

City of *OVILLA* City Council Agenda

Ralph G. Hall, Place One
Larry Stevenson, Place Two
David Griffin, Place Three

Richard Dormier, Mayor

Doug Hunt, Place Four
Dean Oberg, Place Five
Cyndy Powell, City Administrator

105 S. Cockrell Hill Road, Ovilla, TX 75154

Monday, March 10, 2014

7:00 P.M.

Council Chamber Room

Pursuant to the provisions of Chapter 551 VTCA Government Code, NOTICE is hereby given of a Regular Meeting of the City Council of the City of Ovilla, to be held on Monday, March 10, 2014 at 7:00 P.M. in the City Hall Council Chamber Room, 105 S. Cockrell Hill Road, Ovilla, Texas, 75154, for the purpose of considering the following items.

I. CALL TO ORDER

- Invocation
- Pledge of Allegiance

II. COMMENTS, PRESENTATIONS, ANNOUNCEMENTS & REPORTS

▪ Citizen Comments

The City Council welcomes comments from Citizens. Those wishing to speak must sign in before the meeting begins. Speakers may speak on any topic, whether on the agenda or not. The City Council cannot act upon, discuss issues raised, or make any decisions at this time. Speakers under citizen's comments must observe a three-minute time limit. Inquiries regarding matters not listed on the Agenda may be referred to Staff for research and possible future action.

▪ Department Activity Reports / Discussion

- Police Department Police Chief M. Moon
 - Monthly Report
 - Commendation letter
- Fire Department Fire Chief P. Brancato
 - Monthly Report
- Public Works Public Works Director B. Piland
 - Monthly Report
- Finance Department Accountant S. Jungman
 - Monthly financials
- Administration City Administrator C. Powell
 - Bi-weekly update activity report
 - Monthly Municipal Court Report
- Code Enforcement/Animal Control City Secretary P. Woodall
 - Monthly Reports Code/A/C Officer M. Dooly

III. CONSENT AGENDA

The following items may be acted upon in one motion. No separate discussion or action is necessary unless requested by a Council Member, in which event those items will be pulled from the consent agenda for individual consideration.

- A. Financial Transactions
- B. Minutes of the February 24, 2014 Council Meeting

IV. REGULAR AGENDA

- ITEM 1. **DISCUSSION/ACTION** – Consideration of and action on Resolution R2014-010 adopting the City's revised Investment Policy 2014.

City of OVILLA City Council Agenda

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- ITEM 2. **DISCUSSION/ACTION** – Consideration of and action on Resolution R2014-011 authorizing the Mayor to execute the Main Street Sewer Line Project Development Agreement.
- ITEM 3. **DISCUSSION/ACTION** – Consideration of and action on the appointment of a City Council Scholarship Committee and setting a date, time, and location to review the applications.
- ITEM 4. **DISCUSSION/ACTION** – Consideration of and action on projected increase to sewer rates in response to the Trinity River Authority wastewater flow data for City sewer customers.
- ITEM 5. **DISCUSSION/ACTION** – Consideration of and action on Resolution R2014-012, authorizing the Mayor to execute an Agreement with Birkhoff, Hendricks and Carter, LLP, Consulting Engineers, for an Updated Sewer Rate Study for a cost not to exceed \$6,500.00
- ITEM 6. **DISCUSSION/ACTION** – Consideration of and action on Ordinance 2014-005 Amending Chapter 1, Article 1.08, Section 1.08.035 of the Ovilla Code of Ordinances, providing for the appointment of the City Secretary as the Custodian of Public Records of the City of Ovilla, providing a savings clause; providing a severance clause, providing for incorporation into the Ovilla Code of Ordinances; providing for immediate effect; and providing for publication.

EXECUTIVE SESSION

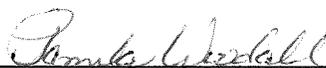
The City Council of the City of Ovilla, Texas, reserves the right to meet in a closed session on any item listed on this Agenda should the need arise, pursuant to authorization by Texas Government Code, Sections 551.071 (consultation with attorney), 551.072 (deliberations about real property), 551.073 (deliberations about gifts and donations), 551.074 (personnel matters), 551.076 (deliberations about security devices), 551.087 (economic development), 418.183 (homeland security).

COUNCIL WILL RECONVENE INTO OPEN SESSION, AND TAKE ACTION
NECESSARY PURSUANT TO EXECUTIVE SESSION, IF NEEDED.

V. REQUESTS FOR FUTURE AGENDA ITEMS

VI. ADJOURNMENT

THIS IS TO CERTIFY THAT A COPY OF THE NOTICE OF the March 10, 2014 Regular City Council Agenda was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City's website, www.cityofovilla.org, on the 6th day of March 2014 prior to 6:00 p.m., in compliance with Chapter 551, Texas Government Code.



Pamela Woodall, City Secretary

DATE OF POSTING: 3-6-2014 TIME: 3:45 am/pm
DATE TAKEN DOWN: _____ TIME: _____ am/pm

IF YOU OR YOUR REPRESENTATIVE HAVE A DISABILITY THAT REQUIRES SPECIAL ARRANGEMENTS AND YOU PLAN TO ATTEND THIS PUBLIC MEETING, PLEASE CALL THE CITY SECRETARY AT 972-617-7262 WITHIN 24 HOURS OF THE MEETING. REASONABLE ACCOMMODATIONS WILL BE MADE TO MEET YOUR NEEDS AT THE MEETING. PLEASE SILENCE ALL PAGERS, CELL PHONES & OTHER ELECTRONIC EQUIPMENT WHILE THE CITY COUNCIL MEETING IS IN SESSION.

OVILLA POLICE DEPARTMENT
 105 S Cockrell Hill Rd
 Ovilla, TX 75154
 (972) 617-7262

To: Mayor Richard Dormier
 Ovilla City Council
 Cyndy Powell

Subject: Police Department Monthly Activity Report

Calls For Service	FEB 2014	FEB 2014 YTD	FEB 2013	FEB 2013 YTD
Accident	0	1	3	4
Alarms	11	30	14	33
Arrest	3	6	4	8
Assault	0	0	0	0
Assists: Agency/Unit:6 EMS/Fire:1 Motorist:3	10	28	31	55
Building / House Security Check	861	2160	1375	2829
Burgulary	1	1	0	0
Burgulary of Motor Vehicle	0	0	0	0
Criminal Mischief	0	1	0	2
Disturbance	6	11	4	7
Neighborhood Check	808	2383	1805	3800
Other Calls for Service	72	177	129	284
Suspicious Person	3	9	7	13
Suspicious Vehicle	6	17	4	13
Theft	1	3	1	2
Traffic Assignment	8	11	44	80
TOTAL CALLS FOR SERVICE	1790	4838	3421	7130

Reserve Officer Hours	64	136.5	56	104.5
Average Response Time (Minutes)	4.24	4.22	3.35	3.675
Traffic Stop (Warnings)	29	58	36	81
Traffic Stop (Citations)	31	49	38	78
Total Citations & Warnings Combined	60	107	74	159
PERCENT OF STOPS RECEIVING CITATIONS	51.7	45.8	51.4	49.1

OVILLA PD VEHICLE MILEAGE

May-13		June-13		July-13		August-13		September-13		October-13		November-13		December-13		January-14		February-14	
Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued
100	68127	69954	1827	100	69954	71745	1791	100	69954	71745	1791	100	78205.2	78205.2	995.2	100	79754	81361	1607
101	126330	126331	1	101	126331	126362	31	101	126331	126362	31	101	126719	126719	349	101	126331	126362	31
102	70380	71575	1195	102	71575	72655	1080	102	71575	72655	1080	102	73156	74041	885	102	76632	77576	944
103	73463	75182	1719	103	75182	76778	1596	103	75182	76778	1596	103	78862	80643	1781	103	85802.3	87001.9	1199.6
104	45816	46985	1169	104	46985	48036	1051	104	46985	48036	1051	104	48443	48571	128	104	49815	50325	510
105	13823	15558	1735	105	15558	17617	2059	105	15558	17617	2059	105	20120	22490	2370	105	28176	29856	1680
July-13				August-13				September-13				October-13				November-13			
Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued
100	69954	74411	4457	100	74411	75946	1535	100	74411	75946	1535	100	77210	78205.2	995.2	100	79754	81361	1607
101	126331	126370	39	101	126370	126719	349	101	126370	126719	349	101	126370	126719	349	101	126331	126362	31
102	71575	73156	1581	102	73156	74041	885	102	71575	72655	1080	102	73156	74041	885	102	76632	77576	944
103	75182	78862	3680	103	78862	80643	1781	103	75182	76778	1596	103	78862	80643	1781	103	85802.3	87001.9	1199.6
104	46985	48443	1458	104	48443	48571	128	104	46985	48036	1051	104	48443	48571	128	104	49815	50325	510
105	15558	20120	4562	105	20120	22490	2370	105	15558	17617	2059	105	20120	22490	2370	105	28176	29856	1680
September-13				October-13				November-13				December-13				January-14			
Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued
100	75946	77210	1264	100	77210	78205.2	995.2	100	77210	78205.2	995.2	100	79754	81361	1607	100	81361	82172	397
101	126719	126743	24	101	126743	126743	0	101	126719	126719	349	101	126331	126362	31	101	126331	126362	31
102	74041	74855	814	102	74855	75838	983	102	74041	74041	0	102	74855	75838	983	102	76632	77576	944
103	80643	82646	2003	103	82646	83965	1319	103	80643	80643	0	103	82646	83965	1319	103	85802.3	87001.9	1199.6
104	48571	48951	380	104	48951	49418	467	104	48571	48571	0	104	48951	49418	467	104	49815	50325	510
105	22490	24607	2117	105	24607	26926	2319	105	22490	22490	0	105	24607	26926	2319	105	28176	29856	1680
November-13				December-13				January-14				February-14				March-14			
Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued
100	78205.2	79754	1548.8	100	79754	81361	1607	100	78205.2	78205.2	0	100	81361	82172	397	100	81361	82172	397
102	75838	76632	794	102	76632	77576	944	102	75838	75838	0	102	76632	77576	944	102	76632	77576	944
103	83965	85802.3	1837.3	103	85802.3	87001.9	1199.6	103	83965	83965	0	103	85802.3	87001.9	1199.6	103	85802.3	87001.9	1199.6
104	49418	49815	397	104	49815	50325	510	104	49418	49418	0	104	49815	50325	510	104	49815	50325	510
105	26926	28176	1250	105	28176	29856	1680	105	26926	26926	0	105	28176	29856	1680	105	28176	29856	1680
January-14				February-14				March-14				April-14				May-14			
Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued
100	81361	81775	414	100	81775	82172	397	100	81361	81361	0	100	81775	82172	397	100	81775	82172	397
102	77576	78601	1025	102	78601	79832	1231	102	77576	77576	0	102	78601	79832	1231	102	78601	79832	1231
103	87001.9	88233	1231.1	103	88233	89434	1201	103	87001.9	87001.9	0	103	88233	89434	1201	103	88233	89434	1201
104	50325	50884	559	104	50884	52173	1289	104	50325	50325	0	104	50884	52173	1289	104	50884	52173	1289
105	29856	32332	2476	105	32332	33654	1322	105	29856	29856	0	105	32332	33654	1322	105	32332	33654	1322

CITY OF OVILLA POLICE DEPARTMENT

FOUNDED 1844

105 S. COCKRELL HILL RD. OVILLA, TEXAS 75154

OFFICE 972-617-7262 FAX 972-515-8342

February 26, 2014

Chief M. Moon,

On June 29, 2012 Detective J. Bennett took a Sexual Assault of a Child complaint where the assault took place in 2009 in Ovilla. Detective Bennett worked closely with the Waxahachie Children's Advocacy Center, Child Protective Services and the Waxahachie Police Department. During the multiple agency investigation it was discovered that the offender, David Cornett, had assaulted the victim at least 13 times between 2009 and 2010.

Thirteen cases were filed on Cornett and he pled guilty to all counts on February 25, 2013. He received a 50 year sentence. Because of the terms of his conviction it is highly possible that Cornett will serve the rest of his life in prison.

Because of Detective Bennett's persistence and hard-work, society has one less child predator on the streets. I would like to thank Detective Bennett for his due diligence on not only this case but all the cases he is assigned to investigate.

Respectfully,

A handwritten signature in cursive script, appearing to read "M. Dox".

Lt. M. Dox



Calls For Service

February
2013

February
2014

FY-YTD

Totals

Totals

City of Ovilla total calls for service			22			17	124
	Fire	7			Fire	3	
	EMS	15			EMS	14	
ESD # 2 total calls of service			14			11	78
	Fire	7			Fire	6	
	EMS	6			EMS	5	
ESD # 4 Total calls of service			6			1	22
	Fire	1			Fire	0	
	EMS	5			EMS	1	
Mutual Aid Provided			34			22	167
Calls of Service Totals							
			Total 2013			YTD 2014	
			676			90	
Fire Department news							
Two new part time fireifghters Matt Sapp and Steve Wakeland							
New Volunteer firefighter Kelsy Hazard							



City Administrator Activity Report

Cyndy Powell

February 24, 2014 – March 07, 2014

Weekly staff meetings – held Tuesdays at 9:00 a.m.

Employee Policies Handbook – Ms. Lee plans to present the final revised document for adoption at the March 24, 2014 regular Council meeting – following the Town Hall Meeting at First Baptist Ovilla.

Cockrell Hill Road Repairs for FY 2014 – Brad informed me that Roger Miller, Dallas County, has been in communication with Ellis County regarding the roadwork on Cockrell Hill. Dallas wants to rebuild from Bear Creek to the county line and is coordinating with Ellis County.

Progressive Solid Waste and Recycling –Spring Cleanup day for Saturday April 26th and May 3rd as the rain date.

Planning and Zoning Commission – There was no business before the P&Z in February.

Five Year Staffing Plan – The Committee (Oberger, Hall, Mayor) will be provided job descriptions for review in the near future.

Strategic Guide – Town Hall Meeting is set for Monday, March 24 beginning at 6:00 p.m. at First Baptist Ovilla for citizens to have another opportunity to give feedback on the Strategic Guide. Once the Guide is adopted, Joe will schedule a meeting to train staff on developing action plans. Feedback will be shared with committees. A post card was created and set to mail on March 12 to invite all residents to the Town Hall Meeting; phone messages and emails are scheduled as well. The Guide is on the City's web site and is available at City Hall.

Economic Development Corporation –The board desires to fill the two vacant seats. Next meeting is March 17, 2014.

Municipal Development District – pending appointments.

Main Street Sewer Project – The property owners have submitted an executed Development Agreement and payment, Council will consider the Agreement.

ESD#4 Board Meeting – The ESD met Monday, March 03, 2014. The Board decided to seek cost estimates related to holding a special election after it was confirmed the Resolution that was passed by City Council terminating services ESD#4 had not been rescinded. The Resolution provides for termination of services effective September 30, 2014 if an equitable share of costs was not provided to the City. An equitable share of the actual costs of services would require the ESD Board to achieve a tax rate increase by holding an election to raise the revenues to pay for the fire and first responder services being subsidized by the taxpayers.

Platinum Award for transparency – the application for the Platinum Award is being finalized for submission.

City's newsletter is planned for April delivery.

Ovilla Creek Estates - the development occurring in front of Ovilla Creek Estates is a commercial building Mr. Harrison will utilize for offices.

Bureau Veritas – Mike Dooly, Brad Piland, and I met with representatives from Bureau Veritas to review their inspection procedures to include storm water compliance and on-site trash receptacles. We are making changes internally to address sidewalk inspections by city staff.

Great Exchange 2014 hosted by The Management Connection – I will be attending training on Developing an Organizational Culture in College Station.

Best Southwest Partnership – 2014 first quarter luncheon, Regional Economic Development 2014 Showcase. Thursday, March 27, 2014. 11:00 a.m. Change in location: Hilton Garden Inn 800 N. Main, Duncanville. Economic Development has purchased a table of eight and has one seat remaining; contact me if you plan to attend.

The Regional Transportation Council of NCTCOG public meeting at the Richardson Civic Center on Tuesday, March 04, 2014, at 6:30 p.m.

NIMS training for neighboring cities' fire personnel held this week in the Larry Marlow training room.



Jessica Foresman
Court Clerk

DATE: March 10, 2014
TO: Honorable Mayor Dormier and City Council Members
FROM: Jessica Foresman, Court Clerk
SUBJECT: Monthly Staff Report

Court Report February 2014

Item	Number	Amount
February 2014		
Traffic Cases Filed	34	
State Law Cases Filed	0	
Parking Cases Filed	1	
Penal Code Cases Filed	0	
City Ordinance Cases Filed	4	
Trials	0	
Total Revenue		\$4,801.55
Amount kept by City		\$2,486.02
Amount remitted to State		\$2,315.53
Warrants Issued	15	
New Warrants	8	
Previous Warrants Cleared & Relssued	7	
Active Warrants	368	\$97,645.26
Warrants Cleared	0	
Warrants Cleared from Omni/Collection	0	

February 2014

Code Enforcement Report

Complaints - 42

Follow ups – 54

Door Notices - 42

Mail Notices – 17

Posted Property – 3

Court – 1 No Permit, Plead Guilty-\$175, 1 Junk vehicle, Plead Guilty \$150, 1 Plead Not Guilty- Public Nuisance – Requested Trial, 1 Public Nuisance -dismissed

Citizen contacts - 62

Permits reviewed –15 Permits issued - 13

Inspections – 26

Nuisance Abated By City -0

Nuisance- Signs – 32

Illegal Dumping –

February 2014

Animal Control Report

Complaints- 34

Follow ups – 41

Door Notices –11

Impounded Animals – 8 (7 dogs, 1cat)

Animal Welfare Checks – 22

Impound Animal Results - 3 Transports, 5 Returns to owners

Impound Fees Collected - \$442.00

Court – 2 Nuisance complaints-Plead Guilty -\$198 fine and 90-day probation

Citizen contacts - 54

Animal Registration Tags Issued – 21 Total \$252.00

Pet Registration Reminders Mailed- 16

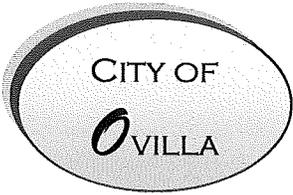
Nuisance Letters Mailed- 4

Animals Released – 5 Skunks (yes, 5 Skunks)

Deceased Removed – 12

Oak Leaf –2 (1 Dog, 1- skunk)

Traps Checked Out –3



CONSENT ITEMS A & B

Meeting Date: March 10, 2014

Department: Administration

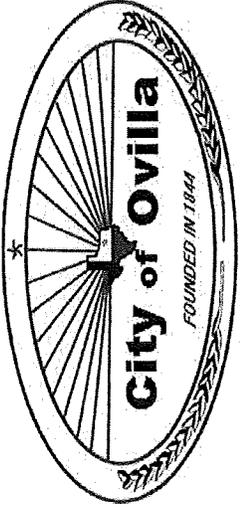
Discussion Action

Budgeted Expense: YES NO N/A

Submitted by: Staff

Amount: N/A

Attachments:
A. Financial Transactions B. Minutes of the February 24, 2014 Council Meeting
Agenda Item / Topic:
Discussion / Justification:
Recommendation / Staff Comments:
Staff recommends approval.
Sample Motion(s):
<i>I move to approve the consent items as presented.</i>



DATE: 03-10-14

TO: Honorable Mayor and Council Members

FROM: Sharon Jungman

SUBJECT: Expenditures in February 2014 over \$5,000

City of Ovilla Expenditures in February 2014 Over \$5,000

General Fund				
Date	Check#	Payee	Description	Amount
2/26/2014	42239	Blue Cross/Blue Shield	Health Insurance	\$8,496.15
2/7/2014	42183	City of Midlothian	Inspection Service	\$9,120.94
2/26/2014	42245	Gexa Energy	Electricity Expense	\$8,394.49
2/7/2014	42197	Progressive Waste Solutions	Garbage Pick-up for Dec. & Jan.	\$33,566.00
2/13/2014	ACH	Quick Books Payroll Service	Payroll	\$36,902.82
2/27/2014	ACH	Quick Books Payroll Service	Payroll	\$36,742.69
2/7/2014	42207	T.M.R.S.	Retirement	\$12,931.62
2/14/2014	ACH	US Treasury	Payroll Taxes	\$7,183.86
2/28/2014	ACH	US Treasury	Payroll Taxes	\$7,038.94
Total General Fund Transactions Paid in February 2014 \$5,000 and Over				<u>\$160,377.51</u>
Water & Sewer Fund				
Date	Check#	Payee	Description	Amount
2/7/2014	15392	City of Dallas	Water Purchase	\$17,101.78
2/27/2014	15410	City of Ovilla General Fund	Garbage Transfer for February	\$18,073.97
Total Water & Sewer Fund Transactions Paid in February 2014 \$5,000 and Over				<u>\$35,175.75</u>

CITY OF OVILLA MINUTES

Monday, February 24, 2014

Regular City Council Meeting

105 S. Cockrell Hill Road, Ovilla, TX 75154

Mayor Dormier called the Regular Council Meeting of the Ovilla City Council to order at 7:05 P.M. The following City Council Members were present:

Ralph Hall	Mayor Pro Tem, Place 1
Larry Stevenson	Council Member Place 2
Doug Hunt	Council Member Place 4
Dean Oberg	Council Member Place 5

Absent: David Griffin Council Member Place 3

Mayor Dormier noted present Council Members, thus constituting a quorum. Various department-heads and staff were also present.

PL4 Hunt gave the Invocation and PL2 Stevenson led the recitation of the Pledge of Allegiance.

COMMENTS, PRESENTATIONS, REPORTS AND/OR APPOINTMENTS

▪ **Citizens Comments / Citizens Forum:**

- I. Mr. James Wade, Main Street Cleaners, 711 W. Main Street, voiced support for the Parks Department and asked for Council assistance to hold a fund raising event for city parks.

▪ **Department Activity Reports / Discussion**

- Finance Department Accountant S. Jungman
 - Monthly financials – reviewed
- Administration City Administrator C. Powell
 - Bi-weekly update activity reports - reviewed

CONSENT ITEMS

- A. Minutes of the January 27 Special Council Workshop Meeting
- B. Minutes of the January 27, 2014 Regular Council Meeting
- C. Minutes of the February 06, 2014 Special Council Meeting and Training Workshop
- D. Minutes of the February 10, 2014 Regular Council Meeting

PL4 Hunt made the motion that Council approves the consent items as presented, seconded by PL2 Stevenson. *No oppositions, no abstentions.*

VOTE: The motion carried unanimously: 4-0.

ITEM I. DISCUSSION/ACTION – Receive presentation from Trinity River Authority representative and take action as necessary.

The Trinity River Authority of Texas (TRA) formally notified the City on January 31, 2014 of irregularities in the wastewater flow meter data versus the amount of wastewater TRA invoiced the City. Representatives from TRA made a presentation and responded to questions from the Council regarding the differences. The City Council Finance Committee received the same presentation from TRA representatives on Thursday, February 20, 2014 and deliberated with staff and TRA representatives. The Delta metering system measures the flows. Ovilla is contracted with TRA for approximately 20,000 gallons daily. Since the newly installed tech

system "Telog", Ovilla flows are now reading approximately 118,000 gallons daily. Council and staff deliberated the city's financial obligation and their approach in paying the difference, including future budgeted amounts and payments. Staff offered to prepare payment options as well as suggestions for sewer rate increases to offset the financial burden and return with those recommendations to Council.

NO ACTION.

ITEM 2. DISCUSSION/ACTION – Consider acceptance of the Annual Financial Audit Report for the year ending September 30, 2013, prepared by Yeldell, Wilson and Company, C.P.A., P.C.

Greer Yeldell with Yeldell, Wilson & Co., P.C. presented the Annual Financial Report for the City's fiscal year ending September 30, 2013. Mr. Greer Yeldell reported to Council that there were no reportable conditions, no noticeable deficiencies, and no problems. Ovilla held a strong reserve fund balance with about 160-days of reserve. The General Fund and Water/Sewer Fund were summarized reviewing the budget vs. actual:

General Fund: Revenue was over budget and expenditures were slightly over budget, which presented a positive variance of \$204,000 for the year.

Water/Sewer Fund: Revenue was under budget with water sales down, but expenditures were under budget, depicting a \$28,000 positive variance. Mr. Yeldell told Council it was a good audit.

The unexpected TRA estimated costs previously discussed in Item 1 were accrued, adding that the key element with TRA now was to conduct a rate study analysis.

Mayor Pro Tem Hall moved that Council accept and approve the Annual Financial Audit report for the year ending September 30, 2013, prepared by Yeldell, Wilson, and Company, seconded by PL2 Stevenson. *No oppositions, no abstentions.*

VOTE: The motion carried unanimously: 4-0.

ITEM 3. DISCUSSION – Review status of City's progress in obtaining the Leadership Award through the State Comptroller's Office.

Staff updated Council with the finishing tasks nearly completed and that the application to the State Comptroller's office would be submitted soon. The City Accountant was completing her review of the funds.

NO ACTION.

ITEM 4. DISCUSSION/ACTION – Consider scheduling a date, time and location for a Town Hall Meeting to receive feedback on the draft Citywide Five-Year Strategic Guide.

City Council requested an additional opportunity be provided to the citizens of Ovilla to offer feedback on the draft Strategic Guide that will be facilitated (2nd time) by The Management Connection.

Mayor Pro Tem Hall moved that Council set March 24, with an alternate date of April 1, at 6:00 p.m., at the First Baptist Church Ovilla, for a Town Hall Meeting to receive feedback on the draft Citywide Five-Year Strategic Guide, seconded by PL2 Stevenson. *No oppositions, no abstentions.*

VOTE: The motion carried unanimously: 4-0.

ITEM 5. ITEM 5. DISCUSSION/ACTION – Consider approval of Resolution No. R2014-009 Authorizing the Mayor to execute the Fourth Extension to the Letter of Understanding for Consultation Services with Jacqueline Lee, Consultant with Texas First Group for an amount not to exceed \$1,100.00.

The City contracted with Texas First Group for the consultation services of Ms. Lee to provide a thorough revision of the City's Employee Policies Handbook. The fourth extension provided authorization of up to

twenty hours (20) at \$51.00 per hour, for an amount not to exceed \$1,100.00 including expenses. This would include the finalization of a formatted handbook.

PL2 Stevenson moved that council approve Resolution R2014-009, authorizing the Mayor to execute the Fourth Extension to the Letter of Understanding for consultation services with Jacqueline Lee, Consultant with TX First Group for an amount not to exceed \$1,100, seconded by PL5 Oberg. *No oppositions, no abstentions.*

VOTE: The motion carried unanimously: 4-0.

ITEM 6. DISCUSSION/ACTION – Consider recommendation from the EDC and take action to remove of Place 3 Director Milke pursuant to EDC Bylaws, Article IV, Section 2 and direct staff to solicit for applications for board appointment(s).

During their February 18, 2014, EDC Meeting, the Board of Directors voted to recommend to Council the removal of Place 3, Director Milke for consecutive absences without prior notification. Staff made numerous attempts to contact Mr. Milke as well as did EDC President Gary Jones with no success.

Mayor Pro Tem Hall moved that Council approve the recommendation from the EDC to remove PL3 Director Milke pursuant to EDC Bylaws, Article IV, Section 2, and direct staff to solicit for applications for board appointments, seconded by PL4 Hunt. *No oppositions, no abstentions.*

VOTE: The motion carried unanimously: 4-0.

REQUESTS FOR FUTURE AGENDA ITEMS

- 1. Mayor Pro Tem Hall None
- 2. PL2 Stevenson None
- 3. PL3 Griffin Absent
- 4. PL4 Hunt None
- 5. PL5 Oberg None
- 6. Mayor Dormier None

ADJOURNMENT

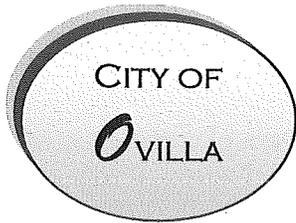
There being no further business, Mayor Dormier adjourned the meeting at 8:15 p.m.

Richard Dormier, Mayor

ATTEST:

Pamela Woodall, City Secretary

Approved March 10, 2014



Ovilla City Council

AGENDA ITEM REPORT

Item(s): **1** (City Secretary use only)

Meeting Date: **March 10, 2014**

Department: **Administration**

Discussion Action

Budgeted Expense: YES NO N/A

Submitted By: **Staff**

Amount: **\$N/A**

Attachments:

1. Resolution R2014-010
2. Red-line Revised Investment Policy 2014
3. Recommended Revisions to the City of Ovilla's Investment Policy 2014

Agenda Item / Topic:

ITEM 1. *DISCUSSION/ACTION* -Consideration of and action on Resolution R2014-010 adopting the City's revised Investment Policy 2014.

Discussion / Justification:

The Ovilla Code of Ordinances, Division 4. Public Funds Investment Policy, Sec. 1.05.111 – 1.05.125 requires the City's investment policy be adopted and amended by resolution of the City Council. The City's written policies and procedures for investments are subject to review not less than annually to stay current with changing laws, regulations and needs of the City. Any changes or modifications to this investment policy, if any, shall be approved by the City Council, and shall be adopted by a formal resolution of the City Council.

Scott McIntyre, CFA with First Southwest Asset Management, Inc. reviewed the City's 2012 investment policy and provided additions, changes, and the rationale to support the recommendations.

Recommendation / Staff Comments:

Staff recommends approval of Resolution R2014-010 adopting the City's revised Investment Policy 2014.

Sample Motion(s):

I move that Council APPROVE/DENY Resolution 2014-010, adopting the City's revised Investment Policy 2014.

Resolution 2014-010

A RESOLUTION OF THE CITY OF OVILLA, TEXAS, AMENDING CHAPTER 1, DIVISION 4. *PUBLIC FUNDS INVESTMENT POLICY* OF THE OVILLA CODE OF ORDINANCES, AMENDING AND UPDATING THE CITY OF OVILLA INVESTMENT POLICY AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the City of Ovilla, Texas is a Type A General Law city; and

WHEREAS, the City Council adopted Chapter 1, Division 4., Sections 1.05.111-1.05.125 of the Ovilla Code of Ordinances establishing a procedure for a Public Funds Investment Policy.

WHEREAS, the City Council adopted Resolution 2012-011 on August 27, 2012, amending and updating the City of Ovilla Investment Policy.

WHEREAS, the Title 10, Section 2256.005 Public Funds Investment of the Government Code states that the governing body of an investing entity shall review its investment policy and investment strategies not less than annually. Therefore, City Council of the City of Ovilla deems it necessary to update the Public Funds Investment Policy.

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

SECTION ONE

Chapter 1, Division 4, Sections 1.05.111-125 of the City of Ovilla is hereby amended and updated with the passing & adoption of this Resolution and shall be attached as "Exhibit A".

SECTION TWO

This Resolution shall be cumulative of all provisions of ordinances of the City of Ovilla, TX, except where the provisions of this Resolution are in direct conflict with the provision of such ordinances, in which event the conflicting provisions of such ordinances are hereby repealed.

SECTION THREE

It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs and sections of this resolution are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this ordinance, since the same would have been enacted by the City Council without the incorporation in this ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

Resolution 2014-010

SECTION FOUR

All rights and remedies of the City of Ovilla are expressly saved as to any and all violations of the provisions of the Ovilla City Code.

SECTION FIVE

This resolution shall be in full force and effect from and after its passage.

PASSED AND APPROVED ON THIS 10th DAY OF March 2012.

Richard A. Dormier, Mayor

ATTEST:

Pamela Woodall, City Secretary

See Exhibit A

CITY OF OVILLA, TEXAS

INVESTMENT POLICY

~~August, 2012~~ March 10, 2014

CITY OF OVILLA, TEXAS INVESTMENT POLICY

PREFACE

It is the policy of the City of Ovilla (the "City") that after allowing for the anticipated cash flow requirements of the City and giving due consideration to the safety and risks of investments, all available funds shall be invested in conformance with these legal and administrative guidelines to obtain a market rate of return.

Effective cash management is recognized as essential to good fiscal management. An active cash management and investment policy will be pursued to take advantage of investment interest as a viable and material source of revenue for City funds. The City's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law. The City will invest public funds in a manner that will provide the maximum security and a market rate of return while meeting the daily cash flow demands of the City.

The City is required under the Public Funds Investment Act (Chapter 2256 of the Texas Government Code) to adopt a formal written Investment Policy for the investment of public funds. These policies serve to satisfy the statutory requirement (specifically the Public Funds Investment Act, Chapter 2256 of the Texas Government Code [the "Act"]) to define, adopt and review a formal investment strategy and policy.

**CITY OF OVILLA
INVESTMENT POLICY
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Certification of Business Organization Sample Form

1. PURPOSE. The purpose of this investment policy (the “Policy”) is to set forth specific investment policy and strategy guidelines for the City in order to achieve the goals of safety and liquidity, achieve a market rate of return, and maintain public trust in all investment activities. On an annual basis, the City Council shall review the investment strategy and policy and shall approve Policy revisions, if any, by formal resolution.

2. INVESTMENT STRATEGY. The City maintains a comprehensive and proactive cash management program that is designed to monitor and control all City funds to ensure maximum utilization and yield a market rate of return. (For the purpose of this policy, a “market rate of return” refers to the approximate interest rate that could be earned by an investor in a specific maturity range at any given point in time. For example, an investor seeking to earn a market rate of return while maintaining an investment portfolio with an average maturity of 90 days, would hope to earn approximately the same as a three-month agency discount note. If the investor earns a rate much higher than this, it might signal an inappropriate level of risk.) The basic and underlying strategy of this program is that all of the City’s funds are earning interest. It is the responsibility and obligation of the City to maintain a flexible approach and be prepared to modify the investment strategy as market conditions dictate. The investment strategy described is predicated on conditions as now exist and are subject to change. The investment strategy emphasizes low credit risk, diversification, and the management of maturities. The strategy also considers the expertise and time constraints of the investment officers. The allowable investment instruments as defined in Section 6 of this Policy reflect the avoidance of credit risk. Diversification refers to dividing investments among a variety of securities offering independent returns. This strategy uses local government investment pools to achieve diversification. The management of maturities refers to structuring the maturity dates of the direct investments so that, while funds are initially invested for a longer period of time, some investments mature as cash needs require.

2.1 The primary investment strategy and objectives of the City as specified in this Policy (See Section 4.) are listed below, in their order of importance:

- Safety and preservation of principal;
- Maintenance of sufficient liquidity to meet operating needs;
- Achieve a market rate of return on the investment portfolio; and
- Seek at all times to maintain public trust by adhering to the above stated objectives.

2.2 The list of investments authorized by this Policy intentionally excludes some investments allowed by state law. The restrictions limit possible credit risk and provide the maximum measure of safety. Within the investment objectives, the investment strategy is to utilize authorized investments for maximum advantage to the City. To increase the interest earnings for funds identified as being available for investment over longer periods of time based upon a cash requirements projection, the City will consider the following strategies:

2.2.1 **Strategy No. 1.** Diversifying the City’s investment opportunities through the use of local government investment pools and money market mutual funds as authorized by the City Council. An investment pool is an entity created to invest public funds jointly on behalf its’ participants and whose investment objectives in order of priority match those objectives of the City. Funds are usually available from investment pools on a same-day basis, meaning the pools have a high degree of liquidity. Because of the size and expertise of their staff, investment pools are able to prudently invest in a variety of the investment types allowed by state law. In this manner, investment pools achieve diversification. Funds that may be needed on a short-term basis but that are in excess of the amount maintained at the depository bank are available for deposit in investment pools.

2.2.2 **Strategy No. 2.** Building a ladder of Investment Policy authorized securities with staggered maturities for all or part of the longer-term investable funds. The benefits of this ladder approach include the following:

- It is straight-forward and easily understood;
- It represents a prudent diversification method;
- All investments remain within the approved maturity horizon;
- It will normally allow the City to capture a reasonable portion of the yield curve; and
- It provides predictable cash flow with scheduled maturities and reinvestment opportunities.

2.2.3. **Strategy No. 3.** At this time, the City does not use an investment management firm. Should the City determine a need, the following strategy will apply:

Pursuant to the Public Funds Investment Act (Texas Government Code 2256.003), the City may, at its discretion, contract with an investment management firm registered under the Investment Advisors Act of 1940 (15 U.S.C. Section 80b-1 et seq.) and with the State Securities Board to provide for investment and non-discretionary management of its public funds or other funds under its control.

An appointed Investment Advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy. At no time shall the advisor take possession of securities or funds or otherwise be granted discretionary authority to transact business on behalf of the City. Any contract awarded by the City Council for investment advisory services may not exceed two years, with an option to extend by mutual consent of both parties.

Duties of the Investment Advisor shall include, but not be limited to, assistance in purchasing securities, securities clearance, producing required reports, pricing the portfolio, performing due diligence on broker/dealers, market monitoring and economic review.

Any Investment Advisor contracted by the City shall abide by the *Prudent Expert Rule*, whereby investment advice shall, at all times, be given with the judgment and care, under circumstances then prevailing, which persons paid for their special prudence, discretion and intelligence in such matters exercise in the management of their client's affairs, not for speculation by the client or production of fee income by the advisor or broker, but for investment by the client with emphasis on the probable safety of the capital while considering the probable income to be derived.

2.2.4. **Strategy No. 4.** The City will maintain portfolio(s) that utilize four specific investment strategy considerations designed to address the unique characteristics of the fund group(s) represented in the portfolio(s):

2.2.4.1 Investment strategies for operating funds and pooled funds containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio that will experience minimal volatility during economic cycles through diversification by security type, maturity date and issuer. All security types, as authorized by this policy, are considered suitable investments for the operating and pooled funds.

2.2.4.2 Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the

required payment date(s). These funds have predictable payment schedules. Therefore investment maturities shall not exceed the anticipated cash flow requirements.

2.2.4.3 Investment strategies for debt service reserve funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund. Managing the Debt Service Reserve Fund's portfolio maturities to not exceed the call provisions of the bond issue will reduce the investment's market risk if the City's bonds are called and the reserve fund liquidated. No investment maturity shall exceed the final maturity of the bond issue.

2.2.4.4 Investment strategies for special projects or capital projects funds will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. Market conditions and arbitrage regulations will influence the investment of capital project funds. When market conditions allow, achieving a positive spread to applicable arbitrage yield is the desired objective, although at no time shall the anticipated expenditure schedule be exceeded in an attempt to increase yield.

2.2.5 **Strategy No. 5 - Hold until Maturity.** The strategy of the City is to maintain sufficient liquidity in its portfolio so that it does not need to sell a security prior to maturity. Should it become necessary to sell a security prior to maturity, where the sale proceeds are less than the current book value, the prior written consent of the City Administrator must be obtained. Securities may be sold prior to maturity by the Investment Officer at or above their book value at any time. The result of all sales of securities prior to maturity shall be reported to the City Administrator within two business days of the sale. The report shall provide the amount of proceeds from the sale, including accrued interest to the date of sale, less the current book value and the dollar amount of gain on the sale.

2.2.6 **Strategy No. 6 - Pooling of Deposits and Investments.** All demand deposits of the City will be concentrated with one central depository. This procedure will maximize the City's ability to pool cash for investment purposes, and provide more manageable banking relationships. In addition, depositories not holding demand deposits of the City may be eligible to bid on City investments, subject to the approval of the City Administrator.

2.2.7 **Strategy No. 7 - Depository Bank Relationships.** This Policy shall further seek to maintain good depository bank relationships while minimizing the cost of banking services. The City will seek to maintain a depository contract that will be managed to a level that minimizes the cost of the banking relationship to the City, while allowing the City to earn an appropriate return on idle demand deposits.

2.2.8 **Strategy No. 8 - Single Pooled Fund Group.** A single strategy is specified, in accordance with the single pooled fund group as defined in this Policy. However, earnings from investments will be allocated on a pro-rata cash basis to the individual funds and used in a manner that will best service the interests of the City.

2.2.9 **Strategy No. 9 - Maximizing Investable Cash Balances.** Procedures shall be established and implemented in order to maximize investable cash by decreasing the time between the actual collection and the deposit of receipts, and by the controlling of disbursements.

3. SCOPE. The Investment Policy shall govern the investment of all financial assets considered to be part of the City entity and includes the following funds or fund types: the General Fund, Enterprise Funds, Special Revenue Funds, General Obligation Interest and Sinking Fund, Capital Projects Funds, Special Revenue Funds, EDC Fund, MDD Fund and any other funds which have been contractually delegated to the City for management purposes. The City may add or delete funds as may be required by law, or for

proper accounting procedures. This policy does not include funds governed by approved trust agreements, or assets administered for the benefit of the City by outside agencies under retirement or deferred compensation programs. Additionally, bond funds (including debt service and reserve funds) are governed by bond ordinances and are subject to the provisions of the Internal Revenue Code and applicable federal regulations governing the investment of bond proceeds.

4. INVESTMENT OBJECTIVES. Funds of the City shall be invested in accordance with all applicable Texas statutes, this Policy and any other approved, written administrative procedures. The four objectives of the City's investment activities shall be as follows (in the order of priority):

4.1 **Safety of Principal.** Safety of principal invested is the foremost objective in the investment decisions of the City. Each investment transaction shall seek to ensure the preservation of capital in the overall portfolio. The risk of loss shall be controlled by investing only in authorized securities, as defined in this Policy, by qualifying the financial institutions with whom the City will transact business and through portfolio diversification. Safety is defined as the undiminished return of the principal on the City's investments.

4.2 **Liquidity.** The investment portfolio shall be managed to maintain liquidity to ensure that funds will be available to meet the City's cash flow requirements and by investing in securities with active secondary markets. Investments shall be structured in such a manner as will provide the liquidity necessary to pay obligations as they become due. A security may be liquidated prior to its stated maturity to meet unanticipated cash requirements, or to otherwise favorably adjust the City's portfolio, in accordance with Section 2.2.5 above.

4.3 **Market Rate-of-Return (Yield).** The City's investment portfolio shall be designed to optimize a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the portfolio. The investment portfolio shall be managed in a manner that seeks to attain a market rate of return throughout budgetary and economic cycles. The City will not attempt to consistently attain an unrealistic above market rate-of-return, as this objective will subject the overall portfolio to greater risk. Therefore, the City's rate of return objective is secondary to those of safety and liquidity. Rate of return (yield) is defined as the rate of annual income return on an investment, expressed as a percentage.

4.4 **Public Trust.** All participants in the City's investment program shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might involve a conflict of interest or otherwise impair public confidence in the City's ability to govern effectively. All officials of the City having either a direct or indirect role in the process of investing idle funds shall act responsibly as custodians of the public trust.

5. INVESTMENT RESPONSIBILITY. As provided in this policy, the daily operation and management of the City's investments are the responsibility of the following person.

5.1 **Delegation of Authority.** The City Administrator and the City Accountant are authorized to deposit, withdraw, invest, transfer or manage in any other manner the funds of the City. Management responsibility for the investment program is hereby delegated to the City Administrator, who shall establish written procedures for the operation of the investment program, consistent with this Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. All persons involved in investment activities will be referred to in this Policy as "Investment Officers." No persons may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the City Administrator. The City Administrator shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of subordinate Investment Officials. The system of controls shall be designed to provide reasonable assurance that the assets of the City are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that:

- (1) the cost of a control should not exceed the benefits likely to be derived; and
- (2) the valuation of costs and benefits requires estimates and judgments by management.

Commitment of financial and staffing resources in order to maximize total return through active portfolio management shall be the responsibility of the City Council.

5.2 Prudence. The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" rule, which states, "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." In determining whether the Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the following:

5.2.1 the investment of all funds over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and

5.2.2 whether the investment decision was consistent with the written investment Policy and procedures of the City.

5.2.3 Investment officials acting in accordance with the Investment Policy and exercising due diligence shall be relieved of personal responsibilities for an individual security's credit risk or market price change, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over which the official had responsibility rather than consideration as to the prudence of a single investment and whether the investment decision was consistent with the City's Investment Policy.

5.3 Due Diligence. The Investment Officer acting in accordance with written policies and procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported in a timely manner and that appropriate action is taken to control adverse developments. All Investment Officers involved in investment transactions will be bonded.

5.4 Ethical Standards and Conflicts of Interest. All City Investment Officers having a direct or indirect role in the investment of City funds shall act as custodians of the public trust avoiding any transaction which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. An Investment Officer who has a personal business relationship with the depository bank or with any entity seeking to sell an investment to the City shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the City Council.

5.5 Investment Training. The Investment Officers shall attend at least one training session of at least ten (10) hours relating to the officer's responsibility under the Public Funds Investment Act within twelve (12) months after assuming duties, and attend an investment training session not less than once every two years, receiving an additional ten (10) hours of training. Such training from an

independent source shall be approved by the City Administrator and endorsed by either the Government Finance Officers Association of Texas, the Government Treasurers Organization of Texas, the Texas Municipal League, the North Central Texas Council of Governments, or the University of North Texas Center for Public Management.

6. AUTHORIZED INVESTMENTS. As stated previously, safety of principal is the primary objective in investing public funds and can be accomplished by limiting two types of risk — credit risk and interest rate risk. Credit risk is the risk associated with the failure of a security issuer or backer to repay principal and interest in full. Interest rate risk is the risk that the value of a portfolio will decline due to an increase in the general level of interest rates. In order to provide for safety of principal as the City's primary objective, only certain investments are authorized as acceptable investments for the City. The following list of authorized investments for the City intentionally excludes some investments authorized by law. These restrictions are placed in order to limit possible risk and provide the maximum measure of safety to City funds.

6.1 Authorized and Acceptable Investments. The authorized list of investment instruments are as follows:

- (1) Obligations of the United States or its agencies and instrumentalities, excluding mortgage-backed securities and including or any obligation fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC).
- (2) Direct obligations of the State of Texas, or its agencies and instrumentalities.
- (3) Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, excluding mortgage-backed securities.
- (4) Collateralized Certificates of Deposit. A certificate of deposit issued by a depository institution that has its main office or a branch office in the state and is:
 - guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
 - secured by obligations that are described by Section 2256.009(a) of the Public Funds Investment Act, including mortgage backed securities directly issued by a federal agency or instrumentality, but excluding those mortgage backed securities of the nature described in Section 2256.009(b) of the Act; or
 - secured in any other manner and amount provided by law for deposits of the City.

~~In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principle and interest of each CD federally insured, may be purchased through a selected depository institution with its main office or branch office in Texas.~~

~~This depository shall act as the custodian for the various certificates on behalf of the City.~~

- In addition to the City's authority to invest funds in certificates of deposit, a CD investment made in accordance with the following conditions is an authorized investment under Tex. Govt. Code Sec. 2256. 010(b):

(a) the funds are invested by the City through a clearing broker registered with the Securities and Exchange Commission (SEC) and operating pursuant to SEC rule 15c3 -3 (17 C. F.R. Section 240. 15c3 -3) with its main office or branch office in Texas and selected from a list adopted by

City; or a depository institution that has its main office or a branch office in Texas and that is approved and selected by the City;

(b) the selected broker or depository institution arranges for the deposit of the funds in CDs in one or more federally insured depository institutions, wherever located, for the account of the City;

(c) the full amount of the principal and accrued interest of each CDs is insured by the United States or an instrumentality of the United States;

(d) the selected broker or depository institution acts as custodian for the City with respect to the CDs issued for the account of the City.

(5) Eligible Local Government Investment Pools. Public funds investment pools which invest in instruments and follow practices allowed by the current law as defined in Section 2256.016 of the Texas Government Code, provided that:

- the investment pool has been authorized by the City Council;
- the pool shall have furnished the Investment Officer an offering circular containing the information required by Section 2256.016(b) of the Texas Government Code;
- the pool shall furnish the Investment Officer investment transaction confirmations with respect to all investments made with it;
- the pool shall furnish to the Investment Officer monthly reports containing the information required under Section 2256.016(c) of the Texas Government Code;
- the pool is continuously rated no lower than “AAA” or “AAA-m” or an equivalent rating by at least one nationally recognized rating service;
- the pool marks its portfolio to market daily;
- the pool’s investment objectives shall be to maintain a stable net asset value of one dollar (\$1.00); and
- the pool’s investment philosophy and strategy are consistent with this Policy.

(6) Regulated No-Load Money Market Mutual Funds. These investments are authorized, under the following conditions:

- the money market mutual fund is registered with and regulated by the Securities and Exchange Commission;
- the fund provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940;
- the fund has a dollar-weighted average portfolio maturity of ~~ninety (90)~~ sixty (60) days or less;
- the investment objectives include the maintenance of a stable net asset value of one dollar (\$1.00) per share; and

- the fund is continuously rated no lower than "AAA" or an equivalent rating by at least one nationally recognized rating service.
 - The City may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.
- (7) Repurchase Agreements, Reverse Repurchase Agreements, Bankers' Acceptances; Commercial Paper. These investments are authorized for the City only to the extent that they are contained in the portfolios of approved public funds investment pools in which the City invests, or as otherwise provided below.
- The direct investment in reverse repurchase agreements, bankers' acceptances, and commercial paper by the City is not authorized.
 - Fully flexible repurchase agreements are authorized in this Policy, to the extent authorized under the Public Funds Investment Act (Texas Government Code 2256.001.) The use of flex repos shall be limited to the investment of bond proceeds and the maturity date of any such agreement shall not exceed the expected proceeds draw schedule.

6.2 **Investment Instruments NOT Authorized.** The following instruments are eligible for investment by local government according to state law, but they have been intentionally prohibited for the City by this Policy: mortgage-related obligations, guaranteed investment contracts, options, financial futures contracts and, day trading of long-term securities. In addition to these restricted investments, state law specifically prohibits investment in the following securities:

- (1) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
- (2) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
- (3) Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.
- (4) Collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

7. DIVERSIFICATION. Diversification of investment instruments shall be utilized to avoid incurring unreasonable risks resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities. With the exception of U.S. Government securities, as authorized in this Policy, and authorized local government investment pools, no more than fifty percent (50%) of the total investment portfolio will be invested in any one security type or with a single financial institution. Diversification of the portfolio considers diversification by maturity dates and diversification by investment instrument.

7.1 **Diversification by Maturities.** The longer the maturity of investments, the greater their price volatility. Therefore, it is the City's policy to concentrate its investment portfolio in shorter-term securities in order to limit principal risks caused by change in interest rates. The City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three (3) years from the date of purchase. However, the above described obligations, certificates, or agreements may be collateralized using longer date instruments. The City shall diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Maturity scheduling shall be managed by the

Investment Officer so that maturities of investments shall be timed to coincide with projected cash flow needs.

The entire City portfolio, including funds at the City's depository bank, shall comprise one pooled fund group, and the maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio is two hundred seventy (270) days. Investment maturities for debt service interest and sinking funds and/or other types of reserve funds, whose use is never anticipated, may not exceed three (3) years.

7.2 Diversification by Investment Instrument. Diversification by investment instrument shall not exceed the following guidelines for each type of instrument:

	<u>Percentage of Portfolio (Maximum)</u>
U.S. Treasury Obligations	100%
U.S. Government Agency Securities and Instrumentalities of Government-Sponsored Corporations	80%
Authorized Local Government Investment Pools	100%
Fully Collateralized Certificates of Deposit	50%
SEC-Regulated No-Load Money Market Mutual Funds	10%

7.3 The City shall invest local funds in investments yielding a market rate-of-return while providing necessary protection of the principal consistent with the operating requirements of this section or written policies.

8. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS. At this time, the City does not use Brokers or Dealers. Should the City determine a need, the following procedures and requirements will apply:

Financial institutions (federally insured banks) with and through whom the City invests shall be state or national banks doing business domiciled in this state. No public deposit shall be made except in a qualified public depository as established by state laws. Brokers/Dealers authorized to provide investment services to the City may include only those authorized by the City Administrator. All banking services will be governed by a depository contract awarded by the City Council. In addition, the City Accountant shall maintain a list of authorized security brokers/dealers, and investment pools that are authorized by the City Administrator and/or the City Council.

8.1 All financial institutions with whom the City does business must supply the following as appropriate: (1) audited financial statements; (2) proof of Financial Industry Regulatory Authority (FINRA)~~National Association of Securities Dealers (NASD)~~ certification; (3) proof of state registration and completed broker/dealer questionnaire; (4) certification of having read the City's investment policy signed by a qualified representative of the organization, acknowledging that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the City and the organization.

8.2 An annual review of the financial condition and registration of qualified bidders will be conducted by the City Accountant. The review may include, but is not limited to, review of rating agency reports, review of call reports, and analyses of management, profitability, capitalization, and asset quality. Financial institutions and brokers/dealers desiring to conduct business with the City shall be required to provide any financial data requested by the City Administrator or the Investment Officer. Upon completion of the annual review by the City Accountant, the financial institutions and

brokers/dealers desiring to conduct business with the City shall be approved by the City Administrator.

8.3 Selection criteria for federally insured financial institutions shall include the following: (1) the financial institution must be insured by the FDIC and (2) the financial institution must be incorporated under the laws of the State of Texas or of the United States of America.

8.4 The Investment Officer of the City is responsible for monitoring the investments made by a financial institution and/or broker/dealer to determine that they are in compliance with the provisions of the Investment Policy.

9. DELIVERY VERSUS PAYMENT. It is the policy of the City that all security transactions entered into with the City shall be conducted on a "**DELIVERY VERSUS PAYMENT**" (DVP) basis through the Federal Reserve System. By doing this, City funds are not released until the City has received, through the Federal Reserve wire, the securities purchased. The City shall authorize the release of funds only after receiving notification from the safekeeping bank that a purchased security has been received in the safekeeping account of the City. The notification may be oral, but shall be confirmed in writing.

10. SAFEKEEPING AND COLLATERALIZATION.

10.1 **Safekeeping.** All securities owned by the City shall be held by its safekeeping agent, except the collateral for bank deposits. The collateral for bank deposits will be held in the City's name in the bank's trust department, or alternatively, in a Federal Reserve Bank account in the City's name, or a third-party bank, at the City's discretion. Original safekeeping receipts shall be obtained and held by the City. The City shall contract with a bank or banks for the safekeeping of securities either owned by the City as part of its investment portfolio or held as collateral to secure time deposits.

10.2 **Collateralization.** Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the City to require full collateralization of all city funds on deposit with a depository bank. The market value of the investments securing the deposit of funds shall be at least equal to the amount of the deposits of funds reduced to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Securities pledged as collateral shall be held in the City's name, in a segregated account at the Federal Reserve Bank or by an independent third party with whom the City has a current custodial agreement. The agreement is to specify the acceptable investment securities as collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. The safekeeping agreement must clearly state that the safekeeping bank is instructed to release purchased and collateral securities to the City in the event the City has determined that the depository bank has failed to pay on any matured investments in certificates of deposit, or has determined that the funds of the City are in jeopardy for whatever reason, including involuntary closure or change of ownership. A clearly marked evidence of ownership, e.g., safekeeping receipt, must be supplied to the City and retained by the City. Any collateral with a maturity over five (5) years must be approved by the Investment Officer before the transaction is initiated. Release of collateral or substitution of securities must be approved in writing by the Investment Officer. Financial institutions serving as City depositories will be required to sign a "Depository Agreement" with the City and the City safekeeping agent. The collateralized deposit portion of the agreement shall define the City's rights to collateral in the event of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- the Agreement must be in writing;
- the Agreement has to be executed by the Depository and the City contemporaneously with the acquisition of the asset;

- the Agreement must be approved by the Board of Directors of the Loan Committee of the Depository and a copy of the meeting minutes must be delivered to the City; and
- the Agreement must be part of the Depository's "official record" continuously since its execution.

10.2.1 The City may accept the following securities as collateral for bank deposits (V.T.C.A., Government Code, Section 2256.001, et. seq, formerly Article 842a-2, Section 2, V.T.C.S., as amended);

- FDIC and FSLIC insurance coverage;
- A bond, certificate of indebtedness, or Treasury Note of the United States, or other evidence of indebtedness of the United States that is guaranteed as to principal and interest by the United States;
- Obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas;
- A bond of the State of Texas or of a county, city, or other political subdivision of the State of Texas having been rated as investment grade (investment rating no less than "A" or its equivalent) by a nationally recognized rating agency with a remaining maturity of ten years or less;
- Surety Bonds that meet the requirements of the Public Funds Investment Act; or
- Federal Home Loan Bank Letters of Credit.

10.2.2 For certificates of deposit and other evidences of deposit, collateral shall be at 102% of market or par, whichever is lower. The market value of collateral will always equal or exceed the principal plus accrued interest of deposits at financial institutions.

10.2.3 Financial institutions, with which the City invests or maintains other deposits, shall provide monthly, and as requested by the Investment Officer, a listing of the collateral pledged to the City, marked to current market prices. The listing shall include total pledged securities itemized by name, type, description, par value, current market value, maturity date, and Moody's or Standard & Poor's rating, if applicable. The City and the financial institution shall jointly assume the responsibility for ensuring that the collateral is sufficient.

11. INTERNAL CONTROL. The City Accountant shall establish a system of written internal controls, which shall be reviewed annually by independent auditors. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions. The internal controls are to be reviewed annually in conjunction with an external independent audit. This review will provide assurance of compliance with policies and procedures as specified by this Policy. The City, in conjunction with its annual financial audit, shall perform a compliance audit of management controls and adherence to the City's established investment policy.

12. PERFORMANCE. The City's investment portfolio shall be designed to obtain a market rate of return on investments consistent with risk constraints and expected cash flow of the City. The benchmark for performance that is appropriate for the City's cash flow cycle will be TexPool (a local government investment pool).

13. REPORTING. The City Accountant shall submit a signed quarterly investment report that summarizes current market conditions, economic developments and anticipated investment conditions. The report shall summarize investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics, and shall explain the total investment return for the quarter.

13.1 Annual Report. Within 60 days of the end of the fiscal year, the City Accountant shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the City Administrator and City Council. The reports prepared by the City Accountant shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the City Council by that auditor.

13.2 Methods. The quarterly investment report shall include a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the past quarter. This management summary will be prepared in a manner that will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will be prepared in compliance with generally accepted accounting principles. The report will be provided to the City Administrator and City Council. The report will include the following:

- A listing of individual securities held at the end of the reporting period. This list will include the name of the fund or pooled group fund for which each individual investment was acquired;
- Unrealized gains or losses resulting from appreciation or depreciation by listing the beginning and ending book and market value of securities for the period. Market values shall be obtained from financial institutions or portfolio reporting services independent from the broker/dealer from which the security was purchased;
- Additions and changes to the market value during the period;
- Fully accrued interest for the reporting period;
- Average weighted yield to maturity of portfolio on entity investments as compared to applicable benchmarks;
- Listing of investments by maturity date;
- The percentage of the total portfolio which each type of investment represents; and
- Statement of compliance of the City's investment portfolio with State Law and the investment strategy and policy approved by the City Council.
- Market prices for all securities will be obtained and monitored through the use of safekeeping agents, independent pricing services, broker/dealers who did not sell the actual security being priced, as well as published or online services such as the Wall Street Journal or Bloomberg.

14. INVESTMENT POLICY ADOPTION AND AMENDMENT. The City's Investment Policy shall be adopted and amended by resolution of the City Council only. The City's written policies and procedures for investments are subject to review not less than annually to stay current with changing laws, regulations and needs of the City. Any changes or modifications to this Investment Policy, if any, shall be approved, and adopted by a formal resolution of the City Council.

GLOSSARY OF TERMS

The Investment Policy contains specialized and technical terminology that is unique to cash management and investment activities. The following glossary of terms is provided to assist in understanding these terms.

Affinity. Related through marriage.

Agencies. See U.S. Agency securities.

Bankers' Acceptances. A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer. When discounted and sold in the secondary market, bankers' acceptances become a short-term investment alternative.

Book Value. The cost of a security as recorded in the City's accounting records. For purposes of evaluating a sale of a security, it is a function of the original cost, the amortization of premium or discount, and the accrued interest. Specifically, it is the face value of the security plus the accrued interest plus any unamortized premium or minus any unamortized discount. Book value is often compared to market value, which is defined below.

Broker. A person or company that, for a fee or commission, brings buyers and sellers of securities together.

Certificate of Deposit. A time deposit with a specific maturity evidenced by a certificate.

Collateral. In general, assets which one party pledges as a guarantee of performance. Specifically, securities pledged by a bank to secure deposits of public monies. In the event of bank failure, the securities become the property of the public entity.

Collateralized Mortgage Obligations (CMO's). Securities based on a pool of home mortgages.

Commercial Paper. An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. The maximum maturity for commercial paper is 270 days, but most frequently maturities do not

exceed 30 days. Almost all commercial paper is rated by a rating service.

Consanguinity. Related by blood.

Coupon. The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. Also, a certificate attached to a bond indicating interest due on a payment date.

Credit Risk. The uncertainty that the principal amount of an investment will be returned without loss of value to the default of the borrower.

CUSIP. A unique security identification number assigned to securities maintained and transferred on the Federal Reserve book-entry system.

Dealer. A person or company that endeavors to profit from buying and selling investments for its own account.

Delivery Versus Payment (DVP). A method of delivering securities that requires the simultaneous exchange of the security and the payment. It provides a safeguard against paying for securities before they are received.

Demand Deposits. Deposits at a financial institution that are available to the depositor upon the depositor's demand.

Depository Bank. The primary bank of the City. The relationship between the depository bank and the City is governed by state law and by a depository contract that is approved by the City Council.

Discount. The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale is also considered to be at a discount.

Discount Securities. Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

Diversification. The strategy of dividing investments among a variety of securities offering independent risks and yields. Diversification lessens the likelihood of losing the entire portfolio of investments and averages yields among the investment alternatives.

Discount. The difference between the cost of a security and its value at maturity, in cases where the cost is less than the value at maturity.

Federal Agency – A debt instrument, either fully guaranteed or sponsored by the U.S. government. The typical definition of agency includes the government sponsored enterprises of Fannie Mae, Freddie Mac, the Federal Farm Credit Bank (FFCB) and the Federal Home Loan Bank (FHLB).

Federal Deposit Insurance Corporation (FDIC). A federal agency that insures bank deposits. A federal agency that insures bank deposits, currently up to \$250,000 per account. Public deposits that exceed this amount must be properly collateralized with investment securities or insured through a surety bond.

Federal Farm Credit Bank (FFCB) - The Federal Farm Credit Bank System is the oldest of the government sponsored enterprises, created by an act of Congress in 1916. Its mission is to provide a reliable and low cost source of funds to support agriculture in the United States. FFCB debt obligations are highly liquid and its senior debt is rated AA+.

Federal Funds Rate. The rate of interest at which Federal funds are traded. This rate is currently set by the Federal Reserve through open-market operations.

Federal Home Loan Banks (FHLB). Created in 1932, this system consists of 12 regional banks, which are owned by private member institutions and regulated by the Federal Housing Finance Board. Functioning as a credit reserve system, it facilitates extension of credit through its owner members. Federal Home

~~Loan Bank issues are joint and several obligations of the 12 Federal Home Loan Banks. The Federal Home Loan Bank was created by an act of Congress in 1932 as a system of 12 regional banks that provide funds to its member banks. FHLB's primary mission is to support residential and community lending. Its membership of more than 8,000 financial institutions includes savings banks, commercial banks, credit unions and insurance companies active in housing finance. FHLB debt obligations are highly liquid and its senior debt is rated AA+.~~

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"). A stockholder-owned corporation that provides a continuous flow of funds to mortgage lenders, primarily through developing and maintaining an active nationwide market in conventional mortgages. Freddie Mac was created by an act of Congress in 1970 as a shareholder-owned company to further expand the secondary market for mortgage loans in the United States. Freddie Mac buys existing mortgages and pools them together to create mortgage-backed securities that can then be sold to investors, thereby providing liquidity to lenders who can then make additional loans. Along with Fannie Mae, Freddie Mac was placed into government conservatorship in September 2008, but continues full operations under government control and has been instrumental in the government's attempts to revive the housing sector. Freddie Mac securities are highly liquid and its senior debt is rated AA+.

Financial Industry Regulatory Authority (FINRA) - formerly the National Association of Securities Dealers (NASD) - A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

Federal National Mortgage Association (FNMA or "Fannie Mae"). FNMA, a federal corporation, is the largest single provider of residential mortgage funds in the United States. It is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's

~~securities are also highly liquid and are widely accepted.~~ Fannie Mae was created by an act of Congress in 1938 under the Federal National Mortgage Association Act to provide a secondary market for mortgage loans in the United States. It does this by purchasing existing home loans and pooling them together to create mortgage-backed securities that can then be sold to investors, along with a guaranty of the timely payment of principal and interest on the underlying loans. Fannie Mae was privatized in 1968, and operated as a private stockholder-owned company for 40 years before the housing market collapse forced them into federal government conservatorship in September 2008. Fannie Mae debt obligations are highly liquid and its senior debt is rated AA+.

Fully Flexible Repurchase Agreement ("flex repo"). A specialized contract designed for the short-term investment of proceeds available from the sale of municipal bonds, notes and certificates. Flex repos allow for incremental repurchases, with the buyer/issuer (the City) retaining the right to force the seller to repurchase all, or a portion of, the sold securities held under repurchase agreement, at any time before the maturity date of the agreement, at a fixed rate for the life of the agreement.

Hold Until Maturity. This investment strategy is intended to avoid interest rate risk by maintaining ownership of an investment until it matures. At maturity, the face value of the security is received, but in some cases where a security is sold before maturity, less than the face value and the book value is received. Please see interest rate risk defined below.

Interest Rate Risk. The uncertainty of the return of principal on fixed rate securities that are sold prior to maturity. When interest rates rise, the market value of fixed rate securities decreases.

Internal Control. Policies and procedures that are established to provide reasonable assurance that specific government objectives are achieved and that assets are safeguarded.

Investment. The purchase of securities which, upon analysis, promise safety of principal and a

satisfactory return. These factors distinguish investment from speculation.

Investment Objective. The aim, goal or desired end of action of the investment activity.

Investment Pool. An entity created to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are safety, liquidity, and yield. (Sometimes called Local Government Investment Pool.)

Investment Strategy. The overall plan or method proscribed to achieve the investment objectives of the City.

Laddered Maturity. An investment strategy whereby investments are purchased to mature at regular intervals.

Liquidity. The measure of an investment's ability to be converted quickly and easily into cash without a substantial loss of value.

Local Government Investment Pool. See **Investment Pool.**

Market Rate of Return. A general term referring to the approximate interest rate that could be earned by an investor in a specific maturity range at any given point in time. For example, an investor seeking to earn a "market rate of return" while maintaining an investment portfolio with an average maturity of 90 days, would hope to earn approximately the same as a three-month agency discount note. If the investor earns a rate much higher than this, it might signal an inappropriate level of risk.

Market Risk. The uncertainty of the value of the City's portfolio arising from changes in the market conditions of investment securities.

Market Value. The price, including accrued interest, at which a security is trading for which it can be readily sold or purchased.

Maturity. The date upon which the principal or stated value of an investment becomes due and payable.

Money Market Mutual Fund. A mutual fund that purchases short-term debt instruments, such as Treasury Bills, commercial paper, and

bankers' acceptances, and which strives to maintain a stable net asset value of \$1.00.

Mutual Fund. Investment companies that sell shares to investors, offering investors diversification and professional portfolio management. Prices generally fluctuate with the performance of the fund.

Net Asset Value. The ratio of the market value of the portfolio divided by the book value of the portfolio.

Par. The value of a security as expressed on its face (face value) without consideration of a discount or premium.

Pledge. The grant of a collateral interest in investment securities by the depository bank as assurance of the safety of City deposits.

Pooled Fund Group. The combination of various accounts and funds of the City in a single, internally-created investing entity.

Portfolio. The collection of securities held by an investor.

Principal. The capital sum of an investment, as distinguished from interest.

Premium. The difference between the cost price and the face value at maturity in cases where the cost price is higher than the face value.

Rate-of-Return. See **Yield**.

Repurchase Agreement (REPO). An investment arrangement in which the holder of a security sells that security to an investor (the City) with an agreement to repurchase the security at a fixed price and on a fixed date.

Reverse Repurchase Agreement. An investment arrangement by which the City sells a security to a third party, such as a bank or broker/dealer, in return for cash and agrees to repurchase the instrument from the third party at a fixed price and on a fixed date. The City would then use the cash to purchase additional investments. This type of investment is

prohibited in the City's portfolio, except to the extent used by local government investment pools with which the City invests.

Safekeeping. An arrangement whereby a bank holds securities and other valuables for protection in exchange for a fee.

Safety. The assurance of the undiminished return of the principal of the City's investments and deposits.

Secondary Market. A market for the purchase and sales of outstanding securities following their initial distribution.

SEC Rule 15C3-1 (Uniform Net Capital Rule). Security and Exchange Commission requirement that member firms and nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1.

Security. A financial instrument that signifies an ownership interest, the right to an ownership interest, or creditor status.

Security Risks. The uncertainty of the value of a security dependent on its particular qualities.

Time Deposits. Deposits at the depository bank that are not due and payable until a specific date.

United States Agency Securities. Debt instruments issued by an executive department, an independent federal establishment, or a corporation or other entity established by Congress which is owned in whole or in part by the United States of America.

United States Treasury Securities. Debt instruments issued by the Treasury of the United States. **Treasury Bills** are issued for short-term borrowings (less than one year); **Treasury Notes** are issued for mid-term borrowings (Two - ten years); **Treasury Bonds** are issued for long-term borrowings (over ten years).

Yield. The rate of annual income return on an investment, expressed as a percentage.

**TEXAS PUBLIC FUNDS INVESTMENT ACT
CERTIFICATION BY BUSINESS ORGANIZATION**

[SAMPLE]

CITY OF OVILLA, TEXAS

This certification is executed on behalf of the City of Ovilla, Texas (the "City"), and _____ (the "Business Organization"), pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act") in connection with investment transactions conducted between the City and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Qualified Representative of the Business Organization offering to enter an investment transaction with the Investor as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code; and
2. The Qualified Representative of the Business Organization has received and reviewed the Investment Policy furnished by the City; and
3. The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the City that are not authorized by the City's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards.

Qualified Representative of Business Organization

Firm: _____

Signature

Printed Name: _____

Title: _____

Date: _____

**Recommended Revisions to the City of Ovilla's Investment Policy 2014
from First Southwest Asset Management, Inc.**

*Scott McIntyre, CFA
Senior Vice President
FirstSouthwest Asset Management, Inc.
direct 512.481.2009 fax 512.481.2020
300 W. Sixth Street, Suite 1940, Austin, TX 78701*

Section 5.2.3 **Add** "Investment officials acting in accordance with the Investment Policy and exercising due diligence shall be relieved of personal responsibilities for an individual security' s credit risk or market price change, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over which the official had responsibility rather than consideration as to the prudence of a single investment and whether the investment decision was consistent with the City' s Investment Policy.

Rationale: Standard liability policy language

Section 6.1 (1) **Add** '...and including or any obligation fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC).

Rationale: To specifically include any security insured by the FDIC

Section 6.1 (4) **Change** the last two paragraphs to read - "In addition to the City' s authority to invest funds in certificates of deposit, a CD investment made in accordance with the following conditions is an authorized investment under Tex. Govt. Code Sec. 2256. 010(b): (1) the funds are invested by the City through a clearing broker registered with the Securities and Exchange Commission (SEC) and operating pursuant to SEC rule 15c3 - 3 (17 C. F.R. Section 240. 15c3 -3) with its main office or branch office in Texas and selected from a list adopted by City; or a depository institution that has its main office or a branch office in Texas and that is approved and selected by the City; (2) the selected broker or depository institution arranges for the deposit of the funds in CDs in one or more federally insured depository institutions, wherever located, for the account of the City; (3) the full amount of the principal and accrued interest of each CDs is insured by the United States or an instrumentality of the United States; (4) the selected broker or depository institution acts as custodian for the City with respect to the CDs issued for the account of the City.

Rationale: To better reflect language change in the Act in 2011 allowing for clearing brokers to assist in the shared CD program.

Section 6.1 (6) **Change** money market fund maximum weighted average maturity from 90 days to 60 days

Rationale: To reflect SEC money market fund 2a7 changes made in 2010.

Section 8 – **Change** the word "domiciled" to "doing business in..."

Rationale: Few banks, if any, are actually domiciled in Texas. This language was tweaked in the PFIA several sessions ago.

Section 8.1 – **Change** National Association of Securities Dealers (NASD) to Financial Industry Regulatory Authority (FINRA).

Rationale – To reflect industry name change.

**Recommended Revisions to the City of Ovilla's Investment Policy 2014
from First Southwest Asset Management, Inc.**

Section 13 – **Add** to the end of the section: “Market prices for all securities will be obtained and monitored through the use of safekeeping agents, independent pricing services, broker/dealers who did not sell the actual security being priced, as well as published or online services such as the Wall Street Journal or Bloomberg.”

Glossary:

Add: **Federal Agency** – A debt instrument, either fully guaranteed or sponsored by the U.S. government. The typical definition of agency includes the government sponsored enterprises of Fannie Mae, Freddie Mac, the Federal Farm Credit Bank (FFCB) and the Federal Home Loan Bank (FHLB).

Change: **Federal Deposit Insurance Corporation (FDIC)** - A federal agency that insures bank deposits, currently up to \$250,000 per account. Public deposits that exceed this amount must be properly collateralized with investment securities or insured through a surety bond.

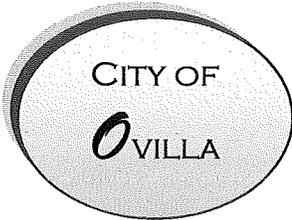
Add: **Financial Industry Regulatory Authority (FINRA)** - formerly the National Association of Securities Dealers (NASD) - A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

Add: **Federal Farm Credit Bank (FFCB)** - The Federal Farm Credit Bank System is the oldest of the government sponsored enterprises, created by an act of Congress in 1916. Its mission is to provide a reliable and low cost source of funds to support agriculture in the United States. FFCB debt obligations are highly liquid and its senior debt is rated AA+.

Change: **Federal Home Loan Bank (FHLB)** - The Federal Home Loan Bank was created by an act of Congress in 1932 as a system of 12 regional banks that provide funds to its member banks. FHLB's primary mission is to support residential and community lending. Its membership of more than 8,000 financial institutions includes savings banks, commercial banks, credit unions and insurance companies active in housing finance. FHLB debt obligations are highly liquid and its senior debt is rated AA+.

Change: **Federal Home Loan Mortgage Company (FHLMC or “Freddie Mac”)**: Freddie Mac was created by an act of Congress in 1970 as a shareholder-owned company to further expand the secondary market for mortgage loans in the United States. Freddie Mac buys existing mortgages and pools them together to create mortgage-backed securities that can then be sold to investors, thereby providing liquidity to lenders who can then make additional loans. Along with Fannie Mae, Freddie Mac was placed into government conservatorship in September 2008, but continues full operations under government control and has been instrumental in the government's attempts to revive the housing sector. Freddie Mac securities are highly liquid and its senior debt is rated AA+.

Change: **Federal National Mortgage Association (FNMA or “Fannie Mae”)**: Fannie Mae was created by an act of Congress in 1938 under the Federal National Mortgage Association Act to provide a secondary market for mortgage loans in the United States. It does this by purchasing existing home loans and pooling them together to create mortgage-backed securities that can then be sold to investors, along with a guaranty of the timely payment of principal and interest on the underlying loans. Fannie Mae was privatized in 1968, and operated as a private stockholder-owned company for 40 years before the housing market collapse forced them into federal government conservatorship in September 2008. Fannie Mae debt obligations are highly liquid and its senior debt is rated AA+.



Villa City Council

AGENDA ITEM REPORT

Item(s): 2 (City Secretary use only)

Meeting Date: March 10, 2014

Department: Public Works

Discussion Action

Budgeted Expense: YES NO N/A

Submitted By: Staff

Amount: \$9,900

Attachments:

1. Resolution R2014-011
2. Mayor's letter of February 11, 2014
3. Main Street Sewer Line Project Development Agreement executed by Developer
4. Excerpt from Minutes of December 09, 2013 Regular Meeting
5. Estimate of Probable cost to Complete Connection of City Hall to Sanitary Sewer Worksheet
6. Estimate of Staff Time Considered in Probable Cost

Agenda Item / Topic:

ITEM 2. **DISCUSSION/ACTION** – Consideration of and action on Resolution R2014-011 authorizing the Mayor to execute the Main Street Sewer Line Project Development Agreement.

Discussion / Justification:

The City held discussions with the property owners consisting of John Sims, Stephen Fiedler, Bill Crouch, and Jimmie Wade and known as the "Developer", regarding the construction and installation of a sewer line extending along Main Street.

The City's contribution to the project would not exceed \$9,900.00 based on the estimate of costs to complete the project and the City agreed to waive the connection fee for the property owner. The Development Agreement provided to the property owners was executed and payment for the Developer's portion was received by the City.

Council approved the City's contribution amount (\$9,900) during the December 09, 2013 Council Meeting. A budget amendment for this expenditure will be presented to Council during the mid-year budget review.

This item provides City Council the opportunity to consider the Development Agreement and authorize the Mayor to execute such Agreement.

Recommendation / Staff Comments:

Sample Motion(s):

I move that Council APPROVE/DENY Resolution R2014-011 authorizing the Mayor to execute the Main Street Sewer Line Project Development Agreement.

RESOLUTION NO. R2014-011

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OVILLA, TEXAS APPROVING THE TERMS AND CONDITIONS OF THE MAIN STREET SEWER LINE PROJECT DEVELOPMENT AGREEMENT BY AND BETWEEN JOHN SIMS, DBA FIRST CEDAR HILL LLP, STEPHEN FIEDLER, JIMMIE J. WADE AND BILL CROUCH AND THE CITY OF OVILLA, WHICH AGREEMENT IS ATTACHED HERETO AND INCORPORATED HEREIN AS EXHIBIT "A"; AUTHORIZING THE MAYOR TO SIGN SAID AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council has presented a Main Street Sewer Line Project Development Agreement by and between John Sims, Stephen Fiedler, Jimmie J. Wade and Bill Crouch and the City of Ovilla to participate in a Main Street Sewer Line Project; and

WHEREAS, upon full review and consideration of the Agreement, and all matters related thereto, the City Council is of the opinion and finds that the terms and conditions thereof should be approved, and that the Mayor should be authorized to execute the Agreement on behalf of the City of Ovilla, Texas.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OVILLA, TEXAS;

SECTION 1.

That the Main Street Sewer Line Project Development Agreement and the City of Ovilla will participate in the construction and installation of a sewer line extending along Main Street as described and is attached hereto as Exhibit "A," and having been reviewed by the City Council of the City of Ovilla, Texas, is hereby, in all things approved; and, the Mayor is hereby authorized to execute the Agreement on behalf of the City of Ovilla, Ellis County, Texas.

SECTION 2.

That this Resolution shall take effect immediately from and after its adoption and it is so resolved.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF OVILLA, TEXAS, this 10th day of March, 2014.

APPROVED:

Richard Dormier, Mayor

ATTEST:

Pamela Woodall, City Secretary

APPROVED AS TO FORM:

Ron G. MacFarlane, Jr., City Attorney

*Ralph Hall, Mayor Pro Tem, Place 1
Larry Stevenson, Councilmember, Place 2
David Griffin, Councilmember, Place 3*



Richard Dormier, Mayor

*Doug Hunt, Councilmember, Place 4
Dean Oberg, Councilmember, Place 5
Cyndy Powell, City Administrator*

February 11, 2014

Mr. John M. Sims, GP
First Cedar Hill, LLP
P. O. Box 1061
Cedar Hill, TX 75106

Re: Development Agreement for Main Street Sewer Line Project

Dear Mr. Sims:

Attached is the Main Street Sewer Line Project Development Agreement for consideration by the property owners referred to as the "Developer".

If the attached Development Agreement is acceptable, we will prepare an original Development Agreement for execution by all participants. Once the agreement is signed and money is received by the City, we will proceed with the project.

Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Richard Dormier".

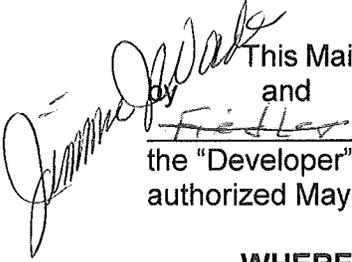
Richard Dormier, Mayor

Enclosure: Main Street Sewer Line Project Development Agreement

CC: City Council w/ enclosure
Cyndy Powell, City Administrator w/ enclosure

MD/cp

**MAIN STREET SEWER LINE PROJECT
DEVELOPMENT AGREEMENT**



This Main Street Sewer Line Project Development Agreement (the "Agreement") is made by John Sims DBA First Cedar Hill LP and Stephen Fiedler and between John Sims DBA First Cedar Hill LP and Stephen Fiedler, and Bill Crouch (herein collectively referred to as the "Developer") and the City of Ovilla, Texas (the "City") acting herein by and through its duly authorized Mayor.

WHEREAS, the City Council of Ovilla has approved the City's participation in the Main Street Sewer Line Project (herein the "Project"); and

WHEREAS, the Project shall consist of the construction and installation of a sewer line extending along Main Street from Water Street to a point approximately 300 feet north; and

WHEREAS, the total estimated cost of the Project is \$34,430; and

WHEREAS, the City has agreed to contribute an amount not to exceed \$9,900.00 for the Project; and

WHEREAS, the Developer consists of property owners abutting Main Street; and

WHEREAS, the success of the Project is dependent upon Developer's contribution of an estimated \$24,530.00 towards the cost of the Project.

NOW, THEREFORE, in consideration of the foregoing premises and the covenants and conditions herein, and other good and valuable consideration, the Developer and City agree as follows:

1. The City agrees to manage the project and contribute an amount not to exceed \$9,900.00 towards the cost of the Project, such costs consisting of estimated labor costs provided by the City, estimated costs for the use of City equipment and fuel expenses, and an estimated contingency of ten percent (10%) of the City's total estimated contribution.
2. The City agrees to waive the connection fee for each property owner participating in the Development Agreement. The connection fee to be waived includes the Sewer Impact Fee of \$87.00, the Capital Recovery Fee of \$1,250.00 for wastewater, and the connection fee for new wastewater customers of \$25.00. Fees to be waived per property are not to exceed \$1,362.00.
3. The Developer agrees to be responsible for costs associated with the connection from the property to the City's sewer main. The connection is to be performed by a licensed contractor. Plumbing inspection fee applies.
4. The Developer agrees to contribute an estimated amount of \$24,530.00 towards the cost of the Project and to grant the City any utility easements and/or rights of entry necessary for the Project.
5. The Developer agrees to pay for cost over-runs that exceed the maximum contribution by the City.



**MAIN STREET SEWER LINE PROJECT
DEVELOPMENT AGREEMENT**

6. It is understood that the City is under no obligation to begin work on the Project until such time as it receives Developer's estimated contribution.
7. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective permitted successors and permitted assigns.
8. This Agreement shall be governed by, and its provisions construed in accordance with, the laws of the State of Texas. Venue for any action arising from or related to this Agreement shall be the State District Courts of Ellis County, Texas.
9. This Agreement constitutes the entire agreement between the parties, and there exists no other written or oral understandings, agreements or assurances with respect to any matters except as set forth herein. Unless expressly stated, this Agreement confers no rights to or upon any person or entity that is not a party hereto.

EXECUTED this ____ day of _____, 2014.

DEVELOPER:

By: 

By: 

By: 

By: 

CITY OF OVILLA, TEXAS:

By: _____
Richard Dormier, Mayor

ATTEST:

Pam Woodall, City Secretary

APPROVED AS TO FORM:

Ron G. MacFarlane, Jr., City Attorney

CRB 120-3

CITY OF OVILLA

105 S. Cockrell Hill Road
Ovilla, TX 75154
972-617-7262

CASH RECEIPT

Date 2-24-14

004250

Received From Croich

Address Sixty One Hundred Thirty Two 50/100 Dollars \$ 6132.50

For Main St. Sewer Line

ACCOUNT		HOW PAID	
AMT. OF ACCOUNT		CASH	
AMT. PAID	<u>6132.50</u>	CHECK	<u>X</u>
BALANCE DUE		MONEY ORDER <input type="checkbox"/>	
		CREDIT CARD <input type="checkbox"/>	

By IM

CRB 120-3

CITY OF OVILLA

105 S. Cockrell Hill Road
Ovilla, TX 75154
972-617-7262

CASH RECEIPT

Date 2-24-14

004247

Received From Gieder, Stephen

Address Sixty One Hundred Thirty Two 50/100 Dollars \$ 6132.50

For Main St. Sewer Line Project

ACCOUNT		HOW PAID	
AMT. OF ACCOUNT		CASH	
AMT. PAID	<u>6132.50</u>	CHECK	<u>X</u>
BALANCE DUE		MONEY ORDER <input type="checkbox"/>	
		CREDIT CARD <input type="checkbox"/>	

By IM

CRB 120-3

CITY OF OVILLA

105 S. Cockrell Hill Road
Ovilla, TX 75154
972-617-7262

CASH RECEIPT

Date 2-24-14

004249

Received From Netters LLC

Address Sixty One Hundred Thirty Two 50/100 Dollars \$ 6132.50

For Main St. Sewer Line

ACCOUNT		HOW PAID	
AMT. OF ACCOUNT		CASH	
AMT. PAID	<u>6132.50</u>	CHECK	<u>X</u>
BALANCE DUE		MONEY ORDER <input type="checkbox"/>	
		CREDIT CARD <input type="checkbox"/>	

By IM

CRB 120-3

CITY OF OVILLA

105 S. Cockrell Hill Road
Ovilla, TX 75154
972-617-7262

CASH RECEIPT

Date 2-24-14

004248

Received From Wade

Address Sixty One Hundred Thirty Two 50/100 Dollars \$ 6132.50

For Main St. Sewer Line

ACCOUNT		HOW PAID	
AMT. OF ACCOUNT		CASH	
AMT. PAID	<u>6132.50</u>	CHECK	<u>X</u>
BALANCE DUE		MONEY ORDER <input type="checkbox"/>	
		CREDIT CARD <input type="checkbox"/>	

By IM

Excerpt of December 09, 2013 Council Minutes

ITEM 2. DISCUSSION/ACTION – Consideration of proposed Main Street Sewer Project and take action as necessary.

Public Works Director Brad Piland updated Council summarizing an increased city expense for the installation of the proposed Main Street Sewer Project. The cost increased from the originally quoted \$5,000 to \$8,000-\$9,900. The financial obligation to the property owners were expected to remain the same. Comments were made that this would invite businesses to the downtown area including the idea of eventually bringing sewer to the city hall.

PL2 Stevenson moved that Council continue moving forward with the Main Street Sewer Project, not to exceed \$9,900, seconded by Mayor Pro Tem Hall. *Mayor Dormier asked for an announcement of AYE or NAY from Council. Council Members, Mayor Pro Tem Hall, PL2 Stevenson, PL3 Griffin and PL5 Oberg announced AYE in favor. Council Member PL4 Hunt voted in opposition, no abstentions.*

VOTE: The motion carried: 4 in favor-1 in opposition.

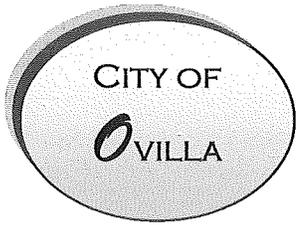
ESTIMATE OF PROBABLE COST TO COMPLETE CONNECTION OF CITY HALL TO SANITARY SEWER

PHASE	DESCRIPTION	YEAR	LENGTH OF PROJECT, FT	CITY COST, \$	DEVELOPER COST, \$
1	MAIN STREET FROM PICKARD BRIDGE TO WATER STREET	2008			
	12-INCH SEWER LINE WITH CHANGE ORDER		320	\$21,199	\$10,000
	TANK REMEDIATION		NA	\$7,500	\$0
	CONNECTION FEE			\$0	\$500
	SUBTOTAL OF PHASE 1 COST			\$28,699	\$10,500
2	MAIN STREET FROM WATER STREET PAST MAIN STREET CLEANERS (ESTIMATED)	2013	300		
	MATERIALS AND TRENCH SAFETY EQUIPMENT			\$0	\$10,500
	LABOR CITY CANNOT SUPPLY DUE TO SAFETY CONCERNS			\$0	\$10,800
	CITY LABOR (ESTIMATED TO BE BETWEEN \$5,500 AND \$8,300)*			\$8,300	
	CITY EQUIPMENT AND FUEL			\$700	
	CONNECTION FEE				\$0
	SURVEY-Grade markings			\$0	\$1,000
	CONTINGENCY (10%)			\$900	\$2,230
	SUBTOTAL OF PHASE 2 COST			\$9,900	\$24,530
3	COST TO CONNECT CITY HALL TO MAIN STREET SEWER WITH FORCEMAIN (ESTIMATED)	2014			
	CONVERT EXISTING HOLDING TANKS TO LIFT STATION			\$2,500	
	COST TO CONSTRUCT LIFT STATION AND PUMPS			\$6,200	
	CONSTRUCT 2-INCH FORCEMAIN TO MAIN STREET SEWER MANHOLE-materials and labor			\$5,500	
	COST TO PREPARE EASEMENT FROM CITY PROPERTY TO MAIN STREET			\$750	
	EASEMENT FOR FORCE MAIN TO BE INCLUDED IN DEVELOPMENT AGREEMENT FOR PHASE 2			\$0	
	CONTINGENCY (25%)			\$3,738	
	SUBTOTAL OF PHASE 3 COST			\$18,688	\$0
	TOTAL COSTS TO BRING SEWER TO CITY HALL			\$57,287	\$35,030

* LABOR IS CALCULATED INCLUDING FULL BENEFITS

Breakdown of City Labor Expense for Main St. Sewer Line Project

Employee Title	Pay Rate	Estimated		Total Employee Cost
		Pay Rate + Benefits	Hours Per Employee	
Street Maintenance	\$10.56	\$15.37	60	\$922.20
Public Works Director	\$23.50	\$28.31	60	\$1,698.60
Water Maintenance	\$13.43	\$18.24	61	\$1,112.64
Water Superintendent	\$21.61	\$26.42	60	\$1,585.20
Water Maintenance	\$10.56	\$15.37	60	\$922.20
Sewer Maintenance	\$10.25	\$15.06	60	\$903.60
Sewer Maintenance	\$14.53	\$19.34	60	\$1,160.40
				\$8,304.84



Ovilla City Council

AGENDA ITEM REPORT

Item(s): 3 (City Secretary use only)

Meeting Date: March 10, 2014

Department: Administration

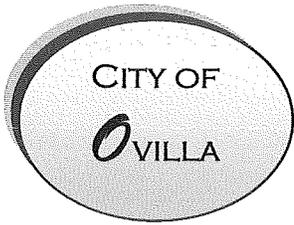
Discussion Action

Budgeted Expense: YES NO N/A

Submitted By: Staff

Amount: \$N/A

Attachments:	
1. None	
Agenda Item / Topic:	
ITEM 3.	<i>DISCUSSION/ACTION</i> - Consideration of and action on the appointment of a City Council Scholarship Committee and setting a date, time, and location to review the applications.
Discussion / Justification:	
The Best Southwest Partnership (BSW) Education Committee submitted scholarship applications to independent school districts, private schools, and charter schools in the twelve cities in the Best Southwest Partnership's region. The City Council Scholarship Committee, consisting of the Mayor and two City Councilors, is charged with application review and selection process. On or around April 25, 2014, applications received by the BSW will be sorted and provided to the city in which the scholarship applicant resides. The deadline for the Committee's selection of the scholarship recipient from Ovilla is May 09, 2014. The BSW 2 nd Annual Quarterly Luncheon will be held on May 29, 2014, at 11:30 a.m. at the Hilton Garden Inn in Duncanville where the scholarship recipients will be announced.	
Recommendation / Staff Comments:	
Staff recommends the creation of the City Council Scholarship Committee designating two council persons and the Mayor.	
Staff recommends the Committee meet on Monday, April 28, 2014 at 6:00 p.m. prior to the City Council Regular Meeting to review the scholarship applications.	
Sample Motion(s):	
<i>I move that Council establish a City Council Scholarship Committee</i>	
<i>I move that Council set _____ at _____ pm, located at _____ for the City Council Scholarship Committee to review scholarship applications for the Best Southwest Partnership Education Committee's scholarship program.</i>	



Ovilla City Council

AGENDA ITEM REPORT

Item(s): 4 (City Secretary use only)

Meeting Date: March 10, 2014

Department: Administration

Discussion Action

Budgeted Expense: YES NO N/A

Submitted By: Staff

Amount: \$N/A

Attachments:	
1.	Residential Sewer Rate Comparisons based on 1 inch Meters
2.	Projected Sewer Rate Increase Impact on Revenue & Expenses
Agenda Item / Topic:	
ITEM 4.	DISCUSSION/ACTION - Consideration of and action on projected increase to sewer rates in response to the Trinity River Authority wastewater flow data for City sewer customers.
Discussion / Justification:	
<p>At the February 24, 2014 Council Meeting the Trinity River Authority of Texas (TRA) presented data confirming greater wastewater flow than the amount of wastewater TRA had been billing the City. At Council's direction staff has prepared a cursory review of sewer rate structures of those cities participating in the Red Oak Creek wastewater system and of other cities with similar populations to Ovilla.</p> <p>Staff has made some preliminary projections based on direction from Council at the February meeting and has provided estimated data for discussion. Staff considered a base rate similar to other cities and also considered a flat rate of \$8.22 per 1,000 gallons.</p>	
Recommendation / Staff Comments:	
The projections are provided for discussion.	
Sample Motion(s):	
<i>I move that Council . . .</i>	

Residential Sewer Rate Comparisons Based on 1 inch Meters as of 03/2014			
Cities on Red Oak Creek TRA System	Current Rates	Base Charge	Source
Glenn Heights	\$ 4.95 Per 1,000 gallons	\$0.00	web site
DeSoto	\$ 6.51 for first 1,000 gallons, 5.63 thereafter	\$0.00	web site
Ovilla	\$ 8.22 first 1,000 gallons @ \$5 thereafter	\$0.00	Ord.
Cedar Hill	\$ 6.89 per 1,000 gallons	\$8.00	FY13-14 budget, 3% inc FY15
Lancaster	\$ 7.25 per 1,000 gallons	\$14.10	web site
Red Oak	\$ 7.04 over 1,000 gallons	\$28.01	fee schedule on web
Other Cities			
Midlothian	\$ 5.76 per 1,000 gallons	\$22.10	rate inc FY14-15 \$23.21, \$6.05
Celina	\$ 5.73 per 1,000 gallons after 2,000 gallons	\$38.63	December 2011
Parker	\$ No charge per gallon just base rate	\$46.53	web site
Melissa	\$ 4.62 per 1,000 gallons	\$44.86	FY13-14
Fate	\$ 4.29 per 1,000 gallons	\$74.25	10% increase January 2014
Heath	\$ n/a	\$73.88	September 2013 newsletter

Sewer Rate Comparisons Based on 1 inch Meters				
City	Current Rates	Base Charge	Cost for 3,000 gallons	Cost @ \$8.22 with \$20 Flat Rate
Ovilla	8.22 first 1,000 gallons @ \$5 thereafter	0	18.22	44.66
Red Oak	7.04 per 1,000 gallons	28.01	49.13	
Glenn Heights	4.95 Per 1,000 gallons	66.79	81.64	
Cedar Hill	5.53 per 1,000 gallons	0	16.59	
DeSoto	6.51 for first 1,000 gallons, 5.63 thereafter	0	17.77	
Lancaster	7.25 per 1,000 gallons	14.10	35.85	
Parker	No charge per gallon just base rate	46.53	46.53	
Fate	4.29 per 1,000 gallons	74.25	87.12	
Midlothian	6.91 per 1,000 gallons	26.52	47.25	
Melissa	4.62 per 1,000 gallons	44.86	58.72	
Celina	5.73 per 1,000 gallons	38.63	55.82	

Customer #	City of Ovilla Sewer Customers			New Average Rate @ old Rates	Average @ 8.22 Per Thousand	Base Rate \$25.00 Per Customer per Month	Total of \$8.22 Plus \$25.00 Flat Rate	Per Month Increase from Proposed Rate Compared to Current Rate
	Usage	Number of Months	Average for 3 Months					
1-01-01000-00	14.90	3	77.72	122.48	25.00	147.48	69.76	
1-01-05042-00	9.80	3	52.22	80.56	25.00	105.56	53.34	
1-01-05054-03	9.80	3	52.22	80.56	25.00	105.56	53.34	
1-01-05055-00	4.50	3	25.72	36.99	25.00	61.99	36.27	
1-01-05056-00	6.90	3	37.72	56.72	25.00	81.72	44.00	
1-01-05058-01	2.90	3	17.72	23.84	25.00	48.84	31.12	
1-01-05059-00	3.90	3	22.72	32.06	25.00	57.06	34.34	
1-01-05060-00	5.50	3	30.72	45.21	25.00	70.21	39.49	
1-01-05062-00	5.10	3	28.72	41.92	25.00	66.92	38.20	
1-01-05064-00	6.10	3	33.72	50.14	25.00	75.14	41.42	
1-01-05067-00	3.40	3	20.22	27.95	25.00	52.95	32.73	
1-01-05068-00	3.90	3	22.72	32.06	25.00	57.06	34.34	
1-01-05071-00	2.70	3	16.72	22.19	25.00	47.19	30.47	
1-01-06006-01	1.90	3	12.72	15.62	25.00	40.62	27.90	
1-01-06012-01	18.80	3	97.22	154.54	25.00	179.54	82.32	
1-01-06014-00	8.00	3	43.22	65.76	25.00	90.76	47.54	
1-01-06016-00	17.20	3	89.22	141.38	25.00	166.38	77.16	
1-01-06017-00	13.60	3	71.22	111.79	25.00	136.79	65.57	
1-01-06018-01	9.40	3	50.22	77.27	25.00	102.27	52.05	
1-01-06020-02	7.00	3	38.22	57.54	25.00	82.54	44.32	
1-01-06021-01	4.50	3	25.72	36.99	25.00	61.99	36.27	
1-01-06025-00	13.00	3	68.22	106.86	25.00	131.86	63.64	
1-01-06030-02	30.80	3	157.22	253.18	25.00	278.18	120.96	
1-01-06031-01	5.90	3	32.72	48.50	25.00	73.50	40.78	
1-01-06033-01	7.10	3	38.72	58.36	25.00	83.36	44.64	
1-01-06034-01	11.40	3	60.22	93.71	25.00	118.71	58.49	
1-01-06035-01	11.80	3	62.22	97.00	25.00	122.00	59.78	
1-01-06036-02	6.10	3	33.72	50.14	25.00	75.14	41.42	
1-01-06040-01	12.00	3	63.22	98.64	25.00	123.64	60.42	
1-01-06042-01	7.50	3	40.72	61.65	25.00	86.65	45.93	
1-01-06045-02	7.30	3	39.72	60.01	25.00	85.01	45.29	
1-01-06050-04	6.50	3	35.72	53.43	25.00	78.43	42.71	

Customer #	City of Ovilla Sewer Customers			New Average Rate @ old Rates	Average @ 8.22 Per Thousand	Base Rate \$25.00 Per Customer per Month	Total of \$8.22 Plus \$25.00 Flat Rate	Per Month Increase from Proposed Rate Compared to Current Rate
	Usage	Number of Months	Average for 3 Months					
1-01-06058-02	5.90	3	32.72	48.50	25.00	73.50	40.78	
1-01-06059-01	4.40	3	25.22	36.17	25.00	61.17	35.95	
1-01-06060-00	4.60	3	26.22	37.81	25.00	62.81	36.59	
1-01-06062-01	15.00	3	78.22	123.30	25.00	148.30	70.08	
1-01-06066-03	4.70	3	26.72	38.63	25.00	63.63	36.91	
1-01-06068-02	9.40	3	50.22	77.27	25.00	102.27	52.05	
1-01-06070-01	11.20	3	59.22	92.06	25.00	117.06	57.84	
1-01-06075-00	5.00	3	28.22	41.10	25.00	66.10	37.88	
1-01-06080-04	2.60	3	16.22	21.37	25.00	46.37	30.15	
1-01-06085-01	10.80	3	57.22	88.78	25.00	113.78	56.56	
1-01-06086-00	6.70	3	36.72	55.07	25.00	80.07	43.35	
1-01-06087-01	6.10	3	33.72	50.14	25.00	75.14	41.42	
1-01-06090-04	4.50	3	25.72	36.99	25.00	61.99	36.27	
1-01-06095-01	9.70	3	51.72	79.73	25.00	104.73	53.01	
1-01-06100-02	5.60	3	31.22	46.03	25.00	71.03	39.81	
1-01-06105-02	12.30	3	64.72	101.11	25.00	126.11	61.39	
1-01-06110-01	6.50	3	35.72	53.43	25.00	78.43	42.71	
1-01-06111-01	6.00	3	33.22	49.32	25.00	74.32	41.10	
1-01-06115-04	5.00	3	28.22	41.10	25.00	66.10	37.88	
1-01-06116-01	2.80	3	17.22	23.02	25.00	48.02	30.80	
1-01-06120-00	1.70	3	11.72	13.97	25.00	38.97	27.25	
1-01-06122-02	2.50	3	15.72	20.55	25.00	45.55	29.83	
1-01-06125-01	7.50	3	40.72	61.65	25.00	86.65	45.93	
1-01-06129-01	5.50	3	30.72	45.21	25.00	70.21	39.49	
1-01-06130-00	5.10	3	28.72	41.92	25.00	66.92	38.20	
1-01-06131-01	8.30	3	44.72	68.23	25.00	93.23	48.51	
1-01-06132-03	10.60	3	56.22	87.13	25.00	112.13	55.91	
1-01-06133-01	0.40	3	8.22	3.29	25.00	28.29	20.07	
1-01-06134-01	10.50	3	55.72	86.31	25.00	111.31	55.59	
1-01-06135-02	3.00	3	18.22	24.66	25.00	49.66	31.44	
1-01-06136-00	8.60	3	46.22	70.69	25.00	95.69	49.47	
1-01-06137-01	3.70	3	21.72	30.41	25.00	55.41	33.69	

Customer #	City of Ovilla Sewer Customers			New Average Rate @ old Rates	Average @ 8.22 Per Thousand	Base Rate \$25.00 Per Customer per Month	Total of \$8.22 Plus \$25.00 Flat Rate	Per Month Increase from Proposed Rate Compared to Current Rate
	Usage	Number of Months	Average for 3 Months					
1-01-06138-01	16.80	3	87.22	138.10	25.00	163.10	75.88	
1-01-06139-04	6.80	3	37.22	55.90	25.00	80.90	43.68	
1-01-06140-04	6.30	3	34.72	51.79	25.00	76.79	42.07	
1-01-06141-03	4.90	3	27.72	40.28	25.00	65.28	37.56	
1-01-06142-01	1.20	3	9.22	9.86	25.00	34.86	25.64	
1-01-06143-01	18.60	3	96.22	152.89	25.00	177.89	81.67	
1-01-06144-00	4.10	3	23.72	33.70	25.00	58.70	34.98	
1-01-06145-04	5.10	3	28.72	41.92	25.00	66.92	38.20	
1-01-06146-00	3.50	3	20.72	28.77	25.00	53.77	33.05	
1-01-06147-02	10.90	3	57.72	89.60	25.00	114.60	56.88	
1-01-06148-02	8.40	3	45.22	69.05	25.00	94.05	48.83	
1-01-06149-01	6.50	3	35.72	53.43	25.00	78.43	42.71	
1-01-06150-00	8.70	3	46.72	71.51	25.00	96.51	49.79	
1-01-06155-01	8.70	3	46.72	71.51	25.00	96.51	49.79	
1-01-06157-03	3.90	3	22.72	32.06	25.00	57.06	34.34	
1-01-06159-04	13.20	3	69.22	108.50	25.00	133.50	64.28	
1-01-06165-00	6.70	3	36.72	55.07	25.00	80.07	43.35	
1-01-06170-01	12.60	3	66.22	103.57	25.00	128.57	62.35	
1-01-06175-01	3.60	3	21.22	29.59	25.00	54.59	33.37	
1-01-06176-01	12.20	3	64.22	100.28	25.00	125.28	61.06	
1-01-06177-04	6.80	3	37.22	55.90	25.00	80.90	43.68	
1-01-06185-02	6.50	3	35.72	53.43	25.00	78.43	42.71	
1-01-06236-01	5.50	3	30.72	45.21	25.00	70.21	39.49	
1-01-06237-03	6.40	3	35.22	52.61	25.00	77.61	42.39	
1-01-06238-01	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-06240-01	6.20	3	34.22	50.96	25.00	75.96	41.74	
1-01-06241-02	6.00	3	33.22	49.32	25.00	74.32	41.10	
1-01-06242-01	15.90	3	82.72	130.70	25.00	155.70	72.98	
1-01-06245-00	3.70	3	21.72	30.41	25.00	55.41	33.69	
1-01-06254-01	4.70	3	26.72	38.63	25.00	63.63	36.91	
1-01-06255-02	3.90	3	22.72	32.06	25.00	57.06	34.34	
1-01-06256-00	2.80	3	17.22	23.02	25.00	48.02	30.80	

Customer #	City of Ovilla Sewer Customers		New Average Rate @ old Rates	Average @ 8.22 Per Thousand	Base Rate \$25.00 Per Customer per Month	Total of \$8.22 Plus \$25.00 Flat Rate	Per Month Increase from Proposed Rate Compared to Current Rate
	Usage	Number of Months					
1-01-06257-01	3.00	3	18.22	24.66	25.00	49.66	31.44
1-01-06258-02	3.60	3	21.22	29.59	25.00	54.59	33.37
1-01-06259-01	3.60	3	21.22	29.59	25.00	54.59	33.37
1-01-06260-00	5.40	3	30.22	44.39	25.00	69.39	39.17
1-01-06261-02	1.80	3	12.22	14.80	25.00	39.80	27.58
1-01-06262-02	4.90	3	27.72	40.28	25.00	65.28	37.56
1-01-06263-01	7.30	3	39.72	60.01	25.00	85.01	45.29
1-01-06264-00	10.20	3	54.22	83.84	25.00	108.84	54.62
1-01-06265-00	6.30	3	34.72	51.79	25.00	76.79	42.07
1-01-06266-00	3.50	3	20.72	28.77	25.00	53.77	33.05
1-01-06267-00	4.90	3	27.72	40.28	25.00	65.28	37.56
1-01-06268-03	5.80	3	32.22	47.68	25.00	72.68	40.46
1-01-06269-02	1.20	3	9.22	9.86	25.00	34.86	25.64
1-01-06270-02	3.20	3	19.22	26.30	25.00	51.30	32.08
1-01-06271-00	6.10	3	33.72	50.14	25.00	75.14	41.42
1-01-06272-03	3.40	3	20.22	27.95	25.00	52.95	32.73
1-01-06273-01	8.40	3	45.22	69.05	25.00	94.05	48.83
1-01-06274-02	3.90	3	22.72	32.06	25.00	57.06	34.34
1-01-06275-02	14.10	3	73.72	115.90	25.00	140.90	67.18
1-01-06276-01	6.60	3	36.22	54.25	25.00	79.25	43.03
1-01-06277-02	8.10	3	43.72	66.58	25.00	91.58	47.86
1-01-06278-00	4.10	3	23.72	33.70	25.00	58.70	34.98
1-01-06279-01	7.70	3	41.72	63.29	25.00	88.29	46.57
1-01-06280-00	12.20	3	64.22	100.28	25.00	125.28	61.06
1-01-06281-02	9.80	3	52.22	80.56	25.00	105.56	53.34
1-01-06282-01	15.40	3	80.22	126.59	25.00	151.59	71.37
1-01-06283-01	3.30	3	19.72	27.13	25.00	52.13	32.41
1-01-06284-02	2.30	3	14.72	18.91	25.00	43.91	29.19
1-01-06285-02	5.30	3	29.72	43.57	25.00	68.57	38.85
1-01-06286-02	8.50	3	45.72	69.87	25.00	94.87	49.15
1-01-06287-01	4.30	3	24.72	35.35	25.00	60.35	35.63
1-01-06288-01	9.30	3	49.72	76.45	25.00	101.45	51.73

Customer #	City of Ovilla Sewer Customers		New Average Rate @ old Rates	Average @ 8.22 Per Thousand	Base Rate \$25.00 Per Customer per Month	Total of \$8.22 Plus \$25.00 Flat Rate	Per Month Increase from Proposed Rate Compared to Current Rate
	Usage	Number of Months					
1-01-06289-01	10.10	3	53.72	83.02	25.00	108.02	54.30
1-01-06290-01	9.50	3	50.72	78.09	25.00	103.09	52.37
1-01-06291-01	4.30	3	24.72	35.35	25.00	60.35	35.63
1-01-06292-02	9.30	3	49.72	76.45	25.00	101.45	51.73
1-01-06293-02	4.50	3	25.72	36.99	25.00	61.99	36.27
1-01-06295-01	9.90	3	52.72	81.38	25.00	106.38	53.66
1-01-06297-02	9.50	3	50.72	78.09	25.00	103.09	52.37
1-01-06385-02	9.30	3	49.72	76.45	25.00	101.45	51.73
1-01-06386-03	3.20	3	19.22	26.30	25.00	51.30	32.08
1-01-06387-02	2.30	3	14.72	18.91	25.00	43.91	29.19
1-01-06388-01	10.90	3	57.72	89.60	25.00	114.60	56.88
1-01-06389-01	5.20	3	29.22	42.74	25.00	67.74	38.52
1-01-06390-04	10.30	3	54.72	84.67	25.00	109.67	54.95
1-01-06391-06	23.50	3	120.72	193.17	25.00	218.17	97.45
1-01-06392-01	4.00	3	23.22	32.88	25.00	57.88	34.66
1-01-06393-01	5.90	3	32.72	48.50	25.00	73.50	40.78
1-01-06394-03	5.40	3	30.22	44.39	25.00	69.39	39.17
1-01-06395-01	13.60	3	71.22	111.79	25.00	136.79	65.57
1-01-06396-03	3.70	3	21.72	30.41	25.00	55.41	33.69
1-01-06397-04	5.00	3	28.22	41.10	25.00	66.10	37.88
1-01-06398-04	14.30	3	74.72	117.55	25.00	142.55	67.83
1-01-07035-02	3.50	3	20.72	28.77	25.00	53.77	33.05
1-01-07095-03	5.90	3	32.72	48.50	25.00	73.50	40.78
1-01-07100-11	3.30	3	19.72	27.13	25.00	52.13	32.41
1-01-07135-04	4.10	3	23.72	33.70	25.00	58.70	34.98
1-01-07443-01	207.00	3	1,038.22	1,701.54	25.00	1,726.54	688.32
1-01-09001-02	4.60	3	26.22	37.81	25.00	62.81	36.59
1-01-09002-02	5.70	3	31.72	46.85	25.00	71.85	40.13
1-01-09003-01	5.40	3	30.22	44.39	25.00	69.39	39.17
1-01-09004-01	2.70	3	16.72	22.19	25.00	47.19	30.47
1-01-09005-06	7.90	3	42.72	64.94	25.00	89.94	47.22
1-01-09006-03	3.20	3	19.22	26.30	25.00	51.30	32.08

Customer #	City of Ovilla Sewer Customers		New Average Rate @ old Rates	Average @ 8.22 Per Thousand	Base Rate \$25.00 Per Customer per Month	Total of \$8.22 Plus \$25.00 Flat Rate	Per Month Increase from Proposed Rate Compared to Current Rate
	Usage	Number of Months					
1-01-09007-03	24.10	3	123.72	198.10	25.00	223.10	99.38
1-01-09008-01	11.70	3	61.72	96.17	25.00	121.17	59.45
1-01-09009-01	8.30	3	44.72	68.23	25.00	93.23	48.51
1-01-09010-02	4.20	3	24.22	34.52	25.00	59.52	35.30
1-01-09011-03	16.50	3	85.72	135.63	25.00	160.63	74.91
1-01-09012-02	1.80	3	12.22	14.80	25.00	39.80	27.58
1-01-09013-01	3.30	3	19.72	27.13	25.00	52.13	32.41
1-01-09014-04	6.40	3	35.22	52.61	25.00	77.61	42.39
1-01-09015-00	2.60	3	16.22	21.37	25.00	46.37	30.15
1-01-09016-03	4.70	3	26.72	38.63	25.00	63.63	36.91
1-01-09017-02	7.30	3	39.72	60.01	25.00	85.01	45.29
1-01-09018-06	3.80	3	22.22	31.24	25.00	56.24	34.02
1-01-09019-01	1.70	3	11.72	13.97	25.00	38.97	27.25
1-01-09020-02	8.90	3	47.72	73.16	25.00	98.16	50.44
1-01-09021-01	3.80	3	22.22	31.24	25.00	56.24	34.02
1-01-09022-01	8.70	3	46.72	71.51	25.00	96.51	49.79
1-01-09023-01	1.80	3	12.22	14.80	25.00	39.80	27.58
1-01-09024-02	4.30	3	24.72	35.35	25.00	60.35	35.63
1-01-09025-02	2.50	3	15.72	20.55	25.00	45.55	29.83
1-01-09026-01	15.70	3	81.72	129.05	25.00	154.05	72.33
1-01-09027-02	10.20	3	54.22	83.84	25.00	108.84	54.62
1-01-09028-01	1.70	3	11.72	13.97	25.00	38.97	27.25
1-01-09029-01	4.80	3	27.22	39.46	25.00	64.46	37.24
1-01-09030-01	5.00	3	28.22	41.10	25.00	66.10	37.88
1-01-09031-02	9.80	3	52.22	80.56	25.00	105.56	53.34
1-01-09032-01	8.50	3	45.72	69.87	25.00	94.87	49.15
1-01-09033-02	6.00	3	33.22	49.32	25.00	74.32	41.10
1-01-09034-02	10.50	3	55.72	86.31	25.00	111.31	55.59
1-01-09035-02	3.60	3	21.22	29.59	25.00	54.59	33.37
1-01-09036-01	3.20	3	19.22	26.30	25.00	51.30	32.08
1-01-09037-02	5.20	3	29.22	42.74	25.00	67.74	38.52
1-01-09038-01	3.80	3	22.22	31.24	25.00	56.24	34.02

Customer #	City of Ovilla Sewer Customers		Usage	Average for 3 Months		New Average Rate @ old Rates	Average @ 8.22 Per Thousand	Base Rate \$25.00 Per Customer per Month	Total of \$8.22 Plus \$25.00 Flat Rate	Per Month Increase from Proposed Rate Compared to Current Rate
	Customer #	City of Ovilla Sewer Customers		Usage	Number of Months					
1-01-09039-01			2.50	3	15.72	20.55	25.00	45.55	29.83	
1-01-09040-01			4.50	3	25.72	36.99	25.00	61.99	36.27	
1-01-09041-01			4.80	3	27.22	39.46	25.00	64.46	37.24	
1-01-09042-03			3.40	3	20.22	27.95	25.00	52.95	32.73	
1-01-09043-01			7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-09050-02			3.40	3	20.22	27.95	25.00	52.95	32.73	
1-01-10001-01			4.20	3	24.22	34.52	25.00	59.52	35.30	
1-01-10002-03			7.50	3	40.72	61.65	25.00	86.65	45.93	
1-01-10003-01			5.60	3	31.22	46.03	25.00	71.03	39.81	
1-01-10006-01			7.90	3	42.72	64.94	25.00	89.94	47.22	
1-01-10007-03			15.90	3	82.72	130.70	25.00	155.70	72.98	
1-01-10008-02			9.70	3	51.72	79.73	25.00	104.73	53.01	
1-01-10010-01			7.10	3	38.72	58.36	25.00	83.36	44.64	
1-01-10011-02			10.10	3	53.72	83.02	25.00	108.02	54.30	
1-01-10013-01			8.10	3	43.72	66.58	25.00	91.58	47.86	
1-01-10014-01			14.20	3	74.22	116.72	25.00	141.72	67.50	
1-01-10015-01			12.50	3	65.72	102.75	25.00	127.75	62.03	
1-01-10016-01			2.30	3	14.72	18.91	25.00	43.91	29.19	
1-01-10017-01			6.50	3	35.72	53.43	25.00	78.43	42.71	
1-01-10019-01			2.70	3	16.72	22.19	25.00	47.19	30.47	
1-01-10020-01			6.90	3	37.72	56.72	25.00	81.72	44.00	
1-01-10021-05			7.70	3	41.72	63.29	25.00	88.29	46.57	
1-01-10022-01			7.90	3	42.72	64.94	25.00	89.94	47.22	
1-01-10023-01			18.50	3	95.72	152.07	25.00	177.07	81.35	
1-01-10024-00			4.60	3	26.22	37.81	25.00	62.81	36.59	
1-01-10025-01			15.20	3	79.22	124.94	25.00	149.94	70.72	
1-01-10026-01			8.40	3	45.22	69.05	25.00	94.05	48.83	
1-01-10027-03			10.60	3	56.22	87.13	25.00	112.13	55.91	
1-01-10028-01			6.90	3	37.72	56.72	25.00	81.72	44.00	
1-01-10029-02			6.30	3	34.72	51.79	25.00	76.79	42.07	
1-01-10030-03			2.00	3	13.22	16.44	25.00	41.44	28.22	
1-01-10031-01			4.90	3	27.72	40.28	25.00	65.28	37.56	

Customer #	City of Ovilla Sewer Customers		Usage	Number of Months	New Average Rate @ old Rates	Average @ 8.22 Per Thousand	Base Rate \$25.00 Per Customer per Month	Total of \$8.22 Plus \$25.00 Flat Rate	Per Month Increase from Proposed Rate Compared to Current Rate
	Average for 3 Months								
1-01-10032-02	4.50	3	25.72	36.99	25.00	61.99	36.27		
1-01-10033-05	5.80	3	32.22	47.68	25.00	72.68	40.46		
1-01-10034-01	2.10	3	13.72	17.26	25.00	42.26	28.54		
1-01-10035-01	5.40	3	30.22	44.39	25.00	69.39	39.17		
1-01-11001-01	6.40	3	35.22	52.61	25.00	77.61	42.39		
1-01-11002-01	3.30	3	19.72	27.13	25.00	52.13	32.41		
1-01-11003-03	3.80	3	22.22	31.24	25.00	56.24	34.02		
1-01-11004-01	8.30	3	44.72	68.23	25.00	93.23	48.51		
1-01-11005-01	4.70	3	26.72	38.63	25.00	63.63	36.91		
1-01-11006-01	4.80	3	27.22	39.46	25.00	64.46	37.24		
1-01-11007-02	20.30	3	104.72	166.87	25.00	191.87	87.15		
1-01-11008-01	5.30	3	29.72	43.57	25.00	68.57	38.85		
1-01-11009-04	3.80	3	22.22	31.24	25.00	56.24	34.02		
1-01-11010-05	4.10	3	23.72	33.70	25.00	58.70	34.98		
1-01-11011-01	3.10	3	18.72	25.48	25.00	50.48	31.76		
1-01-11012-00	7.20	3	39.22	59.18	25.00	84.18	44.96		
1-01-11013-03	1.00	3	8.22	8.22	25.00	33.22	25.00		
1-01-11014-07	8.80	3	47.22	72.34	25.00	97.34	50.12		
1-01-11015-02	4.80	3	27.22	39.46	25.00	64.46	37.24		
1-01-11017-03	7.20	3	39.22	59.18	25.00	84.18	44.96		
1-01-11018-03	3.50	3	20.72	28.77	25.00	53.77	33.05		
1-01-11019-03	9.20	3	49.22	75.62	25.00	100.62	51.40		
1-01-11020-01	14.60	3	76.22	120.01	25.00	145.01	68.79		
1-01-12000-02	4.10	3	23.72	33.70	25.00	58.70	34.98		
1-01-12001-00	11.50	3	60.72	94.53	25.00	119.53	58.81		
1-01-12002-01	5.70	3	31.72	46.85	25.00	71.85	40.13		
1-01-12003-02	2.80	3	17.22	23.02	25.00	48.02	30.80		
1-01-12004-01	1.00	3	8.22	8.22	25.00	33.22	25.00		
1-01-12005-02	2.50	3	15.72	20.55	25.00	45.55	29.83		
1-01-12006-02	1.80	3	12.22	14.80	25.00	39.80	27.58		
1-01-12007-01	10.10	3	53.72	83.02	25.00	108.02	54.30		
1-01-12008-01	0.50	3	8.22	4.11	25.00	29.11	20.89		

Customer #	City of Ovilla Sewer Customers				Average @ 8.22 Per Thousand	Base Rate \$25.00 Per Customer per Month	Total of \$8.22 Plus \$25.00 Flat Rate	Per Month Increase from Proposed Rate Compared to Current Rate
	Usage	Number of Months	New Average Rate @ old Rates	Average for 3 Months				
1-01-12009-02	9.20	3	49.22	75.62	25.00	100.62	51.40	
1-01-12010-01	5.60	3	31.22	46.03	25.00	71.03	39.81	
1-01-12011-02	8.50	3	45.72	69.87	25.00	94.87	49.15	
1-01-12012-01	7.00	3	38.22	57.54	25.00	82.54	44.32	
1-01-12013-01	4.70	3	26.72	38.63	25.00	63.63	36.91	
1-01-12014-01	3.00	3	18.22	24.66	25.00	49.66	31.44	
1-01-12015-01	6.30	3	34.72	51.79	25.00	76.79	42.07	
1-01-12016-01	16.40	3	85.22	134.81	25.00	159.81	74.59	
1-01-12017-01	10.50	3	55.72	86.31	25.00	111.31	55.59	
1-01-12018-02	2.70	3	16.72	22.19	25.00	47.19	30.47	
1-01-12019-02	16.50	3	85.72	135.63	25.00	160.63	74.91	
1-01-12020-00	5.10	3	28.72	41.92	25.00	66.92	38.20	
1-01-12021-01	1.60	3	11.22	13.15	25.00	38.15	26.93	
1-01-12022-00	1.40	3	10.22	11.51	25.00	36.51	26.29	
1-01-12023-01	4.70	3	26.72	38.63	25.00	63.63	36.91	
1-01-12024-01	1.70	3	11.72	13.97	25.00	38.97	27.25	
1-01-12025-02	6.20	3	34.22	50.96	25.00	75.96	41.74	
1-01-12026-02	11.00	3	58.22	90.42	25.00	115.42	57.20	
1-01-12027-01	6.80	3	37.22	55.90	25.00	80.90	43.68	
1-01-12028-01	9.30	3	49.72	76.45	25.00	101.45	51.73	
1-01-12029-01	5.80	3	32.22	47.68	25.00	72.68	40.46	
1-01-12030-01	12.20	3	64.22	100.28	25.00	125.28	61.06	
1-01-12031-06	3.40	3	20.22	27.95	25.00	52.95	32.73	
1-01-12032-01	1.40	3	10.22	11.51	25.00	36.51	26.29	
1-01-12033-03	1.30	2	9.72	10.69	25.00	35.69	25.97	
1-01-12034-01	3.00	3	18.22	24.66	25.00	49.66	31.44	
1-01-12035-02	5.40	3	30.22	44.39	25.00	69.39	39.17	
1-01-13001-02	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13002-01	8.90	3	47.72	73.16	25.00	98.16	50.44	
1-01-13003-01	13.60	3	71.22	111.79	25.00	136.79	65.57	
1-01-13007-03	6.40	3	35.22	52.61	25.00	77.61	42.39	
1-01-13008-03	4.20	3	24.22	34.52	25.00	59.52	35.30	

Customer #	City of Ovilla Sewer Customers				New Average Rate @ old Rates	Average @ 8.22 Per Thousand	Base Rate \$25.00 Per Customer per Month	Total of \$8.22 Plus \$25.00 Flat Rate	Per Month Increase from Proposed Rate Compared to Current Rate
	Usage	Number of Months	Average for 3 Months						
1-01-13009-01	8.40	3	45.22	69.05	25.00	94.05	48.83		
1-01-13010-01	5.00	3	28.22	41.10	25.00	66.10	37.88		
1-01-13011-01	8.40	3	45.22	69.05	25.00	94.05	48.83		
1-01-13012-01	3.20	3	19.22	26.30	25.00	51.30	32.08		
1-01-13013-01	8.60	3	46.22	70.69	25.00	95.69	49.47		
1-01-13014-01	8.90	3	47.72	73.16	25.00	98.16	50.44		
1-01-13015-02	7.50	3	40.72	61.65	25.00	86.65	45.93		
1-01-13016-02	7.50	3	40.72	61.65	25.00	86.65	45.93		
1-01-13017-02	9.40	3	50.22	77.27	25.00	102.27	52.05		
1-01-13018-03	6.10	3	33.72	50.14	25.00	75.14	41.42		
1-01-13019-03	7.90	3	42.72	64.94	25.00	89.94	47.22		
1-01-13020-01	23.30	3	119.72	191.53	25.00	216.53	96.81		
1-01-13021-01	6.70	3	36.72	55.07	25.00	80.07	43.35		
1-01-13022-01	7.30	3	39.72	60.01	25.00	85.01	45.29		
1-01-13023-02	3.00	3	18.22	24.66	25.00	49.66	31.44		
1-01-13024-01	3.90	3	22.72	32.06	25.00	57.06	34.34		
1-01-13025-01	5.00	3	28.22	41.10	25.00	66.10	37.88		
1-01-13026-01	5.70	3	31.72	46.85	25.00	71.85	40.13		
1-01-13027-01	9.80	3	52.22	80.56	25.00	105.56	53.34		
1-01-13028-02	6.20	3	34.22	50.96	25.00	75.96	41.74		
1-01-13029-00	5.80	3	32.22	47.68	25.00	72.68	40.46		
1-01-13030-01	6.90	3	37.72	56.72	25.00	81.72	44.00		
1-01-13031-01	10.20	3	54.22	83.84	25.00	108.84	54.62		
1-01-13032-01	6.60	3	36.22	54.25	25.00	79.25	43.03		
1-01-13033-01	1.80	3	12.22	14.80	25.00	39.80	27.58		
1-01-13034-01	16.40	3	85.22	134.81	25.00	159.81	74.59		
1-01-13035-00	2.00	3	13.22	16.44	25.00	41.44	28.22		
1-01-13036-01	5.50	3	30.72	45.21	25.00	70.21	39.49		
1-01-13037-01	6.00	3	33.22	49.32	25.00	74.32	41.10		
1-01-13038-01	3.50	3	20.72	28.77	25.00	53.77	33.05		
1-01-13039-01	6.50	3	35.72	53.43	25.00	78.43	42.71		
1-01-13040-01	13.00	3	68.22	106.86	25.00	131.86	63.64		

Customer #	City of Ovilla Sewer Customers			New Average Rate @ old Rates	Average @ 8.22 Per Thousand	Base Rate \$25.00 Per Customer per Month	Total of \$8.22 Plus \$25.00 Flat Rate	Per Month Increase from Proposed Rate Compared to Current Rate
	Usage	Number of Months	Average for 3 Months					
1-01-13041-01	5.60	3	31.22	46.03	25.00	71.03	39.81	
1-01-13042-02	7.30	3	39.72	60.01	25.00	85.01	45.29	
1-01-13043-01	4.10	3	23.72	33.70	25.00	58.70	34.98	
1-01-13044-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13045-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13046-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13047-01	2.90	3	17.72	23.84	25.00	48.84	31.12	
1-01-13048-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13049-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13050-01	11.60	3	61.22	95.35	25.00	120.35	59.13	
1-01-13051-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13052-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13053-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13054-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13055-01	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13056-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13057-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13058-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13059-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13060-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13061-01	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13062-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13063-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13064-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13065-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13066-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13067-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13068-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13069-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13070-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13071-00	7.60	3	41.22	62.47	25.00	87.47	46.25	
1-01-13072-00	7.60	3	41.22	62.47	25.00	87.47	46.25	

Projected Sewer Rate Increase Impact on Revenue & Expenses

Fiscal Year	Sewer Revenue		Sewer Portion of Admin. Exp.		Sewer Expenses less TRA		TRA Expenses		Total Sewer Expenses		Net Resources	
	Revenue	Admin. Exp.	Expenses	less TRA	Expenses	Expenses	Expenses	Expenses	Expenses	Resources		
Current Approved Budget												
2013-2014	\$155,338.00	\$42,639.74	\$113,853.00	\$47,000.00	\$203,492.74							(\$48,154.74)
Proposed Changes to Budget- Option #1												
2013-2014	\$214,945.83	\$42,639.74	\$113,853.00	\$212,000.00	\$368,492.74							(\$153,546.91)
Proposed Changes to Budget - Option #2												
2013-2014	\$222,147.03	\$42,639.74	\$113,853.00	\$212,000.00	\$368,492.74							(\$146,345.71)

Option #1 Revenue Calculation

Proposed Sewer Rev. based on \$15.00 Base Rate plus \$8.22 per 1,000 gallons

based on 4 months (June-Sept.)

Total Year	\$327,609.14
4 months	<u>0.34</u>

\$111,387.11 4 months on new rate

\$103,558.72 8 Months on old rate

\$214,945.83

Option #1

1. Increase sewer rates to \$8.22 per 1,000 gallons with a \$15 per resident base charge for 4 months June thru Oct. Pay out of Retained earnings the balance of \$154,000 deficit for this fiscal year 2013-2014 plus the \$144,000 owed to TRA for last fiscal year. Totaling \$298,000 to be paid out of Retained earnings.

Option #2

2. Increase sewer rates to \$8.22 per 1,000 gallons with a \$20 per resident base charge for 4 months June thru Oct. Pay out of Retained earnings the balance of \$146,500 deficit for this fiscal year 2013-2014 plus the \$144,000 owed to TRA for last fiscal year. Totaling \$290,500 to be paid out of Retained earnings.

Option #2 Revenue Calculation

Proposed Sewer Rev. based on \$20.00 Base Rate plus \$8.22 per 1,000 gallons

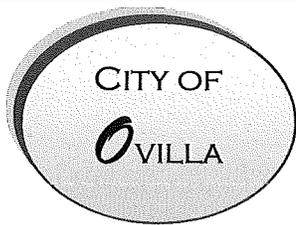
based on 4 months (June-Sept.)

Total Year	\$348,789.14
4 months	<u>0.34</u>

\$118,588.31 4 months on new rate

\$103,558.72 8 Months on old rate

\$222,147.03



Villa City Council

AGENDA ITEM REPORT

Item(s): 5 (City Secretary use only)

Meeting Date: March 10, 2014

Department: Public Works Department

Discussion Action

Budgeted Expense: YES NO N/A

Submitted By: Staff

Amount: \$6,500.00

Attachments:

1. Resolution R2014-012
2. Engineering Services Agreement - Birkhoff, Hendricks and Carter, L.L.P.

Agenda Item / Topic:

ITEM 5. **DISCUSSION/ACTION** – Consideration of and action on Resolution R2014-012, authorizing the Mayor to execute an Agreement with Birkhoff, Hendricks and Carter, LLP, Consulting Engineers, for an Updated Sewer Rate Study for a cost not to exceed \$6,500.00

Discussion / Justification:

In May 2011, the City completed a Water & Sewer Rate Study FY2010 through FY2015. The recommendation from the 2011 Study was to increase the water and sewer rates over the next five years to avoid budget deficits in future fiscal years.

This budget year, FY2013-2014, the City did adopt a water rate increase of 3% due to the rate increase from the Dallas Water Utilities. The last sewer rate increase was September 26, 2011.

In January 2014, the Trinity River Authority of Texas (TRA), contracted by the City to process wastewater for those residents on sanitary sewer through the Red Oak Creek Regional Wastewater System (ROC), notified the City of irregularities in the wastewater flow meter data versus the amount of wastewater TRA bills the City. Representatives from TRA made a presentation and responded to questions from City Council regarding the irregularities in the wastewater flow data versus the wastewater billed to the City.

Staff recommends the 2011 Water & Sewer Rate Study be updated to evaluate the City's existing Sewer Rates only and consider the revised wastewater flow data received from Trinity River Authority and TRA's debt obligations. The Study would provide recommendations to adequately fund the sewer utility operations and capital costs and provide an equitable rate structure.

The City's engineering firm has proposed to update the study for a cost not to exceed \$6,500.00 billed on an hourly basis.

Recommendation / Staff Comments:

Staff recommends approval of Resolution R2014-012 authorizing the Mayor to execute an Agreement with Birkhoff, Hendricks and Carter, LLP, Consulting Engineers, for an Updated Sewer Rate Study not to exceed \$6,500.00.

Sample Motion(s):

I move that Council APPROVE/DENY Resolution R2014-012, authorizing the Mayor to execute an Agreement with Birkhoff, Hendricks and Carter, LLP, for an Updated Sewer Rate Study for a cost not to exceed \$6,500.00.

RESOLUTION NO. R2014-012

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OVILLA, TEXAS APPROVING THE TERMS AND CONDITIONS OF THE ENGINEERING SERVICES AGREEMENT TO PREPARE AN UPDATED SEWER RATE STUDY BY, BETWEEN, AND AMONG BIRKHOFF, HENDRICKS AND CARTER, L.L.P. AND THE CITY OF OVILLA, WHICH AGREEMENT IS ATTACHED HERETO AND INCORPORATED HEREIN AS EXHIBIT "A"; AUTHORIZING THE MAYOR TO SIGN SAID AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council has been presented an Engineering Services Agreement by, between, and among Birkhoff, Hendricks and Carter, L.L.P. and the City of Ovilla to prepare an updated Sewer Rate Study, a copy of which is attached hereto and incorporated herein by reference; and

WHEREAS, upon full review and consideration of the Agreement, and all matters related thereto, the City Council is of the opinion and finds that the terms and conditions thereof should be approved, and that the Mayor should be authorized to execute the Agreement on behalf of the City of Ovilla, Texas.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OVILLA, TEXAS;

SECTION 1.

That the Engineering Services Agreement by, between, and among Birkhoff, Hendricks and Carter, L.L.P. and the City of Ovilla to prepare an updated Sewer Rate Study, which Agreement is attached hereto as Exhibit "A," having been reviewed by the City Council of the City of Ovilla, Texas, is hereby, in all things approved; and, the Mayor is hereby authorized to execute the Agreement on behalf of the City of Ovilla, Ellis County, Texas.

SECTION 2.

That this Resolution shall take effect immediately from and after its adoption and it is so resolved.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF OVILLA, TEXAS, this 10th day of March, 2014.

APPROVED:

Richard Dormier, Mayor

ATTEST:

Pamela Woodall, City Secretary

APPROVED AS TO FORM:

Ron G. MacFarlane, Jr., City Attorney

BIRKHOFF, HENDRICKS & CARTER, L.L.P.
PROFESSIONAL ENGINEERS

11910 Greenville Ave., Suite 600

Dallas, Texas 75243

Fax (214) 461-8390

Phone (214) 361-7900

JOHN W. BIRKHOFF, P.E.
GARY C. HENDRICKS, P.E.
JOE R. CARTER, P.E.
MATT HICKEY, P.E.
ANDREW MATA, JR., P.E.
JOSEPH T. GRAJEWSKI, III, P.E.
DEREK B. CHANEY, P.E.
CRAIG M. KERKHOFF, P.E.

March 4, 2014

Ms. Cindy Powell
City Administrator
105 S. Cockrell Hill
Ovilla, Texas 75154

Re: Sewer Rate Study Update
Engineering Proposal

Dear Ms. Powell:

In accordance with your request we are enclosing two originals of the Engineering Services Agreement for the Sewer Rate Study Update which we have signed. If this is acceptable to the City, please have the two originals executed and return one copy back to our office. We will commence our services at your direction.

We are available to discuss any questions you may have with the proposal at your earliest convenience.

Sincerely,



Andrew Mata Jr., P.E.

Enclosures

ENGINEERING SERVICES AGREEMENT

THIS AGREEMENT is made and entered into by and between the **City of Ovilla, Texas**, hereinafter referred to as "City", and **Birkhoff, Hendricks & Carter, L.L.P.**, hereinafter referred to as "Engineer", to be effective from and after the date as provided herein.

WITNESSETH:

WHEREAS, the City desires to engage the services of the Engineer to update the **Wastewater Rate Study** for the City of Ovilla, Texas, hereinafter referred to as the "Project"; and

WHEREAS, the Engineer desires to render such engineering services for the City under the terms and conditions provided herein.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

That for and in consideration of the covenants contained herein, and for the mutual benefits to be obtained hereby, the parties hereto agree as follows:

I. Employment of the Engineer

The City hereby agrees to retain the Engineer to perform professional engineering services in connection with the Project; Engineer agrees to perform such services in accordance with the terms and conditions of this Agreement.

II. Scope of Services

The parties agree that Engineer shall perform such services as are set forth and described in Exhibit "A", which is attached hereto and thereby made a part of this Agreement. The parties understand and agree that deviations or modifications, in the form of written changes may be authorized from time to time by the City.

III. Schedule of Work

The Engineer agrees to commence services immediately upon execution of this Agreement, and to proceed diligently with said service to completion as described in the Completion Schedule attached hereto as Exhibit "B" and thereby made a part of this Agreement.

IV. Compensation and Method of Payment

The parties agree that Engineer shall be compensated for all services provided pursuant to this Agreement in the amount and manner described and set forth in the Rate Schedule attached hereto as Exhibit "C" and thereby made a part of this Agreement. Engineer further agrees that it will prepare and present such monthly progress reports and itemized statements as are described in said Exhibit "C". City agrees to pay invoices upon receipt.

V. Information to be Provided by the City

The City agrees to furnish, if available, prior to commencement of services, all that information set forth and described in Exhibit "A".

VI. Insurance

Engineer agrees to procure and maintain for the duration of the contract Professional Liability Insurance (\$1,000,000), Worker's Compensation, General Liability and Automobile Insurance.

VII. Assignment and Subletting

The Engineer agrees that neither this Agreement nor the services to be performed hereunder will be assigned or sublet without the prior written consent of the City. The Engineer further agrees that the assignment or subletting of any portion or feature of the work or materials required in the performance of this Agreement shall not relieve the Engineer from its full obligations to the City as provided by this Agreement.

VIII. Audits and Records

The Engineer agrees that at any time during normal business hours and as often as City may deem necessary, Engineer shall make available to representatives of the City for examination all of its records with respect to all matters covered by this Agreement, and will permit such representatives of the City to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement, all for a period of one year from the date of final settlement of this Agreement or for such other or longer period, if any, as may be required by applicable statute or other lawful requirement.

IX. Contract Termination

The parties agree that City or the Engineer shall have the right to terminate this Agreement without cause upon thirty (30) days written notice to the other. In the event of such termination without cause, Engineer shall deliver to City all finished or unfinished documents, data, studies, surveys, drawings, maps, models, reports photographs or other items prepared by Engineer in connection with this Agreement. Engineer shall be entitled to compensation for any and all services completed to the satisfaction of City in accordance with the provisions of this Agreement prior to termination.

X. Engineer's Opinion of Cost

The parties recognize and agree that any and all opinions of cost prepared by Engineer in connection with the Project represent the best judgment of Engineer as a design professional familiar with the construction industry, but that the Engineer does not guarantee that any bids solicited or received in connection with the Project will not vary from the opinion by the Engineer.

XI. Ownership of Documents

Original reports are the property of the Engineer; however, the Project is the property of the City. City shall be furnished with such reproductions of report. Additional prints shall be furnished at cost, as an additional service, at any other time requested by City.

XII. Complete Contract

This Agreement, including the exhibits hereto numbered "A" through "C" constitutes the entire agreement by and between the parties regarding the subject matter hereof.

XIII. Mailing of Notices

Unless instructed otherwise in writing, Engineer agrees that all notices or communications to City permitted or required under this Agreement shall be addressed to City at the following address:

Ms. Cindy Powell
City Administrator
City of Ovilla
105 S. Cockrell Hill Rd.
Ovilla, Texas 75154

City agrees that all notices or communications to Engineer permitted or required under this Agreement shall be addressed to Engineer at the following address:

Andrew Mata Jr., P.E.
Birkhoff, Hendricks & Carter, L.L.P.
11910 Greenville Ave., Suite 600
Dallas, Texas 75243
Phone: (214) 361-7900
Fax: (214) 461-8390
amata@bhcllp.com

All notices or communications required to be given in writing by one party or the other shall be considered as having been given to the addressee on the date such notice or communication is posted by the sending party.

XIV. Contract Amendments

This Agreement may be amended only by the mutual agreement of the parties expressed in writing.

XV. Effective Date

This Agreement shall be effective from and after execution by both parties hereto.

WITNESS OUR HANDS AND SEALS on the date indicated below.

CITY OF OVILLA, TEXAS

**BIRKHOFF, HENDRICKS & CARTER, L.L.P.
PROFESSIONAL ENGINEERS**

By: _____
Richard Dormier, Mayor

By: _____
Andrew Mata Jr., P.E., Partner

Date: _____

Date: 3/4/2014

ATTEST

By: _____

EXHIBIT "A"

SCOPE OF SERVICES

I. ENGINEERING SERVICES

- A. Obtain and utilize financial, wastewater data provided by the City.
- B. Enter data into Rate Study Excel spreadsheets to balance income / expenses.
- C. Obtain future budget parameters from City staff and develop future growth factors as they relate to income / expense.
- D. Meet with City staff to present recommendations and assumptions, and obtain input for future rate change options.
- E. Prepare rate change options and accompanying spreadsheets to present potential income / expense ramifications.
- F. Meet with City Administrator, financial staff and utilities staff to present the results of the study and options for Sewer rate changes.

II. INFORMATION REQUIRED FROM THE CITY

A. Population

- 1) Basis of population growth over the past 10 years and the next 10 years, e.g. NCTCOG and/or city planning.
- 2) Basis for account growth within these same periods (i.e. is City expecting meter accounts to grow at the same rate as population, or is there another philosophy).

B. Inflation

The position of the city on expected inflation over the next 10 years as many income and expense issues are affected by inflation.

C. Wastewater Revenue

- 1) Account Groups (i.e. Residential and Commercial).
- 2) Rate Structure for each group, if applicable
- 3) Comprehensive group related volume, meter and invoice information for the past 3 years.
- 4) Sewer rates
- 5) Service Fees.
- 6) Connection Fees.
- 7) Discounts if applicable for Seniors or Disabled.
- 8) Penalty Fees.
- 9) Interest on escrow.
- 10) How revenue is collected and whether some of these fees are collected for sewer. If so, is there a position on the division of these fees between water and sewer (i.e. what percent for each, does City have detailed to determine revenue sharing based on investment of effort in managing and maintaining the water vs. sewer systems).

D. Wastewater Related Expenses

- 1) Administration Fees
 - a) Personnel salary and expense costs for previous 5 years and budget.
 - b) Expected personnel growth (added personnel with projected salary) and expected salary increase percentage per year for the next 5 years.
 - c) Office Supply and space allocation costs for administration of the Sewer Departments.

- d) Expected percent growth in these office related costs for the next 5 years.
- e) Method to split shared expenses between water and sewer side of expense sheet.

2) Contractual Services

- a) General services include computer upgrades, maintenance contracts on computer equipment, printing and binding, telephone, rentals, memberships, training, etc., as determined by Ovilla.
- b) Cost to be on regional sewer system, including:
 - Present Tarrant Regional Authority (TRA) charges
 - TRA Capital Improvement Projections and Estimates
 - Present Metering information
 - Copies of paid invoices for the past three years
- c) Rate Study budget information
- d) Electronic Equipment Replacement Costs transfer to City
- e) Administrative Fees transfer to City
- f) In lieu of Property Taxes transfer to City
- g) Franchise Fee transfer to City

3) Capital Programs

- a) Current City Capital projects listing by year with projected costs for sewer system improvements.
- b) Funding program expectations.
- c) Future major bond program expectations.

4) Debt Service.

The schedule for Debt Service for all bond programs, which are currently in the system.

5) Other information specific to the City of Ovilla as it relates to Sewer revenue and expenses.

EXHIBIT "B"

COMPLETION SCHEDULE

Notice to Proceed	March 11, 2014
Obtain Information from City	April 11, 2014
Update Spreadsheets	May 9, 2014
Input Rate Change Options	May 16, 2014
Complete Preliminary Sewer Rate Study Update	May 30, 2014
Meet with City to Discuss Sewer Rate Study	June 5, 2014
Complete Report	June 20, 2014
Present Results to Council	July, 2014

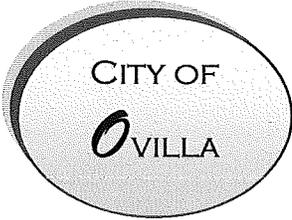
EXHIBIT "C"

RATE SCHEDULE

Payment for engineering services shall be based on an hourly basis with the following fee schedule. Mileage at 0.50¢ per mile. The maximum overall fee shall be not to exceed \$6,500.00. The City shall be invoiced monthly based on percent complete, with payment due upon receipt.

2014 FEE SCHEDULE

Classification/Task	Straight Time (Rate)
Partner-in-Charge	\$245.00
Project Manager	\$200.00
Design Engineer	\$155.00
Engineer in Training	\$122.00
AutoCAD III	\$143.00
AutoCAD II	\$120.00
AutoCAD I	\$100.00
Word Processor	\$115.00
Clerical	\$180.00
Survey Crew	\$165.00
Plotting Services	\$5.00 /plot
Mileage	0.50 ¢/mile
Delivery Service	\$50.00
Reproduction (Invoice times 1.15)	



Ovilla City Council

AGENDA ITEM REPORT

Item(s): **6** (City Secretary use only)

Meeting Date: **March 10, 2014**

Department: **Administration**

Discussion Action

Budgeted Expense: YES NO N/A

Submitted By: **Staff**

Amount: **\$N/A**

Attachments:

1. Ordinance 2014-005
2. Excerpt from LGC §201.003(2)

Agenda Item / Topic:

ITEM 6. *DISCUSSION/ACTION* – Consideration of and action on Ordinance 2014-005 Amending Chapter 1, Article 1.08, Section 1.08.035 of the Ovilla Code of Ordinances, providing for the appointment of the City Secretary as the Custodian of Public Records of the City of Ovilla, providing a savings clause; providing a severance clause, providing for incorporation into the Ovilla Code of Ordinances; providing for immediate effect; and providing for publication.

Discussion / Justification:

The TX Local Government Code stipulates that a city shall have a custodian of records. The position shall be an appointed or elected public officer that is in charge of the office that creates or receives the entity's records. The city secretary/city clerk's office is oftentimes assigned to maintain and carry out the preservation of the municipality's public records in cooperation with records management. These duties are currently assigned to the Ovilla City Secretary. It is recommended to update the Code to reflect that responsibility.

Recommendation / Staff Comments:

Staff recommends approval.

Sample Motion(s):

I move that Council APPROVE/DENY Ordinance 2014-005 providing for the appointment of the City Secretary as the Custodian of Public Records of the City of Ovilla as presented.

ORDINANCE NO. 2014-005

AN ORDINANCE OF THE CITY OF OVILLA, TEXAS, AMENDING CHAPTER 1, , ARTILCE 1.08, SECTION 1.08.035 OF THE OVILLA CODE OF ORDINANCES, PROVIDING FOR THE APPOINTMENT OF THE CITY SECRETARY AS THE CUSTODIAN OF PUBLIC RECORDS OF THE CITY OF OVILLA PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERANCE CLAUSE; PROVIDING FOR INCORPORATION INTO THE OVILLA CODE OF ORDINANCES; PROVIDING FOR IMMEDIATE EFFECT; AND PROVIDING FOR PUBLICATION.

WHEREAS, Section 201.032(2) of the Texas Local Government Code provides that a city's custodian of records shall be an appointed or elected public officer who by the state constitution, state law, ordinance or administrative policy is in charge of an office that creates or receives local government records; and

WHEREAS, the City Council of the City of Ovilla, Texas, finds and determines that it is in the best interest of the citizens of the City of Ovilla, Texas, to amend the Chapter 1, Article 1.08, Section 1.08.035 to provide for the appointment of City Secretary of the City of Ovilla as the custodian of records of the City of Ovilla.

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

SECTION 1. AMENDMENT OF CHAPTER 1, ARTICLE 1.05, SECTION 1.08.035 OF THE OVLLA CODE OF ORDINANCES

Chapter 1, Artilce 1.08, Section 1.08.035 of the Ovilla Code of Ordinances is hereby amended to read as follows:

Sec. 1.08.035 Designation of records management officer and custodian of records

The city secretary, and the successive holders of said office, shall serve as the records management officer and as the custodian of records for the city. As provided by state law, each successive holder of the office shall file his or her name with the director and librarian of the state library within thirty days of the initial designation or of taking up the office, as applicable.

SECTION 2. SAVINGS CLAUSE

In the event that any other Ordinance of the City of Ovilla, Texas, heretofore enacted is found to conflict with the provisions of the Ordinance, this Ordinance shall prevail.

SECTION 3. SEVERANCE CLAUSE

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any court or competent jurisdiction, such shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions thereof.

ORDINANCE NO. 2014-005

SECTION 4. INCORPORATION INTO THE CODE OF ORDINANCES

The provisions of this ordinance shall be included and incorporated in the City of Ovilla Code of Ordinances and shall be appropriately renumbered to conform to the uniform numbering system of the Code.

SECTION 5. EFFECTIVE DATE

Because of the nature of interest and safeguard sought to be protected by this Ordinance and in the interest of the citizens of the City of Ovilla, Texas, this Ordinance shall take effect immediately after passage, approval and publication, as required by law.

SECTION 6. PUBLICATION

The City Secretary is hereby authorized and directed to cause publication of the descriptive caption and penalty clause hereof as an alternative method of publication provided by law.

PASSED, ADOPTED AND APPROVED by the City Council of Ovilla, Texas on this the
24 day of February, 2014.

Richard Dormier, Mayor

ATTEST:

Pamela Woodall, City Secretary

APPROVED AS TO FORM:

Ron G. MacFarlane, Jr., City Attorney

Sec. 201.003. DEFINITIONS. In this subtitle:

(1) "Commission" means the Texas State Library and Archives Commission.

(2) "Custodian" means the appointed or elected public officer who by the state constitution, state law, ordinance, or administrative policy is in charge of an office that creates or receives local government records.

(3) "Designee" means an employee of the commission designated by the director and librarian as provided by Section 441.167, Government Code.

(4) "Director and librarian" means the executive and administrative officer of the Texas State Library and Archives Commission.

(5) "Essential record" means any local government record necessary to the resumption or continuation of government operations in an emergency or disaster, to the re-creation of the legal and financial status of the government, or to the protection and fulfillment of obligations to the people of the state.

(6) "Governing body" means the court, council, board, commission, or other body established or authorized by law to govern the operations of a local government. In those instances in which authority over an office or department of a local government is shared by two or more governing bodies or by a governing body and the state, the governing body, for the purposes of this subtitle only, is the governing body that provides most of the operational funding for the office or department.

(7) "Local government" means a county, including all district and precinct offices of a county, municipality, public school district, appraisal district, or any other special-purpose district or authority.

(8) "Local government record" means any document, paper, letter, book, map, photograph, sound or video recording, microfilm, magnetic tape, electronic medium, or other information recording medium, regardless of physical form or

characteristic and regardless of whether public access to it is open or restricted under the laws of the state, created or received by a local government or any of its officers or employees pursuant to law, including an ordinance, or in the transaction of public business. The term does not include:

(A) extra identical copies of documents created only for convenience of reference or research by officers or employees of the local government;

(B) notes, journals, diaries, and similar documents created by an officer or employee of the local government for the officer's or employee's personal convenience;

(C) blank forms;

(D) stocks of publications;

(E) library and museum materials acquired solely for the purposes of reference or display;

(F) copies of documents in any media furnished to members of the public to which they are entitled under Chapter 552, Government Code, or other state law; or

(G) any records, correspondence, notes, memoranda, or documents, other than a final written agreement described by Section 2009.054(c), Government Code, associated with a matter conducted under an alternative dispute resolution procedure in which personnel of a state department or institution, local government, special district, or other political subdivision of the state participated as a party, facilitated as an impartial third party, or facilitated as the administrator of a dispute resolution system or organization.

(9) "Office" means any office, department, division, program, commission, bureau, board, committee, or similar entity of a local government.

(10) "Permanent record" or "record of permanent value" means any local government record for which the retention period on a records retention schedule issued by the commission is given as permanent.

(11) "Record" means a local government record.

(12) "Records control schedule" means a document prepared by or under the authority of a records management officer listing the records maintained by a local government or an elective county office, their retention periods, and other records disposition information that the records management program in each local government or elective county office may require.

(13) "Records management" means the application of management techniques to the creation, use, maintenance, retention, preservation, and disposal of records for the purposes of reducing the costs and improving the efficiency of recordkeeping. The term includes the development of records control schedules, the management of filing and information retrieval systems, the protection of essential and permanent records, the economical and space-effective storage of inactive records, control over the creation and distribution of forms, reports, and correspondence, and the management of micrographics and electronic and other records storage systems.

(14) "Records management officer" means the person identified under Section 203.001 or designated under Section 203.025 as the records management officer.

(15) "Records retention schedule" means a document issued by the Texas State Library and Archives Commission under authority of Subchapter J, Chapter 441, Government Code, establishing mandatory retention periods for local government records.

(16) "Retention period" means the minimum time that must pass after the creation, recording, or receipt of a record, or the fulfillment of certain actions associated with a record, before it is eligible for destruction.

Amended by Acts 1989, 71st Leg., ch. 1248, Sec. 1, eff. Sept. 1, 1989; Acts 1995, 74th Leg., ch. 76, Sec. 5.95(90), eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 31, Sec. 3, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1352, Sec. 3, eff. Sept. 1, 1999.

Sec. 201.004. RECORD BOOKS. If a state law relating to the keeping of records by a local government officer or employee requires the records to be kept in a "book," "record book," or "well-bound book," or contains any similar requirement that a record be maintained in bound paper form, the record whose creation is called for in the provision may be maintained on microfilm or stored electronically in accordance with the requirements of Chapters 204 and 205 and rules adopted under those chapters unless the law specifically prohibits those methods.

Amended by Acts 1989, 71st Leg., ch. 1248, Sec. 1, eff. Sept. 1, 1989.