



**SPECIAL CALLED**  
**MEETING OF THE**  
**TEMPLE CITY COUNCIL**  
**MUNICIPAL BUILDING**

**2 NORTH MAIN STREET**  
**CITY COUNCIL CHAMBERS – 2<sup>ND</sup> FLOOR**  
**TEMPLE, TX**

**FRIDAY, AUGUST 25, 2017**

**8:30 A.M.**

**AGENDA**

**I. CALL TO ORDER**

1. Invocation
2. Pledge of Allegiance

**II. BUDGET ITEMS**

3. [2017-8760-R](#): PUBLIC HEARING – Conduct a public hearing regarding the City's budget for fiscal year beginning October 1, 2017 and ending September 30, 2018 and consider adopting a resolution:
  - (A) Adopting the City's budget for fiscal year beginning October 1, 2017 and ending September 30, 2018, including the Operating Budget for 2017-2018, 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 \$1,831,330 (7.18%) and of that amount, \$857,174 is tax revenue to be raised from new property added to the tax roll this year."
4. [2017-4858](#): SECOND & FINAL READING – 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 2017 (fiscal year 2018).

5. [2017-4859](#): SECOND & FINAL READING - Consider adopting an ordinance levying taxes and setting a tax rate for the City for the tax year 2017 (fiscal year 2018), making the appropriation for the regular operation of the City.

### **III. REGULAR AGENDA**

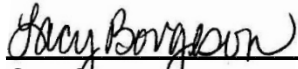
6. [2017-8761-R](#): Consider adopting a resolution authorizing adjustments to the Transportation Capital Improvement Program for FY 2017.
7. [2017-8762-R](#): Consider adopting a resolution authorizing a professional services agreement with Clark & Fuller, PLLC, of Temple, in an amount not to exceed \$926,690.89 for professional services for the Poison Oak Road Expansion Project from State Highway 317 to Old Waco Road.
8. [2017-8763-R](#): Consider adopting a resolution authorizing the purchase of right of way necessary for the Connor Park Drainage Channel Improvement Project and authorizing closing costs associated with the purchase in an estimated amount of \$142,000.

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

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I hereby certify that a true and correct copy of this Notice of Meeting was posted in a public place at 12:00 pm, on Friday, August 18, 2017.



City Secretary, TRMC

***SPECIAL ACCOMMODATIONS:*** *Persons with disabilities who have special communication or accommodation needs and desire to attend this meeting should notify the City Secretary's Office by mail or telephone 48 hours prior to the meeting date.*

I certify that this Notice of Meeting Agenda was removed by me from the outside bulletin board in front of the City Municipal Building at \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_ 2017. \_\_\_\_\_



## COUNCIL AGENDA ITEM MEMORANDUM

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08/25/17  
Item #3  
Regular Agenda  
Page 1 of 3

**DEPT./DIVISION SUBMISSION & REVIEW:**

Brynn Myers, Interim 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, 2017 and ending September 30, 2018 and consider adopting a resolution:

- (A) Adopting the City's budget for fiscal year beginning October 1, 2017 and ending September 30, 2018, including the Operating Budget for 2017-2018, 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 \$1,831,330 (7.18%) and of that amount, \$857,174 is tax revenue to be raised from new property added to the tax roll this year."

**STAFF RECOMMENDATION:** Adopt resolution as presented in item description.

**ITEM SUMMARY:** This item is to conduct a public hearing and adopt the 2017-2018 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 23, 2017. 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 \$0.6772. This proposed tax rate is comprised of an increase in the debt service rate of \$0.0200 and no change to the maintenance and operation rate. The proposed Maintenance and Operation rate (M&O) is \$0.3142 and the Interest and Sinking fund rate (I&S) is \$0.3630 for a total rate of \$0.6772. The I&S component of the tax rate includes the estimated additional tax rate adjustment to support the enhanced transportation capital improvement program. The proposed rate is 4.70% above the effective tax rate of \$0.6468.

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 2018 Proposed Annual Budget**

(As Compared to Adopted FY 2017 Budget)

<b>Revenues/Other Sources</b>	<b>Adopted Budget FY 2017</b>	<b>Proposed Budget FY 2018</b>	<b>% Increase/ (Decrease)</b>
General Fund	\$ 67,491,178	\$ 70,460,686	4.40%
Water & Wastewater Fund	34,029,828	34,428,191	1.17%
Debt Service Fund	14,599,530	16,598,413	13.69%
Hotel/Motel Tax Fund	1,900,800	1,903,300	0.13%
Federal/State Grant Fund	410,971	431,615	5.02%
Drainage Fund	1,175,740	2,300,050	95.63%
Reinvestment Zone No. 1 Fund	22,212,397	16,107,144	-27.49%
<b>Total Revenues/Other Sources</b>	<b>\$ 141,820,444</b>	<b>\$ 142,229,399</b>	<b>0.29%</b>

<b>Expenditures/Transfers</b>	<b>Adopted Budget FY 2017</b>	<b>Proposed Budget FY 2018</b>	<b>% Increase/ (Decrease)</b>
General Fund	\$ 70,472,396 <sup>(1)</sup>	\$ 73,281,539 <sup>(2)</sup>	3.99%
Water & Wastewater Fund	34,029,828	34,428,191	1.17%
Debt Service Fund	14,900,556	16,740,207	12.35%
Hotel/Motel Tax Fund	1,912,400	1,924,000 <sup>(3)</sup>	0.61%
Federal/State Grant Fund	410,971	431,615	5.02%
Drainage Fund	1,175,740	2,300,050	95.63%
Reinvestment Zone No. 1 Fund	20,222,490	17,253,914	-14.68%
<b>Total Expenditures/Transfers</b>	<b>\$ 143,124,381</b>	<b>\$ 146,359,516</b>	<b>2.26%</b>

<sup>(1)</sup> Includes the use of \$2,981,218 in Undesignated Fund Balance - Capital Projects to fund Capital of \$2,359,218, TEDC Matrix allocation of \$522,000, and Strategic Investment Zone of \$100,000.

<sup>(2)</sup> Includes the use of \$2,438,453 in Undesignated Fund Balance - Capital Projects to fund Capital of \$1,529,182, TEDC Matrix allocation of \$221,146, Strategic Investment Zone of \$162,000, Capital Replacement - Sanitation Vehicles of \$273,575 and Capital Replacement - Public Safety P25 Radios of \$252,550. Also includes the use of \$382,400 in Designated Fund Balance for General Government Compensation Plan.

<sup>(3)</sup> Includes the use of \$20,700 in Designated Fund Balance for General Government Compensation Plan.



**ATTACHMENTS:**

Budget Transmittal Letter

Schedule of adjustments to the proposed budget filed with City Secretary on June 23, 2017

Fiscal & Budgetary Policy

Investment Policy

Resolution



**BUDGET MESSAGE**



June 23, 2017

Honorable Mayor and City Council,

I am pleased to present my proposed Fiscal Year 2017-2018 Budget (FY 2018 Budget) for the City of Temple totaling \$146,305,703 for all funds.

The emphasis and focus of this FY 2018 Budget is on providing services that our residents request and responding to the growth of our community. I believe this proposed budget reflects a fiscally responsible approach to improving the City's infrastructure and maintaining quality City services to a growing population.

The City's four strategic focus areas formed the basis for the budgetary decisions made in preparing this proposed budget:

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

The four (4) focus areas provide the foundation for our planning, budgeting, and work plans. These focus areas and their associated goals and objectives guided the development of the FY 2018 Budget.

### **Budget Development & Background**

**Budget Process**—The City's budget is a complex document representing the culmination of months of preparation and discussion. Developing a budget is a year round process and the framework for the development of this budget began in late 2016 with the City Manager working on timelines and issue identification. Through late 2016 and early 2017, the City Manager's Office and the Finance Department worked to develop the budget calendar and process for the FY 2018 Budget.

In January, we held a planning retreat with department and division heads to identify and discuss issues for the upcoming budget.

In February, the City Council held a budget retreat to discuss various strategic issues. During the retreat, Council received information regarding potential budget issues identified by staff.

From February through the delivery of the FY 2018 Budget, staff has worked on preparing, reviewing, researching, and responding to questions relating to the programs and services this Proposed Budget recommends.

**Budget Approach**—This year's budget has been developed within the framework of the strategic plan priorities adopted by the City Council and the budget parameters that I briefed the Council on at the May 18, 2017 budget work session. Those parameters are:

- maintain fiscal soundness;
- focus on core mission and activities;
- maintain or improve services and service levels;
- continue to improve infrastructure;
- continue to support and develop our workforce; and
- align strategic, financial, and staff work plan.

**Financial Highlights**—The FY 2018 Budget appropriates a total of \$146,305,703 for the upcoming fiscal year. Of this amount, \$138,627,445 is allocated for the operations and maintenance budget which includes debt service and transfers and \$7,678,258 is allocated for routine capital for the general operating budget which includes equipment and public infrastructure projects. Included in this amount is \$3,850,000 of Reinvestment Zone infrastructure improvements. In accordance with current fiscal

and financial policies, \$1,541,182 of General Fund routine capital is funded with fund balance.

As in previous years, the FY 2018 Budget is a balanced budget under the policies and parameters discussed in earlier planning sessions with the City Council.

In addition, \$33,243,000 is included for capital improvements programs (CIP), of which \$29,243,000 is related to the City's Transportation Capital Improvement Program and \$4,000,000 is for Drainage Capital Improvement Projects.

### **City Manager's Highlights**

With the above in mind, I will highlight a few areas of general priority and significance in the FY 2018 Budget.



#### ***Serving Our Community***

**Parks & 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 FY 2018 Budget includes operating and maintenance expenses associated with bond improvements anticipated to come online during FY 2018. The additional operations and maintenance expenses associated with newly completed bond projects total \$46,159 for FY 2018.

The FY 2018 Budget also includes an allocation of funding to continue our preliminary planning efforts associated with the Bend of the River project and \$344,000 in funding for replacement of capital equipment to allow us to continue to

maintain our existing Parks and Recreational facilities.

**Public Safety-** The FY 2018 Budget includes funding for the replacement of 11 marked and 1 unmarked police vehicles, as well as the replacement of a van with equipment to be utilized for crash reconstruction sites. In addition, vehicles in Police support service and Fire administration functions and are also recommended for replacement.

The FY 2018 Budget also includes a \$1,200,000 allocation to purchase new public safety radios that will allow the City to transition from the traditional analog radio system to a wholly digital radio system based on P25 interoperability standards. P25 is a suite of standards for digital radio communications for use by federal, state, and local public safety agencies. P25 digital standards help ensure compatible and interoperable radio communication systems within our own organization and also among other departments and agencies in order to preserve and enhance our ability to effectively and safely respond to emergency events.

The proposed budget also includes an allocation to fund additional positions within the Police and Fire Department. The FY 2018 Budget recommends funding an additional Deputy Police Chief, an additional Customer Service Supervisor position, and a Media Relations Specialist position in the Police Department. Additionally the budget recommends funding the first staffing phase for a new Proactive Enforcement/Violent Crime Squad in the Police Department. This proposed new squad will allow a dedicated unit to routinely perform proactive strategies that are designed to reduce violent crime and apprehend criminal offenders. The first staffing phase consists of 2 police officers (1 addition and 1 reassignment) to establish the squad. Future staffing phases will include the addition of a

sergeant and 4 additional officers to bring the unit to full staffing.

The FY 2018 Budget also recommends converting 3 existing firefighter overhire positions to permanent firefighter positions and adding 1 overhire position.

The allocation to fund these additional positions is included in the base budget, with no tax rate impact, based on revenue estimates developed using the preliminary appraised value appraisal roll for Ad Valorem taxes. The certified roll will not be available from the Appraisal District of Bell County until late July. Therefore, the proposal is based on assumptions and may require adjustments prior to the final adoption of the budget.

**Neighborhood Revitalization-** The FY 2018 Budget continues to leverage our Community Development Block Grant (CDBG) funds to assist with the implementation of our Neighborhood Revitalization initiative. Programs proposed for funding include the housing improvement program, main street program, neighborhood revitalization program, infrastructure improvements, and the demolition program. The FY 2018 Budget also includes an additional part-time Recreational Specialist position to help coordinate efforts in enhancing access to youth recreational opportunities in East Temple.

**Responding to Growth-** Many of the new staffing and operating costs proposed in the FY 2018 Budget are intended to maintain service levels in the midst of the growth of our community. The FY 2018 Proposed Budget includes the following additional positions:

- a Technology Support Specialist I in Information Technology department;
- a part-time Collection Development Librarian for the Library division;

- an additional Traffic Signal Maintenance Technician for the Traffic Signal division;
- an additional Connect & Disconnect Technician for the Metering division;
- a Management Specialist in the Public Works Administration; and,
- a part-time Customer Service Representative I to the Utility Business Office division.

**Outside Service Agencies-** The FY 2018 Budget continues to provide funding to outside service agencies or organizations that help the City leverage service delivery and funding levels in areas such as transportation, social services, recreation, tourism, and cultural services.

In alignment with the Council's Outside Service Agency Funding Policy, the FY 2018 Budget allocates funding in the following categories:

- Strategic Partner;
- Tourism & Arts Grant (Hotel-Motel Tax Fund);
- Public Service Agency Grant (Community Development Block Grant Fund); and
- Community Enhancement Grant (General Fund).

The FY 2018 Budget recommends a total of \$506,111 in funding for outside service agencies.

**Other Highlights**—In addition to the programs and positions detailed above, the FY 2018 Budget also includes an allocation to continue our performance pay program for general government employees, as well as a full year implementation of General Government pay plan adjustments that will go into effect on July 14, 2017.

The Budget recommends a 2% salary increase for all Civil Service employees at the beginning of the fiscal year, as well as an additional 3% increase for police officers and corporals and an additional 4% increase for firefighters effective

June 13, 2018. Adjustments and additions to our Police and Fire certification pay program are also recommended.

The FY 2018 Budget also includes continued funding for a group health insurance plan with an estimated premium increase of 19.1%, employee retirement plan, and employee longevity program.

Also recommended in the FY 2018 Budget is the replacement of 6 sanitation vehicles in the amount of \$1,532,376.



### ***Improving Our Infrastructure***

**Transportation Infrastructure**—The FY 2018 Budget includes the sixth year of a multi-year transportation capital improvement program and recommends expansion of the program in order to fund several additional projects that have been identified as high priority needs since the original program began as a result of changes within the community such as new developments, new school campus activities, changing traffic patterns, and condition of existing pavements.

The Transportation CIP (TCIP) is a ten-year, 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. We refer to this 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 packages with design and right-of-way acquisition funded first and, in most cases, construction funded in the following package. Each 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 funding for implementation of the TCIP program was also established as a phased plan with an initial tax rate adjustment of 1.25 cents in FY 2013 and 3.50 cents in FY 2017. The FY 2018 Budget recommends an additional tax rate adjustment of 2.00 cents in order to expand the existing program to include:

- construction of Outer Loop Phase 4;
- preliminary engineering of Outer Loop Phase 5;
- matching funds to support sidewalk & trail grant opportunities;
- a placeholder for potential additional signals in future years; and
- design, right-of-way, and construction of Hartrick Bluff (Waters Dairy to FM 93).

These additions will expand the TCIP from the existing \$126,700,000 effort to a \$140,258,343 program.

Additional recommended adjustments to the program include:

- aligning funding with project readiness for construction of Prairie View Phase 2 and Outer Loop Phase 3B in fall 2017;
- accelerating the timing of Outer Loop Phase 4 (design & ROW), Poison Oak (design, ROW, & construction), Westfield Phase 2 (construction), and Kegley Phase 2, 3, & 4 (design, ROW, & construction);
- addressing improvements to South Pea Ridge later in the program;
- completing improvement to North 8<sup>th</sup> Street through overlay; and
- removing North Pea Ridge Phase 2 and East-West local collector from the program.

**Utility Infrastructure**—The City has invested almost \$142,716,000 over the past 10 years in improving and extending our water and sewer infrastructure. 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. We will be completing the Water/Wastewater Master Plan update in FY 2018. The Master Plan will evaluate system demands and improvements through 2070. The scope includes assessment of current infrastructure, water and wastewater system analysis, and development of a plan for implementing future improvements.

**Drainage Infrastructure**—The FY 2018 Budget includes an allocation of \$4,000,000 for Drainage Capital Improvement Projects. Projects to be funded in FY 2018 include:

- Conner Park/Meadowbrook

- Azalea Drive
- 57<sup>th</sup> Street & Avenue T
- 49<sup>th</sup> / Avenue R / 43<sup>rd</sup> Street
- Avenue D & 14<sup>th</sup> Street
- Comprehensive Modeling Assessment



### ***Expanding Our Tax Base***

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 commitment to fund a “matrix incentive pool” through the Temple Economic Development Corporation (TEDC). 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 2018 Budget continues that commitment and includes a \$230,283 “placeholder” investment to maintain and replenish the matrix funding level, as well as \$1,281,152 for the operations and maintenance component of TEDC.

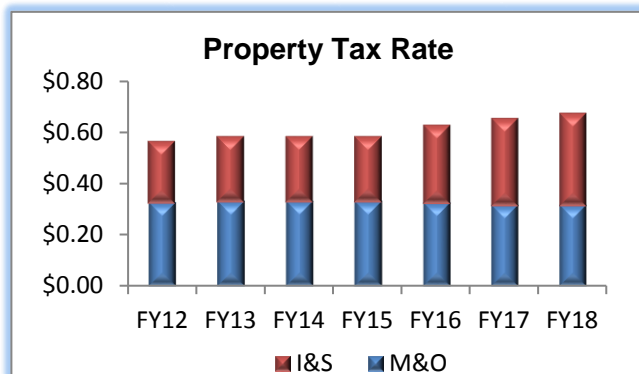
### **Financial Highlights by Fund**

**General Fund Revenues**—Total revenues for the FY 2018 General Fund Budget are presented at \$70,519,883, an increase of 4.49% compared to the FY 2017 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 2018 Budget, property tax accounts for 19.49% of the General Fund budgeted revenues and is the second largest revenue source of the General Fund. The tax rate for FY 2018 is at 67.72¢ per \$100 valuation, which includes the recommended 2.00¢ tax rate adjustment for the Transportation Capital Improvement Program.



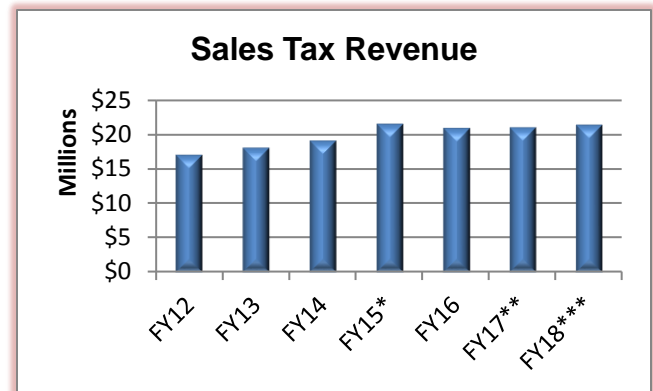
This rate is based on a preliminary appraised value of \$4,189,452,803 (net taxable value not adjusted for frozen values). The tax rate is comprised of two components, the Maintenance and Operations rate (M&O) and the Interest Sinking rate (I&S). This year's tax rate is 31.42¢ for the M&O rate and 36.30¢ for the I&S 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.

**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 2018 Budget, sales tax is projected to account for 30.28% of the General Fund budgeted revenues.

The FY 2018 Budget estimates \$21,350,000 in sales tax revenue, a 2.30% increase in sales tax revenue over budgeted FY 2017 sales tax revenue.

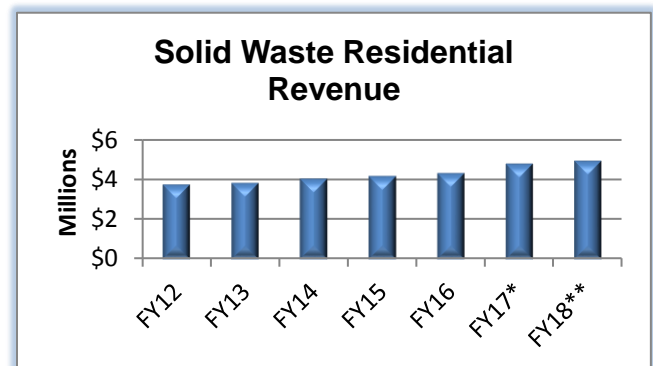


\*Includes a \$1,798,088 prior period audit adjustment

\*\*Forecasted for FY 2017

\*\*\*Proposed for FY 2018

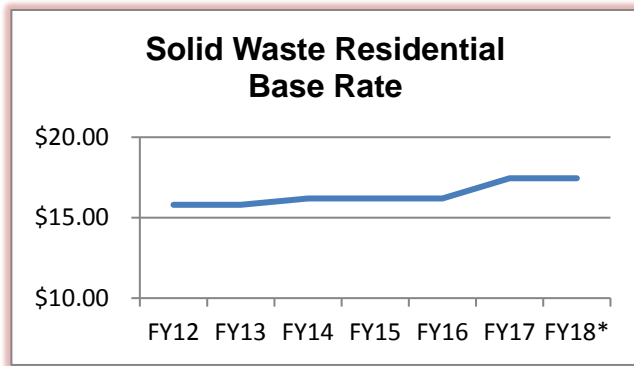
**Solid Waste**—Charges associated with solid waste services represent the third largest source of revenue for the General Fund and are projected to account for 15.70% of total General Fund revenues. \$11,072,295 in solid waste revenue is projected for FY 2018, representing an 11.64% increase from the FY 2017 solid waste revenue adopted budget of \$9,918,339. The increase is attributed to the growth in the customer base, commercial roll-off services, and the addition of gross revenues associated with the Recycling Processing Center. These revenues are based on rates that remain unchanged from current year.



\*Forecasted for FY 2017

\*\*Proposed for FY 2018





\*FY 2018 Proposed Residential Base Rate

**General Fund Expenditures**—Total expenditures for the FY 2018 General Fund Budget are presented at \$73,330,973, an increase of 4.06% compared to the FY 2017 Adopted Budget.

**Capital Improvement Programs**—The City Staff continues to manage the largest capital improvement programs in the history of the community. As of March 31, 2017, a total of \$179,060,232 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 2018 Water and Wastewater Fund Budget are presented at \$34,428,191, an increase of 1.17% compared to the FY 2017 Adopted Budget. These revenues are based on rates that remain unchanged from current year.

Expenses, capital improvements, and debt service for the FY 2018 Water and Wastewater Fund Budget are presented at \$34,428,191, an increase of 1.17% compared with prior year.

**Hotel/Motel Tax Fund**—Total revenues for the Hotel/Motel Fund Budget are presented at \$1,903,300, an increase of 0.13% compared to the FY 2017 Adopted Budget. 20.02% of the Hotel/Motel revenues are from the operations of the Frank Mayborn Center. Expenditures for the Hotel/Motel Fund Budget are presented at \$1,923,600, an increase of 0.59% compared to the FY 2017 Adopted Budget.

**Federal and State Grant Fund**—Total revenues and expenditures for Federal and State Grant Fund Budget are presented at \$328,768, a decrease of 20.00% compared to the FY 2017 Adopted Budget. Total revenues include the award of the Community Development Block Grant (CDBG) at \$328,768. The proposed allocation of CDBG funds are as follows:

- Public service agencies - \$46,000
- Demolition - \$32,656
- Housing improvement program - \$100,112
- Main street program - \$20,000
- Neighborhood revitalization program - \$45,000
- Infrastructure improvements- \$20,000
- General administration - \$65,000

**Drainage Fund**—Total revenues are presented at \$2,300,050, a 95.63% increase from prior year. Expenditures are presented at \$2,300,050, an increase of 95.63% compared to the FY 2017 Adopted Budget. The significant increase in both revenues and expenditures is related to the establishment of the Drainage Capital Improvement Program and associated increase in drainage fees for residential and commercial drainage services effective January 1, 2017. Council authorized the rate adjustment on December 15, 2016 to support major capital improvement projects.

### **Conclusion**

This is only a brief synopsis of the Budget for FY 2018. Developing the budget is a team effort that requires participation and input by citizens, City Council, and City staff. I would like to extend my thanks to all of the Department and Division Heads who contributed to the development of this budget.

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 and Budget Coordinator Jennifer Emerson. Without the commitment, dedication, and countless hours of work performed by Traci, Melissa, and Jennifer this document would simply not be possible.

Respectfully submitted,



Brynn Myers | Interim City Manager



**FY 2018**  
**GENERAL FUND PROPOSED BUDGET**  
**SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET**

	Proposed Budget		
	Filed Copy as of 06-23-17	Current as of 08-25-17	Increase (Decrease)
<b>Projected Revenues</b>	\$ 70,519,883	\$ 70,460,686	\$ (59,197) <sup>A</sup>
<b>Proposed Budget Expenditures</b>	71,823,048	71,773,614	(49,434) <sup>B</sup>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>(1,303,165)</b>	<b>(1,312,928)</b>	<b>(9,763)</b>
<b>Transfers In (Out):</b>			
Less: Transfer Out To Debt Service Fund -			
LTN 2013 - Sanitation Vehicles, CNG Facility and Recycling Containers	(981,800)	(981,800)	-
CO 2017 - Sanitation Vehicles	(273,575)	(273,575)	-
CO 2017 - PS P25 Radios	(252,550)	(252,550)	-
<b>Total Transfer In (Out)</b>	<b>(1,507,925)</b>	<b>(1,507,925)</b>	<b>-</b>
<b>Excess Revenues Over (Under) Expenditures for FY 2018</b>	<b>\$ (2,811,090)</b>	<b>\$ (2,820,853)</b>	<b>\$ (9,763)</b>
<b>Recommended Use of Undesignated Fund Balance:</b>			
- TEDC Matrix Funding	\$ 230,283	\$ 221,146	\$ (9,137)
- Strategic Investment Zone Funding	150,000	162,000	12,000
- Capital Funded with Fund Balance	1,541,182	1,529,182	(12,000)
- Capital Replacement - Sanitation Vehicles	273,575	273,575	-
- Capital Replacement - PS P25 Radios	252,550	252,550	-
	<u>\$ 2,447,590</u>	<u>\$ 2,438,453</u>	<u>\$ (9,137)</u>
<b>Recommended Use of Designated Fund Balance:</b>			
- FY 2017 General Government Compensation Plan	\$ 363,500	\$ 382,400	\$ 18,900
	<u>\$ 363,500</u>	<u>\$ 382,400</u>	<u>\$ 18,900</u>

**Explanation of Changes from Filed Budget to Proposed Budget @ 08/25/2017:**

<sup>A</sup> **Revenue Changes:**

Required adjustment from preliminary to certified tax roll	\$ (129,197)
Adjusted revenue estimates	70,000
<b>Total Revenue Changes</b>	<u>\$ (59,197)</u>

<sup>B</sup> **Expenditure Changes:**

Adjusted contingency for Judgment & Damages	\$ 19,925
Adjusted fuel estimates	(19,647)
Adjusted TEDC - O&M Component & Matrix Component	(20,742)
Adjusted Community Enhancement Grants	10,000
Various operational adjustments	(38,970)
<b>Total Expenditures Changes</b>	<u>\$ (49,434)</u>
<b>Net Revenue Over (Under) Expenditures</b>	<u>\$ (9,763)</u>

FY 2018  
WATER & WASTEWATER FUND PROPOSED BUDGET  
SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 06-23-17	Current as of 08-25-17	
Projected Revenues	\$ 34,428,191	\$ 34,428,191	\$ -
Proposed Budget Expenses	34,428,191	34,428,191	-
Excess Revenues Over (Under) Expenditures for FY 2018	\$ -	\$ -	\$ -

**FY 2018**  
**DEBT SERVICE FUND PROPOSED BUDGET**  
**SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET**

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 06-23-17	Current as of 08-25-17	
<b>Projected Revenues</b>	\$ 14,955,882	\$ 14,814,088	\$ (141,794) <sup>A</sup>
<b>Proposed Budget Expenditures</b>	16,740,207	16,740,207	-
<b>Excess Revenues Over (Under) Expenditures</b>	<b>\$ (1,784,325)</b>	<b>\$ (1,926,119)</b>	<b>(141,794)</b>
<b>Transfers In (Out):</b>			
Plus: Transfer In From General Fund -			
LTN 2013 - Sanitation Vehicles, CNG Facility and Recycling Containers	981,800	981,800	-
CO 2017 - Sanitation Vehicles	273,575	273,575	-
CO 2017 - PS P25 Radios	252,550	252,550	-
Plus: Transfer In From Drainage Fund -			
CO 2017 - Drainage CIP	276,400	276,400	
<b>Total Transfer In (Out)</b>	<b>1,784,325</b>	<b>1,784,325</b>	<b>-</b>
<b>Excess Revenues Over (Under) Expenditures for FY 2018</b>	<b>\$ -</b>	<b>\$ (141,794)</b>	<b>\$ (141,794)</b>
<b>Recommended Use of Undesignated Fund Balance</b>	<b>-</b>	<b>141,794</b>	<b>141,794</b>
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

***Explanation of Changes from Filed Budget to Proposed Budget @ 08/25/2017:***

<sup>A</sup> **Revenue Changes:**

Required adjustment from preliminary to certified tax roll	\$ (141,794)
<b>Total Revenue Changes</b>	<b>\$ (141,794)</b>

<sup>B</sup> **Expenditure Changes:**

None	\$ -
<b>Total Expenditures Changes</b>	<b>\$ -</b>
<b>Net Revenue Over (Under) Expenditures</b>	<b>\$ (141,794)</b>

FY 2018

HOTEL/MOTEL TAX FUND PROPOSED BUDGET

SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 06-23-17	Current as of 08-25-17	
Projected Revenues	\$ 1,903,300	\$ 1,903,300	\$ -
Proposed Budget Expenditures	1,923,600	1,924,000	400 <sup>B</sup>
Excess Revenues Over (Under) Expenditures	<u>\$ (20,300)</u>	<u>\$ (20,700)</u>	<u>(400)</u>
<b>Excess Revenues Over (Under) Expenditures for FY 2018</b>	<b><u>\$ (20,300)</u></b>	<b><u>\$ (20,700)</u></b>	<b><u>\$ (400)</u></b>
Recommended Use of Designated Fund Balance			
- FY 2017 General Government Compensation Plan	\$ 20,300	\$ 20,700	\$ 400
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Explanation of Changes from Filed Budget to Proposed Budget @ 08/25/2017:**

<sup>A</sup> **Revenue Changes:**

None	\$ -
<b>Total Revenue Changes</b>	<u>\$ -</u>

<sup>B</sup> **Expense Changes:**

Required adjustment for salaries and benefits	\$ 400
<b>Total Expense Changes</b>	<u>\$ 400</u>
<b>Net Revenue Over (Under) Expenses</b>	<u>\$ (400)</u>

FY 2018

FEDERAL/STATE GRANT FUND PROPOSED BUDGET

SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 06-23-17	Current as of 08-25-17	
Projected Revenues	\$ 328,768	\$ 431,615	\$ 102,847 <sup>A</sup>
Proposed Budget Expenditures	328,768	431,615	102,847 <sup>B</sup>
Excess Revenues Over (Under) Expenditures for FY 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Explanation of Changes from Filed Budget to Proposed Budget @ 08/25/2017:

<sup>A</sup> **Revenue Changes:**

Required adjustment for actual HUD allocation	\$ 102,847
<b>Total Revenue Changes</b>	<u>\$ 102,847</u>

<sup>B</sup> **Expenditure Changes:**

Various operational adjustments	\$ 88,847
Adjusted Public Service Agency Grants	14,000
<b>Total Expenditures Changes</b>	<u>\$ 102,847</u>
<b>Net Revenue Over (Under) Expenditures</b>	<u>\$ -</u>



**FY 2018**

**DRAINAGE FUND PROPOSED BUDGET**

**SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET**

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 06-23-17	Current as of 08-25-17	
Projected Revenues	\$ 2,300,050	\$ 2,300,050	\$ -
Proposed Budget Expenditures	2,023,650	2,023,650	-
Excess Revenues Over (Under) Expenditures	<u>\$ 276,400</u>	<u>\$ 276,400</u>	<u>-</u>
Transfers In (Out):			
Less: Transfer Out To Debt Service Fund - CO 2017 - Drainage CIP	(276,400)	(276,400)	-
Total Transfer In (Out)	<u>(276,400)</u>	<u>(276,400)</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures for FY 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FY 2018**

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

	Proposed Budget <sup>1</sup>		Increase (Decrease)
	Filed Copy as of 06-23-17	Current as of 08-25-17	
Projected Revenues	\$ 16,107,144	\$ 16,107,144	\$ -
Proposed Budget Expenditures	17,253,914	17,253,914	-
Excess Revenues Over (Under) Expenditures for FY 2018	<u>\$ (1,146,770)</u>	<u>\$ (1,146,770)</u>	<u>\$ -</u>
Recommended Use of Fund Balance	\$ 1,146,770	\$ 1,146,770	\$ -
	<u>\$ 1,146,770</u>	<u>\$ 1,146,770</u>	<u>\$ -</u>

<sup>1</sup> - As amended in Financing Plan approved by Council on April 20, 2017



# FISCAL & BUDGETARY POLICY

## 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 1<sup>st</sup> 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 1<sup>st</sup>.

- 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 10%.
- 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.

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**INVESTMENT POLICY**

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, the Financial Analyst and the 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.

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 organization;
- 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 and authorized pools, 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 monitors 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 Home Loan Bank, 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 comply with all requirements of the Public Funds Investment Act and provide an offering circular,

investment transaction confirmations, and monthly reports.

- G. S.E.C. registered no-load money market mutual funds that comply with federal Securities and Exchange Commission Rule 2a-7 and the Public Funds Investment Act, and are continuously rated no lower than AAA 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 local government investment pool offering to engage in an investment transaction with the City. The qualified representative of the business organization (e.g. local government investment pool or discretionary investment management firm) shall execute an Investment Policy Certification substantially to the effect that the business organization or has:

- A. Received and reviewed the City's Investment Policy; and
- B. Agrees to comply with the requirements of the Public Funds Investment Act.

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. 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 must 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 containing at least ten (10) hours of instruction 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. 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.
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**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.  
Duncan Williams  
FTN Financial  
Hilltop Securities  
Great Pacific Securities  
MultiBank Securities, Inc.  
Mutual Securities, Inc.  
Raymond James  
Rice Financial Products  
Vining-Sparks IBG  
Wells Fargo Securities

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**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 Treasurers' Organization of Texas (GTOT);
  - E. Sponsors approved by the TSCPA and GFOA, GFOAT, GTOT, to provide CPE credits; or
  - F. University of North Texas
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## COUNCIL AGENDA ITEM MEMORANDUM

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08/25/17  
Item #4  
Regular Agenda  
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### **DEPT./DIVISION SUBMISSION & REVIEW:**

Traci L. Barnard, Director of Finance

**ITEM DESCRIPTION:** SECOND & FINAL READING – 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 2017 (fiscal year 2018).

**STAFF RECOMMENDATION:** Adopt ordinance as presented in item description on second and final reading.

**ITEM SUMMARY:** The proposed ordinance will adopt the ad valorem property tax roll certified by the Tax Appraisal District of Bell County, in the amount of \$4,574,738,305. The total fiscal year 2018 taxable value is as follows:

Taxable Value –

	Certified Taxable Value	% of +/- from Prior Year
City of Temple	\$3,687,589,859	4.04%
Freeze Taxable*	461,079,152	8.26%
Total Adjusted Value	\$4,148,669,011	4.49%
Tax Increment District (Reinvestment Zone No. 1)	426,069,294	-2.34%
Total Taxable Value	<u>\$4,574,738,305</u>	<u>3.82%</u>



**FISCAL IMPACT:** The tax levy at the proposed tax rate of \$0.6772 in the 2017-2018 fiscal year is:

TAX RATE			TAX LEVY		
	FY 2018	FY 2017		FY 2018	FY 2017
Maintenance & Operations	\$ 0.3142	\$ 0.3142	Maintenance & Operations	\$ 11,586,407	\$ 11,136,655
Debt Service	0.3630	0.3430	Debt Service	13,385,951	12,157,456
	--	--	Frozen Taxes*	2,382,511	2,229,427
Total Tax Rate	<u>\$ 0.6772</u>	<u>\$ 0.6572</u>	Total Tax Levy	<u>\$ 27,354,869</u>	<u>\$ 25,523,538</u>
			Budget w/M&O at 99% Collection and I&S at 100% Collection	<u>\$ 27,215,180</u>	<u>\$ 25,389,877</u>
Tax Increment District (Reinvestment Zone No. 1)			Tax Increment District (Reinvestment Zone No. 1)		
Total Tax Rate	<u>\$ 0.6772</u>	<u>\$ 0.6572</u>	Total Tax Levy	<u>\$ 2,885,341</u>	<u>\$ 2,867,079</u>

\* - Frozen value = \$461,079,152

**ATTACHMENTS:**

[2017 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  
Sarah Hejl  
ADMINISTRATIVE ASSISTANT  
Linda Hearell, RTA

BOARD MEMBERS  
Royce Matkin, Chairman  
Jared Bryan Vice Chairman / Secretary

DIRECTORS  
Robert Jones  
Susan Jones  
Wade Matthews  
Scott Morrow  
Virginia Suarez

July 17, 2017

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 2017 tax year for your entity. The Appraisal Review Board of Bell County certified the appraisal roll on the 14<sup>th</sup> of July 2017. The Appraisal District has certified a total net taxable value for your entity as \$4,574,738,305.

Sincerely

Marvin Hahn  
Chief Appraiser

MH/lh

**2017 CERTIFIED TOTALS**

Property Count: 36,796

TTE - CITY OF TEMPLE  
Grand Totals

7/16/2017 10:12:37PM

Land		Value			
Homesite:		296,971,702			
Non Homesite:		359,722,334			
Ag Market:		59,712,998			
Timber Market:		0	Total Land	(+)	716,407,034
Improvement		Value			
Homesite:		2,358,151,062			
Non Homesite:		1,933,045,796	Total Improvements	(+)	4,291,196,858
Non Real		Count	Value		
Personal Property:	2,814		1,036,666,293		
Mineral Property:	0		0		
Autos:	921		9,508,783	Total Non Real	(+)
			Market Value	=	1,046,175,076
					6,053,778,968
Ag	Non Exempt	Exempt			
Total Productivity Market:	59,418,459	294,539			
Ag Use:	4,078,208	6,711	Productivity Loss	(-)	55,340,251
Timber Use:	0	0	Appraised Value	=	5,998,438,717
Productivity Loss:	55,340,251	287,828			
			Homestead Cap	(-)	4,820,212
			Assessed Value	=	5,993,618,505
			Total Exemptions Amount	(-)	1,418,880,200
			(Breakdown on Next Page)		
			Net Taxable	=	4,574,738,305

Freeze	Assessed	Taxable	Actual Tax	Ceiling	Count		
DP	42,561,124	23,641,238	123,787.81	142,050.61	461		
DPS	174,121	36,501	177.19	467.47	2		
OV65	646,419,770	437,401,413	2,258,546.41	2,333,388.11	4,974		
Total	689,155,015	461,079,152	2,382,511.41	2,475,906.19	5,437	Freeze Taxable	(-) 461,079,152
Tax Rate	0.657200						
Transfer	Assessed	Taxable	Post % Taxable	Adjustment	Count		
DP	11,220	0	0	0	1		
OV65	2,351,794	1,741,435	1,391,667	349,768	14		
Total	2,363,014	1,741,435	1,391,667	349,768	15	Transfer Adjustment	(-) 349,768
			Freeze Adjusted Taxable	=			4,113,309,385

APPROXIMATE LEVY = (FREEZE ADJUSTED TAXABLE \* (TAX RATE / 100)) + ACTUAL TAX  
 29,415,180.69 = 4,113,309,385 \* (0.657200 / 100) + 2,382,511.41

Tif Zone Code	Tax Increment Loss
TETIF1	390,448,376
TETIF2	35,620,918
Tax Increment Finance Value:	426,069,294
Tax Increment Finance Levy:	2,800,127.40

**2017 CERTIFIED TOTALS**

Property Count: 36,796

TTE - CITY OF TEMPLE  
Grand Totals

7/16/2017

10:12:54PM

**Exemption Breakdown**

Exemption	Count	Local	State	Total
AB	14	362,366,069	0	362,366,069
CH	19	2,573,814	0	2,573,814
CHODO	1	7,839,720	0	7,839,720
DP	484	4,263,906	0	4,263,906
DPS	5	40,000	0	40,000
DV1	237	0	1,931,050	1,931,050
DV1S	35	0	165,000	165,000
DV2	223	0	1,977,844	1,977,844
DV2S	15	0	112,500	112,500
DV3	266	0	2,562,000	2,562,000
DV3S	25	0	240,000	240,000
DV4	609	0	4,693,637	4,693,637
DV4S	92	0	816,000	816,000
DVHS	528	0	79,929,134	79,929,134
DVHSS	57	0	8,389,021	8,389,021
EX	1	0	4,650	4,650
EX-XG	3	0	218,896	218,896
EX-XI	3	0	306,484	306,484
EX-XJ	6	0	9,155,276	9,155,276
EX-XL	31	0	2,622,304	2,622,304
EX-XR	5	0	202,652	202,652
EX-XV	2,698	0	467,097,616	467,097,616
EX-XV (Prorated)	18	0	294,640	294,640
EX366	43	0	10,167	10,167
FR	4	0	0	0
HS	13,950	369,881,977	0	369,881,977
LIH	2	0	3,627,452	3,627,452
MASSS	2	0	573,603	573,603
OV65	5,023	47,549,742	0	47,549,742
OV65S	327	3,036,252	0	3,036,252
PC	22	36,398,794	0	36,398,794
<b>Totals</b>		<b>833,950,274</b>	<b>584,929,926</b>	<b>1,418,880,200</b>

**2017 CERTIFIED TOTALS**

Property Count: 36,796

TTE - CITY OF TEMPLE  
Grand Totals

7/16/2017 10:12:54PM

**State Category Breakdown**

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	21,394		\$85,926,033	\$2,676,599,987
B	MULTIFAMILY RESIDENCE	1,010		\$4,966,711	\$285,942,719
C1	VACANT LOTS AND LAND TRACTS	2,676		\$0	\$52,104,544
D1	QUALIFIED AG LAND	497	12,864.4530	\$0	\$59,418,459
D2	IMPROVEMENTS ON QUALIFIED OPEN SP	54		\$0	\$607,061
E	FARM OR RANCH IMPROVEMENT	565	4,698.4907	\$54,949	\$62,864,692
F1	COMMERCIAL REAL PROPERTY	1,786		\$25,097,579	\$588,286,294
F2	INDUSTRIAL REAL PROPERTY	121		\$0	\$735,603,682
J1	WATER SYSTEMS	2		\$0	\$82,907
J2	GAS DISTRIBUTION SYSTEM	7		\$0	\$9,294,418
J3	ELECTRIC COMPANY (INCLUDING CO-OP	28		\$0	\$64,402,067
J4	TELEPHONE COMPANY (INCLUDING CO-	16		\$0	\$8,129,865
J5	RAILROAD	29		\$0	\$35,890,697
J6	PIPELAND COMPANY	55		\$0	\$2,305,038
J7	CABLE TELEVISION COMPANY	5		\$0	\$6,797,993
L1	COMMERCIAL PERSONAL PROPERTY	3,162		\$0	\$310,425,718
L2	INDUSTRIAL PERSONAL PROPERTY	292		\$0	\$565,008,217
M1	TANGIBLE OTHER PERSONAL, MOBILE H	412		\$162,223	\$4,037,162
O	RESIDENTIAL INVENTORY	2,189		\$28,596,650	\$61,494,462
S	SPECIAL INVENTORY TAX	59		\$0	\$30,529,315
X	TOTALLY EXEMPT PROPERTY	2,830		\$54,960,746	\$493,953,671
	<b>Totals</b>		<b>17,562.9437</b>	<b>\$199,764,891</b>	<b>\$6,053,778,968</b>



**2017 CERTIFIED TOTALS**

Property Count: 36,796

TTE - CITY OF TEMPLE

Effective Rate Assumption

7/16/2017 10:12:54PM

**New Value**

TOTAL NEW VALUE MARKET:	\$199,764,891
TOTAL NEW VALUE TAXABLE:	\$133,097,669

**New Exemptions**

Exemption	Description	Count		
EX-XV	Other Exemptions (including public property, r	84	2016 Market Value	\$1,470,335
EX366	HOUSE BILL 366	8	2016 Market Value	\$5,576
ABSOLUTE EXEMPTIONS VALUE LOSS				\$1,475,911

Exemption	Description	Count	Exemption Amount
DP	DISABILITY	23	\$220,000
DV1	Disabled Veterans 10% - 29%	17	\$127,000
DV1S	Disabled Veterans Surviving Spouse 10% - 29%	1	\$5,000
DV2	Disabled Veterans 30% - 49%	33	\$283,500
DV2S	Disabled Veterans Surviving Spouse 30% - 49%	1	\$7,500
DV3	Disabled Veterans 50% - 69%	32	\$332,000
DV3S	Disabled Veterans Surviving Spouse 50% - 69%	1	\$10,000
DV4	Disabled Veterans 70% - 100%	90	\$948,000
DV4S	Disabled Veterans Surviving Spouse 70% - 100	6	\$48,000
DVHS	Disabled Veteran Homestead	33	\$3,694,097
HS	HOMESTEAD	804	\$26,369,622
OV65	OVER 65	373	\$3,602,885
PARTIAL EXEMPTIONS VALUE LOSS		1,414	\$35,647,604
NEW EXEMPTIONS VALUE LOSS			\$37,123,515

**Increased Exemptions**

Exemption	Description	Count	Increased Exemption Amount
INCREASED EXEMPTIONS VALUE LOSS			
TOTAL EXEMPTIONS VALUE LOSS			\$37,123,515

**New Ag / Timber Exemptions****New Annexations**

Count	Market Value	Taxable Value
18	\$2,350,669	\$137,662

**New Deannexations****Average Homestead Value****Category A and E**

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
13,811	\$139,388	\$27,086	\$112,302

**Category A Only**

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
13,655	\$138,909	\$26,966	\$111,943

**2017 CERTIFIED TOTALS**TTE - CITY OF TEMPLE  
Lower Value Used

Count of Protested Properties	Total Market Value	Total Value Used
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## COUNCIL AGENDA ITEM MEMORANDUM

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08/25/17  
Item #5  
Regular Agenda  
Page 1 of 3

### **DEPT./DIVISION SUBMISSION & REVIEW:**

Traci L. Barnard, Director of Finance

**ITEM DESCRIPTION:** SECOND & FINAL READING - Consider adopting an ordinance levying taxes and setting a tax rate for the City for the tax year 2017 (fiscal year 2018), making the appropriation for the regular operation of the City.

**STAFF RECOMMENDATION:** Adopt ordinance as presented in item description on second and final reading.

**ITEM SUMMARY:** The fiscal year 2017-2018 Budget will require adoption of a property tax rate of \$0.6772 per \$100 of taxable assessed property value. The proposed tax rate will generate \$24,972,358 of property tax levy when applied to an ad valorem tax base of \$4,148,669,011 less \$461,079,152 of freeze taxable value. In addition, there will be \$2,382,511 in frozen tax levy for a total property tax levy of \$27,354,869. The proposed tax rate of \$0.6772 represents a 4.70% increase over the effective tax rate of \$0.6468.

The Debt Service component of the tax rate includes the estimated additional tax rate adjustment to support the enhanced transportation capital improvement program.

The fiscal year 2017-2018 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 2018	FY 2017		FY 2018	FY 2017
Maintenance & Operations	\$ 0.3142	\$ 0.3142	Maintenance & Operations	\$ 11,586,407	\$ 11,136,655
Debt Service	0.3630	0.3430	Debt Service	13,385,951	12,157,456
	--	--	Frozen Taxes*	2,382,511	2,229,427
Total Tax Rate	<u>\$ 0.6772</u>	<u>\$ 0.6572</u>	Total Tax Levy	<u>\$ 27,354,869</u>	<u>\$ 25,523,538</u>
			Budget w/M&O at 99% Collection and I&S at 100% Collection	<u>\$ 27,215,180</u>	<u>\$ 25,389,877</u>
Tax Increment District (Reinvestment Zone No. 1)			Tax Increment District (Reinvestment Zone No. 1)		
Total Tax Rate	<u>\$ 0.6772</u>	<u>\$ 0.6572</u>	Total Tax Levy	<u>\$ 2,885,341</u>	<u>\$ 2,867,079</u>

\* - Frozen value = \$461,079,152

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 \$0.6772, which is effectively a 4.70 percent increase in the tax rate."**

The second motion is as follows: **"I move that the ordinance setting the 2017-2018 tax rate in the amount of \$0.6772 per \$100 valuation comprised of \$0.3142 for maintenance and operations and \$0.3630 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 \$0.6772 per \$100 valuation, the cost to a homeowner with a taxable value of \$100,000 would increase by \$20.00 per year (\$1.67 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**

<b>Fiscal Year Ending September 30,</b>	<b>Taxable Property Valuation <sup>(11)</sup></b>	<b>Percent (%) Increase (Decrease)</b>
2009	\$ 3,100,594,231 <sup>(10)</sup>	8.61%
2010	3,221,022,514 <sup>(9)</sup>	3.88%
2011	3,201,978,908 <sup>(8)</sup>	-0.59%
2012	3,311,259,863 <sup>(7)</sup>	3.41%
2013	3,382,401,984 <sup>(6)</sup>	2.15%
2014	3,572,423,141 <sup>(5)</sup>	5.62%
2015	3,699,245,668 <sup>(4)</sup>	3.55%
2016	3,840,746,157 <sup>(3)</sup>	3.83%
2017	3,970,340,738 <sup>(2)</sup>	3.37%
<b>2018</b>	<b>\$ 4,148,669,011 <sup>(1)</sup></b>	<b>4.49%</b>

<b>Average Annual Increase</b>	<b>3.83%</b>
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**CITY OF TEMPLE, TEXAS**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

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- <sup>(1)</sup> **Source Document:** Tax Appraisal District of Bell County - Certified Tax Roll - July 17, 2017  
Net taxable value not adjusted for frozen values - frozen levy \$2,382,511
- <sup>(2)</sup> **Source Document:** Tax Appraisal District of Bell County - Certified Tax Roll - July 18, 2016  
Net taxable value not adjusted for frozen values - frozen levy \$2,229,427
- <sup>(3)</sup> **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
- <sup>(4)</sup> **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
- <sup>(5)</sup> **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
- <sup>(6)</sup> **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***
- <sup>(7)</sup> **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
- <sup>(8)</sup> **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
- <sup>(9)</sup> **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
- <sup>(10)</sup> **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
- <sup>(11)</sup> Excludes amount applicable to the Tax Increment District (Reinvestment Zone No. 1)





## COUNCIL AGENDA ITEM MEMORANDUM

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08/25/17  
Item #6  
Regular Agenda  
Page 1 of 2

### **DEPT./DIVISION SUBMISSION & REVIEW:**

Nicole Torralva, Public Works Director

**ITEM DESCRIPTION:** Consider adopting a resolution authorizing adjustments to the Transportation Capital Improvement Program for FY 2017.

**STAFF RECOMMENDATION:** Adopt resolution as presented in item description.

**ITEM SUMMARY:** This item makes the adjustments to the FY 2017 Transportation Capital Improvement Program to align with and support the adopted FY 2018 TCIP. The adjustments include aligning funding with project readiness, accelerating the timing of projects and adjusting projects for updated cost estimates.

The FY 2018 Budget includes the sixth year of a multi-year transportation capital improvement program and recommends expansion of the program in order to fund several additional projects that have been identified as high priority needs since the original program began. These needs are a result of changes within the community such as new developments, new school campus activities, changing traffic patterns, and condition of existing pavements.

The FY 2018 Budget recommends an additional tax rate adjustment of 2.00 cents in order to expand the existing program to include:

- construction of Outer Loop Phase 4 (Jupiter to Poison Oak);
- preliminary engineering of Outer Loop Phase 5 (Poison Oak to Pepper Creek);
- matching funds to support sidewalk & trail grant opportunities;
- a placeholder for potential additional signals in future years; and
- design, right-of-way, and construction of Hartrick Bluff (Waters Dairy to FM 93).

Additional recommended adjustments to the program include:

- aligning funding with project readiness for construction of Prairie View Phase 2 (North Pea Ridge to FM 2483) and Outer Loop Phase 3B (channel to Tarver) in fall 2017;
- accelerating the timing of:
  - design & ROW of Outer Loop Phase 4,
  - design, ROW, & construction of Poison Oak (SH 317 to Old Waco Road/Outer Loop),
  - construction of Westfield Phase 2 (Prairie View to Airport),
  - design, ROW, & construction of Kegley Road Phases 2, 3, & 4 (FM 2305 to Charter Oak);
- addressing improvements to South Pea Ridge (Tarver southward) later in the program;
- completing improvement to North 8<sup>th</sup> Street through overlay; and
- addressing replacement of greens at Sammons Golf Course
- removing North Pea Ridge Phase 2 (Prairie View to Airport) and East-West local collector (SH 317 to Westfield) from the program.

**FISCAL IMPACT:** These additions will expand the TCIP from the existing \$126,700,000 effort to a \$140,258,343 program. The total net adjustments to the FY 2017 TCIP is \$8,121,538.

**ATTACHMENTS:**

[Budget Adjustment](#)

[Updated TCIP Schedule \(FY 2017 – FY 2023\)](#)

[Resolution](#)

FY **2017****BUDGET ADJUSTMENT FORM**

Use this form to make adjustments to your budget. All adjustments must balance within a Department.

**Adjustments should be rounded to the nearest \$1.**

+

-

ACCOUNT NUMBER	PROJECT #	ACCOUNT DESCRIPTION	INCREASE	DECREASE
365-3400-531-68-88	100346	KEGLEY ROAD IMPROVEMENTS, PHASE I	\$ 553,950	
365-3400-531-68-88	101606	KEGLEY ROAD IMPROVEMENTS, PHASE II	\$ 200,000	
365-3400-531-68-88	101607	KEGLEY ROAD IMPROVEMENTS, PHASE III & IV	\$ 150,000	
365-3400-531-68-13	101714	OUTER LOOP, PHASE IV	\$ 800,000	
365-3400-531-68-86	101715	POISON OAK, PHASE I & II	\$ 805,000	
365-3400-531-69-85	101713	N PEA RIDGE, PHASE I	\$ 385,000	
365-3400-531-68-59	100970	WESTFIELD BLVD IMPROVEMENTS, PHASE II	\$ 3,150,000	
365-2800-532-68-10	101611	SIGNAL - N KEGLEY @ AIRPORT	\$ 200,000	
365-2800-532-68-10	101612	SIGNAL - ADAMS-LP363/GREENVIEW	\$ 300,000	
365-3400-531-65-32		TCIP CONTINGENCY	\$ 1,576,959	
365-1500-515-11-12		SALARIES / PROFESSIONAL	\$ 528	
365-1500-515-12-20		PERSONNEL BENEFITS / RETIREMENT	\$ 89	
365-1500-515-12-21		PERSONNEL BENEFITS / SOCIAL SECURITY	\$ 9	
365-1500-515-12-23		PERSONNEL BENEFITS / WORKER COMPENSATION	\$ 3	
365-3400-531-65-27	101587	LEGACY PAVEMENT PRESERVATION - FY 2017		\$ 58,341
365-3400-531-68-57	100952	HOGAN ROAD IMPROVEMENTS		\$ 444,654
365-2800-532-68-10	101490	SIGNAL UPGRADE - KEGLEY @ ADAMS		\$ 17,751
365-3400-531-68-13	101121	OUTER LOOP, PHASE III-B		\$ 4,303,994
365-3400-531-68-86	101215	POISON OAK - ROUTE STUDY		\$ 69,206
365-3400-531-68-62	101257	PRAIRIE VIEW, PHASE II		\$ 182,464
365-9100-591-81-60		TRANSFER OUT - FED GRANT FUND (PRAIRIE VIEW)		\$ 2,592,000
365-3400-531-68-60	101214	S PEA RIDGE ROAD - ROUTE STUDY		\$ 91,964
365-2800-532-68-10	101225	SIGNAL UPGRADE - S 1ST ST @ W AVE R		\$ 5,827
365-3400-531-68-89	101467	TANGLEHEAD ROAD IMPROVEMENTS		\$ 66,475
365-3400-531-68-85	100392	TARVER ROADWAY EXTENSION		\$ 38,527
365-2800-532-68-10	101556	UPGRADE (5) TRAFFIC SIGNALS		\$ 335
365-2800-532-68-10	101584	SIGNAL UPGRADE - S 1ST ST @ W AVE U		\$ 250,000
<b>TOTAL.....</b>			<b>\$ 8,121,538</b>	<b>\$ 8,121,538</b>

**EXPLANATION OF ADJUSTMENT REQUEST-** Include justification for increases AND reason why funds in decreased account are available.

To appropriate funds within the Transportation Capital Improvement Program in order to align funding with expected project delivery schedules.

DOES THIS REQUEST REQUIRE COUNCIL APPROVAL?

☒ Yes☐ No

DATE OF COUNCIL MEETING

8/25/2017

WITH AGENDA ITEM?

☒ Yes☐ No

Department Head/Division Director

Date

☐ Approved  
☐ Disapproved

Finance

Date

☐ Approved  
☐ Disapproved

City Manager

Date

☐ Approved  
☐ Disapproved

**City of Temple, Texas**  
**Transportation Capital Improvement Program**  
**Updated Funding Schedule @ 08.25.2017**

	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2021</b>	<b>FY 2023</b>	<b>Total</b>
Legacy Preservation Program [LP3]	\$ -	\$ 3,110,000	\$ 4,230,000	\$ 8,770,000	\$ 1,475,000	\$ 17,585,000
North Pea Ridge-Phase I [Adams to Prairie View]	385,000	1,800,000	3,000,000	-	-	5,185,000
South Pea Ridge [Hogan to Poison Oak]	-	-	-	5,400,000	-	5,400,000
Prairie View, Phase II [N Pea Ridge to FM 2483]	-	3,700,000	-	-	-	3,700,000
Hogan Road Improvements	-	2,600,000	-	-	-	2,600,000
Outer Loop, Phase III B	-	5,800,000	-	-	-	5,800,000
Outer Loop, Phase IV [Jupiter to Poison Oak]	800,000	1,600,000	9,600,000	-	-	12,000,000
Outer Loop, Phase V	-	-	-	400,000	-	400,000
Poison Oak, Phase I & II	805,000	3,400,000	9,700,000	-	-	13,905,000
Kegley Roadway Improvements, Phase I *	553,950	-	-	-	-	553,950
Kegley Roadway Improvements, Phase II	200,000	4,550,000	-	-	-	4,750,000
Kegley Roadway Improvements, Phase III & IV	150,000	720,000	7,575,000	-	-	8,445,000
N 3rd Street Enhancements	-	-	-	-	1,000,000	1,000,000
Hartrick Bluff Improvements	-	-	-	-	8,700,000	8,700,000
Signal - N Kegley Road @ Airport	200,000	-	-	-	-	200,000
Signal - Adams @ Greenview/Loop 363	300,000	-	-	-	-	300,000
Westfield Boulevard Improvements, Phase II	3,150,000	-	-	-	-	3,150,000
Sammons Golf Course - Green Improvements	-	550,000	-	-	-	550,000
Future Signals	-	-	-	750,000	-	750,000
Grant Match - Sidewalks/Trail Connections	-	500,000	250,000	250,000	-	1,000,000
Compensation Study Adjustment - Bond Personnel Costs	629	-	-	-	-	629
Contingency	1,576,959	913,000	-	-	-	2,489,959
<b>Total</b>	<b>\$ 8,121,538</b>	<b>\$ 29,243,000</b>	<b>\$ 34,355,000</b>	<b>\$ 15,570,000</b>	<b>\$ 11,175,000</b>	<b>\$ 98,464,538</b>

\* \$696,050 currently funded. Construction OPC totals 1,250,000

RESOLUTION NO. 2017-8761-R

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, AUTHORIZING ADJUSTMENTS TO THE TRANSPORTATION CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEAR 2017; AND PROVIDING AN OPEN MEETINGS CLAUSE.

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**Whereas**, Staff recommends certain adjustments to the fiscal year 2017 Transportation Capital Improvement Program (TCIP) to align with and support the adopted fiscal year 2018 TCIP;

**Whereas**, these adjustments include aligning funding with project readiness, accelerating the timing of projects and adjusting projects for updated cost estimates;

**Whereas**, the fiscal year 2018 budget includes the sixth year of a multi-year transportation capital improvement program and recommends expansion of the program in order to fund several additional projects that have been identified as high priority needs since the original program began - these needs are a result of changes within the community such as new developments, new school campus activities, changing traffic patterns, and conditions of existing pavements;

**Whereas**, the fiscal year 2018 budget recommends an additional tax rate adjustment of \$0.02 in order to expand the existing programs to include:

- construction of Outer Loop Phase 4 (Jupiter to Poison Oak);
- preliminary engineering of Outer Loop Phase 5 (Poison Oak to Pepper Creek);
- matching funds to support sidewalk & trail grant opportunities;
- a placeholder for potential additional signals in future years;
- design, right-of-way, and construction of Hartrick Bluff (Waters Dairy to FM 93);

**Whereas**, additional recommended adjustments to the program include:

- aligning funding with project readiness for construction of Prairie View Phase 2 (N Pea Ridge to FM 2483) and Outer Loop Phase 3B (channel to Tarver) in fall 2017;
- accelerating the timing of:
  - design & ROW of Outer Loop Phase 4,
  - design, ROW, & construction of Poison Oak (SH 317 to Old Waco Rd/Outer Loop),
  - construction of Westfield Phase 2 (Prairie View to Airport),
  - design, ROW, & construction of Kegley Road Phases 2, 3, & 4 (FM 2305 to Charter Oak);
- addressing improvements to South Pea Ridge (Tarver southward) later in the program;
- completing improvement to North 8th Street through overlay;
- addressing replacement of greens at Sammons Golf Course;
- removing North Pea Ridge Phase 2 (Prairie View to Airport) and East-West local collector (SH 317 to Westfield) from the program;

**Whereas**, these adjustments and additions will expand the TCIP from the existing \$126,700,000 effort to a \$140,258,343 program - the total net adjustments to the fiscal year 2017 TCIP is \$8,121,538; 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: Findings.** All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council of the City of Temple, Texas, and they are hereby approved and incorporated into the body of this Resolution as if copied in their entirety.

**Part 2:** The City Council authorizes the adjustments to the Transportation Capital Improvement Program for fiscal year 2017 as outlined above and as attached hereto as Exhibit 'A.'

**Part 3:** 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 **25<sup>th</sup>** day of **August**, 2017.

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

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08/25/17  
Item #7  
Regular Agenda  
Page 1 of 2

**DEPT./DIVISION SUBMISSION & REVIEW:**

Nicole Torralva, P.E., Public Works Director  
Don Bond, P.E., CFM, City Engineer

**ITEM DESCRIPTION:** Consider adopting a resolution authorizing a professional services agreement with Clark & Fuller, PLLC, of Temple, in an amount not to exceed \$926,690.89 for professional services for the Poison Oak Road Expansion Project from State Highway 317 to Old Waco Road.

**STAFF RECOMMENDATION:** Adopt resolution as presented in item description.

**ITEM SUMMARY:** This project consists of roadway improvements to Poison Oak Road from State Highway 317 to Old Waco Road. Improvements include expanding the current two lane pavement section to a new four lane roadway, extending to connect to Old Waco Road, pedestrian facilities, drainage conveyance, utilities, street lighting and landscaping. See the attached Engineer's Proposal and Project Map for more details and project limits.

Consultant services recommended under this professional services agreement include:

Design Surveying	\$ 52,480.00
Civil Design	\$ 694,640.89
Metes and Bounds	\$ 92,420.00
Traffic Impact Analysis	\$ 16,800.00
Traffic Signal Design	\$ 17,000.00
Geotechnical	\$ 22,250.00
Environmental	\$ 8,200.00
Archaeological	\$ 11,900.00
Bidding	\$ 11,000.00

**Total** **\$ 926,690.89**

Time required for design is 365 calendar days after the notice to proceed, and the engineer's opinion of probable cost for construction is approximately \$11.6 million which is comprised of \$9.6 million for the road expansion and \$2 million for the utility improvements. Funding for the construction of the project is programmed in the FY 2019 Capital Improvement Plans for the road expansion and the utility improvements.



**FISCAL IMPACT:** A budget adjustment is being presented to Council for approval to appropriate funding for the utility portion of the professional services agreement with Clark & Fuller, PLLC.

Based on Council approval of the adjustments to the Transportation Capital Improvement Program for FY 2017, funding for the Poison Oak Road Expansion project will be appropriated in project 101715 as follows:

	<u>365-3400-531-6886</u>	<u>561-5200-535-6986</u>	<u>Total</u>
Project Budget	\$ 805,000	\$ -	\$ 805,000
Budget Adjustment	-	125,000	125,000
<b>Clark &amp; Fuller, PLLC</b>	<b>(803,262)</b>	<b>(123,429)</b>	<b>(926,691)</b>
<b>Remaining Project Funds</b>	<b>\$ 1,738</b>	<b>\$ 1,571</b>	<b>\$ 3,309</b>

**ATTACHMENTS:**

Engineer's Proposal  
Project Map  
Budget Adjustment  
Resolution

May 24, 2017

City of Temple  
Director of Public Works  
Nicole Torralva, P.E.  
3210 E. Ave. H, Bldg. A  
Temple, TX 76501



Re: Professional Services Proposal for the 2017 City of Temple Poison Oak Road Realignment Project

Dear Mrs. Torralva,

We would like to thank the City of Temple for the opportunity to submit a preliminary opinion of probable cost and engineering fee proposal for the 2017 City of Temple Poison Oak Road Realignment Project. (Please refer to attached maps and documents for further information).

The existing Poison Oak road is a historic county road, which extends between Highway 317 and South Pea Ridge Road in west Temple. The existing pavement section is approximately twenty (20) feet in width and the current road alignment configuration has two (2) 90 degree turns. The configuration makes it difficult to maintain adequate driver visibility, stopping sight distance, and safely move vehicles and pedestrians thru the corridor.

The new Poison Oak Road Realignment Project will consist of approximately 8,800 linear feet of a roadway corridor extending from Highway 317 to Old Waco Road. The new roadway corridor will include a new four (4) lane roadway, 2' wide decorative flatwork section, 10' wide pedestrian and bicycle path, irrigated landscaping buffers, and public utility infrastructure extensions including new street lights, storm sewer, water mains, and sanitary sewer mains. Furthermore, this project will include a new traffic impact analysis study and a new traffic signalization to be constructed at the intersection of Highway 317 and Poison Oak Road. The new roadway corridor alignment will be reconfigured to remove the existing 90 degree turns.

Clark & Fuller, PLLC will complete Phase I ESA Services; design topography surveys; traffic impact analysis and HWY 317 signalization design; construction document preparation for new roads, drainage, landscaping, and utilities; and standard ROW Parcel and Easement preparation. In addition, at the City of Temple's request, Clark & Fuller, PLLC can also provide Enhanced ROW parcel preparation. We estimate, based on the attached map, that approximately 45 properties will be affected by the new roadway alignment improvements and 34 properties will be affected by new ROW acquisition.

The proposed timeline for the project design phase is 365 calendar days from the authorization of notice to proceed.

Clark & Fuller, PLLC, hereinafter Engineer, proposes to the City of Temple, hereinafter Client, Professional Engineering and Surveying Services, for a Lump Sum Amount not to exceed \$926,690.89. In addition, at the City of Temple's request Clark & Fuller, PLLC can provide Enhanced ROW Parcel Documents at \$2,330.00 per parcel. We estimate the total cost of the construction to be \$11,577,348.20 and we estimate the total cost of construction including professional services and contingencies to be \$12,504,039.09. (Please refer to attached Maps, Exhibits, and the Preliminary Opinion of Probable Cost for an itemized breakdown and scope of services.)

Please contact us if you require additional information or have further questions regarding this proposal.

Sincerely,

Monty L. Clark, P.E., CPESC



**EXHIBIT “A”**  
**Professional Services Proposal for 2017 City of Temple**  
**Poison Oak Road Realignment Project**



**Design Scope of Professional Services**

<b>Topographic Surveying Services:</b>	<b>\$ 52,480.00</b>
<ul style="list-style-type: none"><li>• Provide Project Elevation Benchmark(s)</li><li>• Locate Existing Rights of Ways and Property Boundaries</li><li>• Prepare Design Topography Surveys</li><li>• Obtain Rights of Entry</li></ul>	
<b>Civil Engineering Design &amp; Permitting Services:</b>	<b>\$ 694,640.89</b>
<ul style="list-style-type: none"><li>• Research Existing Utilities</li><li>• Provide Preliminary Road Alignment for City of Temple Comment and Approval</li><li>• Prepare 30% Design Construction Documents and Determination of Final Road and Utility Alignments for City Staff and Texas Department of Transportation review and comment</li><li>• Prepare 100% Design Construction Documents for Bidding and Construction</li><li>• Provide Engineers Opinion of Construction Cost and Probable Days to Complete Project Construction</li><li>• Project Coordination with the Texas Department of Transportation</li><li>• Preparation of TxDOT Utility Permit and Coordination</li><li>• Preparation of City of Temple Floodplain Permit</li><li>• Attend and Facilitate Project Coordination with the City Staff and/or TxDOT</li><li>• Provide Miscellaneous Maps and Exhibit Drawings (If required)</li></ul>	
<b>Traffic Impact Analysis:</b>	<b>\$ 16,800.00</b>
<ul style="list-style-type: none"><li>• Study Area and Scope to include:<ul style="list-style-type: none"><li>▪ Poison Oak Road and SH 317 (Existing Intersection)</li><li>▪ Poison Oak Road and South Pea Ridge Road (Existing Intersection)</li><li>▪ Poison Oak Road and Old Waco Road (Future Intersection)</li></ul></li><li>• Data Collection:<ul style="list-style-type: none"><li>▪ Collect AM and PM peak hour turning movement volumes at the existing intersection of Poison Oak Road and S. Pea Ridge Road and 24 hour turning movement volumes at the existing intersection of Poison Oak Road and SH 317 (for use in the traffic signal warrant analysis).</li><li>▪ Collect 24-hour bi-directional traffic volumes on Old Waco Road at two (2) locations - one location south of Adams Avenue (FM 2305) and one location in the approximate vicinity of the future Poison Oak Road connection.</li></ul></li><li>• Traffic Volume Projections</li><li>• Traffic Analysis:<ul style="list-style-type: none"><li>▪ Perform AM and PM peak hour capacity analysis for the three (3) study area intersections listed above under Existing and Horizon year traffic conditions.</li><li>▪ Perform roadway link capacity analysis for two (2) sections on Poison Oak under Existing and Horizon Year traffic conditions.</li><li>▪ Perform traffic signal warrant analysis for the Poison Oak and SH 317 intersection under Horizon Year traffic conditions.</li></ul></li><li>• Documentation<ul style="list-style-type: none"><li>▪ Produce a draft report documenting the study procedures and results, for staff review, identifying recommendations to accommodate the total projected traffic volumes at the Horizon Year for the three (3) intersections identified.</li><li>▪ Produce Final Report</li></ul></li></ul>	

**Traffic Signal Design:****\$ 17,000.00**

- Traffic Signal Installation Plans to include:
  - Design Plan and Specification Preparation
  - Provide Cost Estimate data for a traffic signal installation at Poison Oak Road and SH 317
  - Prepare a signal design base map.
  - Review of proposed intersection geometrics and identify any features that may impact the signalization of the intersection.
  - Discuss guidelines, procedures, objectives, and intersection specific concerns with the City of Temple and TxDOT engineering staff.
  - Identify the potential pole foundation locations.
  - Prepare a preliminary plan set, utilizing TxDOT design standards, for TxDOT and City review. Plans to include a signal layout that shows signal pole locations, conduit runs and wiring data, signal phasing, vehicle detection, and the controller cabinet location. The plan set will also include general notes and applicable TxDOT Waco District details and standard sheets.
  - Upon review of the preliminary plan set, we will incorporate any comments and prepare all necessary plan sheets for construction of the proposed traffic signal. These plan sheets will include a signal layout sheet, phasing sheet and wiring data, applicable City and TxDOT detail sheets, and standard sheets. A draft set of plans will be submitted for review.
  - Provide Final signed and sealed plan set for submittal.
  - Prepare required technical specifications and estimate data.
- Data Collection:
  - Collect AM and PM peak hour turning movement volumes at the existing intersection of Poison Oak Road and S. Pea Ridge Road and 24 hour turning movement volumes at the existing intersection of Poison Oak Road and SH 317 (for use in the traffic signal warrant analysis).
  - Collect 24-hour bi-directional traffic volumes on Old Waco Road at two (2) locations - one location south of Adams Avenue (FM 2305) and one location in the approximate vicinity of the future Poison Oak Road connection.

**Geotechnical Services:****\$ 22,250.00**

- Provide Engineering Analysis and Report to include:
  - Boring location plan
  - Boring logs with subsurface stratification
  - Subsurface exploration procedures
  - Encountered subsurface conditions
  - Summarized laboratory data
  - Groundwater levels observed during and at completion of drilling
  - Full pavement reconstruction options
  - Pavement material recommendations
  - Subgrade preparation for pavement areas
- Provide Traffic Control Services (If required) during sub-surface exploration activities

**Base Phase I Environmental Site Assessment (ESA) Services:****\$ 3,800.00**

- The ESA will be performed consistent with the procedures included in ASTM E1527-13, *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*.
- Physical Setting:
  - The physical setting of the site will be described based on a review of the applicable USGS topographic quadrangle map, USDA soil survey, and selected geologic reference information.
- Historical Use Information:
  - A review of selected historical sources, where reasonably ascertainable and readily available, will be conducted in an attempt to document obvious past land use of the site and adjoining properties back to 1940 or when the site was initially developed, whichever is earlier. The following selected references, depending on applicability and likely usefulness, will be reviewed for the site.
    - Historic topographic maps
    - Aerial photographs (approximate 10 to 15 year intervals)
    - City directories (approximate 5 year intervals)
    - Fire (Sanborn) insurance maps
    - Property tax file information
    - Site title search information, if provided by City Staff
    - Environmental liens, if provided by City Staff
    - Building department records
    - Zoning records
    - Prior environmental reports, permits and registrations; or geotechnical reports.
    - Land title records - TO BE PROVIDED BY CITY
- Review of Federal, State, and Tribal Databases
- Site and Adjoining/Surrounding Property Reconnaissance
- Report Preparation (PDF format)

<b>Preliminary WOUS Determination/Delineation:</b>	<b>\$ 3,600.00</b>
<ul style="list-style-type: none"> <li>• Provide Desktop Review</li> <li>• Perform Site Visit</li> <li>• Provide report documenting results of Preliminary WOUS Determination/Delineation.</li> </ul>	
<b>Threatened and Endangered Species Habitat Assessment:</b>	<b>\$ 800.00</b>
<ul style="list-style-type: none"> <li>• Prepare a Threatened and Endangered Species Habitat Assessment</li> <li>• Provide report documenting results of Assessment.</li> </ul>	
<b>Cultural Resources Survey:</b>	<b>\$ 11,900.00</b>
<ul style="list-style-type: none"> <li>• Antiquities Code of Texas Permit Application and Research Design</li> <li>• Perform Phase I Archeological Survey</li> <li>• Provide Reporting, Agency Coordination, and Curation</li> </ul>	
<b>Project Bidding Phase: (Maximum 2 Bidding Phases)</b>	<b>\$ 11,000.00</b>
<ul style="list-style-type: none"> <li>• Prepare and Distribute Copies of Plans, Bid Schedule, and Specifications to the City of Temple Purchasing Department</li> <li>• Prepare and Distribute Digital Copies of Plans, Bid Schedule, and Specifications to the City of Temple Purchasing Department</li> <li>• Attend and Facilitate a Pre-Bid Meeting</li> <li>• Respond to Contractors Request For Information</li> <li>• Prepare and Issue Necessary Addenda</li> <li>• Attendance at Bid Opening</li> <li>• Review Contractor Bids for conformance to Engineers Plans</li> <li>• Provide Bid Tabulation and Sealed Letter of Recommendation to Award Project</li> <li>• Provide Engineers Sealed Opinion of Probable Cost and Estimated Number of Days to Construct</li> <li>• Attendance at City of Temple Council Meeting for Construction Project Award</li> </ul>	
<b>Standard ROW Parcel Preparation (34 parcels @ \$ 1,355.00 per parcel)</b>	<b>\$ 46,070.00</b>
<ul style="list-style-type: none"> <li>• Preparation of Surveyors Field Notes and ROW Boundary Drawings (34 Maximum) for City of Temple use in acquiring road ROW.</li> </ul>	
<b>Standard Easement Parcel Preparation (45 Parcels @ \$1,030.00 per easement)</b>	<b>\$ 46,350.00</b>
<ul style="list-style-type: none"> <li>• Preparation of Surveyors Field Notes and Easement Boundary Drawings (45 Maximum) for City of Temple use in acquiring Easements.</li> </ul>	
<b>ADDITIONAL SERVICES (As Required):</b>	
<b>"Enhanced" ROW Parcel Preparation</b>	<b>\$ 2,330.00 (each)</b>

## ***PROFESSIONAL FEE SCHEDULE***

Licensed Professional Engineer	\$ 120.00/hr.
Design Technician	\$ 70.00/hr.
CADD Technician	\$ 60.00/hr.
CADD Draftsman	\$ 50.00/hr.
Clerical	\$ 35.00/hr.
Licensed Professional Land Surveyor	\$ 105.00/hr.
Field Crew & Total Station	\$ 130.00/hr.
Survey Research and Schematic Production	\$ 90.00/hr.
Daily On-Site Inspection Services	\$ 45.00/hr.
Landscaping Designer	\$ 70.00/hr.
Expenses	Additional Cost Plus 10%



**Preliminary Opinion of Probable Cost for Budget - City of Temple Poison Oak Realignment Project**  
**HWY 317 to Old Waco Road**

Date: 5-24-2017

**Mobilization, Site Prep, and Traffic Control**

Item Description	Unit	Unit Cost	Quantity	Total
1. Site Preparation and Clearing	STA.	\$ 650.00	88	\$ 57,200.00
2. Site Mobilization, Bonding, and Insurance	L.S.	\$ 325,000.00	100%	\$ 325,000.00
3. Remove and Relocate Existing Power Pole	E.A.	\$ 4,000.00	17	\$ 68,000.00
4. Miscellaneous Demolition	L.S.	\$ 22,500.00	100%	\$ 22,500.00
5. Traffic Control Plan & Implementation	L.S.	\$ 37,900.00	100%	\$ 37,900.00
6. Storm Water Pollution Prevention Plan & Implementation	L.S.	\$ 25,000.00	100%	\$ 25,000.00

**SUBTOTAL: \$ 535,600.00**

**New Roadway Construction**

Item Description	Unit	Unit Cost	Quantity	Total
1. Compacted Subgrade	S.Y.	\$ 2.95	57200	\$ 168,740.00
2. Compacted Crushed Limestone Base	S.Y.	\$ 22.00	57200	\$ 1,258,400.00
3. 2" HMAC Pavement	S.Y.	\$ 18.00	47500	\$ 855,000.00
4. 6" Reinforced Concrete Curb and Gutter	L.F.	\$ 11.00	18152	\$ 199,672.00
5. Connection to Existing Roadway	E.A.	\$ 3,250.00	8	\$ 26,000.00
6. 6" Reinforced Concrete Pavement	S.Y.	\$ 65.00	3355	\$ 218,075.00
7. Stamped and Color Infused Concrete (2' Wide Strip)	S.Y.	\$ 95.00	1835	\$ 174,325.00
8. 4" Reinforced Concrete Sidewalk (10' Wide)	S.Y.	\$ 54.00	9350	\$ 504,900.00
9. New Handicap Curb Ramp	E.A.	\$ 1,500.00	16	\$ 24,000.00
10. New Fence (To Match Existing)	L.F.	\$ 28.00	1200	\$ 33,600.00
11. Earthwork and Embankment	C.Y.	\$ 16.00	30000	\$ 480,000.00
12. 4" Sandy Loam Topsoil	S.Y.	\$ 3.75	20000	\$ 75,000.00
13. Hydromulch Grass Seeding	S.Y.	\$ 1.50	20000	\$ 30,000.00
14. Miscellaneous Watering	L.S.	\$ 22,500.00	100%	\$ 22,500.00
15. Remove and Replace Mail Box	E.A.	\$ 450.00	30	\$ 13,500.00
16. New Street Signage	L.S.	\$ 35,900.00	100%	\$ 35,900.00
17. Pavement Striping	L.S.	\$ 47,500.00	100%	\$ 47,500.00
18. 4" Schedule 40 PVC Irrigation Sleeves	L.F.	\$ 26.00	2640	\$ 68,640.00
19. Install Electrical Conduit (Conduit Provided by Electrical Company)	L.F.	\$ 11.50	10540	\$ 121,210.00

**SUBTOTAL: \$ 4,356,962.00**

**New Water Main Construction**

Item Description	Unit	Unit Cost	Quantity	Total
1. Connection to Existing Water Main	E.A.	\$ 3,750.00	7	\$ 26,250.00
2. Connection to Existing 24" Water Main	E.A.	\$ 12,500.00	1	\$ 12,500.00
3. 12" PVC Class 150 Water Main	L.F.	\$ 55.00	9150	\$ 503,250.00
4. 24"x12" MJ Tee	E.A.	\$ 4,750.00	1	\$ 4,750.00
5. 12"x12" MJ Tee	E.A.	\$ 4,200.00	15	\$ 63,000.00
6. 12" MJ Gate Valve	E.A.	\$ 3,250.00	32	\$ 104,000.00
7. 12" MJ Fittings	E.A.	\$ 950.00	30	\$ 28,500.00
8. Tapping Sleeve and Valve Assembly	E.A.	\$ 6,500.00	1	\$ 6,500.00
9. 24" Steel Pipe Encasement Via Roadway Bore	L.F.	\$ 440.00	140	\$ 61,600.00
10. 6" Concrete Encasement	L.F.	\$ 30.00	100	\$ 3,000.00
11. End of Line Flush Assembly	E.A.	\$ 2,250.00	6	\$ 13,500.00
12. New Fire Hydrant Assembly	E.A.	\$ 3,850.00	24	\$ 92,400.00
13. New Domestic Water Service & Connection	E.A.	\$ 1,800.00	44	\$ 79,200.00
14. Testing per TCEQ and City of Temple Requirements	L.S.	\$ 22,500.00	100%	\$ 22,500.00

**SUBTOTAL: \$ 1,020,950.00**





**Preliminary Opinion of Probable Cost for Budget - City of Temple Poison Oak Realignment Project**  
**HWY 317 to Old Waco Road**

Date: 5-24-2017

**New Sanitary Sewer Main Construction**

Item Description	Unit	Unit Cost	Quantity	Total
1. Adjust Existing Manhole to New Grade Elevation	EA.	\$ 1,850.00	7	\$ 12,950.00
2. 4' Dia. Concrete Manhole with 32" Ring and Lid Assembly	EA.	\$ 4,250.00	21	\$ 89,250.00
3. Connection to Existing Sanitary Sewer Main	EA.	\$ 1,750.00	5	\$ 8,750.00
4. 12" PVC SDR 26 Sanitary Sewer Main	L.F.	\$ 70.00	7610	\$ 532,700.00
5. 4" Sanitary Sewer Service Connection and Cleanout Boxes	EA.	\$ 1,800.00	44	\$ 79,200.00
6. 6" Concrete Encasement	L.F.	\$ 30.00	100	\$ 3,000.00
7. Trench Safety	L.S.	\$ 22,500.00	100%	\$ 22,500.00
8. Testing per COT & TCEQ Requirements	L.S.	\$ 17,500.00	100%	\$ 17,500.00

**SUBTOTAL: \$ 765,850.00**

**New Storm Sewer**

Item Description	Unit	Unit Cost	Quantity	Total
1. Miscellaneous Channel Grading	L.S.	\$ 65,000.00	100%	\$ 65,000.00
2. 10' Precast Curb Inlet	EA.	\$ 8,250.00	80	\$ 660,000.00
3. 36" RCP Storm Sewer	L.F.	\$ 115.00	6700	\$ 770,500.00
4. 18" RCP Storm Sewer	L.F.	\$ 80.00	2300	\$ 184,000.00
5. Precast Concrete Headwall	EA.	\$ 7,500.00	6	\$ 45,000.00
6. 10' x10' Reinforced Concrete Box Culvert	L.F.	\$ 1,600.00	900	\$ 1,440,000.00
7. Cast-in-Place Reinforced Concrete Headwall with Wingwalls	EA.	\$ 47,500.00	2	\$ 95,000.00
8. Stone Rip Rap	S.Y.	\$ 24.00	1500	\$ 36,000.00

**SUBTOTAL: \$ 3,295,500.00**

**New Traffic Signal**

Item Description	Unit	Unit Cost	Quantity	Total
1. New HWY 317 Traffic Signal	L.S.	\$ 300,000.00	100%	\$ 300,000.00

**SUBTOTAL: \$ 300,000.00**

**New Irrigation and Landscaping**

Item Description	Unit	Unit Cost	Quantity	Total
1. Irrigation & Landscaping (Allowance)	L.S.	\$ 250,000.00	100%	\$ 250,000.00

**SUBTOTAL: \$ 250,000.00**

**SUBTOTAL CONSTRUCTION: \$ 10,524,862.00**  
**10% CONSTRUCTION CONTINGENCY: \$ 1,052,486.20**

**TOTAL CONSTRUCTION: \$ 11,577,348.20**



**Preliminary Opinion of Probable Cost for Budget - City of Temple Poison Oak Realignment Project**  
**HWY 317 to Old Waco Road**

Date: 5-24-2017

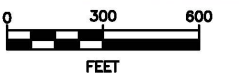
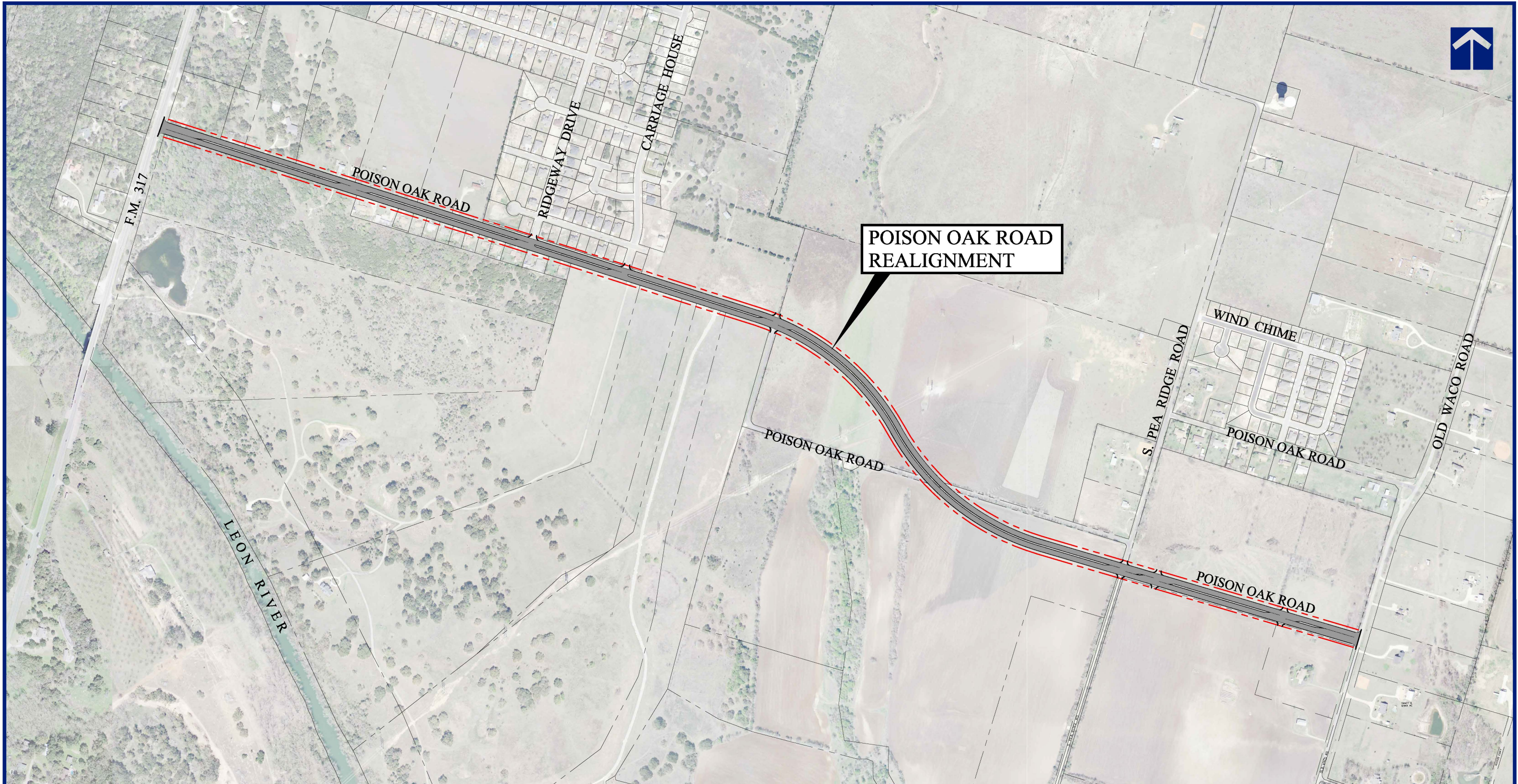
<b>TOTAL CONSTRUCTION: \$ 11,577,348.20</b>	
6.00% DESIGN AND PROFESSIONAL SERVICES	\$ 694,640.89
TRAFFIC IMPACT ANALYSIS AND SIGNALIZATION DESIGN:	\$ 33,800.00
TOPOGRAPHIC SURVEYING SERVICES:	\$ 52,480.00
CONSTRUCTION SURVEYING SERVICES:	Not Included
PHASE I ENVIRONMENTAL SITE ASSESSMENT:	\$ 3,800.00
WATERS OF THE US ASSESSMENT:	\$ 3,600.00
THREATENED ENDANGERED SPECIES ASSESSMENT:	\$ 800.00
CULTURAL RESOURCES SURVEY:	\$ 11,900.00
GEOTECHNICAL SERVICES:	\$ 22,250.00
PROJECT BIDDING PHASE (BID AS 2 SEPARATE PROJECTS):	\$ 11,000.00
CONSTRUCTION ADMINISTRATION SERVICES (COORDINATION WITH CONTRACTOR, TXDOT, & STAFF;	Not Included
PROPERTY OWNER MEETING ATTENDANCE AND PREPARATION OF AS BUILTS):	Not Included
DAILY ON-SITE PROJECT REPRESENTATION AND INSPECTION SERVICES:	Not Included
STANDARD ROW PARCEL PREPARATION (34 @ \$1,355.00 EACH):	\$ 46,070.00
STANDARD EASEMENT AND CONSTRUCTION EASEMENT PREPARATION (45 @ \$1,030.00 EACH):	\$ 46,350.00
<b>TOTAL PS&amp;E:</b>	<b>\$ 926,690.89</b>
<b>TOTAL CONSTRUCTION WITH PS&amp;E: \$ 12,504,039.09</b>	



**Not Included within the OPC:**

- \* Offsite Drainage Improvements
- \* Costs to purchase or install street lighting, & wiring
- \* Costs to purchase electrical conduit for street lighting
- \* Right of Way Acquisition or Right of Way Services
- \* Title Runs or Title Commitments
- \* LOMR and/or CLOMR Preparation and Submission
- \* Construction and/or Daily Inspection Services







FY **2017****BUDGET ADJUSTMENT FORM**

Use this form to make adjustments to your budget. All adjustments must balance within a Department.

**Adjustments should be rounded to the nearest \$1.**

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ACCOUNT NUMBER	PROJECT #	ACCOUNT DESCRIPTION	INCREASE	DECREASE
561-5200-535-69-86	101715	Capital - Bonds - Poison Oak Utility Improvements	125,000	
561-5100-535-69-75	101209	Capital - Bonds - Ave H Tanks/Pump Station Improv.		125,000
<b>TOTAL.....</b>			<b>\$ 125,000</b>	<b>\$ 125,000</b>

**EXPLANATION OF ADJUSTMENT REQUEST-** Include justification for increases AND reason why funds in decreased account are available.

Reallocate funding for the professional services agreement with Clark &amp; Fuller, PLLC related to the utility improvements for the Poison Oak Road Expansion project.

DOES THIS REQUEST REQUIRE COUNCIL APPROVAL?

☒

Yes

☐

No

DATE OF COUNCIL MEETING

8/25/2017

WITH AGENDA ITEM?

☒

Yes

☐

No

Department Head/Division Director

Date

☐

Approved

☐

Disapproved

Finance

Date

☐

Approved

☐

Disapproved

City Manager

Date

☐

Approved

☐

Disapproved

RESOLUTION NO. 2017-8762-R

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, AUTHORIZING A PROFESSIONAL SERVICES AGREEMENT WITH CLARK & FULLER, PLLC OF TEMPLE, TEXAS IN THE AMOUNT OF \$926,690.89, FOR PROFESSIONAL SERVICES REQUIRED FOR THE POISON OAK ROAD EXPANSION PROJECT FROM STATE HIGHWAY 317 TO OLD WACO ROAD; AND PROVIDING AN OPEN MEETINGS CLAUSE.

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**Whereas**, the Poison Oak Road Expansion project consists of roadway improvements to Poison Oak Road from State Highway 317 to Old Waco Road - improvements include expanding the current two lane pavement section to a new four lane roadway, extending the roadway to connect to Old Waco Road, pedestrian facilities, drainage conveyance, utilities, street lighting and landscaping;

**Whereas**, Public Works Staff recommends Council authorize a professional services agreement with Clark & Fuller, PLLC of Temple, Texas in the amount of \$926,690.89 for professional services required for the Poison Oak Road Expansion Project from State Highway 317 to Old Waco Road;

**Whereas**, funding is available for this agreement but an amendment to the Fiscal Year 2017 budget needs to be approved to appropriate the utility portion of this agreement – funds are available in Account Nos. 365-3400-531-6886 and 561-5200-535-6986, Project No. 101715; 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: Findings.** All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council of the City of Temple, Texas, and they are hereby approved and incorporated into the body of this Resolution as if copied in their entirety.

**Part 2:** The City Council authorizes the Interim City Manager, or her designee, after approval as to form by the City Attorney, to execute a professional services agreement with Clark & Fuller, PLLC of Temple, Texas in the amount of \$926,690.89, for professional services required for the Poison Oak Road Expansion Project from State Highway 317 to Old Waco Road.

**Part 3:** 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 **25<sup>th</sup>** day of **August**, 2017.

THE CITY OF TEMPLE, TEXAS

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DANIEL A. DUNN, Mayor

ATTEST:

APPROVED AS TO FORM:

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Lacy Borgeson  
City Secretary

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Kayla Landeros  
City Attorney



## COUNCIL AGENDA ITEM MEMORANDUM

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08/25/17

Item #8

Regular Agenda

Page 1 of 1

**DEPT./DIVISION SUBMISSION & REVIEW:**

Kayla Landeros, City Attorney

Christina Demirs, Deputy City Attorney

**ITEM DESCRIPTION:** Consider adopting a resolution authorizing the purchase of right of way necessary for the Conner Park Drainage Channel Improvement Project and authorizing closing costs associated with the purchase in an estimated amount of \$142,000.

**STAFF RECOMMENDATION:** Adopt resolution as presented in item description.

**ITEM SUMMARY:** A Pepper Creek tributary drains south from Adams Avenue into a grass channel where it repeatedly escapes its banks and floods property and structures in the vicinity of Conner Park in west Temple. Smaller drainage swales that contribute to this tributary also back up and cause repetitive nuisance flooding to adjacent properties. The tributary continues through a detention pond and goes underground into box culverts along the west side of the Brazos Bend subdivision. It re-emerges through a grass channel before joining the Thompson drainage channel at Old Waco Road.

The City is currently in the design phase for the Conner Park Drainage Channel Improvement Project. The design requires the acquisition of seven rights-of-way from six property owners. Appraisals have been performed on all the parcels and offers have been made to all property owners based upon the appraisals. Six rights of way needed for the project have been acquired and relocations are in progress.

The City has reached an agreement with the remaining property owner. Acquisition of this right of way will complete the acquisitions for this project and all allow it to move forward to construction. At this time, Staff is asking for authorization to purchase the needed right of way necessary for the Conner Park Drainage Channel Improvement Project and authorizing closing costs associated with the purchase in an estimated amount of \$142,000.

The address and Bell County Tax Appraisal District ID Numbers of the property is 7101 West Adams Avenue, Temple, Bell CAD ID #118136 & 118137.

**FISCAL IMPACT:** A budget adjustment is being presented to Council for approval to appropriate funding for the purchase of 7101 West Adams Avenue, which is necessary for the construction of the improvements to the Conner Park Drainage Channel. Funding will be available in account 292-2900-534-6312, project 101592.

**ATTACHMENTS:**

[Budget Adjustment  
Resolution](#)

FY 2017

# BUDGET ADJUSTMENT FORM

Use this form to make adjustments to your budget. All adjustments must balance within a Department.

**Adjustments should be rounded to the nearest \$1.**

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ACCOUNT NUMBER	PROJECT #	ACCOUNT DESCRIPTION	INCREASE		DECREASE
292-2900-534-63-12	101592	Capital Buildings & Grounds / Drainage	\$ 142,000		
292-0000-358-11-10		Drainage Fund Undesignated Fund Balance			\$ 142,000
		DO NOT POST			
TOTAL.....			\$ 142,000		\$ 142,000

**EXPLANATION OF ADJUSTMENT REQUEST-** Include justification for increases AND reason why funds in decreased account are available.

To appropriate Drainage Fund Unallocated Fund Balance for the purchase of right of way necessary for the Conner Park drainage channel improvements in the amount of \$142,000.

DOES THIS REQUEST REQUIRE COUNCIL APPROVAL?

<b>x</b>	Yes
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☐ No

DATE OF COUNCIL MEETING

8/25/2017

WITH AGENDA ITEM?

**x** Yes

☐ No

Department Head/Division Director

Date \_\_\_\_\_

☐ Approved

☐ Disapproved

## Finance

Date \_\_\_\_\_

☐ Approved

Disapproved

## City Manager

Date \_\_\_\_\_

☐ Approved

Disapproved



RESOLUTION NO. 2017-8763-R

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, AUTHORIZING THE PURCHASE OF RIGHT OF WAY NECESSARY FOR THE CONNOR PARK DRAINAGE CHANNEL IMPROVEMENT PROJECT; AUTHORIZING CLOSING COSTS ASSOCIATED WITH THE PURCHASE IN AN ESTIMATED AMOUNT OF \$142,000; AND PROVIDING AN OPEN MEETINGS CLAUSE.

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**Whereas**, a Pepper Creek tributary drains south from Adams Avenue into a grass channel where it repeatedly escapes its banks and floods property and structures in the vicinity of Conner Park in west Temple - smaller drainage swales that contribute to this tributary also back up and cause repetitive nuisance flooding to adjacent properties;

**Whereas**, this tributary continues through a detention pond and goes underground into box culverts along the west side of the Brazos Bend subdivision where it reemerges through a grass channel before joining the Thompson drainage channel at Old Waco Road;

**Whereas**, the City is currently in the design phase for the Connor Park Drainage Channel Improvement Project which requires the partial acquisition of seven properties from six property owners - appraisals have been performed on all of the parcels and offers have been made to all of the property owners based upon the appraisals;

**Whereas**, six properties needed for the project have already been acquired and relocations are in progress;

**Whereas**, Staff has reached an agreement with the remaining property owner and the acquisition of this property will complete all acquisitions for this project and allow it to move forward to the construction phase;

**Whereas**, Staff recommends Council authorize the purchase of the needed property located at 7101 West Adams Avenue (Bell CAD ID 118136 & 118137) which is necessary for the Connor Park Drainage Channel Improvement Project, and authorize the payment of closing costs associated with the purchase in an estimated amount of \$142,000.

**Whereas**, funding is available for the purchase of right-of-way in Account No. 292-2900-534-6312, Project No. 101592; 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: Findings.** All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council of the City of Temple, Texas, and they are hereby approved and incorporated into the body of this Resolution as if copied in their entirety.

**Part 2:** The City Council authorizes the purchase of right of way located at 7101 West Adams Avenue which is necessary for the Connor Park Drainage Channel Improvement Project, and authorizes the payment of closing costs associated with the purchase in an estimated amount of \$142,000.

**Part 3:** The City Council authorizes the Acting City Manager, or her designee, after approval as to form by the City Attorney, to execute any documents that may be necessary for this purchase.

**Part 4:** 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 **25<sup>th</sup>** day of **August**, 2017.

THE CITY OF TEMPLE, TEXAS

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DANIEL A. DUNN, Mayor

ATTEST:

APPROVED AS TO FORM:

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Lacy Borgeson  
City Secretary

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Kayla Landeros  
City Attorney