0050. The proposed Maintenance and Operation rate (M&O) is \$0.3392 and the Interest and Sinking fund rate (I&S) is \$0.2289 for a total rate of \$0.5681. The proposed rate is 2.99% above the effective tax rate of \$0.5516.

The proposed Budget with the subsequent changes as listed on the attached page remains balanced with the use of Undesignated Fund Balance-Capital Projects and meets the operational needs as requested.

The budget is summarized below by fund.

FY 2008 Proposed Annual Budget

(As Compared to Adopted FY 2007 Budget)

Expenditures/Transfers	Adopted Budget FY 2007	Proposed Budget FY 2008	% Increase/ (Decrease)
General Fund	\$ 49,922,320 ⁽¹⁾	\$ 54,985,868 ⁽²⁾	10.14%
Water & Wastewater Fund	23,065,757	25,506,688	10.58%
Debt Service Fund	6,354,657	7,042,041	10.82%
Hotel/Motel Tax Fund	1,169,400	1,242,900	6.29%
Federal/State Grant Fund	571,144	561,548	-1.68%
Drainage Fund	624,500	829,884	32.89%
Reinvestment Zone No. 1 Fund	6,490,929	12,663,945	95.10%
Total Expenditures/Transfers	\$ 88,198,707	\$ 102,832,874	16.59%

⁽¹⁾ Includes \$1,341,500 in Capital funded with Undesignated Fund Balance - Capital Projects

⁽²⁾ Includes \$2,599,362 in Capital and TEDC Matrix allocation funded with Undesignated Fund Balance - Capital Projects

Compensation Plan –

Changes to the proposed budget include appropriating the compensation contingency adjustment to the applicable departments for the Employment Cost Index (ECI) for State and Local Government published by the Bureau of Labor Statistics, U.S. Department of Labor. The final report from the last compensation study recommended continuing to make regular (annual) adjustments to the pay plan, to maintain competitiveness with the market.

Staff recommends a 3.8% pay plan adjustment based on the June 2007 ECI data to be applied to the General Government, Council Appointed, Civil Service-Fire, and Civil Service-Police compensation plans to be effective the pay period beginning November 30, 2007. The filed budget included a placeholder for an ECI adjustment awaiting the release of the June 2007 ECI data. Once the data was released, we calculated the additional funds needed to implement the adjustment. The funds were identified and amended within the proposed budget (see Schedule of Adjustments to the Proposed Budget Filed with City Secretary on June 29, 2007). The adoption of the budget will allocate funding to the applicable departments.

FISCAL IMPACT:

N/A

ATTACHMENTS:

Budget Transmittal Letter

Schedule of adjustments to the proposed budget filed with City Secretary on June 29, 2007

Allocation of ECI Contingency to Departments

General Government Pay Schedule

Council Appointed Pay Schedule

Civil Service – Police Pay Schedule

Civil Service – Fire Pay Schedule

Fiscal & Budgetary Policy

Investment Policy

Resolution



June 29, 2007

Honorable Mayor and City Council,

As City Manager, I am pleased to present the proposed Fiscal Year 2007-2008 budget for the City of Temple totaling \$90,168,929 for all funds except the Reinvestment Zone No. 1 Fund (available under separate cover). Of this amount, \$85,186,996 is proposed for the operations and maintenance budget which includes debt service and transfers.

In addition, \$43,691,933 is proposed for capital improvements programs (CIP). The CIP can be divided into four categories:

- ▶ Multi-year Non-Routine Capital Recommended for Certificates of Obligation Bond Funding (C.O. CIP) - \$12,000,000

- ▶ Multi-year Non-Routine Capital Recommended for Utility Revenue Bond Funding (U.R. CIP) - \$12,000,000

- ▶ Multi-year Non-Routine Capital Recommended for General Obligation Bond Funding (G.O. CIP) - \$14,710,000

- ▶ Routine Capital Recommended for General Operating Budget Funding - \$4,981,933 is proposed for the capital budget which includes equipment and public infrastructure projects that are underway and/or planned for this fiscal year. Of this amount, \$1,902,361 of capital will be funded with Fund Balance Designated for Capital – Unallocated.

Background & Overview

As with last year's approach, I would encourage you to look at the FY 2008 Budget from two general perspectives: 1) operations and maintenance ('O&M') and 2) capital improvement projects and planning ('CIP'). Both O&M and CIP are necessary and critical components in the delivery of the best services in the most efficient way possible to our residents.

I continue to work on the Budget and CIP program with the following policy perspectives and philosophies that were briefed to the Council at the May 17, 2007 work session, which were:

1. Follow the Fiscal and Budgetary Policy Statement to provide a balanced budget, which may incorporate "surplus" fund balances for capital items;
2. Estimate revenues low and expenses high;
3. Propose fees and rates to cover costs, with Council oversight
4. Align the Budget with Strategic Plan objectives, goals and performance measures

Last year I indicated to you that I believed the FY 2007 Budget would focus much of our resources and activities on CIP programs. To a large degree, that emphasis remains in the proposed FY 2008 Budget.

The FY 2007 Budget proposed the single most aggressive CIP effort undertaken by the City. You may recall the multi-year plan focused on the first two years as 'kick off' efforts. The current year budget both authorized and appropriated projects. Year two in the current CIP, which would be the FY 2008 fiscal year, authorized certain projects but did not appropriate funding for them in the FY 2007 Budget. The FY 2008 Preliminary Budget recommends both authorization and appropriation for the next round of CIP projects. As always, we certainly stand committed to the programs and services that our departments and divisions provide and will continue those efforts.

With this background, I would like to highlight a few areas of general priority or emphasis in the FY 2008 Budget. I would like to begin with the most important component of our program and service delivery area ...our people. You have heard me say that our most important asset isn't our brick and mortar, it isn't our trucks, it isn't our tools...it is our people. I think this proposed Budget continues a policy and approach that commits resources to that end.

As you will recall, authorization for a 2007 Compensation and Benefits Study was granted a few weeks ago. This study has been initiated and will provide us with a comprehensive look and update for all of our pay plans. However, the Study will not be completed until after the adoption of the Budget. Accordingly, I am recommending a \$200,000 'placeholder' be kept in the Budget for utilization toward implementation of the recommendations that might come forward from the study. I do not know whether this amount is more than adequate or inadequate; I am simply recommending designating an amount for 'place holding' purposes.

This Study is part of a multi-pronged strategy that we have developed to address our compensation and benefits plans city-wide. Two other policies that we have set in place are for annual adjustments to be made and performance pay (for non-civil service employees). This proposed FY 2008 Budget includes authorizing and appropriating funding for both the ECI adjustment and the performance pay. These three efforts (annual adjustments, performance pay and periodic market pay plan adjustments) are very good steps toward retaining and attracting a well qualified, competent and stable workforce.

Of course, as with everything we do, all of these strategies must be balanced and assessed against our ability to pay.

A few other expanded and/or new programs/service areas I would like to highlight for you that are a part of the recommendations within this Preliminary Budget for FY 2008:

- Economic Development...the Preliminary Budget recommends we increase our investment in economic development from a little over \$1,000,000 to approximately \$1,800,000. Our current agreement with the Temple Economic Development Corporation for economic development services needs to be expanded. One of our strategic focus areas is to 'expand and grow the tax base'. By almost doubling our efforts and investment in economic development services, we take a significant and meaningful step in that direction.

- Strategic Investment Zones... the recommended Budget has multiple programs, in multiple areas that will continue to address and implement the recommendations adopted this past year in the SIZ Report. A few areas of new emphasis that relate to this effort are:

- \$ 185,000 demolition work and SIZ corridor improvement programs
 - \$ 37,555 for an additional code enforcement officer
 - \$ 39,044 for an additional plans examiner/building inspector

- Fire & EMS Services Long Range Plan... as you will recall, a long range planning process is currently underway for our fire and EMS service areas. The study is not complete as of the filing of this preliminary budget and, as such, I am not prepared to make specific recommendations to you in the Fire & EMS service areas at this time. What I am recommending in the Preliminary Budget is that you allocate another 'place holder' (in the amount of \$250,000) for addressing what might be considered in a phased approach to the ultimate recommendations from the study. As with the Compensation and Benefits Study, I do not know if this amount is too high or too low; it is merely submitted to create a place to begin further discussions once the report is finalized and adopted. I would anticipate the Fire & EMS Long Range Plan being ready within the next few months.

- City Marshal program ... I am aware that the Council had asked a few budgets ago for a city marshal program to be developed in order to address outstanding warrants. I am pleased to recommend to you a program in this budget that, I believe, will begin to address the issue. What this Budget recommends is the addition of a part-time bailiff position that can 'off load' the 'non-warrant' duties and responsibilities that the current Temple Police Officer who has been assigned to the Court has been performing. The bailiff will be funded with restricted security funds. This will free up the Officer to act as a warrant officer. I have advised the Court that, if this is approved, we will re-assess the position next year to see if the increased revenue from the warrants collection process merits continuation of the position or not.

- Transit ... the Preliminary Budget recommends funding the requests from the HOP for expansion and extension of their services in the amount of \$247,000. This represents a significant increase in our support for public transit services in Temple. This amount will fund route expansion and include new capital that has been requested.

- CIP ... finally, I would like to mention that this Preliminary Budget recommends continuing the aggressive CIP campaign that was launched last year. Approximately \$43,691,933 worth of projects are being recommended, to highlight a few:

- continuing the extension of the Outer Loop with Phase 3 & 4... \$5,280,000
- utility expansion and extension projects west and south ... \$4,800,000
- Birdcreek wastewater line project ... \$1,000,000
- Library improvements and expansion... \$ 875,000

There are many more projects in the CIP plan, and many currently underway. I would encourage you to review the Plan and insure that the projects we have identified and recommended are in line with our strategic plan, which has been our guide post.

As I also conveyed to you in previous work sessions, a continuing objective is to begin an alignment of the Strategic Plan with the CIP Plans, the Master Plans, the budget, the action plans, and the work plans. I also emphasized this would not be a simple task and it would not be perfected in the FY 2008 budget. One of the goals is to recognize the links between our planning documents and our resources and work documents and then to begin a process that will make it 'systemic' to each process. This budget furthers that alignment by bringing forward in the FY 2008 fiscal year a Unified Development Ordinance; Utility Master Plan; and Comprehensive Plan that includes multiple planning documents including a thoroughfare plan and land use plan. The consideration and ultimate adoption of these planning documents will further strengthen our strategic vision and better link it with the allocation of our resources.

The division and department directors were given directions to review and revise performance measures, strategic accomplishments and goals on their expenditure summary page in the budget document. This was to begin the process of linking the budget document to the Strategic Plan. Revisions were made to the departmental summary pages of the filed budget document. I anticipate additional revisions will be made both prior to and after the final adoption of the budget.

General Fund - Revenues

Total revenues are presented at \$52,386,507, an increase of 7.60% compared to the FY 2007 amended budget. Sales tax revenue increased by \$1,394,210 or 10.25% over prior year's sales tax budget. FY 2008 will see more of the Bird Creek Development (retail shopping center) come on-line. Phase I of the development is scheduled to be complete on July 29, 2007. Approximately \$400,000 of the projected growth in sales tax revenue is attributed to the Bird Creek Development. Sales tax is the single largest revenue source of the general fund (28.6%). The growth in the budgeted sales tax dollars is consistent with the growth in actual sales tax revenues received. This continues to be good news and is an indication of a strong and growing economy.

Ad Valorem tax revenue increased by \$843,968 or 9.12% compared to prior year. This budget was prepared using a preliminary appraisal roll of \$2,841,673,143, an increase of 8.34% compared to the prior year. The certified appraisal roll for Ad Valorem taxes will not be available until late July. It is important to recognize the impact of the recent tax freeze proposition passage and potential impact it has on the tax revenue stream. The parameters that were applied when developing the tax rate for the budget were that the tax rate will be set to provide sufficient revenue for existing levels of service delivery and the increase above the effective tax rate would not exceed 3%. Sufficient data will not be available to calculate the effective tax rate until the certified appraisal roll is received from the Appraisal District of Bell County. Therefore, the proposed tax rate is based on assumptions and may require adjustments prior to the final adoption of the budget to reflect the current parameters set forth by Council.

The tax rate is comprised of two components, the Maintenance and Operations rate (M&O) and the Interest Sinking rate (I&S). This year's proposed tax rate is 34.35¢ for the M&O rate and 22.99¢ for the I&S rate, a total rate of 57.34¢ per \$100 valuation.

Other revenue notes of interest:

- Franchise fees increased by \$334,046 (an increase of 6.10% compared to FY 2007 amended budget). The increase is related to the declining rebate policy offered to commercial gas users, modifications to the TXU franchise agreement, and revised revenue estimates for growth in the customer base.

- Solid waste revenues increased by \$288,513 (an increase of 3.95% compared to FY 2007 amended budget). The increase is due to growth in the customer base. There are no Solid Waste rate increases proposed in the FY 2008 Budget.

- Interest revenue increased by \$190,685 (an increase of 16.91% compared to FY 2007 amended budget). The increase is due to rising interest rates and an increase in our invested balance. The Federal Reserve has increased the target fed funds rate 25 basis points over the past 12 months. The average daily investment balance has increased by approximately \$2,000,000 over the past 12 months.

General Fund - Expenditures

With regard to the expenditure side of the Preliminary FY 2008 General Fund Budget, the total expenditures are presented at \$54,585,994, an increase of 7.80% compared to the FY 2007 amended budget. One of the prime directives for this budget was the continued maintenance and operation of existing programs and services. This Preliminary Budget accomplishes that objective.

Another priority included within this budget is funding to address continuation of reorganization efforts of city departments and divisions. As part of the reorganization it is recommended that a previously existing position, an Assistant City Attorney (\$64,134), be reinstated in the Legal Department. Other reorganization efforts include the implementation of Phase II of the Department of Public Works reorganization plan. In addition, other positions added are: Maintenance Technician (\$30,226) and a part-time Operations Specialist II (\$24,785) position at the Airport; one additional Code Enforcement Officer (\$37,555) and a Plans Examiner/Inspector (\$39,044) in Construction Safety; an Automated Route Operator (\$30,535) for an additional brush/bulk route in Solid Waste; a Meter Changer (\$27,935) in Metering; two additional Utility Technician I positions in Water Distribution (\$57,356); and one additional Senior Operator (\$40,111) for the Water Treatment Plant. A total of 10 new positions (9.5 FTEs) at a net cost of \$351,681 were funded in the FY 2008 Budget.

Other new programs and services in the Proposed FY 2008 Budget are expansions/additions of programs. Programs that were funded are: Airport certification pay (\$15,667); Strategic Investment Zone (\$85,000); Fire Department radio-cell phones for trucks (\$6,936); Fire Department civil defense batteries (\$5,040); Fleet Services certification pay (\$26,459); Fleet Services increase in tool allowance (\$699); Golf Course Junior Golf Academy (net cost \$0); Municipal Court City Marshal program (approximately \$30,000 to be funded with Restricted Security Funding through a budget adjustment); Parks contract mowing (\$10,600); Parks irrigation water cost (\$32,500); Street maintenance for continuous lighting system on I-35 (\$10,000); and the addition of a Construction Crew in Sewer Collection (\$628,120 – reduced pay-as-you-go by this amount) for an in-house sewer line repair/replacement program. Net cost of programs funded in FY 2008 is \$222,901 (includes the addition of 4 positions in Sewer Collection).

There are also three other areas I would like to mention with regard to General Fund expenditures: fuel, utility costs, and health insurance.

As Council is aware, fuel costs continue to be a concern. This Budget proposes to maintain our current level of funding for fuel with a few adjustments for departments with increased usage. I think we need to recognize the volatility of this expense, continue to monitor the market, and budget accordingly. This item represents an increase of \$23,434 in the Preliminary Budget as compared to amended FY 2007 budget.

Although utility costs have continued to increase substantially over the past few years, we were able to adjust the budget with slight to moderate increases this year. This is due, in part, to prudent budgeting last year and the ability to maintain an ‘internal’ reserve fund to hedge against future increases.

Finally, health care. The cost for employee health care benefits make up a substantial portion of the City’s overall expense associated with personnel and health insurance costs make up a significant portion of benefit cost. At the time this budget was prepared, we anticipated a 10.97% decrease (\$232,038). As of the writing of this transmittal letter, bid proposals have been opened and now the anticipated FY 2008 premium will decrease by only 5%. While the decrease is still good news, it is less than what we were anticipating. Accordingly, some final adjustments will need to be made prior to the adoption of the FY 2008 Budget. I will continue to work with our health care provider for additional

options and benefits that will, I hope, allow us to hold health care costs down in the future and provide better choices for our employees and the City.

Capital Improvements Program

As mentioned earlier, the CIP proposals in the Proposed FY 2008 Budget are significant. The Proposed Budget, in many respects, sets forth a multi-year program that will be historic with regard to its scope and impact on our residents. All totaled, \$43,691,933 in CIP projects and planning is being proposed. The CIP proposals address multiple areas of interest and opportunity in our City and with our residents. All of the CIP proposals have but one end objective in mind...to make our City stronger and better.

The approach I am recommending with regard to the CIP work is a multi-layered, multi-year framework. This framework has four components:

1. Multi-year Non-Routine Capital Recommended for Certificates of Obligation Bond Funding (C.O. CIP) - \$12,000,000
2. Multi-year Non-Routine Capital Recommended for Utility Revenue Bond Funding (U.R. CIP) - \$12,000,000
3. Multi-year Non-Routine Capital Recommended for General Obligation Bond Funding (G.O. CIP) - \$14,710,000
4. Routine Capital Recommended for General Operating Budget Funding - \$4,981,933 is proposed for the capital budget which includes equipment and public infrastructure projects that are underway and/or planned for this fiscal year. Of this amount, \$1,902,361 of capital will be funded with Fund Balance Designated for Capital – Unallocated.

Within the Capital Improvement Projects section of this document, the specific projects recommended within each category of funding are listed. Also included are the projects identified for future funding.

A few notes relating to the CIP projects and approach:

1. With regard to the C.O. CIP ... the retirement of a significant amount of debt affords us the opportunity to re-invest those funds in much needed CIP work and to do so without adversely affecting the tax rate. The amount of available revenue associated with this debt retirement dictated the amount of funding that was available, which was \$12,000,000 for FY 2008.
2. With regard to the U.R. CIP ... the majority of the projects recommended on this list are related to repair and renovation of our existing infrastructure. Many of the projects have some history with one or more regulatory agencies and require our attention. Additionally, I would anticipate that the update of our Water & Sewer Master Plan will require the modification of the listing. A significant, multi-year approach to our utility infrastructure planning and maintenance is both needed and assumed in the recommendations. Finally, rate increases (estimated at \$2.22 per month for our average residential customer, approximately 3.82% increase; \$8.81 for our average commercial customers, approximately 2.65% increase) are associated with the U.R. CIP and needed to support the projects being recommended.
3. As previously mentioned, the FY 2007 Budget recommended certain Parks and Fire projects be addressed via a potential general obligation bond issue. The Parks project list for this potential G.O. issue have been identified and are listed in the CIP document accompanying this Preliminary Budget. The Parks G.O. bond project lists totals of a recommended \$7,575,000 worth of projects, to include replacing Lions Park pool with an aquatic center and the expansion of the Summit.

With regards to Fire, the Long Range Plan has not been completed as of the delivery of this Preliminary FY 2008 Budget. There were significant and substantial operating and capital requests made by the Fire Department in the budget process in anticipation of the Long Range Plan. I am recommending that we defer consideration of most of those requests until the Long Range Plan has been delivered, considered and adopted. However, I am recommending a 'place holder' amount of funding (\$250,000) that would be used as a starting point for addressing whatever the ultimate report might recommend.

With regards to the G.O. bond issue for Fire, we have tentatively identified \$7,135,000 as the amount for the Fire needs on the ballot. This would address a couple of pieces of equipment and the potential relocation/renovation of Fire Station #1. Again, I would suggest that this amount be viewed as a 'place holder' contingent upon the Long Range Plan.

All that said, and as of this writing, the Preliminary Budget for FY 2008 is recommending a \$14,710,000 G.O. bond issue be considered in FY 2008.

Water and Wastewater Fund

Total revenues are presented at \$25,506,688, an increase of 10.58% compared to the FY 2007 adopted budget. Revenues for the water and wastewater fund are based on a proposed rate increase of 6.26% for a residential water customer assuming an average use of 10,000 gallons, 0.77% for a residential sewer customer assuming an average use of 6,000 gallons, 6.40% for a commercial water customer assuming an average use of 43,908 gallons, and 0.10% for a commercial sewer customer assuming an average use of 47,361 gallons. The proposed rate increase is necessary in order to support needed capital improvements and replacements. The total water connections for this utility is 19,060 for residential, 2,861 for commercial and 3 wholesale. The water connections are growing at a rate of approximately 3% per year.

Expenses, capital improvements and debt service for the water and wastewater fund are presented at \$25,506,688, an increase of 10.58%. The capital improvements include the allocation of \$2,885,552 to continue the long-term replacement program of water and sewer infrastructures. This annual amount is in addition to the capital improvement program improvements described herein. An additional \$690,062 is included to fund equipment needs.

Hotel and Motel Fund

Total revenues and expenditures are presented at \$1,242,900 an increase of 6.29% compared to the FY 2007 adopted budget. The Railroad and Heritage Museum is funded with a total of \$210,142 which includes \$17,000 in capital for the Santa Fe Depot. The Mayborn Center added \$30,000 in capital to replace a vehicle and a floor scrubber.

Federal and State Grant Fund

Total revenues include the award of two grants; Community Development Block Grant (CDBG) - \$524,136 and Project FOCUS grant (\$37,412). The proposed allocation of CDBG funds are as follows - public services \$73,379, street/drainage improvements \$345,930, and general administration \$104,827.

Drainage Fund

Total revenues are presented at \$675,100, an increase of 8.10% and expenditures at \$829,884, an increase of 32.89% compared to the FY 2007 adopted budget. The additional expenditures to be funded in part with fund balance include replacing a hydraulic excavator for \$140,000 and purchasing a Portable Saturn 3 Camera Inspection equipment for \$53,000. The drainage fee was originally created in FY 1999 for 5 years and approved for another 5 years in FY 2004. The expenditures of the drainage fund represent personnel, operational, and capital cost related to maintenance of existing drainage systems.

Conclusion

I have attempted to provide you with a brief synopsis of the Preliminary Budget for FY 2008. Developing the budget is a team effort that requires participation and input by citizens, City Council and City staff. My thanks to all of the Department and Division Heads who helped put this Preliminary Budget together. Their ability to respond, many times on short notice, to my inquiries and requests for additional information was appreciated and helpful.

I also want to extend a special word of appreciation to Director of Finance, Traci Barnard and her staff for the many hours of work and effort they put in toward the development of this Preliminary Budget. Of special note is the work done by Assistant Finance Director, Melissa Przybylski and Budget Analyst, Miranda Hennig. Also special thanks to Belinda Mattke and Kim Foutz for their efforts in developing the five year capital improvements program. Quite simply, this document could not have been produced without them.

I look forward to the coming weeks of discussion, review, and direction by Council.

Respectfully Submitted,

David Blackburn
City Manager
City of Temple, Texas

FY 2008
GENERAL FUND PROPOSED BUDGET
SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		
	Filed Copy as of 6-29-07	Current as of 8-23-07	Increase (Decrease)
Projected Revenues	\$ 52,386,507	\$ 52,386,507	\$ - ^A
Proposed Budget Expenditures	54,585,994	54,585,994	- ^B
Excess Revenues Over (Under) Expenditures	(2,199,487)	(2,199,487)	-
Transfers In (Out):			
Less: Transfer Out To Debt Service Fund [Energy Program]	(98,440)	(98,440)	-
Less: Transfer Out To Debt Service Fund [Limited Tax Note]	(301,435)	(301,435)	-
Total Transfer In (Out)	(399,875)	(399,875)	-
Excess Revenues Over (Under) Expenditures for FY 2008	\$ (2,599,362)	\$ (2,599,362)	\$0.00
Recommended Use of Undesignated Fund Balance-Capital Projects			
-Capital Equipment Funding	\$ 1,902,361	\$ 1,902,361	\$ -
-Transit Funding - 20% match - Capital	112,000	112,000	-
-TEDC Funding	500,000	500,000	-
-Strategic Investment Zone Program	85,000	85,000	-
	\$ 2,599,361	\$ 2,599,361	\$ -
Estimated Balance @ 9/30/2007	\$ 5,121,469	\$ 5,121,469	\$ -

Explanation of Changes from Filed Budget to Proposed Budget @ 8/23/2007:

^A **Revenue Changes:**

Property tax change - from preliminary to certified roll	\$ (55,263)
Increased sales tax revenue	55,263

Total Revenue Changes **\$ -**

^B **Expenditure Changes:**

Increase ECI Adjustment for 3.8% increase	\$ 375,474
Delete Compensation Study Implementation	(200,000)
Decrease various fuel accounts	(45,000)
Decrease various overtime accounts	(70,245)
Delete E-Projects Licensing Fee from ITS Dept.	(10,000)
Decrease Jail Housing in Police Dept.	(20,000)
Decrease Street Lighting utility account in Street Dept.	(30,229)

Total Expenditures Changes **\$ -**

Net Revenue Over (Under) Expenditures **\$ -**

See exhibit attached appropriating funds at the department salary/benefits line item level for the ECI adjustments. This adjustment allocates the funds from the contingency accounts to the applicable fund/department level.

FY 2008
WATER & WASTEWATER FUND PROPOSED BUDGET
SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 6-29-07	Current as of 8-23-07	
Water & Wastewater Fund:			
Projected Revenues	\$ 25,506,688	\$ 25,506,688	\$ - ^A
Proposed Budget Expenses	25,506,688	25,506,688	- ^B
Net Revenues for FY 2008	\$0.00	\$0.00	\$0.00

Explanation of Changes from Filed Budget to Proposed Budget @ 8/23/2007:

^A **Revenue Changes:**

Total Revenue Changes	\$ -

^B **Expense Changes:**

Increase ECI Adjustment for 3.8% increase	\$ 42,301
Delete Compensation Study Implementation	(20,000)
Decrease various overtime accounts	(22,301)
Total Expense Changes	\$ -
Net Revenue Over (Under) Expenses	\$ -

See exhibit attached appropriating funds at the department salary/benefits line item level for the ECI adjustments. This adjustment allocates the funds from the contingency accounts to the applicable fund/department level.

FY 2008
DEBT SERVICE FUND PROPOSED BUDGET
SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 6-29-07	Current as of 8-23-07	
Projected Revenues	\$ 6,659,534	\$ 6,659,534	\$0.00 ^A
Proposed Budget Expenditures	7,042,041	7,042,041	-
Excess Revenues Over (Under) Expenditures	\$ (382,507)	\$ (382,507)	-
Transfers In (Out):			
Plus: Transfer In From Hotel/Motel Fund [Energy Program]	20,371	20,371	-
Plus: Transfer In From General Fund [Energy Program]	98,440	98,440	-
Plus: Transfer In From General Fund [Solid Waste Equipment]	301,435	301,435	-
Excess Revenues Over (Under) Expenditures for FY 2008	\$ 37,739	\$ 37,739	\$0.00

Explanation of Changes from Filed Budget to Proposed Budget @ 8/23/2007:

^A ***Revenue Changes:***

Property tax change - from preliminary to certified roll	\$ 139
Reduced interest income	(139)
<i>Total Revenue Changes</i>	\$ -

^B ***Expenditure Changes:***

<i>Total Expenditures Changes</i>	\$ -
<i>Net Revenue Over (Under) Expenditures</i>	\$ -

FY 2008
HOTEL/MOTEL TAX FUND PROPOSED BUDGET
SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 6-29-07	Current as of 8-23-07	
Projected Revenues	\$ 1,242,900	\$ 1,242,900	\$0.00 ^A
Proposed Budget Expenditures	1,222,529	1,222,529	- ^B
Excess Revenues Over (Under) Expenditures	<u>\$ 20,371</u>	<u>\$ 20,371</u>	<u>-</u>
Transfers In (Out):			
Less: Transfer Out To Debt Service [Energy Loan]	(20,371)	(20,371)	-
Total Transfer In (Out)	<u>(20,371)</u>	<u>(20,371)</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures for FY 2008	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>

Explanation of Changes from Filed Budget to Proposed Budget @ 8/23/2007:

^A **Revenue Changes:**

Total Revenue Changes	<u>\$ -</u>

^B **Expense Changes:**

Increase ECI Adjustment for 3.8% increase	\$ 5,203
Delete Compensation Study Implementation	(4,000)
Decrease Contingency	(1,203)
Total Expense Changes	<u>\$ -</u>
Net Revenue Over (Under) Expenses	<u>\$ -</u>

See exhibit attached appropriating funds at the department salary/benefits line item level for the ECI adjustments. This adjustment allocates the funds from the contingency accounts to the applicable fund/department level.

FY 2008
FEDERAL/STATE GRANT FUND PROPOSED BUDGET
SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 6-29-07	Current as of 8-23-07	
Projected Revenues	\$ 561,548	\$ 561,548	\$0.00
Proposed Budget Expenditures	561,548	561,548	-
Excess Revenues Over (Under) Expenditures for FY 2008	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>

FY 2008
DRAINAGE FUND PROPOSED BUDGET
SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 6-29-07	Current as of 8-23-07	
Projected Revenues	\$ 675,100	\$ 675,100	\$0.00 ^A
Proposed Budget Expenditures	829,884	829,884	- ^B
Excess Revenues Over (Under) Expenditures for FY 2008	\$ (154,784)	\$ (154,784)	\$0.00

Explanation of Changes from Filed Budget to Proposed Budget @ 8/23/2007:

^A ***Revenue Changes:***

<i>Total Revenue Changes</i>	\$ -

^B ***Expense Changes:***

Increase ECI Adjustment for 3.8% increase	\$ 1,705
Delete Compensation Study Implementation	(3,200)
Increase Contingency	1,495
<i>Total Expense Changes</i>	\$ -
<i>Net Revenue Over (Under) Expenses</i>	\$ -

See exhibit attached appropriating funds at the department salary/benefits line item level for the ECI adjustments. This adjustment allocates the funds from the contingency accounts to the applicable fund/department level.

FY 2008
REINVESTMENT ZONE NO. 1 FUND PROPOSED BUDGET
SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 6-29-07	Current as of 8-23-07	
Projected Revenues	\$ 3,839,710	\$ 3,839,710	\$0.00
Proposed Budget Expenditures	12,663,945	12,663,945	-
Excess Revenues Over (Under) Expenditures	(8,824,235)	(8,824,235)	-
Other Financing Sources (uses):			
Plus: Bond Proceeds	9,230,000	9,230,000	-
Excess Revenues Over (Under) Expenditures for FY 2008	\$ 405,765	\$ 405,765	\$0.00

Summary of Budget Adjustment for ECI Adjustment

Dept.	Account #	Account Title	+	-
			Increase	Decrease
General Fund:				
City Manager/11	110-1100-513-11-10	Administrative	\$ 10,852	
	110-1100-513-11-15	Skilled	1,173	
	110-1100-513-11-18	Extra Help/Seasonal	160	
	110-1100-513-12-20	Retirement/Pension	1,775	
	110-1100-513-12-21	Social Security	177	
	110-1100-513-12-22	Group Insurance	30	
	110-1100-513-12-23	Worker Compensation	22	
	110-1100-513-12-24	Unemployment Ins	5	
Finance/12	110-1100-515-11-10	Administrative	3,963	
	110-1200-515-11-11	Supervisory	2,630	
	110-1200-515-11-12	Professional	4,354	
	110-1200-515-11-13	Technical	2,506	
	110-1200-515-11-15	Skilled	3,163	
	110-1200-515-11-18	Extra Help/Seasonal	600	
	110-1200-515-12-20	Retirement/Pension	2,508	
	110-1200-515-12-21	Social Security	249	
	110-1200-515-12-22	Group Insurance	57	
	110-1200-515-12-23	Worker Compensation	31	
	110-1200-515-12-24	Unemployment Ins	-	
Purchasing/13	110-1300-515-11-10	Administrative	2,072	
	110-1300-515-11-11	Supervisory	3,004	
	110-1300-515-11-15	Skilled	1,795	
	110-1300-515-12-20	Retirement/Pension	1,000	
	110-1300-515-12-21	Social Security	81	
	110-1300-515-12-22	Group Insurance	27	
	110-1300-515-12-23	Worker Compensation	12	
	110-1300-515-12-24	Unemployment Ins	-	
City Secretary/14	110-1400-511-11-10	Administrative	2,755	
	110-1400-511-11-15	Skilled	2,826	
	110-1400-511-12-20	Retirement/Pension	812	
	110-1400-511-12-21	Social Security	80	
	110-1400-511-12-22	Group Insurance	18	
	110-1400-511-12-23	Worker Compensation	10	
	110-1400-511-12-24	Unemployment Ins	-	
Legal/16	110-1600-512-11-10	Administrative	4,389	
	110-1600-512-11-11	Supervisory	5,966	
	110-1600-512-11-15	Skilled	2,808	
	110-1600-512-11-18	Extra Help/Seasonal	1,252	
	110-1600-512-12-20	Retirement/Pension	1,978	
	110-1600-512-12-21	Social Security	203	
	110-1600-512-12-22	Group Insurance	41	
	110-1600-512-12-23	Worker Compensation	26	
	110-1600-512-12-24	Unemployment Ins	-	
Planning/17	110-1700-519-11-10	Administrative	2,914	
	110-1700-519-11-12	Professional	2,968	
	110-1700-519-11-13	Technical	1,155	
	110-1700-519-11-15	Skilled	942	
	110-1700-519-11-18	Extra Help/Seasonal	1,796	
	110-1700-519-12-20	Retirement/Pension	1,380	
	110-1700-519-12-21	Social Security	159	
	110-1700-519-12-22	Group Insurance	32	
	110-1700-519-12-23	Worker Compensation	18	
	110-1700-519-12-24	Unemployment Ins	2	
Municipal Court/18	110-1800-525-11-10	Administrative	3,932	
	110-1800-525-11-15	Skilled	8,281	
	110-1800-525-11-16	Semi-Skilled	709	
	110-1800-525-11-18	Extra Help/Seasonal	76	
	110-1800-525-12-20	Retirement/Pension	1,875	
	110-1800-525-12-21	Social Security	192	

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Summary of Budget Adjustment for ECI Adjustment

Dept.	Account #	Account Title	+ Increase	- Decrease
	110-1800-525-12-22	Group Insurance	51	
	110-1800-525-12-23	Worker Compensation	37	
	110-1800-525-12-24	Unemployment Ins	2	
I.T.S./19	110-1900-519-11-10	Administrative	3,110	
	110-1900-519-11-13	Technical	18,337	
	110-1900-519-11-18	Extra Help/Seasonal	1,199	
	110-1900-519-12-20	Retirement/Pension	3,250	
	110-1900-519-12-21	Social Security	329	
	110-1900-519-12-22	Group Insurance	78	
	110-1900-519-12-23	Worker Compensation	101	
	110-1900-519-12-24	Unemployment Ins	-	
Police/20	110-2000-521-11-10	Administrative	3,306	
	110-2000-521-11-11	Supervisory	46,317	
	110-2000-521-11-12	Professional	1,262	
	110-2000-521-11-15	Skilled	172,825	
	110-2000-521-11-17	Labor	2,026	
	110-2000-521-11-18	Extra Help/Seasonal	500	
	110-2000-521-12-20	Retirement/Pension	32,982	
	110-2000-521-12-21	Social Security	2,810	
	110-2000-521-12-22	Group Insurance	892	
	110-2000-521-12-23	Worker Compensation	3,842	
	110-2000-521-12-24	Unemployment Ins	15	
Animal Control/21	110-2100-529-11-11	Supervisory	1,421	
	110-2100-529-11-15	Skilled	4,176	
	110-2100-529-11-18	Extra Help/Seasonal	373	
	110-2100-529-12-20	Retirement/Pension	868	
	110-2100-529-12-21	Social Security	86	
	110-2100-529-12-22	Group Insurance	25	
	110-2100-529-12-23	Worker Compensation	62	
	110-2100-529-12-24	Unemployment Ins	-	
Fire/22	110-2200-522-11-10	Administrative	3,607	
	110-2200-522-11-11	Supervisory	55,295	
	110-2200-522-11-15	Skilled	104,479	
	110-2200-522-12-20	Retirement/Pension	23,433	
	110-2200-522-12-21	Social Security	1,571	
	110-2200-522-12-22	Group Insurance	621	
	110-2200-522-12-23	Worker Compensation	2,398	
	110-2200-522-12-24	Unemployment Ins	-	
Solid Waste/23	110-2310-540-11-10	Administrative	1,760	
	110-2310-540-11-11	Supervisory	1,137	
	110-2310-540-11-14	Trade	995	
	110-2310-540-11-15	Skilled	1,528	
	110-2310-540-11-17	Labor	1,493	
	110-2310-540-11-18	Extra Help/Seasonal	854	
	110-2310-540-12-20	Retirement/Pension	1,070	
	110-2310-540-12-21	Social Security	136	
	110-2310-540-12-22	Group Insurance	30	
	110-2310-540-12-23	Worker Compensation	60	
	110-2310-540-12-24	Unemployment Ins	-	
	110-2320-540-11-11	Supervisory	1,424	
	110-2320-540-11-15	Skilled	4,912	
	110-2320-540-12-20	Retirement/Pension	922	
	110-2320-540-12-21	Social Security	71	
	110-2320-540-12-22	Group Insurance	26	
	110-2320-540-12-23	Worker Compensation	172	
	110-2320-540-12-24	Unemployment Ins	-	
	110-2330-540-11-15	Skilled	9,683	
	110-2330-540-12-20	Retirement/Pension	-	
	110-2330-540-12-21	Social Security	139	
	110-2330-540-12-22	Group Insurance	40	

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Summary of Budget Adjustment for ECI Adjustment

Dept.	Account #	Account Title	+ Increase	- Decrease
	110-2330-540-12-23	Worker Compensation	263	
	110-2330-540-12-24	Unemployment Ins	-	
	110-2350-540-11-15	Skilled	6,966	
	110-2350-540-12-20	Retirement/Pension	1,011	
	110-2350-540-12-21	Social Security	101	
	110-2350-540-12-22	Group Insurance	32	
	110-2350-540-12-23	Worker Compensation	190	
	110-2350-540-12-24	Unemployment Ins	-	
	110-2360-540-11-15	Skilled	775	
	110-2360-540-12-20	Retirement/Pension	112	
	110-2360-540-12-21	Social Security	11	
	110-2360-540-12-22	Group Insurance	3	
	110-2360-540-12-23	Worker Compensation	22	
	110-2360-540-12-24	Unemployment Ins	-	
	110-2370-540-11-15	Skilled	5,560	
	110-2370-540-12-20	Retirement/Pension	806	
	110-2370-540-12-21	Social Security	80	
	110-2370-540-12-22	Group Insurance	23	
	110-2370-540-12-23	Worker Compensation	151	
	110-2370-540-12-24	Unemployment Ins	-	
	110-2380-540-11-17	Labor	871	
	110-2380-540-12-20	Retirement/Pension	127	
	110-2380-540-12-21	Social Security	13	
	110-2380-540-12-22	Group Insurance	4	
	110-2380-540-12-23	Worker Compensation	32	
	110-2380-540-12-24	Unemployment Ins	-	
Facility Services/24	110-2400-519-11-11	Supervisory	2,275	
	110-2400-519-11-14	Trade	1,279	
	110-2400-519-11-17	Labor	8,291	
	110-2400-519-12-20	Retirement/Pension	1,717	
	110-2400-519-12-21	Social Security	170	
	110-2400-519-12-22	Group Insurance	55	
	110-2400-519-12-23	Worker Compensation	265	
	110-2400-519-12-24	Unemployment Ins	-	
Human Resources/27	110-2700-515-11-10	Administrative	2,631	
	110-2700-515-11-12	Professional	2,577	
	110-2700-515-11-15	Skilled	1,721	
	110-2700-515-11-18	Extra Help/Seasonal	128	
	110-2700-515-12-20	Retirement/Pension	1,026	
	110-2700-515-12-21	Social Security	100	
	110-2700-515-12-22	Group Insurance	25	
	110-2700-515-12-23	Worker Compensation	14	
	110-2700-515-12-24	Unemployment Ins	4	
Traffic Signal/28	110-2800-532-11-11	Supervisory	1,066	
	110-2800-532-11-14	Trade	1,813	
	110-2800-532-12-20	Retirement/Pension	418	
	110-2800-532-12-21	Social Security	41	
	110-2800-532-12-22	Group Insurance	11	
	110-2800-532-12-23	Worker Compensation	70	
	110-2800-532-12-24	Unemployment Ins	-	
Golf Course/31	110-3110-551-11-12	Professional	1,137	
	110-3110-551-11-18	Extra Help/Seasonal	2,031	
	110-3110-551-12-20	Retirement/Pension	305	
	110-3110-551-12-21	Social Security	113	
	110-3110-551-12-22	Group Insurance	4	
	110-3110-551-12-23	Worker Compensation	60	
	110-3110-551-12-24	Unemployment Ins	18	
	110-3120-551-11-10	Administrative	1,404	
	110-3120-551-11-11	Supervisory	924	
	110-3120-551-11-15	Skilled	1,331	

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Summary of Budget Adjustment for ECI Adjustment

Dept.	Account #	Account Title	+ Increase	- Decrease
	110-3120-551-11-16	Semi-Skilled	2,550	
	110-3120-551-12-20	Retirement/Pension	900	
	110-3120-551-12-21	Social Security	90	
	110-3120-551-12-22	Group Insurance	29	
	110-3120-551-12-23	Worker Compensation	120	
	110-3120-551-12-24	Unemployment Ins	-	
	110-3130-551-11-15	Skilled	1,027	
	110-3130-551-11-18	Extra Help/Seasonal	1,304	
	110-3130-551-12-20	Retirement/Pension	298	
	110-3130-551-12-21	Social Security	52	
	110-3130-551-12-22	Group Insurance	5	
	110-3130-551-12-23	Worker Compensation	27	
	110-3130-551-12-24	Unemployment Ins	18	
	110-3150-551-11-10	Administrative	1,529	
	110-3150-551-12-20	Retirement/Pension	223	
	110-3150-551-12-21	Social Security	23	
	110-3150-551-12-22	Group Insurance	5	
	110-3150-551-12-23	Worker Compensation	30	
	110-3150-551-12-24	Unemployment Ins	-	
Recreation/32	110-3200-551-11-10	Administrative	5,047	
	110-3200-551-11-11	Supervisory	9,081	
	110-3200-551-11-15	Skilled	8,722	
	110-3200-551-11-18	Extra Help/Seasonal	16,570	
	110-3200-551-12-20	Retirement/Pension	4,697	
	110-3200-551-12-21	Social Security	1,016	
	110-3200-551-12-22	Group Insurance	96	
	110-3200-551-12-23	Worker Compensation	436	
	110-3200-551-12-24	Unemployment Ins	-	
Street/34	110-3400-531-11-10	Administrative	1,777	
	110-3400-531-11-11	Supervisory	9,365	
	110-3400-531-11-14	Trade	2,488	
	110-3400-531-11-15	Skilled	3,954	
	110-3400-531-11-16	Semi-Skilled	1,350	
	110-3400-531-11-17	Labor	729	
	110-3400-531-12-20	Retirement/Pension	2,859	
	110-3400-531-12-21	Social Security	232	
	110-3400-531-12-22	Group Insurance	87	
	110-3400-531-12-23	Worker Compensation	908	
	110-3400-531-12-24	Unemployment Ins	-	
Parks/35	110-3500-552-11-10	Administrative	2,009	
	110-3500-552-11-11	Supervisory	4,887	
	110-3500-552-11-12	Professional	1,759	
	110-3500-552-11-15	Skilled	6,078	
	110-3500-552-11-17	Labor	12,917	
	110-3500-552-12-20	Retirement/Pension	4,009	
	110-3500-552-12-21	Social Security	388	
	110-3500-552-12-22	Group Insurance	119	
	110-3500-552-12-23	Worker Compensation	475	
	110-3500-552-12-24	Unemployment Ins	7	
Airport/36	110-3600-560-11-10	Administrative	2,097	
	110-3600-560-11-11	Supervisory	1,475	
	110-3600-560-11-15	Skilled	10,514	
	110-3600-560-11-18	Extra Help/Seasonal	1,628	
	110-3600-560-12-20	Retirement/Pension	2,180	
	110-3600-560-12-21	Social Security	233	
	110-3600-560-12-22	Group Insurance	54	
	110-3600-560-12-23	Worker Compensation	179	
	110-3600-560-12-24	Unemployment Ins	-	
Inspections/37	110-3700-524-11-10	Administrative	1,972	
	110-3700-524-11-13	Technical	9,750	

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Summary of Budget Adjustment for ECI Adjustment

Dept.	Account #	Account Title	+	-
			Increase	Decrease
	110-3700-524-11-15	Skilled	3,466	
	110-3700-524-11-18	Extra Help/Seasonal	213	
	110-3700-524-12-20	Retirement/Pension	2,210	
	110-3700-524-12-21	Social Security	236	
	110-3700-524-12-22	Group Insurance	60	
	110-3700-524-12-23	Worker Compensation	62	
	110-3700-524-12-24	Unemployment Ins	6	
Garage/38	110-3800-519-11-12	Professional	1,920	
	110-3800-519-11-14	Trade	6,860	
	110-3800-519-11-15	Skilled	782	
	110-3800-519-11-16	Semi-Skilled	7,215	
	110-3800-519-12-20	Retirement/Pension	2,440	
	110-3800-519-12-21	Social Security	215	
	110-3800-519-12-22	Group Insurance	72	
	110-3800-519-12-23	Worker Compensation	283	
	110-3800-519-12-24	Unemployment Ins	-	
Engineering/39	110-3900-533-11-10	Administrative	2,445	
	110-3900-533-11-11	Supervisory	2,834	
	110-3900-533-11-12	Professional	3,636	
	110-3900-533-11-13	Technical	7,215	
	110-3900-533-11-15	Skilled	942	
	110-3900-533-12-20	Retirement/Pension	2,486	
	110-3900-533-12-21	Social Security	195	
	110-3900-533-12-22	Group Insurance	55	
	110-3900-533-12-23	Worker Compensation	128	
	110-3900-533-12-24	Unemployment Ins	-	
Library/40	110-4000-555-11-10	Administrative	2,275	
	110-4000-555-11-11	Supervisory	6,469	
	110-4000-555-11-13	Technical	3,394	
	110-4000-555-11-15	Skilled	4,639	
	110-4000-555-11-17	Labor	1,883	
	110-4000-555-11-18	Extra Help/Seasonal	6,175	
	110-4000-555-12-20	Retirement/Pension	3,567	
	110-4000-555-12-21	Social Security	360	
	110-4000-555-12-22	Group Insurance	76	
	110-4000-555-12-23	Worker Compensation	130	
	110-4000-555-12-24	Unemployment Ins	-	
Special Services/15	110-1500-515-65-36	Contingency - Compensation (ECI Adjustment)		875,474
Total General Fund			\$ 875,474	\$ 875,474
Hotel/Motel Tax Fund:				
Mayborn Center/44	240-4400-551-11-11	Supervisory	\$ 3,003	
	240-4400-551-11-12	Professional	1,191	
	240-4400-551-11-15	Skilled	5,029	
	240-4400-551-11-17	Labor	1,972	
	240-4400-551-11-18	Extra Help/Seasonal	1,786	
	240-4400-551-12-20	Retirement/Pension	1,759	
	240-4400-551-12-21	Social Security	247	
	240-4400-551-12-22	Group Insurance	49	
	240-4400-551-12-23	Worker Compensation	162	
	240-4400-551-12-24	Unemployment Ins	5	
	240-4400-551-65-36	Contingency - Compensation (ECI Adjustment)		15,203
Total Hotel/Motel Tax Fund			\$ 15,203	\$ 15,203
Drainage Fund:				
Drainage/29	292-2900-534-11-10	Administrative	\$ 612	
	292-2900-534-11-11	Supervisory	2,186	
	292-2900-534-11-12	Professional	753	

8/20/2007

J:\Finance_ONLY\FY2007-2008\Payroll Projections\Calc Budget Adj 3.8% ECI Adj

Prepared by City of Temple Finance Dept. - mh

Summary of Budget Adjustment for ECI Adjustment

Dept.	Account #	Account Title	+	-
			Increase	Decrease
	292-2900-534-11-14	Trade	1,582	
	292-2900-534-11-15	Skilled	2,204	
	292-2900-534-11-18	Extra Help/Seasonal	909	
	292-2900-534-12-20	Retirement/Pension	1,070	
	292-2900-534-12-21	Social Security	168	
	292-2900-534-12-22	Group Insurance	28	
	292-2900-534-12-23	Worker Compensation	193	
	292-2900-534-12-24	Unemployment Ins	-	
	292-2900-534-65-36	Contingency - Compensation (ECI Adjustment)		9,705
		Total Drainage Fund	\$ 9,705	\$ 9,705

Water & Wastewater Fund:

Purchasing/13	520-1300-515-11-15	Skilled	995	
	520-1300-515-11-18	Extra Help/Seasonal	311	
	520-1300-515-12-20	Retirement/Pension	145	
	520-1300-515-12-21	Social Security	38	
	520-1300-515-12-22	Group Insurance	4	
	520-1300-515-12-23	Worker Compensation	31	
	520-1300-515-12-24	Unemployment Ins	-	
Administration/50	520-5000-535-11-10	Administrative	3,306	
	520-5000-535-11-15	Skilled	1,490	
	520-5000-535-12-20	Retirement/Pension	699	
	520-5000-535-12-21	Social Security	70	
	520-5000-535-12-22	Group Insurance	13	
	520-5000-535-12-23	Worker Compensation	79	
	520-5000-535-12-24	Unemployment Ins	-	
Treatment Plant/51	520-5100-535-11-11	Supervisory	3,714	
	520-5100-535-11-13	Technical	995	
	520-5100-535-11-15	Skilled	9,132	
	520-5100-535-11-17	Labor	2,186	
	520-5100-535-12-20	Retirement/Pension	2,335	
	520-5100-535-12-21	Social Security	179	
	520-5100-535-12-22	Group Insurance	73	
	520-5100-535-12-23	Worker Compensation	358	
	520-5100-535-12-24	Unemployment Ins	-	
Water Distribution/52	520-5200-535-11-11	Supervisory	7,109	
	520-5200-535-11-15	Skilled	8,621	
	520-5200-535-11-17	Labor	4,190	
	520-5200-535-12-20	Retirement/Pension	2,900	
	520-5200-535-12-21	Social Security	291	
	520-5200-535-12-22	Group Insurance	84	
	520-5200-535-12-23	Worker Compensation	393	
	520-5200-535-12-24	Unemployment Ins	7	
Metering/53	520-5300-535-11-11	Supervisory	2,133	
	520-5300-535-11-15	Skilled	9,022	
	520-5300-535-12-20	Retirement/Pension	1,621	
	520-5300-535-12-21	Social Security	130	
	520-5300-535-12-22	Group Insurance	48	
	520-5300-535-12-23	Worker Compensation	260	
	520-5300-535-12-24	Unemployment Ins	-	
Sewer Collection/54	520-5400-535-11-11	Supervisory	4,885	
	520-5400-535-11-15	Skilled	6,732	
	520-5400-535-11-16	Semi-Skilled	1,387	
	520-5400-535-11-17	Labor	2,717	
	520-5400-535-11-18	Extra Help/Seasonal	165	
	520-5400-535-12-20	Retirement/Pension	2,315	
	520-5400-535-12-21	Social Security	211	
	520-5400-535-12-22	Group Insurance	69	
	520-5400-535-12-23	Worker Compensation	349	
	520-5400-535-12-24	Unemployment Ins	5	

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Prepared by City of Temple Finance Dept. - mnh

Summary of Budget Adjustment for ECI Adjustment

Dept.	Account #	Account Title	+	-
			Increase	Decrease
Water Business Ofc/58	520-5800-535-11-11	Supervisory	2,790	
	520-5800-535-11-15	Skilled	6,220	
	520-5800-535-12-20	Retirement/Pension	1,307	
	520-5800-535-12-21	Social Security	130	
	520-5800-535-12-22	Group Insurance	40	
	520-5800-535-12-23	Worker Compensation	17	
	520-5800-535-12-24	Unemployment Ins	-	
	520-5000-535-65-36	Contingency - Compensation (ECI Adjustment)		92,301
Total Water & Wastewater Fund			\$ 92,301	\$ 92,301
GRAND TOTAL - ALL FUNDS			\$ 992,683	\$ 992,683

8/20/2007

J:\Finance_ONLY\FY2007-2008\Payroll Projections\Calc Budget Adj 3.8% ECI Adj

Prepared by City of Temple Finance Dept. - mnh

General Government Pay Schedule
Effective November 30, 2007

Pay Grade	Pay Basis	Range Minimum	Range Maximum	% Between Grades
G 1	A	12,168.00	17,180.80	
	M	1,014.00	1,431.73	
	B	468.00	660.80	
	H	5.85	8.26	
G 2	A	12,168.00	18,033.60	0.0%
	M	1,014.00	1,502.80	
	B	468.00	693.60	
	H	5.85	8.67	
G 3	A	12,625.60	18,907.20	3.8%
	M	1,052.13	1,575.60	
	B	485.60	727.20	
	H	6.07	9.09	
G 4	A	13,228.80	19,864.00	4.8%
	M	1,102.40	1,655.33	
	B	508.80	764.00	
	H	6.36	9.55	
G 5	A	13,873.60	20,841.60	4.9%
	M	1,156.13	1,736.80	
	B	533.60	801.60	
	H	6.67	10.02	
G 6	A	14,580.80	21,840.00	5.1%
	M	1,215.07	1,820.00	
	B	560.80	840.00	
	H	7.01	10.50	
G 7	A	15,288.00	22,921.60	4.9%
	M	1,274.00	1,910.13	
	B	588.00	881.60	
	H	7.35	11.02	
G 8	A	16,036.80	24,065.60	4.9%
	M	1,336.40	2,005.47	
	B	616.80	925.60	
	H	7.71	11.57	
G 9	A	16,848.00	25,251.20	5.1%
	M	1,404.00	2,104.27	
	B	648.00	971.20	
	H	8.10	12.14	
G 10	A	17,680.00	26,520.00	4.9%
	M	1,473.33	2,210.00	
	B	680.00	1,020.00	
	H	8.50	12.75	
G 11	A	18,553.60	27,809.60	4.9%
	M	1,546.13	2,317.47	
	B	713.60	1,069.60	
	H	8.92	13.37	

General Government Pay Schedule
Effective November 30, 2007

Pay Grade	Pay Basis	Range Minimum	Range Maximum	% Between Grades
G 12	A	19,448.00	29,182.40	4.8%
	M	1,620.67	2,431.87	
	B	748.00	1,122.40	
	H	9.35	14.03	
G 13	A	20,404.80	30,617.60	4.9%
	M	1,700.40	2,551.47	
	B	784.80	1,177.60	
	H	9.81	14.72	
G 14	A	21,424.00	32,136.00	5.0%
	M	1,785.33	2,678.00	
	B	824.00	1,236.00	
	H	10.30	15.45	
G 15	A	22,484.80	33,716.80	5.0%
	M	1,873.73	2,809.73	
	B	864.80	1,296.80	
	H	10.81	16.21	
G 16	A	23,608.00	35,380.80	5.0%
	M	1,967.33	2,948.40	
	B	908.00	1,360.80	
	H	11.35	17.01	
G 17	A	24,793.60	40,872.00	5.0%
	M	2,066.13	3,406.00	
	B	953.60	1,572.00	
	H	11.92	19.65	
G 18	A	26,000.00	42,910.40	4.9%
	M	2,166.67	3,575.87	
	B	1,000.00	1,650.40	
	H	12.50	20.63	
G 19	A	27,289.60	45,011.20	5.0%
	M	2,274.13	3,750.93	
	B	1,049.60	1,731.20	
	H	13.12	21.64	
G 20	A	28,641.60	47,257.60	5.0%
	M	2,386.80	3,938.13	
	B	1,101.60	1,817.60	
	H	13.77	22.72	
G 21	A	30,076.80	49,608.00	5.0%
	M	2,506.40	4,134.00	
	B	1,156.80	1,908.00	
	H	14.46	23.85	
G 22	A	31,574.40	52,083.20	5.0%
	M	2,631.20	4,340.27	
	B	1,214.40	2,003.20	
	H	15.18	25.04	

General Government Pay Schedule
Effective November 30, 2007

Pay Grade	Pay Basis	Range Minimum	Range Maximum	% Between Grades
G 23	A	33,113.60	54,641.60	4.9%
	M	2,759.47	4,553.47	
	B	1,273.60	2,101.60	
	H	15.92	26.27	
G 24	A	34,756.80	57,366.40	5.0%
	M	2,896.40	4,780.53	
	B	1,336.80	2,206.40	
	H	16.71	27.58	
G 25	A	36,504.00	60,236.80	5.0%
	M	3,042.00	5,019.73	
	B	1,404.00	2,316.80	
	H	17.55	28.96	
G 26	A	38,313.60	63,232.00	5.0%
	M	3,192.80	5,269.33	
	B	1,473.60	2,432.00	
	H	18.42	30.40	
G 27	A	40,248.00	70,428.80	5.0%
	M	3,354.00	5,869.07	
	B	1,548.00	2,708.80	
	H	19.35	33.86	
G 28	A	42,244.80	73,923.20	5.0%
	M	3,520.40	6,160.27	
	B	1,624.80	2,843.20	
	H	20.31	35.54	
G 29	A	44,345.60	77,604.80	5.0%
	M	3,695.47	6,467.07	
	B	1,705.60	2,984.80	
	H	21.32	37.31	
G 30	A	46,550.40	81,432.00	5.0%
	M	3,879.20	6,786.00	
	B	1,790.40	3,132.00	
	H	22.38	39.15	
G 31	A	48,859.20	85,488.00	5.0%
	M	4,071.60	7,124.00	
	B	1,879.20	3,288.00	
	H	23.49	41.10	
G 32	A	51,272.00	89,752.00	4.9%
	M	4,272.67	7,479.33	
	B	1,972.00	3,452.00	
	H	24.65	43.15	
G 33	A	53,851.20	94,224.00	5.0%
	M	4,487.60	7,852.00	
	B	2,071.20	3,624.00	
	H	25.89	45.30	

General Government Pay Schedule
Effective November 30, 2007

Pay Grade	Pay Basis	Range Minimum	Range Maximum	% Between Grades
G 34	A	56,513.60	98,904.00	4.9%
	M	4,709.47	8,242.00	
	B	2,173.60	3,804.00	
	H	27.17	47.55	
G 35	A	59,321.60	103,812.80	5.0%
	M	4,943.47	8,651.07	
	B	2,281.60	3,992.80	
	H	28.52	49.91	
G 36	A	62,296.00	108,992.00	5.0%
	M	5,191.33	9,082.67	
	B	2,396.00	4,192.00	
	H	29.95	52.40	
G 37	A	65,374.40	114,379.20	4.9%
	M	5,447.87	9,531.60	
	B	2,514.40	4,399.20	
	H	31.43	54.99	
G 38	A	68,640.00	120,078.40	5.0%
	M	5,720.00	10,006.53	
	B	2,640.00	4,618.40	
	H	33.00	57.73	
G 39	A	72,051.20	126,089.60	5.0%
	M	6,004.27	10,507.47	
	B	2,771.20	4,849.60	
	H	34.64	60.62	
G 40	A	75,628.80	132,350.40	5.0%
	M	6,302.40	11,029.20	
	B	2,908.80	5,090.40	
	H	36.36	63.63	
G 41	A	79,414.40	138,964.80	5.0%
	M	6,617.87	11,580.40	
	B	3,054.40	5,344.80	
	H	38.18	66.81	
G 42	A	83,366.40	145,870.40	5.0%
	M	6,947.20	12,155.87	
	B	3,206.40	5,610.40	
	H	40.08	70.13	
G 43	A	87,526.40	153,171.20	5.0%
	M	7,293.87	12,764.27	
	B	3,366.40	5,891.20	
	H	42.08	73.64	
G 44	A	91,894.40	160,804.80	5.0%
	M	7,657.87	13,400.40	
	B	3,534.40	6,184.80	
	H	44.18	77.31	

***Council Appointed Pay Schedule
Effective November 30, 2007***

Pay Grade	Pay Basis	Range Minimum
081	A	181,646.40
	M	15,137.20
	B	6,986.40
	H	87.33
082	A	140,129.60
	M	11,677.47
	B	5,389.60
	H	67.37
083	A	126,630.40
	M	10,552.53
	B	4,870.40
	H	60.88
084	A	88,233.60
	M	7,352.80
	B	3,393.60
	H	42.42
085	A	72,664.80
	M	6,055.40
	B	2,794.80
	H	46.58

Civil Service - Police Pay Schedule
Effective November 30, 2007

Class, Title, Steps and Time in Grade	Effective 11/30/2007		% of Increase
	Annual	% Between Steps	
PSII-021 Police Officer			
1 0-1 Years/Probationary Officer**	\$38,188		3.80%
2 1st Anniversary	\$41,244	8.0%	3.80%
3 3rd Anniversary	\$44,131	7.0%	3.80%
4 6th Anniversary	\$46,338	5.0%	3.80%
5 10th Anniversary	\$48,655	5.0%	3.80%
6 15th Anniversary	\$51,087	5.0%	3.80%
7 20th Anniversary	\$53,642	5.0%	3.80%
PSII-022 Corporal			
3 3rd Anniversary	\$46,338		3.80%
4 6th Anniversary	\$48,655	5.0%	3.80%
5 10th Anniversary	\$51,087	5.0%	3.80%
6 15th Anniversary	\$53,642	5.0%	3.80%
7 20th Anniversary	\$56,323	5.0%	3.80%
PSII-023 Police Sergeant			
3 3rd Anniversary	\$52,610		3.80%
4 6th Anniversary	\$54,977	4.5%	3.80%
5 10th Anniversary	\$57,451	4.5%	3.80%
6 15th Anniversary	\$60,037	4.5%	3.80%
7 20th Anniversary	\$62,739	4.5%	3.80%
PSII-024 Police Lieutenant			
3 5th Anniversary	\$61,687		3.80%
4 8th Anniversary	\$64,463	4.5%	3.80%
5 12th Anniversary	\$67,365	4.5%	3.80%
6 16th Anniversary	\$70,396	4.5%	3.80%
7 20th Anniversary	\$73,564	4.5%	3.80%
PSII-025 Deputy Police Chief			
4 7th Anniversary	\$75,699		3.80%
5 12th Anniversary	\$79,483	5.0%	3.80%
6 16th Anniversary	\$82,663	4.0%	3.80%
7 20th Anniversary	\$85,970	4.0%	3.80%
** All anniversaries are based on years served as a Temple Police Officer			

Civil Service - Fire Pay Schedule
Effective November 30, 2007

Class, Title, Steps and Time in Grade	Effective 11/30/2007		% of Increase
	Annual	% Between Steps	
PSI-030 & PSI-031 Fire Control & Rescue Officer			
1 0-1 Years	\$35,337		3.80%
2 1st Anniversary	\$37,104	5.0%	3.80%
3 3rd Anniversary	\$38,960	5.0%	3.80%
4 5th Anniversary	\$40,907	5.0%	3.80%
5 7th Anniversary	\$42,953	5.0%	3.80%
6 9th Anniversary	\$45,100	5.0%	3.80%
7 15th Anniversary	\$47,355	5.0%	3.80%
PSI-032 & PSI-037 Fire Driver			
1 1st Anniversary	\$45,063		3.80%
2 3rd Anniversary	\$46,865	4.0%	3.80%
3 5th Anniversary	\$48,272	3.0%	3.80%
4 7th Anniversary	\$50,202	4.0%	3.80%
5 9th Anniversary	\$52,210	4.0%	3.80%
6 15th Anniversary	\$53,776	3.0%	3.80%
PSI-033 & PSI-034 Fire Captain			
1 3rd Anniversary	\$52,986		3.80%
2 5th Anniversary	\$54,839	3.5%	3.80%
3 7th Anniversary	\$56,759	3.5%	3.80%
4 9th Anniversary	\$58,745	3.5%	3.80%
5 15th Anniversary	\$60,508	3.0%	3.80%
PSI-035 & PSI-036 Deputy Fire Chief			
1 5th Anniversary	\$69,980		3.80%
2 7th Anniversary	\$72,430	3.5%	3.80%
3 9th Anniversary	\$74,964	3.5%	3.80%
4 15th Anniversary	\$77,588	3.5%	3.80%

Fiscal and Budgetary Policy Statement

I. STATEMENT OF PURPOSE

The broad purpose of the following Fiscal and Budgetary Policy Statements is to enable the City to achieve and maintain a long-term stable and positive financial condition. The watchwords of the City's financial management include integrity, prudent stewardship, planning, accountability, full disclosure and communication.

The more specific purpose is to provide guidelines to the Director of Finance in planning and directing the City's day-to-day financial affairs and in developing recommendations to the City Manager and City Council.

The scope of these policies generally spans, among other issues, accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash and investment management, expenditure control, asset management, debt management, and planning concepts, in order to:

- A. present fairly and with full disclosure the financial position and results of the financial operations of the City in conformity to generally accepted accounting principles (GAAP) and;
- B. determine and demonstrate compliance with finance-related legal and contractual issues in accordance with provisions of the Texas Local Government Code and other pertinent legal documents and mandates.

The City Council will annually review and approve the Fiscal and Budgetary Policy Statements as part of the budget process.

II. OPERATING BUDGET

- A. **Preparation** – Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The “operating budget” is the City's annual financial operating plan. The annual budget includes all of the operating departments of the general fund, proprietary fund, the debt service fund, special revenue funds, and capital project funds of the City. The budget is prepared by the City Manager and Director of Finance with the cooperation of all City Departments, on a basis which is consistent with generally accepted accounting principles. The City Manager presents the budget to the City Council and in accordance with Article 12 of the Charter, files a copy with the City Secretary and the Director of Finance. The budget should be presented to the City Council no later than the 1st day of August and should be enacted by the City Council on or before the fifteenth day of the last month of the preceding fiscal year.
 - 1. **Proposed Budget** – A proposed budget shall be prepared by the City Manager with the participation of all the City's Department Heads within the provisions of the City Charter.
 - a. The budget shall include four basic segments for review and evaluation. These segments are: (1) revenues, (2) personnel costs, (3) operations and maintenance costs, and (4) capital and other (non-capital) project costs.
 - b. The budget review process shall include City Council participation in the development of each of the four segments of the proposed budget and Public Hearings to allow for citizen participation in the budget preparation.

- c. The budget process shall span sufficient time to address policy and fiscal issues by the City Council.
 - d. A copy of the proposed budget shall be filed by the City Manager with the City Secretary, Director of Finance when it is submitted to the City Council in accordance with the provisions of the City Charter.
2. Adoption – Upon the presentation by the Director of Finance of a proposed budget document to the City Council, the City Council shall call and publicize a public hearing. The City Council will subsequently adopt by Ordinance such budget, as it may have been amended, as the City’s Annual Budget effective for the fiscal year beginning October 1st.
- B. Balanced Budget – The operating budget will be balanced with current revenues, which may include beginning fund balances less required reserves as established by City Council, greater than or equal to current expenditures/expenses.
- C. Planning – The budget process will be coordinated so as to identify major policy issues for City Council consideration several months prior to the budget approval date. This will allow adequate time for appropriate decisions and analysis of financial impacts.
- D. Reporting – Periodic financial reports will be prepared by the Director of Finance to enable the Department Managers to manage their budgets and to enable the Director of Finance to monitor and control the budget as authorized by the City Manager. Summary financial and budgetary reports will be presented by the Director of Finance to the City Council to understand the overall budget and financial status.
- E. Control and Accountability – The Department Heads of each department will be solely responsible to insure that their department budgets will not exceed budgeted amounts. In addition, each Department Head will be solely responsible to achieve budgeted revenues that are generated by activities of that department. Failure to achieve budgetary control of their individual expenditure and revenue budgets will be evaluated and investigated by the City Manager.
- F. Expenditure Requests – The Finance Department will evaluate expenditure requests from departments to ensure that the requests are in the amount and kind originally budgeted in those departments and that adequate funds are available to comply with individual expense request. The Director of Finance will make every effort to assist departments in obtaining purchases to accomplish the goals and objectives delineated in the budget information for each department set forth in the current yearly adopted budget.
- G. Contingent Appropriation – The City Manager should establish an adequate contingent appropriation in each of the operating funds. Expenditures from this appropriation shall be made only in cases of emergency or an unforeseen/unusual need. A detailed account shall be recorded and reported. The transfer of this budget appropriation shall be under the control of the City Council. Any transfer of contingency must be expressly approved in advance by the City Council.

All transfers from the contingent appropriation will be evaluated using the following criteria:

- 1. Is the request of such an emergency nature that it must be made immediately?
- 2. Why was the item not budgeted in the normal budget process?
- 3. Why the transfer cannot be made within the division or department?

III. REVENUE POLICIES

A. **Characteristics** – The City Finance Department will strive for the following optimum characteristics in its revenue system:

1. **Simplicity** – The City, where possible and without sacrificing accuracy, will strive to keep the revenue system simple in order to reduce compliance costs for the taxpayer or service recipient. A corresponding decrease in the City's cost of collection and a reduction in avoidance to pay should result.
2. **Certainty** – A knowledge and understanding of revenue sources increases the reliability of the revenue system. The City will understand its revenue sources and enact consistent collection policies to provide assurances that the revenue base will materialize according to budgets and plans.
3. **Equity** – The City shall make every effort to maintain equity in its revenue system structure; i.e., the City should seek to minimize or eliminate all forms of subsidization between entities, funds, services, utilities, and customer classes.
4. **Revenue Adequacy** – The City should require that there be a balance in the revenue system; i.e., the revenue base will have the characteristics of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.
5. **Administration** – The benefits of a revenue source should exceed the cost of levying and collecting that revenue. The cost of collection should be reviewed annually for cost effectiveness as a part of the indirect cost of service analysis. Where appropriate, the City will use the administrative processes of State, Federal or Local Governmental collection agencies in order to reduce administrative cost.
6. **Diversification and Stability** – A diversified revenue system with a stable source of income shall be maintained. This will help avoid instabilities in two particular revenue sources due to factors such as fluctuations in the economy and variations in the weather.

B. **Issues** – The following considerations and issues will guide the City Finance Department in its revenue policies concerning specific sources of funds:

1. **Cost/Benefit of Abatement** – The City will use caution in the analysis of tax or fee incentives that are used to encourage development. Ideally, a cost/benefit (fiscal impact) and analysis should be performed as part of such caution.
2. **Non-Recurring Revenues** – One-time or non-recurring revenues should not be used to finance current ongoing operations. Non-recurring revenues should be used only for non-recurring expenditures and not be used for budget balancing purposes.
3. **Property Tax Revenues** – All real and business personal property located within the City shall be valued at 100% of the fair market value for any given year based on the current appraisal supplied to the City by the Bell County Tax Appraisal District. Reappraisal and reassessment shall be done every third year.

Conservative budgeted revenue estimates result in a projected ninety-eight percent (98%) budgeted collection rate for current ad valorem taxes. Two percent (2%) of estimated current ad valorem taxes will be projected and used as the budget for delinquent ad valorem tax collections. The combined ad valorem tax collections budgeted each fiscal year will be no less than one hundred percent (100%) of the tax

levy and should insure that ad valorem tax collection projections will not be over estimated.

The Finance Department will endeavor with the Tax Assessor Collector to collect ad valorem taxes in excess of ninety-seven percent (97%) of total ad valorem tax levy with a goal of one hundred percent (100%) collection of actual ad valorem taxes levied in each fiscal year.

All delinquent taxes shall be aggressively pursued each year by the Tax Assessor/Collector. Tax accounts delinquent greater than 90 days shall be submitted for collection each year to an attorney selected by the Bell County Tax Appraisal District. A penalty shall be assessed on all delinquent property taxes, which shall include all court costs, as well as an amount for compensation of the attorney as permitted by State law and in accordance with the attorney's contract with the County. Annual performance criteria will be developed for the attorney and reported to the City Council.

4. Interest Income – Interest earned from investment of available monies, whether pooled or not, will be distributed to the funds in accordance with the equity balance of the fund from which monies were provided to be invested.
5. User-Based Fees and Service Charges – For services associated with a user fee or charge, the direct and indirect costs of that service will be offset by a fee where possible. There will be an annual review by all Department Heads of fees and charges to ensure that fees provide adequate coverage of cost of services for their respective departments.

The City Council will determine how much of the cost of a service should be recovered by fees and charges.

6. Enterprise Fund Rates – The Director of Utilities will review rates annually, and the City Council will adopt rates that will generate revenues sufficient to cover operating expenses, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital.

Additionally, enterprise activity rates and other legal funds of the City will include transfers to and receive credits from other funds as follows:

- a. General and Administrative Charges – Administrative costs should be charged to all funds for services of general overhead, such as administration, finance, customer billing, personnel, data processing, engineering, and legal counsel, and other costs as appropriate. The charges will be determined by the Director of Finance through an indirect cost allocation following accepted practices and procedures not to exceed 9%.
- b. Payment in-lieu-of-costs – This transfer will be made in accordance with the following methods, not to exceed 5% of the total estimated operating revenues of the respective fund.
 - (1) *In-Lieu-of-franchise-fee*. In-lieu-of-franchise fee will be included as a part of the rate computation of gross sales consistent with the franchise rates charged to investor owned utility franchises to operate within the City. Currently, the City levies a 5% franchise fee.

- (2) *Payment-in-lieu-of-ad valorem tax.* Rates will be calculated so as to include a fee equal to the ad valorem taxes lost as a result of municipal ownership of the various utility and other enterprise activities owned by the City. Net book value will be used as a basis, barring absence of known market value and applied only to capital assets actually within the incorporated City limits.
7. Intergovernmental Revenues (Federal/State/Local) – All potential grants will be examined for matching requirements and the source of the matching requirements. These revenue sources will be expended only for intended purpose of grant aid. It must be clearly understood that operational requirements set up as a result of a grant or aid could be discontinued once the term and conditions of the project have terminated.
8. Revenue Monitoring – Revenues actually received will be compared to budgeted revenues by the Director of Finance and any variances considered to be material will be investigated. This process will be summarized in the appropriate budget report. The Director of Finance will report results of that investigation to the City Manager and City Council.

IV. EXPENDITURE POLICIES

- A. Appropriations – The point of budgetary control is at the department level budget for all funds. When budget adjustments among Departments and/or funds are necessary, they will be made in accordance with the City Charter. Budget appropriation amendments at lower levels of control shall be made in accordance with the applicable administrative procedures.
- B. Central Control – No recognized or significant salary or capital budgetary savings in any Department shall be spent by the Department Head without the prior authorization of the City Manager. This control will realize budget savings each year that will be recognized in the approved budget as “unexpended appropriations” or contingency “sweep” accounts. The City Manager is authorized, without further City Council action, to transfer appropriations within individual department budgets for each fund from line item to line item greater than \$5,000 provided that the total funds appropriated by the City Council for each individual department budget are neither increased nor decreased. The Director of Finance is authorized without further City Council action, to transfer appropriations within individual department budgets for each fund from line item to line item less than \$5,000 provided that the total funds appropriated by the City Council for each individual department budget are neither increased nor decreased.
- C. Purchasing – All City purchases of goods or services will be made in accordance with the City’s current Purchasing Manual.
- D. Prompt Payment – All invoices approved for payment by the proper City authorities shall be paid by the Finance Department within thirty (30) calendar days of receipt in accordance with the provisions of Article 601f, Section 2 of the State of Texas Civil Statutes.

The Director of Finance shall establish and maintain proper procedures which will enable the City to take advantage of all purchase discounts, when possible, except in the instance where payments can be reasonably and legally delayed in order to maximize the City’s investable cash.

- E. **Reporting** – Quarterly reports will be presented by the Director of Finance in open Council meetings describing the financial and budgetary conditions of the City. Comparisons of actual to budget and actual to prior year, appropriate ratios and graphs to fully disclose and present meaningful information will be used whenever possible.

V. CAPITAL BUDGET AND PROGRAM

- A. **Preparation** – The City's Capital Budget will include all capital project funds and all capital resources. The budget will be prepared annually and on a project basis. The Capital Budget will be prepared by the City Manager with the involvement of responsible departments.
- B. **Control** – All capital project expenditures must be appropriated in the Capital Budget. The Finance Department must certify the availability of resources before any capital project contract is presented to the City Council for approval.
- C. **Program Planning** – The Capital Budget will be taken from capital improvements plan for future years. The planning time frame for the capital improvements project plan should normally be five years, but a minimum of at least three years. The replacement and maintenance for capital items should also be projected for the next ten (10) years. Future maintenance and operational costs will be considered so that these costs can be included in the operating budget.
- D. **Financing Programs** – Where applicable, assessments, impact fees, pro rata charges, or other fees should be used to fund capital projects which have a primary benefit to specific, identifiable property owners.

Recognizing that long-term debt is usually a more expensive financing method, alternative-financing sources will be explored before debt is issued. When debt is issued, it will be used to acquire major assets with expected lives that equal or exceed the average life of the debt issue. The exceptions to this requirement are the traditional costs of marketing and issuing the debt, capitalized labor for design and construction of capital projects, and small component parts which are attached to major equipment purchases.

- E. **Timing** – The Financial Analyst will work with Department Heads during the budget preparation to schedule the timing of capital equipment purchases to insure funds availability. The final schedule of capital purchases will be given to Directors or Department Heads to assist them in timing purchase requests to the Purchasing Department.
- F. **Infrastructure Maintenance** – The City recognizes the deferred maintenance increases future capital costs. Therefore, a portion of all individual funds with infrastructure should be budgeted each year to maintain the quality of the City's infrastructure. Replacement schedules should be developed in order to anticipate the deterioration and obsolescence of infrastructure.
- G. **Reporting** – Periodic financial reports will be prepared by the Director of Finance to enable the Department Heads to manage their capital budgets and to enable the Finance Department to monitor and control the capital budget as authorized by the City Manager.

VI. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

- A. **Accounting** – The City Finance Department is solely responsible for the reporting of the financial affairs, both internally and externally. The Director of Finance is the City's Chief Fiscal Officer and, through responsibility delegated to the Assistant Director of Finance, is responsible for establishing the Chart of Accounts and for properly recording financial transactions.

B. **Auditing** –

1. **Qualifications of the Auditor** – In conformance with the City’s Charter and according to the provisions of Texas Local Government Code, Title 4, Chapter 103, the City will be audited annually by outside independent accountants (“auditor”). The auditor must be a CPA that can demonstrate that it has the breadth and depth of staff to conduct the City’s audit in accordance with generally accepted auditing standards and contractual requirements. The auditor must hold a license under Article 41a-1, Section 9, of the Civil Statutes of Texas, capable of demonstrating that it has sufficient staff which will enable it to conduct the City’s audit in accordance with generally accepted auditing standards as required by the City Charter and applicable state and federal laws. The auditor’s report on the City’s financial statement will be completed within 120 days of the City’s fiscal year end, and the auditor will jointly review the management letter with the City Council within 30 days of its receipt by the staff.

In conjunction with their review, the Director of Finance shall respond within 100 days in writing to the City Manager and City Council regarding the auditor’s Management Letter, addressing the issues contained therein. The City Council shall schedule its formal acceptance of the auditor’s report upon the resolution of any issues resulting from the joint review.

2. **Responsibility of Auditor to City Council** – The auditor is retained by and is accountable directly to the City Council and will have access to direct communication with the City Council if the City Staff is unresponsive to auditor recommendations or if the auditor considers such communication necessary to fulfill its legal and professional responsibilities.

C. **Financial Reporting** –

1. **External Reporting** – The City Finance Department shall prepare a written Comprehensive Annual Financial Report (CAFR) which shall be presented to the City’s auditor within 60 days of the City’s fiscal year end. Accuracy and timeliness of the CAFR is the responsibility of the City staff. The CAFR will be prepared in accordance with generally accepted accounting principles (GAAP). If City staffing limitations preclude such timely reporting, the Director of Finance will inform the City Council of the delay and the reasons therefore. Upon the completion and acceptance of the CAFR, the City’s auditor shall present the audited CAFR to the City Council within 120 days of the City’s fiscal year end.
2. **Internal Reporting** – The Finance Department will prepare internal financial reports, sufficient to plan, monitor, and control the City’s financial affairs. Internal financial reporting objectives are addressed throughout these policies. As the Finance Department strives for excellence in financial reporting, the following Qualitative Characteristics of Accounting Information will be incorporated in all reports and policies that are prepared or implemented.

Definitions of Qualitative Characteristics of Accounting Information:

- **Bias** – Bias in measurement is the tendency of a measure to fall more often on one side than the other of what it represents instead of being equally likely to fall on either side. Bias in accounting measures means a tendency to be consistently too high or too low. Financial reporting will strive to eliminate bias in accounting data.

- **Comparability** – The quality of information that enables users to identify similarities in and differences between two sets of economic phenomena.
- **Completeness** – The inclusion in reported information of everything material that is necessary for faithful representation.
- **Conservatism** – A prudent reaction to uncertainty to try to insure that uncertainty and risks inherent in financial situations are adequately considered.
- **Consistency** – Conformity from period to period with unchanging policies and procedures.
- **Feedback Value** – The quality of information that enables users to confirm or correct prior expectations.
- **Materiality** – The magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.
- **Neutrality** – Absence in reported information of bias intended to attain a predetermined result or to induce a particular mode of behavior.
- **Predictive Value** – The quality of information that helps users to increase the likelihood of correctly forecasting the outcome of past or present events.
- **Relevance** – The capacity of information to make a difference in a decision by helping users to form predictions about the outcomes of past, present, and future events or to confirm or correct prior expectations.
- **Reliability** – The quality of information that assures that information is reasonably free from error and bias and faithfully represents what it purports to present.
- **Representational Faithfulness** – Correspondence or agreement between a measure or description and the phenomenon that it purports to represent (sometimes called validity).
- **Timeliness** – Having information available to a decision-maker before it loses its capacity to influence decisions.
- **Understandability** – The quality of information that enables users to perceive its significance.
- **Verifiability** – The ability through consensus among measurers to insure that information represents what it purports to represent or that the chosen method of measurement has been used without error or bias.

VII. ASSET MANAGEMENT

- A. **Investments** – The Director of Finance shall promptly deposit all City funds with the City's Depository Bank in accordance with the provisions of the current Bank Depository Agreement. The Director of Finance will then promptly invest all funds in any negotiable

instrument that the Council has authorized under the provisions of the Public Funds Investment Act, and in accordance with the City Council approved Investment Policies.

- B. **Cash Management** – The City’s cash flow will be managed to maximize the cash available to invest. Such cash management will entail the centralization of cash collections, where feasible, utility bills, building and related permits and licenses, and other collection offices as appropriate.

The Finance Department shall use the facsimile check-signing machine, bearing the signatures of the City Manager and Director of Finance.

The Director of Finance may transfer funds, via electronic transfer, through verbal or electronic instructions to the City’s Depository only for payment of any obligation of the City under the conditions applicable to the use of the facsimile machine. Payment authorization shall be in accordance with the pay authorization criteria as defined in the current Bank Depository Agreement, approved by Council, stipulating the conditions and control procedures on such activity.

VIII. TREASURY

Cash/Treasury Management – Periodic review of each cash flow position will be performed to determine performance of cash management and investment policies. A detailed policy structure will be followed with respect to Cash/Treasury Management. The underlying theme will be that idle cash will be invested with the intent to 1) safeguard assets, 2) maintain liquidity, and 3) maximize return. Where legally permitted, pooling of investments will be done.

The City will adhere to the investments authorized through the Public Funds Investment Act and any amendments to such act and will additionally establish a comprehensive Investment Policies and Guidelines. Such policies will clarify acceptable investment securities, brokers, terms, and other pertinent investment information.

IX. DEBT MANAGEMENT

- A. **Policy Statement** – The City of Temple recognizes the primary purpose of capital facilities is to support provision of services to its residents. Using debt financing to meet the capital needs of the community must be evaluated according to two tests – efficiency and equity. The test of efficiency equates to the highest rate of return for a given investment of resources. The test of equity requires a determination of who should pay for the cost of capital improvements. In meeting the demand for additional capital facilities, the City will strive to balance the load between debt financing and “pay as you go” methods. The City realizes failure to meet the demands of growth may inhibit its continued economic viability, but also realizes that too much debt may have detrimental effects. Through the rigorous testing of the need for additional debt financed facilities and the means by which the debt will be repaid, the City Director of Finance will strike an appropriate balance between service demands and the amount of debt.

- B. **Types of Debt** –

1. **General Obligation Bonds (GO’s)** – General obligation bonds will be used only to fund capital assets of the general government, are not to be used to fund operating needs of the City and are backed by the full faith and credit of the City as well as the ad valorem taxing authority of the City as prescribed by law. The term of a bond issue will not exceed the useful life of the asset(s) funded by the bond issue and will generally be limited to no more than twenty years. General obligation bonds must be authorized by a vote of the citizens of the City of Temple.

2. Revenue Bonds (RB's) – Revenue bonds will be issued to provide for the capital needs of any activities where the capital requirements are necessary for continuation or expansion of a service which produces a revenue and for which the asset may reasonably be expected to provide for a revenue stream to fund the debt service requirements. The term of the obligation may not exceed the useful life of the asset(s) to be funded by the bond issue and will generally be limited to no more than twenty years.
 3. Certificates of Obligation, Contract Obligations, etc. (CO's) – Certificates of Obligations or Contract Obligations will be used in order to fund capital requirements which are not otherwise covered under either Revenue Bonds or General Obligation Bonds. Debt service for CO's may be either from general revenues or backed by a specific revenue stream or streams or by a combination of both. Generally CO's will be used to fund capital assets where full bond issues are not warranted as a result of cost of the asset(s) to be funded through the instrument. The term of the obligations may not exceed the useful life of the asset(s) to be funded by the proceeds of the debt issue and will generally be limited to no more than twenty years.
 4. Method of Sale – The Director of Finance will use a competitive bidding process in the sale of bonds unless the nature of the issue warrants a negotiated bid. In situations where a competitive bidding process is not elected, the Director of Finance will publicly present the reasons why, and the Director of Finance will participate with the financial advisor in the selection of the underwriter or direct purchaser.
- C. Analysis of Financing Alternatives – Finance Staff will explore alternatives to the issuance of debt for capital acquisitions and construction projects. These alternatives will include, but are limited to: 1) grants-in-aid, 2) use of reserves/designations, 3) use of current revenues, 4) contributions from developers and others, 5) leases, and 6) impact fees.
- D. Conditions for using debt – Debt financing of capital improvements and equipment will be done only when the following conditions exist:
- When non-continuous projects (those not requiring continuous annual appropriations) are desired;
 - When it can be determined that future users will receive a benefit from the improvement;
 - When it is necessary to provide basic services to residents and taxpayers (for example, purchase of water rights);
 - When total debt, including that issued by overlapping governmental entities, does not constitute an unreasonable burden to the residents and taxpayers.
- E. Federal Requirements – The City Finance Department will maintain procedures to comply with arbitrage rebate and other Federal requirements.
- F. Sound Financing of Debt – When the City utilizes debt financing, it will ensure that the debt is soundly financed by:
- Conservatively projecting the revenue sources that will be used to pay the debt;

- Financing the improvement over a period not greater than the useful life of the improvement;
- Determining that the benefits of the improvement exceed the costs, including interest costs;
- Maintaining a debt service coverage ratio which ensures that combined debt service requirements will not exceed revenues pledged for the payment of debt; and
- Evaluating proposed debt against the target debt indicators.

G. **Financing Methods** – The City maintains the following policies in relation to methods of financing used to issue debt:

- An Ad Valorem tax rate of \$1.20 per \$100 of assessed value is the maximum municipal tax rate (by City Charter) that may be levied for all General Fund tax supported expenditures and debt service;
- Where possible, the City will use revenue or other self-supporting bonds in lieu of General Obligation Bonds;
- When appropriate, the City will issue non-obligation debt, for example, Industrial Development Revenue bonds, to promote community stability and economic growth; and
- Staff will maintain open communications with bond rating agencies about its financial condition and whenever possible, issue rated securities.

H. **Elections** – The Charter also regulates which securities may be issued only after a vote of the electors of the City and approved by a majority of those voting on the issue.

1. **Election Required** – Securities payable in whole or in part from Ad Valorem taxes of the City except issues such as tax increment securities, certificates of obligation, and contractual obligations.

2. **Election Not Required** –

- Short-term notes (12 months or less) issued in anticipation of the collection of taxes and other revenues.
- Securities issued for the acquisition of water rights or capital improvements for water treatment.
- Securities payable solely from revenue other than Ad Valorem taxes of the City.
- Refunding securities issued to refund and pay outstanding securities.
- Securities for any special or local improvement district, such as a Public Improvement District (PID).
- Tax increment securities payable from Ad Valorem tax revenue derived from increased valuation for assessment of taxable property within a plan of development or other similar area as defined by applicable State Statutes.
- Securities issued for the acquisition of equipment or facilities pursuant to a lease-purchase contract.

X. FINANCIAL CONDITIONS, RESERVES, AND STABILITY RATIOS

- A. **Operational Coverage** – (*No Operating Deficits*) – The City’s Proprietary Utility fund will comply with all bond covenants and maintain an operational coverage of at least 125%, such that current operating revenues will exceed current operating expenses.

Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used for emergencies or non-recurring expenditures, except when balances can be reduced because their levels exceed guideline minimums as stated in Paragraph B, following.

- B. **Operating Reserves/Fund Balances** –

1. The General Fund’s **fund balance** should be at least 33% of the General Fund’s annual operating expenditures. This percentage is the equivalent of four months operational expenditures.
2. The Enterprise Fund **working capital** should be maintained at 33% of total operating expenses or the equivalent of four months.

- C. **Liabilities and Receivables** – Procedures will be followed to maximize discounts and reduce penalties offered by creditors. Current liabilities will be paid within 30 days of receiving the invoice. Accounts Receivable procedures will target collection for a maximum of 30 days from service. Receivables aging past 120 days will be sent to a collection agency. The Finance Director is authorized to write-off non-collectible accounts that are delinquent for more than 180 days, provided proper delinquency procedures have been followed. The Finance Director will make an annual report to the City Council of the status of delinquent write-offs of non-collectible accounts.

- D. **Capital and Debt Service Funds** –

1. Monies in the Capital Projects Funds should be used within 24 months of receipt or within a reasonable time according to construction schedule. Balances will be used to generate interest income to offset construction cost. Any unused monies can be used to fund similar projects as outlined by bond covenants and remaining excess funds will be transferred to the Debt Service Fund, provided that this complies with the bond covenant.

Revenues in the Debt Service Fund are based on property tax revenues, interest earnings and transfers from other funds. Reserves in the Debt Service Fund are designed to provide funding between the date of issuance of new debt and the time that property tax levies are adjusted to reflect the additional debt. Reserve levels should not exceed one month of average annual debt service.

2. Revenue obligations will maintain debt coverage ratios as specified by the bond covenants.

- E. **Ratios/Trend Analysis** –

Ratios and significant balances will be incorporated into monthly, quarterly and financial reports. This information will provide users with meaningful data to identify major trends of the City’s finances through analytical procedures. We have selected the following ratios/balances as key indicators:

- Fund Balance/Equity:
FB/E Assets – liabilities
AL (Acceptable level) $\geq 33.0\%$ of operations
- Working Capital:
CA – CL Current assets less current liabilities
AL $\geq 33.0\%$ of operations
- Current Ratio:
CA/CL Current assets divided by current liabilities
AL > 1.00
- Quick Ratio:
Liquid CA/CL “Liquid” current assets divided by current liabilities
AL > 1.00
- Debt/Assessed
Ad Valorem Taxes:
D/AV Debt divided by assessed Ad Valorem value
AL < 5
- Debt Ratio (%):
CL+LTL/TA Current liabilities plus long term liabilities divided
by total assets
AC < 1.00
- Enterprise Operational
Coverage:
OR/OE Operating revenue divided by operating expense
AL > 1.25

Our goal is to develop minimum/maximum levels for the ratios/balances above through analyzing City of Temple historical trends and anticipated future trends. We will also analyze/compare City of Temple to other municipalities to develop these acceptable levels.

XI. INTERNAL CONTROLS

- A. **Written Procedures** – Wherever possible, written procedures will be established and maintained by the Director of Finance for all functions involving cash handling and/or accounting throughout the City. These procedures will embrace the general concepts of fiscal responsibility set forth in this policy statement.
- B. **Department Heads Responsibilities** – Each Department Head is responsible to ensure that good internal controls are followed throughout their Department, that all Finance Department directives or internal controls are implemented, and that all independent auditor internal control recommendations are addressed.

XII. STAFFING AND TRAINING

- A. **Adequate Staffing** – Staffing levels will be adequate for the fiscal functions of the City to operate effectively. Overtime shall be used only to address temporary or seasonal demands that require excessive hours. Workload allocation alternatives will be explored before adding staff.
- B. **Training** – The City will support the continuing education efforts of all financial staff members including the investment in time and materials for maintaining a current perspective concerning financial issues. Staff will be held accountable for communicating, teaching, and sharing with other staff members all information and training materials acquired from seminars, conferences, and related education efforts.

- C. **Awards, Credentials, Recognition** – The Finance Department will support efforts and involvement which result in meeting standards and receiving exemplary recitations on behalf of any of the City's fiscal policies, practices, processes, products, or personnel. Staff certifications may include Certified Public Accountant, Management Accountant, Certified Internal Auditor, and Certified Cash Manager.

The Finance Department will strive to maintain a high level of excellence in its accounting policies and practices as it prepares the CAFR. The CAFR will be presented annually to the Governmental Finance Officers Association for evaluation and consideration for the Certificate of Achievement for Excellence in Financial Reporting. The Budget will also be submitted to the GFOA for evaluation and consideration of the Distinguished Budget Presentation Award.

Investment Policy

The Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, prescribes that each City is to adopt rules governing its investment practices and to define the authority of the investment officer. The following Investment Policy addresses the methods, procedures, and practices, which must be exercised to ensure effective and judicious fiscal management of the City's funds.

The Director of Finance is designated as the investment officer of the City of Temple, Texas, and is responsible for all investment decisions and activities.

I. Scope

This Policy applies to all investment activities of the City's funds under its control, except those subject to other investment covenants, or excluded by contract. The Investment Policy will govern the activities of the Director of Finance and designated deputies in their management of all public funds covered by this Investment Policy.

In order to make effective use of the City's resources, all funds shall be pooled for investment purposes, except for those funds required to be accounted for in other accounts as stipulated by applicable laws, bond covenants, contracts or City policy. The pooled funds will include, but are not limited to, the funds of the General Fund, Water & Wastewater, GO Interest & Sinking, Hotel/Motel, Capital Projects, Federal/State Grant, Drainage, and Tax Increment Funds. The Firemen's Pension Fund, Deferred Compensation Plans, and any investments donated to the City for a particular purpose, or under terms of use specified by the donor, are outside the scope of this Investment Policy.

This Policy also requires the formal adoption of an Investment Strategy that specifically addresses each of the City's fund groups. (See Attachment A)

II. Objectives

The primary objectives of the City investment activities, in order of priority, shall be:

- A. Safety – Investments shall be undertaken in a manner that seeks to ensure the preservation of principal.
- B. Liquidity – The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements, which might be reasonably anticipated.
- C. Yield – The City's investment strategy is conservative. Given this strategy, the benchmark used by the Director of Finance to determine whether market yields are being achieved shall be the 90-day T-bill rate. Return on investment is of least importance compared to the safety and liquidity objectives.

Each investment transaction shall seek to first ensure that principal losses are avoided, whether they are from security defaults or erosion of market value.

III. Delegation Of Authority

The Director of Finance may designate deputies to assist with the management of the investment portfolio.

The Director of Finance or designated deputy shall be responsible for all transactions, compliance with internal controls, and insuring that all safekeeping, custodial, and collateral duties are in compliance with this investment policy and other applicable laws and regulations.

IV. **Standard Of Care**

Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. This investment principle shall be applied in the context of managing the overall investment portfolio.

The Director of Finance or designated deputy, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely manner to the City Manager, and appropriate action is taken to control adverse developments.

V. **Ethics And Conflicts Of Interest**

The Director of Finance and designated deputies shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. An individual who has a personal business relationship with a business organization offering to engage in an investment transaction with the City shall file a statement with the Texas Ethics Commission and the City Council disclosing that personal business interest. A disclosure statement will also be filed if the Director of Finance or any designated deputy is related within the second degree by affinity of consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the City.

For the purpose of this section, an individual has a personal business relationship with a business organization if:

- A. The individual owns 10 percent or more of the voting stock or shares of the business organization, or owns \$5,000 or more of the fair market value of the business organizations;
- B. Funds received by the individual from the business organization exceed 10 percent of the individual's gross income for the previous year; or
- C. The individual has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the individual.

VI. **Accounting/Reporting**

The Director of Finance shall, not less than quarterly, prepare and submit to the City Council a written report of investment transactions for all funds covered by this investment policy for the preceding reporting period. The report should:

- A. Describe the investment position of the entity on the date of the report;
- B. Be prepared and signed by the Director of Finance and Treasury Manager;
- C. Contain a summary statement prepared in compliance with generally accepted accounting principles that states the beginning market values, additions and changes to the market value, ending market value and fully accrued interest for the reporting period;
- D. State the book value and market value of each separately invested asset at the beginning and end of the reporting period by type of asset and fund type invested;
- E. State the maturity date of each separately invested asset that has a maturity date;
- F. State the compliance of the investment portfolio as it relates to the City's Investment Policy, the City's Investment Strategy and the Public Funds Investment Act; and

- G. The reports should be formally reviewed at least annually by an independent auditor.

The method used to monitor the market price of acquired investments is to obtain market rates for the total portfolio from at least two independent brokers or from a recognized entity that provides a similar service.

VII. Internal Controls

The management of the City of Temple, Texas, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objective of an internal control structure is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this policy, we have identified procedural controls for the purchase of investments (See Attachment B). Significant internal control structure policies and procedures are beyond the scope of this policy. The Director of Finance shall comply with the City's Internal Control Policies and Procedures at all times.

VIII. Diversification

The City will diversify use of investment types and issuers to avoid incurring unreasonable risks inherent in over-investment in specific instruments, individual issuers or maturities.

The investment portfolio shall not exceed the following guidelines without prior approval of the City Manager:

- A. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio will be invested in a single investment type.
- B. Investment in any one single U.S. Agency Issue shall not exceed 30% of the total investment portfolio.
- C. Commercial Paper shall not exceed more than 5% of the total investment portfolio.
- D. With the exception of U.S. Treasury securities, no more than 40% of the total investment portfolio shall be invested with a single issuer.
- E. Investment with maturities of three years shall be limited to a maximum of 20% of the total portfolio.
- F. The minimum maturity on any individual investment shall be one day (overnight). Maturities will be scheduled to meet liquidity and operating requirements.
- G. The maximum maturity for each investment and the total portfolio will be timed to maturity to meet cash flow needs established by the cash flow analysis. The maximum maturity of any individual investment shall not exceed three (3) years.
- H. The maximum dollar-weighted average maturity of the total investment portfolio is 270 days.

Maturity schedules shall be timed according to anticipated liquidity needs. Investments, from time to time, may be liquidated before maturity for cash-flow purposes. To meet these disbursement schedules, market gains or losses may be required. Any losses for early maturity liquidation should be minimized, and they should be reported as such to the City Manager in a timely manner. Actual risk of default shall be minimized by adequate collateralization. Market risk shall be minimized by diversification of investment type and maturity.

The Director of Finance shall routinely monitor the contents of the investment portfolio, the available markets and the relative values of competing instruments, and shall adjust the investment portfolio accordingly, keeping in mind the overall objectives of the investments.

IX. Cash Flow Analysis

The Director of Finance will develop and maintain a comprehensive cash flow analysis for all of the City's fund types. The purposes will be to determine liquidity needs and the available funds for investing. The summarized cash flow analysis reports will be provided to the City Council and the City Manager on a quarterly basis.

X. Authorized Investments

The following is a list of authorized investments:

- A. Obligations issued, guaranteed, insured by, or backed by the full faith and credit of the United States or its agencies and instrumentalities (i.e. U.S. Treasury and Agency Issues).
- B. Certificates of Deposit, which are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor and are secured by obligations of the United States or its agencies and instrumentalities, that have a market value of not less than the principal amount of the certificates.
- C. Fully collateralized repurchase agreements that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities. The securities purchased by the City must be pledged to the City, held in the City's name and deposited at the time the investment is made with the City's custodial bank. Repurchase agreements can only be placed through primary government securities dealers or financial institutions doing business in Texas. The maximum term for repurchase agreements is ninety (90) days from the date the reverse security repurchase agreement is delivered and securities held as collateral must not mature later than the agreement's expiration date.
- D. Commercial paper with a stated maturity of 270 days or less from the date of issuance. Must be rated not less than A-1 or P-1, or an equivalent, by at least two nationally recognized credit rating agencies or rated by one credit rating agency plus fully secured by an irrevocable letter of credit issued by a domestic bank.
- E. Investment pools that are authorized by Council, invest only in investments approved by the Public Funds Investment Act, have an advisory board and are continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating agency. Investment pools must provide an offering circular, investment transaction confirmations, and monthly reports.
- F. S.E.C. registered no-load money market mutual funds that have a dollar-weighted average stated maturity of ninety (90) days or less and include in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

An investment that requires a minimum rating under this policy does not qualify as an authorized investment during the period the investment does not have the minimum rating. The Director of Finance will take all prudent measures that are consistent with this policy to liquidate an investment that does not have the minimum

rating; however, the Director of Finance will not be required to liquidate investments that were authorized investments at the time of purchase.

The Director of Finance is specifically prohibited from investing in:

- A. Structured notes, investments with inverse-floaters, collateralized mortgage obligations, or any other form of derivatives;
- B. Any investment not authorized by this Policy or the Public Funds Investment Act;
- C. Any instrument for which there would not be a ready market for immediate resale;
- D. Any investment pool in which the City would own more than 20% of the market value of the pool;
- E. Highly sophisticated investments not freely conducted in the marketplace e.g., derivatives; and
- F. Any one mutual fund in which the City would own more than 10% of the total assets of the mutual fund.

The Director of Finance is also specifically prohibited from borrowing funds for the purpose of reinvesting the funds to leverage return.

XI. Eligible Institutions

The following financial institutions are eligible for consideration for investment transactions by the Director of Finance:

- A. State or national banks domiciled in the State of Texas.
- B. Savings banks domiciled in the State of Texas.
- C. State or federal credit unions domiciled in the State of Texas.
- D. Brokers approved and designated as primary dealers by the Federal Reserve Bank of New York.
- E. Secondary or regional brokers who meet the following requirements:
 - 1. National Association of Security Dealers certified;
 - 2. Carry Texas State Registration;
 - 3. Have net capital of \$1 million or more for Delivery Versus Payment investment transactions or net capital of \$50 million or more for Repurchase Agreement transactions; and
 - 4. Have at least five (5) years of operation.
- F. Local government investment pools, i.e. Texpool, TexSTAR, etc.
- G. S.E.C. registered money market mutual funds.

Due to possible conflicts of interest, we feel that it is in the best interest of the City for the City's depository to be ineligible for quote-qualified investment transactions. Other routine investment transactions, not covered in the scope of this policy such as sweep accounts, certificates of deposit, and float interest earnings, would be allowed with the City's depository.

A written copy of the City's investment policy shall be presented to any financial institution offering to engage in an investment transaction with the City. The qualified representative of the financial institution offering to engage in an investment transaction with the City shall execute an Investment Policy Certification substantially to the effect that the financial institution has:

- A. Received and reviewed the City's investment policy; and
- B. Acknowledged that the financial institution has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the City and the institution that are not authorized by the City's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards.

A list of individual qualified institutions authorized to engage in investment transactions with the City shall, at least annually, be reviewed, revised, and adopted by the City Council. (See Attachment C)

All broker/dealers will have on file, with the City, Trading Authorization Agreements.

XII. Security Purchases/Trades

The City will purchase securities on an "as needed" basis only. The City will determine investment requirements based on cash flow analysis and current cash positions. The City will evaluate all bids given for determination of the securities best suited for the City's requirements.

Security selections and term will be determined in accordance with, (1) safety of principal, (2) cash flow needs, (3) investment type as a percentage of total investment portfolio and (4) yield.

Brokers/dealers are not encouraged to contact the City on currently available securities that the broker/dealers believe are items of interest to the City.

All securities placed will be solicited from no less than three qualified institutions. The Treasury Manager will obtain the quotes and get approval from the Director of Finance or a designated deputy prior to making any investment decision. All security purchases and trades conducted through the City will be settled with the City's third party custodial bank. The use of Delivery versus Payment (DVP) for investment transactions/purchases, except with investment pools and money market mutual funds, will be continually used by the Director of Finance at the City's third party custodian bank.

The Director of Finance, Assistant Director of Finance, Treasury Manager, Senior Accountant, City Manager, and City Secretary are the only individuals authorized to wire funds for the City. Dual authorization shall be used for all nonrepetitive wire transfers.

The City must approve any Substitution of securities on repurchase agreements. The City will only enter repurchase agreements under the terms of the Public Securities Agreement (PSA) – Master Repurchase Agreement format.

XIII. Collateralization Requirements

Consistent with the requirements of the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended, the City will require full collateralization of all deposits with depository institutions. In order to anticipate market changes and provide a level of security, the collateralization level will be 102% of market value of principal and accrued interest on the deposits less the amount insured by the Federal Deposit Insurance Corporation. Securities pledged as collateral shall be held in the City's name by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership must be supplied to the City for retention. The City must approve any release and/or substitution of collateral before such action is

taken. Collateral shall be reviewed daily to assure that the market value of the securities pledged equals or exceeds the related deposit.

Securities authorized by the Public Funds Collateral Act are acceptable for collateralization purposes.

Private insurance coverage is not an acceptable collateralization form.

XIV. Investment Training

The Director of Finance and designated deputies shall attend:

- A. At least one training session relating to the Director of Finance or designated deputies' responsibilities within 12 months after taking office or assuming duties.
- B. Investment training sessions not less than once in a two year period and receive not less than ten (10) hours of instruction relating to investment responsibilities.

Training must include education in investment controls, security risks, strategy risks, market risks, diversification of the investment portfolio, and compliance with the Public Funds Investment Act.

All training shall be from an independent source on the list of approved training seminar sponsors. (See Attachment D)

XV. Conclusion

The Director of Finance and designated deputies will adhere to the investment policy in all investment decisions of the City. The Director of Finance will provide quarterly written reports to the City Manager and City Council on the investment activity of the City's investment portfolio.

All current investment activity, which does not comply with the above stated policy, will be allowed to mature, and all future investment activity will be negotiated under the terms of the stated policy.

In conjunction with the annual financial audit, a compliance audit will be performed on management controls and adherence to this policy.

An annual review of the Investment Policy and Strategy will be conducted by the Director of Finance. The Investment Policy and Strategy, with any changes, will then be presented for the City Council to review. Formal adoption of the Investment Policy and Strategy will be documented in the minutes of the City Council meeting and the adopting ordinance.

INVESTMENT STRATEGY –

Attachment A

The investment strategy of the City of Temple, Texas, is adopted to provide investment guidelines that will minimize the risk of loss. In order to make effective use of the City's resources, all monies shall be pooled into one fund, except for those monies required to be accounted for in other accounts as stipulated by applicable laws, bond covenants, contracts or City policy. Investment priorities (in order of importance) are as follows:

- A. Suitability – Any investment allowed by the Investment Policy is suitable. Maturity schedules shall be timed according to anticipated needs.
- B. Safety of Principal – All investments should be of high quality with no perceived default risk.
- C. Liquidity – Local government investment pools and mutual funds shall provide daily liquidity. Fixed maturity investments shall provide liquidity as required by anticipated needs.
- D. Marketability – Investments should have an active and efficient secondary market to enable the City to liquidate investments prior to the maturity for unanticipated cash requirements.
- E. Diversification – The City will diversify use of security types, issuers and maturities. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio shall be invested in a single security type. With the exception of U.S. Treasury securities, no more than 40% of the total investment portfolio shall be invested with a single issuer. Maturity schedules shall be timed according to anticipated liquidity needs. The maximum dollar-weight average maturity is 270 days.
- F. Yield – The City's investment strategy is conservative. The benchmark used by the Director of Finance to determine whether market yields are being achieved shall be the 90-day T-bill rate.

INVESTMENT PURCHASING PROCEDURAL CONTROLS –

Attachment B

- A. Director of Finance, or designated deputy, and Treasury Manager shall analyze cash flow and determine specific cash flow needs of the City before any current securities mature or any new money is invested.
- B. Director of Finance and Treasury Manager agree to type of security (as allowed or as authorized by law, contract, or investment policy), denominations, and duration.
- C. Treasury Manager
 - Obtains three (3) net quotes for securities from authorized brokers listed on Attachment C;
 - Prepares quote listing with relevant information from the offerers;
 - Submits quote listing with recommendation for best responsible net offerer to Director of Finance or designated deputy;
 - Director of Finance or designated deputy approves best responsible net offerer; and

- Contacts selected offerer with instructions to buy.
- D. Broker faxes or calls Treasury Manager with details of the purchase (disc, etc.).
 - E. Treasury Manager contacts safekeeping with details, and faxes copy of CUSIP to safekeeping for security verification.
 - F. Safekeeping compares CUSIP to delivered securities to initiate payment. The purchase of individual securities shall be executed “delivery versus payment” (DVP) through the Federal Reserve System. By so doing, City funds are not released until the City has received, through the Federal Reserve wire, the securities purchased.
 - G. A letter is prepared with Director of Finance and Treasury Manager’s signature stating all details of the purchase, and is sent to the broker.
 - H. The broker must verify the letter for understanding and correctness of securities purchased, sign it, and return it to the City of Temple.
 - I. The investment portfolio and cash flow documents are updated to reflect security transactions. The Treasury Manager reconciles the investment portfolio with the general ledger daily. The reconciliation is reviewed and approved by the Assistant Director of Finance.
 - J. Safekeeping receipts are received by a Finance employee who is independent from the initiating or approval of the purchase, and are verified with the Daily Balance Report; if correct, the receipts are filed for documentation upon arrival.

LIST OF QUALIFIED INSTITUTIONS –

Attachment C

A list of institutions that are authorized to engage in investment transactions with the City shall, at least annually, be reviewed, revised, and adopted. The following institutions, listed by type, are authorized for use by the Investment Officer:

Brokers/Dealers:

Duncan Williams
 First Southwest Company
 Frost National Bank
 Great Pacific Securities
 Seattle Northwest Securities
 Simmons First National Bank
 Vining-Sparks IBG
 Wachovia Securities Financial Network
 Zions First National Bank

Local government investment pools:

Texpool
 TexSTAR
 CLASS by MBIA Municipals Investors Service Cooperation

This list shall be revised when necessary throughout the year to account for additions and deletions.

TRAINING SEMINAR SPONSORS –

Attachment D

All investment training shall be from an independent source approved by the City Council. The following sponsors are hereby approved:

- A. Government Finance Officer’s Association (GFOA);
- B. Texas Society of Certified Public Accountants (TSCPA);

- C. Texas Municipal League (TML);
- D. Government Treasurer's Organization of Texas (GTOT);
- E. Sponsors approved by the TSCPA and GFOA, GFOAT, GTOT, to provide CPE credits; or
- F. Other sponsors approved on an individual basis by the Director of Finance.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, ADOPTING THE CITY BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2007, AND CLOSING SEPTEMBER 30, 2008, INCLUDING THE FOLLOWING COMPONENTS: OPERATING BUDGET FOR 2007-2008, FISCAL AND BUDGETARY POLICY STATEMENT, INVESTMENT POLICY; AND EMPLOYEE PAY SCHEDULES; AND PROVIDING AN OPEN MEETINGS CLAUSE.

Whereas, after notice and a public hearing has been held as required by law and after considering the comments of the public at such public hearing, the City Council desires to adopt the budget for the fiscal year 2007-2008, the Fiscal and Investment Policies, and employee pay schedules;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, THAT:

Part 1: The first public hearing was held on August 2, 2007, at 5:00 p.m., and after the conclusion of the public hearing held at 5:00 p.m. on the 23rd day of August, 2007, the budget for the City of Temple for the fiscal year beginning October 1, 2007, and closing September 30, 2008, together with the changes and amendments adopted by the City Council, attached hereto and made a part hereof as Exhibit A, is hereby adopted and approved.

Part 2: The City Council adopts the Fiscal and Budgetary Policy Statement and the Investment Policy, attached hereto as Exhibits B and C, respectively.

Part 3: The City Council adopts the General Government pay schedule, Council Appointed Pay Schedule, Civil Service – Police Pay Schedule, and Civil Service – Fire Pay Schedule, attached hereto as Exhibit D, and the Summary Budget Adjustment for the ECI Adjustment, attached hereto as Exhibit E.

Part 4: It is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

PASSED AND APPROVED on this the **23rd** day of **August**, 2007.

THE CITY OF TEMPLE, TEXAS

WILLIAM A. JONES, III, Mayor

ATTEST:

APPROVED AS TO FORM:

Clydette Entzminger
City Secretary

Jonathan Graham
City Attorney



COUNCIL AGENDA ITEM MEMORANDUM

08/23/07
Item #4
Regular Agenda
Page 1 of 2

DEPT./DIVISION SUBMISSION & REVIEW:

Traci L. Barnard, Director of Finance

ITEM DESCRIPTION: FIRST & FINAL READING – PUBLIC HEARING - Consider adopting an ordinance approving the tax roll and authorizing calculation of the amount of tax that can be determined for all real and personal property in the City for the tax year 2007, to be considered on an emergency basis.

STAFF RECOMMENDATION: Conduct public hearing and adopt ordinance as presented in item description, on first and final reading.

ITEM SUMMARY: The proposed ordinance will adopt the ad valorem property tax roll certified by the Tax Appraisal District of Bell County, in the amount of \$2,978,161,009. The total 2007 taxable value is as follows:

Taxable Value –

	Certified Taxable Value	% of +/- from Prior Year
City of Temple	\$2,854,755,588	8.84%
Tax Increment District	123,405,421	3.28%
Total Taxable Value	<u>\$2,978,161,009</u>	<u>8.60%</u>

FISCAL IMPACT: The tax levy at the proposed tax rate of \$0.5681 in the 2007-2008 fiscal year is:

	TAX RATE	TAX LEVY
General Fund (M&O)	\$0.3392	\$ 8,807,749
Debt Service (I&S)	0.2289	5,943,672
Frozen Taxes*	--	1,337,905
Total	<u>\$0.5681</u>	<u>\$16,089,326</u>
Tax Increment District (Reinvestment Zone No. 1)	<u>\$0.5681</u>	<u>\$ 701,066</u>

* - Frozen value = \$258,131,472

ATTACHMENTS:

2007 Certified Tax Roll
Ordinance

TAX APPRAISAL DISTRICT

Of
BELL COUNTY



P.O. Box 390

Belton, Texas 76513-0390

CHIEF APPRAISER
Marvin Hahn, RPA, RTA
DEPUTY CHIEF APPRAISER
Roger Chesser, RPA, RTA
BUSINESS/FINANCIAL MANAGER
Mary Lou David, RTC
CHIEF ACCOUNTANT
Vivian Mitchell, RTC
CHIEF COLLECTIONS
Tammy Hubnik
CHIEF MAPPING
Ruth Ann Shumate
ADMINISTRATIVE ASSISTANT
Linda Hearrell, RTA

BOARD MEMBERS
Royce Matkin, Chairman
Jacquelyn McLaughlin, Secretary
DIRECTORS
Bill Holmes
Bill Kiewer
Carl Bozon
Dell Martin
Jerry Pickle

July 23, 2007

City of Temple
Bill Jones III, Mayor
2 North Main, Room #103
Temple TX 76501

Dear Mayor Jones

The enclosed information contains the certified values for the 2007 tax year for your entity. The Appraisal Review Board of Bell County certified the appraisal roll on the 20th of July 2007. The Appraisal District has certified a total freeze adjusted taxable value for your entity as \$2,720,029,537.

Sincerely

Marvin Hahn
Chief Appraiser

MH/lh

RECEIVED

JUL 24 2007

CITY OF TEMPLE, TX
CITY SECRETARY

2007 CERTIFIED TOTALS

TTE - CITY OF TEMPLE

Property Count: 32,321

Grand Totals

7/19/2007

5:57:56PM

Land		Value			
Homesite:		158,599,805			
Non Homesite:		249,092,261			
Ag Market:		37,133,157			
Timber Market:		0	Total Land	(+)	444,825,223
Improvement		Value			
Homesite:		1,401,351,527			
Non Homesite:		1,164,203,763	Total Improvements	(+)	2,565,555,290
Non Real		Count	Value		
Personal Property:	3,524		880,502,384		
Mineral Property:	0		0		
Autos:	1,425		10,389,565	Total Non Real	(+)
				Market Value	= 890,891,949
					= 3,901,272,462
Ag		Non Exempt	Exempt		
Total Productivity Market:	37,130,669		2,488		
Ag Use:	2,377,184		117	Productivity Loss	(-) 34,753,485
Timber Use:	0		0	Appraised Value	= 3,866,518,977
Productivity Loss:	34,753,485		2,371		
				Homestead Cap	(-) 30,407,611
				Assessed Value	= 3,836,111,366

Exemption	Count	Local	State	Total		
AB	21	69,652,813	0	69,652,813		
CH	6	484,725	0	484,725		
DP	278	2,756,230	0	2,756,230		
DV1	218	0	1,085,753	1,085,753		
DV1S	23	0	115,000	115,000		
DV2	89	0	661,927	661,927		
DV2S	5	0	37,500	37,500		
DV3	114	0	1,132,082	1,132,082		
DV3S	9	0	90,000	90,000		
DV4	546	0	6,535,483	6,535,483		
DV4S	69	0	828,000	828,000		
EX	2,243	0	450,757,794	450,757,794		
EX(Prorated)	9	0	2,995,893	2,995,893		
EX366	93	0	17,927	17,927		
HS	12,069	263,332,379	0	263,332,379		
OV65	4,061	40,225,761	0	40,225,761		
OV65S	194	1,927,300	0	1,927,300		
PC	32	15,313,790	0	15,313,790	Total Exemptions	(-) 857,950,357
					Net Taxable	= 2,978,161,009

Freeze	Assessed	Taxable	Actual Tax	Ceiling	Count		
DP	15,380,835	9,645,528	49,663.44	50,345.59	229		
OV65	367,050,983	248,485,944	1,288,241.06	1,303,029.57	3,766		
Total	382,431,818	258,131,472	1,337,904.50	1,353,375.16	3,995	Freeze Taxable	(-) 258,131,472
Tax Rate	0.573400						
Transfer	Assessed	Taxable	Post % Taxable	Adjustment	Count		
OV65	439,409	361,402	336,470	24,932	4		
Total	439,409	361,402	336,470	24,932	4	Transfer Adjustment	(-) 24,932

Bell County

2007 CERTIFIED TOTALS

As of Certification

Property Count: 32,321

TTE - CITY OF TEMPLE
Grand Totals

7/19/2007 5:57:56PM

Freeze Adjusted Taxable = 2,720,029,537

APPROXIMATE LEVY = (FREEZE ADJUSTED TAXABLE * (TAX RATE / 100)) + ACTUAL TAX
16,934,410.91 = 2,720,004,605 * (0.573400 / 100) + 1,337,904.50

Tif Zone Code	Tax Increment Loss
TETIF1	123,405,421
Tax Increment Finance Value:	123,405,421
Tax Increment Finance Levy:	707,606.68

2007 CERTIFIED TOTALS

Property Count: 32,321

TTE - CITY OF TEMPLE

Grand Totals

7/19/2007

5:58:14PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	16,882		\$70,380,946	\$1,676,797,892
B	MULTIFAMILY RESIDENCE	588		\$5,277,952	\$177,054,028
C	VACANT LOT	3,047		\$0	\$58,750,865
D1	QUALIFIED AG LAND	599	15,334.8247	\$0	\$37,130,669
D2	NON-QUALIFIED LAND	305	3,569.1330	\$0	\$12,784,398
E	FARM OR RANCH IMPROVEMENT	231		\$228,825	\$20,174,063
F1	COMMERCIAL REAL PROPERTY	1,688		\$16,279,308	\$403,380,564
F2	INDUSTRIAL REAL PROPERTY	125		\$2,581,600	\$161,823,204
J1	WATER SYSTEMS	2		\$0	\$40,575
J2	GAS DISTRIBUTION SYSTEM	7		\$0	\$2,945,433
J3	ELECTRIC COMPANY (INCLUDING CO-OP)	28		\$0	\$42,841,514
J4	TELEPHONE COMPANY (INCLUDING CO-O	11		\$0	\$19,367,911
J5	RAILROAD	38		\$0	\$17,063,554
J6	PIPELAND COMPANY	21		\$0	\$556,330
J7	CABLE TELEVISION COMPANY	3		\$0	\$7,439,280
L1	COMMERCIAL PERSONAL PROPERTY	4,250		\$0	\$324,689,272
L2	INDUSTRIAL PERSONAL PROPERTY	316		\$0	\$435,082,313
M1	TANGIBLE OTHER PERSONAL, MOBILE H	433		\$77,205	\$4,289,999
O	RESIDENTIAL INVENTORY	1,580		\$9,890,153	\$27,134,457
S	SPECIAL INVENTORY TAX	59		\$0	\$21,150,420
X	TOTALLY EXEMPT PROPERTY	2,336		\$3,552,510	\$450,775,721
Totals			18,903.9577	\$108,268,499	\$3,901,272,462

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, APPROVING THE TAX ROLL AND AUTHORIZING THE AMOUNT OF TAX THAT CAN BE DETERMINED AS A PRELUDE TO ADOPTING A TAX RATE FOR ALL REAL AND PERSONAL PROPERTY IN THE CITY OF TEMPLE, TEXAS, FOR THE TAX YEAR 2007; AUTHORIZING THE MAYOR TO EXECUTE ALL DOCUMENTS AS MAY BE REQUIRED BY THE TAX APPRAISAL DISTRICT OF BELL COUNTY; PROVIDING AN EFFECTIVE DATE; PROVIDING A SEVERABILITY CLAUSE; DECLARING FINDINGS OF FACT; PROVIDING AN OPEN MEETINGS CLAUSE; AND DECLARING AN EMERGENCY.

WHEREAS, the Chief Appraiser has determined the total appraised value, the total assessed value, and the total taxable value of property taxable within the City of Temple, Texas, in order to submit the Tax Appraisal Roll to the City Council as required by Article 26.04 of the Property Tax Code;

WHEREAS, the Chief Appraiser has presented evidence that in order to verify all calculations of the Tax Appraisal District of Bell County and to fully comply with the legal requirements of the City Charter and State law, that August 23, 2007, is the date that is as soon as practicable after August 1, 2007, to present the Tax Appraisal Roll to the City Council, and the City Council after a public hearing has determined this to be true; and

WHEREAS, the City Council desires to approve the Tax Roll for tax year 2007 and to authorize calculation of the amount of tax that can be determined as a prerequisite to adopting the tax rate for the tax year 2007 as submitted by the Tax Appraisal District of Bell County.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS:

Part 1: The City Council approves the Tax Appraisal Roll, as previously submitted by the Tax Appraisal District of Bell County, showing the total taxable assessed value of all real and personal property within the limits of the City of Temple, Texas, at **\$2,978,161,009** more particularly shown on the attached Exhibit A, which is made a part of this ordinance for all purposes as if written word for word herein, and authorizing assessment at 100% of market value.

Part 2: The City Council authorizes the Mayor of the City of Temple, Texas, to execute all documents as may be required to calculate the amount of tax that can be determined as a prelude to adopting the tax rate for the tax year 2007 for the City of Temple, Texas, as may be required by the Tax Appraisal District of Bell County.

Part 3: The declarations, determinations, and findings declared, made and found in the preamble of this ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

Part 4: This ordinance shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Temple, Texas.

Part 5: If any provision of this ordinance or the application of any provision to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.

Part 6: It is hereby officially found and determined that the meeting at which this ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

Part 7: The fact that the tax roll must be approved prior to the start of the 2007-2008 fiscal year and in conjunction with the adoption of a tax rate creates an emergency and an urgent public necessity requiring the suspension of the charter rule which requires that all ordinances be passed on two separate readings and such rule is hereby suspended and this ordinance is finally passed on the date of its introduction as an emergency ordinance.

PASSED AND APPROVED On First and Final Reading on this the **23rd** day of **August**, 2007.

THE CITY OF TEMPLE, TEXAS

WILLIAM A. JONES, III, Mayor

ATTEST:

APPROVED AS TO FORM:

Clydetta Entzminger
City Secretary

Jonathan Graham
City Attorney



COUNCIL AGENDA ITEM MEMORANDUM

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DEPT./DIVISION SUBMISSION & REVIEW:

Traci L. Barnard, Director of Finance

ITEM DESCRIPTION: FIRST & FINAL READING - PUBLIC HEARING - Consider adopting an ordinance levying taxes and setting a tax rate for the City for the tax year 2007, making the appropriation for the regular operation of the City, to be considered on an emergency basis.

STAFF RECOMMENDATION: Conduct public hearing and adopt ordinance as presented in item description, on first and final reading.

ITEM SUMMARY: The Fiscal 2007-2008 budget will require adoption of a property tax rate of \$0.5681 per \$100 of assessed property value. The proposed tax rate will generate \$16,089,326 of property tax levy when applied to an ad valorem tax base of \$2,854,755,588. The proposed tax rate of \$0.5681 is a \$0.0053 decrease over last year's tax rate of \$0.5734 and represents a 2.99% increase over the effective tax rate of \$0.5516.

The fiscal year 2007-2008 tax rate is comprised of the Maintenance and Operation rate and the Debt Service rate. These two components are as follows:

TAX RATE			TAX LEVY		
	FY 2008	FY 2007		FY 2008	FY 2007
Maintenance & Operations	\$ 0.3392	\$ 0.3395	Maintenance & Operations	\$ 8,807,749	\$ 8,074,077
Debt Service	0.2289	0.2339	Debt Service	5,943,672	5,562,670
	--	--	Frozen Taxes*	1,337,905	1,324,863
Total Tax Rate	<u>\$ 0.5681</u>	<u>\$ 0.5734</u>	Total Tax Levy	<u>\$ 16,089,326</u>	<u>\$ 14,961,610</u>
Tax Increment District			Tax Increment District		
(Reinvestment Zone No. 1)			(Reinvestment Zone No. 1)		
Total Tax Rate	<u>\$ 0.5681</u>	<u>\$ 0.5734</u>	Total Tax Levy	<u>\$ 701,066</u>	<u>\$ 685,136</u>

* - Frozen value = \$258,131,472

The residential homestead exemption for property owners is \$5,000 or 20% of the assessed value whichever is greater. In addition to the homestead exemption, property owners 65 years of age or older will continue to receive an additional \$10,000 exemption and all disabled individual property owners will receive an exemption of \$10,000 in accordance with Texas Tax Code Section 11.13.

The ad valorem tax freeze on the residence homestead of a person who is disabled or sixty-five (65) years of age or older (as approved in an election held in the City of Temple on May 7, 2005) applies to Tax Year 2006 (FY 2007). The amount of the qualifying homeowners tax ceiling was determined on the Tax Year 2005 (FY 2006). Future city taxes on that homestead cannot exceed the 2005 tax amount (but may be less). The tax limitation, however, may be adjusted higher for an increase in improvements to the homestead, other than repairs and those improvements made to comply with governmental regulations.

Pursuant to Section 11.20 of the City Charter, all taxpayers shall be allowed discounts for the payment of taxes due to the City if such taxes are paid in the year for which such taxes are due as follows: 3% in October; 2% in November; and 1% in December.

The motion to adopt an ordinance setting a tax rate that exceeds the effective tax rate must be made in the following form: **“I move that property taxes be increased by the adoption of a tax rate of 56.81 cents per \$100 valuation.”**

The second motion is as follows: **“I move that the ordinance setting the 2007-2008 tax rate for the City of Temple be adopted.”**

FISCAL IMPACT:

Example 1 – Annual Property Tax - \$100,000 Taxable Value:

With the proposed tax rate of 56.81 cents per \$100 valuation, the cost to a homeowner with a taxable value of \$100,000 would be an annual savings of \$5.30 if there was no change in taxable value from the prior year. If a homeowner with a taxable value of \$100,000 in 2007 experienced an increase in taxable value of 4.98% (average increase in appraised value), the annual property tax would increase by \$22.99.

Example 2 – Annual Property Tax – Average Taxable Value for City of Temple:

The preceding tax year's average taxable value for of a residence homestead in Temple is \$80,777. In the current tax year, the average taxable value of a residence homestead in Temple is \$85,865. With the proposed tax rate of 56.81 cents per \$100 valuation, there would be an annual increase of \$24.62 in taxes.

ATTACHMENTS:

[Assessed Value of Taxable Property](#)
[Comparison of Taxes](#)
[Tax Rate FY 1999-2008](#)
[Ordinance](#)

CITY OF TEMPLE, TEXAS
Assessed Value of Taxable Property
Last Ten Fiscal Years

<u>Fiscal Year Ending September 30,</u>	<u>Taxable Property Valuation ⁽³⁾</u>	<u>Percent (%) Increase (Decrease)</u>
1999	\$1,818,765,330	6.10%
2000	1,882,231,429	3.49%
2001	1,927,421,579	2.40%
2002	1,971,358,175	2.28%
2003	2,081,235,886	5.57%
2004	2,152,111,633	3.41%
2005	2,307,589,214	7.22%
2006	2,441,277,465	5.79%
2007	2,622,803,439 ⁽²⁾	7.44%
2008	2,854,755,588 ⁽¹⁾	8.84%

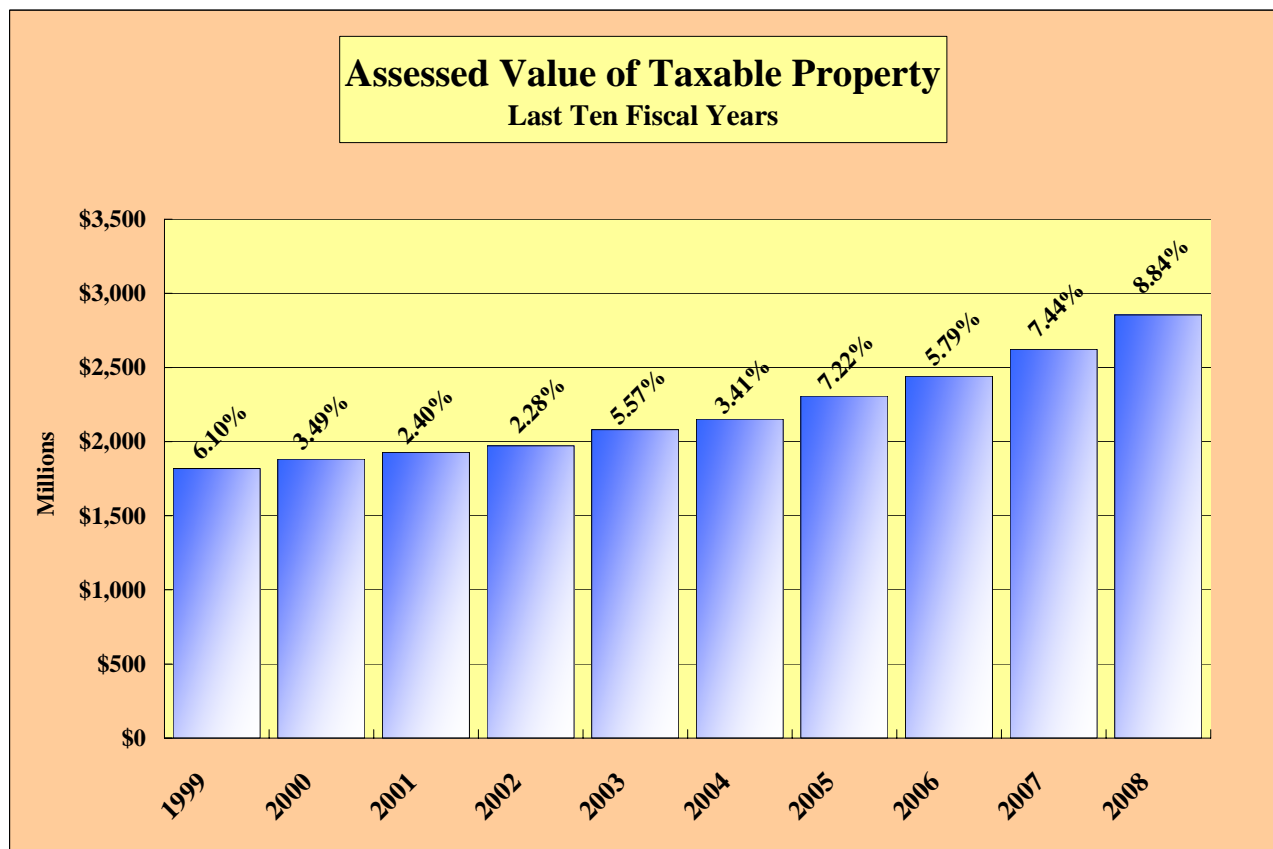
Average Annual Increase	5.25%
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⁽¹⁾ **Source Document:** Tax Appraisal District of Bell County - Certified Tax Roll - July 23, 2007

Net taxable value not adjusted for frozen values - frozen levy \$1,337,905

⁽²⁾ Net taxable value not adjusted for frozen values

⁽³⁾ Excludes amount applicable to the Tax Increment District (Reinvestment Zone No. 1)



CITY OF TEMPLE, TEXAS
ANALYSIS OF TAX RATE

		PROPOSED			%
	FY	FY	Increase	Effective	FY 2008
	2007	2008	(Decrease)	Tax Rate	> EFT

Proposed Tax Rate

M&O (Maintenance & Operation)	\$ 0.3395	\$ 0.3392	\$ (0.0003)		
I&S (Interest & Sinking - Debt)	0.2339	0.2289	(0.0050)		
	<u>\$ 0.5734</u>	<u>\$ 0.5681</u>	<u>\$ (0.0053)</u>	<u>\$ 0.5516</u>	<u>2.99%</u>

CITY OF TEMPLE, TEXAS

ADOPTED TAX RATE VS. EFFECTIVE TAX RATE

Fiscal Year	Adopted Tax Rate			Effective Tax Rate	Increase in Adopted Rate over Effective Tax Rate	
	I & S	M & O	Total		\$	%
1999	\$0.2302	\$0.3270	\$0.5572	\$0.5488	\$0.0084	1.53%
2000	0.2302	0.3270	0.5572	0.5404	0.0168	3.11%
2001	0.2402	0.3520	0.5922	0.5518	0.0404	7.32%
2002	0.2445	0.3520	0.5965	0.5792	0.0173	2.99%
2003	0.2620	0.3273	0.5893	0.5722	0.0171	2.99%
2004	0.2537	0.3510	0.6047	0.5972	0.0075	1.26%
2005	0.2349	0.3674	0.6023	0.5731	0.0292	5.10%
2006	0.2199	0.3546	0.5745	0.5579	0.0166	2.98%
2007	0.2339	0.3395	0.5734	0.5568	0.0166	2.98%
2008*	0.2289	0.3392	0.5681	0.5516	0.0165	2.99%

*Proposed Tax Rate

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, LEVYING TAXES AND SETTING A TAX RATE FOR THE CITY OF TEMPLE FOR THE YEAR 2007, MAKING APPROPRIATIONS FOR THE REGULAR OPERATION OF THE CITY AND FOR THE OPERATION OF ITS WATER AND SEWER SYSTEMS; DECLARING FINDINGS OF FACT; PROVIDING AN EFFECTIVE DATE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN OPEN MEETINGS CLAUSE; AND DECLARING AN EMERGENCY.

WHEREAS, the City Council held a public hearing on the proposed FY 2007-2008 budget on August 2, 2007, and at that meeting discussed the tax rate and took a record vote to set the meeting for adoption of the proposed tax rate of \$0.5681 per \$100 valuation for August 23, 2007;

WHEREAS, the City Council also took a record vote at the August 2, 2007, City Council meeting to set the public hearings on the proposed tax rate of \$0.5681 per \$100 valuation for August 10, 2007, special called meeting and August 16, 2007, regular meeting;

WHEREAS, the City Council did hold the two public hearings on the proposed tax rate for 2007 as scheduled;

WHEREAS, at each public hearing the City Council did announce the 23rd day of August, 2007, at 5:00 p.m. as the date and time for a vote on the proposed tax rate;

WHEREAS, the City Council did set and announce the 23rd day of August, 2007, at 5:00 p.m. as the date and time for a public hearing on the proposed budget for the fiscal year beginning October 1, 2007, and ending September 30, 2008, and in accordance with the City Charter requirements, notice was published in the TEMPLE DAILY TELEGRAM that the hearing on the proposed budget would be held on the 23rd day of August, 2007, at 5:00 p.m.;

WHEREAS, the City Council did consider and adopt the City Budget for the fiscal year beginning October 1, 2007, and ending September 30, 2008; and

WHEREAS, the City Council did approve the tax appraisal roll and authorize the collection of the total amount of tax that can be determined for the tax year 2007 and wishes to establish the tax rate on \$100 valuation of all property; real, personal, and mixed, subject to taxation for that tax year that would result in a tax rate of \$0.5681 per \$100 of assessed property valuation.

election held in the City of Temple on May 7, 2005). The amount of tax year 2005 City taxes will set the qualifying homeowners tax ceiling amount. Future City taxes on that homestead cannot exceed the tax year 2005 tax amount (but may be less). The tax limitation, however, may be adjusted higher for an increase in improvements to the homestead, other than repairs and those improvements made to comply with governmental regulations.

Part 7: All monies on hand on the 1st day of October, 2007, belonging to the City of Temple, Texas, and other than monies belonging to the credit of its Water and Sewer Departments, and all monies received by the City during the fiscal year 2007, other than monies received from operation of its Water and Sewer Department, be and are hereby appropriated for the several purposes other than its water and sewer systems and in the respective amounts set forth in the budget adopted by the City Council on the 23rd day of August, 2007.

Part 8: Any funds needed for carrying out the budget shall be financed by deficiency warrants, and authority is hereby given to the City Manager and the Mayor to issue deficiency warrants, if necessary, to defray the current expenses for the City during the ensuing fiscal year in such amounts and at such times as shall be necessary in the judgment of the City Council.

Part 9: The declarations, determinations, and findings declared, made and found in the preamble of this ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

Part 10: This ordinance shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Temple, Texas.

Part 11: If any provision of this ordinance or the application of any provision to any person or circumstance is held invalid, the invalidity shall not effect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.

Part 12: It is hereby officially found and determined that the meeting at which this ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

Part 13: The fact that it is necessary to immediately prepare 2007 tax statements and billings, creates an emergency and imperative necessity which authorize and require that all Charter provisions, ordinances, and rules commanding the reading of ordinances on two separate regular meetings of the City Council, and prohibiting the passage of an ordinance on the date of its introduction be suspended and they are hereby suspended, and this ordinance is

hereby passed as an emergency ordinance on the date of its introduction and shall be in effect from and after its adoption.

PASSED AND APPROVED On First and Final Reading on this the **23rd** day of **August**, 2007.

THE CITY OF TEMPLE, TEXAS

WILLIAM A. JONES, III, Mayor

ATTEST:

APPROVED AS TO FORM:

Clydette Entzminger
City Secretary

Jonathan Graham
City Attorney



COUNCIL AGENDA ITEM MEMORANDUM

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DEPT./DIVISION SUBMISSION & REVIEW:

D. Blackburn, City Manager
Kim Foutz, Assistant City Manager

ITEM DESCRIPTION: Consider adopting a resolution authorizing the adoption of the 2007-2017 Capital Improvement Plan.

STAFF RECOMMENDATION: Adopt resolution as presented in item description.

ITEM SUMMARY: As part of the of City's Strategic Planning process, the City Council directed the City Manager to prepare and present a multi-year capital improvement plan. The Manager presented his recommended capital improvement projects in conjunction with the delivery of the Preliminary FY 2007-08 Budget on June 29, 2007. The recommended Plan capital projects funded in three ways: 1) Certificates of Obligation ('CO'); 2) Utility Revenue ('UR') Bonds; and General Obligation(GO') Bonds. The total amount recommended for funding was \$44,505,000.

There was also some \$229,618,500 in projects that were recommended for future consideration, bringing the total amount of projects considered in the City Manager's process to \$274,123,500.

Subsequent to the delivery of the recommendations, the City Council has engaged in several discussions relating to recommendations. Those discussions have yielded the attached '2007-2017 Capital Improvement Plan' ('Plan'). The Plan now lists projects in 5 categories:

• CO funded projects	\$ 12,605,000
• UR funded projects	\$ 15,015,000
• GO funded projects	\$ 16,885,000
• Future Consideration projects	\$229,618,500

The Plan also recommends dividing the projects and related debt issuances into the next two fiscal years. This is recommended for both funding and administrative management purposes. The total amount of the projects being recommended as a result of Council discussion and direction is now \$274,123,500, of which \$44,505,000 is recommended for funding in FY 2008.

It should be noted that the adoption of this Plan does not bind future City Councils. This document is intended to be a planning guide and, as such, will be used in concert with the Strategic Plan and the Budget. The Plan should be reviewed on an annual basis to ensure that it is aligned properly with the Strategic Plan and the Budget and current City Council priorities. The Plan could, and most likely will, be modified from time to time.

The Plan is intended to address needed capital improvement projects that align with the City's Strategic Plan. These projects will help facilitate the goals of providing the best jobs, the best education, and the best quality of life for those who live and work in our community.

FISCAL IMPACT: Proposed funding for the FY 2008 projects in the amount of \$27,620,000 is as follows:

2008 Certificate of Obligation Bonds	\$12,000,000
2008 Water and Wastewater Revenue Bonds	12,000,000
Interest income & FY 2007 project reallocations	3,620,000

Total	\$27,620,000

Details regarding these funding sources are detailed in the sections that follow.

It is anticipated that funding for the projects being recommended for FY 2009 will be funded as follows, (pending approval by Council during the FY 2009 Budget/CIP Process):

Utility Revenue Bonds	26,745,000

Total	\$26,745,000

2008 Certificates of Obligation:

The proposed "new" debt issuance and amortization schedule was developed to integrate with our existing outstanding debt amortization schedule with no impact on the interest and sinking component of the tax rate. The \$12,000,000 bond issue is proposed to be issued the late winter/early spring of 2008. Debt service is included in the FY 2008 budget in the amount of \$486,083 and is based on an estimated interest rate of 5.25% with a maturity of 20 years. The interest and sinking component (.2289 cents) of the proposed tax rate (.5681 cents) includes the debt service for this CO issuance.

2007 Water and Wastewater Revenue Bonds:

The Utility Revenue (UR) CIP includes \$15,015,000 in projects. Bonds in the amount of \$12,000,000 are anticipated to be sold in the late winter/early spring of 2008 with an estimated interest rate of 5.25% and 20 year maturity. Debt service is included in the FY 2008 budget in the amount of \$971,660. The remaining \$3,015,000 needed to fund these projects will come from FY 2007 reallocations of bond proceeds.

Staff has developed an 'in-house' rate study to evaluate the existing water and wastewater rate structures ability to meet the revenue requirement necessary to provide water and wastewater services. One of the key elements of the study is to meet the revenue requirement to continue on a long-term Capital Improvement Program to replace or rehab the numerous components in the City of Temple distribution and collection systems.

The 'in-house' rate study included a revenue requirement to continue \$1,680,000 of "pay-as-you go" capital improvements (\$628,000 will fund an in house crew dedicated to line replacement and repair), debt service for the proposed \$12,000,000 Waterworks & Sewer System Revenue Bonds, Series 2008 and increased operating cost associated with fuel, utilities, and chemicals.

The proposed rate increases to meet the FY 2008 revenue requirement are a 3.82% increase to the average residential combined utility bill and a 2.78% increase to the average commercial combined utility bill.

G.O. Bonds:

The G.O. Bonds are being proposed for the calling of an election for Parks and Recreation projects on August 23, 2007 in the amount of \$9,750,000.

The Fire Department projects are tracking for a May 2008 election. The size of the proposed issue is yet to be determined pending the final delivery of the Fire Master Plan.

Assuming both proposed authorization and issuances are less than \$10,000,000, the tax increase for each issuance will be slightly more than 1¢ each.

ATTACHMENTS:

2007-2017 Capital Improvement Plan – hard copy provided
[Resolution](#)

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPLE,
TEXAS, ADOPTING THE 2007-2017 CAPITAL IMPROVEMENT PLAN;
AND PROVIDING AN OPEN MEETINGS CLAUSE.

Whereas, the City's Capital Improvement Plan (CIP) determines the priorities for capital expenditures and coordinates the projects selected;

Whereas, as part of the City's Strategic Planning process, the City Council directed the City Manager to prepare and present a multi-year capital improvement plan;

Whereas, the City Manager presented his recommended capital improvement projects in conjunction with the delivery of the Preliminary FY 2007-2008 budget on June 29, 2007;

Whereas, the City Council has had several discussions relating to the CIP since the delivery of the Preliminary FY 2007-08 Budget; and

Whereas, the City Council has considered the matter and deems it in the public interest to authorize this action.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, THAT:

Part 1: The City Council adopts the 2007-2017 Capital Improvement Plan, incorporated herein and referred to by reference, a copy of which is on file in the Office of the City Secretary.

Part 2: It is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

PASSED AND APPROVED this the **23rd** day of **August**, 2007.

THE CITY OF TEMPLE, TEXAS

WILLIAM A. JONES, III, Mayor

ATTEST:

APPROVED AS TO FORM:

Clydette Entzminger
City Secretary

Jonathan Graham
City Attorney



COUNCIL AGENDA ITEM MEMORANDUM

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DEPT./DIVISION SUBMISSION & REVIEW:

Amy M. House, Director of Human Resources

ITEM DESCRIPTION: Consider adopting a resolution funding the rates for medical/prescription insurance and dental insurance for employees and under age 65 retirees and the biweekly transfer of the City's and employees' and retirees' contributions to the trust for the payment of benefits purchased by the City of Temple Employee Benefit Trust.

STAFF RECOMMENDATION: Adopt resolution as presented in item description.

ITEM SUMMARY: At their meeting on August 2, 2007, the trustees of the City of Temple Employee Benefits Trust agreed to purchase insurance contracts from Scott & White Health Plan and Met Life for medical/prescription insurance and dental insurance for employees and under age 65 retirees. The City must now, with the adoption of the budget, fund the cost of those benefits and allow for the biweekly transfer of contributions made by the City and by employees/retirees to the trust.

FISCAL IMPACT: Funding of the contracts awarded by the Trust reflects a decrease in costs from current year.

Budgeted FY07-08 amount:	\$1,902,560.00 for medical/prescription insurance for employees
	\$ 73,232.60 for dental insurance for employees
	\$ 185,450.00 for medical/prescription and dental insurance for retirees < age 65

ATTACHMENTS:

[Resolution](#)

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, APPROVING FUNDING OF THE RATES FOR MEDICAL/PRESCRIPTION INSURANCE AND DENTAL INSURANCE FOR EMPLOYEES AND UNDER AGE 65 RETIREES AND THE BIWEEKLY TRANSFER OF THE CITY'S EMPLOYEES' AND RETIREES' CONTRIBUTIONS TO THE TRUST FOR THE PAYMENT OF BENEFITS PURCHASED BY THE CITY OF TEMPLE EMPLOYEE BENEFIT TRUST; AND PROVIDING AN OPEN MEETINGS CLAUSE.

Whereas, at their meeting on August 2, 2007, the trustees of the City of Temple Employee Benefits Trust agreed to purchase insurance contracts from Scott & White Health Plan and Met Life for medical/prescription insurance and dental insurance for employees and under age 65 retirees;

Whereas, the City must now, with the adoption of the FY2007-08 budget, fund the cost of those benefits and allow for the biweekly transfer of contributions made by the City and by employees/retirees to the trust;

Whereas, funding of the contracts awarded by the Trust reflects a decrease in costs from the current year and funds are budgeted in the FY2007-08 budget for this expense; and

Whereas, the City Council has considered the matter and deems it in the public interest to authorize this action.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, THAT:

Part 1: The City Council approves funding of the rates for medical/prescription insurance and dental insurance for employees and under age 65 retirees and the biweekly transfer of the City's employees' and retirees' contributions to the trust for the payment of benefits purchased by the City of Temple Employee Benefit Trust.

Part 2: It is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

PASSED AND APPROVED this the **23rd** day of **August**, 2007.

THE CITY OF TEMPLE, TEXAS

WILLIAM A. JONES, III, Mayor

ATTEST:

APPROVED AS TO FORM:

Clydette Entzminger
City Secretary

Jonathan Graham
City Attorney



COUNCIL AGENDA ITEM MEMORANDUM

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DEPT./DIVISION SUBMISSION & REVIEW:

Traci L. Barnard, Director of Finance

ITEM DESCRIPTION: Consider adopting a resolution amending the current utility system fees to be effective October 1, 2007 by:

- (A) Increasing the current water rate monthly minimum service charge based on meter size and increasing the volumetric rate;
- (B) Increasing the current wastewater rate monthly minimum service charge.

STAFF RECOMMENDATION: Adopt resolution as presented in item description.

ITEM SUMMARY: Staff has developed an 'in-house' rate study to evaluate the existing water and wastewater rate structures ability to meet the revenue requirement necessary to provide water and wastewater services. One of the key elements of the study is to meet the revenue requirement to continue on a long-term Capital Improvement Program to replace or rehab the numerous components in the City of Temple distribution and collection systems.

The long-term Capital Improvement Program was based on a **10-year line replacement program** as an effort to systematically replace or rehab deteriorated water/wastewater lines.

The long-term objective of line replacement program was to:

- slowly rebuild the integrity of the infrastructure in place and avoid unnecessary excavation of streets, yards and sidewalks
- be able to effectively manage the O&M of existing lines as new lines are added without significantly increasing the operating budget. (staffing levels and overtime)
- be able to comply with Federal and State regulations on management of the collection system and distribution systems.

Over the past year, the City has faced demands from Federal/State regulators to develop a more aggressive schedule of system improvements. Combined with the demands from regulatory agencies and the line relocations associated with TxDOT projects, the City has developed a revised Capital Improvement Program.

The 'in-house' rate study included a revenue requirement to continue \$1,680,000 of "pay-as-you go" capital improvements (\$628,000 will fund an in house crew dedicated to line replacement and repair), debt service for the proposed \$12,000,000 Waterworks & Sewer System Revenue Bonds, Series 2008 and increased operating cost associated with fuel, utilities, and chemicals. The following tables detail the current and proposed rates:

Water -

Water Minimum Bill Rates Current and Proposed ⁽³⁾

Meter Size	Current Minimum Bill Rate (includes 2,000 gallons)	Proposed Minimum Bill Rate (includes 2,000 gallons)
5/8" or 3/4"	\$9.00	\$9.50
1"	\$12.60	\$13.25
1 1/2"	\$16.20	\$17.00
2"	\$26.10	\$27.40
3"	\$99.00	\$103.95
4"	\$126.00	\$132.30
6"	\$189.00	\$198.45
8"	\$261.00	\$274.05
10"	\$261.00	\$274.05

Water Volumetric Rates Current and Proposed ⁽³⁾

<i>Per 1,000 gallons for consumption of more than 2,000 gallons monthly:</i>		
	Current	Proposed
Inside City Limits Customers	\$2.91	\$3.10

(3) Rates are for customers inside city limits; outside city limits customers are charged 1.25 times the rates of customers within the city limits

Wastewater -

Wastewater Rates Current and Proposed ⁽⁴⁾

	Current	Proposed
Minimum Bill Rate (includes 2,000 gal)	\$9.30	\$9.50
<i>Per 1,000 gallons for consumption of more than 2,000 gallons monthly:</i>		
Inside City Limits Customers	\$4.15	\$4.15

(4) Rates are for customers inside city limits; outside city limits customers are charged 1.25 times the rates of customers within the city limits

FISCAL IMPACT: The proposed rate structure meets the estimated revenue requirement for FY 2008 of \$25,506,688. The revenue requirement includes the amount to continue with \$1,680,000 of “pay-as-you go” (of which \$628,120 is allocated to the cost of materials, equipment and staff for an in house crew) rehab/replacement capital projects, increased operating cost related to fuel, electricity and chemicals, and the debt service for the proposed Revenue Bond Issue.

The following table lists the projected average monthly bills for water and wastewater service under the proposed rates.

Average Monthly Bills

	Current	Proposed	Change (%)
Residential 3/4" Meter			
Water (10,000 gal)	\$32.28	\$34.30	6.26%
Wastewater (6,000 gal)	\$25.90	\$26.10	0.77%
Combined Bill	\$58.18	\$60.40	3.82%
Commercial 1 1/2" Meter			
Water (50,000 gal)	\$155.88	\$165.80	6.36%
Wastewater (50,000 gal)	\$208.50	\$208.70	0.10%
Combined Bill	\$364.38	\$374.50	2.78%

ATTACHMENTS:

[Resolution](#)

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPLE,
TEXAS, SETTING UTILITY SYSTEM FEES; AND PROVIDING AN
OPEN MEETINGS CLAUSE.

Whereas, Section 38-31, "Rates, deposits, penalties and service charges," provides that amounts to be charged shall be established by resolution of the City Council and adjusted from time to time to sustain efficient utility services and comply with laws and regulations; and

Whereas, the City Council has considered the matter and deems it in the public interest to authorize this action.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS:

Part 1: The following utility system fees are hereby adopted by the City of Temple, Texas:

WATER AND SEWER TAP FEES

- (a) **Rates.** The following charges shall be made and collected by the Utility Business Office for each water and sewer tap connection furnished and made by it:

Tap Size	Current Rates		Plus Costs
	Full Short	Full Long	
Water			
3/4"	\$390.00	\$1,150.00	
1"	410.00	1,170.00	
1 1/2"	450.00	1,210.00	(a)
2"	490.00	1,240.00	(a)
3"	960.00	3,240.00	(b)
>3"	320.00 *	1,080.00 *	(b)
Sewer			
4"	420.00	1,180.00	(c)
6"	500.00	1,260.00	(c)

* Per Inch

- (a) plus the cost of meter
- (b) plus the cost of meter and materials required to complete the tap
- (c) plus the cost of materials required to complete the tap
- (b) **Changeover fee.** A \$50 changeover fee, but no tap fee, will be charged for replacing a smaller meter (3/4" x 5/8") with a full 3/4" meter.

- (c) **Fire taps:** All connections for fire protection systems sprinklers shall be charged at the rate of two hundred dollars (\$200.00) per inch of tap for short connections and three hundred dollars (\$300.00) per inch of tap for long connections.
- (d) **Stand-by charge.** A "stand-by" charge shall be assessed on each fire protection connection. This charge shall be two dollars (\$2.00) per inch per month.
- (e) **Taps made by utility contractors:** The charge for connecting a private water or service line to a short or long tap made by a utility contractor within a platted subdivision shall be one-half (1/2) the amount charged when the City makes a *short* tap of the same type and diameter.
- (f) **Subsurface taps:**
- (1) *Boring Accomplished by City Crews.* When a tap requires the City, acting through its own crews or its employees, to bore or go under an existing improved public street, right-of-way, railroad right-of-way, public utility easements, other improved public property or private property in order to make a connection, charges for long connections requiring such boring will be the standard tap fee plus fifteen dollars (\$15.00) per each foot of bore in dirt and twenty dollars (\$20.00) per each foot of bore in rock.
- (2) *Boring Accomplished by Contractors.* When the City hires a private party or private party contractor other than the city to bore or go under existing streets, right-of-ways, railroad right-of-ways, public utility easements or other improved public property or private property in order to make a connection, the charge for a private party bore will be the standard tap fee plus the actual cost to the city of the bore.

RATES FOR WATER SERVICE

- (a) **Rates.** The rates for services furnished by the City's waterworks system shall be as follows:

Current Water Rates									
Minimum service charge by meter size for 1 to 2,000 gallons	5/8" or 3/4"	\$ 9.00	50	2"	\$ 26.10	27.40	6"	\$189.00	198.4
	1"	12.60	13.25	3"	99.00	103.95	8"	261.00	274.05
	1½"	16.20	17.00	4"	126.00	132.30	10"	261.00	274.05
Plus straight volumetric rate for consumption above 2,000 gallons	\$2.91- 3.10 per thousand gallons								

- (b) **Customers outside City.** The City's regional water customers, Troy, Morgan's Point Resort, and Little River-Academy, shall pay the same rates as customers inside the city limits. All other customers located outside the city limits of Temple shall pay 1.25 times the in-city water rate schedule.

RATES FOR SEWER SERVICE

(a) Definitions

(1) "*Winter Billing Period*" means the period of service for which customers are billed in January, February and March.

(2) "*Winter Water Average*" means the average of a customer's actual monthly water consumption reported on the bills sent to the customer in January, February and March.

(b) Rates

The rates for services furnished by the City's sewer system shall be as follows:

Current Sewer Rates	
Minimum service charge	
First 2000 gallons water	\$9.30 50
Straight volumetric rate for	
Gallons over 2,000	\$ 4.15(per thousand gallons)

(c) **Customers outside City.** Customers outside the city limits will be billed at 1.25 times the in-city sewer rates.

(d) Sewer charges based on actual water consumption

(1) When a customer with Class A utility service has a separate water meter for an irrigation system, charges for sewer service will be based on the customer's actual monthly water consumption during the billing period, excluding separately metered water consumed solely for irrigation.

(2) Every customer with Class B utility service shall be billed for sewer service on the basis of actual monthly water consumption during the billing period, excluding any separately metered water consumed solely for irrigation.

(e) Sewer charges based on Billing Winter Water Average

(1) When a customer with Class A sewer service does not have a separate water meter for an irrigation system, charges for sewer service shall be based on the customer's Winter Water Average. At the conclusion of the Winter Billing Period, the city will calculate the customer's new Winter Water Average and use the new Winter Water Average to calculate sewer charges billed from May of the current year through April of the following year.

(2) Customers who transfer water service to a different location will transfer their Winter Water Average with their service.

(3) The Utility Department shall assume a Winter Water Average of 6,000 gallons for any Winter Water Average for which a billing history of water service from the City is not available.

(4) It is the intent of this Resolution that charges for sewer service bear a reasonable relation to the actual amount of sewer discharged by the customer. In exceptional circumstances, when the procedures established in this article for calculating monthly service charges do not produce a reasonable estimate of actual discharge, the city reserves the right to use an alternate method.

(5) The Utility Department may adjust a customer's Winter Water Average to deduct extraordinary consumption resulting from a leak or other unusual circumstances. Requests for adjustments must be supported by documentation such as an invoice for plumbing repair or an affidavit explaining the reason for the unusual consumption.

DEPOSITS

- (a) **Deposits.** The deposits for City utility accounts shall be as follows:

Class A Service		Class B Service	
All meters	\$65.00	5/8" meter	\$ 115.00
		1" meter	170.00
		1½" meter	200.00
		2" meter	450.00
		3" meter	550.00
		4" meter	650.00
		6" meter	850.00
		8" meter	1,200.00
		10" meter	2,500.00
		Fire Hydrant Meter	600.00

- (b) **Waiver.** The deposit for a 6" or larger meter may be waived in connection with an economic development agreement within an enterprise zone.

SERVICE CHARGES

Rates. The rates *per occurrence* for various services furnished by the City's Utility Business Office sewer system shall be as follows:

Service	Charge
(1) <i>Rereading water meter</i>	\$ 10.00
(2) <i>Processing returned checks/bank draft</i>	25.00
(3) <i>Ten (10) day cleanup service (flat fee for consumption and labor)</i>	25.00
(4) <i>Reconnect-disconnect-new connect fee</i>	
During business hours	20.00
After business hours	30.00
(5) <i>Tampering with or damaging meters, padlocks or locking devices</i>	40.00
(6) <i>Transferring service to different address</i>	20.00
(7) <i>Testing water meters for accuracy</i>	

5/8"	meter	25.00
1"	meter	30.00
1 1/2"	meter	35.00
2"	meter	35.00
3"	meter & larger	actual cost

PENALTIES

Penalties. The penalty for delinquent payment of utility invoices is a minimum fee of \$5.00 or 5% of the current bill, whichever is greater.

Part 2: The new utility system fees will take effect on October 1, 2007.

Part 3: It is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

PASSED AND APPROVED this the **23rd** day of **August**, 2007.

THE CITY OF TEMPLE, TEXAS

WILLIAM A. JONES, III, Mayor

ATTEST:

APPROVED AS TO FORM:

Clydetta Entzminger
City Secretary

Jonathan Graham
City Attorney



COUNCIL AGENDA ITEM MEMORANDUM

08/23/07
Item #9
Regular Agenda
Page 1 of 2

DEPT./DIVISION SUBMISSION & REVIEW:

Jonathan Graham, City Attorney
D. Blackburn, City Manager
Traci Barnard, Director of Finance

ITEM DESCRIPTION: Consider adopting a resolution authorizing the City Manager to enter into an agreement with the Temple Economic Development Corporation for economic development services.

STAFF RECOMMENDATION: Adopt resolution as presented in item description.

ITEM SUMMARY: The City of Temple has a current contract with the Temple Economic Development Corporation for economic development services. The current contract was authorized in 2004. The current contract provides, generally, for:

- TEDC to be the primary economic development mechanism for the City of Temple
- funding to be based upon 7.5% of the City's sales tax revenue
- contract to be renewed automatically unless parties agree to terminate or modify

Over the past several months multiple changes have occurred at TEDC, to include the appointment of a new President and the addition of new staff and a new building. This expanded effort and emphasis has been at the direction of the TEDC Board and represents a new level of commitment to economic development efforts. This expanded effort also comes with a need for additional resources to fund such.

Over the past several weeks, the TEDC Chairman and TEDC President and city staff have been meeting to discuss the potential terms and conditions of a new agreement between the TEDC and the City. A consensus has been achieved in the discussions and the proposed agreement would:

- provide funding for base operating expenses and for 'incentive matrix' funding
 - base operating funding is intended to cover reoccurring expenses (salaries, office space, supplies, travel, etc.)...funding for this component is recommended at \$993,524.

- incentive matrix funding ('IMF') is intended to cover actual economic development incentive expenditures based upon TEDC's pre-determined incentive matrix...funding for this component is recommended at \$800,000

→ provide for the City's commitment is to 'refill' the IMF each year, as may be warranted based upon expenditures

→ put into to place performance based standards that will allow tracking of progress and potential additional contributions based upon performance...the 4 performance measures are:

- √ annual percentage growth in sales tax revenue
- √ annual percentage growth in jobs
- √ annual percentage growth in median income
- √ annual percentage increase in taxable property

→ make some other minor changes to clarify appointments to the TEDC Board

This proposed agreement represents a significant upward step by both TEDC and the City in our economic development efforts. While both entities have made significant commitments in the past to economic development, this agreement 'raises the bar'. Pending favorable consideration by Council, a new era of commitment and collaboration will commence with this arrangement...one aimed at growing our tax base, our jobs, our income levels and our overall economy.

FISCAL IMPACT: Current year funding level to TEDC is \$1,020,000. Under the proposed agreement, funding levels would be \$1,793,524 which is included in the proposed FY 2008 operating budget.

ATTACHMENTS:

[Contract](#)
[Resolution](#)

2007 FUNDING AND OPERATING AGREEMENT CITY OF TEMPLE AND TEDC

STATE OF TEXAS §

COUNTY OF BELL §

This **Agreement** is entered into on the _____ day of _____, 2007, by and between the **City of Temple**, Texas, a home rule city in Bell County, Texas ("City"), and the **Temple Economic Development Corporation**, a Texas non-profit corporation ("TEDC").

W I T N E S S E T H:

WHEREAS, TEDC's Board of Directors and the City Council of the City of Temple passed or will pass resolutions authorizing TEDC and the City, respectively, to enter into an agreement whereby TEDC receives funding from the City to promote economic development within the City;

NOW THEREFORE, for and in consideration of the mutual covenants set forth herein, the parties hereto hereby agree as follows:

Section 1: **City's Obligations**

(a) **Funding of TEDC.** City will annually budget and contribute to TEDC a portion of its annual revenue from sales taxes, beginning with the City's fiscal year commencing on October 1, 2007, to promote economic development within the City. The City's contribution shall include a "Base Contribution" and may include a "Performance-based Additional Contribution."

(b) **Amount of Base Contribution.** The Base Contribution has two components: (1) an "Operating Expense Component;" and (2) "Incentive Matrix Component." The City's Base Contribution in fiscal year 2007-08 shall be One Million, Seven Hundred and Ninety Three Thousand, Five Hundred and Twenty-four dollars (\$1,793,524.00), with \$993,524 of that designed as the Operating Expense Component" and \$800,000 designated as the "Incentive Matrix Component."

(c) **Adjustment of Base Contribution in future years.** In successive fiscal years under this Agreement, the City's both components of the Base Contribution to TEDC shall be increased or decreased by the percentage change in the amount of sales tax received by the City during the most recent fiscal year. In calculating the percentage change in the amount of sales tax received by the City, the City will exclude from the calculation an amount equal to payments made to third parties by the City under economic development agreement which index an incentive

payment to the amount of sales tax revenue received by the City from a portion or all of the City. The “most recent fiscal year” is measured from July 1st of the preceding fiscal year to the June 30th preceding the beginning of the City’s fiscal year on October 1st of each year of this Agreement.

- (1) Calculation of the Operating Expense Component. Each year, the City shall contribute the full amount of the Operating Component of the Base Contribution to TEDC increased or decreased by the percentage change in the amount of sales tax received by the City during the most recent fiscal year.
- (2) Calculation of the Incentive Matrix Component. The City’s obligation to TEDC with respect to Incentive Matrix Component is to ensure that TEDC starts each fiscal year with available funds on hand equal to the Incentive Matrix Component amount as that amount may be adjusted each year by the percentage change in the amount of sales tax received by the City during the most recent fiscal year (the “Incentive Matrix Fund Level”). TEDC agrees to use Incentive Matrix Component funding only as incentives for economic development purposes each year, and to account for such funds separately. Within 10 days of the end of each fiscal year, TEDC shall report to the City their fiscal year end fund balance of Incentive Matrix Component dollars. For purposes of this Agreement, Incentive Matrix Component dollars are expended for economic development purposes if they are: used to provide a cash incentive to an economic development prospect; used to purchase land or equipment given to an economic development prospect; used to pay for services directly related to providing an incentive to a prospect; or legally accrued to satisfy an obligation owed by TEDC to an economic development prospect under a written development agreement. In each succeeding year of this Agreement, the City shall contribute, in addition to its Operating Expense Component contribution, an amount sufficient to bring TEDC’s available incentive matrix dollars to an amount equal to the calculated Incentive Matrix Fund Level for that fiscal year. If at the end of any fiscal year, TEDC’s “fund balance” for Incentive Matrix Component dollars is equal to or exceeds the amount, adjusted for the percentage increase in sales tax dollars from the prior fiscal year, than the City would otherwise maintain in TEDC’s Incentive Matrix Component account, the City will not be obligated to make an Incentive Matrix Component contribution to TEDC for that year. TEDC may, from time to time, accumulate Incentive Matrix Component dollars in excess of the Incentive Matrix Fund Level for a particular fiscal year, when, for example, funds that we’re encumbered by TEDC under a development agreement from a prior year become available to TEDC again when the proposed development that the funds were targeted for does not occur.

(d) Performance-based Additional Contribution. The City's Base Contribution under Sections 1(b)-(c) above, may be augmented by the City for any fiscal year under this Agreement based on performance measurements established by the City in Section 2 of this Agreement. Performance-based Additional Contribution criteria are measured from July 1st of the preceding year to the June 30th preceding the beginning of the City's fiscal year on October 1st of each succeeding year of this Agreement. Performance-based Additional Contributions may add 1, 2 or 3% of the Base Contribution from the prior fiscal year to the City's contribution in any succeeding fiscal year, but only apply for that fiscal year, and are not added to or reflected in the City's Base Contribution calculation in future years. For example, if the City's sales tax revenue from July 1, 2007 until June 30, 2008, increases by 3.2%, and the Performance-based Additional Contribution calculated under Section 2 July 1, 2007 until June 30, 2008 qualifies TEDC for a 2% Performance-based Contribution, the City's total contribution to TEDC in FY 2008-09 would increase by 5.2% (3.2% base increase plus 2% performance-based). In our example, the City would contribute \$1,893,600 to TEDC for FY 2008-09. For purposes of our example, the Base Contribution calculation for 2009-10 would be based on \$1,857,600, rather than \$1,893,600, because Performance-based Additional Contributions don't alter the City's Base Contribution in successive years of the Agreement.

(c) The Director of Finance shall establish a special segregated account for the purpose of funding the City's contributions to TEDC under this contract. This account will be used to make monthly disbursements to TEDC for its promotion of economic development within the City.

Section 2: **Performance-based Standards**

(a) Target factors. The City and TEDC agree that the effectiveness of TEDC's efforts to promote economic development shall be judged in part in measuring the following factors:

1. The annual percentage growth in sales tax revenue within the City limits;
2. The annual percentage growth in the number of jobs created within the City limits;
3. The annual percentage growth in median income within the City limits; and
4. The annual percentage increase in taxable property (real and personal) within the City limits.

(b) Base line values for Target factors. The Director of Finance has determined the following values for target factors listed in Section 2(a) as of June 30, 2007:

1. **Sales Tax Revenue** within the City for 12 month period ending June 30, 2007: \$_____. The average annual percentage growth in sales tax revenue

with in the City for the preceding decade ending June 30, 2007 was: _____%.

2. **Number of Jobs** in City as of June 30, 2007: _____. The average annual percentage growth in the net number of jobs within the City for the preceding decade ending June 30, 2007 was: _____%.
3. **Median income** within the City as of August 30, 2007: \$_____. The average annual percentage growth in median income within the City for the preceding decade ending June 30, 2007 was: _____%.
4. **Total appraised value** of taxable real and personal property within the City as of June 30, 2007: \$_____. The average annual percentage growth in taxable real and personal property within the City for the preceding decade ending June 30, 2007 was: _____%.

In successive years of the Agreement, the Director of Finance will calculate a new “average annual change” for each target value for the preceding decade (dropping one year and adding the most recent year).

(c) Performance ratings. For purposes of computing the amount, if any, of any performance-based additional contribution that TEDC may earn in any succeeding fiscal year under this Agreement, the City will evaluate TEDC’s success on a point system as follows:

1. **Percentage growth in sales tax revenue**. TEDC will earn one point for each full percentage point that the increase in sales tax revenue for the preceding fiscal year exceeds the average annual percentage growth shown in Section 3(b)(1) above.
2. **Percentage growth in jobs**. TEDC will earn one point for each full percentage point that the increase in new jobs for the preceding fiscal year exceeds the average annual percentage growth shown in Section 3(b)(1) above.
3. **Percentage growth in Median Income**. TEDC will earn one point for each full percentage point that the increase in new jobs for the preceding fiscal year exceeds the average annual percentage growth shown in Section 3(b)(1) above.
4. **Percentage growth in total appraised value**. TEDC will earn one point for each full percentage point that the increase in new jobs for the preceding fiscal year exceeds the average annual percentage growth shown in Section 3(b)(1) above.

(d) Calculation of Performance-based Additional Contribution. If in any measurement year, TEDC earns two or more points under the Performance ratings set out in Section 3(c) above, the City will add a Performance-based additional contribution to its base contribution as provided for in Section 1(c), according to this formula:

1. If TEDC earns 2 points, the City will add 1%;

2. If TEDC earns 3 points, the City will add 2%; or
3. If TEDC earns 4 or more points, the City will add 3%.

Section 3: **TEDC's Obligations**

(a) Promote economic development within the City. TEDC shall use its best efforts to promote economic development within the City. In doing so, TEDC agrees to work diligently to achieve goals established for TEDC, from time to time, by the City in its Strategic Plan. Allowable uses of funds provided to TEDC under this Agreement shall include, but not be limited to, expenditures for:

- 1. Business attraction and retention:** advertising, promotion, marketing, trade show participation, direct mail, brochures, signs and billboards, and preparation of long term planning documents;
- 2. Incentives to Businesses:** loans, guarantees, business incubator programs, grants for capital improvements, relocation and moving expense reimbursement, and grants for land purchases;
- 3. Land and Building Purchase, Sale, Lease and Upgrade:** land purchase for industrial parks and sites, construction of buildings, environmental equipment and projects, site preparation, purchase of land for assembly or resale, drainage projects;
- 4. Infrastructure Improvements and Creation:** rail spurs, water and wastewater lines, drainage projects, odor control projects, landscaping, identification signs, and engineering and construction of streets, bridges, and related facilities;
- 5. Training and education:** job training programs, cooperation with educational institutions, and related programs; and
- 6. Salaries and General Office Expense:** salaries for TEDC's staff and general office expenses.

(b) Annual Report to the City Council. TEDC shall provide an annual report to the City Council on its activities and expenditures to promote economic development within the City. TEDC's report shall, among other things: (1) address TEDC's effort to achieve goals established by the City from time to time; (2) summarize incentives provided by TEDC in the prior year; and (3) document (in a form acceptable to the City) TEDC's success in meeting the performance guidelines established for TEDC under this Agreement. TEDC shall keep adequate records of all its activities and expenditures incurred hereunder sufficient to satisfy the auditing firm that conducts the annual audit under Section 3(d) below that the funds provided under this Agreement by the City were expended to promote economic development within the City.

(c) Other Use of City Funds Prohibited. TEDC shall never expend funds for any purpose or activity not directly or indirectly related to the promotion of economic development within the City.

(d) Annual Audit. TEDC shall, at its own expense, provide the City with a comprehensive annual audit of the use of all funds received by TEDC under this Agreement. The audit shall be performed by the auditing firm which does the annual City audit or by some other qualified public accounting firm approved by the City.

(e) Recapture of funds by City for Misuse. Should either the independent audit or a decision of any court of competent jurisdiction in the State of Texas determine that funds provided to TEDC by City under this Agreement have been spent improperly, TEDC shall immediately return all said funds plus a reasonable rate of interest from the time of original disbursement to the time of return to the City. Any such misuse of funds shall be considered a material breach of this contract and the City, at its sole option, may immediately declare this Agreement null and void.

(f) Separate accounting of City funds. For accounting purposes, TEDC shall separately account for funds received from the City under this Agreement. All funds received from the City under this Agreement shall be separately accounted for from any funds or revenue TEDC receives from other sources. Funds deposited by TEDC in banks shall be deposited in fully collateralized accounts in a form acceptable to the Director of Finance. TEDC also agrees to adopt an investment policy

(g) Management of TEDC. This Agreement is expressly conditioned upon TEDC amending its articles of incorporation and bylaws, *as necessary*, to provide the following:

- (1) Board of Directors; composition. The Board of Directors shall consist of fifteen voting members appointed by the City, acting through its City Council. Two councilmembers (one of whom may be the Mayor) periodically designated by resolution of the City Council, the City Manager, and the Chair of the Board of Directors for the City of Temple Tax Increment Financing Reinvestment Zone Number One shall be voting members of the TEDC Board. Of the remaining eleven positions on the TEDC Board (the "Public Directors"), the City Council shall appoint four voting members from the membership of Board of Directors of the Temple Chamber of Commerce, one representative from the Temple Health & Bioscience Economic Development District, one representative (in addition to the chairperson) from the City of Temple Tax Increment Financing Reinvestment Zone Number One. The remaining five Directors shall be chosen by the City Council from the public at large. The immediate Past Chair of the TEDC Board, if his/her term shall otherwise have expired, shall be an *ex officio* (non-voting) member of the TEDC Board of Directors with the right to have notice of, to attend, and to speak at all meetings of the Board of Directors. (See Table below.) From time to time, the Board of Directors may invite other

Directors may invite other members of the community, such as the Bell County Judge, the President of Temple College, representatives of the school districts located within the City, the executive director of the Temple Health & Bioscience Economic Development District, or such other individuals as the Board of Directors determines would be advantageous to have present at a particular board meeting.

Composition of Board of Directors of TEDC		
Sponsoring Entity:		Position (all appointed by City Council)
1.	For City of Temple:	Mayor or Councilmember (designated by CC)
2.		Councilmember (designated by CC)
3.		City Manager
4.	For TIFRZ #1:	Chair of TIRZ Board
5.		Additional TIFRZ Board Member
6.	For Temple Chamber of Commerce:	Representative from Chamber Board
7.		Representative from Chamber Board
8.		Representative from Chamber Board
9.		Representative from Chamber Board
10.	For Temple Health & Bioscience Economic. Dev. Dist.	One Board Member
11.	At large representatives:	Unrestricted Appointment
12.		Unrestricted Appointment
13.		Unrestricted Appointment
14.		Unrestricted Appointment
15.		Unrestricted Appointment
Ex-officio:		Immediate Past Chair of TEDC Board

- (2) Appointment process. The two City of Temple councilmembers (one of whom may be the Mayor), the City Manager and the chair of the Board of Directors for the City of Temple Tax Increment Financing Reinvestment Zone Number One shall serve until changed by the City Council. For those TEDC Directors serving from either the Temple Chamber of Commerce, no more than two such directors' terms shall expire in any one year. In July of each year, the Boards of Directors of the Temple Chamber of Commerce and the Temple Health & Bioscience Economic Development District may make recommendations to the City Council as to who the City Council should appoint to fill the vacancy or vacancies created by the expiration of the term of TEDC Directors originally appointed from the membership of such Boards. The City Council may appoint whoever it chooses so long as such person is then serving on the applicable Board of Directors of the Temple Chamber of Commerce or the Temple Health & Bioscience Economic Development District or its advisory board. Once appointed, a TEDC Director shall serve his or her entire term on TEDC's board even though such person's term on the Board of Directors of the Temple Chamber of

Chamber of Commerce or the Temple Health & Bioscience Economic Development District (or its advisory board) shall expire or be terminated.

- (3) Executive Committee. TEDC shall have an Executive Committee with the power to act for and on behalf of TEDC in the same manner as may the TEDC Board. The Executive Committee shall be composed of six members, being the Chair of TEDC's Board, the immediate past Chair of the TEDC's Board, the Vice Chair of TEDC's Board, the Treasurer of TEDC, the Mayor or City Manager of the City, and the Chair of the City of Temple Tax Increment Financing Reinvestment Zone Number One.
- (4) Confidentiality Oath. All members of the Board of Directors and the Executive Committee must, as a condition of service on the Board or Committee, execute oath of confidentiality in a form approved by the Board of Directors from time to time. A violation of the oath of confidentiality as determined by the Board of Directors shall be sufficient cause for removal from the Board of Directors and/or the Executive Committee. The City Council representatives or the City Manager may discuss matters discussed in confidence by the Board of Directors or the Executive Committee with City Councilmembers not sitting on the TEDC Board from time to time provided that those councilmembers also execute the oath of confidentiality required of all Board and Executive Committee members.
- (5) Dissolution. All funding received from the City under this Agreement shall be maintained in a separate account as provided for in Section 3(f) above. In the event of the dissolution of TEDC, all funds in this account shall be the property of, and returned to, the City.
- (6) Attendance Requirements for TEDC Board of Directors. Board members appointed to the TEDC Board of Directors pursuant to subsection 3(g)(2) above, are subject to the City Council's attendance requirements for board members set out in Resolution Number 2004-4025-R. Board members, exclusive of councilmembers appointed to the TEDC Board, shall automatically forfeit their position on the Board for failing to attend at least 50% of all scheduled meetings during a twelve-month period or for missing three or more consecutive meetings. The City Secretary shall serve such notice. In the event that a city councilmember appointed to the TEDC Board fails to attend at least 50% of the scheduled meetings in a twelve-month period or misses three or more consecutive meetings, the City Secretary shall so advise the City Council, and the City Council shall take such action as the Council deems appropriate.

Section 4: **Mutual Cooperation**

City and TEDC agree to cooperate fully with one another and to coordinate their

their efforts in order to ensure that the conditions of this contract are fulfilled and to ensure optimal economic development within the City. In order to expedite the conditions of the contract and to effect economies of scale, the parties agree to keep each other fully informed of their plans, operations and activities and wherever possible to coordinate fully their efforts to promote and otherwise undertake economic development within the City.

Section 5: **No Obligation for Additional Funds**

Nothing in this Agreement shall in any way place any obligation on any other funds or sources of revenue of the City and nothing herein shall create any lien or other obligation on any other sources of income, revenues or funds of the City. The obligations of the City provided by this Agreement are payable from sales tax revenue received by the City. The City, at its sole option, may further subordinate the obligations of the City hereunder to other present and future obligations of the City.

Section 6: **Ability to Contract With Others**

Nothing in this Agreement shall in any way limit either party to this Agreement from contracting with other persons or organizations for economic development within the City.

Section 7: **Term**

The term of this contract shall be five years commencing on October 1, 2007, but shall be renewed automatically thereafter for five year terms, unless either party indicates its intent not to renew the Agreement at least thirty days prior to the expiration of the current (or future) five year terms.

Section 8: **Termination**

(a) Termination by Right. Either party to the contract may terminate same as a matter of right by giving ninety (90) days written notice to the other parties of its intent to so terminate. All reasonable expenses of the TEDC under the contract shall be paid and reimbursed up to the effective date of termination.

(b) Non-appropriation. The City reserves the right to terminate immediately this Agreement in the event that the City Council determines, in its sole judgment, that circumstances require that funds presently, or proposed to be, budgeted for the purposes of this Agreement, should be reappropriated for another purpose. All reasonable expenses of the TEDC under the contract shall be paid and reimbursed up to the effective date of termination.

(c) Termination From Material Breach. Any party hereunder may terminate the contract for material breach hereof by notifying the defaulting party in writing of such material breach. If the defaulting party fails to correct the breach within thirty (30) days of the date of receipt of said notice, the contract will be immediately and automatically terminated and declared void at the option of the non-defaulting party. Nothing herein shall waive any rights of any party hereto to pursue any legal remedies they may have to seek damages for a material breach or to seek specific enforcement of this Agreement.

Section 9: **Assignment**

This Agreement is not assignable by either party without the prior written consent of the governing body of the other party.

Section 10: **Notices**

All written notices must be made by certified mail, return receipt requested, and shall be addressed to the parties, or their successors in office, at the following addresses:

Lee Peterson
President
Temple Economic Development Corporation
One South First Street
P.O. Box 1343
Temple Texas 76503-1343

David A. Blackburn
City Manager
City of Temple
Municipal Building
Temple, Texas 76501

Section 11: **Applicable Law**

This Agreement is executed in Bell County, Texas, is performable in Bell County, Texas, and shall be construed under the laws of the State of Texas.

Section 12: **Severability**

If any provision of this Agreement or the application thereof to any person or circumstances shall, for any reason and to any extent, be invalid or unenforceable, neither the application of such provision to any other person or circumstance nor the remainder of the instrument in which such provision is contained shall be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

Section 13: **Conflict of Interest**

No member of the City Council, the Board of Directors of the TEDC, nor any member of any other City board or any appointive officer or employee of the City shall ever be pecuniarily interested, directly or indirectly, in this Agreement or in any transaction involving TEDC; however, such persons may be compensated in reasonable amounts for services or products provided to TEDC other than their services as TEDC directors. Any such person with a pecuniary interest in a transaction involving TEDC or proposing to provide services or products to TEDC shall disclose such person's interest to the TEDC Board of Directors and such person shall not vote on the decision, or involve themselves in the discussion, as to whether TEDC should enter into such transaction. TEDC's Board of Directors shall be the sole and final judge of whether a conflict of interest exists with respect to a Director. A Director with a conflict of interest shall be counted for the purpose of determining whether a quorum exists at any meeting. The transaction shall be approved by the affirmative vote of the majority of the disinterested Directors.

DULY AUTHORIZED by resolution dated the _____ day of _____, 2007, of the Board of Directors of the Temple Economic Development Corporation, acting by and through its Chair of its Board of Directors, and by Resolution Number _____ dated the ____ day of _____, 2007, of the City Council of the City of Temple.

CITY OF TEMPLE

By: _____
William A. Jones, III
Mayor

ATTEST:

Approved as to form:

Clydette Entzminger
City Secretary

Jonathan Graham
City Attorney

TEMPLE ECONOMIC DEVELOPMENT CORPORATION

By: _____
Chair of the Board

ATTEST:

_____ (Corporate Seal)

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH THE TEMPLE ECONOMIC DEVELOPMENT CORPORATION; AND PROVIDING AN OPEN MEETINGS CLAUSE.

Whereas, the City has an agreement which was authorized in 2004 with the Temple Economic Development Corporation for economic development services;

Whereas, the City and TEDC desire to continue to cooperate fully with one another and to coordinate their efforts to ensure optimal economic development within the city;

Whereas, under the proposed agreement, funding levels would be \$1,793,524, which is included in the proposed FY2008 operating budget;

Whereas, the Staff recommends entering into the agreement with TEDC in an effort to continue to grow the City's tax base, jobs, income levels and the overall economy; and

Whereas, the City Council has considered the matter and deems it in the public interest to authorize this action.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, THAT:

Part 1: The City Council authorizes the City Manager, or his designee, to execute an agreement with the Temple Economic Development Corporation, after approval as to form by the City Attorney, for economic development services.

Part 2: It is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

PASSED AND APPROVED this the **23rd** day of **August**, 2007.

THE CITY OF TEMPLE, TEXAS

WILLIAM A. JONES, III, Mayor

ATTEST:

APPROVED AS TO FORM:

Clydette Entzminger
City Secretary

Jonathan Graham
City Attorney



COUNCIL AGENDA ITEM MEMORANDUM

08/23/07
Item #10(A)-(C)
Regular Agenda
Page 1 of 2

DEPT./DIVISION SUBMISSION & REVIEW:

David Blackburn, City Manager
Clydette Entzminger, City Secretary

ITEM DESCRIPTION: (A) Consider adopting a resolution calling a bond election for November 6, 2007

(B) Consider adopting a resolution authorizing a joint election agreement with Bell County for the November 6, 2007 bond election.

(C) Consider adopting a resolution authorizing the use of the ES&S AutoMARK Voter Assist Terminal V.1.0; ES&S Model 100 Optical Scan Voting System Version 5.500; or Model 650 Optical Scan Voting System V.1.2.0.0, to be leased from Bell County for the November 6, 2007 bond election and all future elections called by the City of Temple.

STAFF RECOMMENDATION: Adopt resolutions as indicated in item description.

ITEM SUMMARY: (A) This proposed resolution calls a special bond election for November 6, 2007 to submit to the voters of the City various propositions regarding the issuance of General Obligation Bonds for parks and recreation projects. The resolution also sets forth the polling places, election judges and clerks, early voting procedures and voting devices in accordance with the joint election agreement with Bell County.

Two resolutions are attached for Council consideration. **Resolution A** presents two propositions, one in the amount of \$8,090,000 for park and recreational facilities and projects and one in the amount of \$1,660,000 for the Summit Fitness and Recreation Center expansion. **Resolution B** presents one single proposition in the amount of \$9,750,000 for park and recreational facilities and projects. The Council will need to make a **motion to adopt either Resolution A or Resolution B** if they choose to call the election.

(B) This proposed resolution authorizes a joint election agreement between the City of Temple and Bell County for the November 6, 2007 bond election. Section 42.061(a) of the Texas Election Code requires a political subdivision to use regular county election precincts for any election held on the November uniform election date. Since Bell County is conducting an election on this date to submit Constitutional Amendments to the voters, we feel it is the best interest of Temple registered voters for the City to conduct this election jointly with the County.

Under the proposed joint election agreement, pursuant to Chapter 271 of the Texas Election Code, the County will procure and distribute all necessary election supplies and equipment, appoint and train all election judges and clerks, conduct early voting at their five early voting locations and at fifteen precinct polling places on election day. The City will be responsible for the Department of Justice preclearance submission, preparing, posting and publishing the Election Order and Election Notice, receiving applications for ballots by mail and canvassing the returns of the election.

Staff feels this joint election agreement with Bell County will provide a more expeditious, convenient and enhanced service to the registered voters of Temple by providing centralized voting locations and services.

(C) As part of the joint election agreement and the Department of Justice preclearance submission, the City of Temple must adopt a resolution indicating their desire to use the voting system owned by Bell County, which will be leased to the City of Temple for the November 6, 2007 bond election as well as any future elections the City may call. This voting system, the ES&S AutoMARK Voter Assist Terminal V.1.0; ES&S Model 100 Optical Scan Voting System Version 5.500; or Model 650 Optical Scan Voting System V.1.2.0.0, has been certified by the Texas Secretary of State for use in local elections in compliance with state and federal law, including relevant provisions of the Help America Vote Act (HAVA) that define and mandate the use of voting systems in every polling place that are accessible to voters with disabilities and provide them the ability to cast a secret ballot. The Department of Justice has already precleared the use of the County's voting system.

FISCAL IMPACT: The cost of the bond election is estimated to be less than \$4,000. The City will only pay for costs of legal publications, programming and actual costs for the City's ballots. Funds in the amount of \$7,000 are appropriated in account 110-1400-551-2517 in the FY 2007-2008 budget for this special election.

ATTACHMENTS:

- (A) - Resolutions Calling Election – A & B
- (B) - Resolution Authorizing Joint Election Agreement
- (C) - Resolution Authorizing Use of Bell County Voting System

Presiding Judge named above, the Alternate Presiding Judge shall perform the duties of the Presiding Judge.

Section 3. EARLY VOTING. Early voting in the election by personal appearance shall be conducted at the times, dates and polling places as provided for in the Bell County General Election attached hereto as Exhibit "B" to this Resolution and the exhibit is incorporated by reference for all purposes. The exhibit may be revised as necessary to conform with final county polling locations. Jana M. Henderson, Bell County Election Clerk, is designated as the Early Voting Clerk. Application for ballots by mail should be sent to Clydette Entzminger, City Secretary, City of Temple, P. O. Box 207, Temple, Texas 76503-0207.

Section 4. EARLY VOTING BALLOT BOARDS. An early voting ballot board is hereby created to process early voting results, and the Presiding Judge of the board will be appointed by the Bell County Election Clerk. The Presiding Judge shall appoint not less than two resident nor more than eighteen (18) qualified electors to serve as members of the Early Voting Ballot Boards.

Section 5. VOTERS. All resident, qualified electors of the City shall be entitled to vote at the election.

Section 6. NOTICE. A substantial copy of this Resolution shall serve as a proper notice of the election. This notice, including a Spanish translation thereof, shall be posted at three (3) public places within the City and the City Hall not less than twenty-one (21) days prior to the date the election is to be held, and be published on the same day in each of two (2) successive weeks in the *Temple Daily Telegram*, a newspaper of general circulation in the City, the first of these publications to appear in such newspaper not more than thirty (30) days, and not less than fourteen (14) full days prior to the day of the election.

Section 7. VOTING DEVICES. Electronic optical scan voting devices may be used in conducting the election. The Bell County Election Clerk may also utilize a central counting station as provided by Section 127.000 *et seq.*, as amended, Texas Election Code. Any central counting station presiding judge and the alternate presiding judge shall be appointed in accordance with the Election Agreement and the Texas Election Code.

Section 8. PROPOSITIONS. At the election, the following BOND PROPOSITIONS shall be submitted in accordance with law:

PROPOSITION NO. I

Shall the City Council of the City of Temple, Texas, be authorized to issue the bonds of the City, in one or more series or issues, in the aggregate principal amount of \$ 8,090,000_____ with the bonds of each such series or issues, respectively, to mature serially within not to exceed thirty years from their date, and to be sold at such prices and bear interest at such rates, as shall be determined within the discretion of

the City Council, in accordance with law at the time of issuance, for the purpose of constructing, acquiring, improving, renovating, expanding, developing and equipping, land and buildings for park and recreational purposes including any necessary infrastructure and other related costs; and shall said City Council be authorized to levy and cause to be assessed and collected annual ad valorem taxes on all taxable property in the City in an amount sufficient to pay the annual interest on said bonds and provide a sinking fund to pay the bonds at maturity?

PROPOSITION NO. II

Shall the City Council of the City of Temple, Texas, be authorized to issue the bonds of the City, in one or more series or issues, in the aggregate principal amount of \$_1,660,000_____ with the bonds of each such series or issues, respectively, to mature serially within not to exceed thirty years from their date, and to be sold at such prices and bear interest at such rates, as shall be determined within the discretion of the City Council, in accordance with law at the time of issuance, for the purpose of constructing, acquiring, improving, renovating, expanding, developing and equipping the Summit Fitness and Recreation Center and pool facility changing rooms including any necessary infrastructure and other related costs; and shall said City Council be authorized to levy and cause to be assessed and collected annual ad valorem taxes on all taxable property in the City in an amount sufficient to pay the annual interest on said bonds and provide a sinking fund to pay the bonds at maturity?

Section 9. OFFICIAL BALLOTS. The official ballots for the election shall be prepared in accordance with the Texas Election Code so as to permit the electors to vote "FOR" or "AGAINST" on the PROPOSITIONS with the ballots to contain such provisions, markings and language as required by law, and with such PROPOSITIONS to be expressed substantially as follows.

PROPOSITION NO. I

FOR ()
AGAINST () THE ISSUANCE OF \$_8,090,000_____ TAX BONDS FOR
PARK AND RECREATIONAL FACILITIES AND PROJECTS.

PROPOSITION NO. II

FOR () THE ISSUANCE OF \$_1,660,000_____ TAX BONDS FOR
SUMMIT FITNESS AND RECREATION CENTER EXPANSION
AGAINST () AND ADDITIONS.

Section 10. TEXAS ELECTION CODE. In all respects the election shall be conducted in accordance with the Texas Election Code.

Section 11. RESULTS. The Bell County Election Clerk shall conduct an unofficial tabulation of results after the closing of the polls on November 6, 2007. The official canvass and tabulation of the results of the Special Election shall be conducted by the City Council at the Regular Council Meeting on November 15, 2007 in accordance with the Election Code.

Section 12. PROVISIONS. The provisions of this Resolution are severable; and in case any one or more of the provisions of this Resolution or the application thereof to any person or circumstance should be held to be invalid, unconstitutional, or ineffective as to any person or circumstance, the remainder of this Resolution nevertheless shall be valid, and the application of any such invalid provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

PASSED AND APPROVED on this 23rd day of August, 2007.

William A. Jones, III, Mayor
City of Temple, Texas

ATTEST:

Clydette Entzminger
City Secretary

(CITY SEAL)

EXHIBIT "A"

**BELL COUNTY POLLING PLACES
CITY OF TEMPLE BOND ELECTION
NOVEMBER 6, 2007**

<u>PRECINCT</u>	<u>LOCATION</u>	<u>ADDRESS</u>
302 (partial)	VFW Post 1820	3302 Airport Road
303	Mayborn Civic & Convention Center	3303 North 3 rd Street
316	Troy Community Center	201 East Main, Troy
306	Grace Temple Missionary	801 South 13 th Street
307	Wilson Park & Recreation Center	2205 Curtis B. Elliott Drive
102 (partial)	Bell County Annex North	1605 North Main Street, Belton
109	First Church of the Nazarene	5000 South 31 st Street
308	Bethel Assembly of God	22510 SE H.K. Dodgen Loop
313	Meadow Oaks Baptist Church	3100 Thornton Lane
104 (partial)	Morgan's Point Community Center	16 Morgan's Point Blvd, Belton
111	Vineyard Christian Fellowship Church	7425 West Adams Avenue
305	St. Luke's Catholic Church-Parish Hall	2807 Oakdale
314	Heights Baptist Church	1220 South 49 th Street
315	Lakeview Baptist Church	7717 North SH 317
317	Moffat Community Center	13300 Kuykendall Avenue

EXHIBIT "B"

**BELL COUNTY EARLY VOTING LOCATIONS & INFORMATION
CITY OF TEMPLE BOND ELECTION
NOVEMBER 6, 2007**

Early Voting Period: October 22, 2007 through November 2, 2007

First day to apply for ballot by mail – September 7, 2007

Last day to register to vote in November 6, 2007 election – October 9, 2007

Last day to apply for ballot by mail – October 30, 2007

EARLY VOTING LOCATIONS

Temple – Bell County Annex, 205 East Central Avenue, Temple

Belton – Bell County Courthouse Annex, 550 East 2nd Avenue, Belton

Harker Heights – Parks & Recreation Center, 307 Millers Crossing, Harker Heights

Killeen – Bell County Annex, 301 Priest Drive, Killeen

Killeen – Killeen Community Center, 2201 East Veterans Memorial Blvd., Killeen

EARLY VOTING DATES & TIMES

October 22 – October 26	8:00 am – 5:00 pm
Saturday, October 27	8:00 am – 5:00 pm
Sunday, October 28	12:00 noon – 5:00 pm
October 29 – November 2	7:00 am – 7:00 pm

RESOLUTION NO. _____

**RESOLUTION CALLING A BOND ELECTION FOR NOVEMBER 6, 2007; MAKING
PROVISIONS FOR CONDUCTING THE ELECTION; AND RESOLVING OTHER
MATTERS RELATED TO SUCH ELECTION**

THE STATE OF TEXAS §
COUNTY OF BELL §
CITY OF TEMPLE §

WHEREAS, pursuant to the provisions of Chapter 1251, Texas Government Code, as amended, the Texas Election Code, as amended, and other related statutes the City Council of the City of Temple, Texas (the "City") is authorized to call an election in order to submit to the voters of the City a proposition regarding the issuance of general obligation bonds; and

WHEREAS, the City Council deems it advisable to call a bond election for the proposition hereinafter stated; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Resolution is being adopted was open to the public, and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, Government Code, as amended.

**THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
TEMPLE, TEXAS THAT:**

Section 1. ELECTION DATE, POLLING PLACES AND ELECTION JUDGES. An election shall be held in the City as prescribed by applicable law between the hours of 7:00 A.M. and 7:00 P.M. on November 6, 2007. The election shall be held as a joint election pursuant to Chapter 271 of the Texas Election Code and a joint election agreement (the "Election Agreement") to be entered into between the City and Bell County, Texas. The City election precincts and polling places within the City designated for holding the election shall be determined by Bell County, and conducted at the polling places used for the Bell County General Election, attached hereto as Exhibit "A" to this Resolution and the exhibit is incorporated by reference for all purposes. The exhibit may be revised as necessary to conform with final county polling locations. Bell County's election equipment shall be used as provided in the Election Agreement. The election judges and clerks shall be appointed in accordance with the Election Agreement and the Texas Election Code, as amended.

Section 2. ELECTION CLERKS. Unless otherwise directed by Bell County, the Presiding Judge shall appoint not less than two nor more than five resident qualified electors to act as clerks to properly conduct the election. However, if the Presiding Judge appointed actually serves, the Alternate Presiding Judge shall serve as one of the clerks. The appointment of such clerks must include a person fluent in the Spanish language to serve as a clerk to render oral aid in the Spanish language to any voter desiring such aid at the polls on the day of the election. In the absence of the

Presiding Judge named above, the Alternate Presiding Judge shall perform the duties of the Presiding Judge.

Section 3. EARLY VOTING. Early voting in the election by personal appearance shall be conducted at the times, dates and polling places as provided for in the Bell County General Election attached hereto as Exhibit "B" to this Resolution and the exhibit is incorporated by reference for all purposes. The exhibit may be revised as necessary to conform with final county polling locations. Jana M. Henderson, Bell County Election Clerk, is designated as the Early Voting Clerk. Application for ballots by mail should be sent to Clydette Entzminger, City Secretary, City of Temple, P. O. Box 207, Temple, Texas 76503-0207.

Section 4. EARLY VOTING BALLOT BOARDS. An early voting ballot board is hereby created to process early voting results, and the Presiding Judge of the board will be appointed by the Bell County Election Clerk. The Presiding Judge shall appoint not less than two resident nor more than eighteen (18) qualified electors to serve as members of the Early Voting Ballot Boards.

Section 5. VOTERS. All resident, qualified electors of the City shall be entitled to vote at the election.

Section 6. NOTICE. A substantial copy of this Resolution shall serve as a proper notice of the election. This notice, including a Spanish translation thereof, shall be posted at three (3) public places within the City and the City Hall not less than twenty-one (21) days prior to the date the election is to be held, and be published on the same day in each of two (2) successive weeks in the *Temple Daily Telegram*, a newspaper of general circulation in the City, the first of these publications to appear in such newspaper not more than thirty (30) days, and not less than fourteen (14) full days prior to the day of the election.

Section 7. VOTING DEVICES. Electronic optical scan voting devices may be used in conducting the election. The Bell County Election Clerk may also utilize a central counting station as provided by Section 127.000 *et seq.*, as amended, Texas Election Code. Any central counting station presiding judge and the alternate presiding judge shall be appointed in accordance with the Election Agreement and the Texas Election Code.

Section 8. PROPOSITION. At the election, the following BOND PROPOSITION shall be submitted in accordance with law:

PROPOSITION

Shall the City Council of the City of Temple, Texas, be authorized to issue the bonds of the City, in one or more series or issues, in the aggregate principal amount of \$ 9,750,000_____ with the bonds of each such series or issues, respectively, to mature serially within not to exceed thirty years from their date, and to be sold at such prices and bear interest at such rates, as shall be determined within the discretion of

the City Council, in accordance with law at the time of issuance, for the purpose of constructing, acquiring, improving, renovating, expanding, developing and equipping, land and buildings for park and recreational purposes including any necessary infrastructure and other related costs; and shall said City Council be authorized to levy and cause to be assessed and collected annual ad valorem taxes on all taxable property in the City in an amount sufficient to pay the annual interest on said bonds and provide a sinking fund to pay the bonds at maturity?

Section 9. OFFICIAL BALLOTS. The official ballots for the election shall be prepared in accordance with the Texas Election Code so as to permit the electors to vote "FOR" or "AGAINST" on the PROPOSITION with the ballots to contain such provisions, markings and language as required by law, and with such PROPOSITION to be expressed substantially as follows.

PROPOSITION

FOR () THE ISSUANCE OF \$_9,750,000_____ TAX BONDS FOR
AGAINST () PARK AND RECREATIONAL FACILITIES AND PROJECTS.

Section 10. TEXAS ELECTION CODE. In all respects the election shall be conducted in accordance with the Texas Election Code.

Section 11. RESULTS. The Bell County Election Clerk shall conduct an unofficial tabulation of results after the closing of the polls on November 6, 2007. The official canvass and tabulation of the results of the Special Election shall be conducted by the City Council at the Regular Council Meeting on November 15, 2007 in accordance with the Election Code.

Section 12. PROVISIONS. The provisions of this Resolution are severable; and in case any one or more of the provisions of this Resolution or the application thereof to any person or circumstance should be held to be invalid, unconstitutional, or ineffective as to any person or circumstance, the remainder of this Resolution nevertheless shall be valid, and the application of any such invalid provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

PASSED AND APPROVED on this 23rd day of August, 2007.

William A. Jones, III, Mayor
City of Temple, Texas

ATTEST:

Clydette Entzminger
City Secretary

(CITY SEAL)

EXHIBIT "A"

**BELL COUNTY POLLING PLACES
CITY OF TEMPLE BOND ELECTION
NOVEMBER 6, 2007**

<u>PRECINCT</u>	<u>LOCATION</u>	<u>ADDRESS</u>
302 (partial)	VFW Post 1820	3302 Airport Road
303	Mayborn Civic & Convention Center	3303 North 3 rd Street
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306	Grace Temple Missionary	801 South 13 th Street
307	Wilson Park & Recreation Center	2205 Curtis B. Elliott Drive
102 (partial)	Bell County Annex North	1605 North Main Street, Belton
109	First Church of the Nazarene	5000 South 31 st Street
308	Bethel Assembly of God	22510 SE H.K. Dodgen Loop
313	Meadow Oaks Baptist Church	3100 Thornton Lane
104 (partial)	Morgan's Point Community Center	16 Morgan's Point Blvd, Belton
111	Vineyard Christian Fellowship Church	7425 West Adams Avenue
305	St. Luke's Catholic Church-Parish Hall	2807 Oakdale
314	Heights Baptist Church	1220 South 49 th Street
315	Lakeview Baptist Church	7717 North SH 317
317	Moffat Community Center	13300 Kuykendall Avenue

EXHIBIT "B"

**BELL COUNTY EARLY VOTING LOCATIONS & INFORMATION
CITY OF TEMPLE BOND ELECTION
NOVEMBER 6, 2007**

Early Voting Period: October 22, 2007 through November 2, 2007

First day to apply for ballot by mail – September 7, 2007

Last day to register to vote in November 6, 2007 election – October 9, 2007

Last day to apply for ballot by mail – October 30, 2007

EARLY VOTING LOCATIONS

Temple – Bell County Annex, 205 East Central Avenue, Temple

Belton – Bell County Courthouse Annex, 550 East 2nd Avenue, Belton

Harker Heights – Parks & Recreation Center, 307 Millers Crossing, Harker Heights

Killeen – Bell County Annex, 301 Priest Drive, Killeen

Killeen – Killeen Community Center, 2201 East Veterans Memorial Blvd., Killeen

EARLY VOTING DATES & TIMES

October 22 – October 26	8:00 am – 5:00 pm
Saturday, October 27	8:00 am – 5:00 pm
Sunday, October 28	12:00 noon – 5:00 pm
October 29 – November 2	7:00 am – 7:00 pm

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS,
AUTHORIZING A JOINT ELECTION AGREEMENT WITH BELL COUNTY
FOR THE NOVEMBER 6, 2007, BOND ELECTION; AND PROVIDING AN
OPEN MEETINGS CLAUSE.

Whereas, the City of Temple and Bell County are both conducting elections on November 6, 2007;

Whereas, Section 42.061(a) of the Texas Election Code requires a political subdivision to use regular county election precincts for any election held on the November uniform election date;

Whereas, since Bell County is conducting an election on this date to submit Constitutional Amendments to the voters, Staff feels it is in the best interest of the Temple registered voters for the City to conduct this election jointly with the County;

Whereas, joint election agreements are authorized in Chapter 271 of the Texas Election Code; and

Whereas, the City Council has considered the matter and deems it in the public interest to authorize this action.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, THAT:

Part 1: The City Manager is authorized to execute a *Joint Election Agreement*, after approval as to form by the City Attorney, authorizing a joint election between the City of Temple and Bell County for the November 6, 2007, bond election, pursuant to Chapter 271 of the Texas Election Code.

Part 2: It is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

PASSED AND APPROVED this the **23rd** day of **August**, 2007.

THE CITY OF TEMPLE, TEXAS

WILLIAM A. JONES, III, Mayor

ATTEST:

APPROVED AS TO FORM:

Clydette Entzminger
City Secretary

Jonathan Graham
City Attorney

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, AUTHORIZING THE USE OF THE ES&S AUTOMARK VOTER ASSIST TERMINAL V.1.0; ES&S MODEL 100 OPTICAL SCAN VOTING SYSTEM VERSION 5.500; OR MODEL 650 OPTICAL SCAN VOTING SYSTEM V.1.2.0.0, TO BE LEASED FROM BELL COUNTY FOR THE NOVEMBER 6, 2007, BOND ELECTION AND ALL FUTURE ELECTIONS CALLED BY THE CITY OF TEMPLE; AND PROVIDING AN OPEN MEETINGS CLAUSE.

Whereas, as part of the joint election agreement and the Department of Justice preclearance submission, the City of Temple must adopt a resolution indicating their desire to use the voting system owned by Bell County, which will be leased to the City of Temple for the November 6, 2007, bond election as well as any future elections the City may call;

Whereas, the voting system, the ES&S AutoMARK Voter Assist Terminal V.1.0; ES&S Model 100 Optical Scan Voting System Version 5.500; or Model 650 Optical Scan Voting System V.1.2.0.0, has been certified by the Texas Secretary of State for use in local elections in compliance with state and federal law, including relevant provisions of the Help American Vote Act (HAVA) that define and mandate the use of voting systems in every polling place that are accessible to voters with disabilities and provide them the ability to cast a secret ballot – the Department of Justice has already precleared the County’s voting system; and

Whereas, the City Council has considered the matter and deems it in the public interest to authorize this action.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, THAT:

Part 1: The City Council authorizes the use of the ES&S AutoMARK Voter Assist Terminal V.1.0; ES&S Model 100 Optical Scan Voting System Version 5.500; or Model 650 Optical Scan Voting System V.1.2.0.0, to be leased from Bell County for the November 6, 2007, bond election and all future elections called by the City of Temple.

Part 2: It is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

PASSED AND APPROVED this the **23rd** day of **August**, 2007.

THE CITY OF TEMPLE, TEXAS

WILLIAM A. JONES, III, Mayor

ATTEST:

APPROVED AS TO FORM:

Clydette Entzminger
City Secretary

Jonathan Graham
City Attorney