



SPECIAL MEETING OF THE TEMPLE CITY COUNCIL

**MUNICIPAL BUILDING
CITY COUNCIL CHAMBERS – 2ND FLOOR
2 NORTH MAIN STREET**

TEMPLE, TX

THURSDAY, AUGUST 27, 2015

3:30 P.M.

AGENDA

I. CALL TO ORDER

1. Invocation
2. Pledge of Allegiance

II. BUDGET ITEMS

3. [2015-7782-R](#): PUBLIC HEARING – Conduct a public hearing regarding the City's budget for fiscal year beginning October 1, 2015 and ending September 30, 2016 and consider adopting a resolution:
 - (A) Adopting the City's budget for fiscal year beginning October 1, 2015 and ending September 30, 2016, including the Operating Budget for 2015-2016, Capital Improvement Plan, Fiscal & Budgetary Policy, and Investment Policy.
 - (B) Ratifying the property tax increase reflected in the budget – This budget will raise more total property taxes than last year's budget by \$2,296,524 (10.71%) and of that amount, \$467,467 is tax revenue to be raised from new property added to the tax roll this year.

4. [2015-4727](#): SECOND & 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 2015 (fiscal year 2016).
5. [2015-4728](#): SECOND & FINAL READING - PUBLIC HEARING - Consider adopting an ordinance levying taxes and setting a tax rate for the City for the tax year 2015 (fiscal year 2016), making the appropriation for the regular operation of the City.
6. [2015-7783-R](#): Consider adopting a resolution setting the collection charges for commercial solid waste rates.
7. [2015-7784-R](#): Consider adopting a resolution amending the City of Temple Civil Service-Fire and Civil Service-Police Pay Schedules, to be effective March 25, 2016.
8. [2015-7785-R](#): Consider adopting a resolution authorizing a towing services contract with Temple Towman's Association, Inc.

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 3:20 PM on August 21, 2015.



Lacy Borgeson, TRMC
City Secretary

I certify that this Notice of Meeting Agenda was removed by me from the outside bulletin board in front of the City Municipal Building on _____ day of _____ 2015.



COUNCIL AGENDA ITEM MEMORANDUM

08/27/15
Item #3(A-B)
Special Agenda
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DEPT./DIVISION SUBMISSION & REVIEW:

Jonathan Graham, City Manager
Traci L. Barnard, Director of Finance

ITEM DESCRIPTION: PUBLIC HEARING – Conduct a public hearing regarding the City's budget for fiscal year beginning October 1, 2015 and ending September 30, 2016 and consider adopting a resolution:

- (A) Adopting the City's budget for fiscal year beginning October 1, 2015 and ending September 30, 2016, including the Operating Budget for 2015-2016, Capital Improvement Plan, Fiscal & Budgetary Policy, and Investment Policy.
- (B) Ratifying the property tax increase reflected in the budget – This budget will raise more total property taxes than last year's budget by \$2,296,524 (10.71%) and of that amount, \$467,467 is tax revenue to be raised from new property added to the tax roll this year.

STAFF RECOMMENDATION: Adopt resolution as described in item description.

ITEM SUMMARY: This item is to conduct a public hearing and adopt the 2015-2016 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 26, 2015. The changes are a result of Council work sessions, receipt of the certified tax roll, public input and updated information since the Council last reviewed the budget.

The ad valorem tax rate is proposed at \$0.6298. This proposed tax rate is comprised of a decrease in the maintenance and operation rate of \$0.0066 and an increase in the debt service rate of \$0.0500. The proposed Maintenance and Operation rate (M&O) is \$0.3234 and the Interest and Sinking fund rate (I&S) is \$0.3064 for a total rate of \$0.6298. The estimated tax rate impact for the Parks' General Obligation Bond projects approved by voters on May 9, 2015 is 5 cents. The I&S component of the tax rate includes the additional 5 cents. The proposed rate is 10.10% above the effective tax rate of \$0.5720.

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.

FISCAL IMPACT:

The budget is summarized below by fund.

FY 2016 Proposed Annual Budget

(As Compared to Adopted FY 2015 Budget)

Revenues/Other Sources	Adopted Budget FY 2015	Proposed Budget FY 2016	% Increase/ (Decrease)
General Fund	\$ 62,749,012	\$ 65,934,694	5.08%
Water & Wastewater Fund	32,996,802	33,466,378	1.42%
Debt Service Fund	9,846,470	12,767,675	29.67%
Hotel/Motel Tax Fund	1,840,500	1,936,720	5.23%
Federal/State Grant Fund	390,268	357,357	-8.43%
Drainage Fund	1,117,803	1,138,650	1.86%
Reinvestment Zone No. 1 Fund	4,920,938	21,762,204	342.24%
Total Revenues/Other Sources	\$ 113,861,793	\$ 137,363,678	20.64%

Expenditures/Transfers	Adopted Budget FY 2015	Proposed Budget FY 2016	% Increase/ (Decrease)
General Fund	\$ 65,466,921 ⁽¹⁾	\$ 68,730,216 ⁽²⁾	4.98%
Water & Wastewater Fund	32,996,802	33,466,378	1.42%
Debt Service Fund	10,348,690	13,319,332	28.71%
Hotel/Motel Tax Fund	1,840,500	2,356,118	28.02%
Federal/State Grant Fund	390,268	357,357	-8.43%
Drainage Fund	1,264,803	1,648,150	30.31%
Reinvestment Zone No. 1 Fund	5,639,739	20,630,776	265.81%
Total Expenditures/Transfers	\$ 117,947,723	\$ 140,508,327	19.13%

⁽¹⁾ Includes the use of \$2,717,909 in Undesignated Fund Balance - Capital Projects to fund Capital of \$1,737,909, TEDC Matrix allocation of \$880,000, and Strategic Investment Zone of \$100,000.

⁽²⁾ Includes the use of \$2,795,522 in Undesignated Fund Balance - Capital Projects to fund Capital of \$2,095,522 and TEDC Matrix allocation of \$700,000.

ATTACHMENTS:

Budget Transmittal Letter

Schedule of adjustments to the proposed budget filed with City Secretary on June 26, 2015

Fiscal & Budgetary Policy

Investment Policy

Resolution

June 26, 2015

Honorable Mayor and City Council,

I am pleased to present the Fiscal Year 2015-2016 Preliminary Budget (FY 2016 Budget) for the City of Temple totaling \$141,115,469 for all funds.

The emphasis and focus of this FY 2016 Budget, as with previous budgets, is on providing and delivering services that our residents request. Whether it is improving our streets and roads, enhancing public safety, providing a place where residents can check out books, providing places where residents can swim or walk along a trail or play ball, or picking up the trash, the City continues to provide multiple services to our residents. That is what we do and who we are, a service delivery organization that is responsive to the needs and desires of the community we serve.

"Temple Tomorrow," our strategic plan, has four strategic focus areas:

1. Serving Our Community
2. Improving Our Infrastructure
3. Expanding the Tax Base
4. Growing the Health and Biosciences Industries

The four (4) focus areas provide the foundation for our planning, budgeting, and work plans. Accordingly, the FY 2016 Budget, as with past budgets, continues to allocate resources with all four of these strategic focus areas in mind.

Budget Development & Background

Budget Process—Developing a budget is now a year round process and the framework for the development of this budget began in late 2014 with the City Manager working on timelines and issue identification. Through late 2014 and early

2015, I worked with Finance to develop the budget calendar and process for the FY 2016 Budget.

In January, I held a planning retreat with department and division heads to identify and discuss issues for the upcoming budget. In February, the Finance staff and I met with Departments to conduct a status review of current year budget and performance indicators and provide initial direction regarding issues identified in the planning retreat.

Also in February, the City Council held a budget retreat to discuss various strategic issues and to review and, as might be needed, update the City's Strategic Plan. The Strategic Plan establishes the mission and vision of the City, identifies four (4) major areas of focus, and establishes the specific goals and objectives. The areas of focus identified in the Plan are: (1) Expand the Tax Base, (2) Grow Health and Bioscience, (3) Improve Our Infrastructure, and (4) Serve our Community. These focus areas and their associated goals and objectives guided the development of the FY 2016 Budget. During the retreat, Council also received information regarding potential budget issues identified by staff.

From February through the delivery of the FY 2016 Budget, staff has worked on preparing, reviewing, researching and responding to questions from Finance and me relating to the programs and services this Preliminary Budget recommends.

Budget Approach—The FY 2016 Budget continues the "activity-based" perspective that began in FY 2010. Each Department was asked to identify each and every activity that they provide. They were also asked to identify the cost for providing each activity. This "activity-based" approach allows for better identification of the services and service levels that we provide.

This year's budget, has been developed within the framework of the strategic plan priorities adopted by the City Council and the budget parameters ("the Rules of Engagement") that I briefed the Council on at the February 12 budget retreat and May 21, 2015 budget work session. Those Rules are:

1. Maintain current services and service levels;
2. Preserve, protect, and develop our workforce;
3. Grow our tax base & economy; and
4. Preserve and enhance our facilities and infrastructure.

All within a framework of fiscal restraint and responsibility.

Financial Highlights—The FY 2016 Budget appropriates a total of \$141,115,469 for the upcoming fiscal year. Of this amount, \$120,050,696 is allocated for the operations and maintenance budget which includes debt service and transfers and \$21,064,773 is allocated for routine capital for the general operating budget which includes equipment and public infrastructure projects. Included in this amount is \$15,381,353 of Reinvestment Zone infrastructure improvements. In accordance with current fiscal and financial policies, \$2,874,450 of the routine capital is funded with fund balance or retained earnings. The breakdown of this amount is as follows:

\$ 2,095,552 – General Fund
 \$ 509,500 – Drainage Fund
 \$ 269,398 – Hotel/Motel Tax Fund

As in previous years, the FY 2016 Budget is a balanced budget under the policies and parameters discussed in earlier planning sessions with the City Council.

In addition, \$40,280,000 is included for capital improvements programs (CIP), broken down as follows:

- Multi-year Non-Routine Capital Recommended for Utility Revenue Bond Funding (UR CIP) - \$17,360,000
- Multi-year Non-Routine Capital Recommended for Certificate of Obligation Bond Funding (CO CIP) - \$21,000,000
- Multi-year Non-Routine Capital Recommended for Limited Tax Notes (LTN CIP) - \$1,920,000

City Manager's Highlights

With the above in mind, I will highlight a few areas of general priority and significance in the FY 2016 Budget.

Public Safety—The FY 2016 Budget recommends several initiatives designed to enhance public safety services. The Budget recommends funding three firefighter overhire positions, establishing an in-house regional fire training academy, the addition of two outdoor warning sirens, and the replacement of Quint 6, Engine 7, and the Fire Command Vehicle.

Additionally, the Budget recommends funding an additional Police Evidence and Property Technician position, the replacement of public safety laptops, the replacement of 11 marked and 2 unmarked police vehicles, the replacement of 1 pickup truck for training, the addition of 3 marked police vehicles, the purchase of several police body cameras, and the replacement of ballistic vests.

Parks and Recreation—In May of 2015, voters approved a \$27,675,000 Parks bond package that includes 24 projects ranging from neighborhood park improvements, new

community parks, new and upgraded athletic facilities, facility upgrades, water recreation projects, and linkage trails. The five cent annual tax rate impact included as part of the bond package is reflected in my proposed budget.

The FY 2016 Budget also includes operating and maintenance expenses associated with bond improvements anticipated to come online during FY 2016 including Jaycee, Carver, Western Hills, Oak Creek, Optimist, and Jefferson neighborhood parks improvements, Wilson football field, Scott & White baseball complex, and Lion's Junction deep water pool.

The FY 2016 Preliminary Budget also recommends the addition of a pavilion at Little Bluestem Park, the replacement of a dugout at Bakers Field, the first phase of exterior improvements at the Mayborn Center, and a funding for the development of a master plan for a future botanic garden at Bend of the River.

The Department's two fee-supported facilities, Summit Recreation Center and the Sammons Golf Course, are presented in the FY 2016 Preliminary Budget at a recovery rate of 82% and 83%, respectively.

Community Development—The FY 2016 Budget recommends leveraging our Community Development Block Grant (CDBG) funds to establish a Community Development program tasked with assisting with the implementation of the East Temple Redevelopment Plan.

The Budget recommends establishing a Community Development Manager position to spearhead the program. Programs proposed for funding include a housing improvement program, infrastructure improvements, a demolition program, and a neighborhood clean-up program, including pro-active code enforcement.

Downtown Redevelopment—The FY 2016 Budget sees the first full year funding of the Transformation Team in partnership with the City's Reinvestment Zone.

The Transformation Team is a City crew dedicated to revitalization efforts in targeted areas of the City, with an initial focus on our downtown. The Team will have a very visible, distinctive appearance. They will perform clean-up and improvement projects in targeted areas of the community, called "transformation zones." The Team will work with property owners to improve the appearance and safety of the targeted areas. The Team Coordinator serves as a liaison with other City departments and partner agencies for projects within the targeted areas.

Additionally, the FY 2016 Budget recommends the addition of a Downtown Development Coordinator position to assist with retail development, infrastructure improvements and event coordination in Downtown Temple. This is part of an ongoing effort with the Chamber of Commerce to revitalize the Downtown physically, but also from a livability standpoint.

Solid Waste—The FY 2016 Budget recommends the addition of a residential solid waste route which includes an additional Automated Route Operator position and an additional solid waste truck. We currently have 10 residential solid waste routes serving approximately 23,300 customers. The last residential route was added in 2010 by shifting resources from a roll-off route. Since that time, there has been a 22% increase in customers and our residential routes now average 2,330 customers per route, well exceeding industry standards. The addition of a solid waste route will assist in reducing the average customers per route back to a manageable level. The good news is that we are a growing city, and that impact is reflected in the need to add equipment and a route to our residential collection.

Additionally, the FY 2016 Budget recommends the replacement of four solid waste trucks. An approximate 5% adjustment to commercial solid waste rates is also proposed. The last adjustment to commercial solid waste rates occurred in FY 2009.

Transportation Infrastructure—The FY 2016 Budget includes the fourth year of a multi-year transportation capital improvement program. The Transportation CIP (TCIP) is a ten-year, \$126,700,000 effort to expand and maintain our major transportation infrastructure. The TCIP is a result of our recent assessments and reports on both the condition of our transportation infrastructure and the need to improve our mobility.

The project areas identified in the TCIP are intended to address both the need to improve our existing transportation infrastructure and provide new capacity and connectivity. The TCIP is a dynamic program that has, and will continue to, evolve and change in response to community needs.

A key element in the TCIP is a recognition that, in addition to building new roads to increase capacity and connectivity, we also need to take care of the streets and roads that we have built. What we refer to as the “Legacy Pavement Preservation Program.” Taking care of existing infrastructure is the most cost effective way to manage and maintain the system, as the more infrastructure deteriorates, the more costly it is to restore serviceability. The Legacy Pavement Preservation Program enhances pavement performance, extends pavement life, decreases lifetime roadway costs, reduces user delays, and provides improved safety and mobility.

The implementation and financing plan recommended for the TCIP is a phased approach which groups projects in three-year packages with design and right-of-way acquisition funded

first and, in most cases, construction funded in the following package. Each three-year package also includes \$9,000,000 for the Legacy Pavement Preservation Program – an average of \$3,000,000 each year.

This phased approach allows us to allocate construction funds only when projects are ready, minimize and stabilize the tax rate impact, maximizes opportunity for tax base growth; and allows us to balance debt amortization.

The phased approach recommended results in no impact to the tax rate this year. It is anticipated, based on several assumptions, that the tax rate impact for this program of work will be three cents in FY 2017. The phasing of projects and associated financing enables evaluation of the program from year to year and allows us to pause or adjust the program as needed.

Additionally, the FY 2016 Budget recommends an additional Streets Foreman position to help oversee supervising the street maintenance and reconstruction crew. The Budget also includes funding for the first year of a three year plan to implement detection technology at 100% of the City’s signalized intersections. Detection allows the signal to operate more efficiently, which improves coordination and timing.

Utility Infrastructure—The City has invested almost \$107,716,000 over the past 9 years in improving and extending our water and sewer infrastructure. The FY 2016 Budget includes an additional \$17,360,000 to continue this work. Our utility infrastructure, no less so than our transportation infrastructure, is extremely important to our ability to deliver services in one of our core mission areas. I believe our strategic plan, our strategic focus areas, and our community expectations relative to the services we provide, should reflect this.

Other Highlights—In addition to the programs and positions detailed above, the FY 2016 Budget also recommends the addition of a Public Records Administrator position in the City Secretary's Office to assist in managing the City's public information program, an Administrative Assistant I position at the Airport to provide support for necessary administrative functions, a Troubleshooter in the Facility Services division to reduce contracted preventative maintenance and repair costs for heating, ventilation, and air conditioning and other major facility systems, a part-time Museum Development Assistant at the Railroad and Heritage Museum to assist in the coordination and growth of the Museum's membership program, a Human Resources Generalist position to administer the City's safety and training program, and an Environmental Compliance Technician position to administer the City's fats, oils, and grease reduction program.

The FY 2016 Budget also provides \$790,000 for a partial year implementation of Civil Service pay plan adjustments based on the 2015 Civil Service market study.

The FY 2016 Budget also recommends continued funding for a group health insurance plan, employee retirement plan, and employee longevity program. The Budget also recommends funding for an enhanced performance pay program for general government employees and an enhanced employee engagement program.

One of the strategic focus areas identified in our Strategic Plan is to "expand the tax base." In order for us to continue to meet the demands for current service, and in order for us to meet the needs of projected growth and development, it is critical that this objective be met. As Council will recall, the FY 2008 Budget included a funding commitment to a "matrix incentive pool" at \$800,000. This "matrix incentive pool" was intended to provide funding for economic development incentives relating to economic

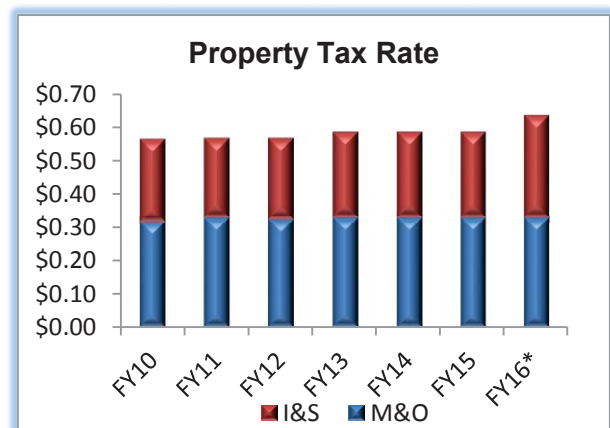
development agreements with new and/or expanding businesses. The FY 2016 Budget continues that commitment and includes a \$700,000 "placeholder" investment to maintain and replenish the matrix funding level.

Financial Highlights by Fund

General Fund Revenues—Total revenues for the FY 2016 General Fund Budget are presented at \$66,246,836, an increase of 5.57% compared to the FY 2015 Adopted Budget. The three largest sources of revenue for the General Fund are sales tax, property tax, and solid waste charges.

Property Tax—In the FY 2016 Budget, property tax accounts for 20.04% of the General Fund budgeted revenues and is the second largest revenue source of the General Fund. The preliminary tax rate for FY 2016 is proposed at 63.64¢ per \$100 valuation, which includes the 5¢ tax rate adjustment for the 2015 Parks Bond program approved by voters in May 2015.

This rate is based on preliminary appraisal of \$3,902,505,382 (net taxable value not adjusted for frozen values). 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 33.00¢ for the M&O rate and 30.64¢ for the I&S rate.

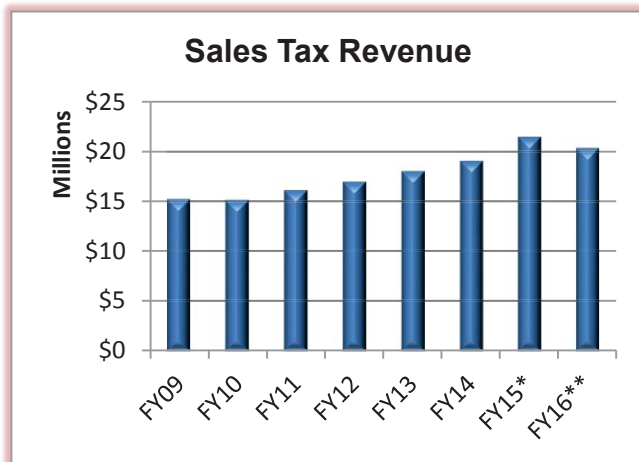


*FY 2016 Proposed Tax Rate

The certified appraisal roll for Ad Valorem taxes will not be available from the Appraisal District of Bell County until late July. 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.

Sales Tax—While much attention is focused on the property tax rate number, our single largest source of revenue for the General Fund continues to be sales tax revenue. In the FY 2016 Budget, sales tax is projected to account for 30.70% of the General Fund budgeted revenues.

The FY 2016 Budget estimates \$20,335,000 in sales tax revenue, a 6.47% increase in sales tax revenue over budgeted FY 2015 sales tax revenue.



*Forecasted for FY 2015 – includes a \$1,798,088 prior period audit adjustment

**Proposed for FY 2016

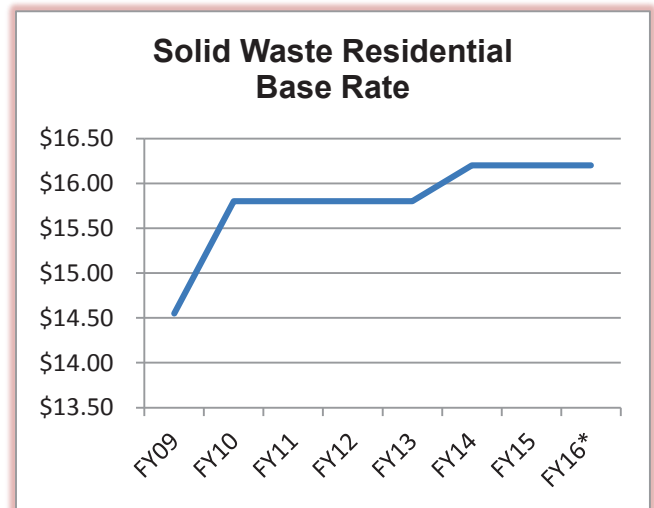
Solid Waste Rates—Charges associated with solid waste services represent the third largest source of revenue for the General Fund and are projected to account for 14.27% of total General Fund revenues. \$9,451,996 in solid waste revenue is projected for FY 2016, representing a 5.10% increase from the FY 2015 solid waste revenue adopted budget of \$8,993,691. The FY

2016 Budget recommends an approximate 5% adjustment to commercial solid waste rates. The last adjustment to commercial solid waste rates occurred in FY 2009. The rate adjustment supports the continuation of investment in capital replacement.



*Forecasted for FY 2015

**Proposed for FY 2016



*FY 2016 Proposed Residential Base Rate

General Fund Expenditures—Total expenditures for the FY 2016 General Fund Budget are presented at \$69,042,358, an increase of 5.46% compared to the FY 2015

Adopted Budget. As noted above, significant programs in the FY 2016 Budget that have contributed to this increase include the following:

- Additional solid waste route;
- Firefighter overhire positions
- Civil service compensation study implementation; and
- Parks and Recreation operation/maintenance cost for Park Bond projects coming online in FY 2016.

Capital Improvement Programs—The City Staff continues to manage the largest capital improvement programs in the history of the community. As of March 31, 2015, a total of \$203,742,809 has been allocated for various capital projects including such improvements as water and sewer infrastructure, transportation infrastructure, parks improvements, and public safety infrastructure.

Funding sources for these projects can be identified in eight major areas:

- Utility Revenue Bonds
- General Obligation Bonds
- Certificates of Obligation
- General Operating Budget Funding
- Limited Tax Notes
- TxDOT Pass Through Finance Agreement
- Grants
- Reinvestment Zone No. 1

Within the Capital Improvement Projects section of this document, the specific projects recommended are listed within three categories. The categories are routine capital, multi-year non-routine capital, and projects identified for future funding.

Water and Wastewater Fund—Total revenues for the FY 2016 Water and Wastewater Fund Budget are presented at \$33,466,378, an

increase of 1.42% compared to the FY 2015 Adopted Budget.

Expenses, capital improvements, and debt service for the FY 2016 Water and Wastewater Fund Budget are presented at \$33,466,378, an increase of 1.42% compared with prior year. The capital improvements include the allocation of \$17,360,000 to continue the long-term replacement program of water and sewer infrastructures and equipment needs. A 6.39% rate increase was approved in the FY 2013 Budget to support these operational and capital programs.

Hotel/Motel Tax Fund—Total revenues for the Hotel/Motel Fund Budget are presented at \$1,936,720, an increase of 5.23% compared to the FY 2015 Adopted Budget. 25% of the Hotel/Motel revenues are from the operations of the Frank Mayborn Center. Expenditures for the Hotel/Motel Fund Budget are presented at \$2,356,118, an increase of 28.02% compared to the FY 2015 Adopted Budget. Funding for the Frank Mayborn Center, Tourism/Marketing, and Railroad & Heritage Museum are funded through the Hotel/Motel Tax Fund. Agencies seeking community enhancement grants whose services are eligible for funding by hotel/motel tax revenues are also funded through the Hotel/Motel Tax Fund.

As noted above, significant programs in the FY 2016 Budget that have contributed to this increase include the following:

- Phase 1 of exterior improvements at the Frank Mayborn Center; and
- Development of a Master plan for the Bend of the River property.

Federal and State Grant Fund—Total revenues and expenditures for Federal and State Grant Fund Budget are presented at \$357,357, a decrease of 8.43% compared to the FY 2015

Adopted Budget. Total revenues include the award of the Community Development Block Grant (CDBG) at \$357,357. The proposed allocation of CDBG funds are as follows:

- Public service agencies - \$50,000
- Demolition - \$70,000
- Housing improvements - \$90,886
- Infrastructure improvements- \$75,000
- General administration - \$71,471

Drainage Fund—Total revenues are presented at \$1,138,650, a 1.86% increase from prior year. Expenditures are presented at \$1,648,150, an increase of 30.31% compared to the FY 2015 Adopted Budget. The expenditures of the drainage fund represent personnel and operational cost related to maintenance of existing drainage systems. In addition, there is \$606,000 in significant capital equipment of which \$509,500 will be funded with Fund Balance.

Conclusion

This is only a brief synopsis of the Preliminary Budget for FY 2016. 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 contributed to the development of this Preliminary Budget. Their ability to respond, many times on short notice, to my inquiries and requests for additional information was appreciated and helpful.

Some of our continuing efforts are not reflected in individual line items in the budget: our focus on developing a world-class engaged team of employees and our efforts to engage the community. We anticipate rolling out programs to educate our City workforce, and train the next generation of leaders. In partnership with the Temple Economic Development Corporation, the Reinvestment Zone, the Chamber, our school districts and other strategic partners, we're

committed to making Temple *the* place where businesses and residents want to live, work and play.

Finally, I want to extend a special word of appreciation to Director of Finance Traci Barnard and her staff for their many hours of work and effort. Of special note is the work done by Assistant Director of Finance Melissa Przybylski, Budget Coordinator Jennifer Emerson, Senior Accountant Stacey Hawkins, and Senior Accountant Rhonda Scally. I also need to recognize Assistant City Manager Brynn Myers for her work, insight, and input into the development of this Preliminary FY 2016 Budget. 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,



Jonathan Graham | City Manager

FY 2016

GENERAL FUND PROPOSED BUDGET

SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 06-26-15	Current as of 08-27-15	
Projected Revenues	\$ 66,246,836	\$ 65,934,694	\$ (312,142) ^A
Proposed Budget Expenditures	67,996,088	67,788,946	(207,142) ^B
Excess Revenues Over (Under) Expenditures	<u>(1,749,252)</u>	<u>(1,854,252)</u>	<u>(105,000)</u>
Transfers In (Out):			
Less: Transfer Out To Debt Service Fund -			
Solid Waste/CNG	(753,300)	(753,300)	-
FY 2016 Bldg Improvements/Garbage Trucks	(105,000)	-	105,000 ^B
Landfill CO's	(187,970)	(187,970)	-
Total Transfer In (Out)	<u>(1,046,270)</u>	<u>(941,270)</u>	<u>105,000</u>
Excess Revenues Over (Under) Expenditures for FY 2015	<u>\$ (2,795,522)</u>	<u>\$ (2,795,522)</u>	<u>\$ -</u>
Recommended Use of Undesignated Fund Balance - Capital Projects			
- TEDC Matrix Funding	\$ 700,000	\$ 700,000	\$ -
- Capital Equipment Funding	2,095,522	2,095,522	-
	<u>\$ 2,795,522</u>	<u>\$ 2,795,522</u>	<u>\$ -</u>

Explanation of Changes from Filed Budget to Proposed Budget @ 08/27/2015:

^A **Revenue Changes:**

Required adjustment from preliminary to certified tax roll	\$ (427,491)
Adjusted discount for current taxes	61,279
Adjusted revenue estimates	54,070
Total Revenue Changes	<u>\$ (312,142)</u>

^B **Expenditure and Transfer Out Changes:**

Decreased transfer out	\$ (105,000)
Various operational adjustments	(98,729)
Adjusted allocation estimated for Public Service Agencies	(50,000)
Adjusted allocation estimated for Civil Service Compensation Study	(25,000)
Adjusted electric utility estimates	(24,325)
Decreased operations & maintenance component with TEDC	(9,808)
Adjusted contingency for adjustment from preliminary to certified tax roll	720
Total Expenditures Changes	<u>\$ (312,142)</u>

Net Revenue Over (Under) Expenditures

\$ -

FY 2016

WATER & WASTEWATER FUND PROPOSED BUDGET

SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 06-26-15	Current as of 08-27-15	
Projected Revenues	\$ 33,466,378	\$ 33,466,378	\$ -
Proposed Budget Expenses	33,466,378	33,466,378	-
Net Revenues	\$ -	\$ -	\$ -
Transfers In (Out):			
Less: Transfer Out To	-	-	-
Total Transfer In (Out)	-	-	-
Net Revenues for FY 2016	\$ -	\$ -	\$ -

FY 2016

DEBT SERVICE FUND PROPOSED BUDGET

SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		
	Filed Copy as of 06-26-15	Current as of 08-27-15	Increase (Decrease)
Projected Revenues	\$ 12,015,828	\$ 11,826,405	\$ (189,423) ^A
Proposed Budget Expenditures	13,614,332	13,319,332	(295,000) ^B
Excess Revenues Over (Under) Expenditures	<u>\$ (1,598,504)</u>	<u>\$ (1,492,927)</u>	<u>105,577</u>
Transfers In (Out):			
Plus: Transfer In From General Fund -			
Solid Waste/CNG	753,300	753,300	-
FY 2016 Bldg Improvements/Garbage Trucks	105,000	-	(105,000) ^A
Landfill CO's	187,970	187,970	-
Total Transfer In (Out)	<u>1,046,270</u>	<u>941,270</u>	<u>(105,000)</u>
Excess Revenues Over (Under) Expenditures for FY 2016	<u>\$ (552,234)</u>	<u>\$ (551,657)</u>	<u>\$ 577</u>
Recommended Use of Undesignated Fund Balance	552,234	551,657	(577) ^A
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Explanation of Changes from Filed Budget to Proposed Budget @ 08/27/2015:

^A **Revenue and Transfer In Changes:**

Required adjustment from preliminary to certified tax roll	\$ (189,423)
Decreased transfer in	(105,000)
Decreased recommended use of Undesignated Fund Balance	(577)
Total Revenue Changes	<u>\$ (295,000)</u>

^B **Expenditure Changes:**

Decreased principal to be paid on G.O., Series 2015	\$ (120,000)
Decreased principal to be paid on LTN, Series 2016	(85,000)
Decreased interest to be paid on C.O., Series 2015	(70,000)
Decreased interest to be paid on LTN, Series 2016	(20,000)
Total Expenditures Changes	<u>\$ (295,000)</u>
Net Revenue Over (Under) Expenditures	<u>\$ -</u>

FY 2016

HOTEL/MOTEL TAX FUND PROPOSED BUDGET

SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 06-26-15	Current as of 08-27-15	
Projected Revenues	\$ 1,936,720	\$ 1,936,720	\$ -
Proposed Budget Expenditures	2,356,118	2,356,118	-
Excess Revenues Over (Under) Expenditures	<u>\$ (419,398)</u>	<u>\$ (419,398)</u>	<u>-</u>
Transfers In (Out):			
Less: Transfer Out To	-	-	-
Total Transfer In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures for FY 2016	<u>\$ (419,398)</u>	<u>\$ (419,398)</u>	<u>\$ -</u>
Recommended Use of Undesignated Fund Balance - Capital Projects			
- Capital Equipment Funding	\$ 419,398	\$ 419,398	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FY 2016
FEDERAL/STATE GRANT FUND PROPOSED BUDGET
SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 06-26-15	Current as of 08-27-15	
Projected Revenues	\$ 357,357	\$ 357,357	\$ -
Proposed Budget Expenditures	357,357	357,357	-
Excess Revenues Over (Under) Expenditures for FY 2016	\$ -	\$ -	\$ -

FY 2016

DRAINAGE FUND PROPOSED BUDGET

SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 06-26-15	Current as of 08-27-15	
Projected Revenues	\$ 1,138,650	\$ 1,138,650	\$ -
Proposed Budget Expenditures	1,648,150	1,648,150	-
Excess Revenues Over (Under) Expenditures	<u>\$ (509,500)</u>	<u>\$ (509,500)</u>	<u>-</u>
Transfers In (Out):			
Less: Transfer Out To	<u>-</u>	<u>-</u>	<u>-</u>
Total Transfer In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures for FY 2016	<u><u>\$ (509,500)</u></u>	<u><u>\$ (509,500)</u></u>	<u><u>\$ -</u></u>
Recommended Use of Undesignated Fund Balance - Capital Projects			
- Capital Equipment Funding	<u>\$ 509,500</u>	<u>\$ 509,500</u>	<u>\$ -</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FY 2016

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

	Proposed Budget ¹		Increase (Decrease)
	Filed Copy as of 06-26-15	Current as of 08-27-15	
Projected Revenues	\$ 21,762,204	\$ 21,762,204	\$ -
Proposed Budget Expenditures	20,630,776	20,630,776	-
Excess Revenues Over (Under) Expenditures for FY 2016	<u>\$ 1,131,428</u>	<u>\$ 1,131,428</u>	<u>\$ -</u>

¹ - As amended in Financing Plan approved by Council on April 16, 2015

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 and 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 9.5%.
- 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 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 related to the issuance of bonds.

The City Finance Department will maintain post-issuance compliance written procedures for bonds and financed projects. The City will monitor the use of proceeds and expenditures from the Construction/Project

Fund for all bond issues. The City will retain various records with respect to each series of Bonds.

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. **Fund Balance Policies** – The City's Fund Balance is the accumulated difference between assets and liabilities within governmental funds, and it allows the City to meet its contractual obligations, fund disaster or emergency costs, provide cash flow for timing purposes and fund non-recurring expenses appropriated by Council. This policy establishes limitations on the purposes for which Fund Balances can be used in accordance with Governmental Accounting Standards Board (GASB) Statement Number 54.

The City's Fund Balance will report up to five components:

1. **Non-spendable Fund Balance** – amounts that are not in a spendable form or are required to be maintained intact. Assets included in this category are prepaid items, inventory, and non-financial assets held for resale.
2. **Restricted Fund Balance** – represents the portion of fund balance that is subject to legal restrictions, such as grants or hotel/motel tax and bond proceeds.
3. **Committed Fund Balance** – describes the portion of fund balance that is constrained by limitations that the Council has imposed upon itself, and

remains binding unless the Council removes the limitation.

4. Assigned Fund Balance – is that portion of fund balance that reflects the City's *intended* use of the resource and is established in a less formal method by the City for that designated purpose.
5. Unassigned Fund Balance – represents funds that cannot be properly classified in one of the other four categories.

C. Operating Reserves/Fund Balances –

1. The General Fund's Unassigned 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. The General Fund's annual operating expenditures are defined as all personnel and operations expenditures less those related to the operation of the sanitation department and golf course. It also excludes the cost of goods component of the Airport's operational budget. Any expenditure funded with General Fund Balance is also excluded from this calculation.
2. The General Fund's Assigned for Technology Fund Balance is replenished each year at a level sufficient for the City's technology needs based on a recommendation by Management.
3. The General Fund's Assigned for Capital Projects Fund Balance is adopted by Council with the acceptance of the fiscal year end financial statements. At the end of each fiscal year, any available fund balance that is not restricted or allocated to technology is added to the balance of the General Fund's Assigned for Capital Projects Fund Balance.

4. The Enterprise Fund working capital should be maintained at 33% of total operating expenses or the equivalent of four months.

D. 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.

E. 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.

F. **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
AL < 1.00
- **Enterprise Operational Operating 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 (GFOA) 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.

The Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, (the "PFIA") prescribes that each City is to adopt rules governing its investment practices and to define the authority of the investment officers. 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, the Assistant Director of Finance, the Treasury/Grants Manager and the designated Senior Accountant are authorized as the Investment Officers of the City of Temple, Texas, and are 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 Investment Officers 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. Bond Proceeds may be invested in separate portfolios. 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 average rolling 90-day T-bill rate. Weighted average yield to maturity shall be the portfolio performance standard. 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 issuer 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, but only the City Council may designate Investment Officers.

The Investment Officers 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 Investment Officers, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for an individual issuer'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 Investment Officers and designated deputies shall refrain from any 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 Investment Officer 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 an Investment Officer 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 Investment Officers 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 Investment Officers;
- C. Contain a summary statement that states the beginning market values, 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 and the results of that audit reported to the City Council.

The method used to monitor the market price of acquired investments is to obtain market rates for the total portfolio from a recognized

entity independent from the original transaction.

The City will seek to control the risk of loss due to failure of an investment issuer by monitoring the ratings of portfolio positions to ensure compliance with the rating requirements imposed by the Public Funds Investment Act. Not less than quarterly, the Investment Officers will obtain from a reliable source the current credit rating for each held investment that has a PFIA-required minimum rating and will include this information in the quarterly report. The City shall take all prudent measures that are consistent with this Policy to liquidate an investment that does not have the minimum rating.

VII 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 (when appropriate).

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 80% of the total investment portfolio will be invested in a single investment type.
- B. Commercial paper shall not exceed more than 5% of the total investment portfolio.
- C. With the exception of U.S. Treasury securities, no more than 40% of the total investment portfolio shall be invested with a single issuer.
- D. 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.

- E. 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 or portfolio restructuring 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, where applicable. Market risk shall be minimized by diversification of investment type and maturity.

The Investment Officers 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.

VIII Cash Flow Analysis

The Director of Finance monitor cash flows for all of the City's fund types. The purposes will be to determine liquidity needs and the available funds for investing.

IX. 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), including obligations of the Federal Deposit Insurance Corporation and U.S. Agency Letters of Credit.
- B. Obligations issued, guaranteed, insured by, or backed by the State of Texas. Obligations issued by

counties, cities, and other political subdivisions of the State of Texas that are rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

- C. Deposits in Financial Institutions, 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 in compliance with Section XII Collateralization Requirements and placed in compliance with the PFIA.
- D. Fully collateralized repurchase agreements that have a defined termination date and are secured by cash or 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 account 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.
- E. Commercial paper with a stated maturity of 270 days or less from the date of issuance. Commercial paper 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.
- F. 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.

- G. S.E.C. registered no-load money market mutual funds that include in its investment objectives the maintenance of a stable net asset value of \$1 for each share and are continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating agency.

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 Investment Officers will take all prudent measures that are consistent with this Policy to liquidate an investment that does not have the minimum rating. The Investment Officers will not be required to liquidate investments that were authorized investments at the time of purchase.

The Investment Officers are 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 investment pool in which the City would own more than 20% of the market value of the pool;
- d. Highly sophisticated investments not freely conducted in the marketplace (e.g., derivatives); and
- e. Any one mutual fund in which the City would own more than 10% of the total assets of the mutual fund.

The Investment Officers are also specifically prohibited from borrowing funds for the

purpose of reinvesting the funds to leverage return.

X. **Eligible Institutions**

The following financial institutions are eligible for consideration for investment transactions by the Investment Officers:

- A. State or national banks with a main or branch office in the State of Texas;
- B. Savings banks with a main or branch office in the State of Texas;
- C. State or federal credit unions with a main or branch office 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. Registered and in good standing with the Financial Industry Regulatory Authority (FINRA);
 - 2. Maintain 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.); and
- G. S.E.C. registered money market mutual funds.

A written copy of the City's Investment Policy shall be presented to any business organization offering to engage in an investment transaction with the City and to the City's investment adviser under contract. The qualified representative of the business organization offering to engage in an

investment transaction with the City and the investment adviser under contract shall execute an Investment Policy Certification substantially to the effect that the business organization or investment adviser has:

- A. Received and reviewed the City's Investment Policy; and
- B. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the City and the business organization 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 broker/dealers authorized to engage in investment transactions with the City shall, at least annually, be reviewed, revised, and adopted by the City Council. (See Attachment B)

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

XI. **Investment Purchases/ Trades**

The City will purchase investments on an "as needed" basis only. The City will determine investment requirements based on cash flow analysis and current cash positions. The City will create a competitive environment to evaluate available options best suited for the City's requirements.

Investment 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.

The Treasury/Grants Manager will obtain investment alternatives and get approval from an Investment Officer prior to making any investment decision. After the decision is made, execution will be on a competitive basis. All security purchases and trades conducted through the City will be settled with the City's third party custodial bank using Delivery versus Payment (DVP).

The Director of Finance, Assistant Director of Finance, Treasury/Grants 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 non-repetitive wire transfers.

The City's Investment Officer 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 or similar format.

XII. 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 non-insured deposits with depository institutions. In order to anticipate market changes and provide a level of security, the collateralization level will be at least 102% of market value of principal and accrued interest on the ledger deposits less the amount insured by the Federal Deposit Insurance Corporation. Securities pledged as collateral shall be held in the City's account by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of pledge 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 at least monthly to assure that the market value of the securities pledged equals or exceeds the required amount.

Obligations authorized by the Public Funds Collateral Act are acceptable for collateralization purposes. The City reserves the right, in its sole discretion, to accept or

reject any form of insurance or collateralization pledged towards deposits.

All financial institutions pledging securities as collateral shall be required to sign a collateralization agreement with the City. The agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- The agreement must be in writing;
- The agreement has to be executed by the financial institution and the City contemporaneously with the deposit
- The agreement must be approved by the Board of Directors or designated committee of the financial institution and a copy of the meeting minutes must be delivered to the City; and
- The agreement must be part of the financial institution's "official record" continuously since its execution.

Private insurance coverage is not an acceptable collateralization form.

XIII. Investment Training

The Investment Officers shall attend:

- A. At least one training session relating to the Investment Officer's responsibilities within 12 months after taking office or assuming duties.
- B. Investment training sessions not less than once in a two year period that begins on the first day of the City's fiscal year and consists of the two consecutive fiscal years after that date and receive not less than eight (8) 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 C)

XIV. **Conclusion**

The Investment Officers will adhere to the Investment Policy in all investment decisions of the City.

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 performed under the terms of this 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 and adopt. 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 of principal. 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 – Bank Deposits, local government investment pools and money market 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 as per the Investment Policy.
- F. Yield – The City's investment strategy is conservative. The benchmark shall be the average rolling 90-day T-bill rate.

LIST OF AUTHORIZED BROKERS/DEALERS–***Attachment B***

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

BBVA Securities, Inc.
Coastal Securities
Duncan Williams
First Southwest Company
FTN Financial
Great Pacific Securities
Mutual Securities, Inc.
Raymond James
Rice Financial Products
Vining-Sparks IBG
Wells Fargo Securities

APPROVED TRAINING SEMINAR SPONSORS –***Attachment C***

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

- A. Government Finance Officers Association (GFOA and GFOAT);
- 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. University of North Texas

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, 2015, AND ENDING SEPTEMBER 30, 2016, INCLUDING THE OPERATING BUDGET FOR 2015-2016, CAPITAL IMPROVEMENT PLAN, FISCAL & BUDGETARY POLICY, AND INVESTMENT POLICY; RATIFYING THE PROPERTY TAX INCREASE REFLECTED IN THE BUDGET; 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 2015-2016, Capital Improvement Plan, Fiscal & Budgetary Policy, and Investment Policy and ratify the property tax increase reflected in the budget.

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 6, 2015, at 5:00 p.m., and after the conclusion of the public hearing held at 3:30 p.m. on the 27th day of August, 2015, the budget for the City of Temple for the fiscal year beginning October 1, 2015, and closing September 30, 2016, together with the changes and amendments adopted by the City Council, on file in the Office of the City Secretary, is hereby adopted and approved.

Part 2: The City Council ratifies the property tax increase reflected in the budget - this budget will raise more total property taxes than last year's budget by \$2,296,524 (10.71%) and of that amount, \$467,467 is tax revenue to be raised from new property added to the tax roll this year.

Part 3: THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

Part 4: The City Council adopts Capital Improvement Plan and the Fiscal & Investment Policies, all on file in the Office of the City Secretary.

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 27th day of **August**, 2015.

THE CITY OF TEMPLE, TEXAS

DANIEL A. DUNN, Mayor

ATTEST:

APPROVED AS TO FORM:

Lacy Borgeson
City Secretary

Kayla Landeros
City Attorney



COUNCIL AGENDA ITEM MEMORANDUM

08/27/15
Item #4
Special Agenda
Page 1 of 2

DEPT./DIVISION SUBMISSION & REVIEW:

Traci L. Barnard, Director of Finance

ITEM DESCRIPTION: SECOND & 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 2015 (fiscal year 2016).

STAFF RECOMMENDATION: Adopt ordinance on second and final reading.

BACKGROUND: The proposed ordinance will adopt the ad valorem property tax roll certified by the Tax Appraisal District of Bell County, in the amount of \$4,510,818,003. The total 2015 taxable value is as follows:

Taxable Value –

	Certified <u>Taxable Value</u>	% of +/- <u>from Prior Year</u>
City of Temple	\$3,444,650,472	3.43%
Freeze Taxable*	396,095,685	7.43%
Tax Increment District (Reinvestment Zone No. 1)	<u>670,071,846</u>	<u>39.41%</u>
Total Taxable Value	<u>\$4,510,818,003</u>	<u>7.92%</u>

FISCAL IMPACT: The tax levy at the proposed tax rate of \$0.6298 in the 2015-2016 fiscal year is:

TAX RATE			TAX LEVY		
	FY 2016	FY 2015		FY 2016	FY 2015
Maintenance & Operations	\$ 0.3234	\$ 0.3300	Maintenance & Operations	\$ 11,140,000	\$ 10,990,779
Debt Service	0.3064	0.2564	Debt Service	10,554,409	8,539,502
	--	--	Frozen Taxes*	2,048,325	1,915,929
Total Tax Rate	<u>\$ 0.6298</u>	<u>\$ 0.5864</u>	Total Tax Levy	<u>\$ 23,742,734</u>	<u>\$ 21,446,210</u>
			Budget w/M&O at 99% Collection and I&S at 100.5% Collection	<u>\$ 23,663,623</u>	<u>\$ 21,359,841</u>
Tax Increment District (Reinvestment Zone No. 1)			Tax Increment District (Reinvestment Zone No. 1)		
Total Tax Rate	<u>\$ 0.6298</u>	<u>\$ 0.5864</u>	Total Tax Levy	<u>\$ 4,220,112</u>	<u>\$ 2,818,509</u>

* - Frozen value = \$396,095,685

ATTACHMENTS:

[2015 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, RPA, RTA
CHIEF MAPPING
Wendy Collins
ADMINISTRATIVE ASSISTANT
Linda Hearell, RTA

BOARD MEMBERS
Royce Matkin, Chairman
Pat Patterson, Vice-Chairman/Secretary
DIRECTORS
Jared Bryan
Robert Jones
Corbett Lawler
Scott Morrow
Virginia Suarez

July 20, 2015

City of Temple
Danny Dunn, Mayor
2 North Main Street, Ste 103
Temple TX 76501

Dear Mayor Dunn

The enclosed information contains the certified values for the 2015 tax year for your entity. The Appraisal Review Board of Bell County certified the appraisal roll on the 17th of July 2015. The Appraisal District has certified a total freeze adjusted taxable value for your entity as \$4,114,467,483.

Sincerely

Marvin Hahn
Chief Appraiser

MH/lh

2015 CERTIFIED TOTALS

TTE - CITY OF TEMPLE

Property Count: 35,935

Grand Totals

7/18/2015

3:00:25PM

Land		Value			
Homesite:		258,732,458			
Non Homesite:		321,763,092			
Ag Market:		45,607,129			
Timber Market:		0	Total Land	(+)	626,102,679
Improvement		Value			
Homesite:		2,020,734,755			
Non Homesite:		2,064,721,572	Total Improvements	(+)	4,085,456,327
Non Real		Count	Value		
Personal Property:	2,962		1,078,470,160		
Mineral Property:	0		0		
Autos:	1,146		9,105,825	Total Non Real	(+)
				Market Value	=
					1,087,575,985
					5,799,134,991
Ag	Non Exempt	Exempt			
Total Productivity Market:	45,360,090	247,039			
Ag Use:	2,808,343	3,741	Productivity Loss	(-)	42,551,747
Timber Use:	0	0	Appraised Value	=	5,756,583,244
Productivity Loss:	42,551,747	243,298	Homestead Cap	(-)	3,064,323
			Assessed Value	=	5,753,518,921
			Total Exemptions Amount	(-)	1,242,700,918
			(Breakdown on Next Page)		
			Net Taxable	=	4,510,818,003

Freeze	Assessed	Taxable	Actual Tax	Ceiling	Count		
DP	35,352,458	19,723,227	103,856.02	120,476.81	420		
DPS	115,799	82,639	461.95	461.95	1		
OV65	554,473,111	376,289,819	1,944,007.29	2,022,680.22	4,619		
Total	589,941,368	396,095,685	2,048,325.26	2,143,618.98	5,040	Freeze Taxable	(-) 396,095,685
Tax Rate	0.586400						
Transfer	Assessed	Taxable	Post % Taxable	Adjustment	Count		
DP	276,354	85,868	0	85,868	3		
OV65	2,582,150	1,916,949	1,747,982	168,967	15		
Total	2,858,504	2,002,817	1,747,982	254,835	18	Transfer Adjustment	(-) 254,835
						Freeze Adjusted Taxable	= 4,114,467,483

APPROXIMATE LEVY = (FREEZE ADJUSTED TAXABLE * (TAX RATE / 100)) + ACTUAL TAX
 26,175,562.58 = 4,114,467,483 * (0.586400 / 100) + 2,048,325.26

Tif Zone Code	Tax Increment Loss
TETIF1	659,290,397
TETIF2	10,781,449
Tax Increment Finance Value:	670,071,846
Tax Increment Finance Levy:	3,929,301.30

2015 CERTIFIED TOTALS

Property Count: 35,935

TTE - CITY OF TEMPLE
Grand Totals

7/18/2015

3:00:41PM

Exemption Breakdown

Exemption	Count	Local	State	Total
AB	11	260,506,519	0	260,506,519
CH	6	590,425	0	590,425
CHODO	1	6,153,333	0	6,153,333
DP	436	3,862,578	0	3,862,578
DPS	7	70,000	0	70,000
DV1	242	0	1,923,050	1,923,050
DV1S	34	0	160,000	160,000
DV2	207	0	1,855,873	1,855,873
DV2S	14	0	98,300	98,300
DV3	246	0	2,317,858	2,317,858
DV3S	28	0	280,000	280,000
DV4	479	0	3,572,897	3,572,897
DV4S	93	0	1,008,000	1,008,000
DVHS	390	0	51,023,115	51,023,115
DVHSS	32	0	4,513,819	4,513,819
EX	1	0	63,215	63,215
EX-XG	3	0	243,693	243,693
EX-XI	3	0	179,874	179,874
EX-XJ	6	0	8,983,557	8,983,557
EX-XL	30	0	2,279,796	2,279,796
EX-XL (Prorated)	2	0	394,459	394,459
EX-XR	5	0	198,197	198,197
EX-XV	2,555	0	465,129,850	465,129,850
EX-XV (Prorated)	20	0	524,426	524,426
EX366	47	0	10,961	10,961
FR	2	0	0	0
HS	13,422	330,456,246	0	330,456,246
LIH	2	0	3,029,955	3,029,955
MASSS	1	0	360,513	360,513
OV65	4,631	44,091,362	0	44,091,362
OV65S	329	3,183,033	0	3,183,033
PC	32	45,636,014	0	45,636,014
Totals		694,549,510	548,151,408	1,242,700,918

2015 CERTIFIED TOTALS

TTE - CITY OF TEMPLE

Property Count: 35,935

Grand Totals

7/18/2015

3:00:41PM

State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	20,174		\$53,740,542	\$2,307,551,109
B	MULTIFAMILY RESIDENCE	909		\$4,907,834	\$246,190,233
C	VACANT LOT	2,673		\$0	\$44,593,741
D1	QUALIFIED AG LAND	506	13,108.9610	\$0	\$45,359,124
D2	IMPROVEMENTS ON QUALIFIED OPEN SP	55		\$0	\$1,059,840
E	FARM OR RANCH IMPROVEMENT	584	4,909.7414	\$1,100,723	\$51,965,145
F1	COMMERCIAL REAL PROPERTY	1,777		\$19,063,591	\$544,719,830
F2	INDUSTRIAL REAL PROPERTY	120		\$422,729,546	\$929,733,211
J1	WATER SYSTEMS	2		\$0	\$82,907
J2	GAS DISTRIBUTION SYSTEM	7		\$0	\$7,318,928
J3	ELECTRIC COMPANY (INCLUDING CO-OP	29		\$0	\$58,563,614
J4	TELEPHONE COMPANY (INCLUDING CO-	17		\$0	\$7,656,187
J5	RAILROAD	33		\$0	\$31,761,730
J6	PIPELAND COMPANY	47		\$0	\$2,456,132
J7	CABLE TELEVISION COMPANY	5		\$0	\$6,536,019
L1	COMMERCIAL PERSONAL PROPERTY	3,526		\$679,000	\$295,051,785
L2	INDUSTRIAL PERSONAL PROPERTY	307		\$0	\$636,465,769
M1	TANGIBLE OTHER PERSONAL, MOBILE H	439		\$192,952	\$4,250,935
O	RESIDENTIAL INVENTORY	2,373		\$25,294,064	\$62,674,066
S	SPECIAL INVENTORY TAX	54		\$0	\$27,362,944
X	TOTALLY EXEMPT PROPERTY	2,679		\$26,686,168	\$487,781,742
	Totals		18,018.7024	\$554,394,420	\$5,799,134,991

2015 CERTIFIED TOTALS

Property Count: 35,935

TTE - CITY OF TEMPLE
Effective Rate Assumption

7/18/2015

3:00:41PM

New Value

TOTAL NEW VALUE MARKET:	\$554,394,420
TOTAL NEW VALUE TAXABLE:	\$504,004,016

New Exemptions

Exemption	Description	Count		
EX	TOTAL EXEMPTION	1	2014 Market Value	\$62,418
EX-XL	11.231 Organizations Providing Economic Deve	2	2014 Market Value	\$519,775
EX-XV	Other Exemptions (including public property, r	64	2014 Market Value	\$1,487,357
EX366	HOUSE BILL 366	11	2014 Market Value	\$44,724
ABSOLUTE EXEMPTIONS VALUE LOSS				\$2,114,274

Exemption	Description	Count	Exemption Amount
DP	DISABILITY	15	\$140,000
DV1	Disabled Veterans 10% - 29%	11	\$90,000
DV2	Disabled Veterans 30% - 49%	23	\$190,500
DV2S	Disabled Veterans Surviving Spouse 30% - 49%	1	\$7,500
DV3	Disabled Veterans 50% - 69%	28	\$292,000
DV3S	Disabled Veterans Surviving Spouse 50% - 69%	2	\$20,000
DV4	Disabled Veterans 70% - 100%	55	\$540,700
DV4S	Disabled Veterans Surviving Spouse 70% - 100	3	\$36,000
DVHS	Disabled Veteran Homestead	29	\$3,424,893
HS	HOMESTEAD	584	\$17,029,793
OV65	OVER 65	322	\$3,032,815
OV65S	OVER 65 Surviving Spouse	7	\$70,000
PARTIAL EXEMPTIONS VALUE LOSS		1,080	\$24,874,201
NEW EXEMPTIONS VALUE LOSS			\$26,988,475

Increased Exemptions

Exemption	Description	Count	Increased Exemption Amount
INCREASED EXEMPTIONS VALUE LOSS			
TOTAL EXEMPTIONS VALUE LOSS			\$26,988,475

New Ag / Timber Exemptions**New Annexations**

Count	Market Value	Taxable Value
4	\$361,778	\$361,778

New Deannexations

2015 CERTIFIED TOTALSTTE - CITY OF TEMPLE
Average Homestead Value

Category A and E

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
13,282	\$128,146	\$25,071	\$103,075
Category A Only			

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
13,130	\$127,700	\$24,991	\$102,709

Lower Value Used

Count of Protested Properties	Total Market Value	Total Value Used
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ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, 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 2015 (FISCAL YEAR 2016); 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.

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 27, 2015, is the date that is as soon as practicable after August 1, 2015, 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 2015 (fiscal year 2016) 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 2015 (fiscal year 2016) 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 **\$4,510,813,003**, 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 2015 (fiscal year 2016) 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.

PASSED AND APPROVED On First and Final Reading on this the **27th** day of **August**, 2015.

THE CITY OF TEMPLE, TEXAS

DANIEL A. DUNN, Mayor

ATTEST:

APPROVED AS TO FORM:

Lacy Borgeson
City Secretary

Kayla Landeros
City Attorney



COUNCIL AGENDA ITEM MEMORANDUM

08/27/15
Item #5
Special Agenda
Page 1 of 3

DEPT./DIVISION SUBMISSION & REVIEW:

Traci L. Barnard, Director of Finance

ITEM DESCRIPTION: SECOND & FINAL READING - PUBLIC HEARING - Consider adopting an ordinance levying taxes and setting a tax rate for the City for the tax year 2015 (fiscal year 2016), making the appropriation for the regular operation of the City.

STAFF RECOMMENDATION: Adopt ordinance on second and final reading.

BACKGROUND: The Fiscal 2015-2016 budget will require adoption of a property tax rate of \$0.6298 per \$100 of taxable assessed property value. The proposed tax rate will generate \$21,694,409 of property tax levy when applied to an ad valorem tax base of \$3,840,746,157 less \$396,095,685 of freeze taxable value. In addition, there will be \$2,048,325 in frozen tax levy for a total property tax levy of \$23,742,734. The proposed tax rate of \$0.6298 represents a 10.10% increase over the effective tax rate of \$0.5720.

The estimated tax rate impact for the Parks' General Bond projects approved by voters on May 9, 2015 is 5 cents. The Debt Service component of the tax rate includes the additional 5 cents.

The fiscal year 2015-2016 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 2016	FY 2015		FY 2016	FY 2015
Maintenance & Operations	\$ 0.3234	\$ 0.3300	Maintenance & Operations	\$ 11,140,000	\$ 10,990,779
Debt Service	0.3064	0.2564	Debt Service	10,554,409	8,539,502
	--	--	Frozen Taxes*	2,048,325	1,915,929
Total Tax Rate	<u>\$ 0.6298</u>	<u>\$ 0.5864</u>	Total Tax Levy	<u>\$ 23,742,734</u>	<u>\$ 21,446,210</u>
			Budget w/M&O at 99% Collection and I&S at 100.5% Collection	<u>\$ 23,663,623</u>	<u>\$ 21,359,841</u>
Tax Increment District (Reinvestment Zone No. 1)			Tax Increment District (Reinvestment Zone No. 1)		
Total Tax Rate	<u>\$ 0.6298</u>	<u>\$ 0.5864</u>	Total Tax Levy	<u>\$ 4,220,112</u>	<u>\$ 2,818,509</u>

* - Frozen value = \$396,095,685

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.

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 the property tax rate be increased by the adoption of a tax rate of \$0.6298, which is effectively a 10.10 percent increase in the tax rate."**

The second motion is as follows: **"I move that the ordinance setting the 2015-2016 tax rate in the amount of \$0.6298 per \$100 valuation comprised of \$0.3234 for maintenance and operations and \$0.3064 for debt service be adopted."**

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.

FISCAL IMPACT:

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

With the proposed tax rate of \$0.6298 per \$100 valuation, the cost to a homeowner with a taxable value of \$100,000 would increase by \$43.40 per year (\$3.62 per month) if there was no change in taxable value from the prior year.

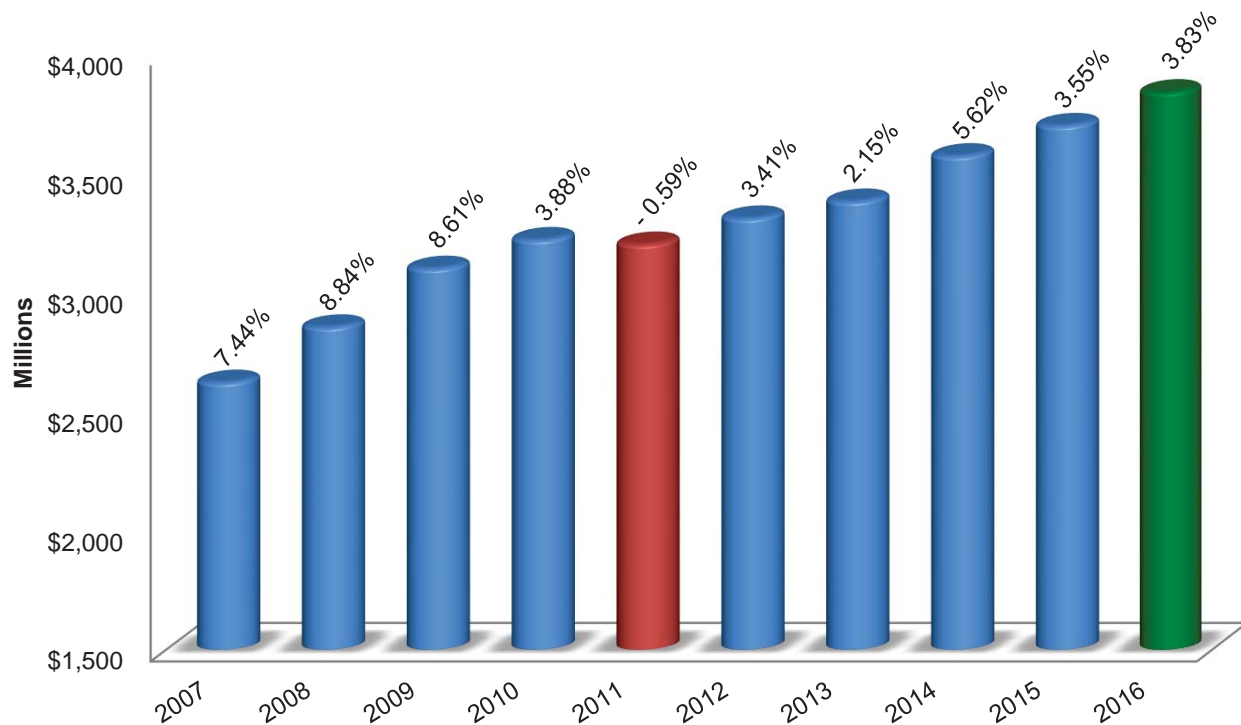
ATTACHMENTS:

[Assessed Value of Taxable Property
Ordinance](#)

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

Fiscal Year Ending September 30,	Taxable Property Valuation ⁽¹⁰⁾	Percent (%) Increase (Decrease)
2007	\$ 2,622,803,439	7.44%
2008	2,854,755,588 ⁽⁹⁾	8.84%
2009	3,100,594,231 ⁽⁸⁾	8.61%
2010	3,221,022,514 ⁽⁷⁾	3.88%
2011	3,201,978,908 ⁽⁶⁾	-0.59%
2012	3,311,259,863 ⁽⁵⁾	3.41%
2013	3,382,401,984 ⁽⁴⁾	2.15%
2014	3,572,423,141 ⁽³⁾	5.62%
2015	3,699,245,668 ⁽²⁾	3.55%
2016	3,840,746,157 ⁽¹⁾	3.83%
Average Annual Increase		4.67%

See footnotes on page 2



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

- ⁽¹⁾ **Source Document:** Tax Appraisal District of Bell County - Certified Tax Roll - July 20, 2015
Net taxable value not adjusted for frozen values - frozen levy \$2,048,325
- ⁽²⁾ **Source Document:** Tax Appraisal District of Bell County - Certified Tax Roll - July 21, 2014
Net taxable value not adjusted for frozen values - frozen levy \$1,915,929
- ⁽³⁾ **Source Document:** Tax Appraisal District of Bell County - Certified Tax Roll - July 15, 2013
Net taxable value not adjusted for frozen values - frozen levy \$1,857,709
- ⁽⁴⁾ **Source Document:** Tax Appraisal District of Bell County - Certified Tax Roll - July 16, 2012
Net taxable value not adjusted for frozen values - frozen levy \$1,795,796 - - ***adjusted for error in Zone value***
- ⁽⁵⁾ **Source Document:** Tax Appraisal District of Bell County - Certified Tax Roll - July 18, 2011
Net taxable value not adjusted for frozen values - frozen levy \$1,686,806
- ⁽⁶⁾ **Source Document:** Tax Appraisal District of Bell County - Certified Tax Roll - July 19, 2010
Net taxable value not adjusted for frozen values - frozen levy \$1,641,477
- ⁽⁷⁾ **Source Document:** Tax Appraisal District of Bell County - Certified Tax Roll - July 20, 2009
Net taxable value not adjusted for frozen values - frozen levy \$1,593,291
- ⁽⁸⁾ **Source Document:** Tax Appraisal District of Bell County - Certified Tax Roll - July 21, 2008
Net taxable value not adjusted for frozen values - frozen levy \$1,540,393
- ⁽⁹⁾ Net taxable value not adjusted for frozen values
- ⁽¹⁰⁾ Excludes amount applicable to the Tax Increment District (Reinvestment Zone No. 1)

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 TAX YEAR 2015 (FISCAL YEAR 2016), AND MAKING THE 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.

WHEREAS, the City Council held a public hearing on the proposed FY 2015-2016 budget on August 6, 2015, 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 \$0.6298 per \$100 valuation for August 27, 2015;

WHEREAS, the City Council also took record vote at the August 6, 2015, City Council meeting to set the public hearings on the proposed tax rate of \$0.6298 per \$100 valuation for August 14, 2015, special meeting and August 20, 2015, regular meeting;

WHEREAS, the City Council did hold two public hearings on the proposed tax rate for tax year 2015 as scheduled;

WHEREAS, at each public hearing the City Council did announce the 27th day of August, 2015, at 3:30 p.m. as the date and time for a vote on the proposed tax rate;

WHEREAS, the City Council did set and announce the 27th day of August, 2015, at 3:30 p.m. as the date and time for a public hearing on the proposed budget for the fiscal year beginning October 1, 2015, and ending September 30, 2016, 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 27th day of August, 2015, at 3:30 p.m.;

WHEREAS, the City Council did consider and adopt the City Budget for the fiscal year beginning October 1, 2015, and ending September 30, 2016; 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 2015 (fiscal year 2016) 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 \$0.6298 per \$100 of assessed property valuation.

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

Part 1: The following tax rate on \$100 valuation for the City of Temple, Texas, be and is hereby levied and adopted for the tax year 2015-2016 as follows:

For the purpose of maintenance and operation;	\$ 0.3234
For the payment of principal and interest on bonds, warrants and certificates of obligation and other debt of this City;	<u>\$ 0.3064</u>
TOTAL TAX RATE	<u>\$0.6298</u> per each \$100 of assessed property valuation
Total Estimated Tax Levy (100%)	<u>\$23,742,734</u>
<u>Total Estimated Tax Levy –</u> <u>(Tax Increment District for City of Temple)</u>	<u>\$4,220,112</u>

The above tax rate is hereby levied and adopted on the assessed valuation of all property, real, personal and mixed, subject to taxation by the City of Temple for the tax year 2015, for the City's departmental purposes for interest and sinking fund accounts in accordance with the budget adopted by the City Council on the 27th day of August, 2015, to-wit: and all such ad valorem taxes shall become due on the 31st day of January, 2016, and shall, unless paid, become delinquent on the 1st day of February, 2016.

Part 2: The Director of Finance is hereby authorized to assess and collect the taxes of the City of Temple employing the above tax rate.

Part 3: The *Residential Homestead Exemption* for property owners shall remain at \$5,000 or 20% of the assessed value whichever is greater. The *Over 65 Residential Homestead Exemption* shall remain at \$10,000. The *Disabled Individual Property Owners Exemption* shall be \$10,000 (as authorized by an ordinance passed by the City Council on July 3, 2003, and in accordance with Texas Tax Code Section 11.13).

Part 4: The ad valorem tax freeze on the residence homestead of a person who is disabled or sixty-five (65) years of age or older shall also be effective (as authorized in an 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 5: All monies on hand on the 1st day of October, 2015, 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 2016, 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 27th day of August, 2015.

Part 6: 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 7: 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 8: 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 9: 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 10: 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.

PASSED AND APPROVED on First and Final Reading and Public Hearing on this the 27th day of **August**, 2015.

THE CITY OF TEMPLE, TEXAS

DANIEL A. DUNN, Mayor

ATTEST:

APPROVED AS TO FORM:

Lacy Borgeson
City Secretary

Kayla Landeros
City Attorney



COUNCIL AGENDA ITEM MEMORANDUM

08/27/15
Item #6
Special Agenda
Page 1 of 2

DEPT./DIVISION SUBMISSION & REVIEW:

Nicole Torralva, Director of Public Works

Lisa Sebek, Director of Solid Waste Services

ITEM DESCRIPTION: Consider adopting a resolution setting the collection charges for commercial solid waste services.

STAFF RECOMMENDATION: Adopt resolution as presented in item description.

BACKGROUND: This resolution will increase commercial rates by approximately 5%. The rate increase is needed for continued support of maintenance and replacement of capital equipment.

Current Rates								
Container	Costs Per Month (Pick-Ups Per Week)							
Size/CuYds	1	2	3	4	5	6	Reload Fee	Extra Pickup
1/2		\$27.80						
1 1/2	\$39.80	\$67.60					\$8.50	\$29.70
2	\$52.20	\$95.80	\$139.80	\$183.80			\$11.00	\$32.20
3	\$64.50	\$122.10	\$165.60	\$215.20	\$264.80	\$303.70	\$15.90	\$37.10
4	\$86.10	\$148.90	\$200.80	\$250.40	\$307.80	\$354.40	\$20.40	\$41.60
6	\$107.60	\$191.60	\$258.70	\$311.40	\$373.60	\$422.20	\$28.00	\$49.20
8	\$133.10	\$236.90	\$312.50	\$399.10	\$479.00	\$531.70	\$33.90	\$55.10

Proposed 5% Increase								
Container	Costs Per Month (Pick-Ups Per Week)							
Size/CuYds	1	2	3	4	5	6	Reload Fee	Extra Pickup
1/2		\$29.20						
1 1/2	\$41.80	\$71.00					\$9.00	\$31.20
2	\$54.90	\$100.60	\$146.80	\$193.00			\$11.60	\$33.90
3	\$67.80	\$128.30	\$173.90	\$226.00	\$278.10	\$318.90	\$16.70	\$39.00
4	\$90.50	\$156.40	\$210.90	\$263.00	\$323.20	\$372.20	\$21.50	\$43.70
6	\$113.00	\$201.20	\$271.70	\$327.00	\$392.30	\$443.40	\$29.40	\$51.70
8	\$139.80	\$248.80	\$328.20	\$419.10	\$503.00	\$558.30	\$35.60	\$57.90

All other rates were increased accordingly to address increased cost for delivery of existing levels of service. These rates include monthly and daily rental fees for roll-off containers, initial delivery fees, reload fess and extra pickup fees.

				Current Charge	Proposed Charge
Industrial	Size	Roll-Off	Container		
Charges:					
Initial Delivery Charge (one time set fee)				\$ 53.00	\$ 56.00
Pickup or Pull Charge				\$ 117.00	\$ 123.00
Monthly Rental:					
20 Yard				\$ 87.00	\$ 92.00
30 Yard				\$ 93.00	\$ 98.00
40 Yard				\$ 108.00	\$ 113.00

Residential rates, as well as, brush and bulk rates will remain the same.

FISCAL IMPACT: The proposed 5% increase in the regular service rates for the commercial customers will generate approximately \$265,000 in additional gross revenue.

ATTACHMENTS:

[Resolution](#)



COUNCIL AGENDA ITEM MEMORANDUM

08/27/15
Item #7
Special Agenda
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DEPT./DIVISION SUBMISSION & REVIEW:

Brynn Myers, Assistant City Manager
Sandra Esqueda, Director of Human Resources

ITEM DESCRIPTION: Consider adopting a resolution amending the City of Temple Civil Service-Fire and Civil Service-Police Pay Schedules, to be effective March 25, 2016.

STAFF RECOMMENDATION: Adopt resolution as presented in item description.

ITEM SUMMARY: The FY 2016 Budget includes an allocation for the implementation of updated Civil Service-Fire and Civil Service-Police Pay Schedules based on an updated Compensation/Market Study conducted in 2015. The proposed pay adjustments vary between the two civil service pay schedules based upon the market data.

FISCAL IMPACT: The FY 2016 Budget includes an allocation of \$765,000 for the implementation of the updated pay schedules.

ATTACHMENTS:

[Civil Service – Fire Pay Schedule](#)
[Civil Service – Police Pay Schedule](#)
[Resolution](#)

PROPOSED FIRE PAY SCHEDULE- to be effective March 25, 2016

Class, Title, Steps, and Time in Grade	CURRENT		PROPOSED		Annual Increase	
	Annual	% Between Steps	Annual	% Between Steps	\$s	%
PSI-030 & PSI-031 Firefighter						
1 0-1 Years	\$ 38,610		\$ 42,085		\$ 3,475	9.00%
2 1st Anniversary	\$ 40,541	5.00%	\$ 44,190	5.00%	\$ 3,649	9.00%
3 3rd Anniversary	\$ 42,568	5.00%	\$ 46,399	5.00%	\$ 3,831	9.00%
4 5th Anniversary	\$ 44,697	5.00%	\$ 48,720	5.00%	\$ 4,023	9.00%
5 7th Anniversary	\$ 46,931	5.00%	\$ 51,155	5.00%	\$ 4,224	9.00%
6 9th Anniversary	\$ 49,278	5.00%	\$ 53,713	5.00%	\$ 4,435	9.00%
7 15th Anniversary	\$ 51,742	5.00%	\$ 56,399	5.00%	\$ 4,657	9.00%
PSI-032 & PSI-037 Fire Driver						
1 1st Anniversary	\$ 50,236		\$ 54,757		\$ 4,521	9.00%
2 3rd Anniversary	\$ 52,246	4.00%	\$ 56,948	4.00%	\$ 4,702	9.00%
3 5th Anniversary	\$ 53,813	3.00%	\$ 58,656	3.00%	\$ 4,843	9.00%
4 7th Anniversary	\$ 55,965	4.00%	\$ 61,002	4.00%	\$ 5,037	9.00%
5 9th Anniversary	\$ 58,204	4.00%	\$ 63,442	4.00%	\$ 5,238	9.00%
6 15th Anniversary	\$ 59,950	3.00%	\$ 65,346	3.00%	\$ 5,396	9.00%
PSI-033 & PSI-034 Fire Captain						
1 3rd Anniversary	\$ 63,756		\$ 65,031		\$ 1,275	2.00%
2 5th Anniversary	\$ 65,987	3.50%	\$ 67,307	3.50%	\$ 1,320	2.00%
3 7th Anniversary	\$ 68,297	3.50%	\$ 69,663	3.50%	\$ 1,366	2.00%
4 9th Anniversary	\$ 70,687	3.50%	\$ 72,101	3.50%	\$ 1,414	2.00%
5 15th Anniversary	\$ 72,808	3.00%	\$ 74,264	3.00%	\$ 1,456	2.00%
PSI-035 & PSI-036 Deputy Fire Chief						
1 5th Anniversary	\$ 78,726		\$ 80,301		\$ 1,575	2.00%
2 7th Anniversary	\$ 81,482	3.50%	\$ 83,112	3.50%	\$ 1,630	2.00%
3 9th Anniversary	\$ 84,332	3.50%	\$ 86,019	3.50%	\$ 1,687	2.00%
4 15th Anniversary	\$ 87,285	3.50%	\$ 89,031	3.50%	\$ 1,746	2.00%

PROPOSED POLICE PAY SCHEDULE- to be effective March 25, 2016

Class, Title, Steps, and Time in Grade	PROPOSED		PROPOSED		Annual Increase	
	Annual	% Between Steps	Annual	% Between Steps	\$s	%
PSII-021 Police Officer						
1 0-1 Years	\$ 41,725		\$ 45,480		\$ 3,755	9.00%
2 1st Anniversary	\$ 45,064	8.00%	\$ 49,120	8.00%	\$ 4,056	9.00%
3 3rd Anniversary	\$ 48,218	7.00%	\$ 52,558	7.00%	\$ 4,340	9.00%
4 6th Anniversary	\$ 50,630	5.00%	\$ 55,187	5.00%	\$ 4,557	9.00%
5 10th Anniversary	\$ 53,161	5.00%	\$ 57,945	5.00%	\$ 4,784	9.00%
6 15th Anniversary	\$ 55,820	5.00%	\$ 60,844	5.00%	\$ 5,024	9.00%
7 20th Anniversary	\$ 58,610	5.00%	\$ 63,885	5.00%	\$ 5,275	9.00%
PSII-022 Corporal						
3 3rd Anniversary	\$ 50,630		\$ 55,187		\$ 4,557	9.00%
4 6th Anniversary	\$ 53,161	5.00%	\$ 57,945	5.00%	\$ 4,784	9.00%
5 10th Anniversary	\$ 55,820	5.00%	\$ 60,844	5.00%	\$ 5,024	9.00%
6 15th Anniversary	\$ 58,610	5.00%	\$ 63,885	5.00%	\$ 5,275	9.00%
7 20th Anniversary	\$ 61,541	5.00%	\$ 67,080	5.00%	\$ 5,539	9.00%
PSII-023 Police Sergeant						
3 3rd Anniversary	\$ 59,833		\$ 65,218		\$ 5,385	9.00%
4 6th Anniversary	\$ 62,526	4.50%	\$ 68,153	4.50%	\$ 5,627	9.00%
5 10th Anniversary	\$ 65,339	4.50%	\$ 71,220	4.50%	\$ 5,881	9.00%
6 15th Anniversary	\$ 68,280	4.50%	\$ 74,425	4.50%	\$ 6,145	9.00%
7 20th Anniversary	\$ 71,353	4.50%	\$ 77,775	4.50%	\$ 6,422	9.00%
PSII-024 Police Lieutenant						
3 5th Anniversary	\$ 71,352		\$ 77,774		\$ 6,422	9.00%
4 8th Anniversary	\$ 74,563	4.50%	\$ 81,274	4.50%	\$ 6,711	9.00%
5 12th Anniversary	\$ 77,919	4.50%	\$ 84,932	4.50%	\$ 7,013	9.00%
6 16th Anniversary	\$ 81,427	4.50%	\$ 88,755	4.50%	\$ 7,328	9.00%
7 20th Anniversary	\$ 85,090	4.50%	\$ 92,748	4.50%	\$ 7,658	9.00%
PSII-025 Deputy Police Chief						
4 7th Anniversary	\$ 82,711		\$ 90,155		\$ 7,444	9.00%
5 12th Anniversary	\$ 86,845	5.00%	\$ 94,661	5.00%	\$ 7,816	9.00%
6 16th Anniversary	\$ 90,319	4.00%	\$ 98,448	4.00%	\$ 8,129	9.00%
7 20th Anniversary	\$ 93,933	4.00%	\$ 102,387	4.00%	\$ 8,454	9.00%

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS,
AMENDING THE CITY OF TEMPLE CIVIL SERVICE – FIRE AND CIVIL
SERVICE – POLICE PAY SCHEDULES, TO BE EFFECTIVE MARCH 25, 2016;
AND PROVIDING AN OPEN MEETINGS CLAUSE.

Whereas, the fiscal year 2016 Budget includes an allocation for the implementation of updated Civil Service - Fire and Civil Service – Police pay schedules based on an updated Compensation/Market Study conducted in 2015;

Whereas, the proposed pay adjustments vary between the two civil service pay schedules based upon market data; 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 amending the City of Temple Civil Service – Fire and Civil Service – Police pay schedules, effective March 25, 2016, in accordance with the pay schedules which are attached as Exhibit ‘A.’

Part 2: It is hereby officially found and determined that the meeting at which this Resolution was 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 27th day of **August, 2015**.

THE CITY OF TEMPLE, TEXAS

DANIEL A. DUNN, Mayor

ATTEST:

APPROVED AS TO FORM:

Lacy Borgeson
City Secretary

Kayla Landeros
City Attorney



COUNCIL AGENDA ITEM MEMORANDUM

08/27/15
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Special Agenda
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DEPT./DIVISION SUBMISSION & REVIEW:

Jim Tobin, Interim Chief of Police
Belinda Mattke, Director of Purchasing

ITEM DESCRIPTION: Consider adopting a resolution authorizing a towing services contract with Temple Towman's Association, Inc.

STAFF RECOMMENDATION: Adopt resolution as presented in item description.

ITEM SUMMARY: Chapter 39 of the City Code requires that the City advertise for bids and contract with a towing service company to provide non-consent tows and towing of disabled City-owned vehicles within the city limits. The City's current contract for towing services will expire on August 31, 2015. In accordance with Chapter 39, the City released an invitation to bid and bids were opened on July 16, 2015. Three bids were received as shown on the attached bid tabulation. Staff evaluated pricing from each bidder, as well as whether each could provide the required equipment. 121 Towing & Recovery submitted the low bid. The second lowest bid was submitted by Temple Towman's Association, Inc. The Temple Towman's Association currently provides towing services to the City and its contract will expire on August 31, 2015. The Temple Towman's Association is currently an association of three towing companies – Temple Towing, Ward's Towing, and Big John's Towing. On August 20, 2015, City Staff was notified that 121 Towing & Recovery has also joined Temple Towman's Association. For this reason, 121 Towing & Recovery has withdrawn its bid. The letter received from 121 Towing & Recovery is attached.

Staff now recommends that the towing services contract be awarded to Temple Towman's Association. Because of 121 Towing & Recovery's withdrawal, Temple Towman's Association is now the low bidder for towing services.

The City requires towing services on request of City personnel on a 24 hours/day, 7 days/week basis when the vehicle's owner is unavailable, unable or unwilling to arrange for their vehicle to be towed in the following circumstances: when city officials identify abandoned motor vehicles or junked vehicles which cannot lawfully be driven on a public roadway; when police seize vehicles as evidence in criminal cases or for safekeeping in connection with an arrest; when a vehicle has been damaged in a traffic accident or becomes disabled and is disrupting traffic on a public roadway.

Chapter 39 requires that the contract for towing services be for a period of two years, therefore the proposed contract with Temple Towman's Association will begin September 1, 2015 and expire on August 31, 2017.

FISCAL IMPACT: Temple Towman's Association will not charge the City for tows of City-owned vehicles with a 10,000 gross vehicle weight or less. The Association will invoice the City at a rate of \$125 per tow of City-owned vehicles with a gross vehicle weight greater than 10,000. As needed, funding for these tows will be identified in the respective departmental budgets.

The City will not be responsible for any fees associated with towing or related services of privately-owned vehicles.

ATTACHMENTS:

[Bid Tabulation](#)

[Letter from 121 Towing & Recovery](#)

[Resolution](#)

Tabulation of Bids Received
on July 16, 2015 at 3:30 p.m.
Towing Services
Bid # 13-12-15

				Bidders				
				Sameis Holdings LLC dba Tow Texas Houston, TX (713) 355-1100		Temple Towman's Association, Inc. Troy, TX (254) 773-7673		121 Towing & Recovery Belton, TX (254) 933-2009
Description	Qty	UOM	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price
1. Price for all privately owned passenger automobiles, ambulances, limousines, and all other vehicles having a rated capacity of 10,000 GVW or less, including motorcycles, towed to any storage facility within the city limits of Temple or to Vendor's storage facility, by request of the owner or the Temple Police Department (Unit price shall include all mileage, hook-up and disconnect fees)	1186	EA	\$130.00	\$154,180.00	\$125.00	\$148,250.00	\$120.00	\$142,320.00
2. Price for all privately owned vehicles having a rated capacity over 10,000 GVW towed to any storage facility within the city limits of Temple or to Vendor's storage facility, by request of the owner or City Police Department (Unit price shall include all mileage, hook-up and disconnect fees)	24	EA	\$200.00	\$4,800.00	\$480/hr	??	\$390/hr	??
3. Price for all City owned vehicles having a rated capacity of 10,000 GVW or less, towed to the City of Temple Fleet Services Department, located at 3210 East Ave H, Building B, Temple, TX (Unit price shall include all mileage, hook-up and disconnect fees)	20	EA	N/C	N/C	N/C	N/C	N/C	N/C
4. Price for all City owned vehicles having a rated capacity over 10,000 GVW, towed to the City of Temple Fleet Services Dept., located at 3210 East Ave H, Building B, Temple, TX (Unit price shall include all mileage, hook-up and disconnect fees)	18	EA	\$150.00	\$2,700.00	\$125.00	\$2,250.00	N/C	N/C
5. Price for transferring a vehicle that was towed to the Police Department (located at 209 East Ave A, Temple, TX) for police processing, which needs to be towed to any storage facility within the city limits of Temple or to the Vendor's storage facility.	34	EA	\$130.00	\$4,420.00	\$62.50	\$2,125.00	N/C	N/C
6. Price for winching or off-road recovery	20	HR	\$100.00	\$2,000.00	\$100.00	\$2,000.00	\$75.00	\$1,500.00
7. Price for waiting time (Time accrues after responding tow truck has been at the scene for fifteen (15) minutes.)	118	1/4 HR	\$20.00	\$2,360.00	\$25.00	\$2,950.00	\$15.00	\$1,770.00
8. Price for working time – defined as any work completed other than hook-up of vehicle (e.g., clean-up of debris and spills or preparation of vehicle to be towed). [Time accrues after responding tow truck has been at the scene for fifteen (15) minutes.]	890	1/4 HR	\$25.00	\$22,250.00	\$25.00	\$22,250.00	\$18.75	\$16,687.50
9. Price for the use of dollies or flat bed	1126	EA	\$50.00	\$56,300.00	\$50.00	\$56,300.00	\$48.00	\$54,048.00
10. Price for up-righting an overturned vehicle	6	EA	\$100.00	\$600.00	\$75.00	\$450.00	\$70.00	\$420.00
11. Priced for disconnect of driveshaft or transmission linkage	15	EA	\$50.00	\$750.00	N/C	N/C	\$10.00	\$150.00
12. Price for the use of oil or antifreeze absorbent material	20	LB	\$25.00	\$500.00	N/C	N/C	\$0.50	\$10.00
13. Price for high water recovery (knee-deep or higher)	5	EA	\$125.00	\$625.00	\$100.00	\$500.00	\$200.00	\$1,000.00
14. Price for privately-owned vehicles, having a rated capacity of 10,000 GVW or less, stored at Vendor's secured storage facility, by request of the Police Department, for the first twenty-four (24) hours	15	DAY	\$25.00	\$375.00	\$20.00	\$300.00	\$20.00	\$300.00
15. Price for privately-owned vehicles, having a rated capacity of 10,000 GVW or less stored at Vendor's secured storage facility, by request of the Police Department, after the first twenty-four (24) hours	15	DAY	\$25.00	\$375.00	\$20.00	\$300.00	\$20.00	\$300.00
16. Price for privately-owned vehicles, having a rated capacity of over 10,000 GVW, stored at Vendor's secured storage facility, by request of the Police Department, for the first twenty-four (24) hours	2	DAY	\$40.00	\$80.00	\$35.00	\$70.00	\$20.00	\$40.00
17. Price for privately-owned vehicles, having a rated capacity of over 10,000 GVW, stored at Vendor's secured storage facility, by request of the Police Department, after the first twenty-four (24) hours	2	DAY	\$40.00	\$80.00	\$35.00	\$70.00	\$35.00	\$70.00
18. Tarp fee for vehicles having a rated capacity of 10,000 GVW or less, in order to protect the vehicle interior from the elements	5	EA	\$30.00	\$150.00	N/C	N/C	\$5.00	\$25.00
19. Tarp fee for vehicles having a rated capacity of over 10,000 GVW, in order to protect the vehicle interior from the elements	1	EA	\$50.00	\$50.00	N/C	N/C	\$5.00	\$5.00
20. Price for notification letters required to be sent pursuant to Texas law	296	EA	\$50.00	\$14,800.00	\$50.00	\$14,800.00	\$50.00	\$14,800.00
Total Cost of All Services Outlined Above				\$267,395.00	\$252,615 excluding line 2		\$233,445 excluding line 2	
References (3)				Yes	Yes		Yes	
Exceptions				??-brokering services	Yes-see 'Exception' section		No	
Credit Check Authorization				Yes	Yes		Yes	

Egbert 121, Inc. d/b/a 121 Towing
8473 FM 93
Belton, Texas 76513

August 20, 2015

Ms. Belinda Matke
Purchasing Department
City of Temple, Texas
2 North Main Street
Temple, Texas 76501

Re: Withdrawal of Bid by 121 Towing – City of Temple Invitation 13-12-15

Dear Ms. Matke:

Egbert 121, Inc. d/b/a 121 Towing (“121 Towing”) has joined Temple Towman’s Association, Inc., and hereby withdraws its previous bid given in response to City of Temple Invitation 13-12-15.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tegbert', written over the word 'Sincerely,'.

Trevor Egbert