



AGENDA
WATAUGA CITY COUNCIL
REGULAR MEETING
THURSDAY, MARCH 7, 2019
CITY HALL COUNCIL CHAMBER, 7105 WHITLEY ROAD
6:30 PM

REGULAR MEETING TO COMMENCE IMMEDIATELY AFTER WORKSHOP

CALL TO ORDER (Council Members, City Staff, Members of the Public - when speaking during the meeting please speak directly into the microphones on the dais or podium)

INVOCATION

PLEDGE OF ALLEGIANCE United States and Texas Flags

ANNOUNCEMENTS

DISCUSSION AND APPROVAL OF MEETING AGENDA

1. Consideration and action on approval of meeting agenda

PRESENTATIONS

1. Presentation of a Proclamation to All Storage in honor of their 15 Year Business Anniversary
Mayor Pro Tem David Griffin
2. Presentation of a Proclamation to Cost Plus World Market in honor of their 15 Year Business Anniversary
Mayor Pro Tem David Griffin
3. Presentation of a Proclamation to Half Price Books in honor of their 15 Year Business Anniversary
Mayor Pro Tem David Griffin
4. Presentation of a Proclamation to Wells Fargo, N.A. in honor of their 15 Year Business Anniversary
Mayor Pro Tem David Griffin
5. Presentation of Service Awards for City of Watauga Employees celebrating a milestone anniversary during the month of March 2019
Andrea Gardner, City Manager
6. Presentation of Comprehensive Annual Financial Report for period ending September 30, 2018
Sandra Gibson, CGFO, CGFM, Director of Finance

CITIZEN'S OPEN FORUM (The Citizens Open Forum section of the agenda is an opportunity for citizens to speak to the City Council regarding matters that are not posted on that particular meeting's agenda. Individual citizens addressing the City Council during the Citizens Open Forum shall not exceed three (3) minutes in their comments; however, the Chair may extend the speaker's allotted time. At the beginning of the Citizens Open Forum section of the meeting, citizens desiring to speak shall stand* when prompted by the Chair so that they may be recognized and recorded as the individuals who will speak. Only those citizens who stand* during this time of recognition will be allowed to speak. The Chair shall ask each citizen wishing to speak to come to the podium to speak in turn in an orderly manner. Before providing comments, each speaker must state his or her name and address for the record. If speaking for an organization or group, the speaker should identify the group represented. Because this section of the meeting is for matters not posted on that particular meeting's agenda, members of the City Council may only provide a statement of factual information in response to the inquiry or recite existing policy in response (e.g., to correct a factual misstatement made by the citizen or provide factual information requested by the citizen). Any deliberation of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a future meeting. If necessary, the Chair will task the City Manager to respond to the citizen and report back to the City Council within forty-eight (48) hours, or as soon as practicable. Such report to the City Council shall not constitute a meeting called by the City Council nor shall it constitute deliberation or formal action.)

REPORTS

1. Report on the Texas Municipal League Youth Advisory Commission Summit held in February 2019
Council Member Prescher - Place 1
2. Report on Economic Development Efforts
Andrea Gardner, City Manager
3. Update on Civic Plus Mobile Application
Bradley Fraley, Chief Information Officer

CONSENT AGENDA

All of the items on the consent agenda are considered to be self-explanatory by the Council and will be enacted with one motion, one second, and one vote. There will be no separate discussion of these items.

1. Consideration of a proposed resolution amending Policy 10.10 Performance and Conduct Expectations of the City of Watauga Personnel, Administration and Financial Policies and Procedures Manual {CAPTION}
Marcia Reyna, Human Resources and Civil Service Director
2. Consideration of proposed resolution agreeing to meet all matching contribution requirements for the expenditures under the Tarrant County Home Investment Partnerships Program (HOME) for program year 2019 {CAPTION}
Paul Hackleman, P.E., CFM, Director of Public Works

3. Consideration of an Interlocal Agreement for pavement striping of Patsy Lane between Tarrant County and the City of Watauga
Paul Hackleman, P.E., CFM, Director of Public Works
4. Consideration and approval of the Tarrant County Interlocal Agreement for rehabilitation and resurface of North Park Drive
Paul Hackleman, P.E., CFM, Director of Public Works
5. Consideration and acceptance of the Comprehensive Annual Financial Report for the Fiscal Year ending September 30, 2018
Sandra Gibson, CGFO, CGFM, Director of Finance
6. Consideration and approval on the Monthly Financial Report for the period ending January 31, 2019
Sandra Gibson, CGFO, CGFM, Director of Finance
7. Consideration of January 14, 2019, Council Regular Meeting Minutes
Zolaina Parker, City Secretary, TRMC
8. Consideration of February 11, 2019, Council Regular Meeting Minutes
Zolaina Parker, City Secretary, TRMC
9. Consideration of February 11, 2019, Council Workshop Meeting Minutes
Zolaina Parker, City Secretary, TRMC

UNFINISHED BUSINESS

1. Consideration, discussion and action on a proposed ordinance adopting Chapter 6, Article VII, Division 3 of the Watauga Code of Ordinances, providing for the creation of regulations concerning backyard chickens {CAPTION}
Robert Parker, Chief of Police

NEW BUSINESS

1. Consideration and action on a proposed ordinance amending Chapter 12, Section 12-6 of the Watauga Code of Ordinances, establishing fees and fines regarding Backyard Chickens {CAPTION}
Robert Parker, Chief of Police
2. Consideration and action on proposed ordinance amending the City of Watauga Code of Ordinances, Chapter 22 - Licenses, Permits and Business Regulations - Article III, Child Care Facilities, updating Section 22-79, Requirements for home child care facilities, and Section 22-83, Driver's certificate for residential and commercial facilities {CAPTION}
Paul Hackleman, P.E., CFM, Director of Public Works
Randy Richards, Building Official
3. Consideration, discussion and direction on access to City Hall and the staff area after regular business hours
Andrea Gardner, City Manager

4. Consideration, discussion and action on approval of a Certificate of Amendment to the Articles of Incorporation to the Watauga Parks Development Corporation with regard to changing the name to the Watauga Economic Development Corporation
{CAPTION}
Andrea Gardner, City Manager
5. Consideration, discussion and direction on amending the City of Watauga Code of Ordinances Sections 30-19, 30-20 and 30-21 regarding the Watauga Park Development Corporation members, responsibilities, and duties of members to include broader language allowing for all State authorized Type B projects to be conducted by the Board in accordance with Texas Local Government Code Chapters 501, 502 and 505
Andrea Gardner, City Manager
6. Consideration, discussion and direction on transferring the property known as the Brooks Property located at 6200 Watauga Road with a legal description of 3.238 acres of the W.J. Miller Survey Abstract No. 1020 to the Watauga Type B Corporation for the purposes of completing a survey and listing the property for sale with the net of all selling expenses being placed in the PDC Fund for the specific purposes of increasing funds for incentive purposes to attract retail, industrial or other commercial economic development allowed under Texas Local Government Sections 501, 502 and 505 with the exception of Parks projects
Andrea Gardner, City Manager
7. Consideration, discussion and direction on creating a Parks Advisory Board, declaring the purpose of the board, establishing membership numbers for the board and requiring bylaws be created by the board for Council approval
Mayor Pro Tem David Griffin - Place 4
8. Consideration, discussion and direction on the City's Strategic Plan
Andrea Gardner, City Manager
9. Consideration, discussion and direction on the FY 2020 Budget Priorities from Council as a follow up from the February 21, 2019 Workshop Meeting
Andrea Gardner, City Manager
10. Consideration and action on approving the creation a City Manager's Workgroup for the purpose of completing the Comprehensive Plan Update
Andrea Gardner, City Manager
11. Consideration and action on approving amendments to Chapter 12, Fee Schedule, Section 12-30 regarding recreational fees {CAPTION}
Sandra Gibson, CGFO, CGFM, Director of Finance
Sal Torres, Parks and Community Services Director
12. Consideration and action on approval of a 2.087% CPI rate increase requested by Waste Connections of Texas with an effective date of July 1, 2019
Sandra Gibson, CGFO, CGFM, Director of Finance
Deby Woodard, Assistant Director of Finance

ITEMS FOR FUTURE CITY COUNCIL MEETINGS

EXECUTIVE SESSION

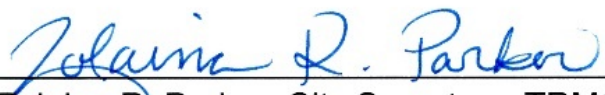
The City Council may announce that it will adjourn the public meeting and convene in Executive Session pursuant to Chapter 551 of the Texas Government Code to discuss any matter as specifically listed on this agenda and/or as permitted by Chapter 551 of the Texas Government Code.

ADJOURNMENT

NOTICE

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT (817) 514-5825, OR FAX (817) 514-3625.

I, Zolaina R. Parker, City Secretary for the City of Watauga, hereby certify that this agenda was posted on the bulletin boards at City Hall, 7105 Whitley Road, Watauga, Texas, on DATE, before 6:00 p.m., in accordance with Chapter 551 of the Texas Government Code.


Zolaina R. Parker, City Secretary, TRMC





AGENDA MEMORANDUM

DATE: February 22, 2019

TO: Honorable City Council Members

FROM: Sandra Gibson, CGFO, CGFM, Director of Finance

THROUGH: Andrea Gardner, City Manager

SUBJECT: Presentation of Comprehensive Annual Financial Report for period ending September 30, 2018

BACKGROUND/INFORMATION:

Whitley Penn, LLP will present the City of Watauga Comprehensive Annual Financial Report for the Fiscal Year ending September 30, 2018. An independent audit is required by the City of Watauga's Home Rule Charter, Section 9.06(c).

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

Recommendation is not needed as this is a presentation.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. City of Watauga Texas 3.7.19 - Council Presentation

REVIEWED BY:

Andrea Gardner, City Manager

Zolaina Parker, City Secretary, TRMC

Approved as to form for inclusion on Agenda

Approved - 02/26/2019

Final Approval - 02/27/2019



Audit Results for the Year Ended September 30, 2018



Engagement Team

- Lauren Nelson, In-Charge
- Dan Hernandez, CPA – Senior Manager
- Tom Pedersen, CPA – Concurring Partner
- Christopher Breaux, CPA – Engagement Partner



Audit Approach

- Team – Active participation from all levels
- Approach – Risk Based Methodology
- Communications – Frequent, Formal and Informal



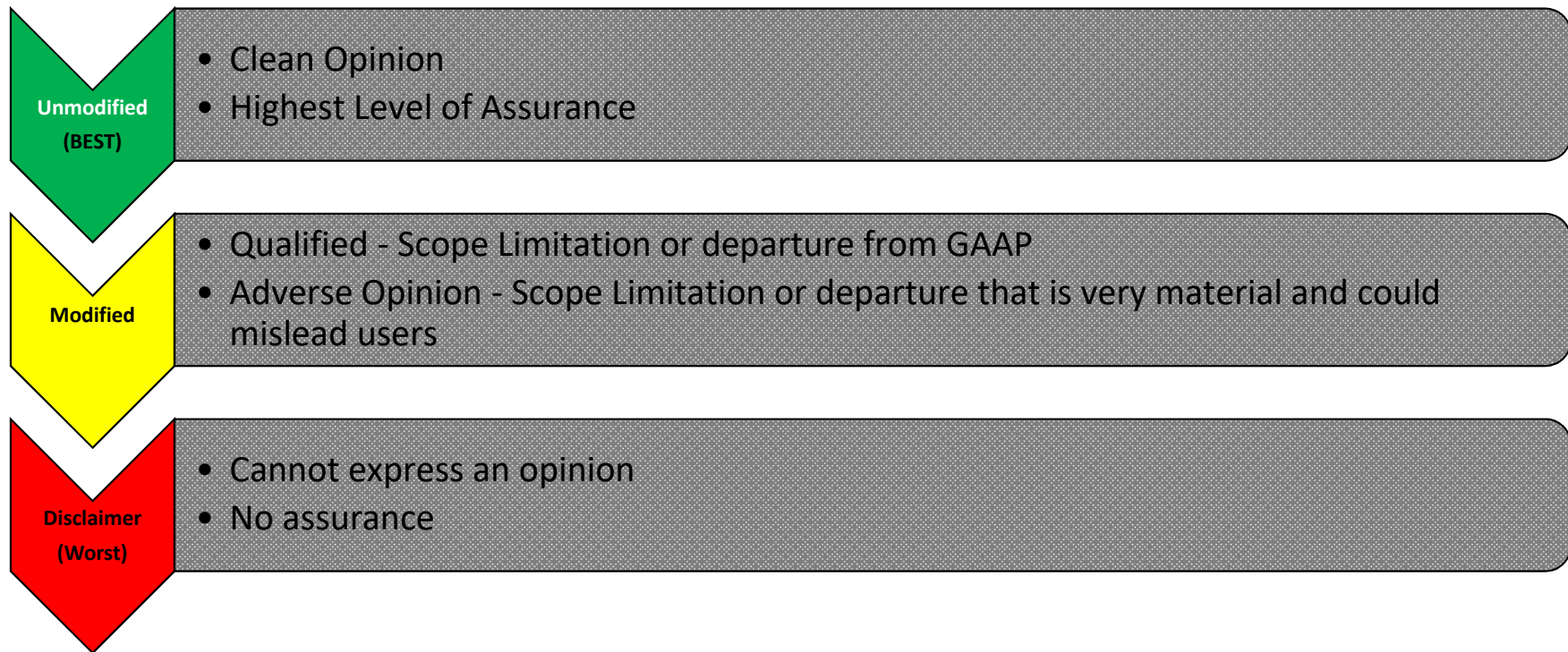
Audit Approach

- Auditor's responsibility under U.S. Generally Accepted Auditing Standards
 - Plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements
 - Consider internal controls for the purpose of determining audit procedures
- Financial statements are the responsibility of management

Audit Approach



The City's Unmodified Opinion





New Standard Implemented

- GASB Statement No. 75 – Financial Reporting
 - Statement describing the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It establishes standards for recognizing and measuring liabilities and deferred outflows/inflows and expenses/expenditures.
 - Additional liability on government-wide financial statements (affected utility funds individually)
 - New disclosures

GASB Statement No. 75

- Prior Period Adjustment:

	Governmental Activities	Business-type Activites	Water and Sewer	Drainage Utility
<u>Net position - beginning of the year:</u>				
As originally presented	\$ 42,306,218	\$ 28,747,776	\$ 16,138,086	\$ 12,427,431
Change in accounting principle for:				
Beginning net OPEB liability	(1,092,268)	(230,500)	(181,400)	(49,100)
Deferred Outflows - 2017 year pension contributions made after previous net pension liability measurement date	28,319	6,300	4,900	1,400
As restated	<u>\$ 41,242,269</u>	<u>\$ 28,523,576</u>	<u>\$ 15,961,586</u>	<u>\$ 12,379,731</u>



Statement of Net Position

Total Primary Government (Governmental and Business-type)	As of September 30, 2018	As of September 30, 2017*
Cash and Investments	\$36,455,270	\$29,912,209
Receivables/Other	3,433,987	3,622,765
Capital Assets, Net	<u>81,585,169</u>	<u>80,264,780</u>
Total Assets	\$121,474,426	\$113,799,754
Total Deferred Outflows of Resources	\$2,084,147	\$2,570,090*
Current Liabilities	\$3,295,317	\$3,189,297
Long-term Debt	<u>44,730,902</u>	<u>42,765,682*</u>
Total Liabilities	\$48,026,219	\$45,954,979
Total Deferred Inflows of Resources	\$2,630,579	\$649,020
Net Position	\$72,901,775	\$69,765,845*

*as restated due to
GASB 75

Non-Current Liabilities

Total Primary Government (Governmental and Business-type)	As of September 30, 2018	As of September 30, 2017*
Certificates of obligation	\$26,615,000	\$21,285,000
General obligation bonds	8,685,000	9,660,000
Net pension liability	3,737,953	6,530,303
Net OPEB liability	1,480,338	1,322,768*
Premiums (discounts)	1,139,965	891,990
Other	<u>3,072,646</u>	<u>3,075,621</u>
Total	\$44,730,902	\$42,765,682

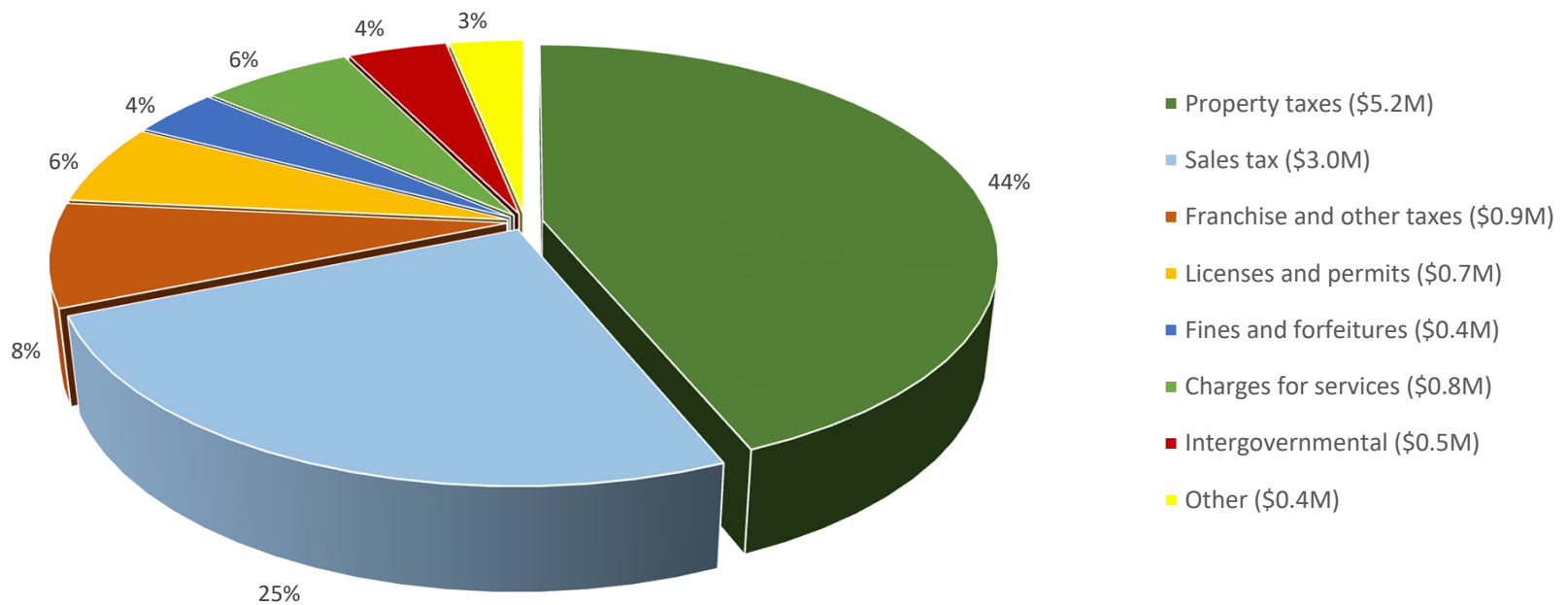
*as restated due to
GASB 75



Statement of Revenues, Expenditures, and Changes in Fund Balance

General Fund	Year Ended September 30, 2018
Total Revenues	\$11,881,382
Total Expenditures	(12,106,108)
Deficiency of Revenues Over Expenditures	(224,726)
Transfers In/Out (net)	264,330
Net Change in Fund Balance	39,604
Fund Balance – Beginning	4,531,955
Fund Balance – Ending	\$4,571,559

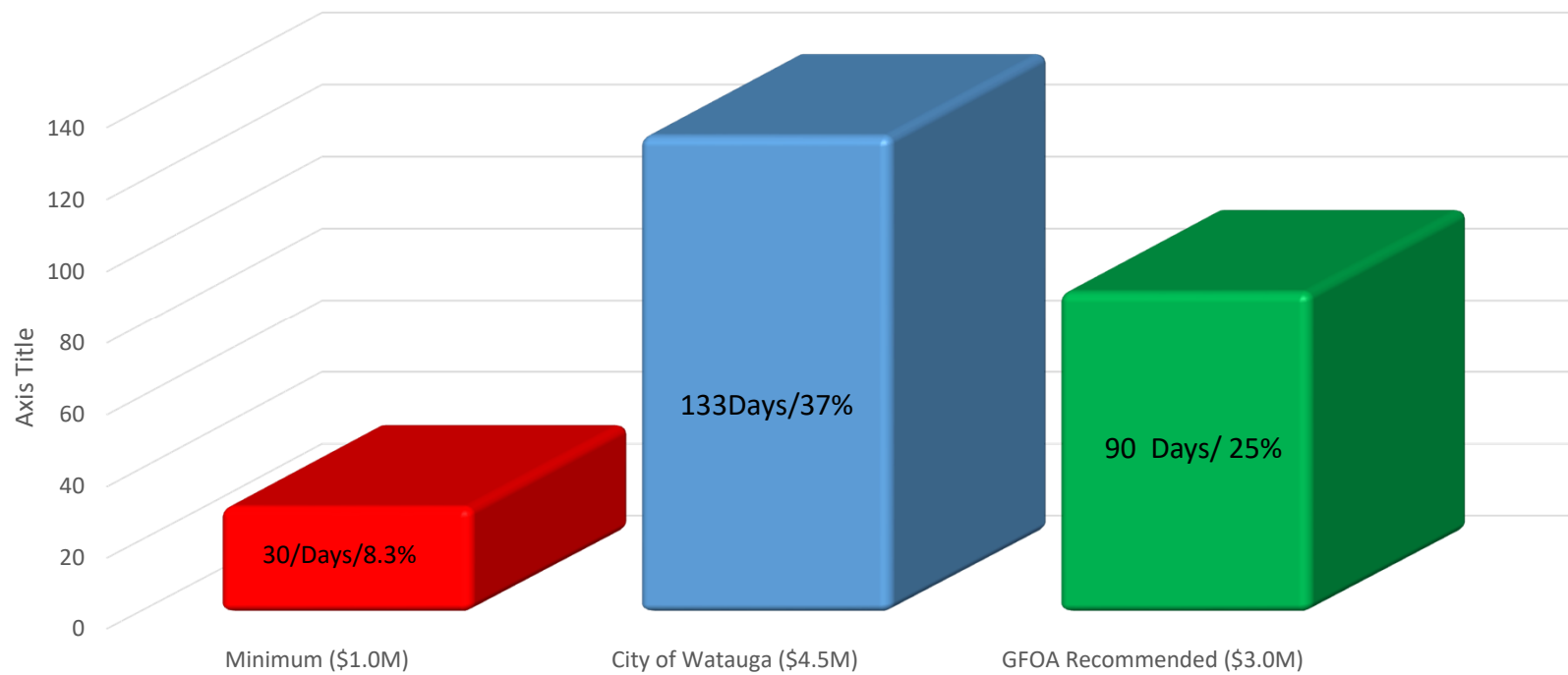
FY 2018 Actual General Fund Revenue



General Fund Revenue Comparison

	2017	2018	Change \$
Property Taxes	\$4,824,864	\$5,202,236	\$377,372
Sales Tax	2,940,234	2,964,330	24,096
Franchise and Other Taxes	1,003,842	925,895	(77,947)
Licenses and Permits	428,530	726,796	298,266
Fines and Forfeitures	630,736	436,262	(194,474)
Charges for Services	745,127	757,088	11,961
Intergovernmental	457,222	497,961	40,739
Other	<u>279,884</u>	<u>370,814</u>	<u>90,930</u>
Total Revenues	\$11,310,439	\$11,881,382	\$570,943

Unassigned General Fund Balance (in Days/Percentage of Expenditures)





Statement of Revenues, Expenses, and Changes in Net Position

Utility Funds	Year Ended September 30, 2018
Total Operating Revenues	\$9,674,907
Total Operating Expenses	7,278,824
Operating Income	2,396,083
Non-operating Expense (net)	(221,067)
Transfers Out	(543,961)
Change in Net Position	1,631,055
Net Position – Beginning	28,523,576*
Net Position – Ending	\$30,154,631

*as restated due to
GASB 75





AGENDA MEMORANDUM

DATE: February 14, 2019

TO: Honorable City Council Members

FROM: Marcia Reyna, Human Resources and Civil Service Director

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consideration of a proposed resolution amending Policy 10.10 Performance and Conduct Expectations of the City of Watauga Personnel, Administration and Financial Policies and Procedures Manual {CAPTION}

BACKGROUND/INFORMATION:

A minor amendment to Policy 10.10 Performance and Conduct Expectations is being requested. It is requested that the language under the *Section C. Conduct, 4. Discrimination* of the policy be updated to reflect the same language used in City of Watauga Policy 10.08 Harassment Free Workplace and Policy 2.01 Equal Employment Opportunity. The purpose of this amendment is to have uniformity in the language throughout all of our City policies.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

Respectfully recommend the Council review and take action on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. CA Approval, Resolution and Policy 10.10 Performance and Conduct Expectations

REVIEWED BY:

Andrea Gardner, City Manager
Zolaina Parker, City Secretary, TRMC
Approved as to form for inclusion on Agenda

Approved - 02/25/2019
Final Approval - 02/27/2019

LAW OFFICES
EVANS, DANIEL, MOORE, EVANS, BIGGS & DECKER
(NOT A PARTNERSHIP)

MARK G. DANIEL

BOARD CERTIFIED - CRIMINAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

CRIMINAL TRIAL SPECIALIST-BOARD CERTIFIED
NATIONAL BOARD OF TRIAL ADVOCACY

SUNDANCE SQUARE
115 WEST SECOND STREET, SUITE 202
FORT WORTH, TEXAS 76102

(817) 332-3822
FACSIMILE (817) 332-2763

OF COUNSEL:
TIM EVANS
TIM MOORE
LANCE T. EVANS
WILLIAM R. BIGGS
ANDREW J. DECKER

February 15, 2019

Ms. Marcia Reyna
Human Resources & Civil Service Director
City of Watauga
7105 Whitley Road
Watauga, Texas 76148

Via E-Mail

*Re: Resolution amending the City of Watauga's Personnel, Administration and
Financial Policies and Procedures Manual, Section 10.10*

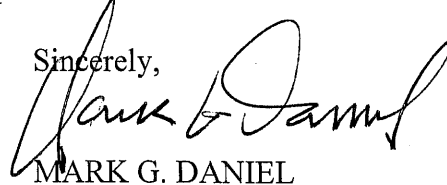
Dear Ms. Reyna:

My office has received and reviewed the proposed amendments to the City's Personnel, Administration and Financial Policies and Procedures Manual. The amendment of Section 10.10 ("Performance and Conduct Expectations") include minor language revisions related to City policy concerning discrimination in order to reflect and mirror similar language found in Section 10.08 ("Harassment Free Workplace") and Section 2.01 ("Equal Employment Opportunity").

Please find enclosed a Resolution approving this amendment. The Resolution may be submitted for consideration at the next City Council meeting.

Thank you for your attention to the above and the opportunity to be of assistance. Should you have any questions or need anything further, please do not hesitate to contact our office.

Sincerely,



MARK G. DANIEL

MGD/jjv

cc: David Griffin, *Mayor Pro Tem*
Ms. Andrea Gardner, *City Manager*
Ms. Zolaina Parker, *City Secretary*

CITY OF WATAUGA, TEXAS
RESOLUTION NO. _____

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS AMENDING SECTION 10.10 OF THE PERSONNEL, ADMINISTRATION AND FINANCIAL POLICIES AND PROCEDURES MANUAL REGARDING PERFORMANCE AND CONDUCT EXPECTATIONS; PROVIDING THAT ALL RESOLUTIONS IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THAT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, Article III, Section 3.07(m) of the Home Rule Charter of the City of Watauga, Texas (hereinafter "the City") provides that the City Council fix the salaries and compensation of the city officers and employees, and establish qualifications, rules and standards of and for all employees of the City; and

WHEREAS, the proposed amendment of Section 10.10 ("Performance and Conduct Expectations") includes minor language revisions related to City policy concerning discrimination in order to reflect and incorporate similar language found in Section 10.08 ("Harassment Free Workplace") and Section 2.01 ("Equal Employment Opportunity").

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS AS FOLLOWS:

I.

The proposed amendments to the City's Personnel, Administration and Financial Policies and Procedures Manual as set forth in Exhibit "A" attached hereto and incorporated by reference, are hereby adopted. The amendment of Section 10.10 ("Performance and Conduct Expectations")

includes minor language revisions related to City policy concerning discrimination in order to reflect and incorporate similar language found in Section 10.08 ("Harassment Free Workplace") and Section 2.01 ("Equal Employment Opportunity").

II.

This Resolution shall be and is hereby cumulative of all other Resolutions of the City of Watauga, Texas, and this Resolution shall not operate to repeal or affect any such other Resolutions except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Resolution, in which event, such conflicting provisions, if any, in such other Resolutions are hereby repealed.

III.

If any section, sub-section, sentence, clause, or phrase of this Resolution shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of the Resolution.

IV.

This Resolution shall become effective and be in full force and effect from and after the date of passage and adoption by the City Council and upon approval thereof by the Mayor and the City of Watauga, Texas.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this _____ day of _____, 20____.

APPROVED:

DAVID GRIFFIN, Mayor Pro Tem

ATTEST:

ZOLAINA R. PARKER, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Mark G. Daniel
MARK G. DANIEL, City Attorney



CITY OF WATAUGA – PERSONNEL, ADMINISTRATION AND FINANCIAL POLICIES AND PROCEDURES MANUAL

POLICY TITLE	Performance and Conduct Expectations
INITIAL EFFECTIVE DATE	March 28, 2016
LAST REVISION DATE	March 11, 2019
POLICY NUMBER	10.10

OBJECTIVE The purpose of this policy is to outline the expectations for appropriate work performance and conduct.

SCOPE This policy applies to all employees. Police Officers and Fire Fighters are subject to the applicable provisions of Texas Local Government Code Chapter 143, the Rules of the City of Watauga Firefighters and Police Officers Civil Service Commission, and the general and special orders of the Police and Fire Departments, which may incorporate some or all of the provisions of this policy.

POLICY

Following are examples of expectations for appropriate work performance and conduct. It is the employee's responsibility to meet all work-related expectations. If the employee does not, disciplinary action may be appropriate. Some of the specific examples listed below may fit under more than one of the broader categories. This section provides guidelines only, and is not intended to be an exhaustive or all-inclusive list.

A. Absences

1. **Failure to Report Absence:** An employee who cannot report for work or who will be tardy must notify their immediate supervisor or designee within the time limits established by the employee's department, or if there are no department guidelines, at the beginning of the shift.
2. **Unauthorized Absence:** An employee shall not be absent from work without supervisory approval. This rule applies to any scheduled activity, emergency response, standby, or overtime duty to which the employee is assigned.
3. **Abandonment of Job:** An employee who fails to give notice of an absence or in an emergency situation fails to have another person give notice on his/her behalf within three (3) scheduled workdays will be considered to have abandoned his/her position with the City and will be discharged.
4. **Unsatisfactory Attendance:** An employee shall not be excessively absent and/or tardy from work.

B. Appearance

1. **Failure to Maintain Personal Appearance:** An employee shall comply with City and department dress codes, uniform requirements, and grooming requirements.

C. Conduct

1. **Unbecoming Conduct and Conduct Prejudicial to Good Order:** An employee will conduct themselves at all times, both on and off the job, in such a manner so as to reflect favorably on the City. An employee will refrain from unbecoming conduct and from conduct prejudicial to good order. Conduct unbecoming an employee includes that which tends to bring the City into disrepute, which reflects discredit upon the employee as a City employee, or which tends to impair or unduly disrupt the operation of the City or the employee. This section should not be understood to prohibit or interfere with the ability of a City employee to comment on matters of public concern or interest.

Examples of unbecoming conduct and conduct prejudicial to good order include, but are not limited to:

- a. Provoking or engaging in fighting;
 - b. Exhibiting threatening or intimidating conduct that would cause an individual to reasonably fear for their personal safety or the safety of family, friends and/or property; and
 - c. Offensive personal conduct.
2. **Abuse of Authority:** An employee will not engage in any of the following conduct:
 - a. Attempting to have any summons to appear in court, court complaint, or traffic citation voided or stricken from the docket except through proper court procedures;
 - b. Recommending a dismissal, reduction of charges, reduction in fine, or other disposition of a pending criminal case which has been previously filed in any court or before any grand jury, except through proper court procedures;
 - c. Communicating in any manner, either directly or indirectly, any information which may assist in the commission of a criminal act, in escaping detection of a criminal act, or to dispose of or secrete evidence of unlawful activity, money, merchandise, or other property unlawfully obtained except as required by law;
 - d. Recording any conversation with a coworker or supervisor without first obtaining the approval of the co-worker or supervisor to record the conversation unless authorized by the City Manager.
 - e. Obtaining or helping any person to obtain any City permit which the applicant is not authorized or legally allowed to have; or
 - f. Assisting a citizen or coworker in circumventing established City or departmental procedures and/or policies.
 3. **Failure to Exercise Courtesy:** An employee will be courteous to the public and to fellow employees. An employee's conduct and behavior will always be civil, orderly, and courteous. The employee will be diplomatic and tactful in the performance of assigned duties, controlling his/her temper and exercising reasonable patience and discretion.
 4. **Discrimination:** An employee, in the course of their duties as a City of Watauga employee, will not discriminate against any individual on the basis of race, color, religion, gender, national origin, age, disability, veteran status, genetic information, gender identity or sexual orientation or any other protected classification under state law.
 5. **Visiting Prohibited Establishments:** An employee, while on duty or in uniform, will not knowingly frequent, visit, or enter a house of prostitution or a gambling place in which the laws of the United States, State of Texas, or City are violated, except in the performance of duties as directed by a supervisor.
 6. **Volunteer Activities:** An employee should not engage in volunteer activities where such activities create a conflict of interest or adversely affect the employee's job performance or

the interests of the City

D. City Business

1. **Failure to Attend to City Business:** An employee will remain alert, observant, and occupied with City business during the work period unless authorized by their supervisor.
2. **Abandonment or Neglect of Duty:** An employee will not neglect or abandon their duties or do anything which is detrimental to the proper performance of the functions of the City. Though not exclusive, the following are examples of abandonment or neglect of duty:
 - a. Failure to observe and give effect to the policies of the employee's department or the City. An employee will not engage in any activity while on duty that would cause the employee to neglect or be inattentive to the employee's assigned duties unless authorized by the Department Director; or
 - b. Failure to deliver to the employee's supervisor any property found by, confiscated by, or relinquished to employees of the City without undue delay and, in any event, before the work period is ended.
3. **Fraudulent Employment:** An employee will not obtain employment, promotion, or other job change with the City by means of willful misrepresentation or omission of any fact concerning the employee's personal, educational and employment history, qualifications for employment or physical condition, and/or criminal history.
4. **Failure to Properly Use City Time, Equipment, Materials, and Property:** An employee will utilize City equipment or property, whether owned or leased, in accordance with procedures established by a supervisor and will not intentionally abuse, damage, or lose City equipment or property. In no event will City time, equipment, materials, or property be used for any personal unauthorized use. If a supervisor assigns City equipment to an employee for standby or after-hours use, the employee will promptly return the equipment to its place of normal deployment before the next regular work shift unless a supervisor has continued the assignment into the next regular work shift.
5. **Failure to Report Equipment in Need of Maintenance:** An employee will promptly report to his/her supervisor the need for repairs of any City-owned or leased property issued to, used, or possessed by the employee.
6. **Prohibited Equipment Alteration:** An employee will not alter, repair, add to, or remove any parts or accessories from any City-owned or leased property, without the permission of a Department Director. This includes buildings, office equipment, computers, machines, clothing, tools, communication equipment, motor vehicles, and other equipment.
7. **Abuse of Process/Withholding Evidence:** An employee will not, at any time, intentionally manufacture, falsify, destroy, or withhold information or evidence regarding disciplinary matters nor knowingly or intentionally make any false accusation or criminal charge.
8. **Failure to Return Evidence/Property:** An employee will promptly deliver any evidence, abandoned property, confiscated property, or City property to the proper authority as designated by the supervisor.
9. **Failure to Submit to Medical Examinations and/or Tests:** Upon the order of the Department Director and Human Resources Director, an employee will submit to any medical, chemical, drug, intoxicants, ballistics, or other test, photograph, or fingerprinting and will sign any related forms necessary for the test or examination to be administered. All examinations carried out under this paragraph will be related to activities concerning the scope of employment and in accordance with the appropriate City policy.

10. **Incurring Unauthorized Expenses:** An employee will not spend money or incur debt in the name of the City or an employee's department, unless a supervisor authorizes the expenditure.
11. **Seeking or Accepting Gifts or Gratuities:** An employee will not receive, seek, solicit, ask, or share in any benefit, discount, fee, reward, or other reimbursement or gratuity for the performance of the employee's official duties, except as directed by the employee's Department Director. An employee will immediately report any offer or attempt to offer any gift or gratuity, which another person may have made in an effort to affect the employee's official conduct, to his/her Department Director. This policy does not prohibit the exchange of gifts among friends or family or discounts offered to all City employees. The City Manager must approve discounts offered to employees.
12. **Accepting Consideration in Exchange for Job or Working Conditions:** An employee will not offer or receive money or other valuable consideration in exchange for obtaining a job, a better working place, or better working conditions.
13. **Performance of Duty:** An employee will maintain sufficient competence to properly perform his/her duties and to assume the responsibilities of his/her position. The employee will direct and coordinate the employee's efforts in such a manner as will tend to establish and maintain the highest standards of efficiency in carrying out the functions and objectives of the City. The fact a supervisor deemed the employee competent at the time of hiring will not preclude a judgment of incompetence later demonstrated, for example, through an inability or apparent unwillingness to perform assigned tasks. Further examples of incompetence include the inability or unwillingness to complete tasks or assignments by deadlines, the inability or unwillingness to produce sufficient work product during duty hours, the inability or unwillingness to effectively supervise employees, exercising poor judgment, the inability or unwillingness to effectively interact with co-workers and citizens, being absent without authorized leave, or having an unnecessary absence from the assigned work area during assigned hours of work.
14. **Unauthorized Disclosure of Information:** An employee will not make known any information concerning the progress of an investigation, a known or reported law violation, or any proposed law enforcement action to any person not authorized to receive such information. An employee who wants to know whether a person is authorized to receive information should seek clarification from his/her immediate supervisor. An employee will not release departmental information that is not public information unless authorized to do so by the employee's Department Director.
15. **Failure to Report Accidents:** An employee will not fail to immediately report personal knowledge of any accidents or personal injuries involving City property or on-duty employees to their supervisor and/or to City personnel authorized to receive such reports.
16. **Inappropriate Use of Information Systems:** An employee will not use nonpublic information gained from any information system with limited access for anything other than official City business.

E. Public Service

1. **Failure to Assist the Public:** When a member of the public asks for assistance or advice, either by telephone, electronic means, or in person, an employee will obtain all pertinent information from the inquirer in an official and courteous manner, and will act on it promptly, properly, and judiciously, consistent with procedures established by a supervisor.
2. **Failure to Handle Complaints:** An employee will courteously attend to a complaint made by any person against any City employee by referring the person to the employee's supervisor or other individual as specified by the employee's departmental policy. An employee will immediately notify their supervisor if the complaint involves loss or destruction

of property, personal injury, alleged violation of criminal or civil law, or any other circumstance the employee determines to justify the immediate notice.

F. Required Response to Authority

1. **Insubordination:** An employee will promptly obey and execute any and all lawful orders of a supervisor. This includes orders relayed from a supervisor through another employee. Insubordination includes, but is not limited to, the following:
 - a. Directly disregarding a supervisor's authority;
 - b. Disobeying a supervisor's orders - particularly in front of others. (If the order is unlawful, or creates a safety hazard it should be reported to the next level of supervision.)
 - c. Deliberately defying clearly stated City or department policies, rules, regulations, and procedures;
 - d. Criticizing, contradicting, or arguing with a supervisor in public or in front of other employees in any way that is negative and inappropriate;
 - e. Blatantly ignoring the supervisor's lawful instructions;
 - f. Displaying disrespect toward a supervisor including, but not limited to, tone of voice, facial expressions, hand or body gestures, or sarcastic comments;
 - g. Refusing to speak to or hanging up on a supervisor; or,
 - h. Leading or participating in an effort to undermine the authority of a supervisor. For the purposes of this section only, "supervisor" includes any employee designated by a Department Director to exercise authority in a given situation.
2. **Answering Questions and Giving Statements:** Upon the order of a supervisor, an employee will truthfully and completely answer all questions asked of the employee and render statements and materials related to the department or the City.
3. **Giving Testimony as to Investigations:** An employee shall not falsify or withhold evidence when an accident, claim, disciplinary matter, or other incident related to the City operation or an employee's job is being investigated by authorized City personnel. A City employee will not discuss a matter that could be or is included in any litigation involving the City without first obtaining authorization to discuss the matter from the employee's supervisor and City Attorney's Office.
4. **Violation of Law Prohibited:** An employee will not engage in, attempt, or conspire to engage in any conduct prohibited by Federal, State, or local law.
5. **Violation of City Policy Prohibited:** An employee will not engage in, or attempt or conspire to engage in, any conduct violating City policies, directives, procedures, or written departmental rules.
6. **Conflicting Orders:** An employee who is given a proper order that is in conflict with a previous order or regulation issued by a supervisor will respectfully bring to the attention of the supervisor issuing the order that it is in conflict with a previous order. If the supervisor giving the order does not alter or retract the conflicting order, then the last order issued by the supervisor will stand unless it is unlawful or creates an unsafe situation. Under these circumstances, the responsibility belongs to the last supervisor. In such situations, no supervisor will discipline or otherwise hold an employee responsible for following a subsequent, lawful order. When a subsequent order contrary to the provision of any previous lawful order, regulation, directive, or manual is given to an employee, the employee may submit a written report stating the facts and circumstances to his/her Department Director.

G. Abuse of Position

1. **Fraudulent Orders for Materials:** An employee will not knowingly or intentionally use fraudulent purchase orders (PO), the City of Watauga City's purchasing system, or City credit cards in obtaining materials, property, or services. Additionally, an employee will not use his/her position with the City to fraudulently order materials.
2. **Abuse of Official Position:** No employee will sell or lend to another any City identification, such as an official identification card, badge, uniform, City business card, or health benefit card for any purpose. No employee will allow any other person to have access, directly or indirectly, to their employee passwords, codes, or user identification to access any electronic data systems, sites, or entrances to City facilities unless authorized by their Department Director. An employee will not reveal, directly or indirectly, any information they have as a result of their position with the City that has been deemed confidential by the City and/or the employee's department.
3. **Abuse of Position Through Political Activities:** An employee will not campaign for a political candidate or political action committee while in uniform or on duty. An employee will not, in their official capacity endorse a candidate, support a political issue, or participate in a political action committee. This section does not affect an employee's right to vote, support a candidate in their private capacity, or express their views, as long as doing such does not unduly disrupt the operations of the City.

H. Employee Integrity

1. **Employee Truthfulness:** An employee will submit only truthful documents, records, and reports. No employee will knowingly enter or cause to be entered any inaccurate, false, or improper information, neither will the employee misrepresent the facts in any City record or report, nor will any employee alter any City record or report to reflect inaccurate, false, or improper information or misrepresent the facts. An employee will be truthful at all times in oral or written reports, whether under oath or not. No employee will knowingly omit a material fact from any report.
2. **Ignorance of Rules:** Ignorance of the rules and regulations is not an excuse or justification for any violation of them by an employee. An employee is responsible for his/her own acts. An employee will not attempt to shift the burden of responsibility for executing or failing to execute the employee's assigned instructions or responsibilities to any other person or entity.
3. **Recommendations Pertaining to Services:** An employee will not recommend to non-City employees or officials, or suggest in any manner (except as authorized by proper authority or in the transaction of personal business) the employment or procurement of a particular product, professional or commercial service (such as an attorney, doctor, ambulance service, towing service, plumber, mechanic, etc.) except as permitted by applicable City ordinance. This section does not apply to recommendations made in the transaction of an employee's personal business.

I. Strikes

Participating in Labor Strikes: An employee will not engage in a strike or other unlawful work action against the City.

J. City Property

1. **Unapproved Use of City Uniform:** An employee will not wear a City of Watauga City uniform while under disciplinary suspension or on leave, paid or unpaid.
2. **Unsafe Operation of Vehicles and/or Equipment:** An employee operating a vehicle and/or equipment will operate it in a careful and prudent manner, will obey all city and state laws, and will follow City policies, regulations, and procedures pertaining to vehicle and equipment operation.
3. **Processing Property:** Property, which has been received while on official business, will be processed in compliance with established departmental procedures. An employee will not convert to the employee's own use, manufacture, destroy, or remove any property found in connection with official business, except in compliance with established departmental procedures.

K. On Premises Rules

Possession of Prohibited Weapons and Fireworks: An employee will not carry or possess privately owned firearms, explosives, fireworks, or any weapons while on duty. An employee will not carry, possess, or stored said items in City buildings or in City vehicles. It is an exception to this policy if the person must carry or possess such items in connection with their official duties as a City employee.



AGENDA MEMORANDUM

DATE: February 15, 2019

TO: Honorable City Council Members

FROM: Paul Hackleman, P.E., CFM, Director of Public Works

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consideration of proposed resolution agreeing to meet all matching contribution requirements for the expenditures under the Tarrant County Home Investment Partnerships Program (HOME) for program year 2019 {CAPTION}

BACKGROUND/INFORMATION:

The Department of Housing and Urban Development (HUD) annually appropriates funds to entitlement communities through the Home Investment Partnership Block Grant (HOME) program. Tarrant County receives HOME funds and is availing these funds to cities who wish to assist their citizens with homeowner rehabilitation. These funds are targeted to benefit low to moderate income persons. Funds are to be used for the development of safe and decent housing by providing homeowner-occupied single family rehabilitation. The program is managed by Tarrant County Community Development (TCCD) office and funds are directly invested into the home being rehabilitated. Cities wishing to participate must commit to providing 30% non-federal match for amount of HOME funds that will be spent in that City.

The City of Watauga has participated in the HOME program since 2013-2014 and has appropriated matching funds annually. For Program Year 2018, the City of Watauga has contributed \$30,581.03 for repairs on four (4) houses which leveraged \$71,356 in federal funds and a fifth house has yet to be billed to the City of Watauga.

The homes in Watauga that qualified for the HOME program received on average about \$25,000 (grant and match funds) in repairs. Home rehabilitation activities include repairs to roofing, foundation, plumbing, electrical, HVAC, doors, windows, flooring, paint, and weatherization of homes.

The attached resolution request grant funds in total amount of up to \$200,000. Cities are required to provide the matching funds for activities undertaken within the City. The required City of Watauga match (30%) would not exceed \$60,000. The City of Watauga will participate by supplying the 30% matching funds which may include the



AGENDA MEMORANDUM

waiving of applicable building and inspection fees.

FINANCIAL IMPLICATIONS:

Strategic Initiative Fund - \$60,000 for the Program Year 2019 (July 1, 2019 - June 30, 2020)

RECOMMENDATION/ACTION DESIRED:

Consideration of Resolution agreeing to meet all matching contribution requirements for the expenditures under the Tarrant County Home Investment Partnerships Program (Home) for Program Year 2019.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Resolution - TC 2019 Home
2. Application - TC 2019 Home
3. Rehab Brochure 2018 Income Limits
4. Attorney Letter - TC 2019 HOME

REVIEWED BY:

Sandra Gibson, CGFO, CGFM, Director of Finance
Andrea Gardner, City Manager
Zolaina Parker, City Secretary, TRMC
Approved as to form for inclusion on Agenda

Approved - 02/25/2019
Approved - 02/27/2019
Final Approval - 03/01/2019

CITY OF WATAUGA, TEXAS
RESOLUTION NO. _____

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS AGREEING TO MEET ALL MATCH CONTRIBUTION REQUIREMENTS FOR THE EXPENDITURES UNDER THE TARRANT COUNTY HOME INVESTMENT PARTNERSHIPS PROGRAM FOR PROGRAM YEAR 2019; PROVIDING THAT ALL RESOLUTIONS IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THAT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the HOME Program was created by the National Affordable Housing Act of 1990 (NAHA) and is intended to provide decent affordable housing to lower-income households; expend the capacity of nonprofit housing providers; strengthen the ability of state and local government to provide housing; and leverage private-sector participation; and

WHEREAS, Tarrant County is a participating Jurisdiction under the HOME Investment Partnerships Program in accordance with § 92.105; and

WHEREAS, the City of Watauga is a member of the Tarrant County Urban County Community Development/HOME Consortium and is eligible to participate in the HOME Program; and

WHEREAS, the City of Watauga has requested \$200,000 in HOME funding to be expended on HOME eligible activities within the city's jurisdiction and has agreed to provide a 30% matching contribution for all HOME funds expended within the City of Watauga, in accordance with § 92.218, § 92.219 and § 92.220.

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

I.

The City of Watauga does hereby agree to commit \$60,000.00 in match contribution to affordable housing for all activities undertaken in our city through the HOME Program. The terms of the HOME Investment Partnership Grant, as set forth in Exhibit "A," attached hereto and incorporated by reference, are hereby adopted.

II.

This Resolution shall be and is hereby cumulative of all other Resolutions of the City of Watauga, Texas, and this Resolution shall not operate to repeal or affect any such other Resolutions except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Resolution, in which event, such conflicting provisions, if any, in such other Resolutions are hereby repealed.

III.

If any section, sub-section, sentence, clause, or phrase of this Resolution shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of the Resolution.

IV.

This Resolution shall become effective and be in full force and effect from and after the date of passage and adoption by the City Council and upon approval thereof by the Mayor and the City of Watauga, Texas.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this
_____ day of _____, 2019.

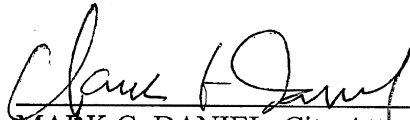
APPROVED:

DAVID GRIFFIN, Mayor Pro Tem

ATTEST:

ZOLAINA R. PARKER, City Secretary

APPROVED AS TO FORM AND LEGALITY:



MARK G. DANIEL, City Attorney

HOME INVESTMENT PARTNERSHIPS GRANT

Program Year 2019

IMPORTANT NOTES

Return Application to:

Tarrant County Community Development Division
Attention: Patricia Ward (HOME Match application)
1509B S. University Drive, Suite 276
Fort Worth, Texas 76107

DUE: March 29, 2019

Overview and Eligible Activities

The Department of Housing and Urban Development (HUD) appropriates funds to entitlement communities through the HOME Investment Partnerships Block Grant (HOME) program. Tarrant County receives HOME funds and is availing these funds to cities who wish to assist their citizens with homeowner rehabilitation. *These funds are targeted to benefit low- to moderate-income persons preserving safe and decent housing by providing homeowner-occupied single-family rehabilitation.* This rehabilitation program is managed by the Tarrant County Community Development (TCCD) office and funds are directly invested into the home being rehabilitated. Although individual city residents will work directly with TCCD, the city applying for HOME funds must commit to providing 30%* non-federal match for the amount of HOME funds that will be spent in that city.

Match Requirement

The Department of Housing and Urban Development (HUD) **requires matching funds on all HOME expenditures. Each applicant is required to provide at least 30%* non-federal match for activities undertaken in that city.** Match can be generated in many ways and must be approved by County staff prior to a commitment of funds. The city is required to submit a letter and Council resolution affirming the match amount as part of this application.

For more detailed information, please contact Patricia Ward at Tarrant County Community Development Division (817) 850-7940. Additional information about the HOME Program can be found online at www.hud.gov.

* Per HOME regulation, CFR 24 92.218; match contributions must total not less than 25% of the funds.



HOME Investment Partnership Grant - PY2019 Project Information Form

1. **Applicant City Name:** City of Watauga

2. **Type of Project(s) desired:**

☒ Homeowner rehabilitation

3. **Project Location (Citywide or Zip Code):**

☒ Citywide

☐ Zip Code(s):

4. **Amount of HOME funds requested (\$200,000 max.):** \$200,000

5. **Required Match Amount (at least 30% of #4 above):** \$60,000

6. **Applicant Contact Person(s):**

Name: Paul D. Hackleman

Phone: 817-514-5837

Email: phackleman@cowtx.org

7. **Date of Submittal:**

8. **Attachments:**

We require a signed resolution or the date of the council meeting in which a resolution may be signed and forwarded to our office when available. The resolution must confirm the source and amount of non-federal match amount available by the city in order to participate in this program.

Confirmation of Program

Date of Council meeting March 7, 2019

Supporting records of meeting (e.g. Council resolution)

☒ Check here if you have attached a signed resolution confirming the match amount that will be dedicated to this program.

A sample of a resolution follows. You may use or modify this sample to your city needs. An electronic version is available upon request.

INCOME LIMITS

→ Your Income must fall below
80% of the Area Median Income
(AMI) limit as shown below.

2018 Income Limits

in Household:

1	\$42,150
2	\$48,150
3	\$54,150
4	\$60,150
5	\$65,000
6	\$69,800
7	\$74,600
8	\$79,400

For more information about this or
other related programs contact the
Tarrant County Community
Development Division at
817-850-7940,
or come by our office located at
1509-B, Suite 276,
South University Dr.,
Fort Worth, TX 76107.



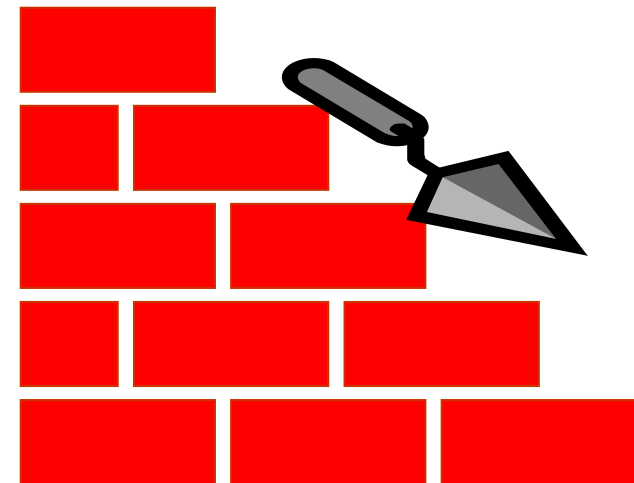
Tarrant County
Community Development
and Housing Division

1509-B S. University Dr.
Suite 276
Fort Worth, TX 76107

817-850-7940

TARRANT COUNTY COMMUNITY DEVELOPMENT & HOUSING DIVISION

HOME OWNER REHABILITATION PROGRAM



"Serving the
Community"

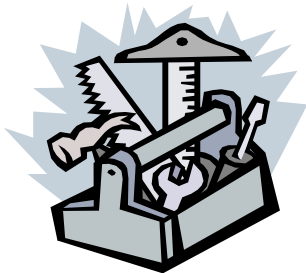
TARRANT COUNTY HOUSING REHABILITATION PROGRAM

Tarrant County offers a housing repair program for Tarrant County residents living outside the boundaries of the Cities of Fort Worth, Arlington, and Grand Prairie.

The housing rehabilitation program is funded through the Community Development Block Grant and the HOME Investment Partnership Program. Both are Federal Block Grants from HUD administered by the Tarrant County Community Development and Housing Division.

TYPES OF REPAIRS

- Roof
- Foundation
- Plumbing
- Electrical
- Weatherization



PROGRAM ELIGIBILITY REQUIREMENTS

To be eligible to participate in this program, you must meet the following qualifications:

- have an annual income below the HUD established income limits;
- own your home (place of residence for at least one year);
- have no more than two liens placed against the property;
- must meet **at least one** of the following criteria;
 - person with disabilities
 - 62 years of age or older
 - family with dependent children living at home (under the age of 18)



and ...

live in one of the following cities:

Azle
Bedford
Benbrook
Blue Mound
Burleson
Crowley
Dalworthington Gardens
Euless
Everman
Forest Hill
Grapevine
Haltom City
Haslet
Hurst
Keller
Kennedale
Lakeside
Lake Worth
Mansfield
North Richland Hills
Pantego
Richland Hills
River Oaks
Saginaw
Sansom Park
Southlake
Watauga
Westworth Village
White Settlement
Unincorporated County

LAW OFFICES
EVANS, DANIEL, MOORE, EVANS, BIGGS & DECKER
(NOT A PARTNERSHIP)

MARK G. DANIEL

BOARD CERTIFIED - CRIMINAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

CRIMINAL TRIAL SPECIALIST-BOARD CERTIFIED
NATIONAL BOARD OF TRIAL ADVOCACY

SUNDANCE SQUARE
115 WEST SECOND STREET, SUITE 202
FORT WORTH, TEXAS 76102

(817) 332-3822
FACSIMILE (817) 332-2763

OF COUNSEL:
TIM EVANS
TIM MOORE
LANCE T. EVANS
WILLIAM R. BIGGS
ANDREW J. DECKER

February 20, 2019

Mr. Paul Hackleman
Director of Public Works
City of Watauga
7800 Virgil R. Anthony Sr. Blvd.
Watauga, Texas 76148

Via Email

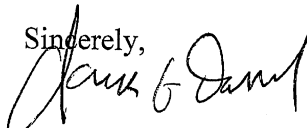
Re: *Resolution adopting the HOME Investment Partnership Grant, Program
Year 2019*

Dear Mr. Hackleman:

I have received and reviewed the proposed HOME Investment Partnership Grant for Program Year 2019. Please find enclosed a Resolution prepared by my office approving the adoption of the Grant. The Resolution may be submitted for consideration at the next City Council meeting.

Thank you for your attention to the above and the opportunity to be of assistance. Should you have any questions or need anything further, please do not hesitate to contact my office.

Sincerely,



MARK G. DANIEL

MGD/jv

cc: Mayor Pro Tem David Griffin
Ms. Andrea Gardner, *City Manager*
Ms. Zolaina Parker, *City Secretary*



AGENDA MEMORANDUM

DATE: February 20, 2019

TO: Honorable City Council Members

FROM: Paul Hackleman, P.E., CFM, Director of Public Works

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consideration of an Interlocal Agreement for pavement striping of Patsy Lane between Tarrant County and the City of Watauga

BACKGROUND/INFORMATION:

Tarrant County offers a program supporting cities with roadway striping. As part of this program, Tarrant County provides the equipment and labor required to perform roadway striping. The City must provide the plan and reimburse the material cost to the county.

The Public Works Department utilized this Interlocal Program in 2018 to stripe Whitley Road from Oakhill Road to Hightower Road with excellent results. At the December 2018 City Council Meeting, the City Council approved an interlocal agreement for the striping of Watauga Road from Denton Highway to Rufe Snow Drive and North Park Drive from Whitley Road to Rufe Snow Drive.

The Public Works Department would like to take advantage of this program once again for:

1. Patsy Lane - Watauga Road to Chapman Road

The Interlocal Cooperation Contracts Chapter 791 of the Texas Government Code provides legal authority for the parties to enter into this agreement.

Upon City Council approval, Tarrant County shall consider the Interlocal Agreement at their Commissioners Court. If approved, Tarrant County will plan and coordinate the work. The planning phase usually takes several months.

FINANCIAL IMPLICATIONS:

Not to exceed \$1,000 - Funded in 2018-19 Budget 01-090-63480

RECOMMENDATION/ACTION DESIRED:

Respectfully recommend the Council review and take action on the item presented.



AGENDA MEMORANDUM

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Attorney Approval - Striping ILA - Tarrant County - Dec 2018 - Watauga Road-North Park - Letter Only
2. Striping ILA - Tarrant County - March 2019 - Patsy Lane
3. Striping ILA Notice to Proceed - Tarrant County - March 2019 - Patsy Lane
4. GOVERNMENT CODE CHAPTER 791. INTERLOCAL COOPERATION CONTRACTS

REVIEWED BY:

Sandra Gibson, CGFO, CGFM, Director of Finance

Andrea Gardner, City Manager

Zolaina Parker, City Secretary, TRMC

Approved as to form for inclusion on Agenda

Approved - 02/22/2019

Approved - 02/25/2019

Final Approval - 02/27/2019

LAW OFFICES
EVANS, DANIEL, MOORE, EVANS, BIGGS & DECKER
(NOT A PARTNERSHIP)

MARK G. DANIEL

BOARD CERTIFIED - CRIMINAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

CRIMINAL TRIAL SPECIALIST-BOARD CERTIFIED
NATIONAL BOARD OF TRIAL ADVOCACY

SUNDANCE SQUARE
115 WEST SECOND STREET, SUITE 202
FORT WORTH, TEXAS 76102

(817) 332-3822
FACSIMILE (817) 332-2763

OF COUNSEL:

TIM EVANS
TIM MOORE
LANCE T. EVANS
WILLIAM R. BIGGS
ANDREW J. DECKER

December 5, 2018

Via Email

Mr. Paul Hackleman
Public Works Director
City of Watauga
7105 Whitley Road
Watauga, Texas 76148

*Re: Interlocal Agreement with Tarrant County
Rehabilitate and Resurface Streets in Watauga*

Dear Mr. Hackleman:

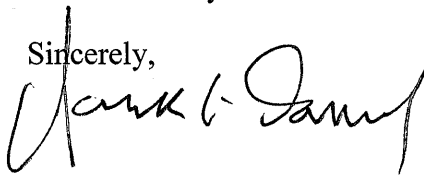
Pursuant to your request, I have reviewed the Interlocal Agreement between Tarrant County and the City of Watauga wherein the City is requesting Tarrant County's assistance applying permanent roadway striping of the following streets located within the City:

1. Watauga Road – from Denton Highway (U.S. 377) to Rufe Snow Drive; and
2. North Park Drive – from Whitley Road to Rufe Snow Drive.

I approve of this Agreement and would recommend that you forward the Agreement to the Mayor Pro tem for his signature. As always, I would defer to staff regarding validation and reasonableness of cost figures. There is no necessity to present the same to City Council. But you may give that consideration in light of this being an Interlocal Agreement with Tarrant County.

Thank you for your attention to the above and the opportunity to be of assistance. Should you have any questions, please do not hesitate to contact my office.

Sincerely,



MARK G. DANIEL

MGD/tp

cc: Mayor Pro tem David Griffin
Ms. Andrea Gardner, City Manager
Ms. Zolaina R. Parker, City Secretary

THE STATE OF TEXAS

INTERLOCAL AGREEMENT

COUNTY OF TARRANT

This Interlocal Agreement is between Tarrant County, Texas ("COUNTY"), and the City of Watauga ("CITY").

WHEREAS, the CITY is requesting the COUNTY's assistance applying permanent roadway striping on the following streets (the "Project"), located within the CITY:

- Patsy Lane - from Watauga Road to Chapman Road (approximately 2,600 linear feet)

WHEREAS, the Interlocal Cooperation Act contained in Chapter 791 of the Texas Government Code provides legal authority for the parties to enter into this Agreement; and

WHEREAS, during the performance of the governmental functions and the payment for the performance of those governmental functions under this Agreement, the parties will make the performance and payment from current revenues legally available to that party; and

WHEREAS, the Commissioners Court of the COUNTY and the City Council of the CITY each make the following findings:

- a. This Agreement serves the common interests of both parties;
- b. This Agreement will benefit the public;
- c. The division of costs fairly compensates both parties to this Agreement; and
- d. The CITY and the COUNTY have authorized their representative to sign this Agreement; and
- e. The COUNTY and CITY acknowledge that they are each a "governmental entity" and not a "business entity" as those terms are defined in Tex. Gov't Code § 2252.908, and therefore, no disclosure of interested parties pursuant to Tex. Gov't Code Section 2252.908 is required.

NOW, THEREFORE, the COUNTY and the CITY agree as follows:

TERMS AND CONDITIONS

1. COUNTY RESPONSIBILITY

The COUNTY will furnish the labor, equipment and materials to assist the CITY in completing the Project.

The COUNTY will use waterborne acrylic traffic paint that complies with current Texas Department of Transportation specifications.

The COUNTY will apply the striping during the hours of 8:30 AM to 2:30 PM, Monday to Friday.

2. CITY RESPONSIBILITY

The CITY will pay the COUNTY for the cost of paint materials in an amount not to exceed \$1,000. The actual cost to the CITY will be determined upon completion of the Project.

The CITY will provide striping documentation if there are no markings present or no longer visible, and if passing lanes or ANY deviation from the original striping is requested.

The CITY will provide a staging area if needed, and personnel to provide flagging and/or traffic control assistance as necessary.

The CITY will ensure prior to striping that the roadway surface is clean and serviceable for application of paint, and that temporary tabs and construction markings are removed.

The CITY will notify adjacent property owners of the schedule for striping services provided by the COUNTY. The CITY agrees that the CITY will be responsible for damages to adjacent property.

The CITY will pay COUNTY the invoiced amount for all striping, signs and incidental materials, upon completion of the Project.

3. PROCEDURES DURING PROJECT

If the CITY has a complaint regarding the COUNTY's performance of the Project, the CITY must complain in writing to the COUNTY no later than 30 days of the date of Project completion.

4. NO WAIVER OF IMMUNITY

This Agreement does not waive COUNTY rights under a legal theory of sovereign immunity. This Agreement does not waive CITY rights under a legal theory of sovereign immunity.

5. TIME PERIOD FOR COMPLETION

The CITY will give the COUNTY notice to proceed at the appropriate time. However, the COUNTY is under no duty to commence construction at any particular time.

6. THIRD PARTY

This contract shall not be interpreted to inure to the benefit of a third party not a party to this contract. This contract may not be interpreted to waive any statutory or common law defense, immunity, including governmental and sovereign immunity, or any limitation of liability, responsibility, or damage of any party to this contract, party's agent, or party's employee, otherwise provided by law.

7. JOINT VENTURE & AGENCY

The relationship between the parties to this Agreement does not create a partnership or joint venture between the parties. This Agreement does not appoint any party as agent for the other party.

8. EFFECTIVE DATE

This Agreement becomes effective when signed by the last party whose signing makes the Agreement fully executed.

9. TERMINATION OF AGREEMENT

This Agreement will automatically terminate upon completion of the Project or September 30, 2019, whichever date occurs first. This Agreement may be renewed prior to its expiration upon the mutual consent of the parties in writing.

TARRANT COUNTY, TEXAS

CITY OF WATAUGA

COUNTY JUDGE

Authorized City Official

Date: _____

Date: _____

Recommended for Approval:

COMMISSIONER, PRECINCT 3

APPROVED AS TO FORM*

APPROVED AS TO FORM AND LEGALITY

Criminal District Attorney's Office*

City Attorney

* By law, the Criminal District Attorney's Office may only approve contracts for its clients. We reviewed this document as to form from our client's legal perspective. Other parties may not rely on this approval. Instead those parties should seek contract review from independent counsel.

NOTICE TO PROCEED

The City of Watauga hereby notifies Tarrant County that the County may proceed with this project, as specified in the attached Agreement, on or after

(Month/Date/Year)

Authorized City Official
City of Watauga

Striping for:

- Patsy Lane – from Watauga Road to Chapman Road (approx. 2,600 lf.)

GOVERNMENT CODE

TITLE 7. INTERGOVERNMENTAL RELATIONS

CHAPTER 791. INTERLOCAL COOPERATION CONTRACTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 791.001. PURPOSE. The purpose of this chapter is to increase the efficiency and effectiveness of local governments by authorizing them to contract, to the greatest possible extent, with one another and with agencies of the state.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991.

Sec. 791.002. SHORT TITLE. This chapter may be cited as the Interlocal Cooperation Act.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991.

Sec. 791.003. DEFINITIONS. In this chapter:

(1) "Administrative functions" means functions normally associated with the routine operation of government, including tax assessment and collection, personnel services, purchasing, records management services, data processing, warehousing, equipment repair, and printing.

(2) "Interlocal contract" means a contract or agreement made under this chapter.

(3) "Governmental functions and services" means all or part of a function or service in any of the following areas:

(A) police protection and detention services;

(B) fire protection;

(C) streets, roads, and drainage;

(D) public health and welfare;

(E) parks and recreation;

(F) library and museum services;

(G) records center services;

(H) waste disposal;

(I) planning;

(J) engineering;

(K) administrative functions;

(L) public funds investment;

(M) comprehensive health care and hospital services; or

(N) other governmental functions in which the contracting parties are mutually interested.

(4) "Local government" means a:

(A) county, municipality, special district, junior college district, or other political subdivision of this state or another state;

(B) local government corporation created under Subchapter D, Chapter 431, Transportation Code;

(C) political subdivision corporation created under Chapter 304, Local Government Code;

(D) local workforce development board created under Section 2308.253; or

(E) combination of two or more entities described by Paragraph (A), (B), (C), or

(D).

(5) "Political subdivision" includes any corporate and political entity organized under state law.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991. Amended by Acts 1993, 73rd Leg., ch. 823, Sec. 1, eff. Sept. 1, 1993; Acts 2001, 77th Leg., ch. 98, Sec. 1, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 301, Sec. 2, eff. Sept. 1, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 1317 (H.B. 3384), Sec. 1, eff. June 18, 2005.

Sec. 791.004. INTERLOCAL CONTRACT; DUAL OFFICE HOLDING. A person acting under an interlocal contract does not, because of that action, hold more than one civil office of emolument or more than one office of honor, trust, or profit.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991.

Sec. 791.005. EFFECT OF CHAPTER. This chapter does not affect an act done or a right, duty, or penalty existing before May 31, 1971.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991.

Sec. 791.006. LIABILITY IN FIRE PROTECTION CONTRACT OR PROVISION OF LAW ENFORCEMENT SERVICES. (a) If governmental units contract under this chapter to furnish or obtain services of a fire department, such as training, fire suppression, fire fighting, ambulance services, hazardous materials response services, fire and rescue services, or paramedic services, the governmental unit that would have been responsible for furnishing the services in the absence of the contract is responsible for any civil liability that arises from the furnishing of those services.

(a-1) Notwithstanding Subsection (a), if a municipality, county, rural fire prevention district, emergency services district, fire protection agency, regional planning commission, or joint board enters into a contract with a governmental unit under this chapter to furnish or obtain fire or emergency services, the parties to the contract may agree to assign responsibility for civil liability that arises from the furnishing or obtaining of services under the contract in any manner agreed to by the parties. To assign responsibility for civil liability under this subsection, the parties to the contract must assign responsibility in a written provision of the contract that specifically references this subsection and states that the assignment of liability is intended to be different than liability otherwise assigned under Subsection (a).

(b) In the absence of a contract, if a municipality or county furnishes law enforcement services to another municipality or county, the governmental unit that requests and obtains the services is responsible for any civil liability that arises from the furnishing of those services.

(c) Nothing in this section adds to or changes the liability limits and immunities for a governmental unit provided by the Texas Tort Claims Act, Chapter 101, Civil Practice and Remedies Code, or other law.

(d) Notwithstanding any other provision of this chapter, a contract under this chapter is not a joint enterprise for the purpose of assigning or determining liability.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991. Amended by Acts 2001, 77th Leg., ch. 811, Sec. 1, eff. Sept. 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. 1337 (S.B. 9), Sec. 16, eff. June 18, 2005.

SUBCHAPTER B. GENERAL INTERLOCAL CONTRACTING AUTHORITY

Sec. 791.011. CONTRACTING AUTHORITY; TERMS. (a) A local government may contract or agree with another local government or a federally recognized Indian tribe, as listed by the United States secretary of the interior under 25 U.S.C. Section 479a-1, whose reservation is located within the boundaries of this state to perform governmental functions and services in accordance with this chapter.

(b) A party to an interlocal contract may contract with a:

- (1) state agency, as that term is defined by Section 771.002; or
- (2) similar agency of another state.

(b-1) A local government that is authorized to enter into an interlocal contract under this section may not contract with an Indian tribe that is not federally recognized or whose reservation is not located within the boundaries of this state.

(c) An interlocal contract may be to:

- (1) study the feasibility of the performance of a governmental function or service by an interlocal contract; or
- (2) provide a governmental function or service that each party to the contract is authorized to perform individually.

(d) An interlocal contract must:

- (1) be authorized by the governing body of each party to the contract unless a party to the contract is a municipally owned electric utility, in which event the governing body may establish procedures for entering into interlocal contracts that do not exceed \$100,000 without requiring the approval of the governing body;
- (2) state the purpose, terms, rights, and duties of the contracting parties; and
- (3) specify that each party paying for the performance of governmental functions or services must make those payments from current revenues available to the paying party.

(e) An interlocal contractual payment must be in an amount that fairly compensates the performing party for the services or functions performed under the contract.

(f) An interlocal contract may be renewed.

(g) A governmental entity of this state or another state that makes purchases or provides purchasing services under an interlocal contract for a state agency, as that term is defined by Section 771.002, must comply with Chapter 2161 in making the purchases or providing the services.

(h) An interlocal contract between a governmental entity and a purchasing cooperative may not be used to purchase engineering or architectural services.

(i) Notwithstanding Subsection (d), an interlocal contract may have a specified term of years.

(j) For the purposes of this subsection, the term "purchasing cooperative" means a group purchasing organization that governmental entities join as members and the managing entity of which receives fees from members or vendors. A local government may not enter into a contract to purchase construction-related goods or services through a purchasing cooperative under this chapter in an amount greater than \$50,000 unless a person designated by the local government certifies in writing that:

- (1) the project for which the construction-related goods or services are being procured does not require the preparation of plans and specifications under Chapter 1001 or 1051, Occupations Code; or
- (2) the plans and specifications required under Chapters 1001 and 1051, Occupations Code, have been prepared.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991. Amended by Acts 1999, 76th Leg., ch. 405, Sec. 47, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 98, Sec. 2, eff. Sept. 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. 257 (H.B. 1562), Sec. 1, eff. May 30, 2005.

Acts 2007, 80th Leg., R.S., Ch. 1213 (H.B. 1886), Sec. 12, eff. September 1, 2007.

Acts 2011, 82nd Leg., R.S., Ch. 1065 (S.B. 760), Sec. 1.

Acts 2013, 83rd Leg., R.S., Ch. 1127 (H.B. 1050), Sec. 1, eff. September 1, 2013.

Sec. 791.012. LAW APPLICABLE TO CONTRACTING PARTIES. Local governments that are parties to an interlocal contract for the performance of a service may, in performing the service, apply the law applicable to a party as agreed by the parties.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991. Amended by Acts 1997, 75th Leg., ch. 176, Sec. 1, eff. May 21, 1997.

Sec. 791.013. CONTRACT SUPERVISION AND ADMINISTRATION. (a) To supervise the performance of an interlocal contract, the parties to the contract may:

- (1) create an administrative agency;
- (2) designate an existing local government; or
- (3) contract with an organization that qualifies for exemption from federal income

tax under Section 501(c), Internal Revenue Code of 1986, as amended, that provides services on behalf of political subdivisions or combinations of political subdivisions and derives more than 50 percent of its gross revenues from grants, funding, or other income from political subdivisions or combinations of subdivisions.

(b) The agency, designated local government, or organization described by Subsection (a) (3) may employ personnel, perform administrative activities, and provide administrative services necessary to perform the interlocal contract.

(c) All property that is held and used for a public purpose by the administrative agency or designated local government is exempt from or subject to taxation in the same manner as if the property were held and used by the participating political subdivisions.

(d) An administrative agency created under this section may acquire, apply for, register, secure, hold, protect, and renew under the laws of this state, another state, the United States, or any other nation:

- (1) a patent for the invention or discovery of:

(A) any new and useful process, machine, manufacture, composition of matter, art, or method;

(B) any new use of a known process, machine, manufacture, composition of matter, art, or method; or

(C) any new and useful improvement on a known process, machine, manufacture, composition of matter, art, or method;

(2) a copyright of an original work of authorship fixed in any tangible medium of expression, now known or later developed, from which the work may be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device;

(3) a trademark, service mark, collective mark, or certification mark for a word, name, symbol, device, or slogan that the agency uses to identify and distinguish the agency's goods and services from other goods and services; and

- (4) other evidence of protection of exclusivity issued for intellectual property.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991. Amended by Acts 1995, 74th Leg., ch. 481, Sec. 1, eff. Aug. 28, 1995; Acts 2003, 78th Leg., ch. 301, Sec. 3, eff. Sept.

1, 2003.

Sec. 791.014. APPROVAL REQUIREMENT FOR COUNTIES. (a) Before beginning a project to construct, improve, or repair a building, road, or other facility under an interlocal contract, the commissioners court of a county must give specific written approval for the project.

(b) The approval must:

- (1) be given in a document other than the interlocal contract;
- (2) describe the type of project to be undertaken; and
- (3) identify the project's location.

(c) The county may not accept and another local government may not offer payment for a project undertaken without approval required by this section.

(d) A county is liable to another local government for the amount paid by the local government to the county for a project requiring approval under this section if:

- (1) the county begins the project without the approval required by this section; and
- (2) the local government makes the payment before the project is begun by the county.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991.

Sec. 791.015. SUBMISSION OF DISPUTES TO ALTERNATIVE DISPUTE RESOLUTION PROCEDURES. Local governments that are parties to an interlocal contract may provide in the contract for the submission of disputes arising under the contract to the alternative dispute resolution procedures authorized by Chapter 2009.

Added by Acts 2001, 77th Leg., ch. 666, Sec. 1, eff. Sept. 1, 2001.

SUBCHAPTER C. SPECIFIC INTERLOCAL CONTRACTING AUTHORITY

Sec. 791.021. CONTRACTS FOR REGIONAL CORRECTIONAL FACILITIES. The parties to an interlocal contract may contract with the Texas Department of Criminal Justice for the construction, operation, and maintenance of a regional correctional facility if:

- (1) title to the land on which the facility is to be constructed is deeded to the department; and
- (2) the parties execute a contract relating to the payment of costs for housing, maintenance, and rehabilitative treatment of persons held in jails who cannot otherwise be transferred under authority of existing statutes to the direct responsibility of the department.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 25.080, eff. September 1, 2009.

Sec. 791.022. CONTRACTS FOR REGIONAL JAIL FACILITIES. (a) In this section:

(1) "Facility" means a regional jail facility constructed or acquired under this section.

(2) "Jailer" means a person with authority to supervise the operation and maintenance of a facility as provided by this section.

(b) A political subdivision of the state, by resolution of its governing body, may contract with one or more political subdivisions of the state to participate in the ownership,

construction, and operation of a regional jail facility.

(c) The facility must be located within the geographic boundaries of one of the participating political subdivisions. The facility is not required to be located in a county seat.

(d) Before acquiring and constructing the facility, the participating political subdivisions shall issue bonds to finance the facility's acquisition and construction. The bonds must be issued in the manner prescribed by law for issuance of permanent improvement bonds.

(e) To supervise the operation and maintenance of a facility, the participating political subdivisions may agree to:

(1) appoint as jailer of the facility the police chief or sheriff of the political subdivision in which the facility is located;

(2) form a committee composed of the sheriff or police chief of each participating political subdivision to appoint a jailer of the facility; or

(3) authorize the police chief or sheriff of each participating political subdivision to continue to supervise and manage those prisoners incarcerated in the facility under the authority of that officer.

(f) If participating political subdivisions provide for facility supervision under Subsection (e), the person designated to supervise operation and maintenance of the facility shall supervise the prisoners incarcerated in the facility.

(g) When a prisoner is transferred from the facility to the originating political subdivision, the appropriate law enforcement officer of the originating political subdivision shall assume supervision and responsibility for the prisoner.

(h) While a prisoner is incarcerated in a facility, a police chief or sheriff not assigned to supervise the facility is not liable for the escape of the prisoner or for any injury or damage caused by or to the prisoner unless the escape, injury, or damage is directly caused by the police chief or sheriff.

(i) The political subdivisions may employ or authorize the jailer of the facility to employ personnel necessary to operate and maintain the facility.

(j) The jailer of the facility and any assistant jailers must be commissioned peace officers.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991.

Sec. 791.023. CONTRACTS FOR STATE CRIMINAL JUSTICE FACILITIES. The state or an agency of the state may contract with one or more entities to finance, construct, operate, maintain, or manage a criminal justice facility provided, in the exercise of the governmental power, for the benefit of the state in accordance with this chapter and:

(1) Subchapter A, Chapter 494, Government Code;

(2) Subchapter D, Chapter 361, Local Government Code; or

(3) the Certificate of Obligation Act of 1971 (Subchapter C, Chapter 271, Local Government Code).

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991.

Sec. 791.024. CONTRACTS FOR COMMUNITY CORRECTIONS FACILITIES. A community supervision and corrections department established under Section 76.002 may agree with the state, an agency of the state, or a local government to finance, construct, operate, maintain, or manage a community corrections facility under Section 76.010(b) or a county correctional center under Subchapter H, Chapter 351, Local Government Code.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 7.18, eff. Sept. 1, 1995.

Sec. 791.025. CONTRACTS FOR PURCHASES. (a) A local government, including a council of governments, may agree with another local government or with the state or a state agency, including the comptroller, to purchase goods and services.

(b) A local government, including a council of governments, may agree with another local government, including a nonprofit corporation that is created and operated to provide one or more governmental functions and services, or with the state or a state agency, including the comptroller, to purchase goods and any services reasonably required for the installation, operation, or maintenance of the goods. This subsection does not apply to services provided by firefighters, police officers, or emergency medical personnel.

(c) A local government that purchases goods and services under this section satisfies the requirement of the local government to seek competitive bids for the purchase of the goods and services.

(d) In this section, "council of governments" means a regional planning commission created under Chapter 391, Local Government Code.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991. Amended by Acts 1995, 74th Leg., ch. 28, Sec. 1, eff. April 27, 1995; Acts 1997, 75th Leg., ch. 826, Sec. 1, eff. June 18, 1997.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 937 (H.B. 3560), Sec. 1.62, eff. September 1, 2007.

Sec. 791.026. CONTRACTS FOR WATER SUPPLY AND WASTEWATER TREATMENT FACILITIES. (a) A municipality, district, or river authority of this state may contract with another municipality, district, or river authority of this state to obtain or provide part or all of:

(1) water supply or wastewater treatment facilities; or

(2) a lease or operation of water supply facilities or wastewater treatment facilities.

(b) The contract may provide that the municipality, district, or river authority obtaining one of the services may not obtain those services from a source other than a contracting party, except as provided by the contract.

(c) If a contract includes a term described by Subsection (b), payments made under the contract are the paying party's operating expenses for its water supply system, wastewater treatment facilities, or both.

(d) The contract may:

(1) contain terms and extend for any period on which the parties agree;

(2) require the purchaser to develop alternative or replacement supplies prior to the expiration date of the contract and may provide for enforcement of such terms by court order; and

(3) provide that it will continue in effect until bonds specified by the contract and any refunding bonds issued to pay those bonds are paid.

(e) Where a contract sets forth explicit expiration provisions, no continuation of the service obligation will be implied.

(f) Tax revenue may not be pledged to the payment of amounts agreed to be paid under the contract.

(g) The powers granted by this section prevail over a limitation contained in another law.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991. Amended by Acts 1997, 75th Leg., ch. 1010, Sec. 2.01, eff. Sept. 1, 1997.

Sec. 791.027. EMERGENCY ASSISTANCE. (a) A local government may provide emergency assistance to another local government, whether or not the local governments have previously agreed or contracted to provide that kind of assistance, if:

(1) in the opinion of the presiding officer of the governing body of the local government desiring emergency assistance, a state of civil emergency exists in the local government that requires assistance from another local government and the presiding officer requests the assistance; and

(2) before the emergency assistance is provided, the governing body of the local government that is to provide the assistance authorizes that local government to provide the assistance by resolution or other official action.

(b) This section does not apply to emergency assistance provided by law enforcement officers under Chapter 362, Local Government Code.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991.

Sec. 791.028. CONTRACTS FOR JOINT PAYMENT OF ROAD CONSTRUCTION AND IMPROVEMENTS. (a) In this section:

(1) "Highway project" means the acquisition, design, construction, improvement, or beautification of a state or local highway, turnpike, or road project.

(2) "Transportation corporation" means a corporation created under Chapter 431, Transportation Code.

(b) A local government may contract with another local government, a state agency, or a transportation corporation to pay jointly all or part of the costs of a highway project, including the cost of an easement or interest in land required for or beneficial to the project.

(c) A local government and a transportation corporation, in accordance with a contract executed under this section, may:

(1) jointly undertake a highway project;

(2) acquire an easement, land, or an interest in land, in or outside a right-of-way of a highway project, as necessary for or beneficial to a highway project; or

(3) adjust utilities for the project.

(d) If a contract under this section provides for payments over a term of years, a local government may levy ad valorem taxes in an amount necessary to make the payments required by the contract as they become due.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.196, eff. Sept. 1, 1997.

Sec. 791.029. CONTRACTS FOR REGIONAL RECORDS CENTERS. (a) By resolution of its governing body, a political subdivision of the state may contract with another political subdivision of the state to participate in the ownership, construction, and operation of a regional records center.

(b) Before acquiring or constructing the records center, a participating political subdivision may issue bonds to finance the acquisition and construction of the records center in the manner prescribed by law for the issuance of permanent improvement bonds.

(c) The records center may not be used to store a record whose retention period is listed as permanent on a records retention schedule issued by the Texas State Library and Archives Commission under Section 441.158, unless the center meets standards for the care and

storage of records of permanent value established by rules adopted by the commission under Section 203.048, Local Government Code.

(d) The Texas State Library and Archives Commission shall provide assistance and advice to local governments in the establishment and design of regional records centers.

Added by Acts 1991, 72nd Leg., ch. 38, Sec. 1, eff. Sept. 1, 1991.

Sec. 791.030. HEALTH CARE AND HOSPITAL SERVICES. A local government may contract with another local government authorized to provide health care and hospital services to provide those services for the local government's officers and employees and their dependents.

Added by Acts 1993, 73rd Leg., ch. 823, Sec. 2, eff. Sept. 1, 1993.

Sec. 791.031. TRANSPORTATION INFRASTRUCTURE. (a) This section applies only to a local government, other than a school district, that is authorized to impose ad valorem taxes on real property.

(b) The Texas Department of Transportation may enter into an interlocal contract with a local government for the financing of transportation infrastructure that is constructed or that is to be constructed in the territory of the local government by the department in a corridor of land on which no existing state or federal highway is located.

(c) The agreement must include:

- (1) the duration of the agreement, which may not exceed 12 years;
- (2) a description of each transportation infrastructure project or proposed project;
- (3) a map showing the location of each project and property included in the

contract; and

- (4) an estimate of the cost of each project.

(d) The agreement may establish one or more transportation infrastructure zones. The Texas Department of Transportation and the local government may agree that at one or more specified times, the local government will pay to the Texas Department of Transportation an amount that is calculated on the basis of increased ad valorem tax collections in a zone that are attributable to increased values of property located in the zone resulting from an infrastructure project. The amount may not exceed an amount that is equal to 30 percent of the increase in ad valorem tax collections for the specified period.

(e) Money received by the Texas Department of Transportation under this section may be used:

- (1) to provide a local match for the acquisition of right-of-way in the territory of the local government; or
- (2) for design, construction, operation, or maintenance of transportation facilities in the territory of the local government.

Added by Acts 1997, 75th Leg., ch. 1171, Sec. 1.33, eff. Sept. 1, 1997.

Sec. 791.032. CONSTRUCTION, IMPROVEMENT, AND REPAIR OF STREETS IN MUNICIPALITIES. With the approval of the governing body of a municipality, a local government may enter into an interlocal contract with the municipality to finance the construction, improvement, maintenance, or repair of streets or alleys in the municipality, including portions of the municipality's streets or alleys that are not an integral part of or a connecting link to other roads or highways.

Added by Acts 1999, 76th Leg., ch. 671, Sec. 1, eff. Sept. 1, 1999.

Sec. 791.033. CONTRACTS TO CONSTRUCT, MAINTAIN, OR OPERATE FACILITIES ON STATE HIGHWAY SYSTEM. (a) In this section, "state highway system" means the highways in this state included in the plan providing for a system of state highways prepared under Section 201.103, Transportation Code.

(b) A local government may enter into and make payments under an agreement with another local government for the design, development, financing, construction, maintenance, operation, extension, expansion, or improvement of a toll or nontoll project or facility on the state highway system located within the boundaries of the local government or, as a continuation of the project or facility, within the boundaries of an adjacent local government.

(c) An agreement under this section must be approved by the Texas Department of Transportation.

(d) Notwithstanding Section 791.011(d), to make payments under an agreement under this section, a local government may:

(1) pledge revenue from any available source, including payments received under an agreement with the Texas Department of Transportation under Section 222.104, Transportation Code;

(2) pledge, levy, and collect taxes to the extent permitted by law; or

(3) provide for a combination of Subdivisions (1) and (2).

(e) The term of an agreement under this section may not exceed 40 years.

(f) Any election required to permit action under this section must be held in conformance with the Election Code or other law applicable to the local government.

(g) In connection with an agreement under this section, a county or municipality may exercise any of the rights and powers granted to the governing body of an issuer under Chapter 1371.

(h) This section is wholly sufficient authority for the execution of agreements, the pledge of revenues, taxes, or any combination of revenues and taxes, and the performance of other acts and procedures authorized by this section by a local government without reference to any other provision of law or any restriction or limitation contained in those provisions, except as specifically provided by this section. To the extent of any conflict or inconsistency between this section and any other law, this section shall prevail and control. A local government may use any law not in conflict with this section to the extent convenient or necessary to carry out any power or authority, expressed or implied, granted by this section.

Added by Acts 2005, 79th Leg., Ch. 281 (H.B. 2702), Sec. 2.89, eff. June 14, 2005.

Sec. 791.034. INTERLOCAL CONTRACT FOR RELIEF HIGHWAY ROUTE AROUND CERTAIN MUNICIPALITIES. (a) The governing body of a municipality located in a county in which is located a facility licensed to dispose of low-level radioactive waste under Chapter 401, Health and Safety Code, may enter into an interlocal contract with the county for the construction and maintenance of a relief highway route around and outside the boundaries of the municipality that the governing body determines will serve a public purpose of the municipality.

(b) The municipality may expend municipal funds and may issue certificates of obligation or bonds to pay for expenses associated with a relief highway route under Subsection (a).

Added by Acts 2009, 81st Leg., R.S., Ch. 357 (H.B. 1255), Sec. 1, eff. June 19, 2009.

Sec. 791.035. CONTRACTS WITH INSTITUTIONS OF HIGHER EDUCATION OR UNIVERSITY SYSTEMS.

(a) A local government and an institution of higher education or university system may contract with one another to perform any governmental functions and services. If the terms of

the contract provide for payment based on cost recovery, any law otherwise requiring competitive procurement does not apply to the functions and services covered by the contract.

(b) In this section, "institution of higher education" and "university system" have the meanings assigned by Section 61.003, Education Code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1049 (S.B. 5), Sec. 2.05, eff. June 17, 2011.

Sec. 791.036. REGULATION OF TRAFFIC IN SPECIAL DISTRICTS. The commissioners court of a county may enter into an interlocal contract with the board of a special district to apply the county's traffic regulations to a public road in the county that is owned, operated, and maintained by the district if the commissioners court finds that it is in the county's interest to regulate traffic on the public road.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1211 (S.B. 1411), Sec. 1, eff. June 14, 2013.

Redesignated from Government Code, Section 791.035 by Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. 1296), Sec. 21.001(28), eff. September 1, 2015.

Sec. 791.037. SOLID WASTE DISPOSAL SERVICES IN CERTAIN COUNTIES. (a) In this section, "solid waste" has the meaning assigned by Section 361.003, Health and Safety Code.

(b) This section applies only to a county with a population of more than 1.5 million in which more than 75 percent of the population resides in a single municipality.

(c) A county may contract with a municipality to provide, directly or through a contract with another entity, a mandatory program under Section 364.034, Health and Safety Code, for solid waste disposal services in an area of the county located within the extraterritorial jurisdiction of the municipality if the municipality does not provide solid waste disposal services in that area.

(d) A contract under this section must include provisions regarding the termination of the county's provision of service on the occurrence of certain contingencies, including the annexation of the area covered by the contract by the municipality or the provision of service to the area by the municipality.

Added by Acts 2017, 85th Leg., R.S., Ch. 70 (S.B. 1229), Sec. 4, eff. May 22, 2017.



AGENDA MEMORANDUM

DATE: February 20, 2019

TO: Honorable City Council Members

FROM: Paul Hackleman, P.E., CFM, Director of Public Works

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consideration and approval of the Tarrant County Interlocal Agreement for rehabilitation and resurface of North Park Drive

BACKGROUND/INFORMATION:

Tarrant County offers a program supporting cities with asphalt paving for main thoroughfares. As part of this program, Tarrant County provides the equipment and labor required to perform asphalt paving for the thoroughfare. The City must provide manpower and resources for traffic control, milling, materials, and other coordination that may be required.

The Public Works Department utilized this Interlocal Program in 2018 for the reconstruction of Birchill Road, Lamar Street, Carousel Drive, Valley View Drive, Cedarhill Road and Hillcrest Drive with excellent results. The Public Works Department would like to take advantage of this program once again for North Park Drive . The limits of each street is:

1. North Park Drive from Whitley Road to Indian Springs Road

Upon City Council approval, Tarrant County shall consider the Interlocal Agreement during one of their March Commissioners Court Meetings. Usually, Tarrant County schedules the work in Watauga during the months of August and September. Currently, the Public Works Department is replacing some sidewalks, handicap ramps, curb and gutter, and driveways. In addition to rehabilitating the driving surface, the curb and gutter repairs are being done to correct the ponding of water along the street. Access to residential driveways/garages shall be disrupted during the actual construction. The county and City of Watauga shall work to minimize the impacts of construction in a residential neighborhood.



AGENDA MEMORANDUM

FINANCIAL IMPLICATIONS:

Construction	Cost	\$141,749.92	Estimated	Road	Materials,	fuel,	striping
City	Subcontract		\$23,724		Estimated		Milling
City	Subcontract	\$6,500	Barricades,	Signage,	Test,		Misc.
City	Subcontract		\$6,700	Material			Testing
Contingency	\$17,867.39	10% Contingency					

Total Estimated Cost \$196,541.31 Excludes curbs, gutter, flatwork

Funding for the work is through the ¼ Sales Tax for Street Maintenance and is budgeted in the 2018/19 Budget.

RECOMMENDATION/ACTION DESIRED:

Respectfully recommend the Council review and take action on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Attorney Approval - Striping ILA - Tarrant County - Dec 2018 - Watauga Road-North Park - Letter Only
2. ILA -Watauga -FY 2019
3. NTP - Watauga - FY 2019
4. North Park - FY 19 - Updated PW Superintendent 2-21-2019

REVIEWED BY:

Sandra Gibson, CGFO, CGFM, Director of Finance
Deby Woodard, Assistant Director of Finance
Andrea Gardner, City Manager
Zolaina Parker, City Secretary, TRMC
Approved as to form for inclusion on Agenda

Approved - 02/22/2019
Approved - 02/22/2019
Approved - 02/25/2019
Final Approval - 02/27/2019

LAW OFFICES
EVANS, DANIEL, MOORE, EVANS, BIGGS & DECKER
(NOT A PARTNERSHIP)

MARK G. DANIEL

BOARD CERTIFIED - CRIMINAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

CRIMINAL TRIAL SPECIALIST-BOARD CERTIFIED
NATIONAL BOARD OF TRIAL ADVOCACY

SUNDANCE SQUARE
115 WEST SECOND STREET, SUITE 202
FORT WORTH, TEXAS 76102

(817) 332-3822
FACSIMILE (817) 332-2763

OF COUNSEL:
TIM EVANS
TIM MOORE
LANCE T. EVANS
WILLIAM R. BIGGS
ANDREW J. DECKER

December 5, 2018

Via Email

Mr. Paul Hackleman
Public Works Director
City of Watauga
7105 Whitley Road
Watauga, Texas 76148

*Re: Interlocal Agreement with Tarrant County
Rehabilitate and Resurface Streets in Watauga*

Dear Mr. Hackleman:

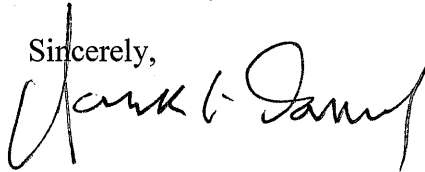
Pursuant to your request, I have reviewed the Interlocal Agreement between Tarrant County and the City of Watauga wherein the City is requesting Tarrant County's assistance applying permanent roadway striping of the following streets located within the City:

1. Watauga Road – from Denton Highway (U.S. 377) to Rufe Snow Drive; and
2. North Park Drive – from Whitley Road to Rufe Snow Drive.

I approve of this Agreement and would recommend that you forward the Agreement to the Mayor Pro tem for his signature. As always, I would defer to staff regarding validation and reasonableness of cost figures. There is no necessity to present the same to City Council. But you may give that consideration in light of this being an Interlocal Agreement with Tarrant County.

Thank you for your attention to the above and the opportunity to be of assistance. Should you have any questions, please do not hesitate to contact my office.

Sincerely,



MARK G. DANIEL

MGD/tp

cc: Mayor Pro tem David Griffin
Ms. Andrea Gardner, City Manager
Ms. Zolaina R. Parker, City Secretary

THE STATE OF TEXAS

INTERLOCAL AGREEMENT

COUNTY OF TARRANT

This Interlocal Agreement is between Tarrant County, Texas ("COUNTY"), and the City of Watauga ("CITY").

WHEREAS, the CITY is requesting the COUNTY's assistance to:

- Rehabilitate and Resurface North Park Drive located within the City of Watauga from Whitley Road to Indian Springs Road. (Approximately 1,977 linear feet).

Hereinafter, collectively referred to as the "**Project**".

WHEREAS, the Interlocal Cooperation Act contained in Chapter 791 of the Texas Government Code provides legal authority for the parties to enter into this Agreement; and

WHEREAS, during the performance of the governmental functions and the payment for the performance of those governmental functions under this Agreement, the parties will make the performance and payment from current revenues legally available to that party; and

WHEREAS, the Commissioners Court of the COUNTY and the City Council of the CITY each make the following findings:

- a. This Agreement serves the common interests of both parties;
- b. This Agreement will benefit the public;
- c. The division of costs fairly compensates both parties to this Agreement; and
- d. The CITY and the COUNTY have authorized their representative to sign this Agreement.
- e. Both parties acknowledge that they are each a "governmental entity" and not a "business entity" as those terms are defined in Tex. Gov't Code § 2252.908, and therefore, no disclosure of interested parties pursuant to Tex. Gov't Code Section 2252.908 is required.

NOW, THEREFORE, the COUNTY and the CITY agree as follows:

TERMS AND CONDITIONS

1. COUNTY RESPONSIBILITY

The COUNTY will furnish the labor and equipment to assist the CITY in completing the Project:

- North Park Drive: Following milling and removal of the excess materials by the CITY, the COUNTY will stabilize the exposed subgrade, regrade, shape, and prime the roadbed, place two inches asphalt base, place two inches asphalt surface, and clean the project jobsite

2. CITY RESPONSIBILITY

- 2.1 The CITY will furnish and pay for the actual cost of the materials, including any delivery or freight cost. The CITY will provide a purchase order and will be billed directly by the material supplier. The COUNTY may accumulate and bill the CITY for incidental material cost.
- 2.2 The CITY will pay for one-half of the COUNTY's fuel used to construct this Project. The COUNTY will invoice the CITY for the fuel consumed at the conclusion of the Project.
- 2.3 The CITY will be responsible for all traffic control necessary to safely construct this project. This responsibility includes all advance notices, signage, barricades, pilot vehicles, and flagmen necessary to control traffic in and around the construction site. The CITY will be responsible for and provide portable message boards to supplement traffic control as needed.
- 2.4 The CITY will make all necessary repairs and preparations to the existing roadway prior to the COUNTY starting work.
- 2.5 The CITY will adjust all utilities, manholes and valve boxes for this Project.
- 2.6 The CITY will provide the COUNTY with a hydrant meter and all the water necessary for construction of the Project at no cost to the COUNTY.

- 2.7 The CITY will provide or pay for any engineering, survey, and laboratory testing required for this Project.
- 2.8 The CITY will furnish a nearby site for dumping all spoils and waste materials generated during construction of this Project.
- 2.9 The CITY will provide the material to backfill the pavement edges for this project.
- 2.10 If required, the CITY will be responsible for the design and development of a Storm Water Pollution Prevention Plan (SWPPP). The CITY further agrees to pay for all cost (including sub-contractor materials, labor and equipment) associated with the implementation of the plan. The COUNTY will be responsible for maintenance of the plan during the duration of the Project. Documentation and record keeping of the SWPPP will be the responsibility of the CITY.

3. PROCEDURES DURING PROJECT

COUNTY retains the right to inspect and reject all materials provided for this Project.

If the CITY has a complaint regarding the construction of the project, the CITY must complain in writing to the COUNTY no later than 30 days of the date of project completion.

4. NO WAIVER OF IMMUNITY

This Agreement does not waive COUNTY rights under a legal theory of sovereign immunity. This Agreement does not waive CITY rights under a legal theory of sovereign immunity.

5. OPTIONAL SERVICES

- 5.1 If requested by the CITY, the COUNTY will apply permanent striping coordinated through the Transportation Department. Application of striping by the COUNTY is limited to Project roadways. If the CITY desires permanent striping applied to any roadways or portions of roadways not covered by this Agreement, the CITY will need to enter into a separate agreement with the COUNTY for the provision of those services.

6. TIME PERIOD FOR COMPLETION

The CITY will give the COUNTY notice to proceed at the appropriate time. However, the COUNTY is under no duty to commence construction at any particular time.

7. THIRD PARTY

This contract shall not be interpreted to inure to the benefit of a third party not a party to this contract. This contract may not be interpreted to waive any statutory or common law defense, immunity, including governmental and sovereign immunity, or any limitation of liability, responsibility, or damage of any party to this contract, party's agent, or party's employee, otherwise provided by law.

8. JOINT VENTURE & AGENCY

The relationship between the parties to this Agreement does not create a partnership or joint venture between the parties. This Agreement does not appoint any party as agent for the other party.

9. EFFECTIVE DATE

This Agreement becomes effective when signed by the last party whose signing makes the Agreement fully executed.

10. TERMINATION

This Agreement will automatically terminate on either September 30, 2019 or on the date the project is completed, whichever occurs first. Notwithstanding the foregoing, or any other language to the contrary, either party may terminate this Agreement without cause upon thirty (30) days' written notice to the other party prior to the intended date of termination. In the event of termination by either party, neither party shall have any further obligations to the other party under this Agreement, except that the CITY remains liable to the COUNTY for any outstanding invoice for materials that the COUNTY provides for the project, if any.

TARRANT COUNTY, TEXAS

CITY OF WATAUGA

B. Glen Whitley
County Judge

David Griffin
Mayor Pro Tem

Date: _____

Date: _____

Gary Fickes
Commissioner, Precinct 3

Paul Hackleman, P.E.
Director of Public Works

Date: _____

Date: _____

Attest:

APPROVED AS TO FORM*

APPROVED AS TO FORM AND LEGALITY

Criminal District Attorney's Office*

City Attorney

* By law, the Criminal District Attorney's Office may only approve contracts for its clients. We reviewed this document as to form from our client's legal perspective. Other parties may not rely on

this approval. Instead those parties should seek contract review from independent counsel.

NOTICE TO PROCEED

The City of Watauga hereby notifies the County that the County may proceed with this project, as specified in the attached Agreement, on or after

(Month/Date/Year)

Authorized City Official
City of Watauga

- Rehabilitate and Resurface North Park Drive located within the City of Watauga from Whitley Road to Indian Springs Road. (Approximately 1,977 linear feet).

North Park
(City of Watauga)

12/17/2018

Limits: Indian Springs Road to Whitley Road

Existing Conditions: Moderate block cracking and alligator cracking. Roadway is heaving and has low areas that hold water. Extremely oxidized asphalt, rapping. Fair - Poor ride. Existing paving width is 36 ft, C&G.

Scope of Work: City will remove approx 4 inches of existing material. County will reclaim and stabilize the existing road base (eight inches deep) with 32#/sy stabilization agent (Cemlime slurry). Regrade and place a two-inch HMAC base course and a 2 inch HMAC "D" surface, and clean the jobsite.

Project Size: Roadway Length (lf): 1,977 lf
Stabilization Width (ft) : 36 ft
Binder Width (ft): 36 ft
Surface Width (ft): 36 ft
Additional Areas (sy): 0 sy

Stab Area : 7,908 sy
Binder Area: 7,908 sy
Surface Area: 7,908 sy

Estimate:												
Roadway Materials:												
	Sq Yds	Rate/SY		Cost		Estimate		Final		\$ Estimate		\$ Final
Spoils 4" + (33% Swell)	7,908	0.15 cy/sy				1186 cy				\$ -		
Cemlime Slurry	7,908	32 lb/sy		\$ 172.00	\$/tn	126.53 tn		tn		\$ 21,762.82		
Prime (30/70 AEP)	7,908	0.15 gal/sy		\$ 1.98	\$/gal	1186 gal		gal		\$ 2,348.68		
Tack Coats	15,816	0.10 gal/sy		\$ 3.25	\$/gal	1582 gal		gal		\$ 5,140.20		
HMAC Binder (2")	7,908	0.11 tn/sy		\$ 58.65	\$/tn	870 tn		tn		\$ 51,018.46		
HMAC (2")	7,908	0.110 tn/sy		\$ 68.65	\$/tn	870 tn		tn		\$ 59,717.26		
						Material Subtotal				\$ 139,987		
Misc Cost												
Tabs		2 per 40 ft	ea	\$0.50	ea	0				\$ -		
Fuel Cost Estimate		50%				\$ 2,525				\$ 1,262.50		
Overtime (Watering)										\$ 500.00		
Striping				0.035		0				\$ -		
Barricades (City Contractor)										\$6,500.00		
EWI Testing (City Contractor)										\$6,700.00		
Milling (City Contractor)										\$23,724.00		
										\$ 178,673.92		
										\$ 17,867.39		
										\$196,541.31		

Material cost based on Sept 2018 pricing.

Construction Time Estimate: 13 days

Comments:

City will provide for all traffic control cost associated with this project.

City will adjust all utilities and manholes/valves for this project.

City will provide a nearby disposal area for spoils .

City will provide a hydrant meter and all water for this project.

Estimated Cost to Mill the project:(7,908 SY @ 2. \$/sy + \$ 200 Mob = \$16,016.00 County Est.

Prepared by: Richard Schiller
Tarrant County - Precinct Three

North Park - FY 19 - Updated PW Superintendent 2-21-2019.xlsx



AGENDA MEMORANDUM

DATE: February 22, 2019

TO: Honorable City Council Members

FROM: Sandra Gibson, CGFO, CGFM, Director of Finance

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consideration and acceptance of the Comprehensive Annual Financial Report for the Fiscal Year ending September 30, 2018

BACKGROUND/INFORMATION:

During the Presentation section of the agenda, Whitley Penn, LLP will present the City of Watauga Comprehensive Annual Financial Report for the Fiscal Year ending September 30, 2018. An independent audit is required by the City of Watauga's Home Rule Charter, Section 9.06(c).

After acceptance of the report by Council, the Comprehensive Annual Financial Report will be placed on the City's website.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

Acceptance of the Comprehensive Annual Financial Report for the Fiscal Year ending September 30, 2018

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. City of Watauga CAFR 9-30-18 Final

REVIEWED BY:

Andrea Gardner, City Manager
Zolaina Parker, City Secretary, TRMC
Approved as to form for inclusion on Agenda

Approved - 03/01/2019
Final Approval - 03/01/2019

CITY OF WATAUGA, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Fiscal Year Ended
September 30, 2018**

PREPARED BY

THE CITY OF WATAUGA

FINANCE DEPARTMENT

CITY OF WATAUGA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2018

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CITY OF WATAUGA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2018

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INTRODUCTORY SECTION

March 7, 2019

**TO: Honorable Mayor Pro Tem David Giffin and
Members of the City Council
Citizens of the City of Watauga, Texas**

It is with pleasure that we submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Watauga for the fiscal year ended September 30, 2018. We encourage you to thoroughly read this report and take the opportunity to discuss some of the important items it addresses.

As required by City of Watauga Charter Section 9.06 (C) and various other obligations including, but not limited to, bond covenants, "At the close of each fiscal year, and at such time as it may be deemed necessary, the Council shall cause an independent audit to be made of all accounts of the City by a certified public accountant. Upon completion of the audit, the results thereof in a summary form shall be placed on file in the City Secretary's office as a public record." Financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

This report provides the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To provide a reasonable basis for making these representations, management of the City of Watauga has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefit, the City of Watauga's comprehensive framework of internal controls has been designed to provide reasonable assurance, rather than absolute assurance, that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Whitley Penn, LLP, a firm of licensed certified public accountants headquartered in Ft. Worth, Texas, audited the City of Watauga financial statements. The goal of the independent auditors was to provide reasonable assurance that the financial statements of the City of Watauga for the fiscal year ended September 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the

accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Watauga's financial statements for the fiscal year ended September 30, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

This report includes all of the funds of the City. It also includes all activities over which the City is considered to be financially accountable.

Profile of the City of Watauga, Texas

The City of Watauga is located in Tarrant County, one of the fastest growing counties in Texas, approximately 10 miles northeast of downtown Fort Worth and 25 miles northwest of downtown Dallas. The City's corporate boundary comprises a total of approximately 4 square miles and is approximately 96% developed. Watauga's population as established by the 2010 U.S. Census was 23,497 and was estimated by the North Central Texas Council of Governments at 23,610 as of January, 2018.

The City of Watauga Home Rule charter was adopted on January 19, 1980. The City operates under a Mayor-Council-Manager form of government, with the Governing Body comprised of eight members including the Mayor. The Governing Body is responsible for adopting ordinances and regulations governing the City, adopting the budget, determining policies, and appointing the City Manager, City Attorney, Municipal Court Judge, City Secretary, Department Heads, as well as members of boards and commissions. The City Manager is responsible to the Governing Body Council and is responsible for the daily management of the City.

Services Provided

The primary government provides a full range of services including general government administration, police and fire protection, emergency ambulance service, street maintenance, building inspection services, community development, library services, park and recreational activities, and the maintenance and operations of City-owned buildings. The City also has two enterprise funds for operations and management of its Drainage and Water/Sewer Systems.

The Birdville and the Keller Independent School Districts (ISDs) provide elementary and secondary education services within the City. The City is not financially accountable for the districts and, accordingly, financial data for the school districts are not included in this report.

Accounting System and Budgetary Control

The City's accounting records for general government operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or good are received and the liabilities are incurred. Accounting records for the City's proprietary activities are maintained on an accrual basis.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures/expenses. The various funds are grouped by type in the financial statements. As of September 30, 2018, there were twenty-seven (27) funds, of which some are combined for reporting purposes bringing the number to fifteen (15) funds. A description of the major funds and their purpose can be found in Note 1 of the Notes to General Purpose Financial Statements.

The City Charter requires the City Manager to submit a proposed budget for the fiscal year beginning October 1 to the City Council by August 1 each year, and provides for Council adoption of the budget by September 15. Prior to August 1, the City Manager and City department heads prepare expenditure/expense estimates for the remainder of the current fiscal year and for the ensuing fiscal year, and these are compared to estimates of revenue for the same periods. Included in the assessment is the Capital Improvements Projects or CIP program. This program is a five-year plan of major capital programs which may include infrastructure, equipment, buildings, land, or other major expenditures. Adjustments are made to the departmental expenditure/expense estimates as necessary to ensure that the proposed budget is balanced within total estimated income as required by the City Charter.

Following adoption of the budget by the City Council, the City Manager and department heads monitor expenditures/expenses and revenues throughout the year to ensure that the integrity of the budget is maintained. The Charter allows the City Manager to transfer appropriation balances among programs within a department, and provides for transfers of appropriation balances from one department to another upon approval of an ordinance by the City Council. The City Council may make amendments to the budget for unforeseen needs or emergencies. The City Manager is required to make monthly reports to the Council concerning the financial condition of the City.

Economic Outlook and Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Watauga operates.

The Dallas-Fort Worth Metroplex (DFW) economy continued to grow at a moderate pace in December, 2018 and unemployment was held steady near record lows. The Federal Reserve Bank of Dallas reported in their December 2018 Dallas-Fort Worth Economic Indicators update:

“The Dallas-Ft. Worth economy ended 2018 on a solid note. Employment growth was robust in December, with DFW adding jobs at its fastest pace in 13 months, and unemployment remained near multiyear lows. The Dallas and Ft. Worth business-cycle indexes strengthened at year end, providing some momentum for continued growth in 2019.”

Watauga is located in North Central Texas in Northeast Tarrant County, and is surrounded by the cities of Keller, Fort Worth, Haltom City, and North Richland Hills. The economy of the area is based upon diversified manufacturing and service industries, and agriculture. With its highly diversified economy, Dallas-Fort Worth has a population of over 7.1 million, a Gross Metropolitan Product of \$613 billion, a labor force of over 3.6 million, a 2.9% job growth rate, twenty-two Fortune 500 Firms, and college enrollment of almost 333,000. Economic conditions in the Metroplex continue to be influenced by the development and operation of the Dallas-Fort Worth International Airport, which is located only 10 miles to the southeast of Watauga. The airport, which celebrated its 44th anniversary in 2018, covers approximately twenty-seven square miles and represents one of the largest facilities of its kind in the world. The airport provides in excess of 228,000 jobs and contributes over \$37 billion to the local economy, and \$12.5 billion in payroll. (SOURCE: DFW website www.dfairport.com Fast Facts and DFW Airport 2017 Comprehensive Annual Financial Report.)

The Alliance Texas development in North Fort Worth is a 26,000-acre master-planned, mixed-use community which is home to more than 500 companies, 61,000 plus employees, and is anchored by the inland port known as the Alliance Global Logistics Hub. This area offers a variety of commercial real estate options, industrial space, office space, and retail facilities and had a \$74 billion impact in North Texas since its inception. (www.allianceairport.com Alliance Texas Facts). The City's financial position is strong, and the immediate future looks bright with the Dallas-Fort Worth economy continuing to expand. Total certified taxable value, not including estimated value for property under protest, for all residential and commercial property in the City was approximately \$1.3 billion for fiscal year 2018, a 9.5% increase from the previous year. During fiscal year 2018, a 55-home development was near completion and it is anticipated that approximately \$17 million in new construction will be added to the City's property values next year. Sales tax collections totaled \$5.85 million in fiscal year 2018, a 0.6% increase from the previous fiscal year.

Future Economic Outlook

Through December, fiscal year 2019 sales taxes have increased by 7.5% compared to the same period in fiscal year 2018. For fiscal year 2019, property valuations increased 9.2%, with a 10% increase in residential property and a 2.4% increase in commercial properties. Continued growth in valuations is expected in future years. According to the Emerging Trends in Real Estate for 2019 report from PricewaterhouseCoopers and the Urban Land Institute, the Dallas-Fort Worth Metroplex ranked as the number one market for overall real estate prospects in 2019 out of 78 other cities nationwide.

Watauga's economic future is not without challenges. New development in Watauga is expected to be minimal as the City is approximately 96% developed. The City has entered a phase where revenue growth will be slow, while requests for services and

infrastructure replacement for streets and utility needs will increase. The near build-out status of the City requires a strategic approach to attracting new development and revitalization. A Comprehensive Land Use Plan adopted by Council is used as a tool in the development of the City. Planning initiatives for re-development and improvement of certain aging corridors in the City are of primary focus and funding is continued for budget year 2018-19.

Long-Term Financial Planning

The City of Watauga has developed a comprehensive capital improvements document as well as a multi-year financial plan. In addition, a multi-year Capital Outlay Plan currently in development will provide a 5-year plan to identify timing of replacement and sources of funding for major equipment, vehicles, and technology City-wide. A Personnel Improvement Plan to identify personnel staffing needs and year of possible funding is also underway. Such strategic planning has allowed the City Council to fund several major infrastructure upgrades, park enhancements, and capital purchases in a systematic manner while considering the full impact to the operating budget and tax requirements. The City of Watauga intends to continue with an orderly and well-planned program of community service in FY2018-19 and subsequent years. Working within the framework of current financial constraints, the City will focus on infrastructure needs such as upgrades/maintenance of the water/sewer system, street projects, drainage projects and revitalization/redevelopment projects in the upcoming fiscal year and beyond.

Fiscal policies provide for the General Fund reserve to not go below 25% of the General Fund expenditure budget. At the end of the current year, the City was in compliance with this policy with the reserve at 38% of next year's budgeted expenditures.

Major Initiatives

The City has completed several projects in the past year and has many others underway. The City believes it is critical that the street, water, wastewater, and drainage systems are properly maintained and systematically upgraded. The City's 5-year Capital Improvement Plan (CIP) addresses the infrastructure needs throughout the City. Over the past several years, water and wastewater improvement projects funded by a \$7.73 million debt issuance were in progress and completed this fiscal year. Additional water and wastewater projects funded through the 2017 Certificates of Obligation proceeds in the amount of \$7.325 million are in progress and will include replacement of wastewater lines throughout the City that have a high amount of inflow and infiltration. This replaces the aging clay piping with Polyvinylchloride (PVC) piping in the older parts of the City. Major drainage projects are underway and are funded by Storm Drain Fund Revenues and will continue over the next several years.

The City's Parks Master Plan focuses on improving the quality of life for the community, including park amenities and upgrades, trails, and facilities such as the expansion of the Senior Center that was completed in FY2017-2018. Projects currently in progress include additions of shade structures, replacement of park lighting at Capp Smith Park, and bridge and trail improvements at Foster Village Park. The 2018 Certificates of Obligation proceeds will provide funding for a splash pad, enhancement to the City's trail

system, and various street projects such as Whitley Road and Bowie Street. These projects will continue over the next several years.

The Green Ribbon Beautification Project for Highway 377 is currently underway and will help to improve the image of Watauga as well as properties along the highway. The City has been awarded a Texas Department of Transportation (TXDOT) Green Ribbon Landscape grant to beautify the western portion of the Denton Highway right-of-way. The \$350,000 grant is to be used for landscaping and irrigation.

The continued use of the Equipment Replacement Fund will fund purchases and replacements of some of the City's equipment, vehicles, technology, and facility needs. The City enhanced the use of an Equipment Replacement Fund to level and plan the purchases of equipment and capital items that meet certain cost thresholds and a minimum useful life.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Watauga for its comprehensive annual financial report for the fiscal year ended September 30, 2017. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standard for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Watauga has received a Certificate of Achievement for the last thirty-three consecutive years. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City of Watauga also received the GFOA's Distinguished Budget Presentation Award for our annual budget document for the fiscal year beginning October 1, 2017. This is the twenty- ninth consecutive year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The City of Watauga has also recently received its eighth consecutive Government Treasurer's Organization of Texas' Investment Policy Certificate of Distinction award. The Government Treasurer's Organization of Texas conducts an Investment Policy Certification program, which is designed to provide professional guidance in developing an investment policy and to recognize outstanding examples of written investment policies. This is awarded to those entities that have developed an Investment policy,

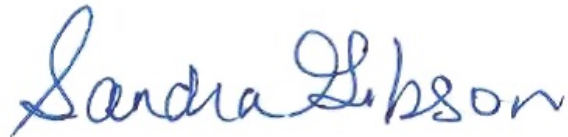
which meets established criteria. The Certificate is awarded for two years and then may be renewed upon review.

In conclusion, we wish to thank the City Council for their continued leadership and support in planning and conducting the financial operations of our City in a responsible and efficient manner. We also want to thank each person who has contributed to the preparation of this comprehensive annual financial report and the financial achievements reflected herein. And finally, we wish to express our appreciation to each City employee for his or her loyalty and dedication, as demonstrated during the past fiscal year.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Andrea Gardner".

Andrea Gardner
City Manager

A handwritten signature in blue ink, appearing to read "Sandra Gibson".

Sandra Gibson, CGFO, CGFM
Director of Finance

**CITY OF WATAUGA, TEXAS
PRINCIPAL OFFICIALS AS OF
SEPTEMBER 30, 2018**

Elected Officials	Position	Term Expires
Vacant	Mayor	N/A
David Griffin	Mayor Pro Tem, Council Member - Place 4	2019
Scott Prescher	Council Member - Place 1	2020
Tom Snyder	Council Member - Place 2	2020
Sandra Bush	Council Member - Place 3	2019
Melva Clark	Council Member - Place 5	2019
Mark Taylor	Council Member - Place 6	2020
Kim Irving	Council Member - Place 7	2020

Appointed Officials	Position
Andrea Gardner	City Manager
Mark G. Daniel	City Attorney
Zolaina Parker	City Secretary
Paul Hackleman	Public Works Director
Lana Ewell	Library Director
Sal Torres	Parks and Community Services Director
Robert Parker	Police Chief
Shawn Fannan	Fire Chief
Sandra Gibson	Director of Finance



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Watauga
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrell

Executive Director/CEO

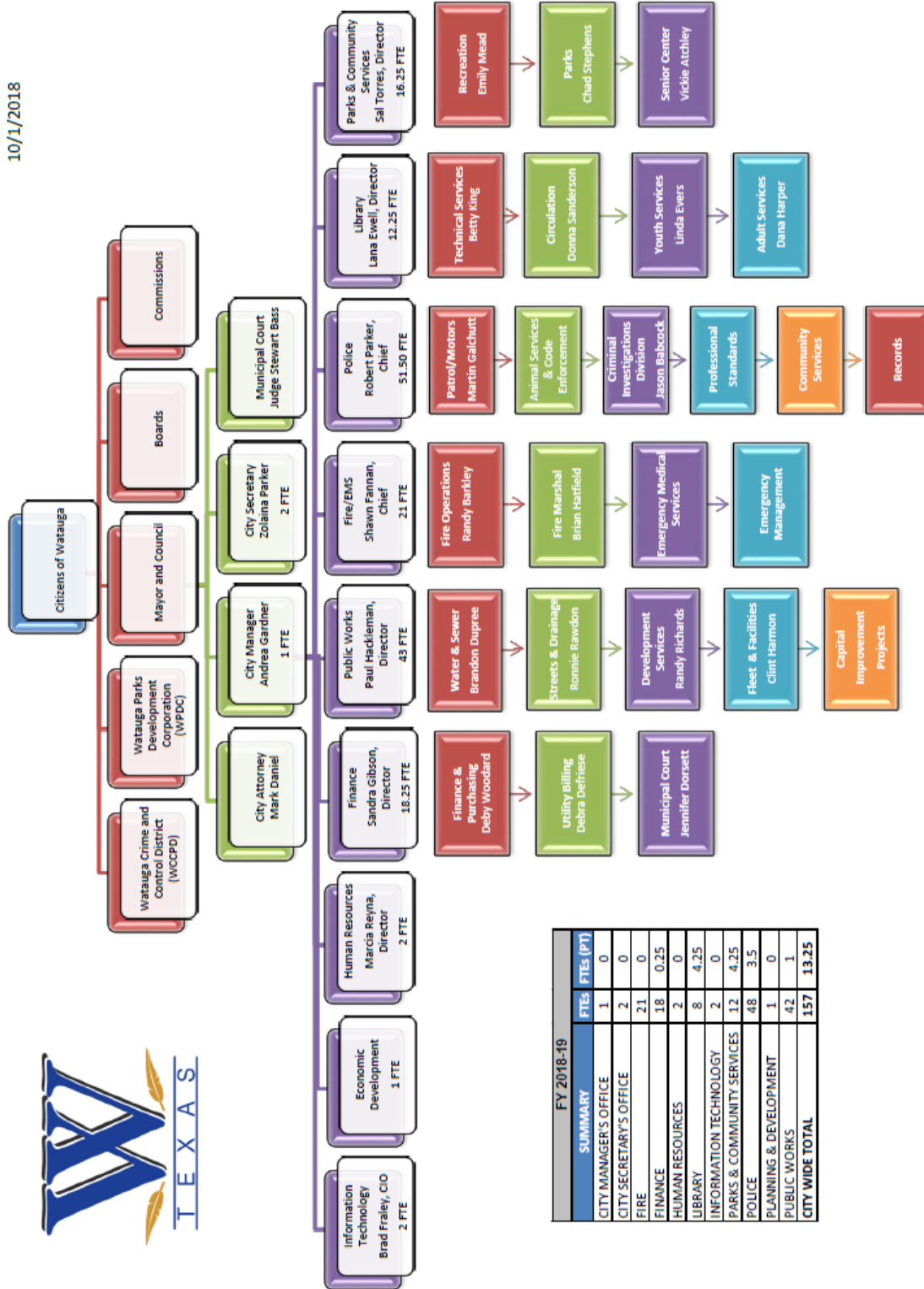
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A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ORGANIZATIONAL CHART

10/1/2018



FY 2018-19			
SUMMARY	FTEs	FTEs (PT)	
CITY MANAGER'S OFFICE	1	0	
CITY SECRETARY'S OFFICE	2	0	
FIRE	21	0	
FINANCE	18	0.25	
HUMAN RESOURCES	2	0	
LIBRARY	8	4.25	
INFORMATION TECHNOLOGY	2	0	
PARKS & COMMUNITY SERVICES	12	4.25	
POLICE	48	3.5	
PLANNING & DEVELOPMENT	1	0	
PUBLIC WORKS	42	1	
CITY WIDE TOTAL	157	13.25	

FINANCIAL SECTION

To the Honorable Mayor Pro Tem and
Members of City Council
City of Watauga, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Watauga, Texas (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the presentation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Watauga, Texas, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor Pro Tem and
Members of City Council
City of Watauga, Texas

Emphasis of Matter

As discussed in Note 1 and Note 13 to the financial statements, the City adopted the provisions of Government Accounting Standards Board (“GASB”) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as of September 30, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 to 12, budgetary comparison information on pages 56 to 57, and pension and OPEB information on pages 58 to 60, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund statements and schedules are the responsibility of management and are derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The information in the introductory section and statistical section listed in the foregoing table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Whitley Penn LLP

Houston, Texas
February 26, 2019

CITY OF WATAUGA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018

On behalf of City Council, we, as management of the City of Watauga, offer readers of the City's financial statements this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2018. In the broadest context, the financial well-being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the City's tax base, service levels, City assets, and the City's desirability will be maintained not just for the current year but well into the future.

Financial reporting is limited in its ability to provide the "big picture" but rather focus on financial position and changes in financial position. In other words, are revenues and/or expenditures higher or lower than the previous year? Have net position or fund balances of the government been maintained? We encourage readers to consider the information presented here in conjunction with our Letter of Transmittal and the Statistical Section which can be found on pages i-vii and pages 81-101 of this report respectively. Also, you may review additional information on the annual budget and other community facts and figures on the City's website at www.cowtx.org.

Please note that the Report of Independent Auditors describes the auditor's association with the various sections of this report and that all of the additional information from the website and other City sources is unaudited.

Financial Highlights

- The net position of the City at the close of the most recent fiscal year was \$72,901,775. This number must be viewed in the context that the vast majority of the city's net position of \$62,605,198 (85.9%) is the net investment in capital assets and that most capital assets in a government do not directly generate revenue nor can they be sold to generate liquid capital. The net position restricted for specific purposes totals \$4,457,373 (6.1%). The remaining \$5,839,204 (8.0%) is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. Unrestricted net position increased \$726,109 from the prior year.
- The City's total capital assets (net of accumulated depreciation) increased by \$1,320,389 which is primarily attributed to completion of capital improvement projects and other asset additions exceeding current year depreciation expense and asset retirements.
- The City's total long-term debt increased by \$4,540,040, or 14.1%, due to an issuance of Certificates of Obligation in the amount of \$6,780,000 for capital improvements partially offset by existing debt payments.
- Governmental activities realized an increase in total net position, net of the prior period adjustment of \$440,926 and business-type activities realized an increase in total net position, net of the prior period adjustment of \$1,406,855 bringing the total increase in net position for the City to \$1,847,781.
- Total Governmental Funds ending balance was \$19,627,201, an increase of \$4,937,283 in comparison to the prior year. This was due primarily to the issuance of Certificates of Obligation general debt issuance for construction projects during the fiscal year. The Unassigned General Fund balance was \$4,541,421 or 38% of total General Fund expenditures.

CITY OF WATAUGA, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

We intend this discussion and analysis to serve as an introduction to the City of Watauga's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Watauga's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City of Watauga that are 1) principally supported by taxes and intergovernmental revenues (governmental activities), and 2) functions that are intended to recover all or a significant portion of their costs through their user fees and charges (proprietary or business-type activities). The governmental activities of the City include General Government, Police, Fire/EMS, Culture and Recreation, and Public Works. The proprietary or business-type activities of the City include Water/Sewer and Drainage system activities.

The government-wide financial statements include not only the City of Watauga itself, known as the primary government, but also include the Watauga Parks Development Corporation (WPDC) and the Watauga Crime Control and Prevention District (WCCPD), which are legally separate but financially accountable to the City. A blended presentation is used to report the financial information of these component units. The financial information for the individual component units is available from the City.

The government-wide financial statements can be found on pages 14 - 15 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: (1) governmental, (2) proprietary, and (3) internal service.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

CITY OF WATAUGA, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Debt Service, and Capital Project funds, which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget. Budgetary comparison schedules have been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary Funds. The City maintains two major proprietary or enterprise funds. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water/Sewer and Drainage activities. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for some of its equipment replacement. Because these services predominately benefit governmental rather than business type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water/Sewer and Drainage, both of which are considered to be major funds of the City. The Internal Service Fund is a single presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 20-23 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-54 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required Supplementary Information (RSI) can be found on pages 56-60 of this report.

The combining statements referred to earlier in connection with non major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and supporting schedules can be found on pages 64-77 of this report.

Government-Wide Financial Analysis

Total Assets of the City are \$121,474,426. Capital assets, net of depreciation, represent the largest portion of the City's assets (\$81,585,169, or 67.2%) and include land, buildings, improvements, equipment, infrastructure, and construction-in-progress. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

As noted earlier, Net Position may serve as a useful indicator of a government's financial position. As of September 30, 2018, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,901,775 (Net Position).

At year end, the City's Net Investment in Capital Assets is \$62,605,198. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. The City uses capital assets to provide service to citizens; consequently these assets are not available for future spending.

CITY OF WATAUGA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Restricted net position is \$4,457,373 or 6.1% of total net position, and represents resources that are subject to external restrictions on how they may be used. The remaining balance of total net position is unrestricted (\$5,839,204 or 8.0%) and may be used to meet the government's ongoing obligations to citizens and creditors.

Overall, there was an increase of \$1,847,781 in total net position during the fiscal year, net of a prior period adjustment of (\$1,288,149), as a result of the City's operations. Governmental activities showed an increase of \$440,926 , net of a prior period adjustment of (\$1,063,949), while Business-type activities showed an increase of \$1,406,855 , net of a prior period adjustment of (\$224,200), as a result of the City's operations.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 23,242,022	\$ 18,054,150	\$ 16,647,235	\$ 15,480,824	\$ 39,889,257	\$ 33,534,974
Capital assets	49,744,551	48,070,644	31,840,618	32,194,136	81,585,169	80,264,780
Total Assets	72,986,573	66,124,794	48,487,853	47,674,960	121,474,426	113,799,754
Deferred outflows of resources	1,754,642	2,134,238	329,505	401,233	2,084,147	2,535,471
Long-term liabilities outstanding	28,337,403	24,038,210	16,393,499	17,404,704	44,730,902	41,442,914
Other liabilities	1,449,243	1,368,255	1,846,074	1,821,042	3,295,317	3,189,297
Total Liabilities	29,786,646	25,406,465	18,239,573	19,225,746	48,026,219	44,632,211
Deferred inflows of resources	2,207,425	546,349	423,154	102,671	2,630,579	649,020
Net position:						
Net investment in capital assets	38,660,904	37,278,290	23,944,294	24,042,159	62,605,198	61,320,449
Restricted	4,457,373	4,620,450	-	-	4,457,373	4,620,450
Unrestricted	(371,133)	407,478	6,210,337	4,705,617	5,839,204	5,113,095
Total Net Position	\$ 42,747,144	\$ 42,306,218	\$ 30,154,631	\$ 28,747,776	\$ 72,901,775	\$ 71,053,994

As of September 30, 2018, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities, except for unrestricted net position in governmental activities. This is due to GASB Statement No. 75 implementation. See Note 13 for prior period adjustment.

CITY OF WATAUGA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Condensed Statement of Change in Net Position

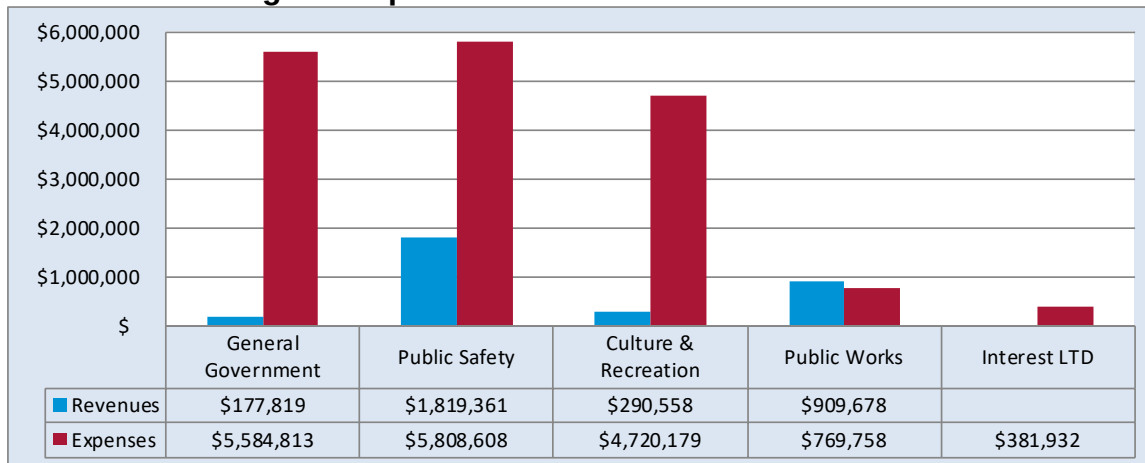
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Fees, fines and charges for services	\$ 3,159,066	\$ 2,998,767	\$ 9,674,907	\$ 9,626,423	\$ 12,833,973	\$ 12,625,190
Operating grants and contributions	38,350	16,111	-	-	38,350	16,111
General revenue						
Property taxes	7,430,079	7,022,618	-	-	7,430,079	7,022,618
Sales taxes	5,850,480	5,814,302	-	-	5,850,480	5,814,302
Franchise taxes	925,895	1,003,842	-	-	925,895	1,003,842
Payment in lieu of taxes	497,961	457,222	-	-	497,961	457,222
Penalties and interest	35,044	39,561	-	-	35,044	39,561
Interest on investments	280,383	152,516	222,974	103,443	503,357	255,959
Miscellaneous revenue	8,946	9,439	-	8,150	8,946	17,589
Total Revenues	18,226,204	17,514,378	9,897,881	9,738,016	28,124,085	27,252,394
Expenses						
General government	5,584,813	3,522,986	-	-	5,584,813	3,522,986
Public safety	5,808,608	5,845,630	-	-	5,808,608	5,845,630
Culture and recreation	4,720,179	5,095,575	-	-	4,720,179	5,095,575
Public works	769,758	2,472,838	-	-	769,758	2,472,838
Interest on long-term debt	381,932	411,910	-	-	381,932	411,910
Water and sewer	-	-	6,707,331	6,979,614	6,707,331	6,979,614
Drainage Utility	-	-	1,015,534	978,469	1,015,534	978,469
Total Expenses	17,265,290	17,348,939	7,722,865	7,958,083	24,988,155	25,307,022
Increase (decrease) in net position before transfers	960,914	165,439	2,175,016	1,779,933	3,135,930	1,945,372
Transfers	543,961	516,695	(543,961)	(516,695)	-	-
Increase (decrease) in net position after transfers	1,504,875	682,134	1,631,055	1,263,238	3,135,930	1,945,372
Net position - beginning	42,306,218	41,624,084	28,747,776	27,484,538	71,053,994	69,108,622
Prior period adjustment	(1,063,949)	-	(224,200)	-	(1,288,149)	-
Net position - ending	\$ 42,747,144	\$ 42,306,218	\$ 30,154,631	\$ 28,747,776	\$ 72,901,775	\$ 71,053,994

CITY OF WATAUGA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental activities. Governmental activities total increase in net position was \$440,926 or 1.0% increase from the prior year. Key elements of activity changes from the prior year are as follows:

- Total revenues increased by \$711,826 or 4.1% from the prior year. In general revenues, ad valorem tax experienced an increase of \$407,460 due to an increase in assessed valuations from increases in existing values. Additionally, increases were seen in sales taxes of \$36,178 and interest income in the amount of \$127,867.
- Expenses decreased by \$83,649 or 0.5% due to large part to the City experiencing salary savings this year, specifically in Public Safety positions being unfilled during the fiscal year .

Revenues and Program Expenses – Governmental Activities

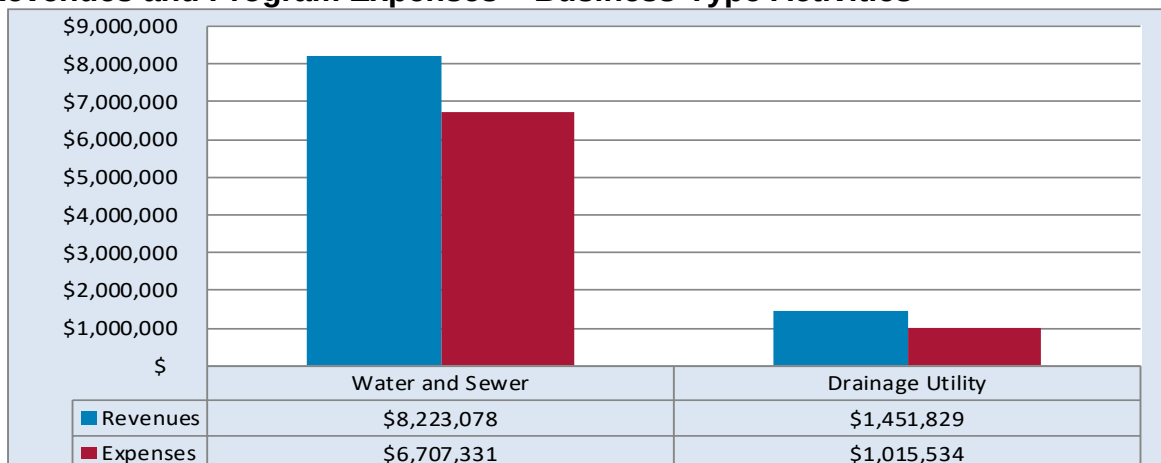


Business-type activities. Business-type activities increased the City's net position by \$1,406,855, or 4.9% increase from the prior year.

Significant changes from the prior year include:

- Decrease in long term liabilities outstanding by \$1,011,205, or 5.8% due to scheduled principal reductions in certificates of obligations during the fiscal year.
- Total revenues increased by \$159,865 due to an increase in water consumption.
- Total expenses decreased by \$235,218. This was due primarily to wastewater treatment costs being lower than expectations.

Revenues and Program Expenses – Business-Type Activities



CITY OF WATAUGA, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Watauga's governmental funds reported a combined ending fund balance of \$19,627,201, which is an increase of \$4,937,283 from the prior year. Unassigned fund balance is \$4,541,421 or 23% of the total governmental fund balance and is available for spending at the government's discretion. The remainder of fund balance is in the form of 1) non-spendable for inventories (\$21,487) and prepaid items (\$18,916), 2) restricted for capital acquisitions and contractual obligations (\$10,908,618), retirement of fund indebtedness (\$710,903), culture and recreation (\$869,225), public works (\$1,137,735) and public safety (\$1,418,896). See discussion under Fund Balance Classifications in Note 1 of the Notes to Basic Financial Statements for additional details.

In the General Fund, the City originally budgeted for a decrease in fund balance (planned reduction) of \$494,144. Due to a positive budget variance in overall expenditures, the General Fund ended the year with an increase to fund balance in the amount of \$39,604. Overall, revenues came in slightly under expectations with a \$74,854 negative budget variance, primarily due to the decrease in fines and forfeitures relating to staffing issues in the police department experienced throughout the year. However, this decrease was offset by permit revenues relating to a new 55-home development in the City surpassing both prior year and budget expectations.

General Fund expenditures had a positive budget variance or savings of \$550,418. This was primarily due to personnel and related benefit budgetary savings resulting from vacant positions in the police and public works departments.

The G.O. Debt Service fund balance increased by \$173,827 over the prior year, to \$710,903 as a result of an increase in ad valorem tax collections and interest.

The Capital Projects fund experienced a net increase of \$5,045,307 primarily due to the issuance of a \$6.78 million debt issuance for capital equipment, street improvements, park projects and various other capital projects throughout the City.

The non-major governmental funds showed a combined \$321,455 decrease in fund balance from the prior year. This was primarily due to an increase in Crime Control and Prevention District expenditures relating to personnel costs and a planned fund balance drawdown for transfers to internal service fund for equipment and vehicle replacements.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the respective proprietary funds are Water/Sewer at \$2,503,865 and Drainage Utility at \$3,706,472. The proprietary funds had a combined net position increase of \$1,622,042 as a result of operations. The Water/Sewer fund had an increase in the net position of \$1,238,039, while the Drainage Utility fund had a net position increase of \$384,003 as a result of operations.

Most of the City's proprietary funds are heavily dependent on local weather conditions. Thus, fluctuations in revenues and expenses fluctuate due to increases or decreases in water consumption and wholesale water and wastewater treatment costs. Rainfall was considered a "normal" year for much of the year, with the exception of a large amount of rainfall in February and September. This resulted in a budgetary savings of approximately \$500,000 for wastewater treatment costs. Water consumption increased by 6% in comparison to prior year, resulting in an increase of \$235,000 in water revenues, or a 5.6% increase

CITY OF WATAUGA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

compared to prior year. The Drainage utility increase in net position of \$384,003 results primarily from increases in revenue for pay-as-you go capital projects planned for the next several years.

Budgetary Highlights

Actual total general fund expenditures were significantly under budget for FY 2018. There was an overall positive variance with final budget for the General Fund of \$546,518. A major component in this positive variance was lower than forecasted expenditures of \$625,272. This was primarily due to salary savings in the Police department as a result of various positions not being filled throughout the year.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2018, amount to \$81,585,169 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. The total increase in the City's capital asset investment for the current fiscal year was 2.1%. This was primarily from purchase of new assets with proceeds from bonds issued during the prior fiscal years.

Major capital asset events during the fiscal year included the following:

- Projects that were included in Construction in Progress in FY2017 which were completed this fiscal year include the following:
 - o Senior Center project in the amount of \$2,283,345
 - o Wastewater Improvements, Phase I in the South part of the City in the amount of \$6,878,404
 - o Bursey Road, Phase II in the amount of \$2,117,400
 - o Whitley Road, Phase I in the amount of \$1,134,404
 - o Watauga Heights Drainage Improvements in the amount of \$1,521,771
- Projects that began in FY2018 or continued from prior years that were added to Construction in Progress include the following:
 - o CDBG 44th Year design work for a wastewater project on Dunson Drive began in the amount of \$2,500
 - o Whitley Road, Phase III water project in the amount of \$246,322
 - o Overlay Project FY2017-2018 which includes improvements of six streets in the amount of \$435,862
 - o Meadowlark Lane East water and sewer line improvements commenced, totaling \$85,910 for the year
 - o Water Tower Resurfacing project increased by \$23,680 bringing the total CIP for this project to \$38,912
 - o Whitley Road, Phase II increased by \$5,696 bringing the total CIP for the project to \$284,800
 - o The Starnes Road waterline replacement project increased by \$83,320 bringing the total CIP for the project to \$104,000
 - o Wastewater improvements continued in the North part of the City bringing total CIP to \$197,909
 - o Splash pad Parks project increased by \$24,320 bringing the total CIP for this project to \$24,663
 - o Capp Smith Park retaining wall Parks project increased by \$11,130 bringing the total CIP for this project to \$45,580
 - o The Green Ribbon project, an initiative to improve and beautify the corridor along Highway 377 increased by \$41,519 bringing the total CIP for this project to \$66,979

CITY OF WATAUGA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- Other projects that were completed in FY2018 for a total of \$342,009 include:
 - o Parks projects to include sidewalk repairs at Foster Village and Capp Smith Parks in the amount of \$58,886, Capp Smith Park Amphitheater lighting in the amount of \$6,228, and fencing additions and improvements at Foster Village Park in the amount of \$9,900
 - o Infrastructure improvements (street overlays, sidewalks) in the amount of \$232,496
 - o City Hall fountain repair in the amount of \$6,800
 - o Installation of a new traffic signal detection system in the amount of \$9,925
 - o Continuation of Storm Drain Channel Improvement program in the amount of \$17,774

Schedule of Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 19,019,600	\$ 19,019,600	\$ 91,000	\$ 91,000	\$ 19,110,600	\$ 19,110,600
Construction in progress	747,492	3,338,105	785,223	8,937,551	1,532,715	12,275,656
Buildings and improvements	16,493,455	14,597,608	2,163,816	2,227,491	18,657,271	16,825,099
Improvements other than buildings	358,430	366,706	-	-	358,430	366,706
Equipment	3,522,728	3,381,729	678,407	744,400	4,201,135	4,126,129
Drainage improvements	-	-	8,917,869	7,657,685	8,917,869	7,657,685
Infrastructure	9,602,846	7,366,896	-	-	9,602,846	7,366,896
Waterworks and sanitary sewer system	-	-	19,204,303	12,536,009	19,204,303	12,536,009
Total Capital Assets	\$ 49,744,551	\$ 48,070,644	\$ 31,840,618	\$ 32,194,136	\$ 81,585,169	\$ 80,264,780

Additional information on the City's capital assets can be found in Note 4 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$35,300,000. This entire amount comprises debt backed by the full faith and credit of the government.

Other debt includes \$379,687 owed to the City of North Richland Hills for the City's portion of a joint agreement on street repair, and in Compensated Absences for employee earned, but unpaid, vacation and sick leave.

During the current fiscal year, the City's total debt increased by \$4,540,040, which was mainly due to an issuance of Combination Tax and Limited Pledge Revenue Certificates of Obligations, Series 2018.

Schedule of Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 1,605,000	\$ 2,335,000	\$ 7,080,000	\$ 7,325,000	\$ 8,685,000	\$ 9,660,000
Certificates of obligation	19,040,000	13,195,000	7,575,000	8,090,000	26,615,000	21,285,000
Notes payable	379,687	442,622	-	-	379,687	442,622
Unamortized bond premium	593,220	308,685	546,745	583,305	1,139,965	891,990
	\$ 21,617,907	\$ 16,281,307	\$ 15,201,745	\$ 15,998,305	\$ 36,819,652	\$ 32,279,612

The City's General Obligation Bond ratings are listed below:

	<u>Standard & Poors</u>	<u>Moody's</u>	<u>Fitch</u>
General Obligation	AA	Aa3	AA-

Additional information on the City's long-term debt can be found in Note 5.

CITY OF WATAUGA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Economic Factors and Next Year's Budget and Rates

Over the last couple of years, the City has experienced growth in property valuations. In FY2017-18, valuations increased by 9.5% from prior year and in FY2018-19, valuations increased by 9.2%. This increase in valuations will allow the City to have operational funds for programs and cover operational increases without increasing the preceding year's tax rate. The tax rate for FY2018-19 was set at \$0.601788 per \$100 of assessed valuation, which is the same rate as last year's rate.

A significant portion of the city's general operating revenue is derived from sales tax. Over the past several years, the City has experienced a decrease in sales tax revenues, but ended Fiscal Year 2018 with a 0.6% increase from prior year. We are forecasting an increase of 1% in the FY2018-19 budget compared to FY2017-18 actual sales tax receipts. Sales taxes are expected to remain steady with modest increases in future years. The City's Economic Development Division is continuing their efforts to bring in high quality visually appealing businesses, as well as revitalize and invest in areas that have seen some deterioration of economic activity. Efforts to maintain and grow our sales tax base continue to be a high priority.

In order to maintain and improve the City's infrastructure, many capital improvement projects are underway in the City at this time. Several major water/wastewater system infrastructure projects are planned in the 5-year Capital Improvement Plan as well as significant improvements to our storm water drainage system. The Wastewater Phase I and Phase II projects are currently in progress and were near completion at the end of FY2017-18. Additional water and wastewater projects are planned with the proceeds of a \$8 million debt issuance proposed for the later part of FY2019. An increase in water and sewer rates has been proposed in the spring of 2019 that will cover operational cost increases. In FY2017-18, the City issued new General Fund debt in the amount of \$6.780 million to fund general capital equipment and projects over the next several years. Additionally, quality of life projects such as a splash pad and parks projects are funded with this issuance. The City has also applied for a Texas Parks and Wildlife (TPWD) Grant to assist with the funding of the splash pad project.

Request for Information

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Department, Attn: Sandra Gibson, CGFO, CGFM, Director of Finance by phone at 817-514-5822, or by email at financedirector@wataugatx.org.

BASIC FINANCIAL STATEMENTS

CITY OF WATAUGA, TEXAS
GOVERNMENT WIDE - STATEMENT OF NET POSITION
September 30, 2018

	Primary Government		
	Governmental	Business-	
	Activities	Type	Total
		Activities	
ASSETS			
Cash and cash equivalents	\$ 7,754,352	\$ 3,426,889	\$ 11,181,241
Investments	13,773,403	11,500,626	25,274,029
Receivables, net of allowance for uncollectibles	1,673,864	1,697,337	3,371,201
Inventories	21,487	22,383	43,870
Prepaid items	18,916	-	18,916
Capital assets:			
Not subject to depreciation	19,767,092	876,223	20,643,315
Subject to depreciation	29,977,459	30,964,395	60,941,854
Total Capital Assets	49,744,551	31,840,618	81,585,169
Total Assets	72,986,573	48,487,853	121,474,426
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - OPEB	94,275	19,700	113,975
Deferred outflows - pension	1,660,367	309,805	1,970,172
Total deferred outflows of resources	1,754,642	329,505	2,084,147
LIABILITIES			
Accounts payable	718,096	795,465	1,513,561
Accrued liabilities	601,730	75,080	676,810
Accrued interest	110,087	63,473	173,560
Customer deposits	19,330	912,056	931,386
Long-term liabilities:			
Due within one year	2,033,263	848,906	2,882,169
Due in more than one year	21,927,508	14,702,934	36,630,442
Net pension liability	3,153,694	584,259	3,737,953
Net OPEB liability	1,222,938	257,400	1,480,338
Total Liabilities	29,786,646	18,239,573	48,026,219
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	2,207,425	423,154	2,630,579
Total deferred outflows of resources	2,207,425	423,154	2,630,579
NET POSITION			
Net investment in capital assets	38,660,904	23,944,294	62,605,198
Restricted for:			
Capital improvements	374,358	-	374,358
Debt service	657,159	-	657,159
Culture and recreation	869,225	-	869,225
Public works	1,137,735	-	1,137,735
Public safety	1,418,896	-	1,418,896
Unrestricted	(371,133)	6,210,337	5,839,204
Total Net Position	\$ 42,747,144	\$ 30,154,631	\$ 72,901,775

The Notes to the Basic Financial Statements
are an integral part of this statement.

CITY OF WATAUGA, TEXAS
GOVERNMENT WIDE - STATEMENT OF ACTIVITIES
Year Ended September 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Program Revenue		Primary Government	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government				Business-Type Activities
Governmental activities				
General government	\$ 5,584,813	\$ 177,819	\$ -	\$ (5,406,994)
Public safety	5,808,608	1,819,361	-	(3,989,247)
Culture and recreation	4,720,179	252,208	38,350	(4,429,621)
Public works	769,758	909,678	-	139,920
Interest on long-term debt	381,932	-	-	(381,932)
Total governmental activities	17,265,290	3,159,066	38,350	(14,067,874)
Business-type activities:				
Water and Sewer	6,707,331	8,223,078	-	1,515,747
Drainage Utility	1,015,534	1,451,829	-	436,295
Total business-type activities	7,722,865	9,674,907	-	1,952,042
Total primary government	\$ 24,988,155	\$ 12,833,973	\$ 38,350	(12,115,832)
General revenues:				
Taxes:				
Property taxes, levied for general purposes				7,430,079
Sales taxes				5,850,480
Franchise taxes				925,895
Payment in lieu of taxes				497,961
Penalties and interest				35,044
Interest on investments				503,357
Miscellaneous revenue				8,946
Transfers				(543,961)
Total general revenues and transfers				15,251,762
Change in net position				3,135,930
Net position - beginning				71,053,994
Prior Period Adjustment				(1,288,149)
Net position - ending				\$ 72,901,775

The Notes to the Basic Financial Statements are an integral part of this statement.

CITY OF WATAUGA, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 3,175,774	\$ 603,246	\$ 572,564	\$ 2,443,347	\$ 6,794,931
Investments	1,227,601	120,437	9,989,096	1,519,522	12,856,656
Receivables, net of allowance for uncollectibles					
Property taxes	100,748	43,562	4,910	-	149,220
Accounts receivable	1,012,351	-	-	506,246	1,518,597
Prepays and deposits	8,651	-	-	10,265	18,916
Inventory of supplies	21,487	-	-	-	21,487
Total Assets	<u>\$ 5,546,612</u>	<u>\$ 767,245</u>	<u>\$ 10,566,570</u>	<u>\$ 4,479,380</u>	<u>\$ 21,359,807</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 91,893	\$ -	\$ 32,310	\$ 591,680	\$ 715,883
Accrued liabilities	524,509	-	-	77,221	601,730
Accrued interest payable	-	12,780	-	-	12,780
Deposits	19,330	-	-	-	19,330
Total Liabilities	<u>635,732</u>	<u>12,780</u>	<u>32,310</u>	<u>668,901</u>	<u>1,349,723</u>
Deferred Inflows of Resources					
Unavailable revenue - Property Taxes	100,748	43,562	-	-	144,310
Unavailable revenue - EMS	238,573	-	-	-	238,573
Total Deferred Inflows of Resources	<u>339,321</u>	<u>43,562</u>	<u>-</u>	<u>-</u>	<u>382,883</u>
Fund balances:					
Non-Spendable					
Inventories	21,487	-	-	-	21,487
Prepaid items	8,651	-	-	10,265	18,916
Restricted					
Capital acquisitions and contractual obligations	-	-	10,534,260	374,358	10,908,618
Debt service	-	710,903	-	-	710,903
Culture and recreation	-	-	-	869,225	869,225
Public works	-	-	-	1,137,735	1,137,735
Public safety	-	-	-	1,418,896	1,418,896
Unassigned	<u>4,541,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,541,421</u>
Total Fund balances	<u>4,571,559</u>	<u>710,903</u>	<u>10,534,260</u>	<u>3,810,479</u>	<u>19,627,201</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,546,612</u>	<u>\$ 767,245</u>	<u>\$ 10,566,570</u>	<u>\$ 4,479,380</u>	<u>\$ 21,359,807</u>

The Notes to the Basic Financial Statements
are an integral part of this statement.

**CITY OF WATAUGA, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2018**

Total fund balance - governmental funds **\$ 19,627,201**

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 48,332,238

Deferred outflows related to OPEB 94,275

Deferred outflows related to Texas Municipal Retirement System 1,660,367

Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental funds balance sheet. (97,307)

Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements. 382,883

Deferred inflows related to Texas Municipal Retirement System (2,207,425)

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities at year-end consist of:

General obligation bonds	(1,605,000)
Certificate of obligations	(19,040,000)
Premiums on issuance	(593,220)
Notes payable	(379,687)
Compensated absences	(2,342,864)
Net pension liability	(3,153,694)
Net OPEB liability	(1,222,938)

Internal service funds are used by management to charge the cost of certain activities, such as fleet management, to individual funds. The net position of the internal service fund is net of the amount allocated to business-type activities, deferred charges, capital assets and long-term liabilities. 3,292,315

Net position of governmental activities **\$ 42,747,144**

The Notes to the Basic Financial Statements
are an integral part of this statement.

CITY OF WATAUGA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended September 30, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes and franchise fees	\$ 9,092,461	\$ 2,257,321	\$ -	\$ 2,886,150	\$ 14,235,932
Licenses and permits	726,796	-	-	-	726,796
Charges for services	757,088	-	-	-	757,088
Fines and forfeitures	436,262	-	-	970,089	1,406,351
Interest income	80,990	12,617	94,384	59,849	247,840
Intergovernmental	497,961	-	-	-	497,961
Miscellaneous	289,824	-	-	47,224	337,048
Total Revenues	11,881,382	2,269,938	94,384	3,963,312	18,209,016
Expenditures					
Current:					
General government	6,233,602	-	-	-	6,233,602
Public safety	3,297,446	-	-	2,363,501	5,660,947
Culture and recreation	1,630,289	-	-	679,283	2,309,572
Public works	944,771	-	-	89,842	1,034,613
Capital outlay	-	-	2,186,224	711,772	2,897,996
Debt Service:					
Principal	-	1,665,000	62,935	-	1,727,935
Interest and other charges	-	431,111	106,087	-	537,198
Total Expenditures	12,106,108	2,096,111	2,355,246	3,844,398	20,401,863
Excess (deficiency) of revenues over expenditures	(224,726)	173,827	(2,260,862)	118,914	(2,192,847)
Other Financing Sources (Uses)					
General obligation debt issued	-	-	6,780,000	-	6,780,000
Premium on general obligation debt	-	-	306,169	-	306,169
Transfers in	563,100	-	220,000	12,770	795,870
Transfers out	(298,770)	-	-	(453,139)	(751,909)
Total other financing sources and uses	264,330	-	7,306,169	(440,369)	7,130,130
Net change in fund balances	39,604	173,827	5,045,307	(321,455)	4,937,283
Fund balances - beginning	4,531,955	537,076	5,488,953	4,131,934	14,689,918
Fund balances - ending	\$ 4,571,559	\$ 710,903	\$ 10,534,260	\$ 3,810,479	\$ 19,627,201

The Notes to the Basic Financial Statements
are an integral part of this statement.

**CITY OF WATAUGA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2018**

Net change in fund balances - total governmental funds	\$ 4,937,283
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	3,446,868
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(2,271,602)
The issuance of long-term debt (e.g. bonds) (\$6,780,000) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt of \$1,727,935 consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items of (\$297,315) when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(5,349,380)
Current year changes in long-term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(80,384)
Contributions made after the measurement date are reported as expenditures in the governmental funds and are reported as deferred outflows on the face of the statement of net position	
Pension	1,068,421
OPEB	15,036
Accrued interest is not reported in the fund financial statements and the change is reported in the statement of activities	(13,756)
Certain unavailable revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(15,387)
Pension expense for the pension plan measurement year	(862,639)
OPEB expense for the pension plan measurement year	(77,996)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, to individual funds. The net revenue of the internal service funds is reported with business-type activities.	708,411
Change in net position of governmental activities	<u>\$ 1,504,875</u>

The Notes to the Basic Financial Statements
are an integral part of this statement.

CITY OF WATAUGA, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2018

(1 of 2)

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer	Drainage Utility	Total Enterprise Funds	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,625,154	\$ 1,801,735	\$ 3,426,889	\$ 959,421
Investments	9,354,005	2,146,621	11,500,626	916,747
Accounts receivable and unbilled revenue less allowance for uncollectibles	1,605,868	91,469	1,697,337	6,047
Inventories	22,383	-	22,383	-
Total current assets	12,607,410	4,039,825	16,647,235	1,882,215
Non-current assets:				
Capital Assets:				
Land	91,000	-	91,000	-
Construction in Progress	751,574	33,649	785,223	-
Buildings	3,246,847	106,931	3,353,778	154,068
Equipment	1,541,510	88,014	1,629,524	3,461,260
Drainage improvements	-	18,417,917	18,417,917	-
Waterworks and sanitary sewer system	23,665,057	-	23,665,057	-
	29,295,988	18,646,511	47,942,499	3,615,328
Less Accumulated depreciation	(6,703,904)	(9,589,249)	(16,293,153)	(2,011,743)
Capital assets net of depreciation	22,592,084	9,057,262	31,649,346	1,603,585
Total assets	35,199,494	13,097,087	48,296,581	3,485,800
DEFERRED OUTFLOWS OF				
Deferred outflows - OPEB	15,500	4,200	19,700	-
Deferred outflows - pension	241,870	67,935	309,805	-
Total deferred outflows	257,370	72,135	329,505	-

The Notes to the Basic Financial Statements are an integral part of this statement.

CITY OF WATAUGA, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2018

(2 of 2)

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer	Drainage Utility	Total Enterprise Funds	
LIABILITIES				
Current liabilities				
Payable from current assets				
Accounts payable	\$ 789,981	\$ 5,484	\$ 795,465	\$ 2,213
Accrued liabilities	58,429	16,651	75,080	-
Current portion of compensated absences	32,094	6,812	38,906	-
Current portion of bonds payable	810,000	-	810,000	-
Deposits	912,056	-	912,056	-
Accrued interest	63,473	-	63,473	-
Total current liabilities	<u>2,666,033</u>	<u>28,947</u>	<u>2,694,980</u>	<u>2,213</u>
Noncurrent liabilities:				
Bonds payable	14,391,745	-	14,391,745	-
Compensated absences	217,955	93,234	311,189	-
Net pension liability	443,524	140,735	584,259	-
Net OPEB liability	202,700	54,700	257,400	-
Total non-current liabilities	<u>15,255,924</u>	<u>288,669</u>	<u>15,544,593</u>	<u>-</u>
Total liabilities	<u>17,921,957</u>	<u>317,616</u>	<u>18,239,573</u>	<u>2,213</u>
DEFERRED INFLOWS OF				
Deferred inflows - pension	<u>335,282</u>	<u>87,872</u>	<u>423,154</u>	<u>-</u>
Total deferred outflows	<u>335,282</u>	<u>87,872</u>	<u>423,154</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	14,695,760	9,057,262	23,753,022	1,603,585
Unrestricted	<u>2,503,865</u>	<u>3,706,472</u>	<u>6,210,337</u>	<u>1,880,002</u>
Total Net Position	<u>\$ 17,199,625</u>	<u>\$ 12,763,734</u>	<u>29,963,359</u>	<u>\$ 3,483,587</u>
Reconciliation to government-wide statement of net position				
Adjustment to reflect the consolidation of internal service fund activities related to			<u>191,272</u>	
			<u>\$ 30,154,631</u>	
Net position of business-type activities				

The Notes to the Basic Financial Statements are an integral part of this statement.

CITY OF WATAUGA, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended September 30, 2018

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Water and Sewer	Drainage Utility	Total Enterprise Funds	
Operating revenues				
Water service	\$ 4,474,557	\$ -	\$ 4,474,557	\$ -
Sewer service	3,342,387	-	3,342,387	-
Drainage fees	-	1,451,829	1,451,829	-
Service fees and miscellaneous	406,134	-	406,134	407,040
Total operating revenues	<u>8,223,078</u>	<u>1,451,829</u>	<u>9,674,907</u>	<u>407,040</u>
Operating expenses				
Personnel services	1,500,208	442,638	1,942,846	-
Supplies	118,684	25,421	144,105	-
Maintenance	40,531	14,441	54,972	-
Contractual services	3,977,245	171,307	4,148,552	-
Capital outlay	158,540	-	158,540	76,739
Bad debt expense	34,857	3,635	38,492	-
Depreciation and amortization	433,225	358,092	791,317	163,478
Total operating expenses	<u>6,263,290</u>	<u>1,015,534</u>	<u>7,278,824</u>	<u>240,217</u>
Operating income (loss)	<u>1,959,788</u>	<u>436,295</u>	<u>2,396,083</u>	<u>166,823</u>
Non-operating revenues (expenses)				
Investment income	158,266	64,708	222,974	32,575
Gain (loss) on disposal of capital assets	-	-	-	7,000
Interest expense	(453,054)	-	(453,054)	-
Total Non-operating revenue (expenses), net	<u>(294,788)</u>	<u>64,708</u>	<u>(230,080)</u>	<u>39,575</u>
Income (loss) before transfers	1,665,000	501,003	2,166,003	206,398
Transfers in	-	-	-	500,000
Transfers out	<u>(426,961)</u>	<u>(117,000)</u>	<u>(543,961)</u>	<u>-</u>
Change in net position	1,238,039	384,003	1,622,042	706,398
Total net position - beginning of the year	16,138,086	12,427,431		2,777,189
Prior period adjustment	<u>(176,500)</u>	<u>(47,700)</u>		
Total net position - ending of the year	<u>\$ 17,199,625</u>	<u>\$ 12,763,734</u>		<u>\$ 3,483,587</u>

Reconciliation to government-wide statement of net position

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>9,013</u>
Change in net position of business-type activities	<u>\$ 1,631,055</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

CITY OF WATAUGA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2018

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Water and Sewer	Drainage Utility	Total Enterprise Funds	
OPERATING ACTIVITIES				
Cash received from customers	\$ 8,352,339	\$ 1,442,073	\$ 9,794,412	\$ 403,411
Cash payments to suppliers for goods and services	(3,880,775)	(210,788)	(4,091,563)	(74,526)
Cash payments to employees for services	(1,856,371)	(505,075)	(2,361,446)	-
Net cash provided by operating activities	<u>2,615,193</u>	<u>726,210</u>	<u>3,341,403</u>	<u>328,885</u>
NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	-	500,000
Transfers to other funds	(426,961)	(117,000)	(543,961)	-
Net cash provided by (used by) noncapital financing activities	<u>(426,961)</u>	<u>(117,000)</u>	<u>(543,961)</u>	<u>500,000</u>
CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the sale of equipment	-	-	-	7,000
Purchase of capital assets	(344,327)	(84,459)	(428,786)	(671,132)
Repayment of debt	(760,000)	-	(760,000)	-
Interest paid on debt	(464,228)	-	(464,228)	-
Net cash provided by (used by) capital and related financing activities	<u>(1,568,555)</u>	<u>(84,459)</u>	<u>(1,653,014)</u>	<u>(664,132)</u>
INVESTING ACTIVITIES				
Sale of investments	38,454	-	38,454	-
Investment income	158,266	64,708	222,974	32,575
Purchase of investments	-	(246,347)	(246,347)	62,997
Net cash provided by (used by) investing activities	<u>196,720</u>	<u>(181,639)</u>	<u>15,081</u>	<u>95,572</u>
Net change in cash and cash equivalents	816,397	343,112	1,159,509	260,325
Cash and equivalents, beginning of year	<u>808,757</u>	<u>1,458,623</u>	<u>2,267,380</u>	<u>699,096</u>
Cash and equivalents, at end of year	<u>\$ 1,625,154</u>	<u>\$ 1,801,735</u>	<u>\$ 3,426,889</u>	<u>\$ 959,421</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 1,959,788	\$ 436,295	\$ 2,396,083	\$ 166,823
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	433,225	358,092	791,317	163,478
(Increase) decrease in accounts receivable and unbilled revenue	144,131	(9,756)	134,375	(3,629)
(Increase) decrease in prepaids items	315	-	315	-
(Increase) decrease in deferred outflows - pensions	72,712	18,716	91,428	-
(Increase) decrease in deferred outflows - OPEB	(10,600)	(2,800)	(13,400)	-
(increase) decrease in inventory	29,741	-	29,741	-
Increase (decrease) in deferred inflows - pension	254,879	65,604	320,483	-
Increase (decrease) in accounts payable	419,026	2,316	421,342	2,213
Increase (decrease) in accrued liabilities	(305,651)	(64,615)	(370,266)	-
Increase (decrease) in net pension liability	(359,172)	(92,449)	(451,621)	-
Increase (decrease) in net OPEB liability	21,300	5,600	26,900	-
Increase (decrease) in compensated absences	(29,631)	9,207	(20,424)	-
Increase (decrease) in deposits	(14,870)	-	(14,870)	-
Net cash provided by operating activities	<u>\$ 2,615,193</u>	<u>\$ 726,210</u>	<u>\$ 3,341,403</u>	<u>\$ 328,885</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

CITY OF WATAUGA, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Watauga (the City) Home Rule Charter was adopted by the voters at an election held on January 19, 1980 and amended January 19, 1985, August 8, 1987, August 11, 1990, January 15, 1994, August 10, 1996, August 8, 1998, September 14, 2002, May 7, 2005, November 6, 2007 and May 11, 2013. The City operates under a Mayor-Council-Manager form of government. The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments.

The City prepares its basic financial statements in conformity with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 69*, as amended by *Statement on Auditing Standards No.'s 91 and 93* of the American Institute of Certified Public Accountants.

Financial Reporting Entity

The basic financial statements of the City include the primary government organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

The following entities were found to be component units of the City and are included in the basic financial statements:

The Watauga Parks Development Corporation's (WPDC) sole purpose is to act on behalf of the City in the accumulation and use of resources to build and improve City parks. The WPDC's governing board is appointed by the City Council. The WPDC is composed of two funds: a special revenue fund and a capital projects fund.

The Watauga Crime Control and Prevention District Fund's (WCCPD) sole purpose is to act on behalf of the City in the accumulation and use of resources to add law enforcement officers and purchase additional equipment and supplies for law enforcement purposes. The WCCPD is reported as a special revenue fund.

A blended presentation has been used to report the financial information of these component units. The financial information for the individual component units is available from the City.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

General Obligation Debt Service Fund

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

General Obligation Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment. Financing is provided primarily by the sale of tax notes, general obligation and contractual obligation bonds.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Water and Sewer Fund

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly, at least annually, and adjusted if necessary to ensure integrity of the funds.

Drainage Utility Fund

The Drainage Utility Fund is used to account for the user fees charged per residential and commercial unit to enhance drainage of properties within the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations and maintenance.

Additionally, the City reports the Internal Service Fund, which was established in 1997 for the purpose of replacing equipment. Departments are charged user fees to accumulate funds to be used in replacing existing equipment as needed.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services, which are accrued. Expenses are recognized at the time the liability is incurred.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

Deposits and Investments

Substantially all operating cash, deposits, and short-term investments are maintained in consolidated cash accounts or individual fund investment accounts. Related interest income is allocated to the various funds based primarily on ownership by each fund of specific investments. Cash equivalents consist of highly-liquid investments with original maturities of three months or less.

For purposes of the statement of cash flows, the City considers all highly liquid investments to be cash equivalents.

Certificates of Deposit are reported at cost plus accrued interest. All other investments are reported at fair value.

State statutes authorize the City to invest in obligations of the U.S. Government or its agencies; obligations of the State of Texas or its agencies; and certain other obligations, repurchase agreements, money market mutual funds, and certificates of deposits within established criterion.

Taxes

Property taxes are levied for appropriation for the fiscal year beginning on October 1, are due October 1, attach as an enforceable lien on property as of January 1, and become delinquent on February 1. Property taxes are accrued based on the period for which they are levied and available. Delinquent taxes estimated not to be available are treated as deferred revenue in the governmental fund financial statements. Property taxes for cities, including those applicable to debt service, are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The City's current tax rate is \$0.601788 per \$100 of assessed valuation (\$0.618411 per \$100 last year) and assessed valuation is approximately 100% of estimated value.

Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. Prepaid balances are reported in the governmental funds using the purchase method instead of the consumption method. Payments for prepaid items are fully recognized as expenditures in the year of payment.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories, which are recognized as expenditures as they are consumed, are stated at cost (first-in, first-out method). Inventories consist primarily of expendable supplies.

Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	50 years
Improvements other than buildings	10 years
Equipment	3-10 years
Drainage Improvements	50 years
Infrastructure	9-50 years
Waterworks and sanitary sewer system	60 years

Compensated Absences

City employees are granted vacation, sick and other compensated time pay in varying amounts. In the event of termination, an employee hired before 10/1/2013 is reimbursed for accumulated unused vacation days up to a maximum of 60 days, or an employee hired after 10/1/2013 is reimbursed for accumulated unused vacation days up to a maximum of 30 days if the employee has completed their probationary period of six months for a non-civil service employee or at least one year for civil service employees. Employees hired before 10/1/2013 are reimbursed up to 100% of 90 days for accumulated sick leave. Non-civil service employees hired after 10/1/2013 are no longer reimbursed for unpaid sick leave. The total liability for compensated absences at September 30, 2018 was \$2,692,959, including \$350,095 of proprietary fund balances which are included with accrued liabilities on the proprietary fund balance sheet.

The estimated vacation liability expected to be satisfied with available financial resources is included in accrued salaries and wages in the General Fund.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the statement of net position as described below:

A deferred outflow of resources is a consumption of a government's net assets (a decrease in assets excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The City has three items that qualify for reporting in this category Reported in the government-wide statement of net position:

- Deferred outflows of resources for refunding - the deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources for pension - this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between projected and actual earnings on pension plan investments. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related outflow will be amortized over a closed five year period.
- Deferred outflows of resources for OPEB – these deferred outflows result from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of changes in assumptions and other inputs. The deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the next fiscal year. The other OPEB related outflow will be amortized over the expected remaining service lives of all employees (active and inactive employees) who are provided with OPEB benefits, which is currently between 5.75 and 8.5 years, depending on the plan.

A deferred inflow of resources is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The City has two items that qualify for this category:

- Deferred inflows of resources for unavailable revenues – Reported in the governmental funds balance sheet, unavailable revenues from property taxes and EMS services arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension – Reported in the government-wide statement of net position, these deferred inflows result primarily from differences between expected and actual experience. These amounts will be amortized over the expected remaining service lives of all employees (active and inactive employees) who are provided with pension through the pension plan, which is currently 3.62 years.

Fund Equity

The City reports fund balances in accordance with GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity (continued)

Non-spendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, the inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet.

Restricted fund balance - amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions for capital acquisitions and contractual obligations, retirement of fund indebtedness and other state restrictions have been properly classified in the Governmental Funds Balance Sheet.

Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. the City Council). To be reported as committed, amounts cannot be used for any other purposes unless the City takes the same highest level of action to remove or change the constraint.

Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City or by an official or body to which the City Council delegates the authority. Per the City's fund balance policy, assigned fund balance amounts are established by the City Manager.

Unassigned fund balance – amounts that are available for any purpose. The general fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Beginning fund balances for the City's governmental funds have been restated to reflect the above classifications.

The City establishes (and modifies and rescinds) fund balance commitments by passage of a resolution by City Council.

When multiple categories of fund balance are available for expenditure, the City will first spend the most restricted funds before moving down to the next most restrictive category with available funds.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The City's net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

Encumbrances

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Since under Texas law, appropriations lapse at fiscal year-end, outstanding encumbrances are appropriately provided for in the subsequent years' budget to provide for the liquidation of the prior commitments. As of September 30, 2018, the City had no encumbrances in the General Fund that rolled over into the new fiscal year.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 71.

Other Post-Employment Benefits

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's self-insurance plan. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees. Information regarding the City's total liability for this plan is obtained through a report prepared by Gabriel Roeder Smith & Company, the City's third-party actuary, in compliance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Additionally, the City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 75.

Implementation of New Accounting Standards

In the current fiscal year, the City implemented the following new accounting standards:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the other postemployment benefits (OPEB) that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

GASB Statement No. 85, Omnibus 2017. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 2 - DEPOSITS (CASH) AND INVESTMENTS

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes and the City's investment policy authorized the City to invest in the following investments as summarized in the following table:

Authorized Investment Type	Final Stated Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Public funds investment pool	N/A	100%	None
Certificates of deposit	5 years	100%	None
U.S. Treasury obligations	5 years	100%	None
No-load money market mutual funds	5 years	50%	None
Repurchase agreements	5 years	50%	None
State of Texas securities	5 years	50%	None
U.S. agency obligations	5 years	50%	None
Commercial paper	5 years	10%	None

The act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Deposits and investments as of September 30, 2018, are classified in the accompanying financial statements as follows:

Governmental Activities	\$ 21,527,755
Business Type Activities	<u>14,927,515</u>
	<u><u>\$ 36,455,270</u></u>

Deposits and investments as of September 30, 2018, consist of the following:

Deposits with financial institutions	\$ 430,822
Investments	<u>36,024,448</u>
	<u><u>\$ 36,455,270</u></u>

For the purposes of the statement of cash flows, the City considers all highly liquid investments with maturities at the date of purchase of three months or less to be cash equivalents.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 2 - DEPOSITS (CASH) AND INVESTMENTS (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 365 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2018, the City had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity</u>
TexPool	\$ 6,746,961	28 days
TexPool Prime	515,842	30 days
TexasTerm	456,189	37 days
LOGIC	350,799	34 days
Money Market	16,827,658	Daily
CDs	11,126,999	22 Days
	<u>\$ 36,024,448</u>	

\$1,140,823 of the investments listed above is in a joint use facility fund with the City of North Richland Hills. The funds are to be used to maintain a water and sewer transfer station.

As of September 30, 2018, the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy or debt agreements and the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Minimum Rating Required</u>	<u>Actual Investment Rating</u>
TexPool	\$ 6,746,961	AAA	AAAm
TexPool Prime	515,842	AAA	AAAm
Texas Term	456,189	AAA	AAAm
LOGIC	350,799	AAA	AAAm
Money Market	16,827,658	N/A	N/A
CDs	11,126,999	N/A	N/A
	<u>\$ 36,024,448</u>		

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2018, other than external investment pools and securities guaranteed by the United States Government, the City did not have 5% or more of its investments with one issuer.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 2 - DEPOSITS (CASH) AND INVESTMENTS (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance of \$250,000 at all times.

At September 30, 2018, the carrying amount of the City's cash on hand and deposits was \$430,822 and the bank balance was \$1,185,307. Of the bank balance, \$250,000 was covered by federal depository insurance while the remaining \$935,307 was secured with securities held by the pledging financial institution's trust department or agent in the City's name.

The City is a voluntary participant in the TexPool, LOGIC and Texas Term external investment pools.

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool Shares.

LOGIC is governed by a six member board and is an AAA-rated investment program tailored to the investment needs of local governments within the state of Texas and is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. LOGIC assists governments across Texas making the most of taxpayer dollars by allowing local officials to improve the return on their invested balances by pooling their money with other entities to achieve economies of scale in a conservative fund. LOGIC is a "Constant Dollar" net asset value pool and is in full compliance with the Texas Public Funds Investment Act.

Texas Term is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. A seven-member advisory board governs the Pool. As required by the Public Funds Investment Act, the Advisory Board is composed of participants in the Pool and other persons who do not have a business relationship with the Pool. Under agreement with the Texas Term Advisory Board, PFM Asset Management LLC provides administrative and investment services to the pool. The Pool purchases only investments of the type in which Texas local governments are permitted to invest their own funds. The fair value of the position in Texas Term is the same as the value of Texas Term shares.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 2 - DEPOSITS (CASH) AND INVESTMENTS (continued)

Custodial Credit Risk (continued)

The City's external pooled funds are reported at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Amortized cost for the investment pools approximates fair value. In addition, The City's investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

Market values of money market accounts and certificates of deposit are based on quoted market values using Level 2 inputs.

NOTE 3 – RECEIVABLES

Accounts receivable balances for the year ended September 30, 2018, was as follows:

	Major Funds			
	General	Debt Service	Capital Projects	Nonmajor Governmental
				Total
Receivables:				
Property taxes	\$ 164,752	\$ 74,274	\$ -	\$ -
Sales tax	502,258	-	-	499,049
Garbage	97,109	-	-	-
Ambulance	544,364	-	-	-
Franchise fees	129,038	-	-	-
Other	159,624	-	4,910	7,197
Gross receivables	1,597,145	74,274	4,910	506,246
Less: allowance for uncollectibles	(484,046)	(30,712)	-	-
Net total receivables	\$ 1,113,099	\$ 43,562	\$ 4,910	\$ 506,246

	Proprietary Funds		
	Water and Sewer	Drainage Utility	Total
Customer accounts	\$ 2,365,551	\$ 116,736	\$ 2,482,287
Other	3,755	12,234	15,989
Gross receivables	2,369,306	128,970	2,498,276
Less allowance for uncollectibles	(763,438)	(37,501)	(800,939)
Total	\$ 1,605,868	\$ 91,469	\$ 1,697,337

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

	Balance September 30, 2017	Additions	Retirements/ Transfers	Balance September 30, 2018
Governmental activities				
Capital assets not being depreciated				
Land	\$ 19,019,600	\$ -	\$ -	\$ 19,019,600
Construction in progress	3,338,105	680,499	(3,271,112)	747,492
Total capital assets not being depreciated	22,357,705	680,499	(3,271,112)	19,767,092
Capital assets being depreciated				
Buildings and improvements	19,435,063	6,799	2,283,346	21,725,208
Improvements other than buildings	413,778	-	-	413,778
Equipment	12,077,463	986,963	(13,741)	13,050,685
Infrastructure	30,145,256	2,416,329	987,766	33,549,351
Total capital assets being depreciated	62,071,560	3,410,091	3,257,371	68,739,022
Less accumulated depreciation				
Buildings and improvements	4,837,455	394,298	-	5,231,753
Improvements other than buildings	47,072	8,276	-	55,348
Equipment	8,695,734	845,964	(13,741)	9,527,957
Infrastructure	22,778,360	1,168,145	-	23,946,505
Total accumulated depreciation	36,358,621	2,416,683	(13,741)	38,761,563
Total capital assets being depreciated, net	25,712,939	993,408	3,271,112	29,977,459
Governmental activities capital assets, net	\$ 48,070,644	\$ 1,673,907	\$ -	\$ 49,744,551
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 91,000	\$ -	\$ -	\$ 91,000
Construction in progress	8,937,551	279,760	(8,432,088)	785,223
Total capital assets not being depreciated	9,028,551	279,760	(8,432,088)	876,223
Capital assets being depreciated				
Buildings and improvements	3,353,778	-	-	3,353,778
Equipment	1,920,229	41,560	-	1,961,789
Street and drainage improvements	16,812,075	50,810	1,555,032	18,417,917
Waterworks and sewer system	16,703,935	84,066	6,877,056	23,665,057
Total capital assets being depreciated	38,790,017	176,436	8,432,088	47,398,541
Less accumulated depreciation for				
Buildings and improvements	1,126,287	63,675	-	1,189,962
Equipment	1,175,829	107,553	-	1,283,382
Street and drainage improvements	9,154,390	345,658	-	9,500,048
Waterworks and sewer system	4,167,926	292,828	-	4,460,754
Total accumulated depreciation	15,624,432	809,714	-	16,434,146
Total capital assets being depreciated, net	23,165,585	(633,278)	8,432,088	30,964,395
Business-type activities capital assets, net	\$ 32,194,136	\$ (353,518)	\$ -	\$ 31,840,618

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 4 - CAPITAL ASSETS (continued)

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities	
General government	\$ 275,027
Public safety	357,751
Culture and recreation	207,173
Public works	1,431,651
Internal Service Fund	145,081
Total depreciation expense - Governmental Activities	<u>\$ 2,416,683</u>
Business-Type activities	
Water and sewer	\$ 433,225
Drainage	358,092
Internal Service Fund	18,397
Total depreciation expense - Business-Type Activities	<u>\$ 809,714</u>

Construction in progress and remaining commitments under construction related construction contracts at September 30, 2018 are as follows:

Project Name	Remaining Commitment	Total In Progress
Governmental Activities:		
Water Tower	\$ 77,799	\$ 15,201
Capp Smith retaining wall project	7,420	45,580
Green Ribbon project	5,021	66,979
CDBG 44th Year	-	2,500
Whitley Road - phase three	80,653	156,708
Splashpad	16,337	24,663
Overlay 2017-2018	38,939	435,861
Total Governmental Activities	<u>\$ 226,169</u>	<u>\$ 747,492</u>
Business-Type Activities:		
Water and Sewer Projects	\$ 368,015	\$ 785,223
Total Business-Type Activities	<u>\$ 368,015</u>	<u>\$ 785,223</u>

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 5 - LONG-TERM DEBT

During the fiscal year ended September 30, 2018, the City issued a Certificates of Obligation Series 2018 in amount of \$6,780,000 with an interest rate of 2.00-5.00% and premiums in the amount of \$306,169. The proceeds will be used for street and park improvement projects as well as capital equipment replacements.

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2018:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 2,335,000	\$ -	\$ (730,000)	\$ 1,605,000	\$ 500,000
Certificates of obligation	13,195,000	6,780,000	(935,000)	19,040,000	1,380,000
Unamortized bond premium	308,685	306,169	(21,634)	593,220	-
Note payable	442,622	-	(62,935)	379,687	65,767
Compensated absences	2,262,480	293,859	(213,475)	2,342,864	87,496
Total governmental activities	18,543,787	7,380,028	(1,963,044)	23,960,771	2,033,263
Business-Type Activities					
Certificates of obligation	15,415,000	-	(760,000)	14,655,000	810,000
Unamortized bond premium	583,305	-	(36,560)	546,745	-
Compensated absences	370,519	27,988	(48,412)	350,095	38,906
Total Business-type Activities	16,368,824	27,988	(844,972)	15,551,840	848,906
Total government-wide activities	\$ 34,912,611	\$ 7,408,016	\$ (2,808,016)	\$ 39,512,611	\$ 2,882,169

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 5 - LONG-TERM DEBT (continued)

General Obligation Bonds and Certificates of Obligation

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

General obligations bonds and certificates of obligation payable at September 30, 2018, are comprised of the following individual issues:

	<u>Governmental</u>	<u>Business-Type</u>
\$2,855,000 Series 2006 General Obligation Refunding Bonds due in annual installments of \$20,000 to \$330,000 through April 1, 2020; interest at 3.73%.	\$ 650,000	\$ -
\$3,400,000 Series 2007 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of \$65,000 to \$255,000 through February 1, 2027; interest at 4.11%.	1,965,000	-
\$2,145,000 Series 2013 General Obligation Refunding Bonds due in annual installments of \$125,000 to \$270,000 through February 1, 2023; interest at 2.25%.	955,000	-
\$3,500,000 Series 2014 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of \$85,000 to \$900,000 through February 1, 2034; interest at 1.00% to 3.50%.	3,100,000	-
\$5,885,000 Series 2016 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of \$285,000 to \$355,000 through February 1, 2036; interest at 2.00% to 4.00%.	5,325,000	-
\$7,365,000 Series 2011 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of \$315,000 to \$660,000 through February 1, 2026; interest at 2.00% to 4.00%.	1,870,000	1,715,000
\$7,730,000 Series 2012 Certificates of Obligation due in annual installments of \$290,000 to \$510,000 through February 1, 2032; interest at 2.00% to 3.25%.	-	5,860,000
\$7,325,000 Series 2017 Certificates of Obligation due in annual installments of \$245,000 to \$480,000 through February 1, 2037; interest at 3.00% to 5.00%.	-	7,080,000
\$6,780,000 Series 2018 Certificates of Obligation due in annual installments of \$245,000 to \$480,000 through February 1, 2038; interest at 2.00% to 5.00%.	6,780,000	-
Total Bonds Payable	<u>\$ 20,645,000</u>	<u>\$ 14,655,000</u>

Notes payable at September 30, 2018, are comprised of the following individual issues:

	<u>Governmental</u>	<u>Business-Type</u>
Note payable to City of North Richland Hills annual installments of \$19,785, including interest at 4.5%, maturing February 2021.	\$ 54,391	\$ -
Note payable to City of North Richland Hills annual installments of \$63,068, including interest at 4.5%, maturing October 2024.	325,296	-
Total Notes Payable	<u>379,687</u>	<u>-</u>
Total Bonds and Notes Payable	<u>\$ 21,024,687</u>	<u>\$ 14,655,000</u>

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 5 - LONG-TERM DEBT (continued)

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each type of debt obligation for the years subsequent to September 30, 2018, are as follows:

General Obligation Bonds

	Governmental Activities		Total
	Principal	Interest	
2019	\$ 500,000	\$ 37,740	\$ 537,740
2020	520,000	21,455	541,455
2021	200,000	10,913	210,913
2022	195,000	6,469	201,469
2023	190,000	2,138	192,138
	<u>\$ 1,605,000</u>	<u>\$ 78,715</u>	<u>\$ 1,683,715</u>

Certificates of Obligation

	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2019	\$ 1,380,000	\$ 577,332	\$ 810,000	\$ 442,750	\$ 3,210,082
2020	1,430,000	556,850	835,000	418,925	3,240,775
2021	1,895,000	500,442	865,000	393,425	3,653,867
2022	1,780,000	438,097	885,000	367,175	3,470,272
2023	1,025,000	389,211	915,000	339,638	2,668,849
2024 - 2028	4,600,000	1,382,670	4,535,000	1,246,050	11,763,720
2029 - 2033	3,835,000	718,938	3,965,000	560,513	9,079,451
2034 - 2038	3,095,000	203,501	1,845,000	112,725	5,256,226
	<u>\$ 19,040,000</u>	<u>\$ 4,767,041</u>	<u>\$ 14,655,000</u>	<u>\$ 3,881,201</u>	<u>\$ 42,343,242</u>

Notes Payable

	Governmental Activities		Total
	Principal	Interest	
2019	\$ 65,767	\$ 17,086	\$ 82,853
2020	68,727	14,126	82,853
2021	71,819	10,764	82,583
2022	55,266	7,802	63,068
2023	57,753	5,315	63,068
2024	60,355	2,716	63,071
	<u>\$ 379,687</u>	<u>\$ 57,809</u>	<u>\$ 437,496</u>

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 5 - LONG-TERM DEBT (continued)

Prior Year Refunding of General Obligation and Sales Tax Bonds

In prior years, the City deferred certain outstanding bonds by placing proceeds of general obligation and sales tax refunding bonds in irrevocable escrow accounts to provide for all future debt service payments on the old bonds. Accordingly, the escrow accounts to provide for all future bonds are not included in the City's financial statements. As of September 30, 2018, none of the defeased bonds remain outstanding.

NOTE 6 - INTERFUND TRANSFERS

All interfund transfers between the various funds are approved supplements to the operations of those funds.

Interfund transfers:

Transfers In	Transfers Out	Amounts
General Fund	WPDC Sales Tax Fund	\$ 36,443
General Fund	Storm Drain Utility	71,000
General Fund	WCCPD Fund	28,696
General Fund	Water and Sewer Operating Fund	426,961
PEG Fund	General Fund	12,770
Capital Projects Fund	General Fund	220,000
Equipment Replacement Fund	WCCPD Fund	368,000
Equipment Replacement Fund	Municipal Court Fund	20,000
Equipment Replacement Fund	Storm Drain Utility	46,000
Equipment Replacement Fund	General Fund	66,000
		<u>\$ 1,295,870</u>

Transfers are primarily used to move funds to:

- General Fund from Watauga Parks Development Corporation ("WPDC") Sales Tax Fund for General and Administrative charges. A percent of fund revenues (less interest income) to pay for general charges that the General Fund pays for but services used also by other funds.
- General Fund from Storm Drain Utility Fund for General and Administrative charges. A percent of fund revenues (less interest income) to pay for general charges that the General Fund pays for but services used also by other funds.
- General Fund from Watauga Crime Control and Prevention District ("WPCCPD") Fund for General and Administrative charges. A percent of fund revenues (less interest income) to pay for general charges that the General Fund pays for but services used also by other funds.
- General Fund from Water and Sewer Operating Fund for General and Administrative charges. A percent of fund revenues (less interest income) to pay for general charges that the General Fund pays for but services are also used by other funds.
- PEG Fund from General Fund was to establish PEG fees that were previously recorded in the General Fund.
- Capital Projects Fund from General Fund for capital improvement plans, specifically sidewalk reconstruction and engineering fees.
- The transfer to Equipment Replacement Fund were for the acquisition of various replacement capital needs in the City.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 7 - PENSION PLAN

The City of Watauga, Texas participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

A. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the City Council, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Employee deposit rate	7.00%
Matching ration (city to employee)	2 to 1
Years required for vesting	5
Updated Service Credit	100% Repeating Transfers
Annuity Increase (to retirees)	70% of CPI Repeating

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 7 - PENSION PLAN (continued)

A. Benefits Provided (continued)

Employees covered by benefit terms.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age.

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Number of	
Inactive employees or beneficiaries currently receiving benefits	95
Inactive employees entitled to but not yet receiving benefits	162
Active employees	157
Total	414

B. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7.00 percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.73 percent and 13.59 percent in calendar years 2017 and 2018, respectively. The city's contributions to TMRS for the year ended September 30, 2018 were \$1,290,463, and were equal to the required contributions.

C. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 7 - PENSION PLAN (continued)

C. Net Pension Liability (continued)

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2017 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 7 - PENSION PLAN (continued)

C. Net Pension Liability (continued)

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2016	\$ 45,622,650	\$ 39,092,347	\$ 6,530,303
Changes for the year:			
Service cost	1,531,337	-	1,531,337
Interest (on the Total Pension Liability)	3,067,400	-	3,067,400
Difference between expected and actual experience	(100,072)	-	(100,072)
Changes of assumptions	-	-	-
Contributions - employer	-	1,259,752	(1,259,752)
Contributions - employee	-	642,263	(642,263)
Net investment income	-	5,418,502	(5,418,502)
Benefit payments, including refunds of employee contributions	(1,890,714)	-	(1,890,714)
	-	(1,890,714)	1,890,714
Administrative expense	-	(28,079)	28,079
Other	-	(1,423)	1,423
Balance at 12/31/2017	\$ 48,230,601	\$ 44,492,648	\$ 3,737,953

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease	Current Single Rate	1% Increase
5.75%	Assumption	7.75%
6.75%		
\$11,269,719	\$3,737,953	(\$2,343,432)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 7 - PENSION PLAN (continued)

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018 the city recognized pension expense of \$1,029,073.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in expected and actual experience	\$ -	\$ 406,764
Difference in assumption changes	12,464	-
Difference in projected and actual earnings on pension plan investments.	1,043,982	2,223,815
Employer contributions made after the measurement date	<u>913,726</u>	<u>-</u>
Totals	<u>\$ 1,970,172</u>	<u>\$ 2,630,579</u>

\$913,726 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2019	\$ (209,720)
2020	(234,796)
2021	(573,665)
2022	<u>(555,952)</u>
Total	<u>\$ (1,574,133)</u>

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

TMRS Supplemental Death Benefits Plan

Benefit Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Membership in the plan as of the measurement date of December 31, 2017 was as follows:

Number of	
Inactive employees or beneficiaries currently receiving benefits	62
Inactive employees entitled to but not yet receiving benefits	25
Active employees	157
Total	244

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city (currently 0.17% of covered payroll). The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Discount Rate

The TMRS SDBF program is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75, the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.31% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2017. At transition, GASB 75 also requires that the Total OPEB Liability (TOL) as of the prior fiscal year end be estimated based on the 20 Year Bond GO Index as of the prior fiscal year end. The actuary has estimated the TOL as of December 31, 2016 using a discount rate of 3.78%.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

The City's Total OPEB Liability ("TOL") was measured at December 31, 2017 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.
Retirement Age	benefits. Last updated for the 2015 valuation to an experience study for the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other Information:	
Notes	There were no benefit changes during the year.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2016	\$ 381,917
Changes for the year:	
Service cost	20,185
Interest (on the Total OPEB Liability)	14,766
Difference between expected and actual experience	
Changes of assumptions	36,678
Benefit payments, including refunds of employee contributions	(2,753)
Balance at 12/31/2017	\$ 450,793

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 3.31%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.31%) or 1 percentage point higher (4.31%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

1% Decrease	Current Single Rate Assumption	1% Increase
2.31%	3.31%	4.31%
\$545,423	\$450,793	\$377,446

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity

For the year ended September 30, 2018, the City recognized OPEB expense of \$41,330 relating to the SBFD plan.

As of September 30, 2018, the City reported deferred outflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>
Difference in assumption changes	\$ 30,299
Employer contributions made after the measurement date	<u>2,017</u>
Totals	<u><u>\$ 32,316</u></u>

The \$2,017 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending September 30, 2019.

Amounts currently reported as deferred outflows of resources related to OPEBs, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

<u>Fiscal Year</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2019	\$ 6,379
2020	6,379
2021	6,379
2022	6,379
2023	<u>4,783</u>
Total	<u><u>\$ 30,299</u></u>

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (continued)

City of Watauga Retiree Health Care Plan

Plan description.

The City's defined benefit OPEB plan, City of Watauga Retiree Health Care Plan (WHCP), provides OPEB through an implicit healthcare premium for retirees for all permanent full-time employees of the City. WHCP is a single employer defined benefit OPEB plan administered by the City. At this time, no assets are accumulated in a trust to fund the future requirements of the WHCP.

Benefits provided.

WHCP provides access to post retirement employees by offering a "blended premium" structure, that is, the overall health care premiums for active employees and non-Medicare retirees, are stated in terms of a single "blended premium". The difference between the underlying retiree claims and the blended overall health care premium is referred to as an "implicit" subsidy. Because the underlying claims costs for a non-Medicare retiree are on average higher than the blended premium, there is a positive implicit subsidy for the non-Medicare retirees.

Employees covered by benefit terms. At September 30, 2018, the following employees were covered by the benefit terms:

Number of	
retirees and beneficiaries	6
inactive, nonretired members	0
Active members	140
Total	146

Total OPEB Liability

The City's total OPEB liability of \$1,029,545 was measured as of December 31, 2017, and was determined by an actuarial valuation as of December 31, 2017.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial assumptions and other inputs.

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date: December 31, 2017

Methods and Assumptions:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	3.31% as of December 31, 2017
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	7.20% declining to an ultimate rate of 4.25% after 14 years
Participation Rates	35% of retirees between the ages of 50 and 64 at retirement; 0% for retirees under age 50 at retirement

Discount Rate

Because the WHCP is unfunded or pay-as-you go, the discount rate is based on 20 year tax-exempt AA or higher Municipal Bonds or 3.31% as of the measurement date of December 31, 2017 based on the 20 Year Bond GO Index published by bondbuyer.com.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2016	\$ 940,851
Changes for the year:	
Service cost	36,285
Interest (on the Total OPEB Liability)	35,912
Difference between expected and actual experience	
Changes of assumptions	49,341
Benefit payments	(32,844)
Balance at 12/31/2017	\$ 1,029,545

Changes of assumptions reflect a change in the discount rate from 3.81% as of December 31, 2016 to 3.31% as of December 31, 2017.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of the total OPEB liability to changes in the discount rate.

The following presents the plan's total OPEB liability, calculated using a discount rate of 3.31%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1% Decrease	Current Single Rate Assumption	1% Increase
2.31%	3.31%	4.31%
\$1,137,469	\$1,029,545	\$933,614

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$917,987	\$1,029,545	\$1,162,964

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$77,996. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 43,542	\$ -
Employer contributions made after the measurement date	38,117	-
Totals	<u>\$ 81,659</u>	<u>\$ -</u>

City contributions made subsequent to the measurement date of the total OPEB liability (December 31, 2017) and prior to year-end (September 30, 2018) will be recognized in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2019	\$ 5,799
2020	5,799
2021	5,799
2022	5,799
2023	5,799
Thereafter	14,547
Total	<u>\$ 43,542</u>

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts such as: theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Risk Pool) to provide general liability and property insurance and workers' compensation.

The City, along with other participating entities, contributes annual amounts determined by the Risk Pool. Contributions to the Risk Pool for workers' compensation are based on the City's payroll. As claims arise they are submitted to and paid by the Risk Pool.

The liability of the Texas Municipal League Intergovernmental Risk Pool is limited to a \$2,000,000 annual aggregate for general liability, errors and omissions, and law enforcement. The automobile liability limit for the risk pool is \$1,000,000 for each occurrence.

There have been no significant changes in insurance coverage as compared to last year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 10 - LITIGATION

Various claims and lawsuits are pending against the City of Watauga. In the opinion of the City's Legal Counsel and Management, the potential losses will not have a material effect on the City's financial statements.

NOTE 11 - OPERATING LEASE

The City is committed under various noncancelable operating leases, primarily for equipment (principally in the General Fund). Future minimum operating lease commitments are as follows:

2019-2020	\$	33,738
	\$	<u>33,738</u>

Lease and rental expenditures were \$39,524 for the year ended September 30, 2018.

CITY OF WATAUGA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 12 - FUND BALANCE RESTRICTIONS

Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors are classified as restricted fund balance. A summary of restricted fund balance in the governmental funds at September 30, 2018, follows:

	G.O. Debt Service Funds	G.O. Capital Projects Fund	Non Major Governmental Funds
Capital acquisitions and contractual obligations	\$ -	\$ 10,534,260	\$ 374,358
Debt service	710,903	-	-
Culture and recreation:			
Park improvements	-	-	832,531
Library purposes	-	-	36,694
	-	-	869,225
Public works:			
PEG Fees	-	-	18,403
Street maintenance	-	-	1,119,332
	-	-	1,137,735
Public safety:			
Law enforcement	-	-	1,189,712
Municipal court operations	-	-	229,184
	-	-	1,418,896
Total	\$ 710,903	\$ 10,534,260	\$ 3,800,214

NOTE 13 - PRIOR PERIOD ADJUSTMENT

In the current fiscal year, the City implemented the following new accounting standards:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The following is the prior period adjustment related to GASB Statement No. 75:

	Governmental Activities	Business-type Activites	Water and Sewer	Drainage Utility
<u>Net position - beginning of the year:</u>				
As originally presented	\$ 42,306,218	\$ 28,747,776	\$ 16,138,086	\$ 12,427,431
Change in accounting principle for:				
Beginning net OPEB liability	(1,092,268)	(230,500)	(181,400)	(49,100)
Deferred Outflows - 2017 year pension contributions made after previous net pension liability measurement date	28,319	6,300	4,900	1,400
As restated	\$ 41,242,269	\$ 28,523,576	\$ 15,961,586	\$ 12,379,731

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WATAUGA, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes and franchise fees	\$ 9,274,936	\$ 9,274,936	\$ 9,092,461	\$ (182,475)
Licenses and permits	404,000	404,000	726,796	322,796
Charges for services	750,500	750,500	757,088	6,588
Fines and forfeitures	745,700	745,700	436,262	(309,438)
Interest income	31,100	31,100	80,990	49,890
Intergovernmental	501,000	501,000	497,961	(3,039)
Miscellaneous	249,000	249,000	289,824	40,824
Total Revenues	11,956,236	11,956,236	11,881,382	(74,854)
Expenditures				
Current:				
Administration	288,000	260,590	263,735	(3,145)
Non-departmental	1,438,300	1,418,300	1,327,831	90,469
Human resources	164,000	164,000	162,813	1,187
Finance	458,450	458,450	440,796	17,654
MIS	348,850	348,850	329,036	19,814
Municipal Court	415,650	415,650	404,960	10,690
Library	965,200	965,200	935,245	29,955
Recreation and community				
services	671,000	718,410	715,493	2,917
Police	3,396,450	3,434,744	3,297,446	137,298
Fire/EMS	2,391,650	2,391,650	2,349,115	42,535
Public works	1,194,200	1,155,906	919,247	236,659
Fleet maintenance	187,100	187,100	181,750	5,350
Buildings	812,530	812,530	778,641	33,889
Total Expenditures	12,731,380	12,731,380	12,106,108	625,272
Excess (deficiency) of revenues				
over expenditures	(775,144)	(775,144)	(224,726)	550,418
Other Financing Sources (Uses)				
Transfers in	567,000	567,000	563,100	(3,900)
Transfers out	(286,000)	(298,770)	(298,770)	-
Total other financing sources				
and uses	281,000	268,230	264,330	(3,900)
Net change in fund balances	(494,144)	(506,914)	39,604	546,518
Fund balance, beginning of year	4,531,955	4,531,955	4,531,955	-
Fund balance, end of year	\$ 4,037,811	\$ 4,025,041	\$ 4,571,559	\$ 546,518

CITY OF WATAUGA, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION
Year Ended September 30, 2018

BUDGETARY CONTROLS AND PROCEDURES

The City Charter follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures/expenses and the means of financing them.
- The proposed budget and all supporting schedules are filed with the City Secretary when submitted to City Council.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 15, the budget is adopted by affirmative vote of at least two thirds of the members of the City Council.
- The City Manager is authorized to transfer budgeted amounts between programs within a department; however, any revisions that alter the total expenditures of any department must be approved by the City Council.
- If at any time during a fiscal year, it is estimated by the City Manager that current year's expenditures in any fund will exceed available revenues (including fund balance at the start of the year), the City Manager shall recommend measures to the City Council to ensure that a positive fund balance is maintained.
- Budgets for the General, Special Revenue, Debt Service and Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as amended by the City Council. Such appropriations lapse at year-end.
- Budgetary data for the Capital Projects Fund and the WPDC Construction Fund have not been presented in the accompanying financial statements as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the Capital Projects Fund and the WPDC Construction Fund are employed and comparison of actual results of operations to budgetary data for such funds are not presented.
- Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Enterprise Funds. Budgetary control is maintained at the departmental level.
- Budgetary data for the Enterprise Funds has not been presented since the reporting on such budgets is not legally required. Budgetary control is maintained at the departmental level.
- The City's expenditures exceeded appropriations in the Administration category by \$3,145.

CITY OF WATAUGA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last Four Measurement Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 1,531,337	\$ 1,513,714	\$ 1,484,819	\$ 1,278,209
Interest	3,067,400	2,907,277	2,804,072	2,632,122
Difference between expected and actual experience	(100,072)	(570,355)	(273,667)	(422,782)
Change in assumptions	-	-	60,403	-
Benefit payments, including refunds of employee contributions	(1,890,714)	(1,083,810)	(1,071,136)	(1,197,706)
Net change in total pension liability	2,607,951	2,766,826	3,004,491	2,289,843
Total pension liability - beginning	45,622,650	42,855,824	39,851,333	37,561,490
Total pension liability - ending (a)	<u>\$ 48,230,601</u>	<u>\$ 45,622,650</u>	<u>\$ 42,855,824</u>	<u>\$ 39,851,333</u>
Plan fiduciary net position:				
Contributions - employer	\$ 1,259,752	\$ 1,197,145	\$ 1,245,119	\$ 1,115,845
Contributions - employee	642,263	636,779	652,873	609,276
Net investment income	5,418,502	2,428,960	51,790	1,871,755
Benefit payments, including refunds of employee contributions	(1,890,714)	(1,083,810)	(1,071,136)	(1,197,706)
Administrative expense	(28,079)	(27,433)	(31,544)	(19,541)
Other	(1,423)	(1,478)	(1,558)	(1,607)
Net change in plan fiduciary net position	5,400,301	3,150,163	845,544	2,378,022
Plan fiduciary net position - beginning	39,092,347	35,942,184	35,096,640	32,718,618
Plan fiduciary net position - ending (b)	<u>\$ 44,492,648</u>	<u>\$ 39,092,347</u>	<u>\$ 35,942,184</u>	<u>\$ 35,096,640</u>
Net pension liability - ending (a) - (b)	\$ 3,737,953	\$ 6,530,303	\$ 6,913,640	\$ 4,754,693
Plan fiduciary net position as a percentage of total pension liability	92.25%	85.69%	83.87%	88.07%
Covered payroll	\$ 9,175,179	\$ 9,096,836	\$ 9,326,755	\$ 8,703,943
Net pension liability as a percentage of covered payroll	40.74%	71.79%	74.13%	54.63%

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68. Ten years of data should be presented in this schedule but data was unavailable prior to 2014.

**CITY OF WATAUGA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
Last Seven Fiscal Years**

	Fiscal Year						
	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contributions	\$1,274,565	\$1,259,325	\$1,194,583	\$1,190,315	\$1,108,798	\$1,082,831	\$1,129,470
Contributions in relation to the actuarially determined contribution	1,274,565	1,259,325	1,194,583	1,190,315	1,108,798	1,082,831	1,129,470
Contribution deficiency(excess)	-	-	-	-	-	-	-
Covered payroll	9,351,625	9,169,310	9,040,337	9,005,317	8,638,774	8,473,213	8,852,583
Contributions as a percentage of Covered payroll	13.63%	13.73%	13.21%	13.22%	12.84%	12.78%	12.76%

Notes: Actuarially determined contribution rates are calculated as of December 31st and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation to an experience study for the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other Information:	
Notes	There were no benefit changes during the year.

**CITY OF WATAUGA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Last Measurement Year**

TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT PLAN

	<u>2017</u>
Total OPEB liability:	
Service cost	\$ 20,185
Interest	14,766
Change in assumptions	36,678
Benefit payments, including refunds of employee contributions	<u>(2,753)</u>
Net change in total OPEB liability	68,876
Total OPEB liability - beginning	<u>381,917</u>
Total OPEB liability - ending	<u><u>\$ 450,793</u></u>

Covered payroll \$9,175,179

Total OPEB liability as a percentage
of covered payroll 4.91%

CITY OF WATAUGA, TEXAS RETIREE HEALTH PLAN

	<u>2017</u>
Total OPEB liability:	
Service cost	\$ 36,285
Interest	35,912
Change in assumptions	49,341
Benefit payments, including refunds of employee contributions	<u>(32,844)</u>
Net change in total OPEB liability	88,694
Total OPEB liability - beginning	<u>940,851</u>
Total OPEB liability - ending	<u><u>\$ 1,029,545</u></u>

Covered payroll \$9,013,440

Total OPEB liability as a percentage
of covered payroll 11.42%

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Net OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75. Ten years of data should be presented in this schedule but data was unavailable prior to 2017.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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NON MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Watauga Parks Development Corporation Sales Tax Fund – to account for a quarter-cent sales tax increase, approved by voters, to build and improve City parks.

Watauga Crime Control and Prevention Fund – to account for a half-cent sales tax increase approved by the voters to enhance law enforcement in Watauga.

Library Donation Fund – to account for public donations made to the City specifically for the benefit of the public library.

Municipal Court Security Fund – to account for a fee established in the 1997 Texas Legislative session to allow a \$3 assessment on all court fines paid. This assessment allows municipalities to purchase security equipment such as surveillance cameras, bulletproof glass and bailiff costs for Municipal Court areas.

Municipal Court Technology Fund – to account for a fee established in the 1997 Texas legislative session to allow a \$4 assessment on all court fines paid. This assessment allows municipalities to purchase and maintain technology equipment such as computer hardware and software for the benefit of the Municipal Court.

Municipal Court Juvenile Case Manager Fund – to account for a fee established and approved by City Council January 28, 2008 to allow a \$5 assessment per misdemeanor offense. Fees are paid out of this fund to pay personnel costs of the Municipal Court Juvenile Case Manager.

Traffic Safety Fund – to account for civil or administrative penalties to no more than \$75 and late penalties to no more than \$25. Legislation passed by 80th Texas Legislature allows a local government entity to use a photographic traffic signal enforcement system. One-half the net revenue from this fund is remitted to the Texas Comptroller for deposit into a Regional Trauma Account.

Street Maintenance Sales Tax Fund – to account for a quarter-cent sales tax approved by voters on May 12, 2012 for an initial four years effective October 1, 2012, and reauthorized in May 2016. The purpose of the sales tax is to provide for the maintenance and repair of municipal streets in existence at the time of the vote.

PEG Fund – to account for the expenditures for Public, Educational, and Government (PEG) Access programming is supported by the PEG fee that is assessed to each cable subscriber.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Watauga Parks Development Corporation Construction Fund – to account for construction projects in for the Parks Development Corporation.

**CITY OF WATAUGA, TEXAS
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
September 30, 2018**

	WPDC Sales Tax Fund	Watauga Crime Control and Prevention Fund	Library Donation Fund	Municipal Court Security Fund	Municipal Court Technology Fund
ASSETS					
Cash and cash equivalents	\$ 347,289	\$ 192,744	\$ 17,523	\$ 1,029	\$ 70,842
Investments	369,636	345,221	18,942	-	38,785
Accounts receivable	127,844	247,919	252	-	247
Prepays and deposits	4,675	5,590	-	-	-
Total assets	<u>\$ 849,444</u>	<u>\$ 791,474</u>	<u>\$ 36,717</u>	<u>\$ 1,029</u>	<u>\$ 109,874</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,314	\$ 10,778	\$ -	\$ -	\$ -
Accrued liabilities	10,924	53,784	23	851	-
Total liabilities	<u>12,238</u>	<u>64,562</u>	<u>23</u>	<u>851</u>	<u>-</u>
FUND BALANCES					
Non-spendable					
Prepaid items	4,675	5,590	-	-	-
Restricted					
Capital acquisitions and contractual obligations	-	-	-	-	-
Debt service	-	-	-	-	-
Culture and recreation	832,531	-	36,694	-	-
Public works	-	-	-	-	-
Public safety	-	721,322	-	178	109,874
Total Fund Balances	<u>837,206</u>	<u>726,912</u>	<u>36,694</u>	<u>178</u>	<u>109,874</u>
Total Liabilities and Fund Balances	<u>\$ 849,444</u>	<u>\$ 791,474</u>	<u>\$ 36,717</u>	<u>\$ 1,029</u>	<u>\$ 109,874</u>

Municipal Court Juvenile Case Manager Fund	Traffic Safety Fund	Street Maintenance Sales Tax Fund	PEG Fund	WPDC Construction Fund	Total Non major Governmental Funds
\$ 84,739	\$ 877,276	\$ 538,447	\$ 25,088	\$ 288,370	\$ 2,443,347
34,878	-	626,616	-	85,444	1,519,522
222	-	129,218	-	544	506,246
-	-	-	-	-	10,265
<u>\$ 119,839</u>	<u>\$ 877,276</u>	<u>\$ 1,294,281</u>	<u>\$ 25,088</u>	<u>\$ 374,358</u>	<u>\$ 4,479,380</u>
\$ -	\$ 397,954	\$ 174,949	\$ 6,685	\$ -	\$ 591,680
707	10,932	-	-	-	77,221
<u>707</u>	<u>408,886</u>	<u>174,949</u>	<u>6,685</u>	<u>-</u>	<u>668,901</u>
-	-	-	-	-	10,265
-	-	-	-	374,358	374,358
-	-	-	-	-	-
-	-	-	-	-	869,225
-	-	1,119,332	18,403	-	1,137,735
<u>119,132</u>	<u>468,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,418,896</u>
<u>119,132</u>	<u>468,390</u>	<u>1,119,332</u>	<u>18,403</u>	<u>374,358</u>	<u>3,810,479</u>
<u>\$ 119,839</u>	<u>\$ 877,276</u>	<u>\$ 1,294,281</u>	<u>\$ 25,088</u>	<u>\$ 374,358</u>	<u>\$ 4,479,380</u>

CITY OF WATAUGA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2018

	WPDC Sales Tax Fund	Watauga Crime Control and Prevention Fund	Library Donation Fund	Municipal Court Security Fund	Municipal Court Technology Fund
Revenues					
Taxes	\$ 729,841	\$ 1,434,679	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-
Interest income	12,824	17,855	589	-	1,657
Miscellaneous	-	1	6,617	7,080	9,450
Total revenues	<u>742,665</u>	<u>1,452,535</u>	<u>7,206</u>	<u>7,080</u>	<u>11,107</u>
Expenditures					
Current:					
Public safety	-	1,533,250	-	21,019	7,465
Culture and recreation	675,636	-	3,647	-	-
Public works	-	-	-	-	-
Capital outlay	<u>6,200</u>	<u>28,807</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>681,836</u>	<u>1,562,057</u>	<u>3,647</u>	<u>21,019</u>	<u>7,465</u>
Excess (deficiency) of revenues over expenditures	<u>60,829</u>	<u>(109,522)</u>	<u>3,559</u>	<u>(13,939)</u>	<u>3,642</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(36,443)	(396,696)	-	-	(20,000)
Total other financing sources (uses)	<u>(36,443)</u>	<u>(396,696)</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>
Net change in fund balances	24,386	(506,218)	3,559	(13,939)	(16,358)
Fund balances - beginning	<u>812,820</u>	<u>1,233,130</u>	<u>33,135</u>	<u>14,117</u>	<u>126,232</u>
Fund balances - ending	<u>\$ 837,206</u>	<u>\$ 726,912</u>	<u>\$ 36,694</u>	<u>\$ 178</u>	<u>\$ 109,874</u>

Municipal Court Juvenile Case Manager Fund	Traffic Safety Fund	Street Maintenance Sales Tax Fund	PEG Fund	WPDC Construction Fund	Total Non major Governmental Funds
\$ -	\$ -	\$ 721,630	\$ -	\$ -	\$ 2,886,150
-	970,089	-	-	-	970,089
1,695	1,329	18,827	13	5,060	59,849
11,771	-	-	12,305	-	47,224
13,466	971,418	740,457	12,318	5,060	3,963,312
21,137	773,945	-	6,685	-	2,363,501
-	-	-	-	-	679,283
-	-	89,842	-	-	89,842
-	-	615,673	-	61,092	711,772
21,137	773,945	705,515	6,685	61,092	3,844,398
(7,671)	197,473	34,942	5,633	(56,032)	118,914
-	-	-	12,770	-	12,770
-	-	-	-	-	(453,139)
-	-	-	12,770	-	(440,369)
(7,671)	197,473	34,942	18,403	(56,032)	(321,455)
126,803	270,917	1,084,390	-	430,390	4,131,934
\$ 119,132	\$ 468,390	\$ 1,119,332	\$ 18,403	\$ 374,358	\$ 3,810,479

CITY OF WATAUGA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
WPDC SALES TAX SPECIAL REVENUE FUND
Year Ended September 30, 2018

	Budget Amounts Final Budget	Actual Amounts	Variance Positive / (Negative)
Revenues			
Taxes	\$ 735,000	\$ 729,841	\$ (5,159)
Interest income	1,000	12,824	11,824
Total Revenues	<u>736,000</u>	<u>742,665</u>	<u>6,665</u>
Expenditures			
Current:			
Culture and recreation	714,850	675,636	39,214
Capital Outlay	6,000	6,200	(200)
Total Expenditures	<u>720,850</u>	<u>681,836</u>	<u>39,014</u>
Excess (deficiency) of revenues over expenditures	<u>15,150</u>	<u>60,829</u>	<u>45,679</u>
Other financing sources (uses)			
Transfers out	<u>(37,000)</u>	<u>(36,443)</u>	<u>557</u>
Total other financing sources (uses)	<u>(37,000)</u>	<u>(36,443)</u>	<u>557</u>
Net change in fund balances	(21,850)	24,386	46,236
Fund balances, beginning of year	<u>812,820</u>	<u>812,820</u>	<u>-</u>
Fund balances, end of year	<u>\$ 790,970</u>	<u>\$ 837,206</u>	<u>\$ 46,236</u>

CITY OF WATAUGA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
WATAUGA CRIME CONTROL AND PREVENTION SPECIAL REVENUE FUND
Year Ended September 30, 2018

	Budget Amounts	Actual	Variance
	Final Budget	Amounts	Positive /
			(Negative)
Revenues			
Taxes	\$ 1,450,000	\$ 1,434,679	\$ (15,321)
Interest income	3,500	17,855	14,355
Miscellaneous	48,000	1	(47,999)
Total revenues	<u>1,501,500</u>	<u>1,452,535</u>	<u>(48,965)</u>
Expenditures			
Current:			
Public safety	1,629,428	1,533,250	96,178
Capital Outlay	39,358	28,807	10,551
Total expenditures	<u>1,668,786</u>	<u>1,562,057</u>	<u>106,729</u>
Excess (deficiency) of revenues over expenditures	<u>(167,286)</u>	<u>(109,522)</u>	<u>57,764</u>
Other financing sources (uses)			
Transfers out	<u>(397,000)</u>	<u>(396,696)</u>	<u>(304)</u>
Total other financing sources (uses)	<u>(397,000)</u>	<u>(396,696)</u>	<u>(304)</u>
Net change in fund balances	(564,286)	(506,218)	58,068
Fund balances, beginning of year	<u>1,233,130</u>	<u>1,233,130</u>	<u>-</u>
Fund balances, end of year	<u>\$ 668,844</u>	<u>\$ 726,912</u>	<u>\$ 58,068</u>

CITY OF WATAUGA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
LIBRARY DONATION SPECIAL REVENUE FUND
Year Ended September 30, 2018

	Budget Amounts <u>Final Budget</u>	Actual <u>Amounts</u>	Variance Positive / <u>(Negative)</u>
Revenues			
Interest income	\$ 50	\$ 589	\$ 539
Miscellaneous	6,000	6,617	617
Total Revenues	<u>6,050</u>	<u>7,206</u>	<u>1,156</u>
Expenditures			
Current:			
Culture and recreation	5,880	3,647	2,233
Total expenditures	<u>5,880</u>	<u>3,647</u>	<u>2,233</u>
Net change in fund balances	170	3,559	3,389
Fund balances, beginning of year	<u>33,135</u>	<u>33,135</u>	<u>-</u>
Fund balances, end of year	<u>\$ 33,305</u>	<u>\$ 36,694</u>	<u>\$ 3,389</u>

CITY OF WATAUGA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
MUNICIPAL COURT BUILDING SECURITY SPECIAL REVENUE FUND
Year Ended September 30, 2018

	Budget Amounts Final Budget	Actual Amounts	Variance Positive / (Negative)
Revenues			
Interest income	\$ 50	\$ -	\$ (50)
Miscellaneous	15,000	7,080	(7,920)
Total Revenues	15,050	7,080	(7,970)
Expenditures			
Current:			
Public safety	22,600	21,019	1,581
Total Expenditures	22,600	21,019	1,581
Excess (deficiency) of revenues over expenditures	(7,550)	(13,939)	(6,389)
Net change in fund balances	(7,550)	(13,939)	(6,389)
Fund balances, beginning of year	14,117	14,117	-
Fund balances, end of year	\$ 6,567	\$ 178	\$ (6,389)

CITY OF WATAUGA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
MUNICIPAL COURT TECHNOLOGY SPECIAL REVENUE FUND
Year Ended September 30, 2018

	Budget Amounts Final Budget	Actual Amounts	Variance Positive / (Negative)
Revenues			
Interest income	\$ 300	\$ 1,657	\$ 1,357
Miscellaneous	19,000	9,450	(9,550)
Total revenues	19,300	11,107	(8,193)
Expenditures			
Current:			
Public safety	14,300	7,465	6,835
Total expenditures	14,300	7,465	6,835
Excess (deficiency) of revenues over expenditures	5,000	3,642	(1,358)
Other Financing Sources (Uses)			
Operating Transfers (Out)	(20,000)	(20,000)	-
Net change in fund balances	(15,000)	(16,358)	(1,358)
Fund balances, beginning of year	126,232	126,232	-
Fund balances, end of year	\$ 111,232	\$ 109,874	\$ (1,358)

CITY OF WATAUGA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
MUNICIPAL COURT JUVENILE CASE MANAGER SPECIAL REVENUE FUND
Year Ended September 30, 2018

	Budget Amounts	Actual	Variance
	<u>Final Budget</u>	<u>Amounts</u>	<u>Positive /</u> <u>(Negative)</u>
Revenues			
Interest income	\$ 200	\$ 1,695	\$ 1,495
Miscellaneous	<u>25,000</u>	<u>11,771</u>	<u>(13,229)</u>
Total Revenues	<u>25,200</u>	<u>13,466</u>	<u>(11,734)</u>
Expenditures			
Current:			
Public safety	<u>32,500</u>	<u>21,137</u>	<u>11,363</u>
Total expenditures	<u>32,500</u>	<u>21,137</u>	<u>11,363</u>
Net change in fund balances	(7,300)	(7,671)	(371)
Fund balances, beginning of year	<u>126,803</u>	<u>126,803</u>	<u>-</u>
Fund balances at year end	<u>\$ 119,503</u>	<u>\$ 119,132</u>	<u>\$ (371)</u>

CITY OF WATAUGA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
TRAFFIC SAFETY SPECIAL REVENUE FUND
Year Ended September 30, 2018

	Budget Amounts	Actual	Variance
	<u>Final Budget</u>	<u>Amounts</u>	<u>Positive /</u> <u>(Negative)</u>
Revenues			
Fines and forfeits	\$ 800,000	\$ 970,089	\$ 170,089
Interest income	-	1,329	1,329
Total Revenues	<u>800,000</u>	<u>971,418</u>	<u>171,418</u>
Expenditures			
Current:			
Public safety	<u>818,760</u>	<u>773,945</u>	<u>44,815</u>
Total expenditures	<u>818,760</u>	<u>773,945</u>	<u>44,815</u>
Net change in fund balances	(18,760)	197,473	216,233
Fund balances, beginning of year	<u>270,917</u>	<u>270,917</u>	<u>-</u>
Fund balances at year end	<u><u>\$ 252,157</u></u>	<u><u>\$ 468,390</u></u>	<u><u>\$ 216,233</u></u>

CITY OF WATAUGA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
STREET MAINTENANCE SALES TAX SPECIAL REVENUE FUND
Year Ended September 30, 2018

	Budget Amounts Final Budget	Actual Amounts	Variance Positive / (Negative)
Revenues			
Sales taxes	\$ 723,000	\$ 721,630	\$ (1,370)
Interest income	1,000	18,827	17,827
Total revenues	<u>724,000</u>	<u>740,457</u>	<u>16,457</u>
Expenditures			
Public works	110,000	89,842	20,158
Capital outlay	<u>720,000</u>	<u>615,673</u>	<u>104,327</u>
Total expenditures	<u>830,000</u>	<u>705,515</u>	<u>124,485</u>
Net change in fund balances	(106,000)	34,942	140,942
Fund balances, beginning of year	<u>1,084,390</u>	<u>1,084,390</u>	<u>-</u>
Fund balances at year end	<u>\$ 978,390</u>	<u>\$ 1,119,332</u>	<u>\$ 140,942</u>

CITY OF WATAUGA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
PEG SPECIAL REVENUE FUND
Year Ended September 30, 2018

	Budget Amounts Final Budget	Actual Amounts	Variance Positive / (Negative)
Revenues			
Interest income	\$ -	\$ 13	\$ 13
Miscellaneous	-	12,305	12,305
Total revenues	-	12,318	12,318
Expenditures			
Current:			
Public safety	7,000	6,685	315
Total expenditures	7,000	6,685	315
Excess (deficiency) of revenues over expenditures	(7,000)	5,633	12,633
Other Financing Sources (Uses)			
Operating Transfers In	12,770	12,770	-
Net change in fund balances	5,770	18,403	12,633
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ 5,770	\$ 18,403	\$ 12,633

CITY OF WATAUGA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL OBLIGATION DEBT SERVICE FUND
Year Ended September 30, 2018

	Budget Amounts <u>Final Budget</u>	Actual <u>Amounts</u>	Variance Positive / <u>(Negative)</u>
Revenues			
Taxes			
Property taxes	\$ 2,114,000	\$ 2,246,575	\$ 132,575
Penalties and interest	10,000	10,746	746
Interest income	800	12,617	11,817
Total revenues	<u>2,124,800</u>	<u>2,269,938</u>	<u>145,138</u>
 Expenditures			
Debt service			
Principal	1,665,000	1,665,000	-
Interest	<u>431,438</u>	<u>431,111</u>	<u>327</u>
Total expenditures	<u>2,096,438</u>	<u>2,096,111</u>	<u>327</u>
 Net change in fund balances	28,362	173,827	145,465
 Fund balances, beginning of year	<u>537,076</u>	<u>537,076</u>	<u>-</u>
 Fund balances at year end	<u>\$ 565,438</u>	<u>\$ 710,903</u>	<u>\$ 145,465</u>

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**STATISTICAL SECTION
(Unaudited)**

STATISTICAL SECTION

This part of the City of Watauga's Comprehensive Annual Financial Report provides detailed information to help the reader better understand information presented within the financial statements, note disclosures, and required supplementary information and how they relate to the City's overall financial health.

Financial Trends Contains trend information to aid the reader in understanding how the City's financial performance has changed over time.	(Tables 1-4)
Revenue Capacity Contains information to help the reader assess the City's most significant local revenue sources, the property tax and water revenues.	(Tables 5-10)
Debt Capacity Presents information to assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	(Tables 11-14)
Demographic and Economic Information Offers information to help the reader understand the environment within which the City's financial activities take place.	(Tables 15-16)
Operating Information Contains service and infrastructure data to help the reader understand how the City's financial report relates to the services the City provides and the activities it performs.	(Tables 17-19)

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Table 1

CITY OF WATAUGA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	<u>2009 (1)</u>	<u>2010 (1)</u>	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities										
Net investment in capital assets	\$ 30,732,214	\$ 32,581,629	\$ 32,223,143	\$ 34,487,229	\$ 36,189,453	\$ 36,422,084	\$ 36,792,569	\$ 36,945,402	\$ 37,278,290	\$ 38,660,904
Restricted	2,627,994	2,922,789	5,172,892	4,065,171	3,434,419	3,627,883	3,488,244	3,833,368	4,620,450	4,457,373
Unrestricted	6,343,363	5,712,161	4,841,861	3,944,350	3,550,813	3,901,351	1,320,284	845,314	407,478	(371,133)
Total governmental activities net position	\$ 39,703,571	\$ 41,216,579	\$ 42,237,896	\$ 42,496,750	\$ 43,174,665	\$ 43,951,318	\$ 41,601,097	\$ 41,624,084	\$ 42,306,218	\$ 42,747,144
Business-type activities										
Net investment in capital assets	\$ 16,389,484	\$ 17,035,479	\$ 13,630,412	\$ 19,182,389	\$ 19,337,856	\$ 20,531,108	\$ 21,545,419	\$ 24,344,617	\$ 24,042,159	\$ 23,944,294
Restricted	32,326	36,788	38,565	58,469	71,731	87,591	18,283	-	-	-
Unrestricted	5,072,765	4,383,221	8,059,411	4,053,800	5,337,852	5,506,717	4,493,409	3,139,921	4,705,617	6,210,337
Total business-type activities net position	\$ 21,494,575	\$ 21,455,488	\$ 21,728,388	\$ 23,294,658	\$ 24,747,439	\$ 26,125,416	\$ 26,057,111	\$ 27,484,538	\$ 28,747,776	\$ 30,154,631
Primary government										
Net investment in capital assets	\$ 47,121,698	\$ 49,617,108	\$ 45,853,555	\$ 53,669,618	\$ 55,527,309	\$ 56,953,192	\$ 58,337,988	\$ 61,290,019	\$ 61,320,449	\$ 62,605,198
Restricted	2,660,320	2,959,577	5,211,457	4,123,640	3,506,150	3,715,474	3,506,527	3,833,368	4,620,450	4,457,373
Unrestricted	11,416,128	10,095,382	12,901,272	7,998,150	8,888,665	9,408,068	5,813,693	3,985,235	5,113,095	5,839,204
Total primary government net position	\$ 61,198,146	\$ 62,672,067	\$ 63,966,284	\$ 65,791,408	\$ 67,922,124	\$ 70,076,734	\$ 67,658,208	\$ 69,108,622	\$ 71,053,994	\$ 72,901,775

Source: Comprehensive Annual Financial Reports

(1) 2011 and prior have not been restated for GASB 65 regarding expensing of bond issuance costs.

Table 2

CITY OF WATAUGA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	<u>2009 (1)</u>	<u>2010 (1)</u>	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses										
Governmental activities:										
General government	\$ 4,821,004	\$ 5,051,415	\$ 5,631,743	\$ 6,334,463	\$ 5,965,810	\$ 5,946,991	\$ 5,978,427	\$ 6,199,213	\$ 3,522,986	\$ 5,584,813
Public Safety	4,209,793	4,431,774	4,754,148	4,678,418	5,135,677	5,121,732	5,436,979	6,038,193	5,845,630	5,808,608
Public Works	1,993,867	2,136,811	2,008,511	1,771,771	1,473,221	1,980,003	1,323,932	987,456	2,472,838	769,758
Culture and recreation	2,108,473	1,648,292	2,372,064	2,467,403	2,372,941	2,411,179	3,073,296	3,719,332	5,095,575	4,720,179
Interest on long-term debt	679,483	560,285	471,940	755,827	496,694	364,167	385,505	282,586	411,910	381,932
Total governmental activities expenses	<u>13,812,620</u>	<u>13,828,577</u>	<u>15,238,406</u>	<u>16,007,882</u>	<u>15,444,343</u>	<u>15,824,072</u>	<u>16,198,139</u>	<u>17,226,780</u>	<u>17,348,939</u>	<u>17,265,290</u>
Business-type activities:										
Water and Sewer	5,886,812	6,260,844	6,199,136	6,458,485	6,502,520	6,416,253	7,228,169	7,300,779	6,979,614	6,707,331
Drainage Utility	901,079	843,690	914,987	1,080,620	1,152,248	1,087,378	946,494	932,806	978,469	1,015,534
Total business-type activities expenses	<u>6,787,891</u>	<u>7,104,534</u>	<u>7,114,123</u>	<u>7,539,105</u>	<u>7,654,768</u>	<u>7,503,631</u>	<u>8,174,663</u>	<u>8,233,585</u>	<u>7,958,083</u>	<u>7,722,865</u>
Total primary government expenses	<u>\$ 20,600,511</u>	<u>\$ 20,933,111</u>	<u>\$ 22,352,529</u>	<u>\$ 23,546,987</u>	<u>\$ 23,099,111</u>	<u>\$ 23,327,703</u>	<u>\$ 24,372,802</u>	<u>\$ 25,460,365</u>	<u>\$ 25,307,022</u>	<u>\$ 24,988,155</u>
Program Revenues										
Governmental activities:										
Fees, Fines, and Charges for services:										
General Government	\$ 102,044	\$ 212,514	\$ 320,960	\$ 90,425	\$ 133,938	\$ 125,385	\$ 123,006	\$ 131,200	\$ 126,955	\$ 177,819
Public Safety	1,323,097	1,330,535	1,772,981	1,994,440	1,660,967	1,852,051	1,799,906	2,015,413	1,998,687	1,819,361
Public Works	434,925	214,136	244,236	456,805	430,403	489,628	468,706	634,100	612,106	909,678
Culture and recreation	220,824	390,920	442,579	233,136	254,023	273,498	272,611	274,796	261,019	252,208
Operating grants and contributions	64,747	62,761	20,646	16,909	20,088	16,438	13,959	35,537	16,111	38,350
Capital grants and contributions	-	161,482	168,941	-	209,350	-	-	-	-	-
Total governmental activities program revenues	<u>2,145,637</u>	<u>2,372,348</u>	<u>2,970,343</u>	<u>2,791,715</u>	<u>2,708,769</u>	<u>2,757,000</u>	<u>2,678,188</u>	<u>3,091,046</u>	<u>3,014,878</u>	<u>3,197,416</u>
Business-type activities:										
Charges for services:										
Water and Sewer	6,710,552	6,683,362	7,040,653	8,221,767	8,159,949	7,894,765	7,877,686	8,660,723	8,206,963	8,223,078
Drainage Utility	698,711	700,295	702,665	1,296,024	1,413,708	1,416,053	1,419,324	1,410,213	1,419,460	1,451,829
Capital grants and contributions	-	-	-	-	-	16	-	-	-	-
Total business-type activities program revenues	<u>7,409,263</u>	<u>7,383,657</u>	<u>7,743,318</u>	<u>9,517,791</u>	<u>9,573,657</u>	<u>9,310,834</u>	<u>9,297,010</u>	<u>10,070,936</u>	<u>9,626,423</u>	<u>9,674,907</u>
Total primary government program revenues	<u>\$ 9,554,900</u>	<u>\$ 9,756,005</u>	<u>\$ 10,713,661</u>	<u>\$ 12,309,506</u>	<u>\$ 12,282,426</u>	<u>\$ 12,067,834</u>	<u>\$ 11,975,198</u>	<u>\$ 13,161,982</u>	<u>\$ 12,641,301</u>	<u>\$ 12,872,323</u>

Table 2
(continued)

CITY OF WATAUGA
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	2009 (1)	2010 (1)	2011 (1)	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental activities	\$ (11,666,983)	\$ (11,456,229)	\$ (12,268,063)	\$ (13,216,167)	\$ (12,735,574)	\$ (13,067,072)	\$ (13,519,951)	\$ (14,135,734)	\$ (14,334,061)	\$ (14,067,874)
Business-type activities	621,372	279,123	629,195	1,978,686	1,918,889	1,807,203	1,122,347	1,837,351	1,668,340	1,952,042
Total primary government net expense	\$ (11,045,611)	\$ (11,177,106)	\$ (11,638,868)	\$ (11,237,481)	\$ (10,816,685)	\$ (11,259,869)	\$ (12,397,604)	\$ (12,298,383)	\$ (12,665,721)	\$ (12,115,832)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 5,999,752	\$ 5,947,914	\$ 5,627,282	\$ 5,689,606	\$ 5,627,201	\$ 5,677,248	\$ 5,943,336	\$ 6,246,764	\$ 7,022,618	\$ 7,430,079
Franchise taxes	1,033,043	1,039,844	1,216,628	1,090,651	1,065,054	1,125,164	1,184,339	1,114,190	1,003,842	925,895
Sales taxes	4,951,896	5,144,963	5,626,261	5,685,949	5,675,542	6,008,050	6,284,432	5,868,069	5,814,302	5,850,480
Penalties and Interest	44,683	44,805	40,246	39,239	33,006	32,724	42,000	32,295	39,561	35,044
Payments in lieu of taxes	371,890	360,928	370,075	460,537	471,721	469,219	458,232	370,897	457,222	497,961
Investment earnings	280,729	69,855	38,733	32,675	25,392	10,763	29,030	68,650	152,516	280,383
Gain on Sale of Assets	(6,747)	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	15,828	43,872	51,317	26,435	3,960	9,439	8,946
Transfers	34,662	360,928	370,155	460,537	471,721	469,219	578,070	453,897	516,695	543,961
Total governmental activities	12,709,908	12,969,237	13,289,380	13,475,022	13,413,509	13,843,704	14,545,874	14,158,722	15,016,195	15,572,749
Business-type activities:										
Investment earnings	110,910	24,115	13,860	8,256	5,613	3,384	21,017	43,863	103,443	222,974
Miscellaneous revenue	-	-	-	39,865	-	36,608	5,008	110	8,150	-
Transfers	(34,662)	(360,928)	(370,155)	(460,537)	(471,721)	(469,219)	(578,070)	(453,897)	(516,695)	(543,961)
Total business-type activities	76,248	(336,813)	(356,295)	(412,416)	(466,108)	(429,227)	(552,045)	(409,924)	(405,102)	(320,987)
Total primary government	\$ 12,786,156	\$ 12,632,424	\$ 12,933,085	\$ 13,062,606	\$ 12,947,401	\$ 13,414,477	\$ 13,993,829	\$ 13,748,798	\$ 14,611,093	\$ 15,251,762
Change in Net Position										
Governmental activities	\$ 1,042,925	\$ 1,513,008	\$ 1,021,317	\$ 258,855	\$ 677,935	\$ 776,632	\$ 1,025,923	\$ 22,988	\$ 682,134	\$ 1,504,875
Business-type activities	697,620	(57,690)	272,900	1,566,270	1,452,781	1,377,976	570,302	1,427,427	1,283,238	1,631,055
Total primary government	\$ 1,740,545	\$ 1,455,318	\$ 1,294,217	\$ 1,825,125	\$ 2,130,716	\$ 2,154,608	\$ 1,596,225	\$ 1,450,415	\$ 1,945,372	\$ 3,135,930

Source: Comprehensive Annual Financial Reports

(1) 2011 and prior have not been restated for GASB 65 regarding expensing of bond issuance costs.

Table 3

CITY OF WATAUGA
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011**</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Non-spendable										
Inventories		\$ 19,280	\$ 30,009	\$ 16,182	\$ 16,095	\$ 17,389	\$ 17,636	\$ 20,440	\$ 21,487	
Prepaid		-	1,060	8,602	106,545	91,173	184,729	20,491	8,651	
Assigned										
Other purposes		37,698	30,512	-	-	-	-	-	-	-
Unassigned		6,136,979	5,584,021	5,516,922	5,914,070	5,734,435	5,274,387	4,490,902	4,541,421	
Total general fund**		\$ 6,193,957	\$ 5,645,602	\$ 5,541,706	\$ 6,036,710	\$ 5,842,997	\$ 5,476,752	\$ 4,531,833	\$ 4,571,559	
Reserved*	\$ -	\$ 27,870	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,690,658	6,339,861	-	-	-	-	-	-	-	-
Total general fund	\$ 6,690,658	\$ 6,367,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other Governmental Funds										
Non-spendable										
Prepaid items		\$ 789,450	\$ -	\$ -	\$ 7,770	\$ 26,021	\$ 6,766	\$ 7,198	\$ 10,265	
Restricted										
Capital acquisitions and contractual obligations				2,356,746	5,239,060	4,076,280	8,578,094	5,919,345	10,908,618	
Debt service		5,179,695	2,976,396	485,087	540,837	342,274	397,992	539,900	710,903	
Culture and recreation		444,941	469,446	914,222	742,157	695,139	751,871	838,576	869,225	
Public Works		1,979,061	1,933,581	210,288	421,174	654,858	818,069	1,084,390	1,137,735	
Public Safety		-	-	1,345,927	1,389,689	1,500,796	1,493,577	1,768,676	1,418,896	
Total all other governmental funds		\$ 2,034,849	\$ 1,222,484	\$ 5,312,270	\$ 8,340,687	\$ 7,295,368	\$ 12,046,369	\$ 10,158,085	\$ 15,055,642	
Total all other governmental funds		\$ 10,427,996	\$ 6,601,907	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	\$ 684,739	\$ 574,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds		2,627,994	-	-	-	-	-	-	-	-
Capital projects funds		3,862,015	-	-	-	-	-	-	-	-
Debt service funds		-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 7,174,748	\$ 7,504,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: *Includes encumbrances and prepaid items

** Beginning 2011, fund balances are reported using GASB 54 classifications

Source: Comprehensive Annual Financial Reports

Table 4

CITY OF WATAUGA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues										
Taxes and franchise fees	\$ 12,014,774	\$ 12,189,384	\$ 12,523,295	\$ 12,464,130	\$ 12,407,885	\$ 12,822,665	\$ 13,471,718	\$ 13,263,260	\$ 13,867,337	\$ 14,235,932
Licenses and permits	257,159	218,013	262,778	270,716	250,579	309,592	285,258	454,991	428,530	726,796
Charges for services	646,535	699,238	680,564	664,507	625,613	777,747	748,687	741,565	745,127	757,088
Fines and forfeitures	701,608	884,038	1,439,291	1,593,653	1,351,756	1,396,063	1,298,897	1,563,928	1,522,589	1,406,351
Interest income	280,729	69,855	37,640	32,208	24,871	10,252	26,987	59,651	139,237	247,840
Intergovernmental	371,890	360,928	370,075	460,537	471,721	469,219	458,232	370,897	457,222	497,961
Miscellaneous	292,247	544,859	648,553	262,839	511,617	306,504	320,016	364,976	314,273	337,048
Total revenues	14,564,942	14,966,315	15,962,196	15,748,590	15,644,042	16,092,042	16,609,795	16,819,268	17,474,315	18,209,016
Expenditures										
General government	4,606,396	4,822,147	5,529,085	5,864,502	5,420,278	5,377,270	5,728,240	5,760,512	5,870,276	6,233,602
Public Safety	3,949,284	4,096,391	4,478,774	4,889,939	4,684,746	4,964,649	5,071,414	5,464,615	5,750,992	5,660,947
Culture and recreation	1,977,466	1,986,185	2,080,067	2,189,744	2,092,790	2,029,768	1,992,632	2,041,848	2,114,393	2,309,572
Public Works	744,743	741,395	776,906	876,295	910,769	889,230	1,016,998	1,102,216	1,165,026	1,034,613

Table 4
(continued)

**CITY OF WATAUGA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Capital outlay	\$ 2,753,788	\$ 1,594,427	\$ 3,935,880	\$ 4,154,050	\$ 2,414,949	\$ 1,231,682	\$ 1,771,807	\$ 2,203,694	\$ 3,419,723	\$ 2,897,996
Debt service										
Interest	608,335	550,788	591,733	558,491	529,045	484,055	428,072	471,377	474,609	1,727,935
Principal	1,477,349	1,529,255	1,540,000	2,066,378	1,515,502	1,587,774	1,850,150	1,447,632	1,695,225	537,198
Total expenditures	16,117,361	15,320,588	18,932,445	20,599,399	17,568,079	16,564,428	17,859,313	18,491,894	20,490,244	20,401,863
Excess of revenues over (under) expenditures	(1,552,419)	(354,273)	(2,970,249)	(4,850,809)	(1,924,037)	(472,386)	(1,249,518)	(1,672,626)	(3,015,929)	(2,192,847)
Other Financing Sources (Uses)										
Proceeds from borrowing	-	-	5,284,887	-	-	3,594,057	-	5,885,000	-	6,780,000
Proceeds from refunding	-	-	1,020,000	-	2,145,000	-	-	-	-	-
Payments to escrow agent	-	-	(1,002,832)	-	(2,099,293)	-	-	-	-	-
Premiums on general obligation debt	-	-	-	-	-	-	-	193,580	-	306,169
Sale of Asset	-	-	47,931	15,828	13,076	222,531	25,416	55,785	16,031	-
Transfers in	664,172	2,375,290	1,135,495	2,003,017	1,870,557	845,519	990,970	696,379	892,793	795,870
Transfers out	(629,510)	(2,014,362)	(765,340)	(1,542,480)	(1,398,836)	(576,300)	(1,095,900)	(773,362)	(726,098)	(751,909)
Total other financing sources (uses)	34,662	360,928	5,720,141	476,365	530,504	4,085,807	(79,514)	6,057,382	182,726	7,130,130
Net change in fund balances	\$ (1,517,757)	\$ 6,655	\$ 2,749,892	\$ (4,374,444)	\$ (1,393,533)	\$ 3,613,421	\$ (1,329,032)	\$ 4,384,756	\$ (2,833,203)	\$ 4,937,283
Debt service as a percentage of noncapital expenditures	15.6%	15.2%	14.2%	16.0%	13.5%	13.5%	14.2%	11.8%	12.7%	11.1%

Source: Comprehensive Annual Financial Reports
Additional to capital assets - per reconciliation

Table 5

CITY OF WATAUGA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Estimated Market Value			Less:		Total Taxable Assessed Value ^a	Total Direct Tax Rate
	Real Property	Personal Property	Total Market Value	Tax-Exempt Property			
2009	\$ 1,049,378,376	\$ 62,631,471	\$ 1,112,009,847	\$ 84,725,733	\$	1,027,284,114	\$ 0.580763
2010	1,039,914,283	59,970,228	1,099,884,511	92,105,295		1,007,779,216	0.580763
2011	1,009,121,712	58,195,469	1,067,317,181	95,532,598		971,784,583	0.580763
2012	999,533,945	62,820,983	1,062,354,928	98,182,457		964,172,471	0.589001
2013	1,000,809,690	59,216,606	1,060,026,296	100,655,583		959,370,713	0.591216
2014	1,000,519,629	59,016,802	1,059,536,431	103,068,099		956,468,332	0.591216
2015	1,061,590,252	60,822,613	1,122,412,865	105,745,517		1,016,667,348	0.591216
2016	1,026,885,318	62,537,180	1,089,422,498	108,372,567		981,049,931	0.618718
2017	1,257,351,904	62,026,022	1,319,377,926	111,483,084		1,207,894,842	0.061841
2018	1,377,112,361	68,791,738	1,445,904,099	128,331,870		1,317,572,229	0.601788

Source: Tarrant Appraisal District (www.tad.org)

^a Assessed value taken from original certified tax roll provided by the Tarrant Appraisal District

Table 6

City of Watauga
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

(rate per \$100 of assessed value)
(Unaudited)

City Direct Rates				Overlapping Rates ^a							
Fiscal Year	M&O Rate	General Obligation		Total Direct	Keller Ind School District	Birdville Ind School District	Tarrant County	Tarrant County Hospital	Tarrant County College	Combined Rates	
		Debt	Service							KISD	BISD
2009	\$ 0.399918	\$	0.180845	\$ 0.580763	\$ 1.416900	\$ 1.410000	\$ 0.264000	\$ 0.227897	\$ 0.137960	\$ 2.627520	\$ 2.620620
2010	0.419540		0.161223	0.580763	1.486300	1.405000	0.264000	0.278970	0.137670	2.747703	2.666403
2011	0.409617		0.171146	0.580763	1.530600	1.425000	0.264000	0.227897	0.137640	2.740900	2.635300
2012	0.412374		0.176627	0.589001	1.540000	1.435000	0.264000	0.227897	0.148970	2.769868	2.664868
2013	0.412107		0.179109	0.591216	1.540000	1.435000	0.264000	0.227897	0.148970	2.772083	2.667083
2014	0.410519		0.180697	0.591216	1.540000	1.435000	0.264000	0.227897	0.149500	2.772613	2.667613
2015	0.412887		0.178329	0.591216	1.540000	1.435000	0.264000	0.227897	0.149500	2.772613	2.667613
2016	0.440171		0.178547	0.618718	1.540000	1.453900	0.264000	0.227897	0.149500	2.800115	2.714015
2017	0.423017		0.195394	0.618411	1.520000	1.453900	0.254000	0.227897	0.144730	2.765038	2.698938
2018	0.419650		0.182138	0.601788	1.520000	1.453900	0.244000	0.224429	0.140060	2.730277	2.664177

Source: Tarrant County Appraisal District - Tax Rates

Note: Rates for debt service are set based on each year's requirements.

^a Overlapping rates are those of local and county governments that apply to property owners within the City of Watauga.

Table 7

City of Watauga
Principal Property Tax Payers
Current Year and Nine Years Ago
(Unaudited)

	2018				2009			
	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value a)</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value b)</u>
	Inland Western Watauga Lp	\$ 33,500,000	1	3.02%	Inland Western Watauga Lp	\$ 27,608,400	1	2.69%
	Watauga Towne Crossing LLC	26,435,350	2	2.38%	Watauga 377 LLC	21,230,300	2	2.07%
	Brookwillow Watauga LLC	13,850,000	3	1.25%	Sci Watauga Town Ctr Fund Etal	11,499,906	3	1.12%
	Park Vista Townhomes Etal	11,917,597	4	1.07%	Dayton Hudson Corp.	11,144,250	4	1.09%
	Dayton Hudson Corp.	9,633,051	5	0.87%	Park Vista Townhomes	9,577,435	5	0.93%
	Oncor Electric Delivery Co LLC	8,039,492	7	0.72%	Southwestern Bell	9,276,700	6	0.90%
	Watauga All Storage LTD	5,951,616	6	0.54%	Oncor Electric Delivery Co LLC	7,429,605	7	0.72%
	Target Stores	5,828,646	8	0.53%	Watauga All Storage Ltd.	4,670,543	8	0.45%
	Woodcrest Marketplace LP	4,900,000	9	0.44%	Target Stores	4,141,981	9	0.40%
	Southwestern Bell	4,761,130	10	0.43%	Watauga Assoc	4,007,721	10	0.39%
	Total	\$ 124,816,882		11.25%		\$ 110,586,841		10.76%

Source: Tarrant Central Appraisal District

TAD.org ->reports->year->top taxpayers

NOTE:

- a) Total taxable value including real and personal property for tax year 2017 (FY 2017-18) is \$1,109,835,153
b) Total taxable value including real and personal property for tax year 2009 (FY 2008-2009) is \$1,026,876,827

Table 8

**CITY OF WATAUGA
PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 6,022,386	\$ (17,925)	\$ 6,004,461	\$ 5,951,703	99.12%	\$ 39,074	\$ 5,990,777	99.77%
2010	5,974,330	(2,486)	5,971,844	5,914,614	99.04%	41,577	5,956,191	99.74%
2011	5,644,747	(1,251)	5,643,496	5,590,780	99.07%	30,487	5,621,267	99.61%
2012	5,655,637	(3,438)	5,652,199	5,602,319	99.12%	24,630	5,626,949	99.55%
2013	5,644,682	(6,692)	5,637,990	5,596,849	99.27%	18,983	5,615,832	99.61%
2014	5,684,546	(5,751)	5,678,795	5,622,210	99.00%	37,135	5,659,345	99.66%
2015	5,950,064	(9,338)	5,940,726	5,903,688	99.38%	17,768	5,921,456	99.68%
2016	6,261,312	2,704	6,264,016	6,216,717	99.24%	23,115	6,239,832	99.61%
2017	7,023,037	(26,289)	6,996,748	6,969,596	99.61%	7,578	6,977,174	99.72%
2018	7,449,031	-	7,449,031	7,391,050	99.22%	n/a	7,391,050	99.22%

Sources: Tarrant County Tax Office and Tarrant Appraisal District

Table 9

**CITY OF WATAUGA
Water Revenue
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	*No of Customers	**Gallons Billed	***Water Revenue
2009	8,196	782,558,167	\$ 3,809,973
2010	8,162	759,236,412	3,633,149
2011	8,199	859,158,707	4,198,305
2012	8,169	696,350,699	4,526,971
2013	8,160	684,273,847	4,439,701
2014	8,196	672,400,560	4,342,748
2015	8,208	659,047,433	4,184,780
2016	8,255	677,806,287	4,491,891
2017	8,248	614,615,519	4,230,822
2018	8,281	558,858,910	4,564,691

* Source: Table 16 - # of Water Consumers

** Source: Monthly E-mail sent by D. Defriese, Utility Billing Supervisor

*** Source: Comparative Summary of Monthly Water Billings

Table 10

CITY OF WATAUGA
Principal Water Customers
As of September 30, 2017
(Unaudited)

Customer Name	Gallons		Dollars	
	Consumed (000)	Total	Billed	Total
Park Vista Townhomes	16,552	2.42%	\$ 68,141	1.49%
4Way Investments, Inc.	6,424	0.94%	10,613	0.23%
Daybreak Venture	3,585	0.52%	34,478	0.76%
Denton Hwy. Laudromat	1,770	0.26%	22,048	0.48%
BISD 045-01	1,728	0.25%	12,225	0.27%
Keller ISD	1,715	0.25%	12,294	0.27%
BISD 045-02	1,646	0.24%	10,920	0.24%
Kwik Kar Wash	1,582	0.23%	12,898	0.28%
Watauga 377, LLC	1,541	0.23%	10,786	0.24%
Modern Wash	1,508	0.22%	10,866	0.24%
Top Ten Total	38,051	5.56%	\$ 205,269	4.50%
City Total	683,225		\$ 4,564,691	

Table 11

CITY OF WATAUGA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities					Business-Type Activities						
	General Obligation Bonds	Certificates of Obligation	Sales Tax Revenue Bonds	Unamortized Bond Premium	Other Obligations	Water and Sewer Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Unamortized Bond Premium	Total Primary Government	Percentage of Personal Income ^b	Per Capita ^b
2009	\$ 4,365,000	\$ 7,260,000	\$ 1,340,000	\$ -	\$ 857,731	\$ -	\$ 7,790,000	\$ 450,000	\$ -	\$ 22,062,731	3.71%	904
2010	3,965,000	7,090,000	1,165,000	-	813,476	-	6,815,000	230,000	111,599	20,078,476	3.39%	823
2011	3,560,000	10,440,000	985,000	79,988	767,230	-	5,800,000	2,780,000	141,809	24,412,218	4.60%	1,081
2012	3,190,000	9,895,000	800,000	74,400	718,903	-	4,740,000	10,380,000	519,658	29,786,303	5.63%	1,323
2013	4,950,000	6,940,000	610,000	68,826	668,400	-	3,630,000	9,950,000	477,594	26,817,226	4.93%	1,151
2014	4,430,000	9,620,000	415,000	156,516	615,629	-	2,480,000	9,505,000	435,530	27,222,145	5.08%	1,193
2015	3,745,000	8,925,000	-	146,123	560,479	-	1,275,000	9,050,000	393,467	23,701,602	4.26%	994
2016	3,045,000	14,120,000	-	329,067	502,847	-	-	8,595,000	351,403	26,591,914	4.48%	1,057
2017	2,335,000	13,195,000	-	308,685	442,622	-	-	15,415,000	583,305	31,696,307	5.36%	1,298
2018	1,605,000	19,040,000	-	593,220	379,687	-	-	14,655,000	546,745	36,272,907	5.83%	1,435

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

^b See Table 15 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Table 12

CITY OF WATAUGA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Less: Amount ^a Restricted for Debt Service	Percentage of Actual Taxable Value ^b of Property		Per Capita ^c
	General Obligation Bonds	Certificates of Obligation	Unamortized Bond Premium	General Obligation Bonds	Certificates of Obligation	Unamortized Bond Premium	Property	Value ^b of					
2009	\$ 4,365,000	\$ 7,260,000	\$ -	\$ 7,790,000	\$ 450,000	\$ -	\$ 19,865,000	\$ 19,865,000	\$ 612,710	\$	1.87%	816	
2010	3,965,000	7,090,000	-	6,815,000	230,000	111,599	18,211,599	18,211,599	525,921		1.75%	751	
2011	3,560,000	10,440,000	79,988	5,800,000	2,780,000	141,809	22,801,797	22,801,797	752,606		2.27%	970	
2012	3,190,000	9,895,000	74,400	4,740,000	10,380,000	519,658	28,799,058	28,799,058	498,129		2.94%	1,226	
2013	4,950,000	6,940,000	68,826	3,630,000	9,950,000	477,594	26,016,420	26,016,420	550,626		2.65%	1,115	
2014	4,430,000	9,620,000	156,516	2,480,000	9,505,000	435,530	26,627,046	26,627,046	621,617		2.72%	1,133	
2015	3,745,000	8,925,000	146,123	1,275,000	9,050,000	393,467	23,534,590	23,534,590	313,460		2.28%	1,009	
2016	3,045,000	14,120,000	329,067	-	8,595,000	351,403	26,440,470	26,440,470	371,859		2.66%	1,120	
2017	2,335,000	13,195,000	308,685	-	15,415,000	583,305	31,836,990	31,836,990	395,192		2.60%	1,314	
2018	1,605,000	19,040,000	593,220	-	14,655,000	546,745	36,439,965	36,439,965	669,939		2.71%	1,481	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

^a This is the amount restricted for debt service principal payments for the total primary government.

^b See Table 5 for property value data.

^c Population data can be found in Table 15

Table 13

**CITY OF WATAUGA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2018
(Unaudited)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Keller Independent School District	\$ 680,508,707	2.84%	\$ 19,326,447
Birdville Independent School District	253,562,467	7.81%	19,803,229
Tarrant County	294,500,000	0.75%	2,208,750
Tarrant County Hospital County	19,300,000	0.75%	144,750
Subtotal, overlapping debt			41,483,176
City direct debt			<u>21,617,907</u>
Total direct and overlapping debt			<u><u>\$ 63,101,083</u></u>

Sources: Debt outstanding data provided by each governmental unit.

^a For percentage of debt applicable to City, data prepared by the Municipal Advisory Council of Texas.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Statistical. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Table 14

CITY OF WATAUGA
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Water and Sewer Revenue Bonds					PDC Sales Tax Revenue Bonds ^c				
	Total Revenues ^a	Operating Expenses ^b	Net Available Revenue	Coverage	Total Revenues ^a	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2009 d	\$ -	\$ -	\$ -	-	\$ 1,265,352	\$ 627,100	\$ 638,252	\$ 175,000	\$ 44,946	2.90
2010	-	-	-	-	1,314,130	632,039	682,091	175,000	40,461	3.17
2011	-	-	-	-	1,409,944	763,885	646,059	180,000	35,355	3.00
2012	-	-	-	-	1,418,979	756,666	662,313	185,000	29,880	3.08
2013 e	-	-	-	-	708,356	702,898	5,458	190,000	24,136	0.03
2014	-	-	-	-	748,342	697,423	50,919	195,000	17,950	0.24
2015 f	-	-	-	-	789,696	596,121	193,575	415,000	4,052	0.46
2016	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Source: Comprehensive Annual Reports and Official Statement

^a Includes operating and non-operating revenues

^b Excludes depreciation, amortization, interest expense and expenditures identified as capital

^c Bonds are solely supported by a 1/2 cent sales tax approved at an election held in May, 1994 for the purpose of the City Parks and Recreation.

^d In April, 2008, the City issued \$2,430,000 in GO Refunding Bonds to refund \$2,400,000 of outstanding Series 1996 Waterworks and Sewer System Revenue Bonds.

^e In May, 2012, voters approved a reallocation of 1/4 cent sales tax to the Street Maintenance Fund for a period of 4 years, effective October 1, 2012.

^f The fund balance in the PDC operating fund is sufficient to pay off the remainder of the bond.

^f Final Debt Service payment made in FY2015

Table 15

CITY OF WATAUGA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years
(Unaudited)

Year	Population(1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income(3)	Median Age(4)	School Enrollment(5)	Unemployment Rate(6)
2009	24,350	\$ 594,310	\$ 24,407	32.0	4,428	4.9%
2010	24,250	591,870	24,407	32.0	3,735	8.1%
2011	23,497	530,868	22,593	32.5*	4,864	8.5%
2012	23,497	529,387	22,530	32.9	4,852	7.9%
2013	23,331	543,776	23,307	34.5	4,933	7.0%
2014	23,510	536,240	22,809	33.5	4,755	5.8%
2015	23,331	556,351	23,846	33.7	4,529	5.0%
2016	23,600	593,469	25,147	34.7	3,851	4.1%
2017	24,228	591,592	24,417	34.9	5,380	4.1%
2018	24,602	621,939	25,280	34.2	5,650	3.3%

Sources: (1) Year 2010 Population is official U.S. Census Bureau count. Other population estimates from U.S. Census Bureau and NC TCOG annual population estimates. (2) Per Capita income obtained from Sourcebook of Zip code Demographics and Easy Analytic Software Inc (EASI) and Applied Geographic Solutions (AGS) for years 2002-2010. 2011-2016 Per Capital Income from U.S. Census Bureau American Fact Finder. (3) Per Capita personal income calculated by dividing PIT(2) by Pop(1). (4) Median Age from 2010 Census, U.S. Census Bureau American Fact Finder. (5) School Enrollment provided by Birdville and Keller Independent School Districts (6) Unemployment Rates from Texas Workforce Commission - 2016 based on www.bestplaces.net

Table 16

**CITY OF WATAUGA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago**

<u>Employer</u>	2018			2009		
	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total City Employment(2)</u>	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total City Employment (3)</u>
Super Target	266	1	4.23%	280	1	4.93%
Birdville ISD	233	2	3.70%	200	2	3.52%
City of Watauga	168	3	2.67%	190	4	3.35%
North Pointe Health & Rehab	100	4	1.59%	122	6	2.15%
Albertsons	97	5	1.54%	190	3	3.35%
Fresco's	75	6	1.19%	80	9	1.41%
Keller ISD	75	7	1.19%	90	7	1.59%
Chili's Grill & Bar	-	0	0.00%	80	8	1.41%
Harvest Christian School	67	8	1.06%	210	5	3.70%
Service Response Team	59	9	0.94%	-	0	0.00%
Cotton Patch Café	52	10	0.83%	50	10	0.88%
Total	<u>1,192</u>		<u>18.94%</u>	<u>1,492</u>		<u>26.29%</u>

Source:

- (1) Sites on Texas, Survey of American Cities, includes full-time and part-time employees, contacted individual employers for verification annually
- (2) For 2018, used 2017 NCTCOG estimates of 6,295 obtained from the Bureau of Economic Analysis and U.S. Census Bureau, analyzed by NCTCOG.
- (3) For 2009, City Employment is estimated at 5,676 obtained from Sites on Texas, Demographic data for 2007 by Experien /Applied Geographic Solutions

Table 17

**CITY OF WATAUGA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM,
Last Ten Fiscal Years
(Unaudited)**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government and Administration	30.00	30.00	30.50	31.50	30.25	31.25	31.65	31.65	32.90	31.90
Public Safety										
Police Division	58.75	58.75	59.25	59.25	51.75	49.75	49.85	49.85	48.85	47.60
Fire/EMS Division	22.00	22.00	22.00	22.00	21.25	21.00	21.00	21.00	21.00	21.00
Culture and Recreational	10.50	10.50	10.50	10.50	10.25	9.25	8.50	8.50	8.50	8.50
Library	13.25	13.25	13.25	13.25	13.00	13.00	12.00	12.00	12.50	12.25
Water/Sewer/Drainage	33.75	33.75	34.25	34.25	36.00	36.00	33.25	33.25	33.25	32.25
Fleet Services	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Building	8.00	8.00	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00
Parks Development	11.50	11.50	11.50	11.50	12.00	12.00	8.75	8.75	8.75	6.75
Total	191.75	191.75	193.25	194.25	185.50	182.25	175.00	175.00	175.75	170.25

Source: City Budget Office.

* Decreased positions due to a shift to contract labor in the Parks Department in fiscal year 2015.

Table 18

CITY OF WATAUGA
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police										
Calls for Service	13,532	16,804	13,560	10,976	9,993	8,127	6,565	8,279	10,464	9,247
Municipal Citations Issued	8,792	11,963	17,122	17,074	13,576	8,650	7,961	8,781	3,999	3,449
Fire/EMS										
EMS Calls	966	1,082	836	1,043	1,011	675	1,133	1,395	1,387	1,369
EMS Average Response Time (min)	3.31	3.50	3.50	3.40	3.50	3.20	3.60	3.47	3.50	3.50
Ambulance Transports	743	870	698	848	845	846	946	1,039	1,063	942
Fire Calls	652	690	557	392	693	675	815	759	730	863
Fire Average Response Time (min)	3.58	2.58	4.70	4.80	4.60	4.80	4.13	4.07	3.50	4.30
Fire Inspections	198	269	106	136	181	460	329	336	544	691
Public Works										
Lane Miles Maintained	84	88	88	88	88	88	88	88	88	88
Miles of Curb and gutter maintained	168	168	168	176	176	176	176	176	176	176
Parks and recreation										
Park Acres Maintained	116	119	119	119	119	119	119	119	119	119
Athletic Fields Maintained	13	8	10	10	10	10	10	10	10	10
Community Center Memberships	1,267	1,372	1,237	1,320	1,272	1,271	1,063	1,004	988	1,079
Program/Class/League Attendance	56,430	40,938	65,282	91,244	41,775	71,542	46,720	65,005	72,000	70,000
Library										
Number of Programs Offered	655	693	842	853	1,086	1,155	1,144	1,244	1,326	1,844
Number of School Visits	18	8	13	36	57	63	64	61	49	65
Number of Books in Collection	62,150	65,517	67,614	65,289	73,592	78,990	80,361	79,751	79,283	80,216
Number of Media in Collection	15,247	16,389	17,199	16,700	18,806	20,806	20,719	22,530	23,148	24,499
Electronic Format Materials	85	53	53	54	52	55	52	52	50	49
Ebooks & Audiobooks	-	-	-	11,674	13,524	12,632	20,253	23,765	21,733	22,793
Water and Sewer										
Number of Water Consumers	8,181	8,162	8,199	8,169	8,200	8,196	8,508	8,238	8,248	8,281
Average daily consumption (mil gal)	2	2	2	2	2.3	2.1	2.2	2.2	2.0	2.5
Amt of sewer line inspected (Linear Ft)	10,000	3,500	3,800	6,000	8,000	21,500	9,665	8,000	8,900	19,100

Sources: Various city departments.

Note: Indicators are not available for the general government function.

Table 19

**CITY OF WATAUGA
CAPITAL ASSETS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	12	11	12	12	12	12	12	12	12
Animal Control Facility	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	85.0	85.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0
Streetlights	703	703	703	703	703	703	703	703	703	703
Traffic signals	11	11	11	11	12	12	20	20	20	20
Parks and recreation										
Acreage (Developed & Undeveloped) ^a	124	124	124	124	124	124	124	124	124	124
Parks	10	10	10	10	10	10	10	10	10	10
Athletic Fields	8	8	10	10	10	10	10	10	10	10
Senior Centers	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	85.0	85.0	85.0	85.0	85.0	88.0	88.0	88.0	88.0	88.0
Fire hydrants	620	620	620	620	620	650	649	649	649	649
Storage capacity (thousands of gallons)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Shared Ground Storage (owned by NRH)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Wastewater										
Storm sewers (miles)	17.4	17.4	17.4	17.4	17.4	17.4	17.4	17.4	17.4	17.4
Sanitary sewers (miles)	85	85	85	85	85	85	85	85	85	85

Sources: Various city departments.



AGENDA MEMORANDUM

DATE: February 22, 2019

TO: Honorable City Council Members

FROM: Sandra Gibson, CGFO, CGFM, Director of Finance

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consideration and approval on the Monthly Financial Report for the period ending January 31, 2019

BACKGROUND/INFORMATION:

The monthly financial report for the period ending January 31, 2019 is attached for Council review and approval.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

Respectfully request Council review and take action on item.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Council Report - January 2019
2. FUND DETAILS JANUARY 2019

REVIEWED BY:

Andrea Gardner, City Manager

Zolaina Parker, City Secretary, TRMC

Approved as to form for inclusion on Agenda

Approved - 02/26/2019

Final Approval - 02/27/2019



Monthly Financial Report

January, 2019

Sales Tax

The City's sales tax receipts from the State Comptroller received in the month of February, 2019 (reflecting December 2018 sales receipts) decreased by 1.18%, or \$5,723 from the same time last year. The Crime Control Prevention District's sales tax received decreased by .03% or \$632. The State Comptroller's office reports that net sales tax payments for cities statewide are up 4.11% in comparison with prior year. A comparison of December 2018 sales tax receipts for Watauga and surrounding cities are shown below:

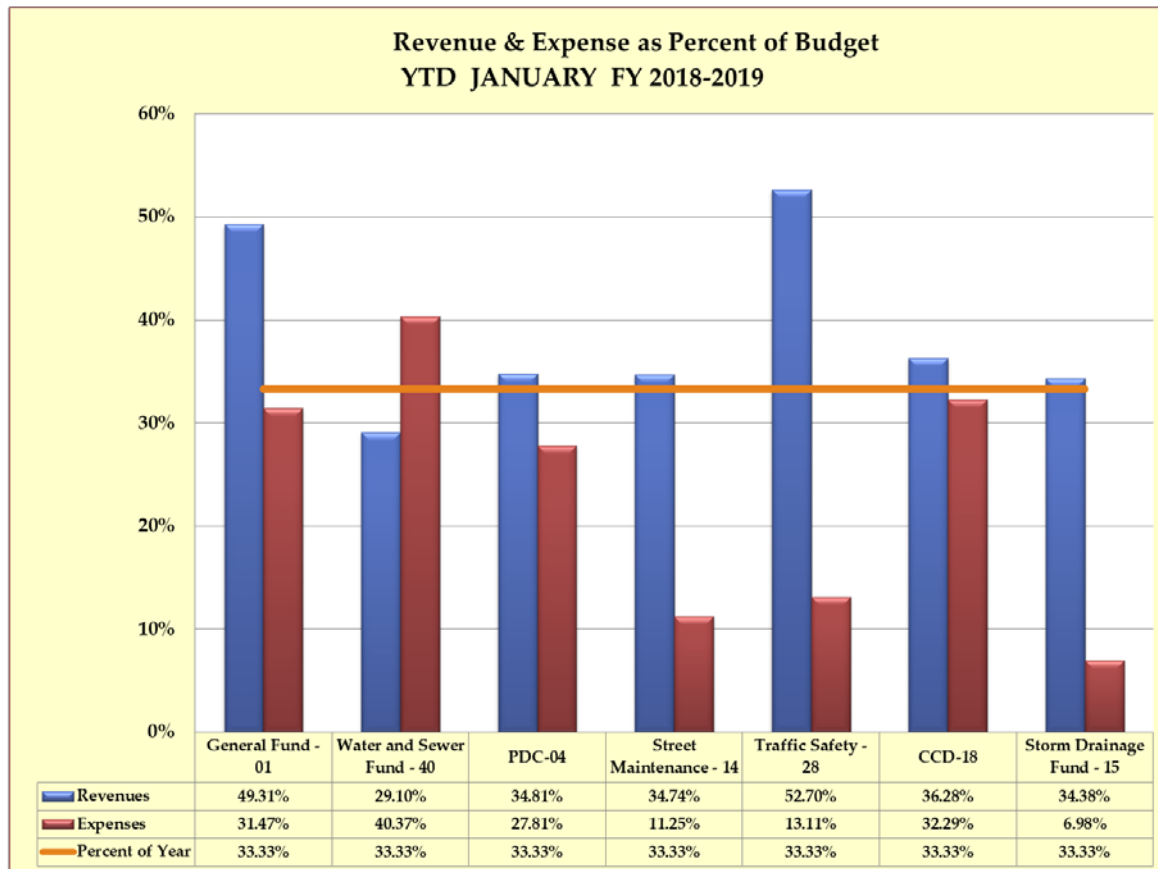
SALES TAX RECEIPTS COMPARISONS DECEMBER 2017 vs. DECEMBER 2018 RECEIVED FROM COMPTROLLER - FEBRUARY FISCAL YEAR 2018-19

Sales Tax Receipts for the Month:					
City	DECEMBER 2018 Sales	DECEMBER 2017 Sales	\$ Change	% Change	
Grapevine	\$ 5,167,086.45	\$ 4,351,818.02	\$ 815,268.43	18.73%	
Saginaw	\$ 565,117.33	\$ 487,305.12	\$ 77,812.21	15.97%	
Roanoke	\$ 1,432,493.60	\$ 1,260,656.88	\$ 171,836.72	13.63%	
Euless	\$ 1,878,950.80	\$ 1,670,737.86	\$ 208,212.94	12.46%	
Haltom City	\$ 1,226,623.86	\$ 1,155,159.80	\$ 71,464.06	6.19%	
Bedford	\$ 1,154,945.83	\$ 1,091,668.45	\$ 63,277.38	5.80%	
Fort Worth	\$ 16,609,171.31	\$ 15,934,317.74	\$ 674,853.57	4.24%	
Colleyville	\$ 623,653.83	\$ 616,278.92	\$ 7,374.91	1.20%	
Keller	\$ 1,101,066.24	\$ 1,091,284.76	\$ 9,781.48	0.90%	
Watauga	\$ 477,528.29	\$ 483,251.53	\$ (5,723.24)	-1.18%	
N. Richland Hills	\$ 1,598,368.77	\$ 1,620,626.90	\$ (22,258.13)	-1.37%	
Hurst	\$ 1,898,728.40	\$ 2,012,967.95	\$ (114,239.55)	-5.68%	
Southlake	\$ 3,044,031.73	\$ 3,291,856.98	\$ (247,825.25)	-7.53%	
Richland Hills	\$ 277,492.85	\$ 320,036.18	\$ (42,543.33)	-13.29%	

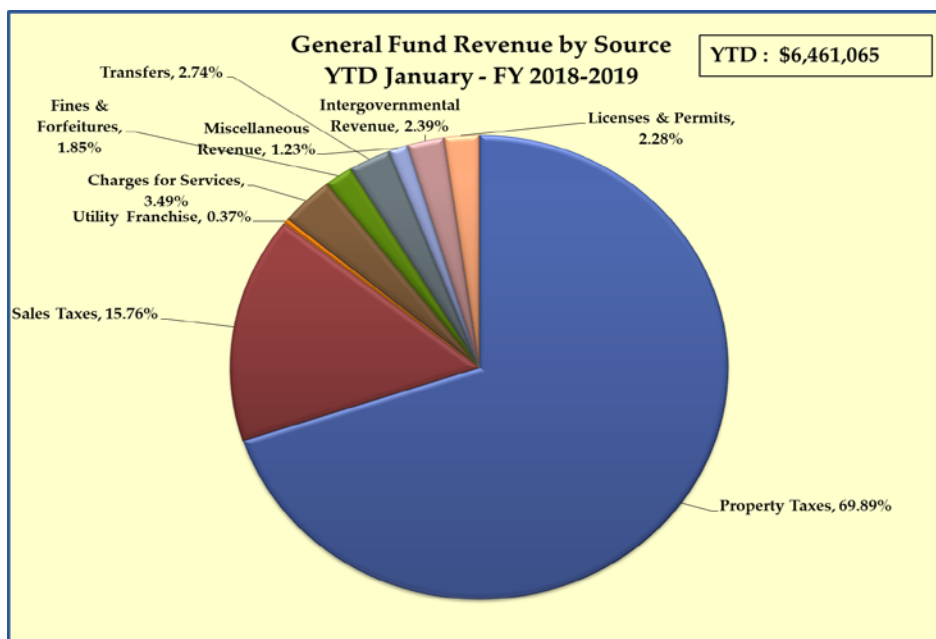
Source: State Comptroller

Financial Highlights

Through January, 2019, the City is 34% through the fiscal year. All revenue and expenses are reflected in the chart below and details of each fund's revenues and expenditures are attached.



General Fund



Revenues – Year-to-date revenues are in line with expectations representing 49.3% of budget collected.

Property Tax - Year-to-date, the City has received 80.4% of budgeted property taxes. The majority of the City's ad valorem tax receipts are received in the month of December and January.

Utility Franchise Revenue - The majority of franchise receipts are received on a quarterly basis. The City has received 2.4% of budgeted franchise fee revenues through January, 2019. First quarter receipts for FY 2018-2019 should be received in February 2019.

Licenses and Permits - License and permit fees are at 27.8% of budget collected, a decrease of \$48,476 over prior year, primarily due to the Parkview subdivision being completed last fiscal year.

Charges for Services - Charges for Services revenues are at 29.6% of budget collected. Charges for services include recreation fees, ambulance services, garbage collection fees and animal adoption fees.

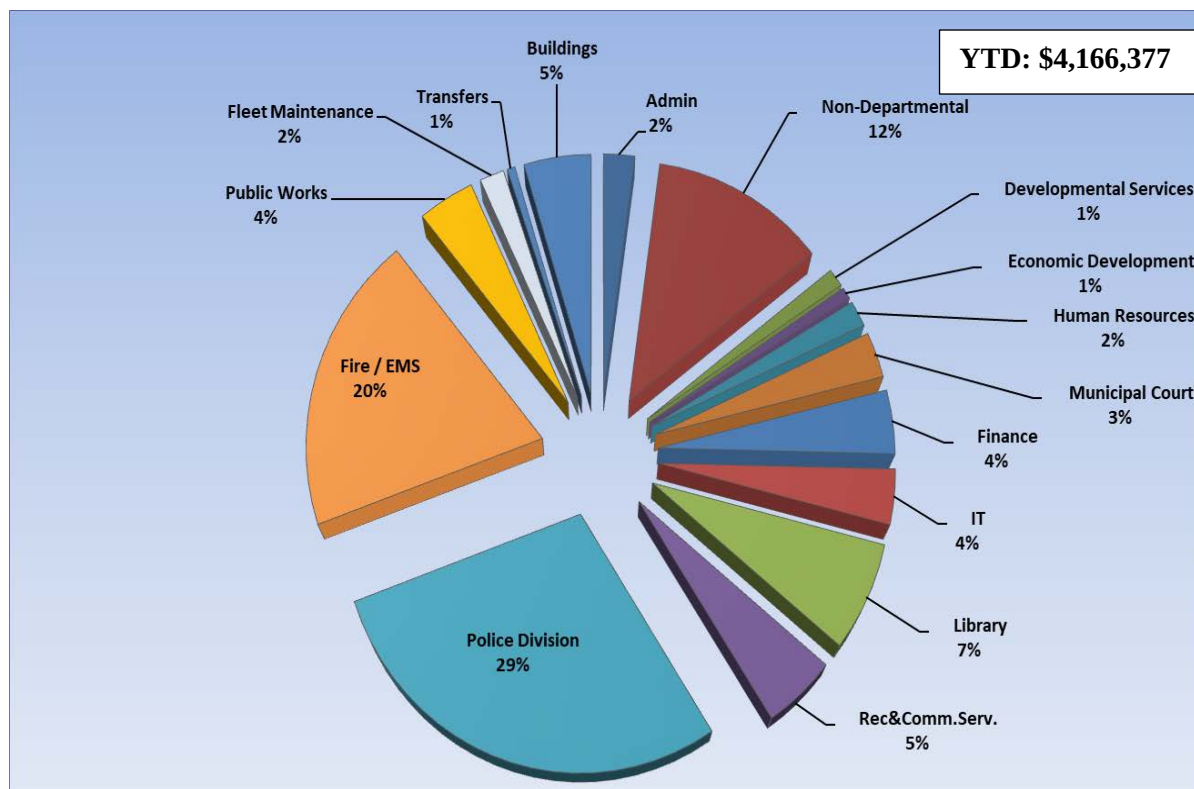
Fines and Forfeitures - Fines and Forfeitures are at 16% of budget which is \$19,760, or 14.2% lower than last year's collections. The City continues to experience a decline in overall citations.

Miscellaneous Revenue - Miscellaneous revenues include Interest earnings, rental of recreational facilities, and other revenue. These receipts total \$79,756 which is 21.1% of budgeted revenues.

Intergovernmental Revenue and Transfers - Intergovernmental Revenue is 30.7% of budget and Transfers are at 31.2% of budget.

Expenses - General fund expenses in total are in line with budget expectations at 31.5% of budget expended. Expenditures are 3.8% higher in comparison to prior year.

GENERAL FUND EXPENDITURES BY DEPARTMENT

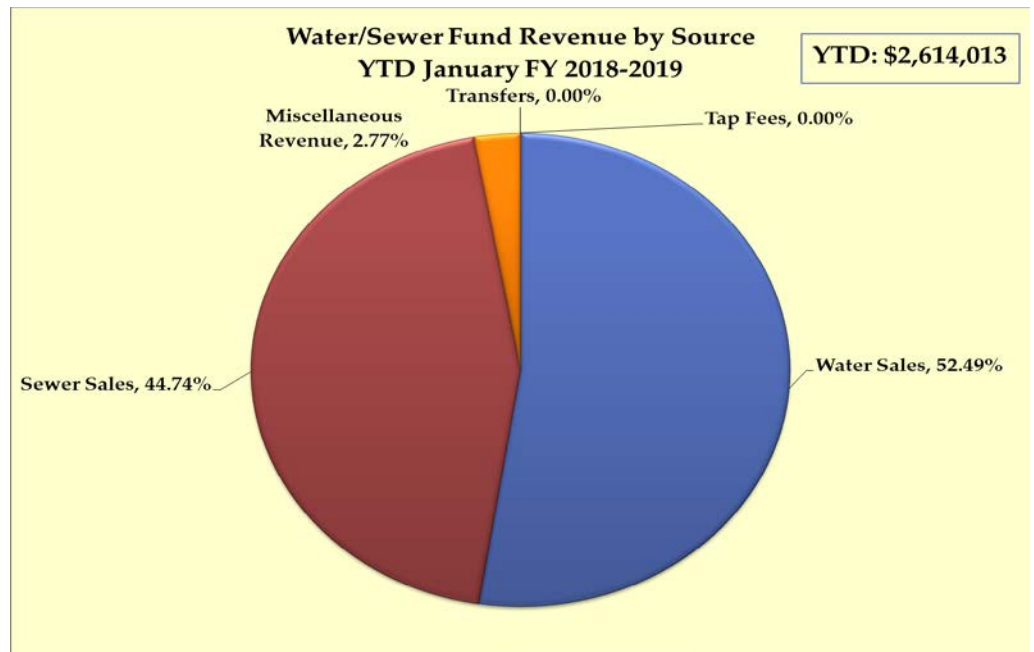


Water and Sewer Fund

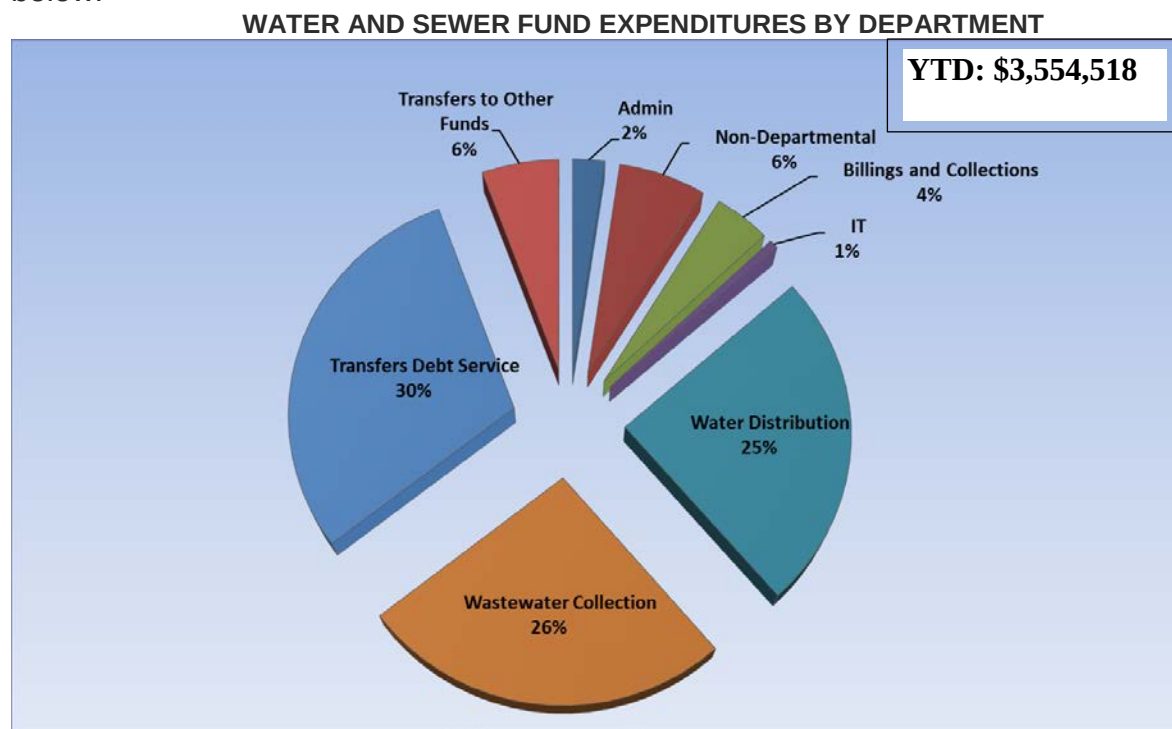
Water and sewer revenues are currently at 29.1% of budgeted revenues through January, 2019.

Miscellaneous Sales

- Miscellaneous sales include penalty revenue, EPA revenue, service charges, returned check fees, and damaged/tampering fees. This category of revenue is at 33.7% of budget collected.



Expenses – Year-to-date expenses in the Water/Sewer fund are currently at 40.4% and are 22.3% higher in comparison to prior year. This is due to increased wastewater volume resulting in an increase in expenditures this fiscal year by approximately \$425,000 compared to last fiscal year. During the average year, DFW receives 36" of rainfall, and for calendar year 2018, DFW received 56" of rainfall. From September through December 2018, DFW received 34" of rainfall. The ground has become saturated, causing the groundwater level to rise, allowing infiltration into our wastewater system and creating extremely high volumes of wastewater for treatment. The Public Works department is investigating the issue by checking manholes and locating mains the are allowing the most inflow. The breakdown of expenses by department is shown below:



Storm Drain Fund – Revenues have increased 4.5% when compared with FY2017-18 and represent 34.4% of budget collected. Expenses are at 7% of budget in this fund through January 2019. The capital improvement projects budgeted in this fund total \$2.4 million.

Special Revenue Funds - In the Street Maintenance Fund, revenues are on target with 34.7% of budget collected and expenses are at 11.3% of budget. The Crime Control and Prevention District has collected 36.3% of total revenues and is at 32.3% of budget expended. The Parks Development Corporation Fund has collected 34.8% of sales tax revenues and is at 27.8% of budget expended through January, 2019. The Traffic Safety Fund (Red Light ticket program) has collected \$422,457 of fines or 52.8% of budget year-to-date and expenditures are at 13.1% of budget at this time.



SPOTLIGHT ON A FUND SERIES

The Spotlight on a Fund Series has been included in the monthly financial report. This series is designed to highlight a fund and provide information on the history of the fund, revenues and appropriate expenditures, and other useful information. Fund accounting is used primarily by government and non-profit organizations to emphasize accountability, not profitability. Funds allow for revenues and expenditures to be segregated in accordance with laws and regulations or special restrictions and limitations. The City has twenty-seven funds in total.

Watauga Crime Control and Prevention District Fund

The Watauga Crime Control and Prevention District Fund (WCCPD) is a **Governmental Fund type** and is a **Special Revenue Fund** due to its proceeds of a specific revenue source and legal restriction on expenditures for specific purposes.

The Crime and Prevention District was established to account for a one-half cent sales tax increase approved by voters in 1996. The funding is used to enhance law enforcement in Watauga. The sales tax funds are used to pay for police officer salaries, and purchase equipment, vehicles, and supplies for law enforcement purposes. The continuation of the sales tax will be placed on the ballot for voter consideration in 2020. The financial history of the fund is shown on the next page:

WATAUGA CRIME CONTROL AND PREVENTION DISTRICT

			PROJECTED YEAR		BUDGET	%CHANGE
	2015-16 Actual	2016-2017 Actual	2017-18 Budget	2017-18 Estimate	2018-19 Budget	FY2018-19 VS2017-18
Fund Balance, October 1	\$1,245,941	\$1,098,418	\$1,222,618	\$1,233,129	\$698,509	
<u>Revenues:</u>						
Sales Taxes	1,446,654	1,435,448	1,450,000	1,436,000	1,436,000	-1%
BISD SRO	47,494	44,114	48,000	0	48,000	0%
Interest Earnings/Other	16,942	6,539	3,500	12,000	9,000	157%
Operating Revenues	\$ 1,511,090	\$ 1,486,101	\$ 1,501,500	\$ 1,448,000	\$ 1,493,000	-1%
Total Available Resources	\$ 2,757,031	\$ 2,584,519	\$ 2,724,118	\$ 2,681,129	\$ 2,191,509	-19.6%
<u>Expenditures:</u>						
Operating Expenditures	1,507,009	1,273,966	1,619,428	1,546,620	1,664,370	2.8%
Capital Outlay	37,662	48,611	49,358	39,000	24,500	-50.4%
Total Expenditures	1,544,671	1,322,577	1,668,786	1,585,620	1,688,870	1.2%
<u>Operating Transfers-Out</u>						
To General Fund	28,942	28,813	29,000	29,000	29,000	0.0%
To Capital Projects	0.00	0.00	0.00	0	0.00	0.0%
To Internal Service Fund	85,000	0	368,000	368,000	15,000	-95.9%
Total Operating Transfers-Out	113,942	28,813	397,000	397,000	44,000	-88.9%
TOTAL OPERATING & TRANSFERS	\$ 1,658,613	\$ 1,351,390	\$ 2,065,786	\$ 1,982,620	\$ 1,732,870	-16.1%
Fund Balance, September 30	\$1,098,418	\$1,233,129	\$658,332	\$698,509	\$458,639	
CHANGE IN FUND BALANCE	(\$147,523)	\$134,711	(\$564,286)	(\$534,620)	(\$239,870)	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2019
For the period ending January 31, 2019 (2nd FY Qtr.)

GENERAL FUND - 01

REVENUE:	CURRENT BUDGET	1/31/2019 YTD ACTUAL	% USED	% REMAINING	1/31/2018 YTD ACTUAL	\$ CHG 19 vs 18	% CHG 19 vs 18
TAXES							
AD VALOREM	5,583,000	4,491,097	80.44%	19.56%	4,168,771	322,326	7.73%
Delinquent	26,000	17,631	67.81%	32.19%	7,378	10,253	138.97%
Penalty & Interest	27,000	7,068	26.18%	73.82%	4,012	3,056	76.17%
SALES TAX	2,967,000	1,018,391	34.32%	65.68%	989,366	29,025	2.93%
UTILITY FRANCHISE	1,017,000	24,055	2.37%	97.63%	1,169	22,887	1958.28%
LICENSES & PERMITS	529,000	147,296	27.84%	72.16%	195,771	(48,476)	-24.76%
INTERGOVERNMENTAL REVENUE	502,600	154,216	30.68%	69.32%	148,452	5,764	3.88%
CHARGES FOR SERVICES	760,000	225,221	29.63%	70.37%	226,908	(1,687)	-0.74%
FINES & FORFEITURES	745,700	119,260	15.99%	84.01%	139,021	(19,760)	-14.21%
MISCELLANEOUS INCOME	378,200	79,756	21.09%	78.91%	66,125	13,631	20.61%
OPERATING TRANSFERS IN	568,000	177,074	31.18%	68.83%	170,147	6,927	4.07%
TOTAL REVENUE	\$13,103,500	\$6,461,065	49.31%	50.69%	\$6,117,120	\$343,945	5.62%
ADMINISTRATION	293,800	91,303	31.08%	68.92%	71,012	20,291	28.57%
HUMAN RESOURCES	168,250	71,217	42.33%	57.67%	53,261	17,956	33.71%
BUILDINGS - PW	819,000	196,815	24.03%	75.97%	194,770	2,045	1.05%
FINANCE	459,850	172,742	37.56%	62.44%	159,247	13,495	8.47%
MUNICIPAL COURT - FIN	410,450	124,433	30.32%	69.68%	124,434	(1)	0.00%
DEVELOPMENTAL SERVICES - PW	176,018	50,316	28.59%	71.41%	91,237	(40,921)	-44.85%
LIBRARY	985,700	294,793	29.91%	70.09%	296,560	(1,767)	-0.60%
RECREATION	706,082	203,747	28.86%	71.14%	206,777	(3,030)	-1.47%
POLICE	4,074,650	1,187,936	29.15%	70.85%	1,208,971	(21,035)	-1.74%
FIRE/EMS	2,576,350	817,695	31.74%	68.26%	767,207	50,489	6.58%
PUBLIC WORKS - STREETS	618,950	165,183	26.69%	73.31%	157,244	7,939	5.05%
FLEET MANAGEMENT - PW	203,800	71,590	35.13%	64.87%	65,110	6,480	9.95%
NON-DEPARTMENTAL	1,211,700	514,420	42.45%	57.55%	557,066	(42,646)	-7.66%
INFORMATION TECHNOLOGY	395,050	149,091	37.74%	62.26%	135,697	13,395	9.87%
ECONOMIC DEVELOPMENT	93,580	32,385	34.61%	65.39%	76,374	(43,989)	-57.60%
TRANSFERS TO OTHER FUNDS	47,500	22,709	47.81%	52.19%	167,207	(144,497)	-86.42%
TOTAL EXPENDITURES	\$13,240,730	\$4,166,377	31.47%	68.53%	\$4,332,175	(\$165,798)	-3.83%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$137,230)	\$2,294,688			\$1,784,945	\$509,743.43	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2019
For the period ending January 31, 2019 (2nd FY Qtr.)

DEBT SERVICE FUND - 03

REVENUE:	CURRENT BUDGET	1/31/2019 YTD ACTUAL	% USED	% REMAINING	1/31/2018 YTD ACTUAL	\$ CHG 19 vs 18	% CHG 19 vs 18
TAXES							
AD VALOREM	2,420,000	1,934,268	79.93%	20.07%	1,925,580	\$8,688	0.45%
Delinquent	12,000	7,652	63.77%	36.23%	2,993	\$4,659	155.69%
Penalty & Interest	10,000	2,199	21.99%	78.01%	1,273	\$927	72.82%
INTEREST EARNINGS	800	6,612	826.49%	-726.49%	3,463	\$3,149	90.94%
OTHER FINANCING SOURCES	-	0	-	-	0	\$0	-
OPERATING TRANSFERS IN	-	0	-	-	0	\$0	-
TOTAL REVENUE	\$2,442,800	\$1,950,731	79.86%	20.14%	\$1,933,308	\$17,423	0.90%
 Contractual & Sundry	 2,496,122	 1,858,761	 74.47%	 25.53%	 1,563,946	 \$294,815	 0.00%
TOTAL EXPENDITURES	\$2,496,122	1,858,761	74.47%	25.53%	1,563,946	\$294,815	0.00%
 EXCESS REVENUE OVER (UNDER) EXPENDITURES	 (53,321.58)	 \$91,970			 \$369,361	 -\$277,391	

100.00%

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2019
For the period ending January 31, 2019 (2nd FY Qtr.)

WATER & SEWER - 40

REVENUE:	CURRENT BUDGET	1/31/2019 YTD ACTUAL	% USED	% REMAINING	1/31/2018 YTD ACTUAL	\$ CHG 19 vs 18	% CHG 19 vs 18
WATER SALES	4,800,000	1,331,634	27.74%	72.26%	1,464,483	(132,850)	-9.07%
SEWER SALES	3,750,000	1,135,070	30.27%	69.73%	893,607	241,462	27.02%
MISCELLANEOUS	209,000	70,399	33.68%	66.32%	70,718	(320)	-0.45%
PENALTY	205,000	61,119	29.81%	70.19%	62,269	(1,150)	-1.85%
INTEREST	20,000	15,793	78.96%	21.04%	4,485	11,308	252.13%
TRANSFERS	-	-	-	-	-	-	0.00%
TAP FEES	-	-	-	-	3,150	(3,150)	-100.00%
SALE OF ASSETS	-	-	-	-	-	-	-
TOTAL REVENUE	\$8,984,000	\$2,614,013	29.10%	70.90%	\$2,498,712	\$115,301	4.61%
ADMINISTRATIVE	271,300	84,162	31.02%	68.98%	83,006	1,156	1.39%
NON-DEPARTMENTAL	655,180	229,135	34.97%	65.03%	213,700	15,435	7.22%
BILLING & COLLECTIONS	507,800	148,049	29.15%	70.85%	145,614	2,435	1.67%
MGT. INFO SYSTEMS	75,900	23,919	31.51%	68.49%	23,789	130	0.54%
WATER DISTRIBUTION	2,899,400	886,905	30.59%	69.41%	702,516	184,389	26.25%
WASTEWATER COLLECTION	2,407,700	921,151	38.26%	61.74%	514,881	406,270	78.91%
TRANSFERS	1,986,500	1,261,198	63.49%	36.51%	1,222,246	38,952	3.19%
TOTAL EXPENDITURES	\$8,803,780	\$3,554,518	40.37%	59.63%	\$2,905,752	\$648,766	22.33%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	\$180,220	(\$940,505)			(\$407,040)	(\$533,465)	

100.00%

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2019
For the period ending January 31, 2019 (2nd FY Qtr.)

PARKS DEVELOPMENT FUND - 04

REVENUE:	CURRENT BUDGET	1/31/2019 YTD ACTUAL	% USED	% REMAINING	1/31/2018 YTD ACTUAL	\$ CHG 19 vs 18	% CHG 19 vs 18
SALES TAX	728,000	252,752	34.72%	65.28%	245,022	7,730	3.15%
INTEREST EARNINGS	7,500	3,293	43.91%	56.09%	1,736	1,557	89.71%
INTEREST/ESCROW	-	-	-	-	-	-	-
CONTRIBUTIONS/OTHER	-	-	-	-	-	-	-
TOTAL REVENUE	\$735,500	\$256,046	34.81%	65.19%	\$246,758	9,287	3.76%
PERSONNEL SERVICES	447,400	137,732	30.78%	69.22%	141,424	(3,693)	-2.61%
NON-DEPARTMENTAL	21,390	4,559	21.31%	78.69%	4,458	101	2.26%
SUPPLIES	63,100	5,803	9.20%	90.80%	3,248	2,555	78.65%
MAINTENANCE	62,200	14,504	23.32%	76.68%	20,253	(5,749)	-28.38%
CONTRACTUAL & SUNDRY	144,100	40,891	28.38%	71.62%	34,463	6,428	18.65%
TRANSFERS	50,900	17,471	34.32%	65.68%	12,148	5,323	43.82%
CAPITAL OUTLAY	5,500	-	0.00%	100.00%	-	-	0.00%
TOTAL EXPENDITURES	794,590	220,960	27.81%	72.19%	\$ 215,995	4,965	2.30%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$59,090)	\$35,086			\$30,764	\$4,322	

100.00%

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2019
For the period ending January 31, 2019 (2nd FY Qtr.)

Strategic Initiative Fund - 13

REVENUE:	CURRENT BUDGET	1/31/2019 YTD ACTUAL	% USED	% REMAINING	1/31/2018 YTD ACTUAL	\$ CHG 19 vs 18	% CHG 19 vs 18
	-						
INTEREST EARNINGS	1,000	1,652	165.22%	-65.22%	1,493	160	10.69%
INTEREST/ESCROW	-	-	-	-	-	-	-
TRANSFERS	-	-	-	-	25,000	(25,000)	-100.00%
TOTAL REVENUE	\$1,000	\$1,652	165.22%	-65.22%	\$26,493	(24,840)	-89.31%
 CONTRACTUAL & SUNDRY	155,000	30,157	19.46%	80.54%	27,367	2,790	10.19%
TOTAL EXPENDITURES	155,000	30,157	19.46%	80.54%	\$ 27,367	2,790	10.19%
 EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$154,000)	(\$28,505)			(\$875)	-\$27,630	

100.00%

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2019
For the period ending January 31, 2019 (2nd FY Qtr.)

STREET MAINTENANCE FUND - 14

	CURRENT BUDGET	1/31/2019 YTD ACTUAL	% USED	% REMAINING	1/31/2018 YTD ACTUAL	\$ CHG 19 vs 18	% CHG 19 vs 18
REVENUE:							
SALES TAX	723,000	249,776	34.55%	65.45%	242,375	7,401	3.1%
INTEREST EARNINGS	9,000	4,515	-	-	1,953	2,562	131.2%
INTEREST/ESCROW	-	-	-	-	-	0	-
CONTRIBUTIONS/OTHER	-	-	-	-	-	0	-
TOTAL REVENUE	\$ 732,000	\$254,291	34.55%	65.45%	244,328	\$9,963	4.08%
MAINTENANCE	100,000	45,800	45.80%	54.20%	46,359	(559)	-1.2%
CONTRACTUAL & SUNDRY	8,000	-	0.00%	100.00%	1,365	(1,365)	-100.0%
CAPITAL OUTLAY	600,000	33,870	5.65%	94.35%	-	33,870	0.0%
TOTAL EXPENDITURES	708,000	79,670	11.25%	88.75%	47,724	\$31,946	
EXCESS REVENUE OVER (UNDER) EXPENDITURES	\$24,000	\$174,621			\$196,603	(\$21,983)	

100.00%

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2019
For the period ending January 31, 2019 (2nd FY Qtr.)

STORM DRAIN FUND - 15

	<u>CURRENT BUDGET</u>	<u>1/31/2019 YTD ACTUAL</u>	<u>% USED</u>	<u>% REMAINING</u>	<u>1/31/2018 YTD ACTUAL</u>	<u>\$ CHG 19 vs 18</u>	<u>% CHG 19 vs 18</u>
REVENUE:							
USERS FEE	1,452,000	489,385	33.70%	66.30%	477,862	11,522	2.41%
OTHER REVENUE	-	-	-	-	-	-	-
INTEREST INCOME	25,000	18,345	73.38%	26.62%	7,841	10,503	133.95%
TOTAL REVENUE	\$1,477,000	\$507,729	34.38%	65.62%	\$485,704	\$22,025	4.53%
PERSONNEL	497,200	142,172	28.59%	71.41%	\$147,308	(5,136)	-3.49%
SUPPLIES	38,600	4,287	11.11%	88.89%	\$3,365	923	27.42%
MAINTENANCE	56,500	5,049	8.94%	91.06%	\$2,743	2,305	84.04%
CONTRACTUAL & SUNDRY	203,230	46,155	22.71%	77.29%	\$46,203	(48)	-0.10%
CAPITAL	2,483,000	3,739	0.15%	99.85%	\$50,604	(46,866)	-92.61%
TRANSFERS TO OTHER FUNDS	103,600	34,802	33.59%	66.41%	\$39,226	(4,424)	-11.28%
TOTAL EXPENDITURES	\$3,382,130	\$236,204	6.98%	93.02%	\$289,449	(\$53,245)	-18.40%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$1,905,130)	\$271,525			\$196,254	\$75,271	

100.00%

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2019
For the period ending January 31, 2019 (2nd FY Qtr.)

CRIME CONTROL DISTRICT - 18

REVENUE:	CURRENT BUDGET	1/31/2019 YTD ACTUAL	% USED	% REMAINING	1/31/2018 YTD ACTUAL	\$ CHG 19 vs 18	% CHG 19 vs 18
SALES TAX	1,436,000	511,020	35.59%	64.41%	486,465	24,556	5.05%
INTEREST EARNING/OTHER	9,000	30,676	340.84%	-240.84%	4,702	25,973	552.34%
MIS GRANT PROCEEDS	48,000	-	-	-	-	-	-
TOTAL REVENUE	\$1,493,000	\$541,696	36.28%	63.72%	\$491,167	\$50,529	10.29%
PERSONNEL SERVICES	994,000	293,784	29.56%	70.44%	\$260,661	33,123	12.71%
SUPPLIES	147,500	27,747	18.81%	81.19%	\$26,937	810	3.01%
MAINTENANCE	206,000	114,842	55.75%	44.25%	\$115,051	(209)	-0.18%
CONTRACTUAL & SUNDRY	316,870	108,001	34.08%	65.92%	\$99,421	8,580	8.63%
TRANSFERS	44,000	15,220	34.59%	65.41%	\$132,214	(116,994)	-88.49%
CAPITAL OUTLAY	24,500	-	0.00%	100.00%	\$0	-	0.00%
TOTAL EXPENDITURES	1,732,870	559,594	32.29%	67.71%	\$634,283	(\$74,689)	-11.78%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$239,870)	(\$17,898)			\$ (143,116)	\$125,218	

**CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2019
For the period ending January 31, 2019 (2nd FY Qtr.)**

Traffic Safety - 28

	CURRENT BUDGET	1/31/2019 YTD ACTUAL	% USED	% REMAINING	1/31/2018 YTD ACTUAL	\$ CHG 19 vs 18	% CHG 19 vs 18
REVENUE:							
FINES & FORFEITURES	800,000	421,565	52.70%	47.30%	306,385	115,180	37.59%
INTEREST	-	892	-	-	319	574	-
		-	-	-	-	-	-
TOTAL REVENUE	800,000	422,457	52.81%	47.30%	306,703	115,754	37.74%
PERSONNEL SERVICES	263,200	50,050	19.02%	80.98%	50,463	(413)	-0.82%
SUPPLIES	4,500	-	0.00%	100.00%	1,204	(1,204)	0.00%
CONTRACTUAL & SUNDRY	506,060	52,353	10.35%	89.65%	42,053	10,300	24.49%
CAPITAL OUTLAY	7,600	-	0.00%	100.00%	-	-	0.00%
TOTAL EXPENDITURES	781,360	102,404	13.11%	86.89%	93,720	8,683	9.27%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	\$18,640	\$320,054			\$212,983	\$107,071	

100.00%



AGENDA MEMORANDUM

DATE: February 25, 2019
TO: Honorable City Council Members
FROM: Zolaina Parker, City Secretary, TRMC
SUBJECT: Consideration of January 14, 2019, Council Regular Meeting Minutes

BACKGROUND/INFORMATION:

This item contains Meeting Minutes Draft for Council review and approval.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

Respectfully recommend the Council review and take action on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Minutes Draft

REVIEWED BY:

Zolaina Parker, City Secretary, TRMC

Final Approval - 03/01/2019

Approved as to form for inclusion on Agenda

**MINUTES
WATAUGA CITY COUNCIL
PRE-COUNCIL & REGULAR MEETING
MONDAY, JANUARY 14, 2019
CITY HALL, COUNCIL CHAMBER, 7105 WHITLEY ROAD
6:00 PM**

CALL TO ORDER

The City Council of the City of Watauga, Texas convened in Pre-Council at 6:06 p.m., with the following members present:

Council Member, Place 6 Mark Taylor
Council Member, Place 7 Kim Irving
Council Member, Place 3 Sandra Bush
Council Member, Place 2 Tom Snyder
Council Member, Place 4 David Griffin
Council Member , Place 1 Scott Prescher

and

Andrea Gardner, City Manager
Mark Daniel, City Attorney
Zolaina R. Parker, City Secretary
Robert Parker, Chief of Police
Shawn Fannan, Fire Chief
Sandra Gibson, Director of Finance
Paul Hackleman, Director of Public Works
Marcia Reyna, Director of Human Resources/Civil Service
Lana Ewell, Library Director
Bradley Fraley, Chief Information Officer/PIO

with

Council Member, Place 5 Melva Clark, absent with notice

CITY COUNCIL AGENDA DISCUSSION

1. Discussion and questions regarding consent agenda items for regular meeting
There was no discussion on this item.
2. Discussion and questions regarding regular agenda items for regular meeting
Mayor Pro Tem announced the Presentations Section of the Agenda would be

moved before Citizens Open Forum.

REGULAR COUNCIL MEETING

Regular Meeting commenced at 6:11 p.m.

INVOCATION

Council Member Irving gave the invocation.

PLEDGE TO THE FLAGS

Mayor Pro Tem Griffin led the pledge to the flags.

DISCUSSION AND APPROVAL OF MEETING AGENDA

1. Consideration and action on approval of meeting agenda

Council Member, Place 6 Mark Taylor made a motion to approve the agenda as amended by moving Presentations before Citizens Open Forum and moving Unfinished Business 2 before the Consent Agenda. Council Member, Place 3 Sandra Bush seconded the motion, which passed as follows:

AYES: Tom Snyder, Sandra Bush, David Griffin, Mark Taylor, Kim Irving, Scott Prescher
NAYS: None
ABSENT: Melva Clark
ABSTAIN: None

CITIZEN'S OPEN FORUM

Mrs. Lindsey Neal - 6920 Cheatham Drive, addressed concerns about replacing library books.

PRESENTATIONS

1. Presentation of a Proclamation to One Main Financial in honor of their 15 Year Business Anniversary

Mayor Pro Tem Griffin presented a Proclamation to One Main Financial in honor

of their 15 Year Business Anniversary.

2. Presentation of a Proclamation to Panda Express in honor of their 15 Year Business Anniversary

Mayor Pro Tem Griffin presented a Proclamation to Panda Express in honor of their 15 Year Business Anniversary.

3. Presentation of Service Awards for City of Watauga Employees celebrating a milestone anniversary during the month of January 2019

Chief Robert Parker, presented Service Awards for City of Watauga Employees celebrating a milestone anniversary during the month of January 2019, which included, Sergeant Benjamin Davis with 10 years of service, Sergeant James Parham with 15 years of service, and Mr. Brandon Dupree with 20 years of dedicated service.

REPORTS

1. Update on May 2019 General Election

Zolaina R. Parker, City Secretary, presented an update on May 2019 General Elections.

2. Report on Municipal Court Warrants

Jennifer Dorsett, Municipal Court Administrator, presented a report on Municipal Court Warrants.

CONSENT AGENDA

Council Member, Place 6 Mark Taylor made a motion to approve the Consent Agenda as presented. Council Member, Place 7 Kim Irving seconded the motion, which passed as follows:

AYES: Tom Snyder, Sandra Bush, David Griffin, Mark Taylor, Kim Irving,
Scott Prescher

NAYS: None

ABSENT: Melva Clark

ABSTAIN: None

1. Monthly Financial Report for the period ending November 30, 2018
2. Consideration of a proposed resolution amending Policy 8.02 Vacation Leave of the City of Watauga Personnel, Administration and Financial Policies and Procedures Manual {CAPTION}

The resolution as approved carried the following caption:

CITY OF WATAUGA, TEXAS
RESOLUTION NO. 19-01-14-01

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF
WATAUGA, TEXAS AMENDING SECTION 8.02 OF THE
PERSONNEL, ADMINISTRATION AND FINANCIAL
POLICIES AND PROCEDURES MANUAL REGARDING
VACATION LEAVE; PROVIDING THAT ALL
RESOLUTIONS IN CONFLICT HERewith ARE HEREBY
REPEALED TO THE EXTENT THAT THEY ARE IN
CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING
AN EFFECTIVE DATE.

3. Consideration of a proposed ordinance amending the classifications of the Watauga Police Department by amending the number of Police Officers from 29 to 24 and creating 5 Police Corporal positions {CAPTION}

The ordinance as approved carried the following caption:

CITY OF WATAUGA, TEXAS
ORDINANCE NO. 1683

AN ORDINANCE REPEALING ORDINANCE 1660; AN
ORDINANCE BY THE CITY COUNCIL OF THE CITY OF
WATAUGA, TEXAS AMENDING THE CLASSIFICATIONS
AND NUMBERS OF POSITIONS IN THE
CLASSIFICATIONS OF THE CITY OF WATAUGA POLICE
DEPARTMENT TO AMEND THE NUMBER OF POLICE
OFFICERS FROM 29 TO 24 AND TO ADD 5 POLICE
CORPORAL POSITIONS; PROVIDING THAT ALL
ORDINANCES IN CONFLICT HERewith ARE HEREBY
REPEALED TO THE EXTENT THAT THEY ARE IN

CONFLICT; PROVIDING A SAVINGS CLAUSE;
PROVIDING AN EFFECTIVE DATE

4. Consideration of December 17, 2018, Council Workshop Meeting Minutes
5. Consideration of December 17, 2018, Council Regular Meeting Minutes
6. Consideration to approve the continuation of a Massage Establishment Permit for Hightower Salons for Calendar Year 2019 as required by Chapter 22, Article VI, Division 2, Section 22-252 of the City of Watauga Code of Ordinances
7. Consideration to approve the continuation of a Massage Establishment Permit for YY Foot Spa for Calendar Year 2019 as required by Chapter 22, Article VI, Division 2, Section 22-252 of the City of Watauga Code of Ordinances
8. Consideration to approve the continuation of a Massage Establishment Permit for Magic Massage for Calendar Year 2019 as required by Chapter 22, Article VI, Division 2, Section 22-252 of the City of Watauga Code of Ordinances
9. Consideration to approve the continuation of a Massage Establishment Permit for Niu Niu Foot Spa for Calendar Year 2019 as required by Chapter 22, Article VI, Division 2, Section 22-252 of the City of Watauga Code of Ordinances
10. Consideration of appointments and reappointments for various Board, Committee, Commission, and Corporation Members
11. Consideration of Mayor's recommendation to appoint City Council Liaisons and Interview Committee Members

UNFINISHED BUSINESS

1. Consideration and action on a proposed resolution approving the City Council Rules of Procedure Manual as submitted for consideration by the Council Rules of Procedure Review Committee {CAPTION}

Council Member, Place 6 Mark Taylor made a motion to approve a proposed resolution approving the City Council Rules of Procedure Manual as submitted for consideration by the Council Rules of Procedure Review Committee. Council Member, Place 1 Scott Prescher seconded the motion, which passed as follows:

AYES: Tom Snyder, Sandra Bush, David Griffin, Mark Taylor, Kim Irving,
Scott Prescher
NAYS: None
ABSENT: Melva Clark
ABSTAIN: None

The resolution as approved carried the following caption:

CITY OF WATAUGA, TEXAS
RESOLUTION NO. 19-01-14-02

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF
WATAUGA, TEXAS AMENDING THE COUNCIL RULES OF
PROCEDURE MANUAL; PROVIDING THAT ALL RESOLUTIONS
IN CONFLICT HERewith ARE HEREBY REPEALED TO THE
EXTENT THAT THEY ARE IN CONFLICT; PROVIDING A
SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE

2. Consideration and possible action approving a draft ordinance adopting Chapter 6, Article VII, Division 3 of the Watauga Code of Ordinances, providing for the creation of regulations concerning backyard chickens {CAPTION}

Council Member, Place 6 Mark Taylor made a motion to direct staff to research to topic, hold two (2) public hearings and bring findings to Council during the March Regular Meeting. Council Member, Place 2 Tom Snyder seconded the motion, which passed as follows:

AYES: Tom Snyder, Sandra Bush, David Griffin, Mark Taylor, Kim Irving,
Scott Prescher
NAYS: None
ABSENT: Melva Clark
ABSTAIN: None

NEW BUSINESS

1. Consideration and action authorizing staff to pursue and execute a professional

services agreement for architectural services associated with the completion of a facility needs assessment for the Watauga Public Library with Brinkley Sargent Architects in an amount of \$59,790

Council Member, Place 1 Scott Prescher made a motion to approve authorizing staff to pursue and execute a professional services agreement for architectural services associated with the completion of a facility needs assessment for the Watauga Public Library with Brinkley Sargent Architects in an amount of \$59,790. Council Member, Place 6 Mark Taylor seconded the motion, which passed as follows:

AYES: Tom Snyder, Mark Taylor, Kim Irving, Scott Prescher

NAYS: Sandra Bush, David Griffin

ABSENT: Melva Clark

ABSTAIN: None

2. Consideration and action authorizing staff to pursue and execute a professional services agreement between the City of Watauga and Brinkley Sargent for services associated with the needs assessment for the Watauga Police Department in the amount of \$47,000

Council Member, Place 7 Kim Irving made a motion to approve authorizing staff to pursue and execute a professional services agreement between the City of Watauga and Brinkley Sargent for services associated with the needs assessment for the Watauga Police Department in the amount of \$47,000. Council Member, Place 6 Mark Taylor seconded the motion, which passed as follows:

AYES: Tom Snyder, Sandra Bush, Mark Taylor, Kim Irving, Scott Prescher

NAYS: David Griffin

ABSENT: Melva Clark

ABSTAIN: None

3. Consideration and possible action approving a draft ordinance establishing water and sewer rates and change in the current senior rate structure to a flat senior discount of \$5.00 per service

Council Member, Place 1 Scott Prescher made a motion to approve a \$5.00

Senior rate per service, remove \$2500 for sewer in winter rate, and Option 3. Council Member, Place 6 Mark Taylor seconded the motion, which passed as follows:

AYES: Tom Snyder, David Griffin, Mark Taylor, Kim Irving, Scott Prescher

NAYS: Sandra Bush

ABSENT: Melva Clark

ABSTAIN: None

4. Consideration and action on approving a resolution authorizing a collection fee of debts and accounts receivable to include unpaid fines, fees, court costs, forfeited bonds, and restitution ordered to be paid by the Municipal Court and award the delinquent services contract to McCreary, Veselka, Bragg & Allen, LLP {CAPTION}

Council Member, Place 4 David Griffin made a motion to approve a resolution authorizing a collection fee of debts and accounts receivable to include unpaid fines, fees, court costs, forfeited bonds, and restitution ordered to be paid by the Municipal Court and award the delinquent services contract to McCreary, Veselka, Bragg & Allen, LLP. Council Member , Place 1 Scott Prescher seconded the motion, which passed as follows:

AYES: Tom Snyder, Sandra Bush, David Griffin, Mark Taylor, Kim Irving, Scott Prescher

NAYS: None

ABSENT: Melva Clark

ABSTAIN: None

The resolution as approved carried the following caption:

CITY OF WATAUGA, TEXAS
RESOLUTION NO. 19-01-14-03

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF
WATAUGA, TEXAS APPROVING THE ASSESSMENT OF A
COLLECTION FEE AS PROVIDED BY ARTICLE 103.0031,
TEXAS CODE OF CRIMINAL PROCEDURE, OF DEBTS AND
ACCOUNTS RECEIVABLE; PROVIDING THAT ALL

RESOLUTIONS IN CONFLICT HERewith ARE HEREBY
REPEALED TO THE EXTENT THAT THEY ARE IN
CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING
AN EFFECTIVE DATE

ADJOURNMENT

With no further business to discuss, Mayor Pro Tem Griffin adjourned the Regular Meeting at 8:57 p.m.

APPROVED:

this ____ day of _____, _____

SIGNED:

this ____ day of _____, _____

APPROVED:

David Griffin, Mayor Pro Tem

ATTEST:

Zolaina R. Parker, City Secretary

NOTE: Original Audio and Video Recording of this meeting is preserved and maintained by the City Secretary's Office



AGENDA MEMORANDUM

DATE: February 25, 2019
TO: Honorable City Council Members
FROM: Zolaina Parker, City Secretary, TRMC
SUBJECT: Consideration of February 11, 2019, Council Regular Meeting Minutes

BACKGROUND/INFORMATION:

This item contains Meeting Minutes Draft for Council review and approval.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

Respectfully recommend the Council review and take action on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Minutes Draft

REVIEWED BY:

Zolaina Parker, City Secretary, TRMC

Final Approval - 03/01/2019

Approved as to form for inclusion on Agenda

**MINUTES
WATAUGA CITY COUNCIL
PRE-COUNCIL & REGULAR MEETING
MONDAY, FEBRUARY 11, 2019
CITY HALL, COUNCIL CHAMBER, 7105 WHITLEY ROAD
6:30 PM**

CALL TO ORDER

The City Council of the City of Watauga, Texas convened in the Regular Meeting at 6:39 p.m., with the following members present:

Council Member, Place 6 Mark Taylor
Council Member, Place 4 David Griffin
Council Member, Place 5 Melva Clark
Council Member, Place 2 Tom Snyder
Council Member, Place 1 Scott Prescher
Council Member, Place 3 Sandra Bush
Council Member, Place 7 Kim Irving

and

Andrea Gardner, City Manager
Mark Daniel, City Attorney
Zolaina R. Parker, City Secretary
Robert Parker, Chief of Police
Shawn Fannan, Fire Chief
Sandra Gibson, Director of Finance
Paul Hackleman, Director of Public Works
Sal Torres, Director of Parks and Community Services
Marcia Reyna, Director of Human Resources/Civil Service
Lana Ewell, Library Director
Bradley Fraley, Chief Information Officer/PIO

INVOCATION

Chief Robert Parker gave the invocation.

PLEDGE OF ALLEGIANCE

Mayor Pro Tem Griffin led the Pledge to the Flags.

ANNOUNCEMENTS

There were no announcements.

DISCUSSION AND APPROVAL OF MEETING AGENDA

1. Consideration and action on approval of meeting agenda

Council Member Taylor made a motion to approve the meeting agenda as amended by Council Member Scott Prescher. Council Member Prescher seconded the motion, which passed as follows:

AYES: Tom Snyder, Sandra Bush, David Griffin, Melva Clark, Mark Taylor, Kim Irving, Scott Prescher

NAYS: None

ABSENT: None

ABSTAIN: None

PRESENTATIONS

1. Presentation of a Proclamation to O'Reilly Auto Parts in honor of 15 Years of Business Service in the City of Watauga

Mayor Pro Tem Griffin presented a Proclamation to O'Reilly Auto Parts in honor of 15 Years of Business Service in the City of Watauga.

2. Presentation of a Proclamation to PetSmart in honor of 15 Years of Business Service in the City of Watauga

Mayor Pro Tem Griffin presented a Proclamation to PetSmart in honor of 15 Years of Business Service in the City of Watauga.

3. Presentation of a Proclamation to Ross Dress for Less in honor of 15 Years of Business Service in the City of Watauga

Mayor Pro Tem Griffin presented a Proclamation to Ross Dress for Less in honor of 15 Years of Business Service in the City of Watauga.

4. Presentation of Service Awards for City of Watauga Employees celebrating a milestone anniversary during the month of February 2019

5. Andrea Gardner, City Manager, presented a Service Award to Kimberly Brauns for celebrating a milestone anniversary during the month of February 2019.

CITIZEN'S OPEN FORUM

Mr. Dole Martin- verified address- wants to be grandfathered regarding his trailer.

Mr. Paul Hopkins-verified address- discussing updated codes- good idea to review periodically.

REPORTS

1. Report on lifelong educational opportunities at the Watauga Public Library

Barbara Goss, Youth Services Librarian and Dana Harper, Adult Services Librarian, presented a report on lifelong educational opportunities at the Watauga Public Library.
2. Report on staffing and recruiting of the Watauga Police Department

Robert Parker, Chief of Police provided an update on staffing and recruiting of the Watauga Police Department.
3. Update on Comprehensive Plan

Andrea Gardner, City Manager presented an update on the Comprehensive Plan.

CONSENT AGENDA

Council Member Taylor made a motion to approve the meeting agenda as amended by Council Member Scott Prescher. Council Member Prescher seconded the motion, which passed as follows:

AYES: Tom Snyder, Sandra Bush, David Griffin, Melva Clark, Mark Taylor,
Kim Irving, Scott Prescher
NAYS: None
ABSENT: None
ABSTAIN: None

1. Consideration of a resolution by the City of Watauga supporting the Texas Recreation and Parks Society's request to the Members of the 86th Legislative Session of the State of Texas to support legislation that provides stewardship, health, well-being and connectivity for local and state parks {CAPTION}

The resolution as approved carried the following caption:

CITY OF WATAUGA, TEXAS
RESOLUTION NO. 19-02-11-01

A RESOLUTION BY THE CITY COUNCIL FOR THE CITY OF WATAUGA, TEXAS REQUESTING THE MEMBERS OF THE 86th LEGISLATIVE SESSION OF THE STATE OF TEXAS TO SUPPORT LEGISLATION THAT PROVIDES STEWARDSHIP, HEALTH AND WELL BEING, AND CONNECTIVITY FOR LOCAL AND STATE PARKS

2. Consideration of Watauga Police Department Annual Contact Report
3. Consideration of a proposed resolution to amend the Fiscal Year 2018-19 Classification Plan for Civil Service employees {CAPTION}

The resolution as approved carried the following caption:

CITY OF WATAUGA, TEXAS
RESOLUTION NO. 19-02-11-02

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS AMENDING THE CLASSIFICATION PLAN FOR THE 2018 - 2019 FISCAL YEAR; PROVIDING FOR A SEPARATE STEP PLAN FOR THE FIRE DEPARTMENT AND POLICE DEPARTMENT; PROVIDING THAT ALL RESOLUTIONS IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THAT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE

4. Consideration of the Monthly Financial Report for the period ending December 31, 2018
5. Consideration of the Quarterly Investment Report for the period ending December 31, 2018
6. Consideration of Bid # 18-012 Concrete - Various Types for the first renewal term with Paisano Redi Mix and Cowtown Redi Mix
7. Consideration of an ordinance adopting the 2018 International Fire Code with local amendments {CAPTION} (ITEM MOVED TO NEW BUSINESS)

Citizen Comments:

Ms. Donna Strickland - verified address- commented the Fire Department does a great job, children's safety is up.

Council Member, Place 4 David Griffin made a motion to approve an ordinance adopting the 2018 International Fire Code with local amendments. Council Member, Place 7 Kim Irving seconded the motion, which passed as follows:

AYES: Tom Snyder, Sandra Bush, David Griffin, Melva Clark, Mark Taylor, Kim Irving, Scott Prescher
NAYS: None
ABSENT: None
ABSTAIN: None

The ordinance as approved carried the following caption:

CITY OF WATAUGA, TEXAS
ORDINANCE NO. 1684

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS FOR THE PURPOSE OF ADOPTING THE 2018 INTERNATIONAL FIRE CODE AND THE RELATED AMENDMENTS FROM THE NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS; PROVIDING THAT ALL ORDINANCES IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE

8. Consideration of January 14, 2019, Council Worskhop Meeting Minutes
9. Consideration of January 15, 2019, Council Worskhop Meeting Minutes
10. Consideration of January 29, 2019, Council Workshop Meeting Minutes
11. Consideration of February 4, 2019, Council Workshop Meeting Minutes
12. Consideration of February 5, 2019, Council Workshop Meeting Minutes
13. Consideration of reappointments and resignations for various Board, Committee, Commission, and Corporation Members

PUBLIC HEARINGS

1. Public Hearing on proposed Water and Sewer rate increase and senior rate structure to senior discount

Mayor Pro Tem Griffin recessed the Regular Meeting at 7:25 p.m. and opened the Public Hearing.

Citizen Comments:

Ms. Kim Foster-verified address-advised regarding concerns on water rate.

Mayor Pro Tem Griffin closed the Public Hearing at 7:32 p.m., and reconvened the Regular Meeting.

2. Second Public Hearing regarding backyard chickens being allowed in the City of Watauga

Mayor Pro Tem Griffin recessed the Regular Meeting at 7:32 p.m. and opened the Public Hearing.

Citizen Comments:

Ms. Emma Harvey-verified address- commented on her desire to see chickens allowed in Watauga.

Mr. Paul Hopkins-verified address- commented he was pro chickens in Watauga.

Mayor Pro Tem Griffin closed the Public Hearing at 7:38 p.m., and reconvened the Regular Meeting.

UNFINISHED BUSINESS

1. Consideration, discussion and direction on a draft ordinance adopting Chapter 6, Article VII, Division 3 of the Watauga Code of Ordinances, providing for the creation of regulations concerning backyard chickens

Citizen Comments:

Jesse Gallarza-verified address- advised most people will be ok with chickens with the correct regulations in place.

Allison Chambers- verified address- commented on being pro-chickens and advised about a foster chicken program.

Council discussed the item, which did not result in any action being taken.

NEW BUSINESS

1. Consideration and action on approval of a proposed resolution calling for a General Election for Mayor and Council Member Places 3, 4 and 5 to be held on Saturday, May 4, 2019 at Watauga City Hall, 7105 Whitley Road, Watauga, Texas, 76148, including days and hours of Early Voting and continuing joint election services through Tarrant County {CAPTION}

There were no citizen comments on this item.

Council Member, Place 4 David Griffin made a motion to approve resolution calling for a General Election for Mayor and Council Member Places 3, 4 and 5 to be held on Saturday, May 4, 2019 at Watauga City Hall, 7105 Whitley Road, Watauga, Texas, 76148, including days and hours of Early Voting and continuing joint election services through Tarrant County. Council Member, Place 3 Sandra Bush seconded the motion, which passed as follows:

AYES: Tom Snyder, Sandra Bush, David Griffin, Melva Clark, Mark Taylor, Kim Irving, Scott Prescher

NAYS: None

ABSENT: None

ABSTAIN: None

The resolution as approved carried the following caption:

CITY OF WATAUGA, TEXAS
RESOLUTION NO. 19-02-11-03

A RESOLUTION AND ELECTION ORDER BY THE CITY
COUNCIL OF THE CITY OF WATAUGA, TEXAS CALLING
AN ELECTION TO BE HELD IN SAID CITY ON THE 4TH

DAY OF MAY 2019 FOR THE GENERAL ELECTION OF THE
PLACE OF MAYOR, CITY COUNCIL MEMBER PLACE 3,
CITY COUNCIL MEMBER PLACE 4, AND CITY COUNCIL
MEMBER PLACE 5; PROVIDING FOR A JOINT ELECTION
AGREEMENT WITH TARRANT COUNTY; SETTING THE
DATE, PLACE AND TIME OF SAID ELECTION; AND OTHER
PROVISIONS OTHERWISE INCIDENTAL TO SUCH
RESOLUTION IN ACCORDANCE WITH THE TEXAS
ELECTION LAWS AND ARTICLES III AND IV OF THE CITY
OF WATAUGA HOME RULE CHARTER; PROVIDING THAT
ALL RESOLUTIONS IN CONFLICT HERewith ARE
HEREBY REPEALED TO THE EXTENT THAT THEY ARE IN
CONFLICT; PROVIDING A SAVINGS CLAUSE;
PROVIDING AN EFFECTIVE DATE

2. Consideration and action on proposed ordinance amending Chapter 42, Utilities, Section 42-81 and Section 42-82 of the Code of Ordinances {CAPTION} and Chapter 12, Fee Schedule, Section 12-42 {CAPTION} providing for an increase in water and sewer rates and changing the senior rate structure to a senior discount per service

There were not citizens who requested to speak.

Council Member, Place 6 Mark Taylor made a motion to approve ordinance amending Chapter 42, Utilities, Section 42-81 and Section 42-82 of the Code of Ordinances. Council Member, Place 2 Tom Snyder seconded the motion, which passed as follows:

AYES: Tom Snyder, David Griffin, Melva Clark, Mark Taylor, Kim Irving, Scott Prescher
NAYS: Sandra Bush
ABSENT: None
ABSTAIN: None

3. Consideration and discussion on Home Improvement Incentive Programs in the City of Watauga

Citizen Comments:

Mr. Paul Hopkins-verified address- commented he had looked at what was in agenda packet- likes the Tarrant County Program - not about giving money to people who just want to fix up their homes because they want to- paying taxes with taxes is not ok- need to make sure work needs to be maintained after the fact.

Ms. Gloria Cruze-verified address-just moved to Watauga from Fort Worth - programs help out citizens- wants same allowances given in Fort Worth.

Council discussed the item, with there being no final action taken.

ITEMS FOR FUTURE CITY COUNCIL MEETINGS

There were no items discussed.

ADJOURNMENT

With there being no further business, Mayor Pro Tem adjourned the Regular Meeting at 8:51 p.m.

APPROVED:

this ____ day of _____, _____

SIGNED:

this ____ day of _____, _____

APPROVED:

David Griffin, Mayor Pro Tem

ATTEST:

Zolaina R. Parker, City Secretary

NOTE: Original Audio and Video Recording of this meeting is preserved and maintained by the City Secretary's Office



AGENDA MEMORANDUM

DATE: February 25, 2019

TO: Honorable City Council Members

FROM: Zolaina Parker, City Secretary, TRMC

SUBJECT: Consideration of February 11, 2019, Council Workshop Meeting Minutes

BACKGROUND/INFORMATION:

This item contains Meeting Minutes Draft for Council review and approval.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

Respectfully recommend the Council review and take action on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Minutes Draft

REVIEWED BY:

Zolaina Parker, City Secretary, TRMC

Final Approval - 03/01/2019

Approved as to form for inclusion on Agenda

**MINUTES
WATAUGA CITY COUNCIL
WORKSHOP
MONDAY, FEBRUARY 11, 2019
CITY HALL, COUNCIL CHAMBER, 7105 WHITLEY ROAD
5:30 P.M.**

The City Council of the City of Watauga, Texas convened at 5:37 p.m., for the purpose of conducting a workshop with the following members present:

Mayor Pro Tem, Place 4 David Griffin
Council Member, Place 3 Sandra Bush
Council Member, Place 2 Tom Snyder
Council Member, Place 5 Melva Clark
Council Member, Place 6 Mark Taylor
Council Member, Place 7 Kim Irving

and

Andrea Gardner, City Manager
Zolaina R. Parker, City Secretary
Robert Parker, Chief of Police
Shawn Fannan, Fire Chief
Sandra Gibson, Director of Finance
Paul Hackleman, Director of Public Works
Marcia Reyna, Director of Human Resources/Civil Service
Sal Torres, Director of Parks and Community Services
Lana Ewell, Library Director
Bradley Fraley, Chief Information Officer/PIO

with

Council Member Scott Prescher, absent with notice.

Code Enforcement and Rental Property Registration in the City of Watauga

City Council met to receive updates and allow for discussion regarding Code Enforcement and Rental Property Registration in the City of Watauga.

Mayor Pro Tem gave the floor to Sergeant Bobby Parham and Paul Hackleman, Director of Public Works, who led the presentation and discussion.

ADJOURNMENT

Mayor Pro Tem David Griffin adjourned the workshop at 6:28 p.m.

APPROVED: this 7th day of March, 2019

SIGNED: this 7th day of March, 2019

David Griffin, Mayor Pro Tem

ATTEST:

Zolaina R. Parker, City Secretary

NOTE: Original Audio and Video Recording of this meeting is preserved and maintained by the City Secretary's Office



AGENDA MEMORANDUM

DATE: February 25, 2019

TO: Honorable City Council Members

FROM: Robert Parker, Chief of Police

SUBJECT: Consideration, discussion and action on a proposed ordinance adopting Chapter 6, Article VII, Division 3 of the Watauga Code of Ordinances, providing for the creation of regulations concerning backyard chickens {CAPTION}

BACKGROUND/INFORMATION:

At the December 17, 2018, City Council Meeting, Council Member Scott Prescher presented information. Staff with the assistance of the City Attorney completed the attached draft ordinance to allow backyard chickens. Several ordinances were reviewed to develop the attached draft that combines the requested information.

During the January 14, 2019, City Council Meeting, Council directed staff to conduct two public hearings on January 28 and February 11, 2019. Council Member Scott Prescher has requested this item be added for further discussion.

All public meetings have been conducted as requested by Council. Staff has included the final draft and incorporated all items as directed by Council.

FINANCIAL IMPLICATIONS:

Additional costs of staff time are uncertain.

RECOMMENDATION/ACTION DESIRED:

Respectfully recommend the Council review and take action, if desired, on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. City Attorney Letter of Approval and Proposed Ordinance Draft
2. SB 86

REVIEWED BY:

Andrea Gardner, City Manager
Zolaina Parker, City Secretary, TRMC

Approved - 03/01/2019
Final Approval - 03/01/2019

Approved as to form for inclusion on Agenda



AGENDA MEMORANDUM

LAW OFFICES
EVANS, DANIEL, MOORE, EVANS, BIGGS & DECKER
(NOT A PARTNERSHIP)

MARK G. DANIEL

BOARD CERTIFIED - CRIMINAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

CRIMINAL TRIAL SPECIALIST-BOARD CERTIFIED
NATIONAL BOARD OF TRIAL ADVOCACY

SUNDANCE SQUARE
115 WEST SECOND STREET, SUITE 202
FORT WORTH, TEXAS 76102

(817) 332-3822
FACSIMILE (817) 332-2763

OF COUNSEL:
TIM EVANS
TIM MOORE
LANCE T. EVANS
WILLIAM R. BIGGS
ANDREW J. DECKER

February 15, 2019

Ms. Zolaina Parker
City Secretary
City of Watauga
7105 Whitley Road
Watauga, Texas 76148

Via E-mail

Re: *Amendments to Ordinance adopting Chapter 6, Article VII, Division 3 of the Watauga Code of Ordinances, providing for regulations concerning Backyard Chickens*

Dear Ms. Parker:

The attached amended Ordinance incorporates changes to the backyard chicken ordinance recommended by Councilmember Prescher and provided to me at the February 11, 2019 City Council meeting. These suggested revisions include:

1. Section 6-376(c): now specifies that regulations are related to Section 115-62 "of the Watauga Code of Ordinances."
2. The addition of Section 6-376(r): "Properly clip and maintain the wings of the backyard chickens so as to prevent the backyard chickens from flying over the backyard fence" (Note: the "excessive flight" language requested by Councilmember Prescher was not utilized because it creates an impossible standard for enforcement).
3. Amend Section 6-377(a)(3) to read: "the tallest part of the chicken coop shall not exceed the greater of **eight (8) feet** above grade or the lowest height above grade of the existing fence enclosing the rear yard where the chicken coop is located..."
4. Amend Section 6-382(a) to read: "The permit holder shall have until 5:00 p.m. of the fifth business day following receipt of the notice of revocation to appeal the permit revocation to the City Manager by submitting such appeal in writing to the City Manager (email shall constitute "writing" for the purposes of this Section)."
5. Amend Section 6-383 to read: "Application for permit for keeping backyard chickens, including education program shall be \$60.00, or as increased by the City Council."

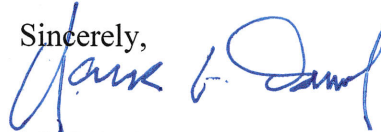
Please note, my office has elected to make no changes to Section 6-379 concerning the prohibition of crowing backyard chickens. It was requested that I include in the Ordinance the requirement that violators harboring crowing chickens remove such chickens "within one week of learning" that a chicken was a crowing chicken. However, this standard would also be virtually impossible to enforce. The City would rarely be able to prove when the resident learned that the chicken was a crowing chicken. I recognize that staff can exercise discretion regarding when to issue citations and accommodate a time for removal. For those reasons, it is respectfully my opinion that no changes should be made to Section 6-379 and that the established penalty included within that Section will act as a discouragement against those citizens who may consider harboring crowing chickens within City limits.

I have attached two versions of the amended Ordinance: (1) a red-lined version that tracks these most current changes made to the Ordinance presented at the February 11, 2019 City Council meeting and (2) a clean version of the amended Ordinance for an easier reading of how the final version reads. Please ensure that both of these versions are forwarded to Council. My office followed this same procedure last month and Council only received the red-lined version.

Please submit to City Council for consideration, discussion and possible approval.

Thank you for your attention to the above and the opportunity to be of assistance. If you have any questions regarding this matter, please do not hesitate to contact our office.

Sincerely,



MARK G. DANIEL

MGD/jjv

cc: David Griffin, *Mayor Pro Tem*
Ms. Andrea Gardner, *City Manager*
Mr. Paul Hackleman, *Public Works Director*
Mr. Bobby Parker, *Police Chief*

CITY OF WATAUGA, TEXAS
ORDINANCE NO. _____

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS ADOPTING CHAPTER 6, ARTICLE VII, DIVISION 3 OF THE CODE OF ORDINANCES OF THE CITY OF WATAUGA, TEXAS; PROVIDING FOR THE CREATION OF REGULATIONS CONCERNING THE KEEPING AND HARBORING OF BACKYARD CHICKENS; PROVIDING THAT ALL ORDINANCES IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Watauga, Texas ("City") recognizes that there is a desire amongst its residents to keep and harbor backyard chickens for the purpose of providing organic egg production; and

WHEREAS, the City acknowledges that thorough regulation and enforcement for keeping and harboring backyard chickens is necessary to prevent potential nuisances related to the harboring of such animals;

WHEREAS, the City recognizes the necessity of establishing and regulating: the type of backyard chickens allowed, the related permitting process, the standards for keeping backyard chickens including construction standards for coops and exercise yards, public nuisances concerning backyard chickens, the keeping of prohibiting fowl, and the revocation process of related permits.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Watauga, Texas, as follows:

I.

Chapter 6, Article VII, Division 3 of the Code of Ordinances for the City of Watauga, Texas, concerning Backyard Chickens, is hereby adopted to read as follows:

ARTICLE VII. – LIVESTOCK AND FOWL
DIVISION 3. BACKYARD CHICKENS

Sec. 6-374. – Definitions.

Backyard chicken means a female chicken (hen) which is possessed or harbored for providing organic egg production in compliance with this Article.

Chicken coop means an enclosed structure which meets the construction standards set forth in Section 6-378 (“Construction standards for chicken coops and exercise yards”).

Exercise yard means the enclosure attached to the chicken coop that provides exercise for the backyard chickens and prohibits the backyard chickens from escaping such enclosure, which meets the construction standards set forth in Section 6-378 (“Construction standards for chicken coops and exercise yards”).

Prohibited fowl means roosters, chickens, turkeys, pheasants, quail, guineas, geese, ducks, pigeons, peacocks, emu, ostriches and other similar feathered animals regardless of age or sex which are kept on property within the City but which shall not include backyard chickens kept in accordance with this Article.

Sec. 6-375. - Backyard Chickens Allowed; Permits.

- (a) A person may harbor or possess not less than three (3) and no more than six (6) backyard chickens on residential property or on property owned or leased by the City, a school, or an educational facility within the City after first having obtained a permit from the City for such location and payment of a nonrefundable application fee set forth in the fee schedule found in Chapter 12.
- (b) *Permit application.* A person who desires to harbor or possess backyard chickens on residential property within the City on which the person identifies as the person's primary residence shall:

- (1) Submit an application for a permit to Animal Services on a form provided by the City accompanied by a site plan showing the proposed location for the chicken coop on the property, and a floor plan and side elevations for the chicken coop to be located on the property. The site plan shall also include all property lines, building lines, yard setbacks, right-of-way, easements and/or other structures located on the property;
 - (2) Pay a nonrefundable registration fee in the amount set forth in the fee schedule found in Chapter 12;
 - (3) If the applicant is a person other than the owner of the property on which the backyard chicken(s) will be kept, submit with the permit application written authorization from the property owner to keep backyard chickens on the property identified in the permit application, which authorization must bear the property owner's notarized signature;
 - (4) Successfully attend and complete an education program offered by the City for the keeping of backyard chickens and submit the certificate of completion of the program with the application for permit;
 - (5) The premises for which an application is submitted shall be inspected upon initial application to determine a backyard is large enough for the construction of a chicken coop and exercise yard that will meet the standards set forth in this Article. Further, upon completion of the construction of the chicken coop, the structure shall be inspected again to ensure compliance with the requirements of this Article.
- (c) Not more than one permit may be issued for an individual property, tract or residential lot.
- (d) The permit is non-transferable and shall be valid and effective until the permit holder no longer resides at the property for which the permit was issued, in the event the person ceases to harbor or keep backyard chickens on the property, or the permit is otherwise revoked pursuant to this Article.
- (e) The permit shall not supersede, replace or control over any recorded deed restrictions, covenants or other restrictions applicable to such residential property.

Sec. 6-376. - Standards for Keeping Backyard Chickens.

A person keeping backyard chickens on residential property or on property owned or leased by the City, a school district, or an educational facility within the City shall comply with the following:

- (a) Not less than three (3) and not more than six (6) backyard chickens may be kept on an individual property, tract or residential lot;

- (b) Backyard chickens shall be kept within a secure chicken coop constructed with three (3) or more sides with a roof or other cover capable of allowing the chickens within the coop to remain dry and protected from the elements and which provides for direct access by an enclosed passage between the roosting area and exercise yard. Backyard chickens shall be kept within the chicken coop and exercise yard except when being removed to be transported off the property, or returned from a location off the property; provided, however, during day light hours, backyard chickens, under the direct supervision and control of a responsible person, may be allowed to roam in the rear yard outside of the chicken coop and exercise yard if the entire rear yard is secured by an enclosed perimeter fence not less than six (6) feet in height prior to allowing a permit for a backyard chicken coop;
- (c) No more than one (1) chicken coop and one (1) exercise yard shall be allowed on the property and must be located in the rear half of the lot. The coop and exercise yard may not be located less than five (5) feet from any property line or any other structure and must not be placed within any building line, yard setback, right-of-way, and/or easement. The property plat and the zoning district regulations in Section 115-62 of the Watauga Code of Ordinances should be referenced when determining where these lines, setbacks and easements may exist during the initial inspection of the premises and prior to obtaining a permit under this Article.
- (d) The rear yard of the residence or location must be properly fenced and not less than six (6) feet in height prior to allowing a permit for a backyard chicken coop.
- (e) The height of the chicken coop shall not exceed the greater of six (6) feet or the lowest height of the existing fence enclosing the rear yard where the chicken coop is located, but in no case greater than eight (8) feet in height;
- (f) The chicken coop shall provide at least five (5) square feet of area per backyard chicken, but in no case, exceed a total of eighty (80) square feet of area;
- (g) The exercise yard shall be not less than fifteen (15) square feet in area per backyard chicken not exceed a total of one hundred and twenty (120) square feet in area;
- (h) Chicken coops and exercise yards must be maintained in a sanitary condition and the accumulation of backyard chicken waste on the property is prohibited;
- (i) Adequate food, shelter, water, and care shall be provided in a humane manner to the backyard chicken(s);
- (j) All hay, grain and feed shall be enclosed in such a manner that the same is not accessible to rats, flies, mosquitos or other rodents and insects;
- (k) The feeding of vegetables, meat scraps and garbage shall be done only in impervious containers on an impervious platform;

- (l) Watering troughs or tanks shall be provided by the permit owner, which shall be equipped with adequate facilities for draining the overflow so as to prevent the breeding of flies, mosquitos or other insects;
- (m) Nuisance odors or excessive noise shall not be allowed to travel beyond the property line and disturb neighbors of ordinary sensibilities;
- (n) Manure and droppings shall be removed from pens, yards, coops and other enclosures regularly and handled or disposed of in such a manner as to keep the premises free of any nuisance;
- (o) No backyard chicken or backyard chicken byproducts, including, but not limited to eggs, may be sold by, under the direction of, or with the consent of the permit holder;
- (p) Medical treatment from a Texas-licensed veterinarian must be timely obtained by the permit holder and provided to any backyard chicken(s) showing symptoms of illness or injury; and
- (q) Any processing of deceased backyard chickens shall not occur in any area visible from the public right-of-way.
- (r) Properly clip and maintain the wings of the backyard chickens so as to prevent the backyard chickens from flying over the backyard fence.

Sec. 6-377. - Construction Standards for Chicken Coops and Exercise Yards.

- (a) *Chicken coops.* Chicken coops shall be constructed in accordance with the following requirements:
 - (1) The chicken coop must be constructed in a workmanship like manner of naturally decay-resistant wood, or wood that has been pressure treated to resist decay or galvanized steel or aluminum;
 - (2) The chicken coop may be located above the exercise yard; and
 - (3) The tallest part of the chicken coop shall not exceed the greater of eight (8) feet above grade or the lowest height above grade of the existing fence enclosing the rear yard where the chicken coop is located, but in no case greater than eight (8) feet in height above grade, measured at the lowest elevation property line in the rear yard, even if located on top of the exercise yard.
- (b) *Exercise yard construction.* Exercise yards shall be constructed in accordance with the following requirements:

- (1) The exercise yard shall be constructed in a workmanship like manner of a frame of naturally decay resistant wood, wood that has been pressure treated to resist decay, galvanized steel or aluminum;
- (2) The exercise yard frame shall be maintained in good and sound condition; and
- (3) The exercise yard frame shall securely hold the wire enclosure on all edges of the enclosure.

Sec. 6-378. – Keeping of Prohibited Fowl Unlawful.

It shall be unlawful for any person to keep, stable, board, possess, harbor or house any prohibited fowl on premises under the person' s control within the city limits of the City of Watauga.

Sec. 6-379. - Roosters and Crowing Backyard Chickens not Authorized.

- (a) A permit issued pursuant to this Article does not authorize the possession or keeping of a rooster on any property within the City. It is an offense for any person to keep, harbor or possess a rooster within the City. A person convicted of such offense shall be subject to a penalty of a fine in an amount not to exceed one thousand dollars (\$1,000.00).
- (b) It shall be a defense to a violation of this Section if on the date of the offense if the permit holder did not reasonably know the sex of the fowl, and the rooster was sixty (60) days old or younger.
- (c) A permit issued pursuant to this Article does not authorize the possession or keeping of a crowing backyard chicken on any property within the City. It is an offense for any person to knowingly and intentionally keep, harbor or possess a crowing backyard chicken within the City. A person convicted of such offense shall be subject to a penalty of fine in an amount not to exceed One Thousand Dollars (\$1,000.00). A crowing backyard chicken shall mean:
 - (1) A backyard chicken which crows in a similar manner to a rooster; and
 - (2) creates excessive noise which travels beyond the property line and disturbs neighbors of ordinary sensibilities; and
 - (3) for which a noise violation complaint has been sustained in Municipal Court.

Sec. 6-380. - Keeping Excess Backyard Chickens.

A person commits an offense if the person possesses or keeps more than six (6) backyard chickens on any property within the City. Each day that a person keeps or possesses more than six (6) backyard chickens on property within the City shall constitute a separate offense. A person convicted of an offense under this section shall be subject to a penalty or fine in an amount not to exceed One Hundred Dollars (\$100.00) for each backyard chicken in excess of six (6) that the person has possessed or kept on property within the City.

Sec. 6-381. —Other Violations; Enforcement.

The Animal Services officer shall have the authority to issue citations for any violation(s) under this Article.

Sec. 6-382. - Revocation of Permit.

- (a) A permit issued by the City pursuant to this Article may be revoked upon a finding by the Animal Services Manager or other applicable City staff after written notice to the permit holder that the permit holder has violated any provision of this Article. The permit holder may appeal the revocation to the City Manager, or designee whose decision shall be final. The permit holder shall have until 5:00 p.m. of the fifth business day following receipt of the notice of revocation to appeal the permit revocation to the City Manager by submitting such appeal in writing to the City Manager (email shall constitute “writing” for the purposes of this Section). The appeal shall be heard by the City Manager within ten (10) business days following receipt of a timely notice of appeal at a hearing at which the Animal Services and permit holder may submit oral and documentary evidence and testimony, and are provided an opportunity to ask questions of witnesses. No rules of evidence will apply to the conduct of such hearing. The City Manager, or designee, shall make a final determination to either repeal or uphold the permit revocation, which decision shall be final. If the permit holder fails to timely file an appeal of the permit revocation, or if the City Manager, or designee upholds the permit revocation following an appeal, the permit holder will have seventy-two (72) hours to remove the backyard chickens from the City following the date the notice of revocation is delivered to the permit holder or the date the City Manager, or designee denies the appeal of the permit revocation, whichever is later.
- (b) A permit issued by the City pursuant to this Article shall be revoked upon a finding by Animal Services or other applicable City staff that the permit holder has been convicted of three (3) or more violations of the Code of Ordinances including this Article. A permit revoked pursuant to this subsection (b) is not appealable and such person (and such premises while owned or occupied by any such person) shall not be eligible for a permit for back yard chickens under this Article.

Sec. 6-383. – Fee schedule

Application for permit for keeping backyard chickens, including education program shall be \$60.00, or as increased by the City Council.

Secs. 6-384—6-400. - Reserved.

II.

This Ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas, and this Ordinance shall not operate to repeal or affect any of such other ordinances, except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Ordinance, in which event such conflicting provisions, if any, in such other ordinance(s) are hereby repealed.

III.

If any section, sub-section, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

IV.

This Ordinance shall become effective and be in full force and effect from and after the date of passage and adoption by the City Council and upon approval thereof by the Mayor of the City of Watauga, Texas and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas, on the _____ day of _____, 2019.

APPROVED:

David Griffin, Mayor Pro Tem

ATTEST:

Zolaina R. Parker, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Mark G. Daniel, City Attorney

CITY OF WATAUGA, TEXAS
ORDINANCE NO. _____

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS ADOPTING CHAPTER 6, ARTICLE VII, DIVISION 3 OF THE CODE OF ORDINANCES OF THE CITY OF WATAUGA, TEXAS; PROVIDING FOR THE CREATION OF REGULATIONS CONCERNING THE KEEPING AND HARBORING OF BACKYARD CHICKENS; PROVIDING THAT ALL ORDINANCES IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Watauga, Texas ("City") recognizes that there is a desire amongst its residents to keep and harbor backyard chickens for the purpose of providing organic egg production; and

WHEREAS, the City acknowledges that thorough regulation and enforcement for keeping and harboring backyard chickens is necessary to prevent potential nuisances related to the harboring of such animals;

WHEREAS, the City recognizes the necessity of establishing and regulating: the type of backyard chickens allowed, the related permitting process, the standards for keeping backyard chickens including construction standards for coops and exercise yards, public nuisances concerning backyard chickens, the keeping of prohibiting fowl, and the revocation process of related permits.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Watauga,
Texas, as follows:

I.

Chapter 6, Article VII, Division 3 of the Code of Ordinances for the City of Watauga,
Texas, concerning Backyard Chickens, is hereby adopted to read as follows:

**ARTICLE VII. – LIVESTOCK AND FOWL
DIVISION 3. BACKYARD CHICKENS**

Sec. 6-374. – Definitions.

Backyard chicken means a female chicken (hen) which is possessed or harbored for providing organic egg production in compliance with this Article.

Chicken coop means an enclosed structure which meets the construction standards set forth in Section 6-378 (“Construction standards for chicken coops and exercise yards”).

Exercise yard means the enclosure attached to the chicken coop that provides exercise for the backyard chickens and prohibits the backyard chickens from escaping such enclosure, which meets the construction standards set forth in Section 6-378 (“Construction standards for chicken coops and exercise yards”).

Prohibited fowl means roosters, chickens, turkeys, pheasants, quail, guineas, geese, ducks, pigeons, peacocks, emu, ostriches and other similar feathered animals regardless of age or sex which are kept on property within the City but which shall not include backyard chickens kept in accordance with this Article.

Sec. 6-375. - Backyard ~~Ce~~Chickens ~~allowed~~Allowed; ~~permits~~Permits.

- (a) A person may harbor or possess not less than three (3) and no more than six (6) backyard chickens on residential property or on property owned or leased by the City, a school, or an educational facility within the City after first having obtained a permit from the City for such location and payment of a nonrefundable application fee set forth in the fee schedule found in Chapter 12.
- (b) *Permit application.* A person who desires to harbor or possess backyard chickens on residential property within the City on which the person identifies as the person's primary residence shall:

- (1) Submit an application for a permit to Animal Services on a form provided by the City accompanied by a site plan showing the proposed location for the chicken coop on the property, and a floor plan and side elevations for the chicken coop to be located on the property. The site plan shall also include all property lines, building lines, yard setbacks, right-of-way, easements and/or other structures located on the property;

Commented [C1]: Additional amendment recommended by Paul Hackleman, Director of Public Works Department added 1/17/19

- (2) Pay a nonrefundable registration fee in the amount set forth in the fee schedule found in Chapter 12;

- (3) If the applicant is a person other than the owner of the property on which the backyard chicken(s) will be kept, submit with the permit application written authorization from the property owner to keep backyard chickens on the property identified in the permit application, which authorization must bear the property owner's notarized signature;

Commented [AG2]: Per CM Prescher, the application states the signature must be notarized. My thought is we can look at tax records to verify they are the property owners. We could just as easily remove the requirement to notarize from the application.

- (4) Successfully attend and complete an education program offered by the City for the keeping of backyard chickens and submit the certificate of completion of the program with the application for permit; and

- (5) The premises for which an application is submitted shall be inspected upon initial application and reinspection as necessary to determine a backyard is large enough for the construction of a chicken coop and exercise yard that will meet the standards set forth in this Article. Further, upon completion of the construction of the chicken coop, the structure shall be inspected again to ensure compliance with the requirements of this Article.

(c) Not more than one permit may be issued for an individual property, tract or residential lot.

(d) The permit is non-transferable and shall be valid and effective until the permit holder no longer resides at the property for which the permit was issued, in the event the person ceases to harbor or keep backyard chickens on the property, or the permit is otherwise revoked pursuant to this Article.

(e) The permit shall not supersede, replace or control over any recorded deed restrictions, covenants or other restrictions applicable to such residential property.

Sec. 6-376. - Standards for ~~keeping~~ Keeping ~~bB~~Backyard ~~eC~~Chickens.

A person keeping backyard chickens on residential property or on property owned or leased by the City, a school district, or an educational facility within the City shall comply with the following:

(1) Not ~~less than three (3) and not~~ more than six (6) backyard chickens may be kept on an individual property, tract or residential lot;

Commented [AG3]: Bullet should be (a)

(2) Backyard chickens shall be kept within a secure chicken coop constructed with three (3) or more sides with a roof or other cover capable of allowing the chickens within the coop to remain dry and protected from the elements and which provides for direct access by an enclosed passage between the roosting area and exercise yard. Backyard chickens shall be kept within the chicken coop and exercise yard except when being removed to be transported off the property, or returned from a location off the property; provided, however, during day light hours, backyard chickens, under the direct supervision and control of ~~a responsible person, and in the presence of, an adult~~ may be allowed to roam in the rear yard outside of the chicken coop and exercise yard if the entire rear yard is secured by an enclosed perimeter fence not less than six (6) feet in height prior to allowing a permit for a backyard chicken coop;

Commented [AG4]: Bullet should be (b)

(2) —;

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~~(3) No more than one (1) chicken coop and one (1) exercise yard shall be allowed on the property and must be located in the rear half of the lot not less than five (5) feet from any property line. No more than one (1) chicken coop and one (1) exercise yard shall be allowed on the property and must be located in the rear half of the lot. The coop and exercise yard may not be located less than five (5) feet from any property line or any other structure and must not be placed within any building line, yard setback, right-of-way, and/or easement. The property plat and the zoning district regulations in Section 115-62 of the Watauga Code of Ordinances should be referenced when determining where these lines, setbacks and easements may exist during the initial inspection of the premises and prior to obtaining a permit under this Article;~~

Commented [C5]: Reference to Watauga Code of Ordinances specified pursuant to request from CM Prescher on 2/11/19

Commented [C6]: Additional amendment recommended by Paul Hackleman, Director of Public Works Department added 1/17/19

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~~(3)(4) The rear yard of the residence or location must be properly fenced and not less than six (6) feet in height prior to allowing a permit for a backyard chicken coop.~~

Commented [C7]: Should be (d)

~~(4)(5) The height of the chicken coop shall not exceed the greater of six (6) feet or the lowest height of the existing fence enclosing the rear yard where the chicken coop is located, but in no case greater than eight (8) feet in height;~~

Commented [AG8]: Bullet should be (d)

Commented [C9R8]: Should be (e)

~~(5)(6) The chicken coop shall provide at least five (5) square feet of area per backyard chicken, but in no case, exceed a total of eighty (80) square feet of area; and~~

Commented [AG10]: Bullet should be (e)

Commented [C11R10]: Should be (f)

~~(6)(7) The exercise yard shall be not less than fifteen (15) square feet in area per backyard chicken not exceed a total of one hundred and twenty (120) square feet in area;~~

Commented [AG12]: Bullet should be (f)

Commented [C13R12]: Should be (g)

~~Sec. 6-377. Public Nuisances Concerning Backyard Chickens~~

~~(a) A person keeping backyard chickens on residential property within the City shall not willfully or knowingly make or create an unreasonable disturbance to the neighbors or the~~

~~occupants of adjacent premises or persons living in the vicinity thereof. It shall create a presumption that a person has knowledge that the backyard chicken or chickens under their control are making or creating an unreasonable disturbance if such person has been notified by Animal Services or any peace officer of such disturbance and (1) failed or refused to correct such disturbance; or (2) prevent its recurrence.~~

~~(b)~~(a) Chicken coops and exercise yards must be maintained in a sanitary condition and the accumulation of backyard chicken waste on the property is prohibited;

Commented [AG14]: Bullet should be (h)

~~(e)~~(b) Adequate food, shelter, water, and care shall be provided in a humane manner to the backyard chicken(s);

Commented [AG15]: Bullet should be (i)

~~(d)~~(c) All hay, grain and feed shall be enclosed in such a manner that the same is not accessible to rats, flies, mosquitos or other rodents and insects;

Commented [AG16]: Bullet should be (j)

~~(e)~~(d) The feeding of vegetables, meat scraps and garbage shall be done only in impervious containers on an impervious platform;

Commented [AG17]: Bullet should be (k)

~~(f)~~(e) Watering troughs or tanks shall be provided by the permit owner, which shall be equipped with adequate facilities for draining the overflow so as to prevent the breeding of flies, mosquitos or other insects;

Commented [AG18]: Bullet should be (l)

~~(g)~~(f) Nuisance odors or excessive noise shall not be allowed to travel beyond the property line and disturb neighbors of ordinary sensibilities;

Commented [AG19]: Bullet should be (m)

~~(h)~~(g) Manure and droppings shall be removed from pens, yards, coops and other enclosures regularly and handled or disposed of in such a manner as to keep the premises free of any nuisance;

Commented [AG20]: Bullet should be (n)

~~(i)~~(h) No backyard chicken or backyard chicken byproducts, including, but not limited to eggs, may be sold by, under the direction of, or with the consent of the permit holder;

Commented [AG21]: Bullet should be (o)

~~(j)~~(i) Medical treatment from a Texas-licensed veterinarian must be timely obtained by the permit holder and provided to any backyard chicken(s) showing symptoms of illness or injury; and

Commented [AG22]: Bullet should be (p)

~~(j)~~ Any processing of deceased backyard chickens shall not occur in any area visible from the public right-of-way.

Commented [AG23]: Bullet should be (q)

(k) ~~Properly clip and maintain the wings of the backyard chickens so as to prevent the backyard chickens from flying over the backyard fence.~~

Commented [C24]: Added pursuant to request from CM Prescher on 2/11/19; Bullet should be (r)

Note: CA chose not to use "excessive flight" language for clarification purposes and so that the term would not have to be defined as well.

Sec. 6-3787. - Construction ~~standards~~ Standards for chicken-Chicken coops-Coops and exercise-Exercise yardsYards.

(a) *Chicken coops.* Chicken coops shall be constructed in accordance with the following requirements:

(1) The chicken coop must be constructed in a workmanship like manner of naturally decay-resistant wood, or wood that has been pressure treated to resist decay or galvanized steel or aluminum;

~~(2) Exposed wood material of the chicken coop shall be stained, sealed or painted to provide additional weather protection to the material;~~

~~(3)~~(2) The chicken coop may be located above the exercise yard; and

~~(4)~~(3) The tallest part of the chicken coop shall not exceed the greater of ~~six (6)~~ eight (8) feet above grade or the lowest height above grade of the existing fence enclosing the rear yard where the chicken coop is located, but in no case greater than eight (8) feet in height above grade, measured at the lowest elevation property line in the rear yard, even if located on top of the exercise yard.

Commented [C25]: Amended pursuant to request from CM Prescher on 2/11/19

(b) *Exercise yard construction.* Exercise yards shall be constructed in accordance with the following requirements:

(1) The exercise yard shall be constructed in a workmanship like manner of a frame of naturally decay resistant wood, wood that has been pressure treated to resist decay, galvanized steel or aluminum;

~~(2) Any wood used on the exercise yard frame shall be stained, sealed or painted;~~

~~(3)~~(2) The exercise yard frame shall be maintained in good and sound condition; and

~~(4)~~(3) The exercise yard frame shall securely hold the wire enclosure on all edges of the enclosure.

Sec. 6-37~~89~~⁸⁹. – Keeping of ~~prohibited~~ Prohibited fowl ~~Fowl unlawful~~ Unlawful.

It shall be unlawful for any person to keep, stable, board, possess, harbor or house any prohibited fowl on premises under the person' s control within the city limits of the City of Watauga.

Sec. 6-38~~079~~⁰⁷⁹. – Roosters and ~~erowing~~ Crowing ~~bB~~ Backyard ~~eC~~ Chickens not ~~authorized~~ Authorized.

(a) A permit issued pursuant to this Article does not authorize the possession or keeping of a rooster on any property within the City. It is an offense for any person to keep, harbor or possess a rooster within the City. A person convicted of such offense shall be subject to a penalty of a fine in an amount not to exceed one thousand dollars (\$1,000.00).

(b) It shall be a defense to a violation of this Section if on the date of the offense if the permit holder did not reasonably know the sex of the fowl, and the rooster was sixty (60) days old or younger.

(c) A permit issued pursuant to this Article does not authorize the possession or keeping of a crowing backyard chicken on any property within the City. It is an offense for any person to knowingly and intentionally keep, harbor or possess a crowing backyard chicken within the City. A person convicted of such offense shall be subject to a penalty of fine in an amount not to exceed ~~one-One thousand-Thousand dollars-Dollars~~ (\$1,000.00). A crowing backyard chicken shall mean:

- (1) A backyard chicken which crows in a similar manner to a rooster; and
- (2) ~~c~~Creates excessive noise which travels beyond the property line and disturbs neighbors of ordinary sensibilities; and
- (3) for which a noise violation complaint has been sustained in Municipal Court.

Commented [C26]: NOTE: CA chose not to include the requirement that a person keeping a crowing chicken be required to remove such chicken within one week. It is difficult to enforce this as the City would have to prove when the violation occurred and when the violation was discovered by the City. The penalty should suffice in discouraging the harboring of crowing chickens.

Sec. 6-38~~10~~. - Keeping ~~excess~~ Excess ~~Bb~~Backyard ~~eC~~Chickens.

A person commits an offense if the person possesses or keeps more than six (6) backyard chickens on any property within the City. Each day that a person keeps or possesses more than six (6) backyard chickens on property within the City shall constitute a separate offense. A person convicted of an offense under this section shall be subject to a penalty or fine in an amount not to exceed ~~one-One hundred-Hundred dollars-Dollars~~ (\$100.00) for each backyard chicken in excess of six (6) that the person has possessed or kept on property within the City.

Sec. 6-38~~12~~. —Other ~~vV~~Violations; ~~enforcement~~Enforcement.

The Animal Services officer shall have the authority to issue citations for any violation(s) under this Article.

~~The Animal Services officer shall have the right to ingress and egress on private property for the purpose of ensuring compliance with this Article.~~

Sec. 6-38~~23~~. - Revocation of ~~permit~~Permit.

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(a) A permit issued by the City pursuant to this Article may be revoked upon a finding by the Animal Services Manager or other applicable eCity staff after written notice to the permit

holder that the permit holder has violated any provision of this Article. The permit holder may appeal the revocation to the City Manager, or designee whose decision shall be final. The permit holder shall have until 5:00 p.m. of the ~~fifth~~^{second} business day following receipt of the notice of revocation to appeal the permit revocation to the City Manager by submitting such appeal in writing, ~~to include by email,~~ to the City Manager (~~email shall constitute "writing" for the purposes of this Section~~). The appeal shall be heard by the City Manager within ten (10) business days following receipt of a timely notice of appeal at a hearing at which the Animal Services and permit holder may submit oral and documentary evidence and testimony, and are provided an opportunity to ask questions of witnesses. No rules of evidence will apply to the conduct of such hearing. The City Manager, or designee, shall make a final determination to either repeal or uphold the permit revocation, which decision shall be final. If the permit holder fails to timely file an appeal of the permit revocation, or if the City Manager, or designee upholds the permit revocation following an appeal, the permit holder will have seventy-two (72) hours to remove the backyard chickens from the City following the date the notice of revocation is delivered to the permit holder or the date the City Manager, or designee denies the appeal of the permit revocation, whichever is later.

Commented [C27]: Amended pursuant to request from CM Prescher on 2/11/19

(b) A permit issued by the City pursuant to this Article shall be revoked upon a finding by Animal Services ~~or other applicable eCity staff~~ that the permit holder has been convicted of three (3) or more violations of the Code of Ordinances including this Article. A permit revoked pursuant to this subsection (b) is not appealable and such person (and such premises while owned or occupied by ~~any~~ such person) shall not be eligible for a permit for back yard chickens under this Article.

(b) **Sec. 6-383. – Fee schedule**

~~Application for permit for keeping backyard chickens, including education program, shall be \$60.00, or as increased by the City Council upon request of Animal Services or any other applicable city department.~~

~~**Secs. 6-384—6-400. – Reserved.**~~

II.

This Ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas, and this Ordinance shall not operate to repeal or affect any of such other ordinances, except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Ordinance, in which event such conflicting provisions, if any, in such other ordinance(s) are hereby repealed.

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Commented [C28]: Amended pursuant to request from CM Prescher on 2/11/19

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III.

If any section, sub-section, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

IV.

This Ordinance shall become effective and be in full force and effect from and after the date of passage and adoption by the City Council and upon approval thereof by the Mayor of the City of Watauga, Texas and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas, on the _____ day of _____, 2019.

APPROVED:

David Griffin, Mayor Pro Tem

ATTEST:

Zolaina R. Parker, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Mark G. Daniel, City Attorney

By: Hall S.B. No. 86

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of raising or keeping six or fewer
chickens by a political subdivision.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Chapter 251, Agriculture Code, is
amended to read as follows:

CHAPTER 251. EFFECT OF NUISANCE ACTIONS AND GOVERNMENTAL
REQUIREMENTS ON CERTAIN [PREEXISTING] AGRICULTURAL OPERATIONS

SECTION 2. Chapter 251, Agriculture Code, is amended by
adding Section 251.007 to read as follows:

Sec. 251.007. SIX CHICKENS ALLOWED. (a) Notwithstanding
any other law and except as provided by Subsection (b), a political
subdivision may not impose a governmental requirement that
prohibits an individual from raising or keeping six or fewer
chickens in the boundaries of the political subdivision.

(b) A municipality may impose reasonable governmental
requirements on the raising or keeping of poultry in the boundaries
of the municipality that do not have the effect of prohibiting the

raising or keeping of six or fewer chickens, including:

(1) a limit on the number of chickens an individual may raise or keep in excess of six;

(2) a prohibition on breeding poultry;

(3) a prohibition on raising or keeping roosters; or

(4) the minimum distance an individual must maintain between a chicken coop and a residential structure.

(c) A governmental requirement adopted by a political subdivision that violates Subsection (a) is void.

SECTION 3. Section 251.007, Agriculture Code, as added by this Act, applies to a governmental requirement adopted before, on, or after the effective date of this Act.

SECTION 4. This Act takes effect September 1, 2019.



AGENDA MEMORANDUM

DATE: March 1, 2019

TO: Honorable City Council Members

FROM: Robert Parker, Chief of Police

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consideration and action on a proposed ordinance amending Chapter 12, Section 12-6 of the Watauga Code of Ordinances, establishing fees and fines regarding Backyard Chickens {CAPTION}

BACKGROUND/INFORMATION:

The fee schedule attached includes the following fees with regard to Backyard Chickens:

Registration Fee	\$20.00
1st Impoundment of Chicken	\$17.00
2nd Impoundment of Chickens	\$81.00
3rd and Subsequent Impoundments of Chicken	\$100.00
Surrender of Chicken (dead or alive)	\$27.00
Adoption Fee- None - (educational program completing required)	N/A
Boarding per Night	\$12.00
Loose Chicken Fine	\$171.00
Too many Chickens Fine	\$271.00
Rooster or crowning hen Fine	\$1,000.00
No permit fine	\$1,000.00
Failure to provide care fine	\$571.00

Should Council wish to add or modify any fees, this can be done during the discussion of the item.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

Respectfully recommend the Council review and take action on the item presented.



AGENDA MEMORANDUM

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. City Attorney Letter of Approval and Proposed Ordinance Draft

REVIEWED BY:

Robert Parker, Chief of Police

Approved - 03/01/2019

Sandra Gibson, CGFO, CGFM, Director of Finance

Approved - 03/01/2019

Andrea Gardner, City Manager

Approved - 03/01/2019

Zolaina Parker, City Secretary, TRMC

Final Approval - 03/01/2019

Approved as to form for inclusion on Agenda

LAW OFFICES
EVANS, DANIEL, MOORE, EVANS, BIGGS & DECKER
(NOT A PARTNERSHIP)

MARK G. DANIEL

BOARD CERTIFIED - CRIMINAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

CRIMINAL TRIAL SPECIALIST-BOARD CERTIFIED
NATIONAL BOARD OF TRIAL ADVOCACY

SUNDANCE SQUARE
115 WEST SECOND STREET, SUITE 202
FORT WORTH, TEXAS 76102

(817) 332-3822
FACSIMILE (817) 332-2763

OF COUNSEL:
TIM EVANS
TIM MOORE
LANCE T. EVANS
WILLIAM R. BIGGS
ANDREW J. DECKER

February 20, 2019

Ms. Zolaina Parker
City Secretary
City of Watauga
7105 Whitley Road
Watauga, Texas 76148

Via E-mail

Re: Ordinance amending Chapter 12, Section 12-6 of the Watauga Code of Ordinances, establishing fees and fines in relation to Backyard Chickens

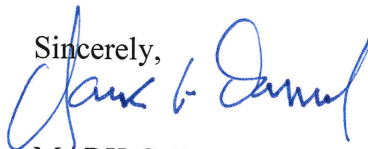
Dear Ms. Parker:

Please find attached an Ordinance prepared by my office amending Section 12-6 of the Code of Ordinances for the City of Watauga. Section 12-6 of the Code has been amended to incorporate fees and fines in relation to the keeping and harboring of backyard chickens. The Ordinance provides for fees in relation to the registration, impoundment, surrender, adoption, boarding as well as various fines for violations of the Code in connection to backyard chickens. Minor grammar and stylistic revisions were also made to the existing fees and fines related to all animals.

Please submit this Ordinance to the City Council for consideration and possible approval. I am attaching two versions: (1) a clean version of the Ordinance displaying how the final version will read and (2) a red-lined version highlighting significant amendments. Please provide both copies to Council.

Thank you for your attention to the above and the opportunity to be of assistance. Should you have any questions or need anything further, please do not hesitate to contact my office.

Sincerely,



MARK G. DANIEL

MGD/jjv

cc:

Ms. Andrea Gardner, *City Manager*
Ms. Sandra Gibson, *Director of Finance and Administration*
Mr. Bobby Parker, *Police Chief*
City Council Members

CITY OF WATAUGA, TEXAS
ORDINANCE NO. _____

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS AMENDING CHAPTER 12, SECTION 12-6 OF THE CODE OF ORDINANCES OF THE CITY OF WATAUGA, TEXAS; PROVIDING FOR THE CREATION OF FEES AND FINES IN RELATION TO THE KEEPING AND HARBORING OF BACKYARD CHICKENS; PROVIDING THAT ALL ORDINANCES IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Watauga, Texas ("City") recognizes that there is a desire amongst its residents to keep and harbor backyard chickens for the purpose of providing organic egg production; and

WHEREAS, the City acknowledges that thorough regulation and enforcement for keeping and harboring backyard chickens is necessary to prevent potential nuisances related to the harboring of such animals; and

WHEREAS, the City recognizes that an amendment of the fee schedule located in Chapter 12 of the Code of Ordinances of the City of Watauga is required in order to create fees and fines related to the keeping and harboring of backyard chickens and also to make minor revisions to the existing fees and fines related to all animals.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Watauga, Texas, as follows:

I.

Chapter 12, Section 12-6 of the Code of Ordinances for the City of Watauga, Texas, establishing the fee schedule in relation to animals, is hereby amended to read as follows:

Section 12-6. – Chapter 6, Animals

(a) Violation notice and fees.

(1) *Issuance; contents.* When violations of the licensing, rabies vaccination, or "animal at large" requirements of Chapter 6 are observed by any animal control officer or police officer, the officer may issue a violation notice in lieu of a citation. The violation notice will stipulate a compliance date and an associated fee and late fee, as well as a waiver provision providing that the person to whom the violation notice is issued waives all rights to contest such violation and waives all rights to a hearing on the issues relating to that violation. Failure to pay associated fees and/or late fees by the compliance date shall constitute a violation of Chapter 6 and may result in the issuance of a citation.

(2) Fees.

- a.Licensing requirements \$20.00
- b.Rabies vaccination requirements \$40.00
- c."Animal at large" violation \$50.00

(b) *Multiple pet ownership permit.* Such a permit shall be issued through the office of permits for a fee of \$17.00 and shall be valid for one year from date of issuance.

(c) Dog and cat impoundment fees.

(1) Impoundment of altered animal:

- a.First impoundment \$17.00
- b.Second impoundment \$81.00
- c.Third and subsequent impoundments \$100.00

(2) Impoundment of unaltered animal:

- a.First impoundment \$44.00
- b.Second impoundment \$81.00
- c.Third and subsequent impoundments \$100.00

(3) *Boarding.* Per night: \$12.00.

(4) *Quarantine.* Per night: \$14.00.

(5) *Reduction of fee for licensed animal.* A dog or cat bearing a current license tag and impounded for the first time is eligible for a 50 percent (50%) reduction of the impoundment fee.

- (6) *Partial refund.* When an unaltered animal has been impounded, a \$15.00 refund will be provided to the owner in the event written evidence that the animal has been altered is presented to the City within 30 days of the initial impoundment.
- (d) *Surrender of animal by owner; adoption fee.*
- (1) Per animal, whether alive or dead \$27.00
 - (2) Surrender for rabies analysis \$52.00
 - (3) Adoption fee (includes a voucher for spay/neuter and rabies vaccination, microchip implanting, yearly booster shot and heartworm test) \$80.00
- (e) *Kennel permit.* The permit fee shall be \$81.00.
- (f) *Animal licenses and microchip implanting.*
- (1) *Pet licenses.* Pet license fees are provided for in subsection (b) of this Section and shall be valid for a period of one year from the date of issuance.
 - (2) *Fees for animal licenses and microchip implanting.*
 - a. Unaltered animal \$22.00
 - b. Altered animal \$6.00
 - c. Altered animal whose primary owner is 65 years of age or older at the time of issuance of license No fee.
 - d. Guard dog \$25.00
 - e. Service dog No fee.
 - f. Microchip implanting \$20.00
- (g) *Dangerous dog registration fees.*
- (1) The initial registration and permit fee shall be \$350.00 per dangerous dog. For every year thereafter, an owner of a registered dangerous dog must also pay \$200.00 for the City to verify and insure compliance with the standards and requirements of Chapter 6, Article III, Division 7. This amount is payable on the anniversary date of the initial registration of the dangerous dog.
 - (2) If an owner of a registered dangerous dog sells or moves the dog to a new address, the owner, not later than the 14th day after the date of the sale or move, shall notify the Watauga Police Department of the new address. On presentation by the current owner of the dangerous dog's prior registration tag and payment of a fee of \$50.00, the Watauga Police Department shall issue a new registration tag to be placed on the dangerous dog's collar.
- (h) *Estray impoundment fees.* For each and every estray taken and impounded, there shall be paid to the City by the owner thereof, or his agent, the sum of \$50.00 for the taking and impounding of the estray and the further sum of \$15.00 per day, except for the first day and for every subsequent day that the animal shall remain in the custody of the animal control officer, such fee being charged for the care and feeding of such animal. The owner shall also pay for any veterinarian or drug fees incurred on behalf of the animal while it is in the custody of the City.

(i) *Backyard chicken fees.*

(1) *Registration fee.* The initial registration fee shall be included with the required permit fee. For every year thereafter, a flat fee of \$17.00 per household shall be required. This amount is payable on the anniversary date of the initial registration of the backyard chickens.

(2) *Impoundment of backyard chicken:*

a. First impoundment \$17.00

b. Second impoundment \$81.00

c. Third and subsequent impoundments \$100.00

(3) *Surrender of animal by owner.*

a. Per chicken, whether alive or dead \$27.00

(4) *Adoption fee.*

a. There is no adoption fee. But adoption of backyard chickens is only available for residents who have completed the education program and requirements per Chapter 6, Article VII, Division 3 (Backyard Chickens).

(5) *Boarding.* Per night: \$12.00.

(6) *Loose chicken fine* \$171.00

(7) *Too many chickens fine* \$271.00

(8) *Rooster or crowing hen fine* \$1,000.00

(9) *No permit fine* \$1,000.00

(10) *Failure to provide care fine* \$571.00

II.

This Ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas, and this Ordinance shall not operate to repeal or affect any of such other ordinances, except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Ordinance, in which event such conflicting provisions, if any, in such other ordinance(s) are hereby repealed.

III.

If any section, sub-section, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

IV.

This Ordinance shall become effective and be in full force and effect from and after the date of passage and adoption by the City Council and upon approval thereof by the Mayor of the City of Watauga, Texas and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas, on the _____ day of _____, 2018.

APPROVED:

David Griffin, Mayor Pro Tem

ATTEST:

Zolaina R. Parker, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Mark G. Daniel, City Attorney

CITY OF WATAUGA, TEXAS
ORDINANCE NO. _____

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS AMENDING CHAPTER 12, SECTION 12-6 OF THE CODE OF ORDINANCES OF THE CITY OF WATAUGA, TEXAS; PROVIDING FOR THE CREATION OF FEES AND FINES IN RELATION TO THE KEEPING AND HARBORING OF BACKYARD CHICKENS; PROVIDING THAT ALL ORDINANCES IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Watauga, Texas ("City") recognizes that there is a desire amongst its residents to keep and harbor backyard chickens for the purpose of providing organic egg production; and

WHEREAS, the City acknowledges that thorough regulation and enforcement for keeping and harboring backyard chickens is necessary to prevent potential nuisances related to the harboring of such animals; and

WHEREAS, the City recognizes that an amendment of the fee schedule located in Chapter 12 of the Code of Ordinances of the City of Watauga is required in order to create fees and fines related to the keeping and harboring of backyard chickens and also to make minor revisions to the existing fees and fines related to all animals.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Watauga, Texas, as follows:

I.

Chapter 12, Section 12-6 of the Code of Ordinances for the City of Watauga, Texas, establishing the fee schedule in relation to animals, is hereby amended to read as follows:

Section 12-6. – Chapter 6, Animals

(a) Violation notice and fees.

(1) *Issuance; contents.* When violations of the licensing, rabies vaccination, or "animal at large" requirements of Chapter 6 are observed by any animal control officer or police officer, the officer may issue a violation notice in lieu of a citation. The violation notice will stipulate a compliance date and an associated fee and late fee, as well as a waiver provision providing that the person to whom the violation notice is issued waives all rights to contest such violation and waives all rights to a hearing on the issues relating to that violation. Failure to pay associated fees and/or late fees by the compliance date shall constitute a violation of Chapter 6 and may result in the issuance of a citation.

(2) Fees.

- a.Licensing requirements \$20.00
- b.Rabies vaccination requirements \$40.00
- c."Animal at large" violation \$50.00

(b) *Multiple pet ownership permit.* Such a permit shall be issued through the office of permits for a fee of \$17.00 and shall be valid for one year from date of issuance.

(c) Dog and cat impoundment fees.

(1) Impoundment of altered animal:

- a.First impoundment \$17.00
- b.Second impoundment \$81.00
- c.Third and subsequent impoundments \$100.00

(2) Impoundment of unaltered animal:

- a.First impoundment \$44.00
- b.Second impoundment \$81.00
- c.Third and subsequent impoundments \$100.00

(3) *Boarding.* Per night: \$12.00.

(4) *Quarantine.* Per night: \$14.00.

(5) *Reduction of fee for licensed animal.* A dog or cat bearing a current license tag and impounded for the first time is eligible for a 50 percent (50%) reduction of the impoundment fee.

- (6) *Partial refund.* When an unaltered animal has been impounded, a \$15.00 refund will be provided to the owner in the event written evidence that the animal has been altered is presented to the City within 30 days of the initial impoundment.
- (d) *Surrender of animal by owner; adoption fee.*
- (1) Per animal, whether alive or dead \$27.00
 - (2) Surrender for rabies analysis \$52.00
 - (3) Adoption fee (includes a voucher for spay/neuter and rabies vaccination, microchip implanting, yearly booster shot and heartworm test) \$80.00
- (e) *Kennel permit.* The permit fee shall be \$81.00.
- (f) *Animal licenses and microchip implanting.*
- (1) *Pet licenses.* Pet license fees are provided for in subsection (b) of this Section and shall be valid for a period of one year from the date of issuance.
 - (2) *Fees for animal licenses and microchip implanting.*
 - a. Unaltered animal \$22.00
 - b. Altered animal \$6.00
 - c. Altered animal whose primary owner is 65 years of age or older at the time of issuance of license No fee.
 - d. Guard dog \$25.00
 - e. Service dog No fee.
 - f. Microchip implanting \$20.00
- (g) *Dangerous dog registration fees.*
- (1) The initial registration and permit fee shall be \$350.00 per dangerous dog. For every year thereafter, an owner of a registered dangerous dog must also pay \$200.00 for the City to verify and insure compliance with the standards and requirements of Chapter 6, Article III, Division 7. This amount is payable on the anniversary date of the initial registration of the dangerous dog.
 - (2) If an owner of a registered dangerous dog sells or moves the dog to a new address, the owner, not later than the 14th day after the date of the sale or move, shall notify the Watauga Police Department of the new address. On presentation by the current owner of the dangerous dog's prior registration tag and payment of a fee of \$50.00, the Watauga Police Department shall issue a new registration tag to be placed on the dangerous dog's collar.
- (h) *Estray impoundment fees.* For each and every estray taken and impounded, there shall be paid to the City by the owner thereof, or his agent, the sum of \$50.00 for the taking and impounding of the estray and the further sum of \$15.00 per day, except for the first day and for every subsequent day that the animal shall remain in the custody of the animal control officer, such fee being charged for the care and feeding of such animal. The owner shall also pay for any veterinarian or drug fees incurred on behalf of the animal while it is in the custody of the City.

(i) *Backyard chicken fees.*

(1) *Registration fee.* The initial registration fee shall be included with the required permit fee. For every year thereafter, a flat fee of \$17.00 per household shall be required. This amount is payable on the anniversary date of the initial registration of the backyard chickens.

(2) *Impoundment of backyard chicken:*

- a. First impoundment \$17.00
- b. Second impoundment \$81.00
- c. Third and subsequent impoundments \$100.00

(3) *Surrender of animal by owner.*

- a. Per chicken, whether alive or dead \$27.00

(4) *Adoption fee.*

- a. There is no adoption fee. But adoption of backyard chickens is only available for residents who have completed the education program and requirements per Chapter 6, Article VII, Division 3 (Backyard Chickens).

(5) *Boarding.* Per night: \$12.00.

(6) *Loose chicken fine* \$171.00

(7) *Too many chickens fine* \$271.00

(8) *Rooster or crowing hen fine* \$1,000.00

(9) *No permit fine* \$1,000.00

(10) *Failure to provide care fine* \$571.00

II.

This Ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas, and this Ordinance shall not operate to repeal or affect any of such other ordinances, except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Ordinance, in which event such conflicting provisions, if any, in such other ordinance(s) are hereby repealed.

III.

If any section, sub-section, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

IV.

This Ordinance shall become effective and be in full force and effect from and after the date of passage and adoption by the City Council and upon approval thereof by the Mayor of the City of Watauga, Texas and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas, on the _____ day of _____, 2018.

APPROVED:

David Griffin, Mayor Pro Tem

ATTEST:

Zolaina R. Parker, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Mark G. Daniel, City Attorney



AGENDA MEMORANDUM

DATE: January 18, 2019

TO: Honorable City Council Members

FROM: Paul Hackleman, P.E., CFM, Director of Public Works
Randy Richards, Building Official

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consideration and action on proposed ordinance amending the City of Watauga Code of Ordinances, Chapter 22 - Licenses, Permits and Business Regulations - Article III, Child Care Facilities, updating Section 22-79, Requirements for home child care facilities, and Section 22-83, Driver's certificate for residential and commercial facilities {CAPTION}

BACKGROUND/INFORMATION:

Staff forwards to the City Council an amendment to the ordinance to aid in providing updated training information for day care facilities in the City of Watauga. These materials shall be available at no cost for review at the Watauga Public Library. Upon completion of the training, facility drivers will be directed to the Public Works Department where a certificate evidencing the driver has satisfied the stated requirements of the proposed ordinance will be issued.

Chapter 22 - Licenses, permits and business regulations, Article III - Child Care Facilities requires all day care drivers who transport children under the age of 18 within the city, to read a pamphlet and view a video provided by Operation Life Saver. The current ordinance lists training materials that are outdated or in a media format not readily available. This amendment will change the ordinance to reflect updated training materials provided by Operation Life Saver.

The key provision of the change in Chapter 22 - Licenses, Permits and Business Regulation, Article III. - Child Care Facilities, Sec 22-79 and Sec. 22-83, is to remove the specific title of the video published by Operation Lifesaver, Inc. within the child care facility ordinance and reference it in general, due to periodic change in title. The video currently available to the public at the library is titled Decide Smart, Arrive Safe. The current updated pamphlet is titled Key Safety Tips at Highway-Rail Grade Crossings,



AGENDA MEMORANDUM

FINANCIAL IMPLICATIONS:

NA

RECOMMENDATION/ACTION DESIRED:

Respectfully request the Council review and take action on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Attorney Letter - Child Care Facilities
2. Child Care Facilities Proposed Ordinance
3. Key Safety Tips at Highway-Rail Grade Crossings - Pamphlet
4. Decide Smart, Arrive Safe - Video

REVIEWED BY:

Randy Richards, Building Official

Paul Hackleman, P.E., CFM, Director of Public Works

Andrea Gardner, City Manager

Zolaina Parker, City Secretary, TRMC

Approved as to form for inclusion on Agenda

Approved - 02/19/2019

Approved - 02/21/2019

Approved - 02/25/2019

Final Approval - 02/27/2019

LAW OFFICES
EVANS, DANIEL, MOORE, EVANS, BIGGS & DECKER
(NOT A PARTNERSHIP)

MARK G. DANIEL

BOARD CERTIFIED - CRIMINAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

CRIMINAL TRIAL SPECIALIST-BOARD CERTIFIED
NATIONAL BOARD OF TRIAL ADVOCACY

SUNDANCE SQUARE
115 WEST SECOND STREET, SUITE 202
FORT WORTH, TEXAS 76102

(817) 332-3822
FACSIMILE (817) 332-2763

OF COUNSEL:
TIM EVANS
TIM MOORE
LANCE T. EVANS
WILLIAM R. BIGGS
ANDREW J. DECKER

February 14, 2019

Mr. Randy Richards
City of Watauga
7800 Virgil Anthony Sr. Blvd.
Watauga, Texas 76148

VIA E-MAIL

Re: *Code of Ordinances amendments to Chapter 22, Article III (Child Care Facilities)*

Dear Mr. Richards:

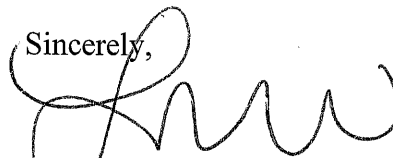
Our office has received and reviewed the proposed amendments to Chapter 22, Article III of the Code of Ordinances for the City of Watauga regarding Child Care Facilities. The amendments to Sections 22-79 and 22-83 include necessary updates to the requirements for child care facilities as current requirements may be out of date and provide for the utilization of media no longer in existence or readily available.

This updated version includes the minor revisions and edits your office requested in an email dated February 12, 2019.

Please find enclosed an Ordinance approving such amendments. This Ordinance may be submitted for consideration at the next City Council meeting.

Thank you for your attention to the above and the opportunity to be of assistance. If you have any questions regarding this matter, please do not hesitate to contact our office.

Sincerely,



JESSIKA J. VELASQUEZ
City Attorney's Office

MGD/jjv

cc: David Griffin, *Mayor Pro Tem*
Ms. Andrea Gardner, *City Manager*
Ms. Zolaina Parker, *City Secretary*
Mr. Paul Hackleman, *Director of Public Works*

CITY OF WATAUGA, TEXAS
ORDINANCE NO. _____

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS AMENDING CHAPTER 22, ARTICLE III OF THE CODE OF ORDINANCES OF THE CITY OF WATAUGA, TEXAS; PROVIDING FOR UPDATES TO SECTIONS 22-79 AND 22-83 REGARDING VIDEO AND PAMPHLET REQUIREMENTS FOR DAY CARE FACILITY DRIVERS, BOTH RESIDENTIAL AND COMMERCIAL; PROVIDING THAT ALL ORDINANCES IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Watauga, Texas ("City") recognizes that updates to the child care facilities requirements are necessary as current requirements may be out of date and provide for the utilization of media no longer in existence or readily available;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Watauga, Texas, as follows:

I.

Chapter 22, Section 22-79, of the Code of Ordinances for the City of Watauga, Texas, regulating Child Care Facilities, is hereby amended to read as follows:

Sec. 22-79. - Requirements for home child care facilities.

Any person making application to operate a home child day care nursery or babysitting nursery may be issued a permit by the City Permit Technician if the applicant shows that the following requirements shall and will be met and Section 22-80 is satisfied:

- (1) The applicant has complied with all state rules, regulations, and license requirements.
- (2) Said nursery or kindergarten shall be completely within the residence.

- (3) The applicant shall have no full-time employees in the nursery or kindergarten except the applicant's immediate family; however, there may be one part-time employee if said person works not more than 20 hours in any given week.
- (4) No signs will be erected to advertise the nursery.
- (5) No alterations or additions to the residence will be made that will alter or detract from the residential appearance.
- (6) The applicant shall keep no more children in the nursery than allowed by State law.
- (7) Each permit granted pursuant to this Article shall expire on December 31 of the year in which the permit is issued. A permit fee, as provided for in the fee schedule found in Chapter 12, shall be charged for each full year, or a prorated fee shall be charged if less than a full year is applicable when the permit is first issued. An additional charge will be payable to cover costs of notification of property owners.
- (8) An existing permit may be renewed by payment of an annual fee, as provided for in the fee schedule found in Section 12-22(c)(2) on or before January 15 of each succeeding year, unless the permit has been otherwise cancelled by the City Council. Failure to pay the annual renewal fee on or before January 15 shall result in an automatic cancellation of the permit and the permit holder shall immediately cease its operation.
- (9) Persons employed by a residential day care facility in the City and called upon to drive in the City while transporting children under the age of 18 pursuant to their employment with the residential day care facility shall be required to read the pamphlet published by Texas Operation Lifesaver entitled "Key Safety Tips at Highway-Rail Grade Crossings." Said drivers shall also be required to view the most current safety video available from Texas Operation Lifesaver. The video and the pamphlets shall be made available at no cost to the driver or the day care facility by the City through the City of Watauga Library.
- (10) Upon receipt of a signed statement reflecting that the pamphlet and video have been reviewed by the day care facility driver, the City shall issue to said driver a certificate endorsed by the permit secretary evidencing that the driver has satisfied the stated requirements of Subsection (9) of this Section. No driver shall transport children under the age of 18 for day care facility purposes while not in possession of said certificate. Violation of this Subsection shall be punishable by a fine as set forth in Section 1-7, per occurrence, to both the day care facility and the driver.
- (11) Prior to the issuance or renewal of a permit required by this Section, the Fire Marshal and Building Inspector of the City shall inspect the applicant's premises and facilities for code compliance. Certification of compliance shall be included in the applicant's permit application.

II.

Chapter 22, Section 22-83, of the Code of Ordinances for the City of Watauga, Texas, regulating Child Care Facilities, is hereby amended to read as follows:

Sec. 22-83. - Driver's certificate for commercial facilities.

- (a) Persons employed by a commercial day care facility in the City (including child care facilities operated by churches) and called upon to drive in the City while transporting children under the age of 18 pursuant to their employment with the commercial day care facility shall be required to read the pamphlet published by Texas Operation Lifesaver entitled "Key Safety Tips at Highway Rail Grade Crossings." Said drivers shall also be required to view the most current safety video also available from Texas Operation Lifesaver. The video and the pamphlets shall be made available at no cost to the driver or the day care facility by the City through the City of Watauga Library.
- (b) Upon receipt of a signed statement reflecting that the pamphlet and video have been reviewed by the commercial day care facility driver, the City shall issue to said driver a certificate endorsed by the City Permit Technician stating that the driver has satisfied the stated requirements in subsection (a) of this Section. No driver shall transport children under the age of 18 for commercial day care facility purposes while not in possession of said certificate. Violation of this Subsection shall be punishable by a fine as set forth in Section 1-7, per occurrence, to both the day care facility and the driver.
- (c) Prior to the issuance or renewal of a permit required by this Section, the Fire Marshal and Building Inspector of the City shall inspect the applicant's premises and facilities for code compliance. Certification of compliance shall be included in the applicant's permit application.

III.

This Ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas, and this Ordinance shall not operate to repeal or affect any of such other ordinances, except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Ordinance, in which event such conflicting provisions, if any, in such other ordinance(s) are hereby repealed.

IV.

If any section, sub-section, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

V.

This Ordinance shall become effective and be in full force and effect from and after the date of passage and adoption by the City Council and upon approval thereof by the Mayor of the City of Watauga, Texas and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas, on the _____ day of _____, 2019.

APPROVED:

DAVID GRIFFIN, Mayor Pro Tem

ATTEST:

ZOLAINA R. PARKER, City Secretary

APPROVED AS TO FORM AND LEGALITY:

MARK G. DANIEL, City Attorney

Tips for School Bus Drivers

Decisions you make in the driver's seat affect the safety of your passengers.

SCHOOL BUS DRIVER "FIVE ALIVE" SAFETY DRILL

1. **Slow down** as you approach a railroad crossing. Obey all warning signs and signals.
2. **Alert the students** for silence as you cross the tracks. Turn off the AM-FM radio and fan.
3. **Stop** no closer than 15 feet from the crossing. Open driver window and right-hand door. **Look and listen** for a train. Rock back and forth in your seat to see around obstructions.
4. **Do a double take** (look both ways again) before crossing.
5. **GO.** Once you start across, do not hesitate.

Special Procedures

PLANNING SCHOOL BUS ROUTES
Work with your transportation department to reduce the number of times your bus crosses the tracks. Plan ahead to avoid tracks or use only crossings equipped with flashing red lights and gates.

SIGNAL MALFUNCTION
If a police officer or properly-identified railroad flagman is at the crossing, obey directions. If there is no flagman, and you believe the signals are malfunctioning, call your dispatcher and find out how to proceed. Call the railroad's emergency notification number posted on or near the crossing to report the problem. Find another route.

IF YOU SEE A PROBLEM AT A CROSSING.

Report any problem - stalled vehicle on the tracks, damaged sign, obstructed view, signal malfunction - to the railroad immediately. Call the emergency notification number posted on or near the crossing, or notify local law enforcement.

REPORT EMERGENCY
TO 1-800-555-5555
CROSSING #221-6200
ON WENDOVER ROAD

OBSTRUCTED VIEW OF TRACKS

If you encounter a crossing without gates or flashing lights that has an obstructed view down the tracks, do not attempt to cross. Find another route! Report the problem to your supervisor.

CONTAINMENT OR STORAGE AREAS

If it won't fit, don't commit! Know the length of your bus. Be certain there is enough space for your bus to clear the crossing without stopping, leaving at least 15 extra feet between the end of your bus and the nearest rail. Don't forget trains overhang at least 3 feet beyond the tracks on each side.

EVACUATE IMMEDIATELY

If your bus stalls, or is trapped on the tracks, get everyone off the bus. Move far away from the tracks at a 45 degree angle in the direction of the train to avoid being struck by flying debris.

Key Safety Tips at Highway-Rail Grade Crossings

PROVIDED IN THE INTEREST OF SAFETY



FOR SCHOOL BUS DRIVERS



elite
promotions

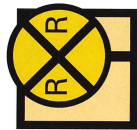
02/06

Warning Signs & Devices

Tips for Staying Safe Around Tracks & Trains

You Can Help Operation Lifesaver Save Lives

Do you know the signs? Warning signs and devices tell drivers and pedestrians that the road crosses train tracks ahead. Watch for a train!



ADVANCE WARNING SIGN

This is usually the first sign you see when approaching a highway-rail grade crossing. Slow down, look and listen! Be prepared to stop if a train is approaching.



PAVEMENT MARKINGS

An RXR and a Stop Line may be painted on a paved road approaching a crossing. Stay behind the Stop Line while waiting for a train to pass. No Stop Line? Wait at least 15 feet from the nearest rail.



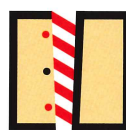
CROSSBUCK SIGN

This sign tells drivers to YIELD if a train is approaching. At multiple tracks, the number will be shown. Watch for another train coming from either direction on any track.



FLASHING RED LIGHT SIGNALS

You must STOP when these signals begin to flash and may not proceed until it is safe to do so.



GATES AND FLASHING RED LIGHTS

If you see flashing lights or a lowering gate, it means a train is approaching. Do not proceed until the gates go completely up and the lights go off. It is illegal to go around lowered gates.

LOOK BOTH WAYS!
Always expect a train. Trains can run on any track, at any time, in either direction. After a train passes, look both ways before proceeding.

DON'T GET STUCK ON THE TRACK!

Before you cross, be sure there is room on the other side to completely clear the tracks. Trains overhang the tracks by at least 3 feet on each side. For safety, leave at least 15 feet between the rear of your vehicle and the nearest rail. Do not shift gears while crossing.

GET OUT! GET AWAY!

If your vehicle stalls at a crossing, get everyone out and far away immediately, even if you do not see a train. Call the emergency notification number posted on or near the crossing or notify local law enforcement.

IF YOU SEE A TRAIN COMING, WAIT!

Don't be tempted to try to beat a train. An approaching train may be closer and traveling faster than it appears.

TRAINS CANNOT STOP QUICKLY.

The average freight train traveling 55 miles per hour takes a mile or more to stop. That's 18 football fields. If the locomotive engineer can see you, it's too late to stop the train.

WATCH FOR VEHICLES THAT MUST STOP AT RAILROAD CROSSINGS.

Most states require school buses, commercial buses and trucks carrying hazardous materials to stop at every highway-rail grade crossing. (State laws vary.)

Please help your family members and friends make safe decisions around tracks and trains.

SCHEDULE A PRESENTATION.

It's FREE! Across the nation certified Operation Lifesaver Presenters are available to speak to student drivers, professional truck and bus drivers, school bus operators, general motorists, law enforcement, emergency responders and community groups.

VOLUNTEER!

Would you like to help deliver Operation Lifesaver's safety message in your community? Find out about becoming trained as an Operation Lifesaver Presenter or Associate.

VISIT

Visit www.oli.org or call Operation Lifesaver, Inc., at 1-800-537-6224 to contact your State Coordinator.



1420 King Street, Suite 401
Alexandria, Virginia 22314-2750

TF 1-800-537-6224

PH 703-739-0308

FX 703-519-8267

W www.oli.org



Decide Smart, Arrive Safe

Videos provided by Texas Operation Lifesaver and are made available at no cost to the driver or day care facility through the City of Watauga Public Library.



AGENDA MEMORANDUM

DATE: February 19, 2019

TO: Honorable City Council Members

FROM: Andrea Gardner, City Manager

SUBJECT: Consideration, discussion and direction on access to City Hall and the staff area after regular business hours

BACKGROUND/INFORMATION:

Shortly after being elected to Council, City Council Member Place 1, Scott Prescher, inquired about access to the staff area after regular business hours. Mr. Prescher expressed the desire to conduct City business on weekends that includes printing agenda packet information, preparing invites to City events, etc.

The City has a long standing policy that prohibits members of the governing body from having access to City Hall after regular business hours. In the past, staff tried allowing access to members of City Council and issued alarm codes; however, too often staff was contacted at night and on weekends to disable the alarm system because a Council Member failed to properly disarm the system.

Two options exists for Council to consider with one being if a member of the City Council desired access, staff could have the member sign a document that provides the parameters for Council to comply with when accessing City Hall after regular business hours and if the rules aren't complied with then the Council Member's access can be revoked. However, staff has no authority over Council thus, the Council would be responsible for enforcing the rules. A second option would be for Members of Council to place a request for copies, etc that are administrative in nature with either the City Manager or City Secretary and the work could be appropriately delegated to ensure the Council receives the necessary administrative help.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

City staff recommends the City Council (each member) provide direction on allowing members of the City Council access to City Hall beyond regular business hours.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:



AGENDA MEMORANDUM

None

REVIEWED BY:

Andrea Gardner, City Manager

Zolaina Parker, City Secretary, TRMC

Approved as to form for inclusion on Agenda

Approved - 03/01/2019

Final Approval - 03/01/2019



AGENDA MEMORANDUM

DATE: February 19, 2019

TO: Honorable City Council Members

FROM: Andrea Gardner, City Manager

THROUGH:

SUBJECT: Consideration, discussion and action on approval of a Certificate of Amendment to the Articles of Incorporation to the Watauga Parks Development Corporation with regard to changing the name to the Watauga Economic Development Corporation {CAPTION}

BACKGROUND/INFORMATION:

On August 21, 2018 City staff presented Type B Sales Tax history and options to the PDC and August 22, 2018 during a Special Meeting, the same presentation was provided to the Council.

City staff also scheduled training through TEEX with the PDC and City Council on 1/15/19. A request was received from the Mayor Pro Tem to research the renaming of the Watauga Parks Development Corporation. The research was conducted by the City Attorney's Office.

A few options are available to Council with one being no name change (leave as currently named), change the name to the Watauga Economic Development Corporation or change the name to Watauga Development Corporation.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

City staff respectfully requests the City Council approve a resolution authorizing the name change for the Watauga PDC.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. City Attorney Letter of Approval and Proposed Resolution Draft

REVIEWED BY:

Andrea Gardner, City Manager
Zolaina Parker, City Secretary, TRMC

Approved - 02/27/2019
Final Approval - 03/01/2019



AGENDA MEMORANDUM

Approved as to form for inclusion on Agenda

LAW OFFICES
EVANS, DANIEL, MOORE, EVANS, BIGGS & DECKER
(NOT A PARTNERSHIP)

MARK G. DANIEL

BOARD CERTIFIED - CRIMINAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

CRIMINAL TRIAL SPECIALIST-BOARD CERTIFIED
NATIONAL BOARD OF TRIAL ADVOCACY

SUNDANCE SQUARE
115 WEST SECOND STREET, SUITE 202
FORT WORTH, TEXAS 76102

(817) 332-3822
FACSIMILE (817) 332-2763

OF COUNSEL:
TIM EVANS
TIM MOORE
LANCE T. EVANS
WILLIAM R. BIGGS
ANDREW J. DECKER

February 11, 2019

Ms. Zolaina Parker
City Secretary
City of Watauga
7105 Whitley Road
Watauga, Texas 76148

Via E-mail

Re: Resolution approving the Certificate of Amendment to the Articles of Incorporation to the Watauga Parks Development Corporation changing the corporation's name to the Watauga Economic Development Corporation

Dear Ms. Parker:

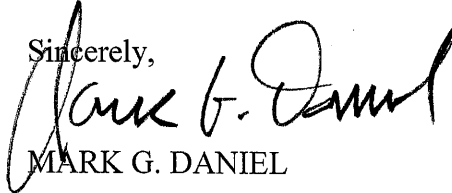
Attached you will find a resolution approving the Certificate of Amendment to the Articles of Incorporation to the Watauga Parks Development Corporation ("PDC") changing the corporation's name to the Watauga Economic Development Corporation. My office has been advised that this amendment is being requested because the amended name more closely aligns with the intent and corporation's purpose of encouraging economic development and advancement in the City. You will also find attached a "Packing Slip" from the Office of the Secretary of State dated February 8, 2019, confirming that this amended name is available for use and has been reserved by the City of Watauga for the next 120 days.

Per the Texas Local Government Code, amending the corporation's name does not require the prior approval of the PDC. The governing body of a municipality may, at its sole discretion, amend the corporation's Certificate of Formation at any time by adopting the amendment by resolution and delivering a Certificate of Amendment to the Texas Secretary of State pursuant to and in accordance with the provisions of Texas Local Government Code § 501.302. Thus, the City Council may approve this name change by resolution.

I have also attached the related Certificate of Amendment ("Form 424") which will need to be filed with the Texas Secretary of State along with a certified copy of the approved Resolution.

The attached Resolution and Certificate of Amendment may be submitted for consideration at the next City Council meeting. Thank you for your attention to the above and the opportunity to be of assistance. Should you have any questions or need anything further, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark G. Daniel". The signature is fluid and cursive, with the first name "Mark" being the most prominent.

MARK G. DANIEL

MGD/jjv

cc:

Ms. Andrea Gardner, *City Manager*
City Council Members

CITY OF WATAUGA, TEXAS

RESOLUTION NO. _____

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS APPROVING THE CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION TO THE WATAUGA PARKS DEVELOPMENT CORPORATION WHICH SHALL CHANGE THE CORPORATION'S NAME TO THE WATAUGA ECONOMIC DEVELOPMENT CORPORATION; PROVIDING THAT ALL RESOLUTIONS IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THAT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, Chapter 501 of the Texas Local Government Code is the governing body of law for development corporations in Texas and, as such, provides specific filing requirements for Certificates of Formation related to such development corporations as well as any subsequent amendments made to such Certificates of Formation; and

WHEREAS, the Watauga Parks Development Corporation (originally named "The Watauga Industrial Development Corporation") was created pursuant to Chapter 501 of the Texas Local Government Code to encourage the development and advancement of the parks and recreation facilities in the City; and

WHEREAS, the City Council of the City of Watauga may, at its sole discretion, amend its development corporation's Certificate of Formation at any time by adopting the amendment by resolution and delivering a Certificate of Amendment to the Texas Secretary of State pursuant to and in accordance with the provisions of Texas Local Government Code § 501.302; and

WHEREAS, the City recognizes the name "The Watauga Economic Development Corporation" more closely aligns with the intent and corporation's purpose of encouraging economic development and advancement in the City.

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

I

The City Council of the City of Watauga does hereby approve the proposed Certificate of Amendment to the Articles of Incorporation for the Watauga Parks Development Corporation which shall change the corporation's name to the Watauga Economic Development Corporation. The Certificate of Amendment ("Form 424") is attached as Exhibit "A" and shall be filed with the Texas Secretary of State.

II.

All Resolutions, or portions thereof, of the City of Watauga in conflict with the provisions of this Resolution to the extent that such are in conflict, are hereby repealed. To the extent that such Resolution or portions thereof are not in conflict herewith, the same shall remain in full force and effect.

III.

If any section, subsection, sentence, clause or phrase of this Resolution shall for any reason shall be held to be invalid, such decision shall not affect the validity of the remaining portions of the Resolution which shall remain in full force and effect.

IV.

This Resolution shall become effective and shall be in full force and effect after the passage and adoption by the City Council of the City of Watauga, Texas, and upon approval thereof by the Mayor of the City of Watauga, Texas.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this the _____ day of _____, 2019.

APPROVED:

DAVID GRIFFIN,
MAYOR PRO TEM

ATTEST:

ZOLAINA R. PARKER, CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:


MARK G. DANIEL, CITY ATTORNEY

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



David Whitley
Secretary of State

Office of the Secretary of State
Packing Slip

February 8, 2019
Page 1 of 1

Attn: City of Watauga
City of Watauga
7105 Whitley Road
Watauga, TX 76148

Batch Number: 86676000

Batch Date: 02-07-2019

Client ID: 692554324

Return Method: Email

Document Number	Document Detail	Number / Name	Page Count	Fee
866760000002	Application for Name Reservation	Watauga Economic Development Corporation	1	\$40.00
866760000003	Name Availability	Watauga Economic Development Corporation		\$0.00
866760000004	Convenience Fee			\$1.08
			Total Fees:	\$41.08

Payment Type	Payment Status	Payment Reference	Amount
Credit Card	Accepted	*****6851	\$41.08
			Total: \$41.08

Total Amount Charged to Client Account: \$0.00
(Applies to documents or orders where Client Account is the payment method)

Note to Customers Paying by Client Account: This is not a bill. Payments to your client account should be based on the monthly statement and not this packing slip. Amounts credited to your client account may be refunded upon request. Refunds (if applicable) will be processed within 10 business days.

User ID: WEBSUBSCRIBER

Phone: (512) 463-5555

Come visit us on the Internet @ <http://www.sos.state.tx.us/>
FAX: (512) 463-5709

Dial: 7-1-1 for Relay Services

Form 424**(Revised 05/11)**

Submit in duplicate to:
Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
512 463-5555
FAX: 512/463-5709
Filing Fee: See instructions



This space reserved for office use.

Certificate of Amendment**Entity Information**

The name of the filing entity is:

Watauga Parks Development Corporation

State the name of the entity as currently shown in the records of the secretary of state. If the amendment changes the name of the entity, state the old name and not the new name.

The filing entity is a: (Select the appropriate entity type below.)

- | | |
|---|---|
| ☐ For-profit Corporation | ☐ Professional Corporation |
| ☒ Nonprofit Corporation | ☐ Professional Limited Liability Company |
| ☐ Cooperative Association | ☐ Professional Association |
| ☐ Limited Liability Company | ☐ Limited Partnership |

The file number issued to the filing entity by the secretary of state is: 65990101The date of formation of the entity is: 05/23/1983**Amendments****1. Amended Name**

(If the purpose of the certificate of amendment is to change the name of the entity, use the following statement)

The amendment changes the certificate of formation to change the article or provision that names the filing entity. The article or provision is amended to read as follows:

The name of the filing entity is: (state the new name of the entity below)

Watauga Economic Development Corporation

The name of the entity must contain an organizational designation or accepted abbreviation of such term, as applicable.

2. Amended Registered Agent/Registered Office

The amendment changes the certificate of formation to change the article or provision stating the name of the registered agent and the registered office address of the filing entity. The article or provision is amended to read as follows:

Registered Agent
(Complete either A or B, but not both. Also complete C.)

☐ A. The registered agent is an organization (cannot be entity named above) by the name of:

OR

☐ B. The registered agent is an individual resident of the state whose name is:

First Name	M.I.	Last Name	Suffix
The person executing this instrument affirms that the person designated as the new registered agent has consented to serve as registered agent.			

C. The business address of the registered agent and the registered office address is:

7105 Whitley Road	Watauga	TX	76148
<i>Street Address (No P.O. Box)</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>

3. Other Added, Altered, or Deleted Provisions

Other changes or additions to the certificate of formation may be made in the space provided below. If the space provided is insufficient, incorporate the additional text by providing an attachment to this form. Please read the instructions to this form for further information on format.

Text Area (The attached addendum, if any, is incorporated herein by reference.)

☐ **Add** each of the following provisions to the certificate of formation. The identification or reference of the added provision and the full text are as follows:

☐ **Alter** each of the following provisions of the certificate of formation. The identification or reference of the altered provision and the full text of the provision as amended are as follows:

☐ **Delete** each of the provisions identified below from the certificate of formation.

Statement of Approval

The amendments to the certificate of formation have been approved in the manner required by the Texas Business Organizations Code and by the governing documents of the entity.

Effectiveness of Filing (Select either A, B, or C.)

A. ☒ This document becomes effective when the document is filed by the secretary of state.

B. ☐ This document becomes effective at a later date, which is not more than ninety (90) days from the date of signing. The delayed effective date is: _____

C. ☐ This document takes effect upon the occurrence of a future event or fact, other than the passage of time. The 90th day after the date of signing is: _____

The following event or fact will cause the document to take effect in the manner described below:

Execution

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized under the provisions of law governing the entity to execute the filing instrument.

Date: _____

By: _____

Signature of authorized person

Printed or typed name of authorized person (see instructions)



AGENDA MEMORANDUM

DATE: February 19, 2019

TO: Honorable City Council Members

FROM: Andrea Gardner, City Manager

SUBJECT: Consideration, discussion and direction on amending the City of Watauga Code of Ordinances Sections 30-19, 30-20 and 30-21 regarding the Watauga Park Development Corporation members, responsibilities, and duties of members to include broader language allowing for all State authorized Type B projects to be conducted by the Board in accordance with Texas Local Government Code Chapters 501, 502 and 505

BACKGROUND/INFORMATION:

The item is contingent upon direction received on the naming of the Type B Corporation. If the Council desires to rename the corporation to a name more descriptive of a Type B Corporation's purpose and allowed project authority, Sections 30-19, 30-20 and 30-21 should be revised.

Suggested changes to the sections of the Code are included in the attached as track changes.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

City staff respectfully requests the City Council (each member provide direction with a consensus of the direction being received serving as the Council direction) regarding revisions to Sections 30-19, 30-20 and 30-21 of the City of Watauga Code of Ordinances.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. PDC Ordinance
2. PDC Proposed Changes
3. PDC Documents
4. PDC 021919 Strategic Planning

REVIEWED BY:



AGENDA MEMORANDUM

Andrea Gardner, City Manager
Zolaina Parker, City Secretary, TRMC
Approved as to form for inclusion on Agenda

Approved - 02/27/2019
Final Approval - 03/01/2019

ARTICLE I. - IN GENERAL

Secs. 30-1—30-18. - Reserved.

ARTICLE II. - PARKS DEVELOPMENT CORPORATION

Sec. 30-19. - New members.

Upon completion of the appointment process, new directors shall be encouraged to become familiar with all aspects, duties and responsibilities of the city parks development corporation (WPDC). The WPDC secretary is encouraged to furnish to new members the telephone numbers of other WPDC board members and staff, the governing regulations, and any other pertinent information concerning the WPDC to the new board member within seven days of the new director's appointment.

(Code 2001, § 9.1001(a); Code 2010, § 1.04.181)

Sec. 30-20. - Responsibilities.

Responsibilities of the city parks development corporation are as follows:

- (1) Establish policies and administer the programs and services within the confines of state law and under the direction of the city council.
- (2) Devise and update as necessary a master plan showing locations for all current and proposed park and recreation facilities in the city.
- (3) Collect the one-half cent sales tax as provided in the May 7, 1994 sales tax election.
- (4) Prepare an annual budget for approval by the city council.
- (5) Conduct public hearings and receive citizen input regarding proposed projects within the jurisdiction of the corporation.
- (6) Ensure that the financial affairs of the corporation are conducted in accordance with the established policies of state law and the city council.
- (7) The following items shall be forwarded to the city council for approval prior to any commitment by the parks development corporation:
 - a. All new projects.
 - b. Changes in size, scope or location of existing or planned projects.
 - c. Request for use of any land or facilities owned by the city or the PDC for temporary use for organized athletic events, etc.
 - d. Purchase or sale of land or facilities.

(Code 2001, § 9.1001(b); Code 2010, § 1.04.182)

Sec. 30-21. - Duties of members.

The specific duties of a member of the board of directors of the parks development corporation shall be as follows:

- (1) Attend all board meetings regularly and actively participate in discussion and action on agenda items.
- (2) Become well informed of all agenda items in advance of the meeting.
- (3) Express points of view based on knowledgeable input.
- (4) Consider other points of view, make constructive suggestions, and help make group decisions which reflect the thinking of the total group.
- (5) Assume board leadership responsibilities as requested, such as elected officer or committee chair.
- (6) Keep informed about the corporation's programs, policies, responsibilities, and budget status, as well as changes in state law affecting operations of the board.
- (7) Make all decisions and take all actions based on the principles of reasonable prudence, acting in good faith, with the well-being of citizens always of paramount importance.
- (8) Avoid any conflict of interest.

(Code 2001, § 9.1001(c); Code 2010, § 1.04.183)

Secs. 30-22—30-45. - Reserved.

Secs. 30-1—30-18. - Reserved.

ARTICLE II. - PARKS DEVELOPMENT CORPORATION

Sec. 30-19. - New members.

Upon completion of the appointment process, new directors shall be encouraged to become familiar with all aspects, duties and responsibilities of the city ~~park development~~Type B corporation (WPDC). The ~~Type B Corporation~~WPDC secretary is encouraged to furnish to new members the telephone numbers of other ~~WPDC~~Type B Corporation board members and staff, the governing regulations, and any other pertinent information concerning the ~~WPDC~~Type B Corporation to the new board member within seven days of the new director's appointment.

(Code 2001, § 9.1001(a); Code 2010, § 1.04.181)

Sec. 30-20. - Responsibilities.

Responsibilities of the city ~~park development~~Type B corporation are as follows:

- (1) Establish policies and administer the programs and services within the confines of state law and under the direction of the city council.
- (2) Devise and update as necessary a ~~master plan showing locations for all current and proposed park and recreation facilities in the city~~strategic plan for economic development.
- (3) Collect the ~~one-half cent~~ sales tax as provided in the ~~May 7, 1994~~most recent sales tax election.
- (4) Prepare an annual budget for approval by the city council.
- (5) ~~—~~ Conduct public hearings and receive citizen input regarding proposed projects within the jurisdiction of the corporation as required by Texas Local Government Code.
- (6) Ensure that the financial affairs of the corporation are conducted in accordance with the established policies of state law and the city council.
- (7) The following items shall be forwarded to the city council for approval prior to any commitment by the ~~park development~~Type B corporation:
 - a. All new projects.
 - b. Changes in size, scope or location of existing or planned projects.
 - c. Request for use of any land or facilities owned by the city or the ~~PD~~Type B Corporation for temporary use for organized ~~athletic~~ events, etc.
 - d. Purchase or sale of land or facilities.

(Code 2001, § 9.1001(b); Code 2010, § 1.04.182)

Sec. 30-21. - Duties of members.

The specific duties of a member of the board of directors of the ~~park development~~Type B corporation shall be as follows:

- (1) Attend all board meetings regularly and actively participate in discussion and action on agenda items.
- (2) Become well informed of all agenda items in advance of the meeting.

- (3) Express points of view based on knowledgeable input.
- (4) Consider other points of view, make constructive suggestions, and help make group decisions which reflect the thinking of the total group.
- (5) Assume board leadership responsibilities as requested, such as elected officer or committee chair.
- (6) Keep informed about the corporation's programs, policies, responsibilities, and budget status, as well as changes in state law affecting operations of the board.
- (7) Make all decisions and take all actions based on the principles of reasonable prudence, acting in good faith, with the well-being of citizens always of paramount importance.
- (8) Avoid any conflict of interest.

(9) Complete the State of Texas Open Meetings Act Training within 90 days of appointment to the Type B Board.

(10) Complete the State of Texas Public Information Act Training within 90 days of appointment to the Type B Board.

(11) Complete the State of Texas required/approved Basic Economic Development Training Course within 12 months of appointment to the Type B Board.

(Code 2001, § 9.1001(c); Code 2010, § 1.04.183)

Secs. 30-22—30-45. - Reserved.

Timeline for PDC Creation

1. May 23, 1983

Resolution No. 83523 was approved authorizing the creation and establishment of the Watauga Industrial Development Corporation

2. June 15, 1983

Articles of Incorporation were filed in the office of the Secretary of State of the State of Texas

3. July 11, 1983

Resolution No. 83711 was approved that approved the bylaws governing the affairs of the Watauga Industrial Development Corporation

4. March 14, 1994

Ordinance 665 was approved calling a Sales and Use Tax Election to be held within the City, making provisions for the conduct thereof and other provisions relating thereto. Proposition language: The levy and collection of an additional one-half of one percent sales and use tax within the City pursuant to the provisions of Article 5109.6, Vernon's Texas Civil Statutes, as amended (the "Act"), with the proceeds thereof to be used and applied in the manner and to the purpose authorized by Section 4B of the Act, including but not limited to, land, facilities, equipment and open space improvements for Parks and Recreation.

5. May 7, 1994

Special Sales and Use Tax Election was held. Proposition language: The levy and collection of an additional one-half of one percent sales and use tax for the purpose of providing land, facilities, equipment for parks and recreation, open space improvements, and other facilities permitted by Section 4B of Article 5190.6 Vernon's Texas Civil Statutes, as amended.

6. May 23, 1994

Ordinance No. 670 was approved canvassing the returns and declaring the results of the Special Sales and Use Tax Election held on May 7, 1994. Election results: FOR 528, AGAINST 332, TOTAL VOTES CAST 860

7. July 25, 1994

A resolution of the City Council was approved that approved 2 amendments to the Watauga Industrial Development Corporation: 1) Change the name of the corporation from the Watauga Industrial Development Corporation to the Watauga Parks Development Corporation; 2) Article IV of the Articles of Incorporation are amended to read as follows: *The Corporation is organized exclusively for the*

purposes of benefiting and accomplishing public purpose of, and to act on behalf of the City of Watauga, Texas and the specific purposes for which the Corporation is organized and may issue bonds on behalf of the City of Watauga, Texas for the promotion and development of commercial, industrial and manufacturing enterprises to promote and encourage employment and public welfare, pursuant to the Development Corporation Act of 1979, Article 5190.6, Section 4B, Vernon's Annotated Civil Statutes, as now or hereafter amended. The Corporation is a constituted authority and a public instrumentality within the meaning of the regulations of the United States Treasury Department and the ruling of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1954, as amended, and the Corporation is authorized to act on behalf of the City of Watauga, Texas as provided in these Articles of Incorporation. The Corporation is not a political subdivision or political corporation of the State of Texas within the meaning of its constitution, and no agreements, bonds, debts, or obligations or the lending of credit, or grant of public money or anything of value, of or by the City of Watauga, Texas or any other political corporation, subdivision, or agency of the State of Texas, or a pledge of faith and credit of any of them.

8. June 26, 1995

Ordinance No. 702 was adopted by the City Council to amend Chapter 2 of the Code of Ordinances to include Article X establishing the Economic Development Board; enumerating powers and duties of the Economic Development Board; providing that employee matters are not within the direction or control of the Economic Development Board; establishing residency as a requirement of membership for all except 2 places on the Economic Development Board; establishing composition and terms of office; providing for removal of members and filling of vacancies; designating officers; providing that service on the Economic Development Board shall be without compensation; providing for donations and solicitations; establishing rules for meetings; providing for minutes; establishing a liaison to the City Council; providing that all ordinances in conflict herewith are hereby repealed to the extent that they are in conflict.

9. June 26, 1995

Approved Ordinance No. 705 was approved to ratify, confirm and validate the levy and imposition of the additional one-half sales and use tax approved and authorized at the election held on May 7, 1994 after a question was raised whether Ordinance No. 670 effectively provided for the levy of such sales and use tax.

The imposition and collection of such sales and use taxes since October 1, 1994 and the receipt of such tax receipts by the City under the Act is hereby in all respects ratified, confirmed and approved.

10. May 21, 2001

Ordinance No. 1067 was approved repealing Chapter 2, Article X of the Code of Ordinances of the City of Watauga to abolish the Economic Development Board and transfer responsibilities to the Mayor, City Council Members and staff.

11. January 23, 2012

Ordinance No. 1483 was adopted by the City Council calling for a special election to be held in said city on the 12th day of May 2012 for the decrease in the sales and use tax for the benefit of the Watauga Parks Development Corporation to one-fourth of one percent and the adoption of a local sales and use tax of one-fourth of one percent for maintenance and repair of municipal streets.

12. May 21, 2012

Resolution No. 12-05-21-02 was adopted by the City Council canvassing returns and declaring the results of a special election held in the City on May 12, 2012 for the submission of a proposition to decrease the sales and use tax for the benefit of the Watauga Parks Development Corporation to one-fourth of one percent and the adoption of a local sales and use tax in the City of Watauga at the rate of one-fourth of one percent to provide revenue for maintenance and repair of municipal streets.

Voting Results for Proposition 1 were 454 FOR, 130 AGAINST, 13 UNDERVOTES, TOTAL VOTES 597

13. January 25, 2016

Ordinance No. 1614 was adopted by the City Council calling a special election to be held in said city on the 7th day of May 2016 for the continuation of the adoption of a local sales and use tax of one-fourth of one percent for maintenance and repair of municipal streets; setting the date, place and time of said elections; and other provisions otherwise incidental to such ordinance in accordance with the Texas Election Laws and Articles III and IV of the City of Watauga Home Rule Charter.

14. May 23, 2016

Resolution No. 16-05-23-02 was approved by the City Council canvassing the returns and declaring the results of a special election held in the City of Watauga on May 7, 2016 for the submission of a proposition reauthorizing a local sales and use tax in the City of Watauga at the rate of one-fourth of one percent to provide revenue for maintenance and repair of municipal streets.

Proposition 1 Voting Results were FOR 250, AGAINST 49, UNDERVOTES 4, TOTAL VOTES 303

**CITY OF WATAUGA, TEXAS
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
September 30, 2017**

Special Revenue Funds							
	WPDC Sales Tax Fund	Watauga Crime Control and Prevention Fund	Library Donation Fund	Municipal Court Security Fund	Municipal Court Technology Fund	Municipal Court Juvenile Case Manager Fund	Traffic Safety Fund
ASSETS							
Cash and cash equivalents	\$ 335,236	\$ 364,595	\$ 16,430	\$ -	\$ 67,588	\$ 57,916	\$ 638,033
Investments	366,799	685,212	16,655	15,444	58,500	69,401	-
Accounts receivable	120,094	240,913	194	70	144	171	-
Prepays and deposits	4,675	2,523	-	-	-	-	-
Total assets	<u>\$ 826,804</u>	<u>\$ 1,293,243</u>	<u>\$ 33,279</u>	<u>\$ 15,514</u>	<u>\$ 126,232</u>	<u>\$ 127,488</u>	<u>\$ 638,033</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 6,112	\$ 11,987	\$ -	\$ -	\$ -	\$ -	\$ 358,158
Accrued liabilities	10,696	48,126	144	1,397	-	685	8,958
Total liabilities	<u>16,808</u>	<u>60,113</u>	<u>144</u>	<u>1,397</u>	<u>-</u>	<u>685</u>	<u>367,116</u>
FUND BALANCES							
Non-spendable							
Prepaid items	4,675	2,523	-	-	-	-	-
Restricted							
Capital acquisitions and contractual obligations	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Culture and recreation	805,321	-	33,135	-	-	-	-
Public works	-	-	-	-	-	-	-
Public safety	-	1,230,607	-	14,117	126,232	126,803	270,917
Total Fund Balances	<u>809,996</u>	<u>1,233,130</u>	<u>33,135</u>	<u>14,117</u>	<u>126,232</u>	<u>126,803</u>	<u>270,917</u>
Total Liabilities and Fund Balances	<u>\$ 826,804</u>	<u>\$ 1,293,243</u>	<u>\$ 33,279</u>	<u>\$ 15,514</u>	<u>\$ 126,232</u>	<u>\$ 127,488</u>	<u>\$ 638,033</u>

LOCAL GOVERNMENT CODE

TITLE 12. PLANNING AND DEVELOPMENT

SUBTITLE C1. ADDITIONAL PLANNING AND DEVELOPMENT PROVISIONS APPLYING TO
MORE THAN ONE TYPE OF LOCAL GOVERNMENT

CHAPTER 505. TYPE B CORPORATIONS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 505.001. DEFINITION. In this chapter, "authorizing municipality" means the municipality that authorizes the creation of a Type B corporation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.002. APPLICABILITY OF CHAPTER. This chapter applies only to:

(1) a municipality:

(A) that is located in a county with a population of 500,000 or more; and

(B) in which the combined rate of all sales and use taxes imposed by the municipality, this state, and other political subdivisions of this state having territory in the municipality does not exceed 8.25 percent on the date of any election held under or made applicable to this chapter;

(2) a municipality:

(A) that has a population of 400,000 or more;

(B) that is located in more than one county; and

(C) in which the combined rate of all sales and use taxes imposed by the municipality, this state, and other political subdivisions of this state having territory in the municipality, including taxes imposed under this chapter, does not exceed 8.25 percent; or

(3) a municipality to which Chapter 504 applies.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.003. AUTHORITY TO CREATE CORPORATION. (a) A municipality may authorize the creation under this subtitle of a Type B corporation.

(b) A municipality may not authorize the creation of more than one Type B corporation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.004. CONTENTS OF CERTIFICATE OF FORMATION. The certificate of formation of a Type B corporation:

(1) must state that the corporation is governed by this chapter; and

(2) may include in the corporation's name any word or phrase the authorizing municipality specifies.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.005. CORPORATION NOT SUBJECT TO CERTAIN PROVISIONS. Sections 501.203, 501.205, 501.251-501.254, 501.255(a) and (b), 501.256, and 501.257 do not apply to a corporation under this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

SUBCHAPTER B. GOVERNANCE OF CORPORATION

Sec. 505.051. BOARD OF DIRECTORS. (a) The board of directors of a Type B corporation consists of seven directors.

(b) A director is appointed by the governing body of the authorizing municipality for a two-year term.

(c) A director may be removed by the governing body of the authorizing municipality at any time without cause.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.052. RESTRICTION ON BOARD MEMBERSHIP. (a) Each director of a Type B corporation authorized to be created by a municipality with a population of 20,000 or more must be a resident of the municipality.

(b) Each director of a Type B corporation authorized to be created by a municipality with a population of less than 20,000 must:

- (1) be a resident of the municipality;
- (2) be a resident of the county in which the major part of the area of the municipality is located; or
- (3) reside:
 - (A) within 10 miles of the municipality's boundaries; and
 - (B) in a county bordering the county in which most of the area of the municipality is located.

(c) Three directors of a Type B corporation must be persons who are not employees, officers, or members of the governing body of the authorizing municipality.

(d) Notwithstanding Subsections (a)-(c), if a municipality terminates a Type A corporation's existence and authorizes the creation of a Type B corporation, a person serving as a director of the Type A corporation at the time of termination may serve on the board of directors of the Type B corporation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.053. OFFICERS. The board of directors of a Type B corporation shall appoint:

- (1) a president;
- (2) a secretary; and
- (3) other officers of the corporation the governing body of the authorizing municipality considers necessary.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.054. QUORUM. A majority of the entire membership of the board of directors of a Type B corporation is a quorum.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.055. LOCATION OF BOARD MEETINGS. (a) Except as provided by Subsection (b), the board of directors of a Type B corporation shall conduct all meetings within the boundaries of the authorizing municipality.

(b) If the authorizing municipality is located in a county with a population of less than 30,000, the board of directors of a Type B corporation may conduct a board meeting within the boundaries of the county.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 473 (H.B. 479), Sec. 2, eff. June 17, 2011.

Sec. 505.056. RESTRICTIONS ON REGISTERED AGENT AND OFFICE. (a) The registered agent of a Type B corporation must be an individual who is a resident of this state.

(b) The registered office of a Type B corporation must be located within the boundaries of the authorizing municipality.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 505.101. APPLICABILITY OF OTHER LAW; CONFLICTS. A Type B corporation has the powers granted by this chapter and by other chapters of this subtitle and is subject to the limitations of a corporation created under another provision of this subtitle. To the extent of a conflict between this chapter and another provision of this subtitle, this chapter prevails.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.102. CONTRACT WITH OTHER PRIVATE CORPORATION. A Type B corporation may contract with another private corporation to:

- (1) carry out an industrial development program or objective; or
- (2) assist with the development or operation of an economic development program or objective consistent with the purposes and duties specified by this subtitle.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.103. LIMITATION ON USE OF REVENUES FOR PROMOTIONAL PURPOSES. A Type B corporation may spend not more than 10 percent of the corporate revenues for promotional purposes.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.104. BOND REPAYMENT. (a) Bonds or other obligations that mature in 30 years or less and that are issued to pay the costs of projects of a type added to the definition of "project" by Subchapter D may be made payable from any source of funds available to the Type B corporation, including the proceeds of a sales and use tax imposed under this chapter.

(b) Bonds or other obligations that by their terms are payable from the tax proceeds:

(1) may not be paid wholly or partly from any property taxes imposed or to be imposed by the authorizing municipality; and

(2) are not a debt of and do not give rise to a claim for payment against the authorizing municipality, except as to sales and use tax revenue held by the municipality and required under this chapter to be delivered to the Type B corporation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.1041. APPRAISAL REQUIRED BEFORE PURCHASE OF PROPERTY WITH BOND PROCEEDS. A Type B corporation may not purchase property for a project wholly or partly with bond proceeds until the corporation obtains an independent appraisal of the property's market value.

Added by Acts 2011, 82nd Leg., R.S., Ch. 719 (H.B. 782), Sec. 2, eff. September 1, 2011.

Sec. 505.105. EMINENT DOMAIN. A Type B corporation may exercise the power of eminent domain only:

(1) on approval of the action by the governing body of the authorizing municipality; and

(2) in accordance with and subject to the laws applicable to the authorizing municipality.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.106. LIABILITY. (a) The following are not liable for damages arising from the performance of a governmental function of a Type B corporation or the authorizing municipality:

- (1) the corporation;
- (2) a director of the corporation;
- (3) the municipality;
- (4) a member of the governing body of the municipality; or
- (5) an employee of the corporation or municipality.

(b) For purposes of Chapter 101, Civil Practice and Remedies Code, a Type B corporation is a governmental unit and the corporation's actions are governmental functions.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

SUBCHAPTER D. AUTHORIZED PROJECTS

Sec. 505.151. AUTHORIZED PROJECTS. In this chapter, "project" means land, buildings, equipment, facilities, expenditures, and improvements included in the definition of "project" under Chapter 501, including:

- (1) job training as provided by Section 501.162; and
- (2) recycling facilities.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.152. PROJECTS RELATED TO RECREATIONAL OR COMMUNITY FACILITIES. For purposes of this chapter, "project" includes land, buildings, equipment, facilities, and improvements found by the board of directors to be required or suitable for use for professional and amateur sports, including children's sports, athletic, entertainment, tourist, convention, and public park purposes and events, including stadiums, ball parks, auditoriums, amphitheaters, concert halls, parks and park facilities, open space improvements, museums, exhibition facilities, and related store, restaurant, concession, and automobile parking facilities, related area transportation facilities, and related roads, streets, and water and sewer facilities, and other related improvements that enhance any of the items described by this section.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.153. PROJECTS RELATED TO AFFORDABLE HOUSING. For purposes of this chapter, "project" includes land, buildings, equipment, facilities, and improvements found by the board of directors to be required or suitable for the promotion of development and expansion of affordable housing, as described by 42 U.S.C. Section 12745.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.154. PROJECTS RELATED TO WATER SUPPLY FACILITIES AND WATER CONSERVATION PROGRAMS. For purposes of this chapter, "project" includes land, buildings, equipment, facilities, and improvements found by the board of directors to be required or suitable for:

(1) the development or improvement of water supply facilities, including dams, transmission lines, well field developments, and other water supply alternatives; or

(2) the development and institution of water conservation programs, including incentives to install water-saving plumbing fixtures, educational programs, brush control programs, and programs to replace malfunctioning or leaking water lines and other water facilities.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.155. PROJECTS RELATED TO BUSINESS ENTERPRISES THAT CREATE OR RETAIN PRIMARY JOBS. For purposes of this chapter, "project" includes land, buildings, equipment, facilities, and improvements found by the board of directors to promote or develop new or expanded business enterprises that create or retain primary jobs, including:

(1) a project to provide public safety facilities, streets and roads, drainage and related improvements, demolition of existing structures, general municipally owned improvements, and any improvements or facilities related to a project described by this subdivision; and

(2) any other project that the board of directors in the board's discretion determines promotes or develops new or expanded business enterprises that create or retain primary jobs.

. Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.156. PROJECTS RELATED TO BUSINESS ENTERPRISES IN CERTAIN MUNICIPALITIES. For purposes of this chapter, "project" includes land, buildings, equipment, facilities, and improvements found by the board of directors to be required or suitable for the development, retention, or expansion of business enterprises if the project is undertaken by a Type B corporation authorized to be created by a municipality:

(1) that has not for each of the preceding two fiscal years received more than \$50,000 in revenues from sales and use taxes imposed under this chapter; and

(2) the governing body of which has authorized the project by adopting a resolution only after giving the resolution at least two separate readings conducted at least one week apart.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.1561. PROJECTS RELATED TO AIRPORT FACILITIES IN CERTAIN MUNICIPALITIES. For purposes of this chapter, "project" includes land, buildings, equipment, facilities, and improvements found by the board of directors to be required or suitable for the development or expansion of airport or railport facilities, including hangars, maintenance and repair facilities, cargo facilities, and related infrastructure located on or adjacent to an airport or railport facility, if the project is undertaken by a Type B corporation authorized to be created by a municipality:

(1) that enters into a development agreement with an entity in which the entity acquires a leasehold or other possessory interest from the corporation and is authorized to sublease the entity's interest for other projects authorized by Sections 505.151 through 505.156; and

(2) the governing body of which has authorized the development agreement by adopting a resolution at a meeting called as authorized by law.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.014(a), eff. September 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 150 (S.B. 2052), Sec. 2, eff. September 1, 2009.

Sec. 505.157. PROJECTS RELATED TO BUSINESS ENTERPRISES IN LANDLOCKED COMMUNITIES. (a) In this section, "landlocked community" means a municipality that:

(1) is wholly or partly located in a county with a population of two million or more; and

(2) has within its municipal limits and extraterritorial jurisdiction less than 100 acres that can be used for the development of manufacturing or industrial facilities in accordance with the municipality's zoning laws or land use restrictions.

(b) For a landlocked community that authorizes or has authorized the creation of a Type B corporation, "project" also includes expenditures found by the board of directors to be required for the promotion of new or expanded business enterprises in the landlocked community.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.158. PROJECTS RELATED TO BUSINESS DEVELOPMENT IN CERTAIN SMALL MUNICIPALITIES. (a) For a Type B corporation authorized to be created by a municipality with a population of 20,000 or less, "project" also includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements found by the corporation's board of directors to promote new or expanded business development.

(b) A Type B corporation may not undertake a project authorized by this section that requires an expenditure of more than \$10,000 until the governing body of the corporation's authorizing municipality adopts a resolution authorizing the project after giving the resolution at least two separate readings.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.159. HEARING REQUIRED TO UNDERTAKE PROJECT. (a) Except as provided by Subsection (b), a Type B corporation shall hold at least one public hearing on a proposed project before spending money to undertake the project.

(b) A Type B corporation the creation of which was authorized by a municipality with a population of less than 20,000 is not required to hold

a public hearing under this section if the proposed project is defined by Subchapter C, Chapter 501.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.015(a), eff. September 1, 2009.

Sec. 505.160. ELECTION REQUIRED FOR PROJECT; PETITION. (a) A Type B corporation may undertake a project under this chapter unless, not later than the 60th day after the date notice of the specific project or general type of project is first published, the governing body of the authorizing municipality receives a petition from more than 10 percent of the registered voters of the municipality requesting that an election be held before the specific project or general type of project is undertaken.

(b) The governing body of the authorizing municipality is not required to hold an election after the submission of a petition under Subsection (a) if the voters of the municipality have previously approved the undertaking of the specific project or general type of project:

(1) at an election ordered for that purpose by the governing body of the municipality; or

(2) in conjunction with another election required under this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.161. PUBLIC PURPOSE DESIGNATION; EXEMPTION FROM TAXATION.

(a) The legislature finds for all constitutional and statutory purposes that:

(1) a project of the type added to the definition of "project" by this subchapter is owned, used, and held for a public purpose for and on behalf of the municipality that authorized the creation of the Type B corporation; and

(2) except as otherwise provided by this section, Section 501.160 of this subtitle and Section 25.07(a), Tax Code, do not apply to a leasehold or other possessory interest granted by a Type B corporation during the period the corporation owns projects on behalf of the authorizing municipality.

(b) A project is exempt from ad valorem taxation under Section 11.11, Tax Code, for the period described by Subsection (a)(2) of this section.

(c) This subsection applies only if the voters of the authorizing municipality of a Type B corporation have not approved the adoption of a sales and use tax for the benefit of the corporation under Section 505.251. An ownership, leasehold, or other possessory interest of a person other than the corporation in real property constituting a project of the corporation described by this section:

(1) is subject to ad valorem taxation under Section 25.07(a), Tax Code; or

(2) if the interest was created under an agreement entered into by the corporation before September 1, 1999, is covered by the provisions of the law codified by this section that govern ad valorem taxation of the ownership, leasehold, or other possessory interest that were in effect on the date the agreement was executed.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

SUBCHAPTER E. SPORTS VENUE PROJECTS AND RELATED INFRASTRUCTURE

Sec. 505.201. DEFINITIONS. In this subchapter:

(1) "Related infrastructure" has the meaning assigned by Section 334.001.

(2) "Sports venue" means an arena, coliseum, stadium, or other type of area or facility that is primarily used or is planned for primary use for one or more professional or amateur sports or athletics events and for which a fee is charged or is planned to be charged for admission to the sports or athletics events, other than occasional civic, charitable, or promotional events. The term does not include an arena, coliseum, stadium, or other type of area or facility that is or will be owned and operated by a state-supported institution of higher education.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.202. ELECTION: USE OF TAX PROCEEDS FOR SPORTS VENUE PROJECTS. (a) An authorizing municipality may submit to the voters of the municipality a ballot proposition that authorizes the Type B corporation to use the sales and use tax, including any amount previously authorized and collected, for a specific sports venue project, including related

· infrastructure, or for a specific category of sports venue projects, including related infrastructure.

(b) The project or category of projects described by Subsection (a) must be clearly described on the ballot so that a voter is able to discern the limits of the specific project or category of projects authorized by the proposition. If maintenance and operating costs of an otherwise authorized facility are to be paid from the sales and use tax, the ballot language must clearly state that fact.

(c) The authorizing municipality may submit the ballot proposition at:

(1) an election held under another provision of this subtitle, including the election at which the proposition to initially approve the adoption of a sales and use tax for the benefit of the Type B corporation is submitted; or

(2) a separate election to be held on a uniform election date.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.203. PUBLIC HEARING PRECEDING ELECTION. Before an election may be held under Section 505.202, a public hearing must be held in the authorizing municipality to inform the municipality's residents of the cost and impact of the project or category of projects. At least 30 days before the date set for the hearing, notice of the date, time, place, and subject of the hearing must be published each week until the date of the hearing in a newspaper with general circulation in the municipality in which the project is located.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.204. LIMITATION ON SUBSEQUENT ELECTION. If a majority of the voters voting on the issue do not approve a specific sports venue project or a specific category of sports venue projects at an election under Section 505.202, another election concerning the same project or category of projects may not be held before the first anniversary of the date of the most recent election disapproving the project or category of projects.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff.
April 1, 2009.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff.
April 1, 2009.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff.
April 1, 2009.

(b) The rate of a tax adopted under this chapter may be any rate that is an increment of one-eighth of one percent, that the authorizing municipality determines is appropriate, and that would not result in a

combined rate that exceeds the maximum combined rate prescribed by Section 505.256(a).

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 1246 (H.B. 157), Sec. 9, eff. September 1, 2015.

Sec. 505.253. USE TAX. (a) If the authorizing municipality adopts the tax under Section 505.251, an excise tax is imposed on the use, storage, or other consumption within the municipality of tangible personal property purchased, leased, or rented from a retailer during the period that the tax is effective within the municipality.

(b) The rate of the excise tax is the same as the rate of the sales tax portion of the sales and use tax and is applied to the sale price of the tangible personal property.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.254. SPECIFICATION OF TAX RATE ON BALLOT. In an election held to adopt the sales and use tax under this chapter, the ballot proposition must specify the rate of the tax to be adopted.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.255. ADOPTION OF TAX AT ELECTION TO REDUCE OR ABOLISH TAX FOR TYPE A CORPORATION. A municipality that holds an election to reduce the rate of or abolish a tax imposed under Chapter 504 may in the same proposition or in a separate proposition on the same ballot adopt a tax under this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.256. APPLICABILITY OF TAX CODE. (a) Chapter 321, Tax Code, governs the imposition, computation, administration, collection, and remittance of the sales and use tax, except as inconsistent with this chapter. An authorizing municipality may not adopt a rate under this

chapter that, when added to the rates of all other sales and use taxes imposed by the authorizing municipality and other political subdivisions of this state having territory in the authorizing municipality, would result in a combined rate exceeding two percent at any location in the municipality.

(b) Except as provided by this subsection, the tax imposed under this chapter takes effect as provided by Section 321.102(a), Tax Code. If an election is held under this chapter at the same time an election is held to impose or change the rate of the additional municipal sales and use tax, the tax under this chapter and the imposition or change in rate of the additional municipal sales and use tax take effect as provided by Section 321.102(b), Tax Code.

(c) After the effective date of the taxes imposed under this chapter, the adoption of a sales and use tax or the attempted adoption of a sales and use tax by the authorizing municipality or another taxing jurisdiction having territory in the municipality does not impair the taxes imposed under this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 1246 (H.B. 157), Sec. 10, eff. September 1, 2015.

Sec. 505.2565. LIMITATION ON DURATION OF TAX. (a) At an election held under Section 505.251, the authorizing municipality may also allow the voters to vote on a ballot proposition to limit the period for imposition of a sales and use tax.

(b) An authorizing municipality that has imposed a tax for a limited time under this section may extend the period of the tax's imposition or reimpose the tax only if the extension or reimposition is approved by a majority of the voters of the municipality voting at an election held for that purpose in the same manner as an election held under Section 504.257.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.016(a), eff. September 1, 2009.

Sec. 505.2566. ELECTION TO REDUCE OR INCREASE TAX RATE. (a) An authorizing municipality that has imposed a sales and use tax under this chapter may, in the same manner and by the same procedure as the municipality imposed the tax, reduce or increase the tax rate by a majority

of the voters of the municipality voting at an election held for that purpose.

(b) On petition of 10 percent or more of the registered voters of the authorizing municipality requesting an election to reduce or increase the tax rate under this chapter, the governing body of the municipality shall order an election on the issue.

(c) The tax rate may be reduced or increased to any rate that is an increment of one-eighth of one percent, that the authorizing municipality determines is appropriate, and that would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 505.256(a).

Added by Acts 2017, 85th Leg., R.S., Ch. 882 (H.B. 3045), Sec. 1, eff. June 15, 2017.

Sec. 505.257. REDUCTION OF TAX WITHIN REGIONAL TRANSPORTATION AUTHORITY. Notwithstanding any other provision of this chapter, a tax imposed under this chapter by an authorizing municipality that is located within the territorial limits of a regional transportation authority and that has been added to the territory of the authority under Section 452.6025, Transportation Code, is subject to reduction in the manner prescribed by Section 452.6025, Transportation Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.2575. LIMITED SALES AND USE TAX FOR SPECIFIC PROJECT. (a) At an election held under Section 505.251, the authorizing municipality may also allow the voters to vote on a ballot proposition to limit the use of the sales and use tax to a specific project.

(b) A Type B corporation created to perform a specific project as provided by this section may retain its corporate existence and perform any other project approved by the voters of the authorizing municipality at an election held for that purpose in the same manner as Section 504.260 provides for an election held under Section 504.251. Before spending money to undertake a project, a Type B corporation shall hold a public hearing as otherwise provided by this chapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.016(a), eff. September 1, 2009.

Sec. 505.258. CESSATION OF COLLECTION OF TAXES. A sales and use tax imposed under this chapter may not be collected after the last day of the first calendar quarter that occurs after the Type B corporation notifies the comptroller that:

- (1) all bonds or other obligations of the corporation, including any refunding bonds, payable wholly or partly from the proceeds of the sales and use tax imposed under this chapter, have been paid in full; or
- (2) the total amount, exclusive of guaranteed interest, necessary to pay in full the bonds and other obligations has been set aside in a trust account dedicated to the payment of the bonds and other obligations.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.259. ELECTION REQUIREMENT FOR CERTAIN MUNICIPALITIES. For a tax under this subchapter at a rate that does not exceed one-half of one percent, the election requirement under Section 505.251 is satisfied and another election is not required if the voters of the authorizing municipality approved the imposition of an additional one-half cent sales and use tax at an election held before March 28, 1991, under an ordinance calling the election that:

- (1) was published in a newspaper of general circulation in the municipality at least 14 days before the date of the election; and
- (2) expressly stated that the election was being held in anticipation of the enactment of enabling and implementing legislation without further elections.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 1246 (H.B. 157), Sec. 11, eff. September 1, 2015.

SUBCHAPTER G. USE OF TAX PROCEEDS

Sec. 505.301. DELIVERY OF TAX PROCEEDS. On the authorizing municipality's receipt from the comptroller of the proceeds of the sales and use tax imposed under this chapter, the authorizing municipality shall deliver the proceeds to the Type B corporation.

'Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.302. PAYMENT OF PROJECT COSTS, BONDS, OR OTHER OBLIGATIONS. The proceeds of the sales and use tax imposed under this chapter may be used to:

- (1) pay the costs of projects of the types added to the definition of "project" by Subchapter D; or
- (2) pay the principal of, interest on, and other costs relating to bonds or other obligations issued by the Type B corporation to:
 - (A) pay the costs of the projects; or
 - (B) refund bonds or other obligations issued to pay the costs of projects.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.303. PAYMENT OF MAINTENANCE AND OPERATING COSTS; ELECTION.

(a) The costs of a publicly owned and operated project purchased or constructed under this chapter include the maintenance and operating costs of the project.

(b) The proceeds of taxes may be used to pay the maintenance and operating costs of a project, unless not later than the 60th day after the date notice of the specific use of the tax proceeds is first published, the governing body of the authorizing municipality of the Type B corporation undertaking the project receives a petition from more than 10 percent of the registered voters of the municipality requesting that an election be held before the tax proceeds may be used to pay the maintenance and operating costs of a project.

(c) The governing body of the authorizing municipality is not required to hold an election after the submission of a petition under Subsection (b) if the voters of the municipality have previously approved at an election ordered for that purpose by the governing body or in conjunction with another election required under this chapter that:

- (1) the costs of a publicly owned and operated project purchased or constructed under this chapter include the maintenance and operating costs of the project; and
- (2) the tax proceeds may be used to pay the maintenance and operating costs of a project.

(d) An authorizing municipality is not required to hold an election under this section if the municipality:

(1) is located in a county with a population of more than 1.3 million; and

(2) has held before February 1, 1993, an election under this chapter at which the additional sales tax was approved.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.304. PAYMENT FOR CERTAIN WATER-RELATED PROJECTS: ELECTION REQUIRED. (a) A Type B corporation may not use proceeds from the sales and use tax to undertake a project described by Section 505.154 unless the use of tax proceeds for that purpose is authorized by a majority of the voters voting at an election held in the municipality for that purpose.

(b) The ballot in an election held under this section shall be printed to provide for voting for or against the proposition: "The use of sales and use tax proceeds for infrastructure relating to _____ (insert water supply facilities or water conservation programs, as appropriate)."

(c) An election held under this section may be authorized by the governing body of an authorizing municipality subsequent to an earlier election authorized under Section 505.251.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.305. PAYMENT FOR CLEANUP OF CONTAMINATED PROPERTY; ELECTION.

(a) The economic development office, with the assistance of the Texas Commission on Environmental Quality, may encourage a Type B corporation to use proceeds from the sales and use tax imposed under this chapter for the cleanup of contaminated property.

(b) Notwithstanding any other provision of this chapter, a Type B corporation may use proceeds from the sales and use tax for the cleanup of contaminated property only if the use of tax proceeds for that purpose is authorized by a majority of the voters voting at an election held in the authorizing municipality for that purpose. The ballot in an election held under this subsection shall be printed to provide for voting for or against the proposition: "The use of sales and use tax proceeds for the cleanup of contaminated property."

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

SUBCHAPTER H. TERMINATION OF CORPORATION

Sec. 505.351. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a Type B corporation created on or after September 1, 1999.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.352. ELECTION TO TERMINATE EXISTENCE OF CORPORATION ON PETITION. (a) The governing body of an authorizing municipality shall order an election on the termination of the existence of the Type B corporation on receipt of a petition requesting the election that is signed by at least 10 percent of the registered voters of the municipality.

(b) The authorizing municipality shall hold the election on the first available uniform election date that occurs after the time required by Section 3.005, Election Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.353. BALLOT. The ballot for an election held under Section 505.352 shall be printed to permit voting for or against the proposition: "Termination of the _____ (name of corporation)."

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.354. TERMINATION OF EXISTENCE OF CORPORATION. (a) If a majority of the votes cast at an election held under Section 505.352 approve the termination, the Type B corporation shall:

(1) continue operations only as necessary to meet the obligations the corporation incurred before the date of the election, including paying the principal of and interest on the corporation's bonds; and

(2) liquidate the corporation's assets and apply the proceeds to satisfy the corporation's obligations, to the extent practicable.

(b) After the Type B corporation has satisfied all of the corporation's obligations, any remaining assets of the corporation shall be

transferred to the authorizing municipality, and the existence of the corporation is terminated.

(c) The authorizing municipality shall promptly notify the comptroller and the secretary of state of the date the existence of a Type B corporation is terminated under this subchapter.

(d) A tax imposed under this chapter may not be collected after the last day of the first calendar quarter that begins after the authorizing municipality provides notice under Subsection (c).

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 505.355. ELECTION REJECTING TERMINATION. If less than a majority of the votes cast at an election held under Section 505.352 approve the termination, Section 505.354 has no effect.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

LOCAL GOVERNMENT CODE

TITLE 12. PLANNING AND DEVELOPMENT

SUBTITLE C1. ADDITIONAL PLANNING AND DEVELOPMENT PROVISIONS APPLYING TO
MORE THAN ONE TYPE OF LOCAL GOVERNMENT

CHAPTER 501. PROVISIONS GOVERNING DEVELOPMENT CORPORATIONS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 501.001. SHORT TITLE. This subtitle may be cited as the Development Corporation Act.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.002. DEFINITIONS. In this subtitle:

- (1) "Authorizing unit" means the unit that authorizes the creation of a corporation under this subtitle.
- (2) "Board of directors" means the board of directors of a corporation.
- (3) "Bonds" includes evidences of indebtedness, including bonds and notes.
- (4) "Corporate headquarters facilities" means buildings proposed for construction or occupancy as the principal office for a business enterprise's administrative and management services.
- (5) "Corporation" means a corporation organized under this subtitle.
- (6) "Cost," with respect to a project, has the meaning assigned by Section 501.152.
- (7) "County alliance" means two or more counties that jointly authorize the creation of a corporation under this subtitle.
- (8) "District" means a conservation and reclamation district established under Section 59, Article XVI, Texas Constitution.
- (9) "Economic development office" means the Texas Economic Development and Tourism Office within the office of the governor.
- (10) "Governing body" means the commissioners court of a county or the governing body of a municipality or district.
- (11) "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

(12) "Primary job" means:

(A) a job that is:

(i) available at a company for which a majority of the products or services of that company are ultimately exported to regional, statewide, national, or international markets infusing new dollars into the local economy; and

(ii) included in one of the following sectors of the North American Industry Classification System (NAICS):

NAICS Sector #	Description
111	Crop Production
112	Animal Production
113	Forestry and Logging
11411	Commercial Fishing
115	Support Activities for Agriculture and Forestry
211-213	Mining
221	Utilities
311-339	Manufacturing
42	Wholesale Trade
48-49	Transportation and Warehousing
51 (excluding 512131 and 512132)	Information (excluding motion picture theaters and drive-in motion picture theaters)
523-525	Securities, Commodity Contracts, and Other Financial Investments and Related Activities; Insurance Carriers and Related Activities; Funds, Trusts, and Other Financial Vehicles
5413, 5415, 5416, 5417, and 5419	Architectural, Engineering, and Related Services; Computer System Design and Related Services; Management, Scientific, and Technical Consulting Services; Scientific Research and Development Services; Other Professional, Scientific, and Technical Services
551	Management of Companies and Enterprises
56142	Telephone Call Centers
922140	Correctional Institutions; or

(B) a job that is included in North American Industry Classification System (NAICS) sector number 928110, National Security, for the corresponding index entries for Armed Forces, Army, Navy, Air Force, Marine Corps, and Military Bases.

(13) "Project" means a project specified as such under Subchapter C.

(14) "Resolution" means a resolution, order, ordinance, or other official action by the governing body of a unit.

(15) "Type A corporation" means a corporation governed by Chapter 504.

(16) "Type B corporation" means a corporation governed by Chapter 505.

(17) "Unit" means a municipality, county, or district that may create and use a corporation under this subtitle.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.003. WHO MAY BE USER. The following may be a user under this subtitle:

- (1) an individual, a partnership, a corporation, or any other private entity organized for profit or not for profit; or
- (2) a municipality, county, district, other political subdivision, public entity, or agency of this state or the federal government.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.004. LEGISLATIVE FINDINGS; CONSTRUCTION OF SUBTITLE. (a) The legislature finds that:

(1) the present and prospective right to gainful employment and the general welfare of the people of this state require as a public purpose the promotion and development of new and expanded business enterprises and of job training;

(2) the existence, development, and expansion of business, commerce, industry, higher education, and job training are essential to the economic growth of this state and to the full employment, welfare, and prosperity of residents of this state;

(3) the assistance provided by corporations in promoting higher education opportunities encourages and fosters the development and diversification of the economy of this state and the elimination of unemployment and underemployment in this state;

(4) the means authorized by this subtitle and the assistance provided by this subtitle, especially with respect to financing, are in the public interest and serve a public purpose of this state in promoting the welfare of the residents of this state economically by securing and retaining business enterprises and as a result maintaining a higher level of employment, economic activity, and stability;

(5) community industrial development corporations in this state have invested substantial money in successful industrial development projects and have experienced difficulty in undertaking additional industrial development projects because of the partial inadequacy of the community industrial development corporations' money or money potentially available from local subscription sources and the limitations of local financial institutions in providing additional and sufficiently large first mortgage loans; and

(6) communities in this state have been at a critical disadvantage in competing with communities in other states for the location or expansion of business enterprises because of the availability and prevalent use in all other states of financing and other special incentives, and, for that reason, the issuance of revenue bonds under this subtitle by a corporation on behalf of political subdivisions of this state for the promotion and development of new and expanded business enterprises to provide and encourage employment and the public welfare is in the public interest and is a public purpose.

(b) This subtitle shall be construed in conformity with the intention of the legislature expressed in this section.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.005. ADOPTION OF ALTERNATE PROCEDURE. If a court holds that a procedure under this subtitle violates the federal or state constitution, a corporation by resolution may provide an alternate procedure that conforms to the constitution.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.006. USE OF CORPORATION TO FINANCE PROJECT. A unit may use a corporation to issue bonds on the unit's behalf to finance the cost of a project, including a project in a federally designated empowerment zone or enterprise community or in an enterprise zone designated under Chapter 2303, Government Code, to promote and develop new and expanded business enterprises for the promotion and encouragement of employment and the public welfare.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.007. LENDING CREDIT OR GRANTING PUBLIC MONEY. (a) Except as provided by Subsection (b), a unit may not lend its credit or grant public money or another thing of value in aid of a corporation.

(b) A municipality may grant public money to a corporation under a contract authorized by Section 380.002.

(c) The grants, loans, expenditures, and tax exemptions authorized by this subtitle in connection with a project and authorized by a corporation

in accordance with this subtitle constitute the making of loans or grants of public money or constitute other actions authorized by Section 52-a, Article III, Texas Constitution.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.011(a), eff. September 1, 2009.

Sec. 501.008. LIMITATION ON FINANCIAL OBLIGATION. A corporation may not incur a financial obligation that cannot be paid from:

- (1) bond proceeds;
- (2) revenue realized from the lease or sale of a project;
- (3) revenue realized from a loan made by the corporation to wholly or partly finance or refinance a project; or
- (4) money granted under a contract with a municipality under Section 380.002.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.009. POLICE POWERS NOT AFFECTED. This subtitle does not deprive this state or a governmental subdivision of this state of its police powers over a corporation's property and does not impair any police power over the property that is otherwise provided by law to any official or agency of this state or its governmental subdivisions.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.010. DELEGATION OF UNIT'S SOVEREIGN POWERS PROHIBITED. A unit may not delegate to a corporation any of the unit's attributes of sovereignty, including the power to tax, the power of eminent domain, and the police power.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.011. REFERENCE TO ARTICLES OF INCORPORATION OR CERTIFICATE OF FORMATION. (a) With respect to a corporation created under the

Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes) before January 1, 2006, a reference in any law of this state or in the corporation's governing documents to "articles of incorporation" means, for purposes of this subtitle, the corporation's certificate of formation.

(b) With respect to a corporation that is created under the Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes) before January 1, 2006, and continues to operate under articles of incorporation, a reference in this subtitle or any other law of this state or in the corporation's governing documents to "certificate of formation" means the corporation's articles of incorporation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

SUBCHAPTER B. CREATION AND OPERATION OF CORPORATION

Sec. 501.051. AUTHORITY TO CREATE. (a) Three or more individuals who are qualified voters of a unit may file with the unit's governing body a written application requesting the unit to authorize creation of a corporation to act on behalf of the unit. The governing body may not charge a filing fee for the application.

(b) A corporation may be created only if the governing body of the unit by resolution:

(1) determines that the creation of the corporation is advisable; and

(2) approves the certificate of formation proposed to be used in organizing the corporation.

(c) A unit may authorize the creation of one or more corporations if the resolution authorizing the creation of each corporation specifies the public purpose of the unit to be furthered by the corporation. The specified public purpose must be limited to the promotion and development under this subtitle of enterprises to promote and encourage employment and the public welfare.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.052. NONMEMBER, NONSTOCK FORM OF CORPORATION. A corporation is a nonmember, nonstock corporation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.053. CORPORATION NONPROFIT; NET EARNINGS. (a) A corporation is nonprofit, and the corporation's net earnings remaining after payment of its expenses may not benefit an individual, firm, or corporation, except as provided by Subsection (b).

(b) If the board of directors determines that sufficient provision has been made for the full payment of the corporation's expenses, bonds, and other obligations, any net earnings of the corporation subsequently accruing shall be paid to the corporation's authorizing unit.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.054. GENERAL POWERS, PRIVILEGES, AND FUNCTIONS. (a) A corporation has the powers, privileges, and functions of a nonprofit corporation incorporated under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) or formed under the Texas Nonprofit Corporation Law, as described by Section 1.008, Business Organizations Code. To the extent that the provisions governing powers, privileges, and functions of a nonprofit corporation under those laws are in conflict with or inconsistent with provisions of this subtitle governing powers, privileges, and functions of a nonprofit corporation, the provisions of this subtitle prevail.

(b) A corporation:

(1) has all powers incidental to or necessary for the performance of the powers provided by Sections 501.059, 501.060, 501.064, 501.153-501.155, 501.159, 501.201(a), 501.208, 501.209, 501.214, and 501.402; and

(2) with respect to a project, may exercise all powers necessary or appropriate to effect a purpose for which the corporation is organized, subject to the control of the governing body of the corporation's authorizing unit.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.055. CONSTITUTED AUTHORITY OR INSTRUMENTALITY. (a) A corporation is a constituted authority and an instrumentality, within the meaning of the United States Department of the Treasury regulations and the

Internal Revenue Service rulings adopted under Section 103, Internal Revenue Code of 1986, as amended, including regulations and rulings adopted under Section 103, Internal Revenue Code of 1954, and may act on behalf of the corporation's authorizing unit for the specific public purpose authorized by the unit.

(b) A corporation is not a political subdivision or a political corporation for purposes of the laws of this state, including Section 52, Article III, Texas Constitution.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.056. CONTENTS OF CERTIFICATE OF FORMATION. The certificate of formation of a corporation must state:

- (1) the name of the corporation;
- (2) that the corporation is a nonprofit corporation;
- (3) the duration of the corporation, which may be perpetual;
- (4) the specific purpose for which the corporation is organized and may issue bonds on behalf of the unit;
- (5) that the corporation has no members and is a nonstock corporation;
- (6) any provision consistent with law for the regulation of the corporation's internal affairs, including any provision required or permitted by this subtitle to be stated in the bylaws;
- (7) the street address of the corporation's initial registered office and the name of the corporation's initial registered agent at that address;
- (8) the number of directors of the initial board of directors and the name and address of each initial director;
- (9) the name and street address of each organizer; and
- (10) that the unit has:
 - (A) by resolution specifically authorized the corporation to act on the unit's behalf to further the public purpose stated in the resolution and the certificate of formation; and
 - (B) approved the certificate of formation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.057. FILING OF CERTIFICATE OF FORMATION AND DELIVERY OF CERTIFICATE EVIDENCING FILING. (a) If the unit's governing body adopts a

resolution under Section 501.051, the certificate of formation may be filed as provided by this section.

(b) Three originals of the certificate of formation shall be delivered to the secretary of state. If the secretary of state determines that the certificate of formation conforms to this subchapter, the secretary of state shall:

(1) endorse the word "Filed" and the date of the filing on each original certificate of formation;

(2) file one of the original certificates of formation in the secretary of state's office;

(3) issue two certificates evidencing the filing of the certificate of formation;

(4) attach to each certificate evidencing the filing of the certificate of formation an original of the certificate of formation; and

(5) deliver a certificate evidencing the filing of the certificate of formation and the attached certificate of formation to:

(A) the organizers or the organizers' representatives; and

(B) the governing body of:

(i) the corporation's authorizing unit; or

(ii) any county in the county alliance that authorized the creation of the corporation, for a county alliance corporation.

(c) The governing body of a county to which a certificate evidencing the filing of the certificate of formation and the attached certificate of formation are delivered under Subsection (b) (5) (B) (ii) shall provide photocopies of the certificate evidencing the filing of the certificate of formation and the attached certificate of formation to each other member of the county alliance.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.058. EFFECT OF ISSUANCE OF CERTIFICATE EVIDENCING FILING.

(a) A corporation's existence begins when the certificate evidencing the filing of its certificate of formation is issued.

(b) After the issuance of the certificate evidencing the filing of the certificate of formation, the formation of the corporation may not be contested for any reason.

(c) A certificate evidencing the filing of the certificate of formation is conclusive evidence that:

- (1) the organizers and the unit have performed all conditions precedent for the formation of the corporation; and
- (2) the corporation is formed under this subtitle.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.059. CORPORATE SEAL. A corporation may have a corporate seal and with respect to a project may impress, affix, or otherwise reproduce the seal or a facsimile of the seal on an instrument required to be executed by the corporation's appropriate officers.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.060. MAY SUE AND BE SUED. With respect to a project, a corporation may sue, be sued, complain, and defend in the corporation's name.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.061. CORPORATION'S ORGANIZATION NOT RESTRICTED. Except as provided by this subtitle, no proceeding, notice, or approval is required for the organization of a corporation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.062. BOARD OF DIRECTORS. (a) All of the powers of a corporation are vested in a board of directors consisting of three or more directors appointed by the governing body of the corporation's authorizing unit.

(b) A director serves for a term of not more than six years.

(c) The governing body of the corporation's authorizing unit may remove a director for cause or at will.

(d) A director serves without compensation, but is entitled to reimbursement for actual expenses incurred in the performance of the director's duties under this subtitle.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.063. ORGANIZATIONAL MEETING. (a) After issuance of the certificate evidencing the filing of the certificate of formation, the board of directors named in the certificate of formation shall hold an organizational meeting in this state to adopt bylaws and elect officers and for other purposes.

(b) Not later than the third day before the date of the meeting, the organizers who call the meeting shall give notice by mail of the time and place of the meeting to each director named in the certificate of formation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.064. BYLAWS. (a) A corporation may adopt and amend bylaws for the administration and regulation of the corporation's affairs.

(b) The board of directors shall adopt a corporation's initial bylaws.

(c) The bylaws and each amendment of the bylaws must:

(1) be consistent with state law and with the certificate of formation of the corporation; and

(2) be approved by resolution of the governing body of the corporation's authorizing unit.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.065. OFFICERS. (a) A corporation has the following officers:

(1) a president;

(2) at least one vice president;

(3) a secretary;

(4) a treasurer; and

(5) other officers or assistant officers considered necessary.

(b) An officer of the corporation is elected or appointed at the time, in the manner, and for the term prescribed by the certificate of formation or bylaws, except that an officer's term may not exceed three years. In the absence of provisions in the certificate of formation or the

bylaws prescribing the selection or terms of officers, the board of directors shall annually elect or appoint officers.

(c) A person may hold more than one office, except that the same person may not hold the offices of president and secretary.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.066. INDEMNIFICATION. (a) In this section, "director or officer" includes a former director or officer.

(b) Except as provided by Subsection (d), a corporation may indemnify a director or officer of the corporation for necessary expenses and costs, including attorney's fees, actually incurred by the director or officer in connection with a claim asserted against the director or officer, by action in court or another forum, by reason of the director's or officer's being or having been a director or officer of the corporation.

(c) Except as provided by Subsection (d), if a corporation has not fully indemnified a director or officer under Subsection (b), the court in a proceeding in which a claim is asserted against the director or officer or a court having jurisdiction over an action brought by the director or officer on a claim for indemnity may assess indemnity against the corporation or the corporation's receiver or trustee. The assessment must equal the amount that the director or officer paid to satisfy the judgment or compromise the claim, including attorney's fees and not including any amount paid to the corporation, to the extent that:

- (1) the amount paid was actually and necessarily incurred; and
- (2) the court considers the amount paid reasonable and equitable.

(d) A corporation may not indemnify a director or officer for a matter in which the director or officer is guilty of negligence or misconduct. A court may assess indemnity against the corporation only if the court finds that the director or officer was not guilty of negligence or misconduct in the matter for which indemnity is sought.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.067. INSURANCE AND BENEFITS. (a) Notwithstanding any law to the contrary and with the consent of the corporation's authorizing unit, a corporation may obtain:

- (1) health benefits coverage, liability coverage, workers' compensation coverage, and property coverage under the authorizing unit's

insurance policies, through self-funded coverage, or under coverage provided under an interlocal agreement with a political subdivision; or

(2) retirement benefits under a retirement program the authorizing unit participates in or operates.

(b) Health benefits coverage may be extended to the corporation's directors and employees, and to the dependents of the directors and employees.

(c) Workers' compensation benefits may be extended to the corporation's directors, employees, and volunteers.

(d) Liability coverage may be extended to protect the corporation and the corporation's directors and employees.

(e) Retirement benefits may be extended to the corporation's employees.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.068. BOARD MEETINGS; NOTICE OF MEETING. (a) A board of directors may hold a regular meeting in this state with or without notice as prescribed by the corporation's bylaws.

(b) A board of directors may hold a special meeting with notice as prescribed by the corporation's bylaws.

(c) A director's attendance at a board meeting constitutes a waiver of notice of the meeting, unless the director attends the meeting for the express purpose of objecting to the transaction of any business at the meeting because the meeting has not been lawfully called or convened.

(d) Unless required by the corporation's bylaws, notice or waiver of notice of a board meeting is not required to specify the business to be transacted at the meeting or the purpose of the meeting.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.069. WAIVER OF NOTICE. If a notice is required to be given to a director of a corporation under this subtitle or the corporation's certificate of formation or bylaws, a written waiver of the notice signed by the person entitled to the notice is equivalent to giving the required notice. The waiver may be given before or after the time that would have been stated in the notice.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.070. ACTION OF BOARD; QUORUM. (a) A quorum of a board of directors is the lesser of:

(1) a majority of the number of directors:

(A) established by the corporation's bylaws; or

(B) stated in the corporation's certificate of formation, if the bylaws do not establish the number of directors; or

(2) the number of directors, not less than three, established as a quorum by the certificate of formation or bylaws.

(b) The act of a majority of the directors present at a meeting at which a quorum is present is an act of the board of directors, unless the act of a larger number is required by the certificate of formation or bylaws of the corporation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.071. ACTION WITHOUT MEETING. (a) An action that may be taken at a meeting of a board of directors, including an action required by this subtitle to be taken at a meeting, may be taken without a meeting if each director signs a written consent providing the action to be taken.

(b) The consent has the same effect as a unanimous vote and may be stated as such in a document filed with the secretary of state under this subtitle.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.072. OPEN MEETINGS AND PUBLIC INFORMATION. A board of directors is subject to the open meetings law, Chapter 551, Government Code, and the public information law, Chapter 552, Government Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.073. SUPERVISION BY AUTHORIZING UNIT. (a) The corporation's authorizing unit will approve all programs and expenditures

of a corporation and annually review any financial statements of the corporation.

(b) A corporation's authorizing unit is entitled to access to the corporation's books and records at all times.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.074. PURCHASING. A corporation may use the reverse auction procedure defined by Section 2155.062(d), Government Code, for purchasing.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.075. EXEMPTION FROM TAXATION. (a) The activities of a corporation affect all the residents of the corporation's authorizing unit by the corporation's assuming to a material extent what otherwise might be an obligation or duty of the authorizing unit, and therefore the corporation is an institution of purely public charity within the tax exemption of Section 2, Article VIII, Texas Constitution.

(b) A corporation is exempt from the tax imposed by Chapter 171, Tax Code, only if the corporation is exempted by that chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

SUBCHAPTER C. AUTHORIZED PROJECTS

Sec. 501.101. PROJECTS RELATED TO CREATION OR RETENTION OF PRIMARY JOBS. In this subtitle, "project" includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements that are:

- (1) for the creation or retention of primary jobs; and
- (2) found by the board of directors to be required or suitable for the development, retention, or expansion of:

- (A) manufacturing and industrial facilities;
- (B) research and development facilities;
- (C) military facilities, including closed or realigned military bases;
- (D) transportation facilities, including airports, hangars, railports, rail switching facilities, maintenance and repair facilities,

cargo facilities, related infrastructure located on or adjacent to an airport or railport facility, marine ports, inland ports, mass commuting facilities, and parking facilities;

(E) sewage or solid waste disposal facilities;

(F) recycling facilities;

(G) air or water pollution control facilities;

(H) facilities for furnishing water to the public;

(I) distribution centers;

(J) small warehouse facilities capable of serving as decentralized storage and distribution centers;

(K) primary job training facilities for use by institutions of higher education; or

(L) regional or national corporate headquarters facilities.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.012(a), eff. September 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 150 (S.B. 2052), Sec. 1, eff. September 1, 2009.

Sec. 501.102. PROJECTS RELATED TO CERTAIN JOB TRAINING. In this subtitle, "project" includes job training required or suitable for the promotion of development and expansion of business enterprises and other enterprises described by this subtitle, as provided by Section 501.162.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.103. CERTAIN INFRASTRUCTURE IMPROVEMENT PROJECTS. In this subtitle, "project" includes expenditures that are found by the board of directors to be required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises, limited to:

(1) streets and roads, rail spurs, water and sewer utilities, electric utilities, or gas utilities, drainage, site improvements, and related improvements;

(2) telecommunications and Internet improvements; or

(3) beach remediation along the Gulf of Mexico.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.104. PROJECTS RELATED TO CERTAIN MILITARY BASES OR MISSIONS. In this subtitle, "project" includes the infrastructure, improvements, land acquisition, buildings, or expenditures that:

(1) are for the creation or retention of primary jobs or jobs that are included in North American Industry Classification System (NAICS) sector number 926120, Regulation and Administration of Transportation Programs, for the corresponding index entry for Coast Guard (except the Coast Guard Academy); and

(2) are found by the board of directors to be required or suitable for:

(A) promoting or supporting a military base in active use to prevent the possible future closure or realignment of the base;

(B) attracting new military missions to a military base in active use; or

(C) redeveloping a military base that has been closed or realigned, including a military base closed or realigned according to the recommendation of the Defense Base Closure and Realignment Commission under the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. Section 2687 note).

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.105. CAREER CENTER PROJECTS OUTSIDE OF JUNIOR COLLEGE DISTRICT. In this subtitle, "project" includes the land, buildings, equipment, facilities, improvements, and expenditures found by the board of directors to be required or suitable for use for a career center, if the area to be benefited by the career center is not located in the taxing jurisdiction of a junior college district.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.106. AIRPORT FACILITIES OR OTHER PROJECTS BY CORPORATIONS AUTHORIZED BY CERTAIN BORDER MUNICIPALITIES. (a) This section applies only to a corporation authorized to be created by a municipality, any part of which is located within 25 miles of an international border.

(b) For a corporation to which this section applies, in this subtitle, "project" includes the land, buildings, facilities, infrastructure, and improvements that:

(1) the corporation's board of directors finds are required or suitable for the development or promotion of new or expanded business enterprises through transportation facilities including airports, hangars, railports, rail switching facilities, maintenance and repair facilities, cargo facilities, marine ports, inland ports, mass commuting facilities, parking facilities, and related infrastructure located on or adjacent to an airport or railport facility; or

(2) are undertaken by the corporation if the municipality that authorized the creation of the corporation has, at the time the corporation approves the project as provided by this subtitle:

(A) a population of less than 50,000; or

(B) an average rate of unemployment that is greater than the state average rate of unemployment during the most recent 12-month period for which data is available that precedes the date the project is approved.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 795 (H.B. 2772), Sec. 1, eff. June 17, 2015.

Sec. 501.107. INFRASTRUCTURE PROJECTS BY CORPORATIONS AUTHORIZED BY MUNICIPALITIES IN CERTAIN BORDER COUNTIES. (a) This section applies only to a corporation that:

(1) is authorized to be created by a municipality wholly or partly located in a county that:

(A) is bordered by the Rio Grande;

(B) has a population of at least 500,000; and

(C) has wholly or partly within its boundaries at least four municipalities each of which has a population of at least 25,000; and

(2) does not support a project, as defined by this subchapter, with sales and use tax revenue collected under Chapter 504 or 505.

(b) For a corporation to which this section applies, in this subtitle, "project" includes expenditures found by the board of directors to be required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises, including airports, ports, and sewer or solid waste disposal facilities.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

SUBCHAPTER D. CORPORATE POWERS AND LIMITATIONS RELATING TO PROJECTS

Sec. 501.151. AUTHORITY TO FINANCE PROJECT. A corporation is a constituted authority for the purpose of financing one or more projects.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.152. DEFINITION OF COST WITH RESPECT TO PROJECT. In this subtitle, "cost," with respect to a project, means the cost of the acquisition, cleanup, construction, reconstruction, improvement, or expansion of a project, including:

- (1) the cost of acquiring all land, rights-of-way, property rights, easements, and interests;
- (2) the cost of all machinery and equipment;
- (3) financing charges;
- (4) the cost of inventory, raw materials, and other supplies;
- (5) research and development costs;
- (6) interest accruing before and during construction and until the first anniversary of the date the construction is completed, regardless of whether capitalized;
- (7) necessary reserve funds;
- (8) the cost of estimates, including estimates of cost and revenue;
- (9) the cost of engineering or legal services;
- (10) the cost of plans, specifications, or surveys;
- (11) other expenses necessary or incident to determining the feasibility and practicability of acquiring, cleaning, constructing, reconstructing, improving, and expanding the project;
- (12) administrative expenses; and
- (13) other expenditures necessary or incident to:
 - (A) acquiring, cleaning, constructing, reconstructing, improving, and expanding the project;
 - (B) placing the project in operation; and
 - (C) financing or refinancing the project, including refunding any outstanding obligations, mortgages, or advances issued, made, or given by a person for a cost described by this section.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.153. LEASE OR SALE OF PROJECT. (a) A corporation may:

(1) lease all or any part of a project to a user, for the rental and on the terms that the corporation's board of directors considers advisable and not in conflict with this subtitle; or

(2) sell, by installment payments or otherwise, and convey all or any part of a project to a user for the purchase price and on the terms the corporation's board of directors considers advisable and not in conflict with this subtitle.

(b) A corporation may grant a lessee an option to purchase all or any part of a project when all bonds of the corporation delivered to provide those facilities have been paid or provision has been made for the bonds' final payment. This subsection is procedurally exclusive for authority to convey or grant an option to purchase all or part of a project, and reference to another law is not required.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.154. CONVEYANCE OF PROPERTY TO INSTITUTION OF HIGHER EDUCATION. With respect to a project, a corporation may donate, exchange, convey, sell, or lease land, improvements, or any other interest in real property, fixtures, furnishings, equipment, or personal property to an institution of higher education for a legal purpose of the institution, on the terms the corporation's board of directors considers advisable and not in conflict with this subtitle.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.155. LOAN TO FINANCE PROJECT. (a) A corporation may make a secured or unsecured loan to a user for the purpose of providing temporary or permanent financing or refinancing of all or part of the cost of a project, including the refunding of an outstanding obligation, mortgage, or advance issued, made, or given by a person for the cost of a project.

(b) For a loan made under this section, a corporation may charge and collect interest on the terms the corporation's board of directors considers advisable and not in conflict with this subtitle.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.156. AGREEMENT MUST BENEFIT CORPORATION. An agreement relating to a project must be for the benefit of the corporation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.157. DEFAULT ON AGREEMENT; ENFORCEMENT. An agreement relating to a project must provide that if a default occurs in the payment of the principal of or the interest or premium on the bonds or in the performance of any agreement contained in a proceeding, mortgage, or instrument, the payment or performance may be enforced by:

- (1) mandamus; or
- (2) the appointment of a receiver in equity with the power to:
 - (A) charge and collect rents, purchase price payments, and loan payments; and
 - (B) apply the revenue from the project in accordance with the resolution, mortgage, or instrument.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.158. PERFORMANCE AGREEMENTS. (a) A corporation may not provide a direct incentive to or make an expenditure on behalf of a business enterprise under a project as defined by Subchapter C of this chapter or by Subchapter D, Chapter 505, unless the corporation enters into a performance agreement with the business enterprise.

(b) A performance agreement between a corporation and business enterprise must:

- (1) provide, at a minimum, for a schedule of additional payroll or jobs to be created or retained and capital investment to be made as consideration for any direct incentives provided or expenditures made by the corporation under the agreement; and
- (2) specify the terms under which repayment must be made if the business enterprise does not meet the performance requirements specified in the agreement.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.159. POWERS CONCERNING PROJECTS; JURISDICTION. (a) A corporation may acquire, by construction, devise, purchase, gift, lease, or otherwise, or any one or more of those methods and may construct, improve, maintain, equip, and furnish one or more projects undertaken by another corporation or located within this state, including within the coastal waters of this state, and within or partially within the limits of the authorizing unit of the corporation or within the limits of another unit, if the governing body of the other corporation or the unit requests the corporation to exercise its powers within that unit.

(b) A corporation may recover the costs of an investment under Subsection (a) from a unit or another corporation under a contract with a limited or unlimited duration.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.160. OWNING OR OPERATING PROJECT AS BUSINESS. (a) Except as provided by Subsection (d), a corporation may not own or operate a project as a business other than:

- (1) as a lessor, seller, or lender; or
- (2) according to the requirements of any trust agreement securing the credit transaction.

(b) The user under a lease, sale, or loan agreement relating to a project is considered the owner of the project for purposes of ad valorem taxes, sales and use taxes, or any other taxes imposed by this state or a political subdivision of this state.

(c) Purchasing and holding a mortgage, deed of trust, or other security interest or contracting for the servicing of a mortgage, deed of trust, or other security interest is not considered the operation of a project.

(d) A corporation has all the powers necessary to own and operate a project as a business if:

- (1) the project is a military installation or military facility that has been closed or realigned, including a military installation or facility closed or realigned under the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. Section 2687 note), as amended; or
- (2) the project is authorized under Section 501.106.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 795 (H.B. 2772), Sec. 2, eff. June 17, 2015.

Sec. 501.161. CERTAIN ECONOMIC INCENTIVES PROHIBITED. (a) In this section, "related party" means a person who owns at least 80 percent of the business enterprise to which the sales and use tax would be rebated as part of an economic incentive.

(b) Notwithstanding any other provision of this subtitle, a corporation may not offer to provide an economic incentive for a business enterprise whose business consists primarily of purchasing taxable items using a resale certificate and then reselling those items to a related party.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.162. USE OF TAX REVENUE FOR JOB TRAINING. A corporation may spend tax revenue received under this subtitle for job training offered through a business enterprise only if the business enterprise has committed in writing to:

(1) create new jobs that pay wages that are at least equal to the prevailing wage for the applicable occupation in the local labor market area; or

(2) increase its payroll to pay wages that are at least equal to the prevailing wage for the applicable occupation in the local labor market area.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.163. USE OF TAX REVENUE FOR JOB-RELATED SKILLS TRAINING BY CERTAIN CORPORATIONS. (a) This section applies only to a corporation the creation of which was authorized by a municipality that:

(1) has a population of 10,000 or more;

(2) is located in a county that borders:

(A) the Gulf of Mexico or the Gulf Intracoastal Waterway; or

(B) the United Mexican States and in which four

municipalities with a population of 70,000 or more are located; and

(3) has, or is included in a metropolitan statistical area of this state that has, an unemployment rate that averaged at least two percent above the state average for the most recent two consecutive years for which statistics are available.

(b) A corporation may spend tax revenue received under this subtitle for job training that consists of:

(1) providing job-related life skills sufficient to enable an unemployed individual to obtain employment; and

(2) providing job training skills sufficient to enable an unemployed individual to obtain employment.

(c) A corporation to which this section applies may contract with any person to provide the job training authorized under this section.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1283 (H.B. 1967), Sec. 1, eff. June 14, 2013.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 648 (S.B. 1748), Sec. 1, eff. June 12, 2017.

For expiration of this section, see Subsection (c).

Sec. 501.164. USE OF TAX REVENUE FOR HOUSING FACILITIES FOR PUBLIC STATE COLLEGES. (a) In this section:

(1) "Housing facility" has the meaning assigned by Section 53.02, Education Code.

(2) "Public state college" has the meaning assigned by Section 61.003, Education Code.

(b) A corporation may spend tax revenue received under this subtitle for expenditures that are for the development or construction of housing facilities on or adjacent to the campus of a public state college.

(c) This section expires September 1, 2017.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1295 (H.B. 2473), Sec. 1, eff. June 14, 2013.

Redesignated from Local Government Code, Section 501.163 by Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. 1296), Sec. 21.001(42), eff. September 1, 2015.

SUBCHAPTER E. CORPORATE POWERS AND LIMITATIONS RELATING TO BONDS

Sec. 501.201. AUTHORITY TO ISSUE BONDS. (a) A corporation may issue bonds to defray all or part of the cost of a project, regardless of whether

the bonds are wholly or partly exempt from federal income taxation.

(b) Except as limited by this subtitle or rules and guidelines of the economic development office, a corporation has full authority with respect to bonds.

(c) Except as otherwise provided by this subtitle, a corporation may issue bonds under this subtitle without obtaining the consent or approval of any department, division, or agency of this state, other than the attorney general under Chapter 1202, Government Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.202. TERMS. Bonds issued by a corporation must be dated and must mature in not more than 40 years.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.203. SECURITIES COMMISSIONER PERMIT TO SELL SECURITIES REQUIRED. A corporation may not sell or offer for sale bonds or other securities until the securities commissioner grants a permit authorizing the corporation to offer and sell the bonds or other securities under the registration provisions of The Securities Act (Article 581-1 et seq., Vernon's Texas Civil Statutes), except as exempted from registration by rule or order of the State Securities Board. Appeal from an adverse decision of the securities commissioner or the State Securities Board is under the administrative procedure law, Chapter 2001, Government Code. The substantial evidence rule applies in an appeal under this subsection.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.204. AUTHORIZING UNIT'S APPROVAL OF BONDS. (a) A corporation may not deliver bonds, including refunding bonds, unless the governing body of the corporation's authorizing unit adopts a resolution, not earlier than the 60th day before the date the bonds are delivered, specifically approving the corporation's resolution providing for the issuance of the bonds.

(b) If the corporation is authorized to be created by a county alliance, the resolution required by Subsection (a) must be adopted by the

commissioners courts of at least three-fifths of the members of the county alliance.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.205. BOND COUNSEL AND FINANCIAL ADVISORS. Bond counsel and financial advisors participating in a bond issue must be mutually acceptable to the corporation and the user.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.206. MONEY USED TO PAY BONDS. The principal of and interest on bonds issued by a corporation are payable only from the money provided for that payment and from the revenue of the project or projects for which the bonds were authorized.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.207. BONDS NOT DEBT OF STATE OR AUTHORIZING UNIT. (a) Bonds issued under this subtitle are not a debt or pledge of the faith and credit of this state, the authorizing unit of the corporation issuing the bonds, or any other political corporation, subdivision, or agency of this state.

(b) The revenue bonds issued under this subtitle must contain on their face a statement to the effect that:

(1) neither this state, the authorizing unit of the corporation issuing the bonds, nor any other political corporation, subdivision, or agency of this state is obligated to pay the principal of or the interest on the bonds; and

(2) neither the faith and credit nor the taxing power of this state, the authorizing unit of the corporation issuing the bonds, or any other political corporation, subdivision, or agency of this state is pledged to the payment of the principal of or the interest on the bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.208. BOND SECURITY; DEFAULT. (a) The principal of and interest on any bonds issued by a corporation shall be secured by a pledge of the revenues and receipts derived by the corporation from the lease or sale of the project financed by the bonds or from the loan made by the corporation with respect to the project financed or refinanced by the bonds.

(b) As security for the payment of the principal of and interest on any bonds issued by a corporation and any agreements made in connection with the issuance of bonds, the corporation may:

(1) mortgage and pledge any or all of the corporation's projects or any part of a project, including the project financed or refinanced and any enlargements of and additions to the project, owned before or acquired after the time of the mortgage or pledge; and

(2) assign any mortgage and repledge any security conveyed to the corporation to secure any loan made by the corporation, and pledge the revenues and receipts from the assigned mortgage or security.

(c) The resolution authorizing the issuance of bonds and any mortgage covering all or part of the project financed may include any agreement or provision that the board of directors considers advisable and not in conflict with this subtitle and that relates to:

(1) the maintenance of the project covered by the bonds or mortgage;

(2) the fixing and collection of rents;

(3) purchase price payments;

(4) loan payments;

(5) the creation and maintenance of special funds from those revenues; or

(6) the rights and remedies available in the event of a default.

(d) A mortgage to secure bonds may also provide that, in the event of a default in the payment of the bonds or a violation of another agreement contained in the mortgage, the mortgage may be foreclosed and the mortgaged property may be sold in any manner permitted by law. The mortgage may provide that a trustee under the mortgage or the holder of any of the bonds secured by the mortgage may purchase property at a foreclosure sale if the trustee or holder is the highest bidder.

(e) A pledge, agreement, or mortgage made for the benefit or security of any of the corporation's bonds continues in effect until the principal of and interest on the bonds benefited or secured by the pledge, agreement, or mortgage have been fully paid.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.209. TRUST AGREEMENT. (a) Bonds issued under this subtitle may be secured by a trust agreement between the corporation and a trust company or bank having the powers of a trust company. The trust company or bank may be located in or outside of this state.

(b) The trust agreement may:

(1) pledge or assign the lease, sale, or loan revenues to be received with respect to a project from a lessee, purchaser, or borrower for the payment of the principal of and interest and any premium on the bonds as the bonds become due and payable;

(2) provide for the creation and maintenance of reserves for a purpose described by Subdivision (1);

(3) state the rights and remedies of the bondholders and the trustee;

(4) restrict the individual right of action by bondholders in a manner that is customary in trust agreements or trust indentures securing bonds and debentures of private corporations; and

(5) include any additional provision that the corporation considers reasonable and proper for the security of the bondholders.

(c) The trust agreement or a resolution approving the issuance of the bonds may provide for the protection and enforcement of the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including covenants providing the duties relating to:

(1) the acquisition of property and the construction, improvement, maintenance, repair, operation, and insurance of the project in connection with which the bonds are authorized; and

(2) the custody, protection, and application of all money.

(d) A bank or trust company incorporated under the laws of this state that acts as depository of the bond proceeds or of revenues may furnish indemnifying bonds or pledge securities as required by the corporation.

(e) All expenses incurred in carrying out the trust agreement may be treated as a part of the cost of operating the project.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.210. FINANCIAL ASSURANCE OR RESPONSIBILITY REQUIREMENTS FOR CERTAIN PROJECTS. (a) The resolution or mortgage described by Section

501.208(c) may contain any agreement or provision for satisfying the financial assurance or responsibility requirements applicable to a project for which a permit is required under Chapter 361, Health and Safety Code, or Chapter 27, Water Code, including a requirement relating to construction, proper operation, liability coverage, emergency response capability, well plugging, closure, and post-closure care.

(b) Evidence of the passage of a resolution by a governing body approving or agreeing to approve the issuance of bonds for the purpose of satisfying the financial assurance or responsibility requirements applicable to the project is an adequate demonstration that sufficient financial resources will be available to comply with all existing financial assurance or responsibility requirements.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.211. USE OF BOND PROCEEDS. (a) The proceeds of the bonds of each issue shall be:

(1) used to pay or make a loan in the amount of all or part of the cost of the project or projects for which the bonds were authorized; and

(2) disbursed in the manner and under any restrictions provided in the resolution authorizing the issuance of the bonds or in any trust agreement securing the bonds.

(b) Bond proceeds may be used to:

(1) pay all costs incurred in issuing the bonds;

(2) pay interest on the bonds for any time determined by the board of directors of the corporation issuing the bonds; and

(3) establish reserve funds and sinking funds for the bonds.

(c) If the proceeds of the bonds of any series issued for a project exceed the cost of the project for which the bonds were issued, the surplus shall be:

(1) deposited to the credit of the sinking fund for the bonds; or

(2) used to purchase bonds in the open market.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.212. INTERIM BONDS. (a) Before the preparation of definitive bonds, the corporation may, under like restrictions, issue

interim bonds that may be exchanged for definitive bonds when the definitive bonds are executed and available for delivery.

(b) The corporation may issue interim bonds with or without coupons.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.213. REFUNDING BONDS. (a) A corporation may provide by resolution for the issuance of refunding bonds:

(1) to refund outstanding bonds issued under this subtitle for a project, including the payment of any redemption premium on the bonds and the interest accrued or to accrue to the date of redemption; and

(2) if considered advisable by the corporation, additionally to finance improvements, extensions, or enlargements to the project for which the bonds being refunded were issued or for another project.

(b) The provisions of this subtitle relating to other bonds govern the issuance, maturities, and other details of the refunding bonds, the rights of the holders of the refunding bonds, and the rights, duties, and obligations of the corporation with respect to the same to the extent those provisions may be applicable.

(c) The corporation may issue the refunding bonds in exchange for outstanding bonds or may sell the refunding bonds and use the proceeds to redeem outstanding bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.214. SALE OR EXCHANGE OF BONDS. With respect to a project, a corporation may:

(1) sell bonds; or

(2) exchange bonds for property, labor, services, material, or equipment comprising a project or incidental to the acquisition of a project.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

SUBCHAPTER F. ADMINISTRATION BY ECONOMIC DEVELOPMENT OFFICE

Sec. 501.251. STATE STANDARDS FOR PROJECT ELIGIBILITY. The economic development office shall adopt rules providing minimum standards for

project eligibility.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.252. STATE STANDARDS AND GUIDELINES FOR LEASE, SALE, OR LOAN AGREEMENTS. (a) The economic development office shall adopt rules:

- (1) providing minimum standards for lease, sale, and loan agreements entered into under this subtitle; and
- (2) providing guidelines with respect to the business experience, financial resources, and responsibilities of the lessee, purchaser, or borrower under a lease, sale, or loan agreement entered into under this subtitle.

(b) The economic development office may adopt rules governing the terms of a loan made by a corporation to a bank or other lending institution the proceeds of which are reloaned as permanent or temporary financing of a project.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.253. RULES FOR SMALL BUSINESS PROGRAMS. The economic development office shall adopt rules governing programs for small businesses receiving loans guaranteed wholly or partly by the United States Small Business Administration or another federal agency.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.254. FILING OF RULES AND GUIDELINES WITH SECRETARY OF STATE. Rules and guidelines adopted by the economic development office and amendments to the rules and guidelines take effect only after the filing of the rules and guidelines or amendments with the secretary of state.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.255. APPROVAL OF LEASE, SALE, OR LOAN AGREEMENT. (a) A lease, sale, or loan agreement entered into under this subtitle must be approved by the economic development office. The economic development office may not approve an agreement unless the office affirmatively finds

that the project sought to be financed furthers the public purposes of this subtitle.

(b) The corporation may appeal an adverse ruling or decision of the economic development office under Subsection (a) to a district court of Travis County. The substantial evidence rule applies in an appeal under this subsection.

(c) A corporation:

(1) may enter into a lease, sale, or loan agreement under this subtitle without obtaining the consent or approval of any department, division, or agency of this state except as otherwise provided by this subtitle; and

(2) has full authority with respect to a lease, sale, or loan agreement, except as limited by this subtitle or by rules and guidelines of the economic development office.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.256. APPROVAL OF BONDS BY ECONOMIC DEVELOPMENT OFFICE. (a) A corporation may submit a transcript of proceedings in connection with the issuance of bonds to the economic development office and request that the office approve the bonds. A corporation shall include a nonrefundable filing fee with the request. The office shall set the amount of the fee at a reasonable amount that is not less than \$500 or more than \$25,000.

(b) If the economic development office refuses to approve the bond issue solely on the basis of law, the corporation may seek a writ of mandamus from the Texas Supreme Court, and for this purpose the executive director of the economic development office is considered a state officer under Section 22.002, Government Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.257. FILING OF FEE SCHEDULE AND BOND PROCEDURES. The economic development office by rule shall require a corporation to file fee schedules and bond procedures.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.258. DELEGATION OF AUTHORITY. The economic development office may delegate to the executive director of the office the authority to approve a lease, sale, or loan agreement made under this subtitle or bonds issued by a corporation or any documents submitted as provided in this subtitle.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

SUBCHAPTER G. AMENDMENT OR RESTATEMENT OF
CERTIFICATE OF FORMATION

Sec. 501.301. AMENDMENT BY BOARD OF DIRECTORS. (a) The board of directors of a corporation at any time may file with the governing body of the corporation's authorizing unit a written application requesting that the authorizing unit approve an amendment to the certificate of formation.

(b) The application must specify the proposed amendment. The board of directors shall amend the certificate of formation in accordance with this subchapter if the governing body of the authorizing unit by resolution:

- (1) determines that it is advisable to adopt the amendment;
- (2) authorizes the adoption of the amendment; and
- (3) approves the form of the amendment.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.302. AMENDMENT BY UNIT. The governing body of the authorizing unit of a corporation, at the unit's sole discretion, may in accordance with this subchapter amend the corporation's certificate of formation at any time by:

- (1) adopting the amendment by resolution; and
- (2) delivering the certificate of amendment to the secretary of state.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.303. AMENDMENT TO COUNTY ALLIANCE CORPORATION'S CERTIFICATE OF FORMATION. An amendment to the certificate of formation of a county

alliance corporation may not be adopted unless approved by the governing body of each member of the county alliance that authorized the creation of the corporation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.304. CONTENTS OF CERTIFICATE OF AMENDMENT. The certificate of amendment must:

- (1) state the name of the corporation;
- (2) if the amendment alters a provision of the certificate of formation, identify by reference or describe the altered provision and include the provision's text as amended;
- (3) if the amendment is an addition to the certificate of formation, state that fact and include the text of each provision added; and
- (4) state that the amendment was adopted or approved by the governing body of the authorizing unit and give the date the governing body adopted or approved the amendment.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.305. EXECUTION AND VERIFICATION OF CERTIFICATE OF AMENDMENT.

(a) A certificate of amendment shall be executed:

- (1) on behalf of the corporation by the president or a vice president of the corporation and by the secretary or an assistant secretary of the corporation; or
- (2) by the presiding officer of the governing body of the corporation's authorizing unit and by the secretary or clerk of the governing body.

(b) One of the officers who signs the certificate of amendment shall verify the certificate of amendment.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.306. DELIVERY AND FILING OF CERTIFICATE OF AMENDMENT. (a) Three originals of the certificate of amendment shall be delivered to the secretary of state.

(b) If the secretary of state determines that the certificate of amendment conforms to this subchapter and on receipt of a \$25 fee, the secretary of state shall:

(1) endorse the word "Filed" and the date of the filing on each original of the certificate of amendment;

(2) file one of the original certificates of amendment in the secretary of state's office;

(3) issue two certificates evidencing the filing of the certificate of amendment;

(4) attach to each certificate evidencing the filing of the certificate of amendment; and

(5) deliver a certificate evidencing the filing of the certificate of amendment and the attached certificate of amendment to:

(A) the corporation or the corporation's representative; and

(B) the governing body of the corporation's authorizing unit.

(c) On the issuance of the certificate evidencing the filing of the certificate of amendment, the amendment becomes effective and the certificate of formation is amended accordingly.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.307. SUITS OR RIGHTS NOT AFFECTED. (a) An amendment to a corporation's certificate of formation does not affect:

(1) any existing cause of action in favor of or against the corporation;

(2) any pending suit to which the corporation is a party; or

(3) the existing rights of any person.

(b) If a corporation's name is changed by amendment to the certificate of formation, a suit brought by or against the corporation under its former name does not abate for that reason.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.308. RESTATED CERTIFICATE OF FORMATION. A corporation may authorize, execute, and file a restated certificate of formation by following the procedure to amend the certificate of formation provided by this subchapter, including obtaining the approval of the governing body of the corporation's authorizing unit.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.309. RESTATEMENT WITHOUT ADDITIONAL AMENDMENT. (a) A corporation may, without making any additional amendment, restate the entire text of the certificate of formation as amended or supplemented by all certificates evidencing the filing of a certificate of amendment previously issued by the secretary of state.

(b) The introductory paragraph of a restatement under this section must contain a statement that the restatement:

- (1) accurately copies the certificate of formation and all amendments to the certificate of formation that are in effect; and
- (2) does not contain any change to the certificate of formation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.310. RESTATEMENT WITH ADDITIONAL AMENDMENT. (a) A corporation may:

- (1) restate the entire text of the certificate of formation as amended or supplemented by all certificates evidencing the filing of a certificate of amendment previously issued by the secretary of state; and
- (2) as part of the restatement, make additional amendments to the certificate of formation.

(b) A restatement under this section must:

- (1) state that each additional amendment to the certificate of formation conforms to this subtitle;
- (2) contain any statement required by this subtitle for the certificate of amendment, except that the full text of an additional amendment is not required to be set out other than in the restatement itself;
- (3) contain a statement that:
 - (A) the restatement is an accurate copy of the certificate of formation and all amendments to the certificate of formation that are in effect and all additional amendments made to the certificate of formation; and
 - (B) the restatement does not contain any other change to the certificate of formation; and
- (4) restate the text of the entire certificate of formation as amended or supplemented by all certificates evidencing the filing of a

certificate of amendment previously issued by the secretary of state and as additionally amended by the restated certificate of formation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.311. CHANGE IN CERTAIN INFORMATION NOT AMENDMENT. For purposes of restating the certificate of formation under Sections 501.309 and 501.310, substituting the current number, names, and addresses of the directors for similar information of the initial board of directors or omitting the name and address of each organizer is not an amendment to or change in the certificate of formation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.312. EXECUTION AND VERIFICATION OF RESTATED CERTIFICATE OF FORMATION. (a) Originals of the restated certificate of formation shall be executed on behalf of the corporation by the president or a vice president of the corporation and by the secretary or an assistant secretary of the corporation.

(b) One of the officers who signs the restated certificate of formation shall verify the restated certificate.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.313. DELIVERY AND FILING OF RESTATED CERTIFICATE OF FORMATION. (a) Three originals of the restated certificate of formation shall be delivered to the secretary of state.

(b) If the secretary of state determines that the restated certificate of formation conforms to law and on receipt of a \$25 fee, the secretary of state shall:

(1) endorse the word "Filed" and the date of the filing on each original of the restated certificate of formation;

(2) file one of the original restated certificates of formation in the secretary of state's office;

(3) issue two certificates evidencing the filing of the restated certificate of formation;

(4) attach to each certificate evidencing the filing of the restated certificate of formation an original of the restated certificate

of formation; and

(5) deliver a certificate evidencing the filing of the restated certificate of formation and the attached restated certificate of formation to:

(A) the corporation or the corporation's representative; and

(B) the governing body of:

(i) the corporation's authorizing unit; or

(ii) any county in the county alliance that authorized the creation of the corporation, for a county alliance corporation.

(c) The governing body of a county to which a certificate evidencing the filing of the restated certificate of formation and the attached restated certificate of formation are delivered under Subsection (b) (5) (B) (ii) shall provide photocopies of the certificate evidencing the filing of the restated certificate of formation and the attached restated certificate of formation to each other member of the county alliance.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.314. EFFECT OF ISSUANCE OF CERTIFICATE EVIDENCING FILING OF RESTATED CERTIFICATE OF FORMATION. On the issuance of the certificate evidencing the filing of the restated certificate of formation by the secretary of state:

(1) the original certificate of formation and all amendments to the original certificate of formation are superseded; and

(2) the restated certificate of formation becomes the certificate of formation of the corporation.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

SUBCHAPTER H. REGISTERED OFFICE AND AGENT; SERVICE OF PROCESS

Sec. 501.351. REGISTERED OFFICE AND AGENT. (a) A corporation shall continuously maintain in this state a registered office and registered agent.

(b) A corporation's registered office may, but is not required to be, the same as the corporation's principal office.

(c) A corporation's registered agent may be:

(1) an individual who is a resident of this state and whose business office is the same as the corporation's registered office; or

(2) a domestic or foreign for-profit or nonprofit corporation that:

(A) is authorized to transact business or to conduct affairs in this state; and

(B) has a principal or business office that is the same as the corporation's registered office.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.352. CHANGE OF REGISTERED OFFICE OR AGENT. (a) A corporation may change its registered office or registered agent by filing in the office of the secretary of state a statement declaring:

(1) the name of the corporation;

(2) the postal mailing address of the corporation's registered office at the time of filing;

(3) the postal address to which the registered office is to be changed, if the postal mailing address of the corporation's registered office is to be changed;

(4) the name of the corporation's registered agent at the time of filing;

(5) the name of the corporation's successor registered agent, if the corporation's registered agent is to be changed;

(6) that the postal mailing address of the corporation's registered office and the postal mailing address of the business office of the corporation's registered agent as changed will be the same; and

(7) that the change was authorized by:

(A) the corporation's board of directors; or

(B) an officer of the corporation authorized by the corporation's board of directors to make the change.

(b) Two originals of the statement shall be:

(1) executed on behalf of the corporation by the president or a vice president of the corporation;

(2) verified by the executing officer; and

(3) delivered to the secretary of state.

(c) If the secretary of state determines that the statement conforms to this section and on receipt of a \$25 fee, the secretary of state shall:

(1) endorse the word "Filed" and the date of the filing on each original of the statement;

(2) file one of the original statements in the secretary of state's office; and

(3) return the other original statement to the corporation or the corporation's representative.

(d) A change made by the statement becomes effective on the filing of the statement by the secretary of state.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.353. RESIGNATION OF REGISTERED AGENT. (a) A corporation's registered agent may resign by:

(1) giving written notice to the corporation at the corporation's last known address; and

(2) giving three originals of the written notice to the secretary of state not later than the 10th day after the date the notice is mailed or delivered to the corporation.

(b) The notice of resignation must include:

(1) the corporation's last known address;

(2) a statement that written notice of the resignation was given to the corporation; and

(3) the date on which the written notice of resignation was given to the corporation.

(c) If the secretary of state determines that the notice of resignation conforms to this section, the secretary of state shall:

(1) endorse the word "Filed" and the date of the filing on each original of the notice of resignation;

(2) file one of the original notices of resignation in the secretary of state's office;

(3) return one original notice of resignation to the resigning registered agent; and

(4) return one original notice of resignation to the corporation at the corporation's last known address shown in the notice.

(d) The appointment of a registered agent terminates on the 31st day after the date the secretary of state receives the notice of resignation that complies with this section.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.354. AGENTS FOR SERVICE. (a) The president, each vice president, and the registered agent of a corporation are the corporation's agents on whom a process, notice, or demand required or permitted by law to be served on the corporation may be served.

(b) If a corporation does not appoint or maintain a registered agent in this state or if the corporation's registered agent cannot with reasonable diligence be found at the registered office, the secretary of state is an agent of the corporation on whom a process, notice, or demand described by Subsection (a) may be served.

(c) Service of a process, notice, or demand on the secretary of state is made by delivering two copies of the process, notice, or demand to the secretary of state, the deputy secretary of state, or a clerk in charge of the corporation department of the secretary of state's office. The secretary of state shall immediately forward by registered mail one copy of the process, notice, or demand to the corporation at the corporation's registered office.

(d) Service made on the secretary of state under this section is returnable not earlier than the 30th day after the date of service.

(e) The secretary of state shall keep a record of each process, notice, and demand served on the secretary of state under this subtitle and shall include in the record the time of the service and the secretary of state's action in response to the service.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

SUBCHAPTER I. ALTERATION OR TERMINATION OF CORPORATION

Sec. 501.401. ALTERATION OR TERMINATION BY AUTHORIZING UNIT. (a) At any time a corporation's authorizing unit, in its sole discretion, may in accordance with this subtitle:

(1) alter the corporation's structure, organization, programs, or activities; or

(2) terminate the existence of the corporation.

(b) The authority of an authorizing unit under this section is limited only by the law of this state on the impairment of contracts entered into by the corporation.

(c) An authorizing unit may make an alteration or may terminate the corporation's existence only by a written resolution of the authorizing unit's governing body.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.402. TERMINATION OF CORPORATION ON COMPLETION OF PURPOSE. The board of directors of a corporation, with the approval by written resolution of the corporation's authorizing unit, shall terminate the corporation's existence as provided by this subtitle if the board by resolution determines that:

- (1) the purposes for which the corporation was formed have been substantially fulfilled; and
- (2) all bonds issued by the corporation have been fully paid.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.403. EXECUTION OF CERTIFICATE OF TERMINATION. A certificate of termination shall be executed:

- (1) on behalf of the corporation by the president or a vice president of the corporation and by the secretary or an assistant secretary of the corporation; or
- (2) by the presiding officer of the governing body of the corporation's authorizing unit and the secretary or clerk of the governing body.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.404. DELIVERY AND FILING OF CERTIFICATE OF TERMINATION. (a) Three originals of the certificate of termination shall be delivered to the secretary of state.

(b) If the secretary of state determines that the certificate of termination conforms to this subtitle and on receipt of a \$25 fee, the secretary of state shall:

- (1) endorse the word "Filed" and the date of the filing on each original of the certificate of termination;
- (2) file one of the original certificates of termination in the secretary of state's office;
- (3) issue two certificates evidencing the filing of the certificate of termination;

(4) attach to each certificate evidencing the filing of the certificate of termination an original of the certificate of termination; and

(5) deliver a certificate evidencing the filing of the certificate of termination and the attached certificate of termination to:

(A) the representative of the terminated corporation; and

(B) the governing body of the terminated corporation's authorizing unit.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.405. EFFECT OF ISSUANCE OF CERTIFICATE EVIDENCING FILING OF CERTIFICATE OF TERMINATION. The corporate existence ends on the issuance of the certificate evidencing the filing of the certificate of termination except for the purpose of:

(1) any suit or other proceeding; and

(2) appropriate corporate action by a director or officer under this subtitle.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.406. ASSETS ON TERMINATION. On termination the title to all funds and property owned by the corporation is transferred to the corporation's authorizing unit.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

Sec. 501.407. TERMINATION WITH TRANSFER OF ASSETS TO TYPE A CORPORATION. On approval of the governing bodies of each unit and corporation involved, a corporation that is not a Type A corporation may transfer all of the corporation's assets to a Type A corporation and terminate its existence as provided by this subtitle.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.

SUBCHAPTER J. HURRICANE IKE DISASTER RELIEF

Sec. 501.451. APPLICABILITY. This subchapter applies only to a corporation the creation of which was authorized by a unit wholly or partly located in the Hurricane Ike disaster area, as defined by Section 704, Heartland Disaster Tax Relief Act of 2008 (Pub. L. No. 110-343).

Added by Acts 2009, 81st Leg., R.S., Ch. 991 (H.B. 3854), Sec. 1, eff. June 19, 2009.

Sec. 501.452. PROJECTS RELATED TO HURRICANE IKE DISASTER AREA. For a corporation to which this subchapter applies, in this subtitle, "project":

(1) includes an undertaking the costs of which are eligible to be paid from the proceeds of qualified Hurricane Ike disaster area bonds under Section 704, Heartland Disaster Tax Relief Act of 2008 (Pub. L. No. 110-343); and

(2) does not include:

(A) a qualified residential rental project, as defined by Section 142(d), Internal Revenue Code of 1986; or

(B) a project the costs of which are payable from qualified mortgage bonds, as defined by Section 143, Internal Revenue Code of 1986.

Added by Acts 2009, 81st Leg., R.S., Ch. 991 (H.B. 3854), Sec. 1, eff. June 19, 2009.

Sec. 501.453. PROJECTS NOT ADMINISTERED BY ECONOMIC DEVELOPMENT OFFICE. A project authorized under this subchapter and bonds issued to pay all or part of the cost of a project under this subchapter are not subject to the requirements of Subchapter F.

Added by Acts 2009, 81st Leg., R.S., Ch. 991 (H.B. 3854), Sec. 1, eff. June 19, 2009.

ARTICLE I. - IN GENERAL

Secs. 30-1—30-18. - Reserved.

ARTICLE II. - PARKS DEVELOPMENT CORPORATION

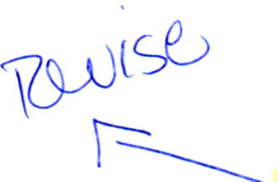
Sec. 30-19. - New members.

Upon completion of the appointment process, new directors shall be encouraged to become familiar with all aspects, duties and responsibilities of the city parks development corporation (WPDC). The WPDC secretary is encouraged to furnish to new members the telephone numbers of other WPDC board members and staff, the governing regulations, and any other pertinent information concerning the WPDC to the new board member within seven days of the new director's appointment.

(Code 2001, § 9.1001(a); Code 2010, § 1.04.181)

Sec. 30-20. - Responsibilities.

Responsibilities of the city parks development corporation are as follows:

- 
- (1) Establish policies and administer the programs and services within the confines of state law and under the direction of the city council.
 - (2) Devise and update as necessary a master plan showing locations for all current and proposed park and recreation facilities in the city.
 - (3) Collect the one-half cent sales tax as provided in the May 7, 1994 sales tax election.
 - (4) Prepare an annual budget for approval by the city council.
 - (5) Conduct public hearings and receive citizen input regarding proposed projects within the jurisdiction of the corporation.
 - (6) Ensure that the financial affairs of the corporation are conducted in accordance with the established policies of state law and the city council.
 - (7) The following items shall be forwarded to the city council for approval prior to any commitment by the parks development corporation:
 - a. All new projects.
 - b. Changes in size, scope or location of existing or planned projects.
 - c. Request for use of any land or facilities owned by the city or the PDC for temporary use for organized athletic events, etc.
 - d. Purchase or sale of land or facilities.

(Code 2001, § 9.1001(b); Code 2010, § 1.04.182)

Sec. 30-21. - Duties of members.

The specific duties of a member of the board of directors of the parks development corporation shall be as follows:

- (1) Attend all board meetings regularly and actively participate in discussion and action on agenda items.
- (2) Become well informed of all agenda items in advance of the meeting.
- (3) Express points of view based on knowledgeable input.
- (4) Consider other points of view, make constructive suggestions, and help make group decisions which reflect the thinking of the total group.
- (5) Assume board leadership responsibilities as requested, such as elected officer or committee chair.
- (6) Keep informed about the corporation's programs, policies, responsibilities, and budget status, as well as changes in state law affecting operations of the board.
- (7) Make all decisions and take all actions based on the principles of reasonable prudence, acting in good faith, with the well-being of citizens always of paramount importance.
- (8) Avoid any conflict of interest.

(Code 2001, § 9.1001(c); Code 2010, § 1.04.183)

Secs. 30-22—30-45. - Reserved.

WATAUGA PARKS DEVELOPMENT CORPORATION
BYLAWS

ARTICLE ONE: REGISTERED OFFICE

- 1.01 The registered office of the corporation is located at 7105 Whitley Road, Watauga, Texas 76148, and the name of the registered agent of the corporation at such address is Greg Vick, City Manager. The principal office for the transaction of the business of the corporation is located at 7105 Whitley Road, Watauga, Texas 76148.

ARTICLE TWO: DIRECTORS
Powers

- 2.01 The Directors shall act only as a board, and an individual Director shall have no power to act for the corporation. All corporate powers of the corporation shall be exercised by the Board of Directors or under its authority. The business and affairs of the corporation shall be controlled by the Board of Directors, subject, however, to such limitations as are imposed by law, the Articles of Incorporation or these Bylaws. The Board of Directors may, by contract or otherwise, give general or limited or special power and authority to the officers and employees of the corporation to transact the general business or any special business of the corporation and may give powers of attorney to agents of the corporation to transact any special business requiring such authorization.

Number and Qualification of Directors

- 2.02 The authorized number of Directors of this corporation shall be seven (7). Each Director must be a resident of the City of Watauga at the time of appointment and maintain that residency during entire tenure on the Board.

Election and Term of Office

- 2.03 The Directors shall be selected and appointed by the Watauga City Council and shall hold office for two (2) year terms.

Vacancies

- 2.04 Vacancies on the Board of Directors may be filled by a majority vote of the Watauga City Council at a regular meeting or special meeting called for that purpose.

Removal of Directors

- 2.05 The entire Board of Directors or any individual Director may be removed from office with or without cause by majority vote of the Watauga City Council.

Place of Meetings

- 2.06 All meetings of the Board of Directors shall be held within the City limits of Watauga.

Annual Meetings

- 2.07 The annual meeting of the corporation shall be held in the month of February each year. At such meetings, officers shall be appointed, reports of the corporation's affairs shall be considered and any other business may be transacted which falls within the power of the Directors. All provisions herein pertaining to the Board of Directors meetings shall also apply to the annual meeting.

Regular Meetings

- 2.08 Regular meetings of the Board of Directors shall be held between annual meetings of the corporation, and at such dates and times as the Directors may determine. Meetings shall be held no less than quarterly. Roberts Rules of Order shall be used to conduct and govern meetings. Regular meetings shall be conducted in accordance with the Texas Open Meetings Act, Government Code Chapter 551, as now or hereafter amended.

Special Meetings - Call and Notices

- 2.09 Special meetings of the Board of Directors for any purpose shall be called at any time by the President or, if the President is absent or unable or refuses to act, by any two Directors. Written notices of the special meetings, stating the time and place and in general terms the purpose or purposes thereof, shall be mailed or telegraphed or personally delivered to each Director not later than the day before the day appointed for the meeting. Special meetings shall be conducted in accordance with the Texas Open Meetings Act, Government Code Chapter 551, as now or hereafter amended.

Quorum

- 2.10 A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn or recess a meeting. Every act or decision done or made by a majority of the Directors present shall be regarded as the act of the Board of Directors, unless a greater number is required by law or by the Articles of Incorporation. Each Director who is present at a

meeting will be deemed to have assented to any action taken at the meeting unless the Director's dissent to the action is entered in the minutes of the meeting.

Board Action

- 2.11 Any action required or permitted to be taken by the Board of Directors must be taken pursuant to a lawfully convened meeting.

Adjournment - Notice

- 2.12 A quorum of the Directors may adjourn or recess any Directors' meeting to meet again at a stated hour on a stated day. In the absence of a quorum, a majority of the Directors present at any Directors' meeting, either regular or special, may adjourn or recess from time to time until the time fixed for the next regular meeting of the Board. All meetings of the Board of Directors shall be conducted in accordance with the Texas Open Meetings Act, Government Code Chapter 551, as now or hereafter amended.

Telephone Meetings

- 2.13 Subject to the notice provisions, Directors may participate in and hold a meeting by means of teleconference, telephone call or similar communications equipment subject to the teleconference being conducted in accordance with the Texas Open Meetings Act, Government Code Chapter 551, as now or hereafter amended.

Conduct of Meetings

- 2.14 The President or, in the President's absence, the Vice President, or in the absence of both, any Director selected by the Directors present, shall preside at the meeting of the Board of Directors. The President, or presiding officer in the absence of the President, shall not make motions and shall vote only in case of a tie. The Secretary of the corporation or, in the Secretary's absence, any person appointed by the presiding officer, shall act as Secretary of the Board of Directors' meetings.

Power of Eminent Domain

- 2.15 The corporation may exercise the power of eminent domain only on approval of the action by the Watauga City Council. The power must be exercised with and subject to the laws applicable to the City of Watauga.

Liability

- 2.16 The corporation, individual Directors, the City of Watauga, the individual Watauga City Council Members, employees of the City of Watauga or of the

Corporation are not liable for damages arising from governmental function of the corporation or the City of Watauga.

Indemnification of Directors and Officers

- 2.17 The Board of Directors may authorize the corporation to indemnify and/or pay expenses incurred by, or to satisfy a judgment or settle a claim or pay a fine rendered or levied against present or former Directors, officers, employees or agents of this corporation based upon his or her action as a director, officer, employee or agent of the corporation as authorized by State law.

ARTICLE THREE: OFFICERS

Title and Appointment

- 3.01 The officers of the corporation shall be a President, one or more Vice Presidents, Secretary, Treasurer and such assistants and other officers as the Watauga City Council deems necessary to carry out the business and purposes of the corporation. All officers shall be appointed by and hold office at the pleasure of the Board of Directors.

Powers and Duties of Officers

- 3.02 The officers of the corporation shall have the powers and duties generally ascribed to the respective offices and such additional authority or duty as may from time to time be established by the Board of Directors. The Secretary is encouraged to furnish to new members the telephone numbers of other WPDC board members and staff, the governing regulations, and any other pertinent information concerning the WPDC to the new board member within seven (7) days of the new director's appointment.

ARTICLE FOUR: EXECUTION OF INSTRUMENTS

- 4.01 The Board of Directors may, in its discretion, authorize an officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except where otherwise provided by law and such execution or signature shall be binding on the corporation.

ARTICLE FIVE: RECORDS AND REPORTS

Inspection of Books and Records

- 5.01 The corporation shall keep at the principal place of business a book of minutes of all meetings, adequate business records and notices of all its transactions.

- 5.02 All books and records of the corporation shall be open to inspection to the extent expressly provided by the Texas Open Records Act, Chapter 551 of the Government Code, as now or hereafter amended, and not otherwise. All books and records may be examined by Directors and Watauga City Council members at reasonable times.

ARTICLE SIX: AMENDMENT OF BYLAWS

Amendment of Bylaws

- 6.01 The power to alter, amend, or repeal these bylaws is vested in the Directors, subject to the approval of the City Council or changes in State law.

Recommended for Approval by the Board of Directors on the 16th day of July, 2013.

DIRECTORS:

Art Miner, President

Pete Beierschmitt, Vice President

Lakisha Nicas, Secretary

Mary Jan Hill, Director

Roma Bowman, Director

Nelson Stoppiello, Director

Joe Moody, Director

CITY OF WATAUGA, TEXAS
RESOLUTION NO. 16-05-23-02

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS CANVASSING RETURNS AND DECLARING THE RESULTS OF A SPECIAL ELECTION HELD IN THE CITY OF WATAUGA ON MAY 7, 2016 FOR THE SUBMISSION OF A PROPOSITION REAUTHORIZING A LOCAL SALES AND USE TAX IN THE CITY OF WATAUGA AT THE RATE OF ONE-FOURTH OF ONE PERCENT TO PROVIDE REVENUE FOR MAINTENANCE AND REPAIR OF MUNICIPAL STREETS

WHEREAS, on May 23, 2016 the City Council did canvass the votes of the Special Election held on May 7, 2016; and

WHEREAS, there came to be considered the returns of a Special Election held on May 7, 2016 for the purpose of submitting a proposition to the voters of the City of Watauga, Texas, reauthorizing a local sales and use tax in the City of Watauga, Texas at the rate of one-fourth of one percent to provide revenue for maintenance and repair of municipal streets.

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

I.

There were cast at said election, 245 early voting ballots and 58 ballots on election day for a total of 303 valid and legal votes. The voters cast a ballot on the following proposition:

PROPOSITION:

Reauthorization of a local sales and use tax in the City of Watauga Texas at the rate of one-fourth of one percent to continue providing revenue for maintenance and repair of municipal streets.

The canvass was has determined that the total votes cast at said election were as follows:

<u>PROPOSITION 1</u>	<u>EARLY VOTING</u>	<u>ELECTION DAY</u>	<u>TOTAL</u>
FOR	205	45	250
Against	37	12	49
Under Votes	3	1	4
Total	245	58	303

II.

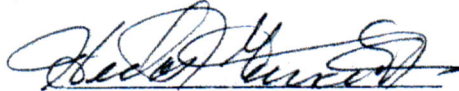
Said election was duly called, notice of said election was given in accordance with law, and that said election was held in accordance with law and the result of said election is that the Proposition so submitted has received a favorable vote in all aspects; that accordingly the reauthorization of a local sales and use tax in the City of Watauga, Texas at the rate of one-fourth of one percent to provide revenue for maintenance and repair of municipal streets, may be levied and collected after all legal requirements have been satisfied.

III.

It is further found and determined that in accordance with the order of this governing body, the City Secretary posted written notice of the date, place, time and subject of this meeting on the bulletin board located at the City Hall, a place convenient and readily accessible to the general public, and said notice having been so posted and remaining continuously for at least seventy-two (72) hours preceding the scheduled time of said meeting.

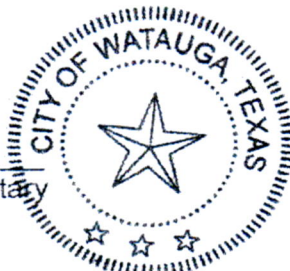
PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this the 23rd day of May 2016.

APPROVED:

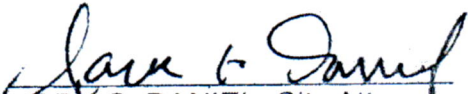

Hector F. Garcia, Mayor

ATTEST:


Zolaina R. Parker, City Secretary



APPROVED AS TO FORM AND LEGALITY:


MARK G. DANIEL, City Attorney

Cumulative Report — Unofficial

Tarrant County — Joint Elections — May 07, 2016

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Total Number of Voters : 46,444 of 890,560 = 5.22%

Precincts Reporting 181 of 181 = 100.00%

Party	Candidate	Early	Election	Total
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Council Member, Place 1 City of Watauga, Vote For 1

Hal Gerhardt	135	61.36%	41	75.93%	176	64.23%
Russell Clements	85	38.64%	13	24.07%	98	35.77%

Cast Votes:	220	89.80%	54	93.10%	274	90.43%
Over Votes:	0	0.00%	0	0.00%	0	0.00%
Under Votes:	25	10.20%	4	6.90%	29	9.57%

Precincts			Voters		
Counted	Total	Percent	Ballots	Registered	Percent
1	1	100.00%	303	12,872	2.35%

Council Member, Place 2 City of Watauga, Vote For 1

Walter C. Vaughn	58	26.13%	11	20.37%	69	25.00%
Brandon Krausse	105	47.30%	38	70.37%	143	51.81%
Albert (Al) Cardenas	59	26.58%	5	9.26%	64	23.19%

Cast Votes:	222	90.81%	54	93.10%	276	91.09%
Over Votes:	0	0.00%	0	0.00%	0	0.00%
Under Votes:	23	9.39%	4	6.90%	27	8.91%

Precincts			Voters		
Counted	Total	Percent	Ballots	Registered	Percent
1	1	100.00%	303	12,872	2.35%

Council Member, Place 6 City of Watauga, Vote For 1

Patrick (Pat) Shelbourne	195	100.00%	47	100.00%	242	100.00%
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Cast Votes:	195	79.59%	47	81.03%	242	79.87%
Over Votes:	0	0.00%	0	0.00%	0	0.00%
Under Votes:	50	20.41%	11	18.97%	61	20.13%

Precincts			Voters		
Counted	Total	Percent	Ballots	Registered	Percent
1	1	100.00%	303	12,872	2.35%

Cumulative Report — Unofficial
Tarrant County — Joint Elections — May 07, 2016

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Total Number of Voters : 46,444 of 890,560 = 5.22%

Precincts Reporting 181 of 181 = 100.00%

Party	Candidate	Early	Election	Total
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Council Member, Place 7 City of Watauga, Vote For 1

Robert (Bob) Davis

192 100.00% 40 100.00% 232 100.00%

Cast Votes:	192	78.37%	40	68.97%	232	76.57%
Over Votes:	0	0.00%	0	0.00%	0	0.00%
Under Votes:	53	21.63%	18	31.03%	71	23.43%

Precincts			Voters		
Counted	Total	Percent	Ballots	Registered	Percent
1	1	100.00%	303	12,872	2.35%

Proposition 1 City of Watauga, Vote For 1

For
Against

205 84.71% 45 78.95% 250 83.61%
 37 15.29% 12 21.05% 49 16.39%

Cast Votes:	242	98.78%	57	98.28%	299	98.68%
Over Votes:	0	0.00%	0	0.00%	0	0.00%
Under Votes:	3	1.22%	1	1.72%	4	1.32%

Precincts			Voters		
Counted	Total	Percent	Ballots	Registered	Percent
1	1	100.00%	303	12,872	2.35%

Mayor Town of Westlake, Vote For 1

Colin Stevenson
Laura Wheat

103 26.68% 30 40.00% 133 28.85%
 283 73.32% 45 60.00% 328 71.15%

Cast Votes:	386	99.48%	75	98.68%	461	99.35%
Over Votes:	0	0.00%	0	0.00%	0	0.00%
Under Votes:	2	0.52%	1	1.32%	3	0.65%

Precincts			Voters		
Counted	Total	Percent	Ballots	Registered	Percent
1	1	100.00%	464	888	52.25%

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



June 22, 2016

Ms. Zolaina R. Parker
City Secretary
City of Watauga
7105 Whitley Rd
Watauga, TX 76148-2024

Dear Ms. Parker:

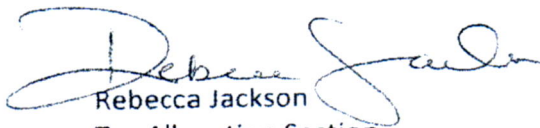
We have received the results of Watauga's May 7, 2016 reauthorization election to continue the additional 1/4% city sales and use tax for Municipal Street Maintenance as permitted under Chapter 327 of the Texas Tax Code.

This additional 1/4% local sales and use tax will become effective within the City of Watauga on October 1, 2016.

Also, we have noted that the municipal street maintenance tax **will expire four years after it begins to levy taxes for street maintenance purposes if the city does not hold a tax reauthorization election.**

If you have any questions or need more information, please call me toll free at 1-800-531-5441, extension 5-9732. My email address is Rebecca.Jackson@cpa.texas.gov.

Sincerely,


Rebecca Jackson
Tax Allocation Section
Revenue Accounting Division

CITY OF WATAUGA, TEXAS
ORDINANCE NO. 1614

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS, CALLING A SPECIAL ELECTION TO BE HELD IN SAID CITY ON THE 7TH DAY OF MAY 2016 FOR THE CONTINUATION OF THE ADOPTION OF A LOCAL SALES AND USE TAX OF ONE-FOURTH OF ONE PERCENT FOR MAINTENANCE AND REPAIR OF MUNICIPAL STREETS; SETTING THE DATE, PLACE AND TIME OF SAID ELECTION; AND OTHER PROVISIONS OTHERWISE INCIDENTAL TO SUCH ORDINANCE IN ACCORDANCE WITH THE TEXAS ELECTION LAWS AND ARTICLES III AND IV OF THE CITY OF WATAUGA HOME RULE CHARTER; PROVIDING THAT ALL ORDINANCES IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THAT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE

WHEREAS, a reduction of the sales and use tax for the Watauga Parks Development Corporation to one-fourth of one percent and to levy and collect an additional sales and use tax in the amount of one-fourth of one percent for maintenance and repair of municipal streets was approved by a majority of the voters of the City of Watauga at a general election on May 12, 2012;

WHEREAS, Chapter 327 of the Tax Code authorizes a municipal sales and use tax for maintenance and repair of municipal streets in the amount of one-fourth of one percent;

WHEREAS, the City Council of the City of Watauga, Texas finds and determines that it is in the best interest of the citizens of the City to call and hold a referendum election in the City for the purposes of submitting a proposition pertaining to the continuation of a sales and use tax of one-fourth of one percent for maintenance and repair of municipal streets; and

WHEREAS, the special election has been called for May 7, 2016 in the City of Watauga, Texas.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Watauga,

Texas as follows:

I.

In conjunction with the general election pursuant to a joint election agreement with Tarrant County, Texas, to be held on May 7, 2016 from 7:00 am. until 7:00 p.m. at City Hall, 7105 Whitley Road, City of Watauga, Texas, a special election shall be held to submit the following proposition to a vote of the qualified voters of the City of Watauga, Texas:

PROPOSITION

Reauthorization of a local sales and use tax in the City of Watauga Texas at the rate of one-fourth of one percent to continue providing revenue for maintenance and repair of municipal streets.

II.

The Proposition shall be set forth substantially in the following form, so as to permit the electors to vote "FOR" or "AGAINST" the Proposition, to-wit:

Reauthorization of a local sales and use tax in the City of Watauga, Texas at the rate of one-fourth of one percent to continue providing revenue for maintenance and repair of municipal streets.

FOR

AGAINST

III.

Substantial copies of the Ordinance in both English and Spanish shall serve as proper notice of the Election, and said notice shall be (a) published once in a newspaper of general circulation within the City not earlier than the thirtieth (30th) day, or later than the tenth (10th) day before the Election and (b) posted not later than the 21st day before the Election on the bulletin board used for posting notice of meetings of the City Council of the City of Watauga, Texas.

IV.

Days and hours for Early Voting by Personal Appearance shall be as follows:

April 25-29, 2016	Monday-Friday	8:00 a.m.- 5:00 p.m.
April 30, 2016	Saturday	7:00 a.m. - 7:00 p.m.
May 1, 2016	Sunday	11:00 a.m. - 4:00 p.m.
May 2-3, 2016	Monday - Tuesday	7:00 a.m. - 7:00 p.m.

V.

The election shall be conducted according to the election laws of the State of Texas and the Home Rule Charter of the City of Watauga, Texas.

VI.

The Presiding Election Judge and Alternate Presiding Judge shall be appointed by Tarrant County.

VII.

Frank Phillips, the Tarrant County Elections Administrator, is hereby appointed as the Early Voting Clerk. Applications for ballot by mail must be received by mail no later than the close of business April 26, 2016 (Mailing Address: P.O. Box 961011, Fort Worth, Texas, 76161-0011; Attention: Frank Phillips, Early Voting Clerk).

VIII.

Early Voting shall be conducted at the Tarrant County Main Early Voting location: 2700 Premier Street, Fort Worth, Texas 76111 and Watauga City Hall, 7105 Whitley Road, Watauga, Texas 76148, as well as other branch offices established by Tarrant County.

IX.

This Ordinance shall be and is hereby cumulative of all Ordinances of the City of Watauga, Texas, and this Ordinance shall not operate to repeal or affect any such other Ordinances except insofar as the provision thereof might be inconsistent or in conflict with the provisions of this Ordinance, in which event, such conflicting provisions, if any, in such Ordinance or Ordinances are hereby repealed.

X.

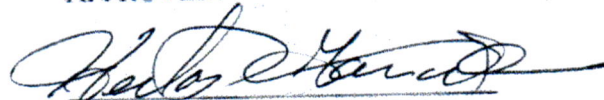
If any section, sub-section, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

XI.

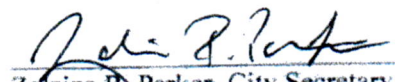
This Ordinance shall become effective and shall be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon approval thereof by the Mayor of the City of Watauga, Texas, and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this 25th
day of January, 2016.

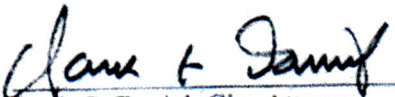
APPROVED:

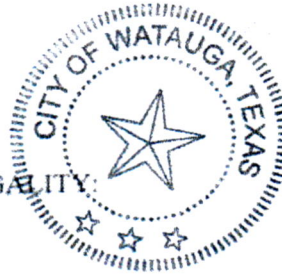

Hector F. Garcia, Mayor

ATTEST:


Zolaina R. Parker, City Secretary

APPROVED AS TO FORM AND LEGALITY:


Mark G. Daniel, City Attorney



CITY OF WATAUGA, TEXAS
RESOLUTION NO. 12-05-21-02

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS CANVASSING RETURNS AND DECLARING THE RESULTS OF A SPECIAL ELECTION HELD IN THE CITY OF WATAUGA ON MAY 12, 2012 FOR THE SUBMISSION OF A PROPOSITION TO DECREASE THE SALES AND USE TAX FOR THE BENEFIT OF THE WATAUGA PARKS DEVELOPMENT CORPORATION TO ONE-FOURTH OF ONE PERCENT AND THE ADOPTION OF A LOCAL SALES AND USE TAX IN THE CITY OF WATAUGA AT THE RATE OF ONE-FOURTH OF ONE PERCENT TO PROVIDE REVENUE FOR MAINTENANCE AND REPAIR OF MUNICIPAL STREETS

WHEREAS, on May 21, 2012 the City Council did canvass the votes of the Special Election held on May 12, 2012; and

WHEREAS, there came to be considered the returns of a Special Election held on May 12, 2012 for the purpose of submitting a proposition to the voters of the City of Watauga of a decrease of the sales and use tax in the City of Watauga Texas for the benefit of the Watauga Parks Development Corporation to one-fourth of one percent, and the adoption of a local sales and use tax in the City of Watauga, Texas at the rate of one-fourth of one percent to provide revenue for maintenance and repair of municipal streets.

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

I.

There were cast at said election, 304 early voting ballots and 293 ballots on election day for a total of 597 valid and legal votes. The voters cast a ballot on the following proposition:

PROPOSITION:

THE DECREASE OF THE SALES AND USE TAX IN THE CITY OF WATAUGA TEXAS FOR THE BENEFIT OF THE WATAUGA PARKS DEVELOPMENT CORPORATION TO ONE-FOURTH OF ONE PERCENT, AND THE ADOPTION OF A LOCAL SALES AND USE TAX IN THE CITY OF WATAUGA, TEXAS AT THE RATE OF ONE-FOURTH OF ONE PERCENT TO PROVIDE REVENUE FOR MAINTENANCE AND REPAIR OF MUNICIPAL STREETS.

The canvass has determined that the total votes cast at said election were as follows:

<u>PROPOSITION 1</u>	<u>EARLY VOTING</u>	<u>ELECTION DAY</u>	<u>TOTAL</u>
For	231	223	454
Against	65	65	130
Undervotes	8	5	13
Total	304	293	597

II.

Said election was duly called, notice of said election was given in accordance with law, and that said election was held in accordance with law, and the result of said election is that the Proposition so submitted has received a favorable vote in all respects; that accordingly the decrease of the sales and use tax for the benefit of the Watauga Parks Development Corporation to one-fourth of one percent, and the adoption of a local sales and use tax in the City of Watauga, Texas at the rate of one-fourth of one percent to provide revenue for maintenance and repair of municipal streets may be levied and collected after all legal requirements have been satisfied.

III.

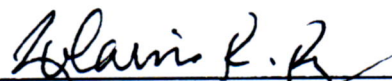
It is further found and determined that in accordance with the order of this governing body, the City Secretary posted written notice of the date, place, time and subject of this meeting on the bulletin board located at the City Hall, a place convenient and readily accessible to the general public, and said notice having been so posted and remaining continuously for at least seventy-two (72) hours preceding the scheduled time of said meeting.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this the 21st day of May 2012.

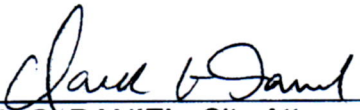
APPROVED:


HENRY J. JEFFRIES, Mayor

ATTEST:


Zolaina R. Reyes, Assistant City Secretary

APPROVED AS TO FORM AND LEGALITY:



MARK G. DANIEL, City Attorney

CITY OF WATAUGA, TEXAS
ORDINANCE NO. 1483

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS, CALLING A SPECIAL ELECTION TO BE HELD IN SAID CITY ON THE 12TH DAY OF MAY 2012 FOR THE DECREASE IN THE SALES AND USE TAX FOR THE BENEFIT OF THE WATAUGA PARKS DEVELOPMENT CORPORATION TO ONE-FOURTH OF ONE PERCENT AND THE ADOPTION OF A LOCAL SALES AND USE TAX OF ONE-FOURTH OF ONE PERCENT FOR MAINTENANCE AND REPAIR OF MUNICIPAL STREETS; SETTING THE DATE, PLACE AND TIME OF SAID ELECTION; AND OTHER PROVISIONS OTHERWISE INCIDENTAL TO SUCH ORDINANCE IN ACCORDANCE WITH THE TEXAS ELECTION LAWS AND ARTICLES III AND IV OF THE CITY OF WATAUGA HOME RULE CHARTER; PROVIDING THAT ALL ORDINANCES IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THAT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE

WHEREAS, a sales and use tax in the amount of one-half of one percent for the benefit of the Watauga Parks Development Corporation was approved by a majority of the voters of the City of Watauga at a general election on May 7, 1994;

WHEREAS, Chapter 327 of the Tax Code authorizes a municipal sales and use tax for maintenance and repair of municipal streets in the amount of one-fourth of one percent;

WHEREAS, the City Council of the City of Watauga, Texas finds and determines that it is in the best interest of the citizens of the City to call and hold a referendum election in the City for the purposes of submitting a proposition pertaining to a reduction of the sales and use tax for the Watauga Parks Development Corporation to one-fourth of one percent and to levy and collect an additional sales and use tax in the amount of one-fourth of one percent for maintenance and repair of municipal streets; and

WHEREAS, the general election has been called for May 12, 2012 in the City of Watauga .

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Watauga, Texas as follows:

I.

In conjunction with the general election pursuant to a joint election agreement with Tarrant County, Texas, to be held on May 12, 2012 from 7:00 am. until 7:00 p.m. at City Hall, 7105 Whitley Road, City of Watauga, Texas, a special election shall be held to submit the following proposition to a vote of the qualified voters of the City of Watauga, Texas:

PROPOSITION

The decrease of the sales and use tax in the City of Watauga Texas for the benefit of the Watauga Parks Development Corporation to one-fourth of one percent, and the adoption of a local sales and use tax in the City of Watauga, Texas at the rate of one-fourth of one percent to provide revenue for maintenance and repair of municipal streets.

II.

The Proposition shall be set forth substantially in the following form, so as to permit the electors to vote "FOR" or "AGAINST" the Proposition, to-wit:

The decrease of the sales and use tax in the City of Watauga Texas for the benefit of the Watauga Parks Development Corporation to one-fourth of one percent, and the adoption of a local sales and use tax in the City of Watauga, Texas at the rate of one-fourth of one percent to provide revenue for maintenance and repair of municipal streets.

_____ FOR

_____ AGAINST

III.

Substantial copies of the Ordinance in both English and Spanish shall serve as proper notice of the Election, and said notice shall be (a) published once in a newspaper of general circulation within the City not earlier than the thirtieth (30th) day, or later than the tenth (10th) day before the Election and (b) posted not later than the 21st day before the Election on the bulletin board used for posting notice of meetings of the City Council of the City of Watauga, Texas.

IV.

Days and hours for Early Voting by Personal Appearance shall be as follows:

April 30, 2012	Monday	8:00 a.m. - 5:00 p.m.
May 1 – 4, 2012	Tuesday – Friday	8:00 a.m. - 5:00 p.m.
May 5, 2012	Saturday	7:00 a.m. - 7:00 p.m.
May 6, 2012	Sunday	11:00 a.m. - 4:00 p.m.
May 7 - 8, 2012	Monday - Tuesday	7:00 a.m. - 7:00 p.m.

V.

The election shall be conducted according to the election laws of the State of Texas and the Home Rule Charter of the City of Watauga, Texas.

VI.

The Presiding Election Judge and Alternate Presiding Judge shall be appointed by Tarrant County.

VII.

Steven Raborn, the Tarrant County Elections Administrator, is hereby appointed as the Early Voting Clerk. Applications for ballot by mail must be received by mail no later than the close of business May 4, 2012 (Mailing Address: P.O. Box 961011, Fort Worth, Texas, 76161-0011; Attention: Steve Raborn, Early Voting Clerk).

VIII.

Early Voting shall be conducted at the Tarrant County Main Early Voting location: 2700 Premier Street, Fort Worth, Texas 76111 and Watauga City Hall, 7105 Whitley Road, Watauga, Texas 76148, as well as other branch offices established by Tarrant County.

IX.

This Ordinance shall be and is hereby cumulative of all Ordinances of the City of Watauga, Texas, and this Ordinance shall not operate to repeal or affect any such other Ordinances except insofar as the provision thereof might be inconsistent or in conflict with the provisions of this Ordinance, in which event, such conflicting provisions, if any, in such Ordinance or Ordinances are hereby repealed.

X.

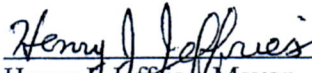
If any section, sub-section, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

XI.

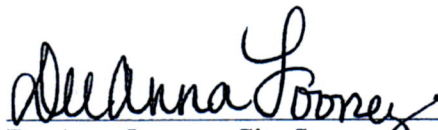
This Ordinance shall become effective and shall be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon approval thereof by the Mayor of the City of Watauga, Texas, and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this 23rd day of January, 2012.

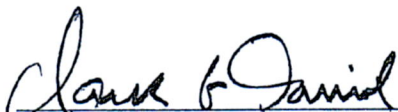
APPROVED:


Henry J. Jeffries, Mayor

ATTEST:


DeeAnna Looney, City Secretary

APPROVED AS TO FORM AND LEGALITY:


Mark G. Daniel, City Attorney

CITY OF WATAUGA, TEXAS

NO. 702

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS AMENDING CHAPTER TWO OF THE CODE OF ORDINANCES FOR THE CITY OF WATAUGA TO INCLUDE ARTICLE X ESTABLISHING THE ECONOMIC DEVELOPMENT BOARD; ENUMERATING POWERS AND DUTIES OF THE ECONOMIC DEVELOPMENT BOARD; PROVIDING THAT EMPLOYEE MATTERS ARE NOT WITHIN THE DIRECTION OR CONTROL OF THE ECONOMIC DEVELOPMENT BOARD; ESTABLISHING RESIDENCY AS A REQUIREMENT OF MEMBERSHIP FOR ALL EXCEPT TWO (2) PLACES ON THE ECONOMIC DEVELOPMENT BOARD; ESTABLISHING COMPOSITION AND TERMS OF OFFICE; PROVIDING FOR REMOVAL OF MEMBERS AND FILLING OF VACANCIES; DESIGNATING OFFICERS; PROVIDING THAT SERVICE ON THE ECONOMIC DEVELOPMENT BOARD SHALL BE WITHOUT COMPENSATION; PROVIDING FOR DONATIONS AND SOLICITATIONS; ESTABLISHING RULES FOR MEETINGS; PROVIDING FOR MINUTES; ESTABLISHING A LIAISON TO THE CITY COUNCIL; PROVIDING THAT ALL ORDINANCES IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THAT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT ORDAINED by the City Council for the City of Watauga, Texas that:

I.

Chapter Two of the Code of Ordinances for the City of Watauga is amended to include Article X establishing the Economic Development Board and shall read as follows:

SECTION 1: Creation; Powers and Duties

There is hereby created for the City of Watauga a board which shall be known as the "Economic Development Board" (hereinafter "the Board"). The Board

shall have powers and duties as follows:

- (A) To encourage and promote the creation and expansion of economic opportunities and quality business enterprise in the City of Watauga.
- (B) To recommend and implement with City Council approval both long-term and short-term plans to attract quality business enterprise to the City of Watauga.
- (C) To confer with and advise residents and business operators of means by which they may best attract and maintain quality business and commerce to the City of Watauga.
- (D) To provide information and education to prospective businesses seeking to locate in the City of Watauga.
- (E) Make recommendations to the City Council concerning the utilization of city, state, federal or private funds to promote economic development in the City of Watauga.
- (F) Advise the City Council and City Manager with respect to formulating a plan for the location of trades, businesses, industries and location of buildings designed for specific uses.
- (G) To thoroughly familiarize itself with the structures, land, areas, and districts within the City of Watauga that may be utilized for quality business and economic development opportunities.
- (H) To present an economic development plan to the City Council annually.
- (I) To examine and update the economic development plan and present any modifications to the City Council.
- (J) To serve as an advisory body to the City Council concerning economic development and business opportunities in the City of Watauga.
- (K) To do and perform such other acts as shall be delegated to the Board by the City Council.
- (L) The Board shall have no authority in the hiring or assignment of employees, volunteers or reserves of any department in the City of Watauga. The Board shall not have any authority in the activities or the establishment of salary ranges for such employees. Further, the Board and its members shall direct all communications concerning City officers and employees through the office of the City Manager and neither the Board or its members shall instruct or

direct any such officer or employee, either publicly or privately.

- (M) The Board shall have the authority to confer with or retain the advice of outside advisory sources with the consent and approval of the City Council.

SECTION 2: Residency Requirement

- (A) All except two (2) members of the Board described below shall be a resident of the City of Watauga and shall be qualified registered voters for the City of Watauga on the date of appointment to the Board and shall remain residents and qualified registered voters so long as they continue to serve on the Board. Two (2) members of the Board may be owners, operators, or managers of a business located in the City and need not be residents of the City.

SECTION 3: Members

- (A) The Board shall consist of not less than four (4) or more than seven (7) members who shall be appointed by the Mayor subject to the approval and consent of the City Council. The Board shall recommend to the Mayor names for filling places that may become vacant or have become vacant due to expiration, resignation, or removal. The Mayor may accept or reject the names submitted, but all recommended appointments by the Mayor to fill such positions shall be subject to approval by the City Council. Places on the Board shall be numbered one (1) through seven (7) with all members appointed for a two (2) year term to expire on August 31. Members serving in odd numbered places shall have their terms expire on each odd numbered year, and even numbered places shall have their terms expire on each even numbered year. All members serving on the Board as of the date this Ordinance is enacted shall have their current terms end on August 31, 1995 or 1996, as appropriate.

The Board shall recommend to the Mayor and City Council removal of any member of the Board who is absent from two (2) consecutive meetings without first notifying the Chair by 12:00 noon of the meeting date and/or fails to exhibit a general interest in the endeavors of the Board. Two (2) consecutive absences by a member shall require a specific agenda item at the next regularly scheduled meeting to determine if the reason for absence is sufficient for excusal, or constitutes a failure to exhibit a general interest in the endeavors of the Board. The City Council may, with just cause, remove any member appointed to the Board. All vacancies in the membership that may occur on the Board may have a replacement recommended by the Board to the Mayor, who may appoint the recommended individual or another individual, subject to the approval of the City Council for the length of the

unexpired term. If the Mayor fails to make a recommended appointment to fill any vacancy within sixty (60) days from the date of the vacancy or expiration, the City Council may, by majority vote, make an appointment without the Mayor's recommendation.

No City Staff member or employee shall be a member of the Board.

No regular member of the Board shall communicate directly with City Staff or the City Attorney, concerning Board matters, except for monthly reports. All other communications, inquiries or statements, advice or opinions, shall be directed to those individuals or agencies by either one or both of the Council liaisons.

SECTION 4: Liaisons

In addition to regular Board members, each Board shall have two (2) members of the City Council appointed by the Mayor subject to the approval and consent of City Council to serve as liaisons to that Board. The purpose of the liaisons is to provide guidance to the Board in matters pertaining to City administration and Home Rule Charter affairs, and to provide interface with City staff, the City Attorney, and the full City Council in any matters that may arise. City Council liaisons shall not have the right to vote in any matter before the Board, but shall have the right to fully participate in all discussions of matters that come before the Board.

The appointment of liaisons by the Mayor shall be at the second meeting in June of each year.

SECTION 5: Officers

- (A) The officers of the Board shall be a Chairperson or Chair, a Vice-Chairperson, and a Secretary.
- (B) At its first meeting in September of each year, the membership of the Board shall determine by majority vote the Chairperson, Vice-Chairperson and Secretary. Those positions shall be for a period of one(1) year, or until the first meeting after September 1 of the following year.
- (C) Vacancies that occur in office are to be filled as follows:
 - (1) In the event of a vacancy or incapacity of the Chairperson, the Vice-Chairperson shall become the Chair for the unexpired portion of the term.

- (2) Vacancies that occur in the other offices shall be filled by special election for the unexpired term.
 - (3) Vacancies occurring in any office shall be filled at the next meeting of the Board.
- (D) Duties of the officers shall be as follows:
- (1) Chairperson:
 - (A) Preside at all meetings.
 - (B) Represent the Board at public functions.
 - (C) Appoint special committees.
 - (D) Provide an agenda for each meeting, including any item requested by any other Board member, or by the Director of the Department with whom this Board directly interfaces. The agenda shall be provided to the City Secretary no less than five (5) working days prior to any meeting to provide proper posting notice in accordance with Texas Open Meetings Laws.
 - (E) Schedule meetings of the Board, if other than the preestablished time, day, week of the month.
 - (F) The chair shall vote only in case of a tie vote by the Board.
 - (2) Vice-Chairperson:
 - (A) Assist the Chairperson in directing the affairs of the Board and act in the Chair's absence.
 - (3) Secretary:
 - (A) Is responsible for the accuracy of the minutes of the Board's meetings. A draft copy of those minutes will be provided to the City Secretary within three (3) working days following any meeting.
 - (B) Shall sign the approved minutes.

SECTION 6: Service Without Compensation; Donations and Solicitation

- (A) All members of the Board shall serve without compensation.
- (B) The Board shall obtain authorization from the City Council through its liaison prior to seeking any donations, engaging in any solicitations, or other fund raising activity. All other revenues derived from fund raising activities shall be deposited into the City of Watauga general fund and utilized to support

related activities as determined by the City Council during budgeting process or review for all city departments. No debts of any kind or character shall be made or incurred by the Board or anyone acting on its behalf without the express authority of the City Council.

SECTION 7: Meetings

The Board shall hold regular monthly meetings and shall by majority vote determine the time and place of those scheduled meetings. Variations from this schedule will be on an as needed basis to be determined and scheduled by the Chairperson. A quorum shall consist of a majority of the regularly appointed members serving on the Board at that time. Council liaisons shall not be counted to constitute a quorum. The meetings shall be conducted under the requirements of *Roberts Rules of Order* with the Chairperson presiding at each meeting or the vice-chairperson in the Chairperson's absence. The Secretary of the Board shall record the minutes of the proceedings of the meetings and shall submit the same to the City Manager through the City Secretary as previously described for inclusion in the monthly report from the City Manager to the City Council. All meetings shall be open to the public and shall be conducted in accordance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, as now or hereafter amended.

SECTION 8: Reports

- (A) City departments are to furnish the Board with reports and services at the direction of the City Manager or City Council.
- (B) The Board may receive reports, advice and available services from the various City departments as required and directed by the City Manager or his designated representative.

II.

This ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas and this ordinance shall not operate to repeal or affect any such other ordinances except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this ordinance, in which event such conflicting provisions, if any, in such other ordinance or ordinances are hereby repealed.

III.

If any section, subsection, sentence, clause or phrase of this ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance.

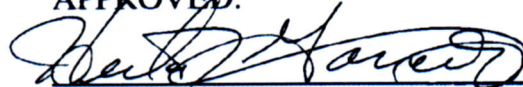
IV.

This ordinance shall become effective and shall be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon approval thereof by the Mayor of the City of Watauga, Texas and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas, this

26th day of June, 1995.

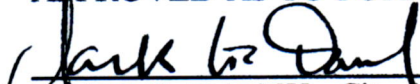
APPROVED:


HECTOR F. GARCIA, Mayor

ATTEST:


NANCY MEADOWS, City Secretary

APPROVED AS TO FORM:


MARK G. DANIEL, City Attorney

CITY OF WATAUGA, TEXAS
ORDINANCE NO. 1067

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS REPEALING CHAPTER 2, ARTICLE X OF THE CODE OF ORDINANCES OF THE CITY OF WATAUGA TO ABOLISH THE ECONOMIC DEVELOPMENT BOARD AND TRANSFER RESPONSIBILITIES TO THE MAYOR, CITY COUNCIL MEMBERS AND STAFF; PROVIDING THAT ALL ORDINANCES IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THAT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE

WHEREAS, upon the recommendation of current members of the Economic Development Board, the City Council of the City of Watauga, Texas recognizes that a need exists to abolish the current Economic Development Board; and

WHEREAS, the City Council of the City of Watauga, Texas has determined that the duties of the Economic Development Board should be transferred to the Mayor, City Council Members, and staff of the City.

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

I.

Chapter 2, Article X, of the Code of Ordinances of the City of Watauga, titled "Economic Development Board" is hereby repealed in its entirety and the Economic Development Board is hereby abolished.

II.

The primary mission of visiting businesses and maintaining good city/business relations is hereby assigned to the Mayor, City Council Members, and staff of the City of Watauga.

III.

This Ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas and this ordinance shall not operate to repeal or affect any such other ordinances except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this ordinance, in which event such conflicting provisions, if any, in such other ordinance(s) are hereby repealed.

IV.

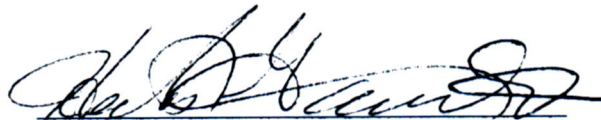
If any section, subsection, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

V.

This Ordinance shall become effective and shall be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon approval thereof by the Mayor of the City of Watauga, Texas and publication hereof as prescribed by law.

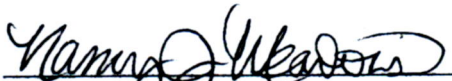
PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this 21st day of May, 2001.

Approved:

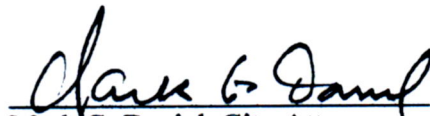


Hector F. Garcia, Mayor

Attest:


Nancy J. Meadows, City Secretary

Approved as to form and legality:


Mark G. Daniel, City Attorney

CITY OF WATAUGA, TEXAS

ORDINANCE NO. 705

AN ORDINANCE ratifying, confirming, and validating the levy and collection of an additional sales and use tax authorized by Vernon's Ann. Civ. St., Article 5190.6, Section 4B, as amended and an election held in the City of Watauga, Texas on May 7, 1994; ratifying and confirming the imposition and collection of such tax prior to the date of adoption of this Ordinance; providing a retroactive effective date for this Ordinance; and resolving other matters incident and related thereto.

WHEREAS, in accordance with the provisions of Vernon's Ann. Civ. St., Article 5190.6, Section 4B, as amended (the "Act") and V.T.C.A., Tax Code, Chapter 312, an election was held in the City of Watauga, Texas on May 7, 1994, to submit the question on the levy and collection of an additional one-half of one percent sales and use tax within the City of Watauga pursuant to the Act for use and application in the manner and to the purposes authorized by Section 4B of the Act, including but not limited to, land, facilities, equipment and open space improvements for parks and recreation; and

WHEREAS, on the 23rd day of May, 1994, Ordinance No. 670 was passed and adopted by the City Council canvassing the returns of such election and declaring such proposition on the levying and collection of such sales and use tax to have passed; and

WHEREAS, a copy of Ordinance No. 670 was provided to the Comptroller of Public Accounts of the State of Texas, and following such notification to said state official, such additional sales and use tax has been imposed and collected within the City since October 1, 1994; and

WHEREAS, a question has been raised whether Ordinance No. 670 effectively provided for the levy of such sales and use tax and to avoid any issue concerning the its imposition and levy, the City Council has decided to ratify, confirm and validate the levy and imposition of the additional one-half sales and use tax approved and authorized at the election held on May 7, 1994; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS:

SECTION 1: There shall be and is hereby adopted and levied a sales and use tax within the City for the benefit of the Watauga Parks Development Corporation at a rate of one-half of one percent on the sales of items at retail and a use tax at the same rate on the use, storage or other consumption within the City of tangible

personal property purchased, leased or rented from a retailer during such time as such tax is effective within the City. Such tax shall be imposed, computed, administered, collected and remitted in accordance with V.T.C.A., Tax Code, Chapter 321, except as inconsistent with Section 4B of the Act. The effective date of the tax levied by this Ordinance and imposed in accordance with Section 4B of the Act is October 1, 1994.

SECTION 4: The imposition and collection of such sales and use taxes since October 1, 1994 and the receipt of such tax receipts by the City under the Act is hereby in all respects ratified, confirmed and approved.

SECTION 5: It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by V.T.C.A., Government Code, Chapter 551, as amended.

SECTION 6: This Ordinance shall be take effect as of October 1, 1994 and be in force and effect immediately following its final adoption on the date shown below and it is so ordained.

PASSED ON FIRST READING, June 19, 1995.

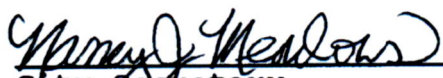
PASSED ON SECOND READING AND FINALLY ADOPTED, this June 26, 1995.

CITY OF WATAUGA, TEXAS



Mayor

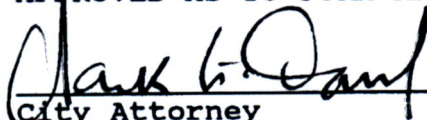
ATTEST:



City Secretary

(City Seal)

APPROVED AS TO FORM AND LEGALITY:



City Attorney

CITY OF WATAUGA, TEXAS

ORDINANCE NO. 665

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS, CALLING A SALES AND USE TAX ELECTION TO BE HELD WITHIN THE CITY, MAKING PROVISIONS FOR THE CONDUCT THEREOF AND OTHER PROVISIONS RELATING THERETO.

WHEREAS, pursuant to Article 5190.6, Vernon's Texas Civil Statutes, as amended (the "Act") the City Council of the City of Watauga, Texas (the "City"), is authorized, and hereby finds and determines that it is appropriate, advisable, and in the best interests of the citizens of the City, to call and hold a referendum election in the City for the purpose of submitting a proposition pertaining to the levy and collection of an additional one-half cents sales and use tax within the City for the purposes hereinafter set forth; and

WHEREAS, the General Election has been called for May 7, 1994 in the City of Watauga.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS, AS FOLLOWS:

I.

In conjunction with the General Election to be held May 7, 1994, the following proposition shall be submitted to a vote of the qualified voters of the City:

PROPOSITION

The levy and collection of an additional one-half of one percent sales and use tax within the City pursuant to the provisions of Article 5109.6, Vernon's Texas Civil Statutes, as amended (the "Act"), with the proceeds thereof to be used and applied in the manner and to the purpose authorized by Section 4B of the Act, including but not limited to, land, facilities, equipment and open space improvements for Parks and Recreation.

II.

The Proposition shall be set forth substantially in the following form, so as to permit the electors to vote "FOR" or "AGAINST" the Proposition, to wit:

THE LEVY AND COLLECTION OF AN ADDITIONAL ONE-HALF OF ONE PERCENT SALES AND USE TAX FOR THE PURPOSE OF PROVIDING LAND, FACILITIES, EQUIPMENT FOR PARKS AND RECREATION, OPEN SPACE IMPROVEMENTS, AND OTHER FACILITIES PERMITTED BY SECTION 4B OF ARTICLE 5190.6, VERNON'S TEXAS CIVIL STATUTES, AS AMENDED.

_____ FOR
_____ AGAINST

III.

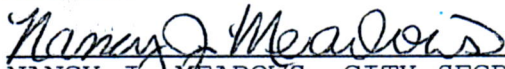
Substantial copies of the Ordinance in both English and Spanish shall serve as proper notice of the Election, and said notice shall be (a) published once in a newspaper of general circulation within the City not earlier than the 30th day, or later than the 10th day before the Election and (b) posted not later than the 21st day before the Election on the bulletin board used for posting of meetings of the City Council of the City.

PASSED AND APPROVED on the 14th day of March, 1994, at a regular meeting of the City Council of the City of Watauga, Texas.

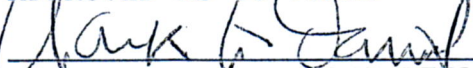
APPROVED:


A.W. GIRTMAN, MAYOR

ATTEST:


NANCY J. MEADOWS, CITY SECRETARY

APPROVED AS TO FORM:


MARK G. DANIEL, CITY ATTORNEY

NO. 94-7-25
A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS APPROVING THE ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION TO THE WATAUGA INDUSTRIAL DEVELOPMENTS CORPORATION TO BE FILED BY THE WATAUGA INDUSTRIAL DEVELOPMENT CORPORATION WHICH CHANGE THE CORPORATION'S NAME AND REGISTERED AGENT AS WELL AS UPDATE THE CORPORATION FROM A LABOR CODE, SECTION 5190.6 CORPORATION TO A LABOR CODE SECTION 5190.6, SECTION 4B CORPORATION; PROVIDING THAT ALL RESOLUTIONS AND/OR ORDINANCES IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THAT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT RESOLVED by the City Council for the City of Watauga, Texas that:

I.

The City Council of the City of Watauga does hereby approve the proposed Articles of Amendment for the Watauga Industrial Development Corporation which are to read as follows:

ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION BY THE DIRECTORS OF THE WATAUGA INDUSTRIAL DEVELOPMENT CORPORATION

I.

Pursuant to the provisions of Article 5190.6, Section 9(a) Vernon's Annotated Texas Statutes, the undersigned officers adopt the following change of the Corporation's registered agent as authorized by the board

The former registered office and agent are:

The street address of the registered office is 7101 Whitley Road, Watauga, Texas 76148 and the name of its registered agent at such address is Mr. H.R. McComber.

The successor registered office and agent are:

The street address of the registered office is 7101 Whitley Road, Watauga, Texas 76148 and the name of its registered agent at such address is Nancy Meadows.

The addresses of the registered agent and the registered office are identical.

II.

Pursuant to the provisions of Article 5190.6, Section 17(b) Vernon's Annotated Texas Statutes, the undersigned officers adopt the following Articles of Amendment to the Articles of Incorporation of the corporation as approved by the City Council for the City of Watauga, Texas on July 25, 1994 which change the corporation from an Article 5190.6 V.A.T.S. corporation to an Article 5190.6, Section 4B V.A.T.S. corporation.

ARTICLE ONE: The name of the corporation is the Watauga Industrial Development Corporation.

ARTICLE TWO: The following amendments to the Articles of Incorporation were approved by resolution of the City Council for the City of Watauga on July 25, 1994 as adopted by the board of directors of the corporation:

(1) The name of the corporation is hereby changed from the Watauga Industrial Development Corporation to the Watauga Parks Development Corporation.

(2) Article IV of the Articles of Incorporation is hereby amended to read as follows:

ARTICLE IV

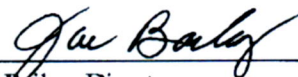
The Corporation is organized exclusively for the purposes of benefitting and accomplishing public purposes of, and to act on behalf of the City of Watauga, Texas and the specific purposes for which the Corporation is organized and

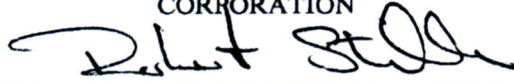
promote and encourage employment and public welfare, pursuant to the Development Corporation Act of 1979, Article 5190.6, Section 4B, Vernon's Annotated Civil Statutes, as now or hereafter amended. The Corporation is a constituted authority and a public instrumentality within the meaning of the regulations of the United States Treasury Department and the ruling of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1954, as amended, and the Corporation is authorized to act on behalf of the City of Watauga, Texas as provided in these Articles of Incorporation. The Corporation is not a political subdivision or political corporation of the State of Texas within the meaning of its constitution, and no agreements, bonds, debts, or obligations of the Corporation are or shall ever be deemed to be the agreements, bonds, debts or obligations or the lending of credit, or grant of public money or any thing of value, of or by the City of Watauga, Texas or any other political corporation, subdivision, or agency of the State of Texas, or a pledge of faith and credit of any of them.

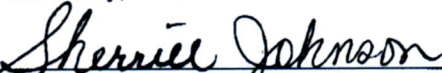
ARTICLE THREE: The corporation has no members and is a nonstock corporation.

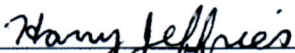
Approved on this the 21 day of JULY, 1994.

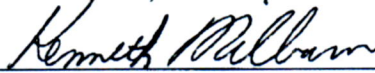
WATAUGA INDUSTRIAL DEVELOPMENT
CORPORATION

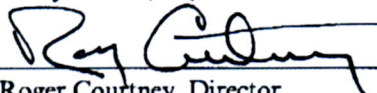

Joe Bailey, Director

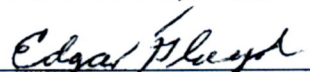

Bob Stiller, Director


Sherril Johnson, Director


Harry Jeffries, Director


Kenneth Millburn, Director


Roger Courtney, Director


Edgar Floyd, Director

II.

All Resolutions, or portions thereof, of the City of Watauga in conflict with the provisions of this Resolution to the extent that such are in conflict, are hereby repealed. To the

III.

If any section, subsection, sentence, clause or phrase of this Resolution shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of the Resolution which shall remain in full force and effect.

IV.

This Resolution shall become effective and shall be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon approval thereof by the Mayor of the City of Watauga, Texas and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas on this 25th day of July, 1994.

APPROVED:

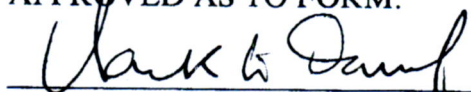


A. W. GIRTMAN, Mayor

ATTEST:


NANCY J. MEADOWS, City Secretary

APPROVED AS TO FORM:


MARK G. DANIEL, City Attorney

CITY OF WATAUGA, TEXAS

ORDINANCE NO. 670

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS, CANVASSING THE RETURNS AND DECLARING THE RESULTS OF THE SPECIAL SALES AND USE TAX ELECTION HELD MAY 7, 1994.

WHEREAS, an election was held in the City of Watauga, Texas on the 7th day of May, 1994 for the purpose of submitting a proposition to a referendum vote of the qualified voters of the City to permit the electors to vote "FOR" or "AGAINST" the levy and collection of an additional one-half of one percent sales and use tax; and

WHEREAS, it is hereby found and determined that notice of the election was duly given in the form, manner and time required by law and said election was in all respects legally held and conducted in accordance with applicable laws of the State of Texas and the proceedings calling and governing the holding of such election; and

WHEREAS, the returns of said election have been duly and legally made and submitted to the City Council for canvassing, and the returns, as canvassed and tabulated by this governing body, reflect that the votes cast and counted at the election with respect to the proposition submitted were as follows:

PROPOSITION

THE LEVY AND COLLECTION OF AN ADDITIONAL ONE-HALF OF ONE PERCENT SALES AND USE TAX FOR THE PURPOSE OF PROVIDING LAND, FACILITIES, EQUIPMENT FOR PARKS AND RECREATION, OPEN SPACE IMPROVEMENTS, AND OTHER FACILITIES PERMITTED BY SECTION 4B OF ARTICLE 5190.6 VERNON'S TEXAS CIVIL STATUTES, AS AMENDED.

	ELECTION DAY	EARLY VOTING	TOTAL
FOR	402	126	528
AGAINST	256	76	332
TOTAL VOTES CAST	658	202	860

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

That all the recitals contained in the preamble of this ordinance are found to be true and are adopted as findings of fact by this governing body and as part of its judgment.

That is further found and determined that the results of the election are as canvassed and tabulated in the preamble hereof and a majority of the electors voting at said election voted for the adoption of the One-Half of One Percent Sales and Use Tax within said City.

That the City Council of the City of Watauga, Texas, hereby officially declares that said One-Half Cent Sales and Use Tax Election results have been properly and lawfully canvassed and the proposition passed.

I.

This ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas, and this ordinance shall not operate to repeal or affect any of such other ordinances, except insofar as the provisions of this ordinance, in which event such conflicting provisions, if any, in such other ordinance or ordinances are hereby repealed.

II.

If any section, sub-section, sentence, clause or phrase of this ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance.

III.

This ordinance shall become effective and be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas and upon approval thereof by the Mayor of the City of Watauga, Texas and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas on this 23rd day of May, 1994.

APPROVED:

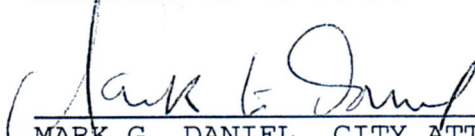


A.W. GIRTMAN, MAYOR

ATTEST:


NANCY J. MEADOWS, CITY SECRETARY

APPROVED AS TO FORM:


MARK G. DANIEL, CITY ATTORNEY

RESOLUTION NO. 83711

A RESOLUTION by the City Council of the City of Watauga, Texas, approving the initial bylaws governing the affairs of Watauga Industrial Development Corporation.

WHEREAS, by Resolution No. 83523, passed and approved May 23, 1983 (the "Resolution"), this City Council (the "Governing Body") of the City of Watauga, Texas (the "Unit"), approved and authorized the creation and establishment of Watauga Industrial Development Corporation (the "Corporation");

WHEREAS, in the Resolution the Governing Body of the Unit, acting for and on behalf of the Unit, approved the form of the Articles of Incorporation (the "Articles") and the initial Bylaws (the "Bylaws") of the Corporation attached to the Resolution;

WHEREAS, the Articles, in the form attached to the Resolution, were filed in the office of the Secretary of State of the State of Texas on June 15, 1983; and

WHEREAS, the Bylaws inadvertently were not attached to the Resolution; now therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS:

SECTION 1: That the Bylaws of the Corporation, in the form attached hereto, are hereby approved for use and adoption by the Corporation; provided, however, that any amendments to the Bylaws shall be subject to the further approval of this Governing Body.

SECTION 2: That it is hereby officially found, determined, recited, and declared that sufficient written notice of the date, hour, and place of this meeting and the subject matter of this resolution was posted on a bulletin board located at a place convenient to the public in the time and manner required by Article 6252-17, V.A.T.C.S. (the Open Meeting Law) and the meeting was at all times open to the public during which the subject matter hereof and this resolution was discussed, considered, and formally acted upon.

SECTION 3: That this resolution shall be effective immediately from and after its passage, and it is so resolved.

PASSED AND ADOPTED, this the 11th day of July, 1983.

Vigil R. Anthony Sr.
Mayor, City of Watauga,
Texas

ATTEST:

Nancy J. Meadows
City Secretary, City of
Watauga, Texas

(City Seal)

BY LAWS OF
WATAUGA INDUSTRIAL DEVELOPMENT CORPORATION

ARTICLE I

POWERS AND PURPOSES

SECTION 1: Financing of Industrial Development Projects. In order to implement the purposes for which the Corporation was formed as set forth in the Articles of Incorporation, the Corporation shall issue obligations to be used to finance all or part of the cost of one or more projects, pursuant to the provisions and in furtherance of the purposes of the Development Corporation Act of 1979, Article 5190.6, Vernon's Annotated Civil Statutes, as amended (the "Act").

SECTION 2: Conditions Precedent to Issuance of Obligations. The Corporation shall not issue any obligations unless:

(1) The City Council (the "Governing Body") of the City of Watauga, Texas (the "Unit"), has adopted a resolution no more than sixty (60) days prior to the date of delivery of the obligations specifically approving the resolution of the Corporation providing for the issuance of the obligations; and

(2) The Texas Industrial Commission, or the executive director thereof, has approved the contents of any lease, sale, or loan agreement made by the Corporation under the Act in connection with the issuance of obligations in accordance with the Act and any regulations promulgated thereunder.

SECTION 3: Books and Records; Approval of Programs and Financial Statements. The Corporation shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its Board of Directors and committees having any of the authority of the Board of Directors. All books and records of the Corporation may be

inspected by any director or his agent or attorney for any proper purpose at any reasonable time; and at all times the Governing Body will have access to the books and records of the Corporation. The Unit shall be entitled to approve all programs and expenditures of the Corporation and annually review any financial statements of the Corporation.

SECTION 4: Nonprofit Corporation. The Corporation shall be a nonprofit corporation, and no part of its net earnings remaining after payment of its expenses shall inure to the benefit of any individual, firm, or corporation, except that in the event the Board of Directors of the Corporation (the "Board of Directors") shall determine that sufficient provision has been made for the full payment of the expenses, bonds, and other obligations of the Corporation issued to finance all or part of the cost of a project, then any net earnings of the Corporation thereafter accruing with respect to said project shall be paid to the Unit.

ARTICLE II

BOARD OF DIRECTORS

SECTION 1: Powers, Number, and Term of Office. The property and affairs of the Corporation shall be managed and controlled by the Board of Directors and, subject to the restrictions imposed by law, the Articles of Incorporation, and these ByLaws, the Board of Directors shall exercise all of the powers of the Corporation.

The Board of Directors shall consist of seven (7) directors, each of whom shall be appointed by the Governing Body.

LGC 505.051
The directors constituting the first Board of Directors shall be those directors named in the Articles of Incorporation, each of whom shall serve for six (6) years or until his or her successor is appointed as hereinafter provided. Subsequent directors shall hold office for a term of six (6) years or until their successors are appointed as hereinafter provided.

2 yr Term per LGC 505.051
Any director may be removed from office, by the Governing Body, for cause or at will.

SECTION 2: Meetings of Directors. The directors may hold their meetings at such place or places in the State of Texas, as the Board of Directors shall from time to time determine; provided, however, in the absence of any such determination by the Board of Directors, the meetings shall be held at the registered office of the Corporation in the State of Texas.

See LGC 505.055

SECTION 3: Regular Meetings. Regular Meetings of the Board of Directors shall be held without necessity of notice at such times and places as shall be designated, from time to time, by resolution of the Board of Directors.

SECTION 4: Special Meetings. Special Meetings of the Board of Directors shall be held whenever called by the president, by the secretary, by a majority of the directors for the time being in office, or upon advise of or request by the Governing Body.

The secretary shall give notice to each director of each Special Meeting in person, or by mail, telephone, or telegraph, at least two (2) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Corporation may be considered and acted upon at a Special Meeting. At any meeting at which every director shall be present, even though without any notice, any matter pertaining to the purpose of the Corporation may be considered and acted upon.

SECTION 5: Quorum. A majority of the directors fixed by these bylaws shall constitute a quorum for the consideration of matters pertaining to the purposes of the Corporation. The act of a majority of the directors present at a meeting at which a quorum is in attendance shall constitute the act of the Board of Directors, unless the act of a greater number is required by law.

SECTION 6: Conduct of Business. At the meetings of the Board of Directors, matters pertaining to the purposes of the Corporation shall be considered in such order as from time to time the Board of Directors may determine.

At all meetings of the Board of Directors, the president shall preside, and in the absence of the president, the vice president shall exercise the powers of the president.

The secretary of the Corporation shall act as secretary of all meetings of the Board of Directors, but in the absence of the secretary, the presiding officer may appoint any person to act as secretary of the meeting.

SECTION 7: Executive Committee. The Board of Directors, by resolution passed by a majority of the directors in office, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the Corporation, except where action of the Board of Directors is specified by law. The executive committee

shall act in the manner provided in such resolution. The executive committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the office of the Corporation, and shall report the same to the Board of Directors from time to time.

SECTION 8: Compensation of Directors. Directors shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder.

ARTICLE III

OFFICERS

SECTION 1: Titles and Term of Office. The officers of the Corporation shall be a president, a vice president, a secretary, and a treasurer, and such other officers as the Board of Directors may from time to time elect or appoint. One person may hold more than one office, except that the president shall not hold the office of secretary. Terms of office shall not exceed three years.

All officers shall be subject to removal from office, with or without cause, at any time by a vote of a majority of the entire Board of Directors.

A vacancy in the office of any officer shall be filled by a vote of a majority of the directors.

SECTION 2: Powers and Duties of the President. The president shall be the chief executive officer of the Corporation and, subject to the Board of Directors, he shall be in general charge of the properties and affairs of the Corporation; he shall preside at all meetings of the Board of Directors; in furtherance of the purposes of this Corporation, he may sign and execute all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes, and other instruments in the name of the Corporation.

SECTION 3: Vice President. The vice president shall have such powers and duties as may be assigned to him by the Board of Directors and shall exercise the powers of the president during that officer's absence or inability to act. Any action taken by the vice president in the performance of the duties of the president shall be conclusive evidence of the absence, or inability to act, of the president at the time such action was taken.

SECTION 4: Treasurer. The treasurer shall have custody of all the funds and securities of the Corporation which come into his hands. When necessary or proper, he may endorse, on behalf of the Corporation, for collection, checks, notes, and other obligations and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as shall be designated in the manner prescribed by the Board of Directors; he may sign all receipts and vouchers for payment made to the Corporation, either alone or jointly with such other officer as is designated by the Board of Directors; whenever required by the Board of Directors, he shall render a statement of his cash account; he shall enter or cause to be entered regularly in the books of the Corporation to be kept by him for that purpose full and accurate accounts of all monies received and paid out on account of the Corporation; he shall perform all acts incident to the position of treasurer subject to the control of the Board of Directors; he shall, if required by the Board of Directors, give such bond for the faithful discharge of his duties in such form and amount as the Board of Directors may require.

SECTION 5: Secretary. The secretary shall keep the minutes of all meetings of the Board of Directors in books provided for that purpose; he shall attend to the giving and serving of all notices; in furtherance of the purposes of this Corporation, he may sign with the president in the name of the Corporation, and/or attest the signature thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes, and other instruments of the Corporation; he shall have charge of the corporate books, records, documents, and instruments, except the books of account and financial records and securities of which the treasurer shall have custody and charge, and such other books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to inspection upon application at the office of the Corporation during business hours, and he shall in general perform all duties incident to the office of secretary subject to the control of the Board of Directors.

SECTION 6: Compensation. Officers, as such, shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder.

ARTICLE IV

PROVISIONS REGARDING ARTICLES OF INCORPORATION AND BYLAWS

SECTION 1: Effective Date. These Bylaws shall become effective only upon the occurrence of the following events:

- (1) the approval of these Bylaws by the Governing Body; and
- (2) the adoption of these Bylaws by the Board of Directors.

SECTION 2: Amendments to Articles of Incorporation and Bylaws. The Articles of Incorporation may at any time and from time to time be amended, provided that the Board of Directors files with the Governing Body a written application requesting that the Governing Body approve such amendment to the Articles of Incorporation, specifying in such application the amendment or amendments proposed to be made. If the Governing Body by appropriate resolution finds and determines that it is advisable that the proposed amendment be made, authorizes the same to be made and approves the form of the proposed amendment, the Board of Directors shall proceed to amend the Articles as provided in the Act.

The Articles of Incorporation may also be amended at any time by the Governing Body at its sole discretion by adopting an amendment to the Articles of Incorporation of the Corporation by resolution of the Governing Body and delivering the Articles of Amendment to the Secretary of State as provided in the Act.

These Bylaws may be altered, changed, or amended at any meeting of the Board at which a quorum is present, provided notice of the proposed alteration, change, or amendment be contained in the notice of such meeting, by the affirmative vote of a majority of the directors present at such meeting. No amendment to the Bylaws of the Corporation shall be effective until approved by the Governing Body of the Unit.

SECTION 3: Interpretation of Bylaws. These Bylaws and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein. If any word, phrase, clause, sentence, paragraph, section, or other part of these Bylaws, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of these Bylaws to any other person or circumstance shall not be affected thereby.

ARTICLE V

GENERAL PROVISIONS

SECTION 1: Principal Office. The principal office of the Corporation shall be located in Watauga, Texas.

The Corporation shall have and continuously maintain in the State of Texas (the "State") a registered office, and a registered agent whose business office is identical with such registered office, as required by the Act. The registered office may be, but need not be, identical with the principal office in the State, and the address of the registered office may be changed from time to time by the Board of Directors, pursuant to the requirements of the Act.

SECTION 2: Fiscal Year. The fiscal year of the Corporation shall be as determined by the Board of Directors.

SECTION 3: Financial Statement. The Corporation shall, at least once each calendar year, submit to the City Manager of the Unit a report showing (i) all programs undertaken by the Corporation during the preceding year, and (ii) the financial condition of the Corporation and any of the projects it has financed. In the event such financial statements are not certified by a public accountant or a certified public accountant, the Corporation shall be required to pay the actual cost of an audit by either the City Manager or a certified public accountant selected by the Unit.

SECTION 4: Unsecured Loans. The Corporation shall not be empowered to make any unsecured loans or other indebtedness which matures more than one year from the date incurred without the approval of the Governing Body.

SECTION 5: Seal. The seal of the Corporation shall be as determined by the Board of Directors.

SECTION 6: Notice and Waiver of Notice. Whenever any notice whatsoever is required to be given under the provisions of the Act, the Articles of Incorporation, or these Bylaws, said notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his post office address, as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. Attendance of a

director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any Regular or Special Meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, unless required by the Board of Directors. A waiver of notice in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

SECTION 7: Resignations. Any director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the president or secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

SECTION 8: Action Without a Meeting of Directors or Committees. Any action which may be taken at a meeting of the Board of Directors or of any committee may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the directors, or all of the members of the committee, as the case may be. Such consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document filed with the Secretary of State, the Texas Industrial Commission, or any other person.

SECTION 9: Approval or Advice and Consent of the Governing Body. To the extent that these Bylaws refer to any approval by the Unit or refer to advice and consent by the Unit, such advice and consent shall be evidenced by a certified copy of a resolution, order, or motion duly adopted by the Governing Body.

SECTION 10: Organizational Control. The Unit may, at its sole discretion, and at any time, alter or change the structure, organization, programs, or activities of the Corporation (including the power to terminate the Corporation), subject to any limitation on the impairment of contracts entered into by such Corporation.

SECTION 11: Dissolution of the Corporation. Upon the dissolution of the Corporation, title to or other interests in any real or personal property owned by the Corporation at such time shall vest in the Unit.

* * * * *

Bylaws Approved by the Unit:

Vigil R. Anthony ch,

Bylaws Adopted: 7/11/83

Curtis Williams
Secretary, Board of Directors

LAW OFFICES
EVANS, DANIEL, MOORE, EVANS & LAZARUS
(NOT A PARTNERSHIP)

MARK G. DANIEL

BOARD CERTIFIED - CRIMINAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

CRIMINAL TRIAL SPECIALIST-BOARD CERTIFIED
NATIONAL BOARD OF TRIAL ADVOCACY

SUNDANCE SQUARE
115 WEST SECOND STREET, SUITE 202
FORT WORTH, TEXAS 76102

(817) 332-3822
FACSIMILE (817) 332-2763

OF COUNSEL

TIM EVANS
TIM MOORE
LANCE T. EVANS
AL LAZARUS

August 14, 2012

Dr. Scott Neils
City Manager
7105 Whitley Road
Watauga, Texas 76148

Via Email

Re: Whether tax revenue for the Park Development Corporation can be used to pay the salary of employees

Dear Dr. Neils:

This letter is written pursuant to the attorney client privilege in rendition of professional legal services by myself to the City of Watauga. This communication shall remain confidential and is not intended to be disclosed to third persons or others than those to whom disclosure is made and in furtherance of the rendition of such professional legal services to the City of Watauga or its duly authorized representative.

You have sought my opinion on whether tax revenue for the Watauga Park Development Corporation (hereinafter "PDC"), can be used to pay the salary of City employees. You indicated that Section 505.303(a) of the Local Government Code provides that the costs of a publicly owned and operated project purchased or constructed under Chapter 505 included the maintenance and operating costs of the project. You further indicated that you felt that maintenance and operating costs would include salaries.

The term "maintenance and operating costs" is not defined in the Local Government Code. However, "operating costs" can include salaries of employees. Assuming that "operating costs" includes salaries, Section 505.303(a) only authorizes operating costs for authorized projects under Chapter 505. Therefore, it is my opinion that any salaries that are paid to employees out of PDC funds can only be paid from those funds for work performed by employees on "authorized" PDC projects. For example, the salary of a maintenance worker could be paid out of PDC funds for mowing the grass for an approved PDC project, with the remainder of

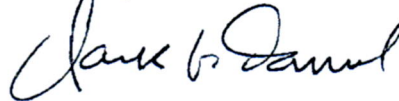
Dr. Scott Neils
August 14, 2012
Page 2

the salary paid out of the general fund for time spent mowing the grass at municipal buildings that are not part of a PDC project.

I understand the practical problems that such an interpretation may present. I also understand that other cities may not utilize such a strict interpretation of Chapter 505. However, I believe this to be the intent of the Texas legislature when the statute was passed.

Thank you for your attention to the above and the opportunity to be of assistance. If you have any questions regarding this matter, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark G. Daniel". The signature is fluid and cursive, with the first name "Mark" being more prominent.

MARK G. DANIEL
City Attorney
City of Watauga

MGD/ram

Encl.

cc: Mayor Henry Jeffries
Ms. Zolaina Reyes

ECONOMIC DEVELOPMENT SALES TAX

JANUARY 2018



Glenn Hegar

Texas Comptroller of
Public Accounts

WHY LEVY A TYPE A OR B ECONOMIC DEVELOPMENT SALES TAX?

Voters in most Texas cities have the option of imposing a local sales and use tax to help finance their community's economic development efforts.

WHO IS ELIGIBLE?

TYPE A SALES TAX

Any city located in a county with a population of less than 500,000 may impose the tax under **Type A** if the new combined local sales tax rate would not exceed 2 percent.

Some cities located in counties with a population of 500,000 or more also may use **Type A** for economic development efforts but a city's eligibility varies from county to county. For information on which cities are eligible to impose the **Type A** tax in these counties, call the Comptroller's Data Analysis and Transparency Division at 800-531-5441, ext. 3-4679.

TYPE B SALES TAX

All cities are eligible to adopt the **Type B** sales tax in increments of 0.125 percent if the combined local sales tax rate would not exceed 2 percent.

HOW IS THE TAX ADMINISTERED?

DEVELOPMENT CORPORATIONS

For both **Type A** and **Type B**, the Development Corporation Act requires cities to establish a corporation to administer the sales and use tax funds.

The corporation must file articles of incorporation with the Secretary of State. The articles of incorporation must state that the corporation is governed by the Development Corporation Act of 1979 found in Chapters 501-505 of the **Local Government Code**.



BOARD OF DIRECTORS

A **Type A** or **Type B** corporation's board of directors serves at the pleasure of the city council and may be removed and replaced at any time and without cause. All expenditures authorized by a **Type A** or a **Type B** corporation also require approval by the city council.

Board meetings of **Type A** and **Type B** corporations must be held within the corporate limits of the authorizing municipality; unless the authorizing city is located in a county with a population of 30,000 or fewer where meetings may be held at any location within the county.

The following rules apply to terms and number of directors for each type of corporation:

- **Type A:** The city council must appoint a board of directors with at least five members to serve terms not to exceed six years. The statute does not specify qualifications for board members.
- **Type B:** The city council must appoint a board of seven directors. Three of the seven directors

A **Type A** or **B** sales tax can be levied in increments of 0.125% if the total rate does not exceed the 2% cap for all local sales tax rates combined.

FOR MORE INFORMATION,
VISIT OUR WEBSITE
Comptroller.Texas.Gov

RECEIVE ECONOMIC
DEVELOPMENT TAX HELP
BY EMAIL AT
econ.dev@cpa.texas.gov

This publication is intended as a general guide and not as a comprehensive resource on the subjects covered.
It is not a substitute for legal advice.

ECONOMIC DEVELOPMENT SALES TAX

The **Type A** sales tax is primarily intended for manufacturing and industrial development.

must not be employees or officers of the city or members of the city council. All directors are appointed to two-year terms. The directors must be residents of the city authorizing the sales tax if the city's population is 20,000 or more. For cities with fewer than 20,000 residents, directors must be residents of the county in which the majority of the city is located, or reside within 10 miles of the city and in a county that borders the county in which a majority of the city is located.

ADMINISTRATION EXPENSES

Type A and **Type B** corporations are authorized to pay administrative expenses (including staff) to implement the corporation's projects. These may include administrative expenses for acquisition, construction, improvement, expansion and financing of projects. Cities that perform some of the administrative functions for the corporations may seek reimbursement for administrative expenses related to projects overseen by city staff. Additionally, corporations may contract with private corporations or other entities to carry out industrial development programs or objectives.

TRAINING

Certain officials of cities that create a corporation and administrators of the corporation are required to attend an economic development training seminar within 90 days of taking office. Attendance is mandatory (at least once in a 24-month period) for the city attorney, the city administrator or the city clerk; and the executive director or other person who is responsible for the day-to-day administration of the corporation. Corporation funds may be used to pay the costs of attending the seminar.

The Comptroller's office may impose a penalty not to exceed \$1,000 for failure to attend the required training seminar.

OPEN MEETINGS AND PUBLIC HEARINGS

A development corporation's board of directors is subject to the Open Meetings Act (**Government**

Code, Chapter 551) and the Texas Public Information Act (**Government Code, Chap. 552.**)

- **Type A** corporations are required to hold public hearings only when considering an election asking the municipality's voters to authorize a **Type B** project.
- **Type B** corporations located in cities with populations not exceeding 20,000 residents are exempt from holding public hearings when implementing **Type A** projects such as those that fund infrastructure or primary jobs activities. All **Type B** corporations, regardless of city population, must hold public hearings on all other types of projects. In addition, all **Type B** corporations must wait 60 days from the first public notice of the nature of a project before providing funds. This interval allows voters time to consider a petition for an election to be called on whether to pursue the project.

HOW CAN TAX REVENUE BE USED?

Sales tax generated by both **Type A** and **Type B** is primarily intended to promote manufacturing and industrial development; **Type B** corporations may fund some quality of life projects, and efforts to retain primary jobs.



FOR MORE INFORMATION,
VISIT OUR WEBSITE
Comptroller.Texas.Gov

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DEVELOPMENT TAX HELP
BY EMAIL AT
econ.dev@cpa.texas.gov



BOTH TYPE A AND TYPE B

Funds may be used to pay for land, buildings, equipment, facilities' expenditures, targeted infrastructure and improvements for purposes related to:

- manufacturing and industrial facilities, recycling facilities, distribution centers, and small warehouse facilities;
- research and development facilities, regional or national corporate headquarters facilities, primary job training facilities for use by institutions of higher education, job training classes, telephone call centers, and career centers that are not located within a junior college taxing district;
- a general aviation business service airport that is an integral part of an industrial park;
- certain infrastructure improvements that promote or develop new or expanded business enterprises;
- airport facilities;
- the operation of commuter rail, light rail or commuter buses;
- port-related facilities, rail-ports, rail switching facilities, marine ports, inland ports; and
- maintenance and operating costs associated with projects.

TYPE A SPECIAL CONDITIONS

Under special conditions, a **Type A** Corporation's revenue can be used for projects normally eligible only under **Type B** without voting to abolish the **Type A** tax and impose the **Type B** tax.

- In cities with 7,500 or fewer residents that have created both types of corporation, the city council may authorize the **Type A** corporation to fund **Type B** projects by simple majority vote.
- In larger communities or those with only **Type A** corporations, the board of directors must publish notice of a proposed **Type B** project, hold at least one public hearing and conduct a special election to seek voter approval. The ballot must clearly describe the project under consideration.
- **Type A** corporations also may spend sales tax funds to clean up contaminated property if the city holds a separate election to gain voter approval. A corporation created under **Type A** cannot assume debts, or pay principal or interest on debts that existed before the city created the corporation.

TYPE B ELIGIBLE PROJECTS

Quality of Life: In addition to the projects listed above, **Type B** corporations may fund quality of life improvements, and acquire or pay for land, buildings, equipment, facilities expenditures, targeted infrastructure and improvements required or suitable for use for:

- professional and amateur sports (including children's sports) and athletic facilities, tourism and entertainment facilities, convention facilities, public parks and event facilities (including stadiums, ballparks, auditoriums, amphitheaters, concert halls, parks and open space improvements, museums and exhibition halls); related store, restaurant, concession, parking and transportation facilities; related street, water and sewer facilities;
- water supply facilities and water conservation programs, and
- affordable housing.

Primary Job Retention: To promote and develop new and expanded business enterprises that create or retain primary jobs, a **Type B** corporation may provide funds for:

- public safety facilities;

The **Type B** sales tax provides cities with a wider range of uses for the tax revenues because it is intended to give communities an opportunity to undertake a project for quality of life improvements, including economic development that will attract and retain primary employers.

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ECONOMIC DEVELOPMENT SALES TAX

All **Type A** and **Type B** corporations must file an annual report with the Texas Comptroller of Public Accounts by Feb. 1.

- recycling facilities;
- streets and roads;
- drainage and related improvements;
- demolition of existing structures;
- general municipally-owned improvements;
- maintenance and operating costs associated with projects; and
- improvements or facilities that the board determines will contribute to the promotion or development of new or expanded business enterprises that create or retain primary jobs.

Landlocked communities: A city classified as a "landlocked" community may create a **Type B** corporation to fund projects that promote new or expanded business development without requiring the project to create or retain primary jobs. A landlocked community is defined as a city that is wholly or partly located in either Harris County or Dallas County and has less than 100 acres within its city limits and extraterritorial jurisdiction that can be used to develop manufacturing or industrial facilities in accordance with the zoning laws or land use restrictions of the city.

Small municipalities: A **Type B** corporation created by a city with a population of 20,000 or less also may fund projects that do not create or retain primary jobs. If a project of this nature would require an expenditure of more than \$10,000, the governing body of the city creating the corporation would have to adopt a resolution authorizing the project after giving the resolution at least two separate readings.

Infrastructure Improvements: A **Type B** corporation may promote new or expanded business development by funding streets and roads, rail spurs, water, sewer, electric and gas utilities, drainage, site improvements, and telecommunications and Internet improvements. Beach remediation along the Gulf of Mexico may also be funded.

A **Type B** corporation may, with voter approval of the project, spend sales tax for a water supply or water conservation program or to clean up contaminated property.

SPECIAL PROVISIONS FOR BORDER COMMUNITIES

Development corporations created by cities located within 25 miles of the Texas-Mexico border may fund airport facilities if the city has a population of less than 50,000 or an average unemployment rate that is greater than the state average rate during the most recent 12-month period for which data is available preceding the date the project is approved. In addition to airports, **Type A** and **Type B** corporations located in Hidalgo County may fund ports, and sewer or solid waste disposal facilities required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises.

CAN YOU UNDERTAKE PROJECTS OUTSIDE CITY LIMITS?

An economic development corporation may undertake projects outside city limits so long as it is clear that the city benefits from the project. If a corporation undertakes a project outside city limits, it must receive permission to do so from the governing body of the entity with jurisdiction in that area. For example, if a corporation locates a project beyond the city limits, it should seek approval from the county's commissioners court.

REPORTING REQUIREMENTS OF TYPE A AND TYPE B CORPORATIONS

The Development Corporation Act requires that all **Type A** and **Type B** corporations file an annual report with the Texas Comptroller of Public

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Accounts by Feb. 1 of each year. The report must include the corporation's economic development objectives, revenues and expenditures for the preceding fiscal year, a breakdown of these expenditures and a list of the corporation's assets.

The Comptroller also may ask for any other information required to determine the use of revenue from sales and use tax imposed under **Type A** or **Type B** to encourage economic development in the state. The report form and instructions for submitting the report are available through the **Comptroller's website**. This information is compiled in the **Economic Development Corporation Report** to the Legislature each biennium.

HOW TO IMPOSE THE TAX AND CALL AN ELECTION?

City voters must approve this special, dedicated tax at an election held for that purpose. Cities may call for this election in one of two ways:

- the governing body may call an election on its own; or
- the city council must call for the election if petitioned by at least 20 percent of the number of voters who cast ballots in the most recent regular municipal election.

For guidance on the timing of elections, please contact the Secretary of State at 512-463-5650 or toll free at 800-252-8683. Additional information is available on the **Secretary of State website**.

The election must be held on one of the two uniform election dates:

- the second Saturday in May; or
- the first Tuesday after the first Monday in November.

HOW LONG IS THE TAX EFFECTIVE?

A development corporation's sales tax approved without a limit on its duration is effective until repealed by an election.

A tax imposed for a specified period expires at the end of that period; it may be extended or reimposed after its expiration date only with voter approval.

A tax for a specific project expires when all debts related to the project and obligations from the tax proceeds have been paid in full. A tax imposed for a specific project may also be reimposed by an election.

A **Type A** or **Type B** sales tax is effective until the city notifies the Comptroller's office to stop collecting the tax. A city must continue assessing the tax until all obligations incurred by the corporation, including principal and interest on bonds, are satisfied.

CAN THE TAX BE INCREASED OR DECREASED?

INITIATING AN ORDINANCE TO CHANGE THE TAX RATE

As with adoption, the sales and use tax rate must be increased or decreased in increments of 0.125 percent; the minimum **Type A** or **Type B** tax rate is 0.125 percent and may not result in a combined rate of all local sales and use taxes exceeding 2 percent.

If a city is already imposing an economic development sales tax, the city's governing body may adopt an ordinance calling for an election to increase, reduce or repeal the existing tax. The ordinance may be initiated by a majority vote of the governing body, or by a petition of registered voters.

PETITION REQUIREMENTS

A petition to initiate a change in the **Type A** tax requires 10 percent or more of the registered voters to request the city to call an election for that purpose.

The city's voters **must approve** an economic development tax before it can be enacted.

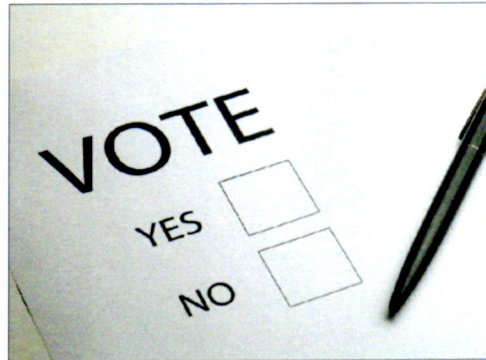
Economic development projects that clearly benefit a city may take place outside the city's limits.

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ECONOMIC DEVELOPMENT SALES TAX

Sales taxes paid by consumers in one month, are remitted to the Texas Comptroller the next month by businesses, and paid to the city during the following month.



No specific procedures for requesting **Type B** tax rate changes are included in the statute; however, general provisions of the **Texas Tax Code** for calling an election may be used. Under these provisions, the city council must call an election if a number of qualified voters of the municipality equal to at least 20 percent of the number of votes cast in the most recent regular municipal election present a petition to the governing body for a vote. Dissolution of a **Type B** corporation can be called for by petition of 10 percent of the registered voters in the city.

If the election to adopt or change the tax rate is by petition, the governing body must determine if the petition is sufficient within 30 days of receiving it. If the petition is sufficient, the city must, within 60 days after receiving it, adopt the ordinance that calls for the election to be held on the next uniform election date.

COMBINED BALLOT PROPOSITION

If a city chooses to hold an election to reduce or abolish its **Type A** sales tax and adopt a sales tax under **Type B**, the city may address the two issues in a single ballot proposition.

A municipality may combine into one ballot for voters to concurrently consider a proposition that:

- lowers or repeals any dedicated or special purpose municipal sales tax, and
- raises or adopts any other dedicated special purpose municipal sales tax (such as a sales tax levied to reduce the property tax rate).

Only sales tax elections that may be called by the governing body of a city are eligible for combined ballot propositions. If a combined sales tax

proposition is defeated, there is no effect on any existing sales taxes already imposed.

WHEN DO TAX COLLECTIONS AND ALLOCATIONS START?

CERTIFYING ELECTION RESULTS

If voters approve the tax, the governing body must adopt a resolution or ordinance declaring the election results in meeting minutes.

The city secretary must send the certified copy of the resolution or ordinance with the election results to the Revenue Accounting, Tax Allocation Section of the Comptroller's office. The information sent to the Comptroller must include:

- the date the election was held;
- the proposition voted on;
- number of votes cast for adoption;
- number of votes cast against adoption;
- number of votes by which the proposition was approved; and
- a statement the proposition was adopted.

The Comptroller's office must receive this information from the city secretary through U.S. certified or registered mail. The Comptroller's office will notify the city secretary when it is ready to handle the administration of the tax. Questions may be emailed to taxalloc.revacct@cpa.texas.gov.

COMPTROLLER'S ADDRESS

Comptroller of Public Accounts
Revenue Accounting Division
Tax Allocation Section
P.O. Box 13528
Austin, TX 78711-3528

EFFECTIVE DATE

The tax becomes effective after one complete calendar quarter elapses from the date the Comptroller's office receives notification of voter approval. For example, if voters approve the tax in May, and the Comptroller's office receives notification in June, then the tax becomes effective on Oct. 1, after the calendar quarter of July-August-

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September has elapsed. The Comptroller's office will notify area merchants to begin collecting the new tax rate on Oct. 1, and the Comptroller will send the city its first revenue allocation in December.

METHOD OF PAYMENT

The Comptroller's office will issue a payment for the total city tax and a letter with the first payment (that includes the economic development sales tax) with instructions explaining how to calculate the portion due the city and the amount due the development corporation. After a city receives the sales and use tax revenues from the Comptroller's office, the city must deliver the revenue to the development corporation.

NEED MORE INFORMATION ABOUT ECONOMIC DEVELOPMENT SALES TAX?

The Comptroller's office can provide presentations on matters related to local sales tax, including **Type A** and **Type B** sales taxes. Representatives also can meet in forums with city officials and the public to help them assess possible effects of the tax on their local communities, including effects on revenue. For more information about the sales tax, or to request a speaker to present information about the sales tax to your community, call 800-531-5441, ext. 3-4679.

The Texas Municipal League publishes an **Economic Development Handbook** containing more detailed information and statutory citations.

The tax becomes effective after one complete calendar quarter elapses from the date the Comptroller's office receives notification of voter approval.

BALLOT LANGUAGE FOR AN ECONOMIC DEVELOPMENT SALES TAX

UNDER TYPE A

Following is ballot language specified for **Type A** corporations under the Development Corporation Act:

1. For a city to adopt, increase or reduce the tax, the ballot must state: *The adoption of a sales and use tax for the promotion and development of new and expanded business enterprises at the rate of _____. (Insert rate in increments of one-eighth of one percent as appropriate for the proposed tax rate.)*
2. A city may also allow a vote on a ballot proposition limiting the length of time a sales and use tax may be imposed. The following language should be added to #1: *to be imposed for _____ years.*
3. A city may also indicate a specific project on the ballot to be funded with the sales tax revenue. In this case, a description of the project is substituted in #1 in place of the following ballot language: *new and expanded business enterprises.*
4. For a city to dissolve the **Type A** corporation, the ballot should state: *Dissolution of the (name of development corporation).*

UNDER TYPE B

Except for specific projects such as water supply facilities, water conservation programs and cleanup of contaminated property, the Development Corporation Act does not provide specific ballot language for **Type B**. City officials should consult with their legal counsel when drafting the ballot language under this section.

Disclaimer: This brochure should not be construed as, and is not a substitute for, legal advice. Cities are urged to consult their own legal counsel for any questions or interpretations about economic development laws.

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Oyster Fee
Sales and Use Taxes

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Cement Tax
Inheritance Tax
Local Revenue
Miscellaneous Gross Receipts Taxes
Oil Well Servicing Tax
Sulphur Tax

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Rental and Seller Financed Sales Tax
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Petroleum Products Delivery Fee
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Interest Rate

LOCAL SALES TAX OPTIONS

JANUARY 2018



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A city, county or special purpose district may adopt a sales tax provided the combined rate of all local sales taxes would not exceed 2 percent at any location within its territorial limits. All local sales taxes require voter approval.

SALES TAX OPTIONS FOR CITIES

SALES AND USE TAX

(Increments of 0.125 percent) – Most cities in Texas have this form of sales tax. It may be imposed by any incorporated city. Revenues are deposited into the city's general revenue fund and may be used for any lawful purpose. (**Tax Code, Chap. 321.**)

SALES TAX FOR ECONOMIC DEVELOPMENT*

(Increments of 0.125 percent) – Two options are available for a city to adopt this tax:

- **Type A** – This form of tax may be imposed by most incorporated cities. (There are exceptions in certain counties with mass transit systems). Revenues must be turned over to a development corporation formed to act on behalf of the city to carry out programs related to industrial development, business infrastructure and the promotion of new and expanded business enterprises that create or retain primary jobs.
- **Type B** – This form of tax may be imposed by any incorporated city. Revenues must be turned over to a development corporation formed to act on behalf of the city to carry out programs related to a wide variety of projects including business development and public parks.

For more detailed information, see the Comptroller's **Economic Development Sales Tax** brochure (PDF). (**Loc. Govt. Code, Chap. 501-505.**)



STREET MAINTENANCE SALES TAX

(Increments of 0.125 percent) – All cities are authorized to hold an election to adopt a sales tax to repair and maintain existing city streets. For most cities, the tax expires after four years unless a new election is held to reauthorize the tax. The revenue from this tax may be used only to maintain and repair existing city streets and sidewalks. For more detailed information, see the Comptroller's **Street Maintenance Sales Tax** brochure (PDF). (**Tax Code, Chap. 327.**)

MUNICIPAL DEVELOPMENT CORPORATION*

(0.125, 0.25, 0.375 or 0.5 percent) – A city may create a municipal development corporation to undertake projects that provide job training, early childhood education, after-school programs, scholarships, literacy promotion and other projects.

* This tax is actually imposed by a board, district or authority created by and for the benefit of a city or county.

The Comptroller's
online sales tax rate
tool locates all sales tax
rates in effect for any
Texas address.

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Comptroller.Texas.Gov

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LOCAL SALES TAX OPTIONS

Local sales tax rates
may not exceed a
combined 2 percent.

Voters in the city may authorize adoption of a sales tax to fund activities of the corporation.

(**Loc. Govt. Code, Chap. 379A.**)

MUNICIPAL DEVELOPMENT DISTRICT*

(0.125, 0.25, 0.375 or 0.5 percent) – Cities may hold an election in all or part of a city, including the extraterritorial jurisdiction, to create a municipal development district and adopt a sales tax to fund the district. The district may undertake a variety of projects including a convention center, civic center, auditorium and other projects eligible for Type B Corporations under Chapter 505 of the Local Government Code. (**Loc. Govt. Code, Chap. 377.**)

FIRE CONTROL, PREVENTION, AND EMERGENCY MEDICAL SERVICES (EMS) DISTRICTS*

(0.125, 0.25, 0.375 or 0.5 percent) – Cities with a population between 25,000 and 550,000 or more than 1.9 million may create an EMS district. The district may include all or any part of a city. The district may finance the operation of a fire control, prevention and EMS program. (**Loc. Govt. Code, Chap. 344, and Tax Code, Sect. 321.106.**)

MUNICIPAL SALES TAX FOR PROPERTY TAX RELIEF

(Increments of 0.125 percent) – This “additional sales tax” may be imposed by most incorporated cities (there are exceptions in certain counties with rapid transit systems). Revenues are deposited into a city’s general revenue fund. Cities adopting this form of local sales tax must reduce the effective and rollback property tax rates within the city. For more detailed information, see the Comptroller’s **Using Sales Tax To Reduce The Property Tax Rate** brochure (PDF). (**Tax Code, Chap. 321.**)

SALES TAX OPTIONS FOR CITIES & COUNTIES

CRIME CONTROL AND PREVENTION DISTRICT*

(Increments of 0.125 percent up to 0.5 percent maximum rate) – This sales tax may be imposed by a city located in a county with a population of

more than 5,000 or by a county with a population of more than 130,000. The governing body in a municipality or commissioners court may specify the number of years (5, 10, 15 or 20) the district would be continued. Revenues from the sales tax may be used to finance a wide variety of crime control and prevention programs. (**Loc. Govt. Code, Chap. 363, and Tax Code, Sec. 323.105.**)

VENUE TAX “STADIUM BILL”

(Increments of 0.125 percent) – This sales tax is one of several revenue options available to a city or county to fund sports and community “venue” projects. Multiple cities and counties in any combination may join to form a venue district under Chapter 335, Local Government Code, as well. Some examples of a “venue” are a stadium, convention center, park or economic development-type facility. (The rate for a county imposing the tax is capped at one-half of one percent.)

For more detailed information, see the Comptroller’s **Sports and Community Venue Tax** brochure (PDF). (**Loc. Gov. Code, Chap. 334 and 335.**)

METROPOLITAN AND RAPID TRANSIT AUTHORITIES/MUNICIPAL TRANSIT DEPARTMENTS*

(0.25, 0.5, 0.75 or 1 percent) – In certain instances, authorities may be created to levy a sales tax to provide transportation services in participating cities. These are not offered statewide to all cities and are



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generally found in metropolitan areas. Cities may opt to join and, in some cases, withdraw from an authority with voter approval. The tax rate is generally implemented in 0.25-percent increments under **Transportation Code, Sect. 453.401. (Tax Code, Chap. 322 and Transportation Code, Chap. 451, 452, and 453.)**

SALES TAX OPTIONS FOR COUNTIES

COUNTY SALES TAX FOR PROPERTY TAX RELIEF

(0.5 or 1 percent) – This sales tax may be imposed by most by most counties also imposing an ad valorem tax. Revenues are deposited into a county's general revenue fund. The rate is 0.5 percent, except in counties with no territory within the limits of a municipality where the rate is 1 percent. Hospital districts also may impose this sales tax, but at different rates.

For more detailed information, see the Comptroller's **Using Sales Tax To Reduce The Property Tax Rate** brochure (PDF). (**Tax Code, Chap. 323.**)

COUNTY ASSISTANCE DISTRICT*

(Increments of 0.125 percent) – Counties may hold an election in all or part of the county, to create one or more county assistance districts and adopt a sales tax to fund the districts. A district may undertake a variety of projects including roads or highways; provision of law enforcement and detention services; the maintenance or improvement of libraries, museums, parks or other recreational facilities; or other services that benefit the public welfare.

For more detailed information, see the Comptroller's **County Assistance District Sales Tax** brochure (PDF). (**Loc. Govt. Code, Chap. 387.**)

EMERGENCY SERVICES DISTRICT (ESD)*

(Increments of 0.125 percent) – Counties may hold an election in all or part of the county, to create one or more emergency services districts and adopt a sales tax to fund the districts. Funds may be used to hire emergency personnel, contract with other entities to provide emergency services, and/or purchase equipment and facilities. (**Health and Safety Code, Chapters 775.**)

* This tax is actually imposed by a board, district or authority created by and for the benefit of a city or county.

Sales taxes paid on purchases this month are generally remitted to the Comptroller next month and allocated to local taxing entities the following month.

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512-463-3120 in Austin

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Interest Rate

THE WATAUGA PDC & LOCAL SALES TAX

LOCAL SALES TAX OPTIONS FOR CITIES

- Sales and Use Tax (Increments of 0.125 percent)
- Sales Tax for Economic Development (Increments of 0.125 percent)
- Street Maintenance Sales Tax (Increments of 0.125 percent)
- Municipal Development Corporation (0.125, 0.25, 0.375 or 0.5 percent)
- Municipal Development District (0.125, 0.25, 0.375 or 0.5 percent)
- Fire Control Prevention and Emergency Medical Services (EMS) Districts (0.125, 0.25, 0.375 or 0.5 percent)
- Municipal Sales Tax for Property Tax Relief (Increments of 0.125 percent)

LOCAL SALES TAX OPTIONS FOR CITIES & COUNTIES

- Crime Control and Prevention District (Increments of 0.125 percent up to 0.5 percent maximum rate)
- Venue Tax “Stadium Bill” (Increments of 0.125 percent)
- Metropolitan and Rapid Transit Authorities/Municipal Transit Departments (0.25, 0.5 or 1 percent)

WHAT SALES TAX OPTION IS THE WATAUGA PDC?

- Type B Economic Development Sales Tax
 - All cities are eligible to adopt the Type B sales tax in increments of 0.125 percent if the combined sales tax rate would not exceed 2 percent.
- The City of Watauga's Sales Tax Breakdown (2 percent):
 - 0.01 percent – General Revenue deposited in the General Fund
 - 0.0125 percent – Watauga PDC
 - 0.0125 percent – Street Maintenance
 - 0.0150 percent – Watauga Crime Control District

1¢
1/4¢
1/4¢
1/2¢

HOW IS THE TAX ADMINISTERED?

- Development Corporations
 - Board of Directors
 - Administration expenses
 - Training
 - Open Meetings and Public Hearings

DEVELOPMENT CORPORATIONS

- The Development Corporation Act requires cities to establish a corporation to administer the sales and use tax funds.
 - The corporation must file articles of incorporation with the Secretary of State.
 - The articles of incorporation must state that the corporation is governed by the Development Corporation Act of 1979 found in Chapters 501-505 of the Texas Local Government Code.

THE FORMATION OF THE WATAUGA PDC

- May 23, 1983
 - Resolution No. 83523 was approved authorizing the creation and establishment of the Watauga Industrial Development Corporation
- June 15, 1983
 - Articles of Incorporation were filed in the office of the Secretary of the State of Texas
- July 25, 1994
 - A resolution of the City Council was approved amending the articles of incorporation to change the name from the Watauga Industrial Development Corporation to the Watauga Parks Development Corporation and to declare the purpose of the Corporation to benefit and accomplish public purpose of promoting and developing commercial, industrial and manufacturing enterprises to promote and encourage employment and public welfare, pursuant to the Development Corporation Act of 1979, Section 4B.

BOARD OF DIRECTORS

- A Type B corporation's board of directors serves at the pleasure of the city council and may be removed and replaced at any time and without cause.
- All expenditures authorized by a Type B corporation also require approval by the city council.
- Board Meetings of Type B corporations must be held within the corporate limits of the authorizing municipality; unless the authorizing city is located in a county with a population of 30,000 or fewer where meetings may be held at any location within the county.
- For a Type B corporation city council must appoint a board of seven directors. Three of the seven directors must not be employees or officers of the city or members of the city council. All directors are appointed to two-year terms. The directors must be residents of the city authorizing the sales tax if the city's population is 20,000 or more.

WATAUGA PDC BOARD OF DIRECTORS

- July 16, 2013 – Watauga PDC Bylaws were approved by City Council
 - Section 2.02 states the number of directors of the corporation shall be seven and that each director must be a resident of the City of Watauga.
 - Section 2.03 states the directors shall be selected and appointed by the Watauga City Council and shall hold office for two year terms.
 - Section 2.05 states the entire BOD or any individual director may be removed from office with or without cause by majority vote of the Watauga City Council.
 - Section 2.06 requires all meetings of the Board of Directors be held within the city limits of Watauga.

WHEN WAS REVENUE ESTABLISH FOR THE PDC?

- March 14, 1994
 - Ordinance No. 665 was approved calling a Sales and Use Tax Election to be held within the City.
 - Proposition Language: The levy and collection of an additional one-half of one percent sales and use tax within the City pursuant to the provisions of Article 5109.6, Vernon's Civil Statutes, with the proceeds thereof to be used and applied in the manner and to the purpose authorized by Section 4B of the Act, including but not limited to, land, facilities, equipment and open space improvements for Parks and Recreation.
- May 7, 1994
 - Special Sales and Use Tax Election was held.
- May 23, 1994
 - Ordinance No. 670 was approved canvassing the returns of the May 7, 1994 Election.
 - Results: FOR 528, AGAINST 332, TOTAL VOTES CAST 860

REVENUE ESTABLISHED FOR THE PDC CONTINUED

- June 26, 1995
 - Ordinance No. 705 was approved to ratify, confirm and validate the levy and imposition of the additional one-half sales and use tax approved and authorized at the election held on May 7, 1994 after a question was raised whether Ordinance No. 670 effectively provided for the levy of such sales and use tax.
- January 23, 2012
 - Ordinance No. 1483 was adopted by the City Council calling for a special election to be held in said City on the 12th day of May 2012 for the decrease in the sales and use tax for the benefit of the Watauga Parks Development Corporation to one-fourth of one percent and the adoption of a local sales and use tax of one-fourth of one percent for maintenance and repair of municipal streets.
- May 21, 2012
 - Resolution No. 12-05-21-02 was adopted by the City Council canvassing the returns of the Special Election held on May 12, 2012.
 - Results: FOR 454, AGAINST 130, UNDERVOTES 13, TOTAL VOTES 597

REVENUE ESTABLISHED FOR THE PDC CONTINUED

- January 25, 2016
 - Ordinance No. 1614 was adopted by the City Council calling a special election to be held in said City on the 7th day of May 2016 for the continuation of the adoption of a local sales and use tax of one-fourth of one percent for maintenance and repair of municipal streets.
- May 23, 2016
 - Resolution No. 16-05-23-02 was approved by the City Council canvassing the returns of the special election held on May 7, 2016.
 - Results: FOR 250, AGAINST 49, UNDERVOTES 4, TOTAL VOTES 303

ADMINISTRATION EXPENSES

- Type B corporations are authorized to pay administrative expenses (including staff) to implement the corporation's projects. These may include administrative expenses for acquisition, construction, improvement, expansion and financing of projects.
- Cities that perform some of the administrative functions for the corporations may seek reimbursement for administrative expenses related to projects overseen by city staff.
 - Texas LGC Section 501.007 states a unit may not lend its credit or grant public money or another thing of value in aid of a corporation. Therefore, this Section requires the City to charge the Corporation for staff time associated with duties performed on behalf of the Corporation.
 - Can be done by agreement between the City and Corporation, interfund transfer agreed and approved by the Board and Council each budget cycle or actual chargeback of specific hours billed to the Corporation.
- Corporations may also contract with private corporations or other entities to carry out industrial development programs or objectives.

OPEN MEETINGS AND PUBLIC HEARINGS

- A development corporation's BOD is subject to TOMA (Government Code Chapter 551) and the Texas Public Information Act (Government Code Chapter 552)
- Type B corporations located in cities with populations of 20,000 or greater are required to hold public hearings when implementing Type A projects such as those that fund infrastructure or primary job activities.
- All Type B corporations must wait 60 days from the first public notice of the nature of a project before providing funds. This interval allows voters time to consider a petition for an election to be called on whether to pursue the project.

HOW CAN TAX REVENUE BE USED?

- Sales tax generated by Type B is primarily intended to promote manufacturing and industrial development.
- Type B corporations may fund some quality of life projects and efforts to retain primary jobs.

TYPE B ELIGIBLE PROJECTS

- Quality of life
 - Type B corporations may fund quality of life improvements, and acquire or pay for land, buildings, equipment, facilities expenditures, targeted infrastructure and improvements required or suitable for use for:
 - Professional and amateur sports (including children's sports) and athletic facilities, tourism and entertainment facilities, convention facilities, public parks and event facilities (including stadiums, ballparks, auditoriums, amphitheaters, concert halls, parks and open space improvements, museums and exhibition halls); related store, restaurant concession, parking and transportation facilities; related street, water and sewer facilities;
 - Water supply facilities and water conservation programs
 - Affordable housing

TYPE B ELIGIBLE PROJECTS

- Primary job retention
 - To promote and develop new and expanded business enterprises that create or retain primary jobs, a Type B corporation may provide funds for:
 - Public safety facilities
 - Recycling facilities
 - Streets and roads
 - Drainage and related improvements
 - Demolition of existing structures
 - General municipally-owned improvements
 - Maintenance and operating costs associated with projects
 - Improvements or facilities that the board determines will contribute to the promotion or development of new or expanded business enterprises that create or retain primary jobs.

INFRASTRUCTURE IMPROVEMENTS

- Type B corporations may promote new or expanded business development by funding streets and roads, rail spurs, water, sewer, electric and gas utilities, drainage site improvements, and telecommunications and internet improvements. Beach remediation along the Gulf of Mexico may also be funded.
- With voter approval of the project, a Type B corporation may spend sales tax for a water supply or water conservation program or to clean up contaminated property.

CAN A TYPE B CORPORATION UNDERTAKE PROJECTS OUTSIDE CITY LIMITS?

- An economic development corporation may undertake projects outside city limits so long as it is clear that the city benefits from the project.
- If a corporation undertakes a project outside city limits, it must receive permission to do so from the governing body of the entity with jurisdiction in that area.

REPORTING REQUIREMENTS OF TYPE B CORPORATIONS

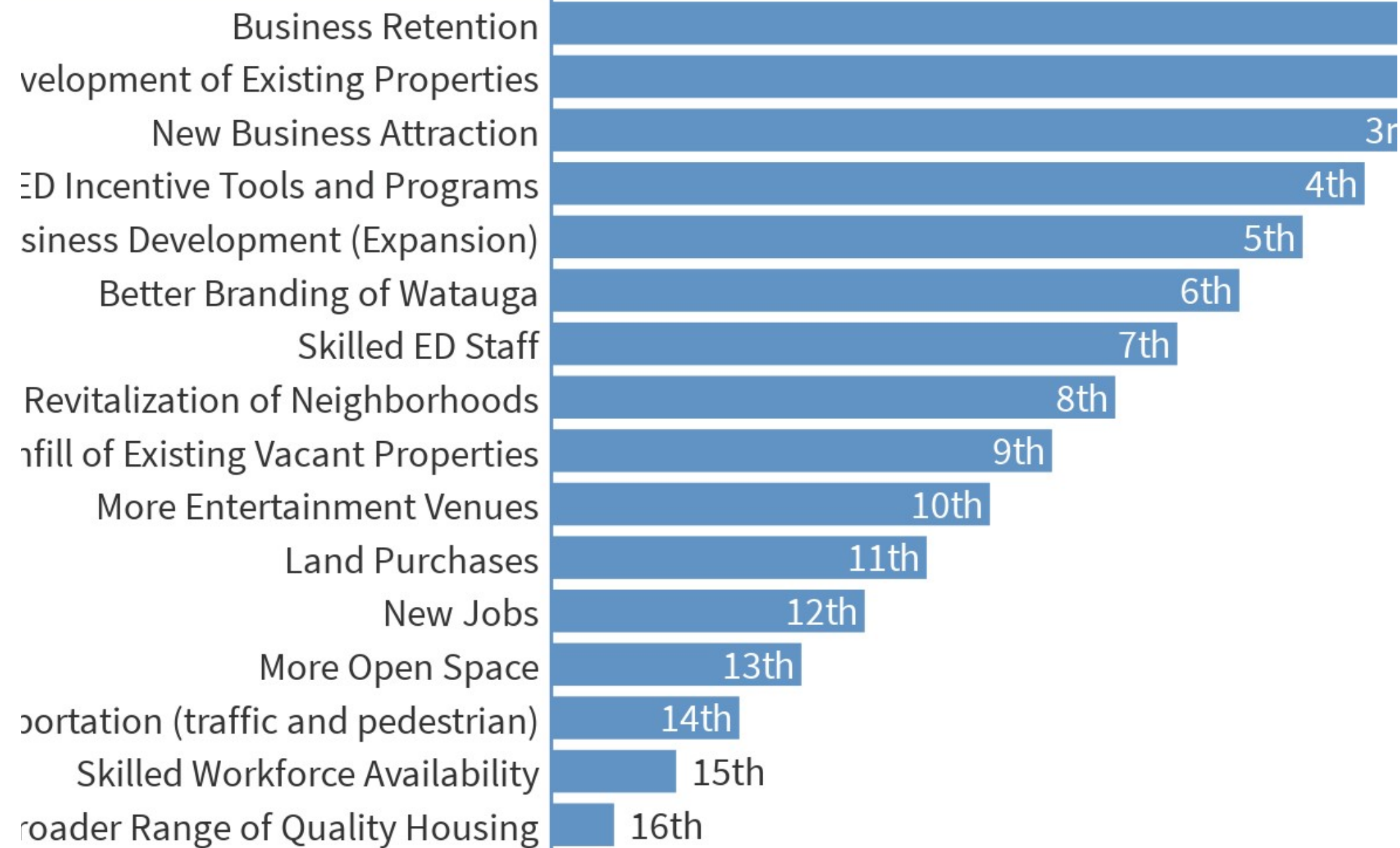
- The Development Corporation Act requires that all Type B corporations file an annual report with the Texas Comptroller of Public Accounts by February 1 of each year. The report must include the corporation's economic development objectives, revenues and expenditures for the preceding fiscal year, a breakdown of these expenditures and a list of the corporation's assets.

CAN THE TAX BE INCREASED OR DECREASED?

- As with adoption, the sales and use tax rate must be increased or decreased in increments of 0.125 percent; the minimum Type B tax rate is 0.125 percent and may not result in a combined rate of all local sales and use taxes exceeding 2 percent.
- If a City is already imposing an economic development sales tax, the city's governing body may adopt an ordinance calling for an election to increase, reduce or repeal the existing tax. The ordinance may be initiated by a majority vote of the governing body, or by a petition of registered voters.

QUESTIONS/COMMENTS/DIRECTION

PDC Ranking Exercise





AGENDA MEMORANDUM

DATE: February 19, 2019

TO: Honorable City Council Members

FROM: Andrea Gardner, City Manager

SUBJECT: Consideration, discussion and direction on transferring the property known as the Brooks Property located at 6200 Watauga Road with a legal description of 3.238 acres of the W.J. Miller Survey Abstract No. 1020 to the Watauga Type B Corporation for the purposes of completing a survey and listing the property for sale with the net of all selling expenses being placed in the PDC Fund for the specific purposes of increasing funds for incentive purposes to attract retail, industrial or other commercial economic development allowed under Texas Local Government Sections 501, 502 and 505 with the exception of Parks projects

BACKGROUND/INFORMATION:

The property was transferred to the City by General Warranty Deed on May 30, 1996 with stipulations that the property shall be utilized as a City of Watauga City Park and shall be named "Nat Brooks Park". The City Manager met with Roger Brooks to discuss the potential for the property. Thus, Mr. Brooks agreed to revise the 1996 Deed and remove the restrictions to develop as a park and name the property after Nat Brooks. The City Attorney provided the revised General Warranty Deed and Mr. Roger Brooks executed the document that was filed with Tarrant County.

With the City approaching build out, staff presented a rezone request to the P&Z in June 2018 that was denied.

On November 20, 2018, City staff discussed with the Board the possibility of rezoning the property from Government Use to Commercial use. The Board supported the rezone but did inquire about the ownership of the property, which entity would cover expenses associated with marketing and selling the property and which entity would receive the funds from the net proceeds.

Property of this size and prominent location on a principal arterial (Watauga Road) may be better suited to develop as a commercial property. The request to rezone this property would position it for a future commercial development or sale.



AGENDA MEMORANDUM

If the Council desires to provide a much need injection of funds to the Type B Corporation that should be utilized for specific non-park economic development business attraction purposes, City staff needs direction to move forward with an agreement and dedication of the property between the City and the Type B Corporation.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

City staff respectfully requests the City Council (each member) provide direction to City staff regarding the matter of dedicating the Brooks Property to the Type B Corporation for the specific purpose of non-park economic development and directing the City Attorney to prepare all agreements and documents, including a resolution that designates the funds to ensure the property is able to be marketed and sold for the specific purposes mentioned.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. CORRECTION DEED BROOKS PROPERTY
2. General Warranty Deed
3. Aerial Map of Subject Property

REVIEWED BY:

Andrea Gardner, City Manager

Zolaina Parker, City Secretary, TRMC

Approved as to form for inclusion on Agenda

Approved - 02/27/2019

Final Approval - 03/01/2019

CORRECTION GENERAL WARRANTY DEED

Date: April 23, 2018

Grantor: Roger Brooks

Grantor's Mailing Address:

2841 Manorwood Trail
Fort Worth, Texas 76109-5559
Tarrant County

Grantee: City of Watauga

Grantee's Mailing Address:

7105 Whitley Road
Watauga, Texas 76148
Tarrant County

Consideration:

The correction deed and conveyance made herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

Property Description: See Exhibit "B" attached hereto and incorporated by reference for all purposes.

This deed is made as a correction general warranty deed in substitution of the deed titled "General Warranty Deed" ("Corrected Deed") dated May 30, 1996 and recorded under Instrument Number _____ of the real property records of Tarrant County, Texas (attached hereto as Exhibit "A" and incorporated by reference for all purposes). This correction general warranty deed is made in order to correct the following information: The Corrected Deed included a restriction in favor of the Grantor stipulating that the property was to be utilized as a city park to be named "Nat Brooks Park." That restriction should be eliminated.

All references to the restrictions for use associated with the property and name for the park, if such property is used as a city park, are deleted from the Corrected Deed. Grantor and Grantee

hereby release each other of such restrictions and waive any claims against each other related, directly or indirectly, to the restrictions referenced herein.

Other than the stated correction, this correction general warranty deed is intended to restate in all respects the Corrected Deed, and the effective date of this correction deed relates back to the effective date of the Corrected Deed.

This information was prepared based on information furnished by the parties, and no independent title search has been made.

Executed effective as of the date first written above.

GRANTOR:

ROGER BROOKS

GRANTEE:

PAT SHELBOURNE, MAYOR PRO TEM
CITY OF WATAUGA

STATE OF TEXAS §

§

COUNTY OF TARRANT §

§

§

The foregoing instrument was acknowledged before me on the _____ day of _____, 2018.

NOTARY PUBLIC, STATE OF TEXAS

MY COMMISSION EXPIRES:

PRINTED NAME OF NOTARY:

"Nat Brooks Park"
see page 4

2-22-18

3.238 Acre
West Road
Prop. Maurice Divo
near
see AP.
M
has

D196113857
MARK G DANIEL ATTY AT LAW
115 W 2ND ST # 202
FT WORTH, TX 76102

-W A R N I N G-T H I S I S P A R T O F T H E O F F I C I A L R E C O R D -- D O N O T D E S T R O Y

I N D E X E D -- T A R R A N T C O U N T Y T E X A S
S U Z A N N E H E N D E R S O N -- C O U N T Y C L E R K
O F F I C I A L R E C E I P T

T O : M A R K G D A N I E L A T T Y A T L A W

RECEIPT NO 196225455	REGISTER DR92	RECD-BY T003957	PRINTED DATE 06/14/96	TIME 09:49
	INSTRUMENT FEED 1 D196113857 WD	INDEXED 960614	TIME 09:49	CK 6178

T O T A L : D O C U M E N T S : 01 F E E S : 13.00

B Y: 

ANY PROVISION WHICH RESTRICTS THE SALE RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE
IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

12400 1193

DESCRIPTION OF PROPERTY
3.238 ACRES
W. J. MILLER SURVEY ABSTRACT NO. 1020

SITUATED in the city of Watauga, Tarrant County, Texas and being a tract of land out of the W. J. Miller Survey, Abstract No. 1020 said tract being a portion of a tract of land conveyed to Nat Brooks, Roger D. Brooks, and Effie B. Brooks Trust, (Brooks tract) by deed as recorded in Volume 5888, Page 370 of the Deed Records of Tarrant County, Texas (D.R.T.C.T.), and being more particularly described by metes and bounds as follows:

BEGINNING at a one half inch iron rod found in place in the westerly property line of said Brooks tract and the east line of Block 26 of Browning Heights North Section Seven an addition to the City of Watauga as recorded in Volume 388-42, Page 58 of the Plat Records of Tarrant County, Texas (P.R.T.C.T.), said point of beginning being at the southwest property corner of a tract of land conveyed to the City of Watauga as Right-of-Way for Watauga Road by deed as recorded in Volume 6722, Page 1155 of the D.R.T.C.T., said point of beginning being on a curve to the right whose center bears South 01 degrees 18 minutes 45 seconds West, 5679.58 feet;

THENCE, Easterly along said curve to the right and the south Right-of-way line of Watauga Road through a central angle of 2 degrees 01 minutes 37 seconds and an arc length of 200.92 feet to a one half inch iron rod found in place at the end of said curve;

THENCE, South 86 degrees 40 minutes 43 seconds East, continuing along the south Right-of-Way line of Watauga road, 211.54 feet to a one half inch iron rod found in place at the beginning of a curve to the left whose center bears North 03 degrees 17 minutes 59 seconds East, 5779.58 feet;

THENCE, Easterly along said curve to the left and along the south Right-of-Way line of said Watauga road through a central angle of 0 degrees 19 minutes 49.5 seconds and an arc length of 33.33 feet to a point at the northwest corner of a tract of land conveyed to the City of Watauga (City tract) by deed as recorded in Volume 11035, Page 1171 of the D.R.T.C.T.;

THENCE, South 24 degrees 42 minutes 06 seconds West, along the west line of said City tract, 88.92 feet;

THENCE, South 05 degrees 10 minutes 09 seconds West, continuing along the west line of said City tract, 53.10 feet to a point on a curve to the right whose center bears North 54 degrees 39 minutes 02 seconds West, 570.0 feet;

THENCE, westerly along the northerly line of said City Tract and said curve to the right through a central angle of 11 degrees 26 minutes 56.5 seconds and an arc length of 113.90 feet to a point at the end of said curve;

12400 1191

PAGE 2 OF 2

DESCRIPTION OF PROPERTY
3.238 ACRES
W. J. MILLER SURVEY ABSTRACT NO. 1020

THENCE, South 46 degrees 47 minutes 56 seconds West, continuing along the northerly line of said City tract, 104.67 feet;

THENCE, South 50 degrees 50 minutes 06 seconds West, continuing along the north line of said City tract, 332.05 feet to southeast corner of the aforesaid Block 26 of said Browning Heights North Section Seven;

THENCE, North 00 degrees 34 minutes 04 seconds East, along the east line of said Block 26, 523.01 feet to the POINT OF BEGINNING.

The Tract of land herein described contains 3.238 acres (141,048 square feet) of which 0.159 (6,931 square feet) acres falls within existing easements dedicated to the public leaving a net acreage of 3.079 acres (134,117 square feet) of land more or less.

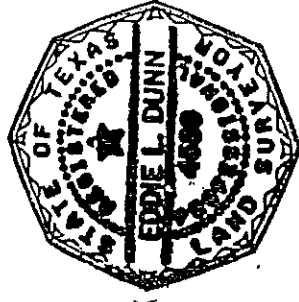
TO ALL PARTIES INTERESTED IN TITLE TO THE PREMISES SURVEYED, I DO HEREBY CERTIFY THAT THE ABOVE LEGAL DESCRIPTION WAS PREPARED FROM PUBLIC RECORDS AND FROM AN ACTUAL AND ACCURATE SURVEY UPON THE GROUND AND THAT SAME IS TRUE AND CORRECT.

Company Name: Eddie L. Dunn R.P.L.S.

By: Eddie L. Dunn

Eddie L. Dunn
Registered Professional Land Surveyor
Texas No. 4580

Date of survey January 1996



12400 1192

GENERAL WARRANTY DEED

STATE OF TEXAS § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF TARRANT §

THAT THE UNDERSIGNED, ROGER D. BROOKS, (hereinafter referred to as "Grantor") for good and valuable consideration, the consideration for the conveyance of the property shall be the design, engineering and construction, at the sole cost and expense of the Buyer and cooperation with the City of North Richland Hills, of an underground storm drainage system necessary to alleviate any drainage problems that may arise with respect to water draining on to adjacent property and on and down Orchard Drive, Brookside Drive, Stardust Drive and Skylark Drive including waters from Rufe Snow Drive and lands on the east-side thereof, from the development as commercial property of the land owned by Seller on the West-side of the 6000 block of Rufe Snow between Orchard and Stardust Drive, all in the City of Watauga, Tarrant County, Texas. Such consideration shall have the agreed value of \$50,000.00. Additionally, said property described herein on Exhibit "A" shall be utilized as a City of Watauga City Park and inasmuch shall be named "Nat. Brooks Park", the receipt and sufficiency of which is hereby fully acknowledged, HAS GIVEN, GRANTED AND CONVEYED and by these presents DO HEREBY GIVE, GRANT AND CONVEY unto the City of Watauga, of the County of Tarrant, State of Texas, (hereinafter referred to as "Grantee") all of that certain real estate lying and being situated in Tarrant County, Texas more particularly described by metes and bounds on Exhibit "A" attached hereto and made a part hereof for all purposes.

This conveyance, however, is made and accepted subject to any and all validly existing encumbrances, conditions and restrictions, relating to the hereinabove described property as now reflected by the records of the County Clerk of Tarrant County, Texas and all applicable zoning ordinances of Tarrant County, Texas.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in any wise belonging and any right, title, and interest in Grantor in and to adjacent streets, alleys and rights-of-way, unto the said Grantee, its heirs, personal representatives, successors, and assigns forever, and Grantor does hereby bind himself and his heirs, personal representatives, successors and assigns, to warrant and forever defend all and singular the Property unto Grantee and its heirs, personal representatives, successors, and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof, subject, however, as aforesaid.

Current ad valorem taxes on said property having been prorated, the payment thereof is assumed by the City of Watauga.

Executed this 30 day of May, 1996
[Signature]
ROGER BROOKS
1939 E. PRICE, Keller Tex 76248
Address

Grantee address:
City of Watauga
7401 Whitley Road
Watauga, TX 76148
THIS DOCUMENT IS UNCLEAR IN THE RETURN ADDRESS.
THE RETURN ADDRESS WAS OBTAINED FROM:
(ENVELOPE) (CHECK) (FILE SLIP) (COVER LETTER)
(SUBMITTER) (OTHER)

THE STATE OF TEXAS
COUNTY OF TARRANT

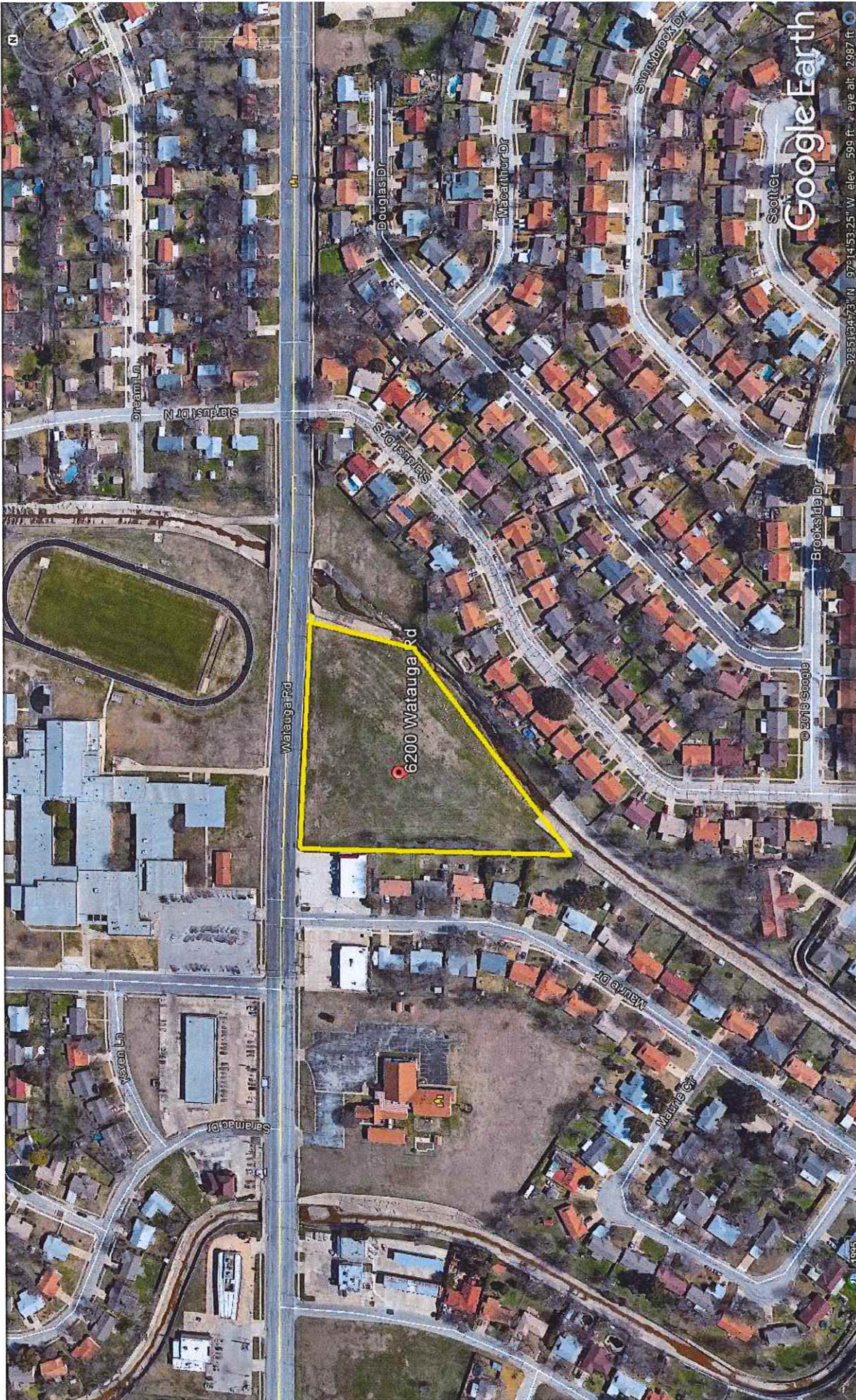
The foregoing instrument was acknowledged before me on the 30th day of May, 1996.

[Signature]
NOTARY PUBLIC, STATE OF TEXAS
PRINTED NAME OF NOTARY

Nancy S. Meadows

MY COMMISSION EXPIRES:
4-16-97







AGENDA MEMORANDUM

DATE: February 20, 2019

TO: Honorable City Council Members

FROM: Andrea Gardner, City Manager

SUBJECT: Consideration, discussion and direction on creating a Parks Advisory Board, declaring the purpose of the board, establishing membership numbers for the board and requiring bylaws be created by the board for Council approval

BACKGROUND/INFORMATION:

Mayor Pro Tem Griffin requested the item be included on a future Council agenda for consideration. Prior to the City Attorney creating any documents to establish such a board, staff requires direction be provided.

If the Council doesn't desire to change the purpose and name of the Watauga PDC to a board focused on economic development, then the Parks Advisory Board may not be necessary.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

City staff respectfully request the Council (each member provide direction with the consensus of the Council being the final direction) provide direction on establishing a Parks Advisory Board, declaring its purpose and establishing membership number and requirements.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

None

REVIEWED BY:

Andrea Gardner, City Manager
Zolaina Parker, City Secretary, TRMC
Approved as to form for inclusion on Agenda

Approved - 02/27/2019
Final Approval - 03/01/2019



AGENDA MEMORANDUM

DATE: February 20, 2019

TO: Honorable City Council Members

FROM: Andrea Gardner, City Manager

SUBJECT: Consideration, discussion and direction on the City's Strategic Plan

BACKGROUND/INFORMATION:

The Council participated in a strategic planning session on February 4 and 5, 2019. In an effort to capture the intent of the Council staff has prepared some strategic initiatives for Council review. If the Council desires to conduct a third session to complete the plan, staff will coordinate and schedule such a meeting.

Potential Strategic Initiatives based on the SWOT analysis completed by Council:

- Develop and implement a recruitment and retention strategy within two years.
- Maintain sound fiscal management practices and review practices, policies and procedures to ensure the City's bond rating is maintained or improved on an annual basis.
- Conduct a review of City ordinances and develop a five year schedule for updating ordinances within one year.
- Complete ordinance rewrites within five years.
- Evaluate the need to add personnel in the Information Technology Department during each annual budget cycle and Personnel Improvement Plan update.
- Develop a new business recruitment strategy within two years.
- Develop a marketing strategy within one and a half years.
- Identify and implement a City brand within one year.
- Continue to review and evaluate the City's potential to participate in the Opportunity Zones program on an annual basis.
- Develop an incentive policy within one year.
- Develop a tax abatement policy within two years.
- Identify and implement a budget strategy for economic development prior to FY 2020.
- Conduct a citizen survey every three years.
- Conduct an employee survey every three years.
- Continue to seek grant opportunities for parks and trails projects on annual basis.



AGENDA MEMORANDUM

- Evaluate the need to conduct an election to return the 1/4 cent sales tax to economic development use in May 2020 election.
- Complete an update to the Comprehensive Plan every ten years.
- Develop an internal audit committee within one year.

When considering how and when to move forward with the completion of the City's Strategic Plan, the Council will actively impact the development of the City's budget and multi-year planning documents of the City.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

City staff respectfully requests the Council (each member) provide direction on the path forward to complete the City's Strategic Plan.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Feb 4 and 5 - SWOT Overview
2. SWOT -2019
3. SWOT Results
4. IMG_2237
5. IMG_2238
6. IMG_2239
7. IMG_2240

REVIEWED BY:

Robert Parker, Chief of Police
Andrea Gardner, City Manager
Zolaina Parker, City Secretary, TRMC
Approved as to form for inclusion on Agenda

Approved - 02/27/2019
Approved - 02/27/2019
Final Approval - 03/01/2019

① How did we get where we are?
Environmental Scan

- population (increase, state of Texas)
- Communication / technology
- social media - increase
- development around ^{us} / alliance ex.
- retail competition
- downsizing in retail locations
- online - shopping
- working from home
- staffing challenges (PD)
- elimination of earmarks
- lack of grant opportunities
- transportation / connectivity (train)
- attrition of change
- schools / education / location
- safety / PD mgmt. of staff / community policing

②

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- lack
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- replacing infrastructure
- increase utility rates
- property value increase
- decrease in FED funding
- affect of lego./unfunded mandates
- increase in recreational events
- lack of change/^{re}development
- no commercial/retail development
- recent interest in residential/infill
- addition of recreation space/^{senior center}
- type B- only dedicated to Parks
- loss of sales tax
- lack of branding
- lack of planning
- new council/administration

ASSUMPTIONS

① What might happen to impact Watauga? 5-10 years

- loss of institutional knowledge
 - succession planning??
- funding issues/problems
- state & FED mandates
- employee wages/benefits
- decrease in housing stock
 - of value
- aging infrastructure
- look into redeveloping/residential
- land locked
- addition of rail and tracks (west side)
- water
- medians / Denton Hwy.
- Red-light camera program \$300,000
- technology changes/evolving

- ②
- CCPD - tax up for vote 2020
 - 1/4 Cent Street maint. tax up for vote 2020
 - cell nodes / towers
 - Consolidation of services w/ other cities
 - consider ACM



2009 01/10/03
Gowling's main
from to PE

How to improve
communic. with citizens

E-bill

Newsletter

Coffee with...

Open Houses

Citizens 101

Signage

How to be
Competitive with
other cities.

Attractions
Tourism
Event center
Other city incentives.

Signage

How to develop
positive Brand.

Small town atmosphere
Amenities of Metro area
Need for Com. Dir.

City Mgr.

How to insure
quality development
redevelopment.

Growth

Retain Businesses

Comp Plan

Branding

2297622
from to
CONTRIBUTOR
JOINT BOARDS

How to insure
staff & equipment/systems
operate securely.

Need for COMMUNIC. Dir.

City Mgr,

2008 PONG Refund
From 40 WASHINGTON

How to address
Outdated ordinances
2014 Review
Time consuming

Zoning-

Development Regs.

Staff Atty.?

City Mgr.

How to maintain
good bond rating.
AA

Fund balances
Planning
Eco. Growth
City Manager



SUPERSTICKY EASELPAD
TABLEAU À FEUILLES MOBILES SUPERCOLLANTES
SUPERADHESIVAS BLOC DE HOJAS REPOSICIONABLES



30

25 IN/PO x 30 IN/PO
63,5 cm x 76,2 cm
5.2 SQ FT/PI² (0,48 m²)

3M

How to—

Attract & Retain

Qualified, competent employees.

- Comp. pay/Benefits
- Succession
- Policy Review
- City Mgr.

Community Assessment
⑥

WHAT ARE OUR STRENGTHS?

- Employees
- part of the metro-region
- Community oriented/identity.
- good education/schools
- CAPP SMITH PARK
- Watauga fest
- diversity/strengthen
- people of Watauga
- weather
- safe city
- affordable housing market
- library services
- recreation services
- centrally located

- ⑤ Fitness Connection } businesses
- ⑤ Chef Point }
- amount of visitors/577
- trail systems
- clean city
- established businesses
- diverse religious establishments
- ISO Class I rated
- good FIRE/PO
- water system
- good BOND RATINGS
- quality city facilities

WHAT ARE OUR WEAKNESSES?

- lack of succession planning
- understaffing in ~~all~~ ~~all~~ ~~all~~ all departments
- Eco-Development department
- communication w/ citizens =>
- homes in flood plains
- 25 acres in flood plain
- rail-road tracks
- better equipment needed
- lack of understanding of roles
- brand new council
- infrastructure - aging
- entertainment facilities - lack
- lack of fine arts development
- lack of civic organizations

- outdated ordinances!!
- Comprehensive Plan
- lack of citizen participation
- funding
- lack unified message / ^{portrayal} of city
- morale - citizens / employees
- lack of newspaper
- social media - use of

WHAT ARE OUR OPPORTUNITIES?

- new development/re-development
- brand / make name for City
- hot real estate market
- Continuing w/ foundation/legacy
- Capp Smith / Tourism / Hotels
- developing fine arts
- Fine dining/unique dining
- Engage YOUTH
- Engage SENIORS
- Celebrate accomplishments
- Weekly updates / staff
 - communication channel
- evolving transportation

WHAT ARE OUR THREATS?

- transparency / info on website
- Cyber-crime / hacking
- State legislature
- lack of security / technology
- allocating of funds appropriately
- inflation
- economic competitiveness
- not having competitive pay
- understanding of rules $\Rightarrow$ citizens
city
- losing employees due to tenure / pay
- bubble-burst (housing)
- lack of citizen support

SWOT	Green 3	Orange 2	Red 1		Total
Employees	12	4	0	0	12
diversity/strength	12	4	0	0	12
good bond rating	12	4	0	0	12
outdated ordinances	12	4	0	0	12
need for IT Staff	12	4	0	0	12
economic competitiveness	12	4	0	0	12
lack of citizen support	12	4	0	0	12
trail systems	9	3	2	1	11
established businesses	9	3	2	1	11
Good Fire/PD	9	3	2	1	11
water system	9	3	2	1	11
communication with citizens	9	3	2	1	11
comprehensive plan	9	3	2	1	11
lack of citizen participation	9	3	2	1	11
new development/re-development	9	3	2	1	11
brand/make name for city	9	3	2	1	11
losing employees due to tenure/pay	9	3	2	1	11
Part of the Metro region	6	2	4	2	10
good education/schools	6	2	4	2	10
CAPP SMITH PARK	6	2	4	2	10
people of Watauga	6	2	4	2	10
affordable housing market	9	3	0	0	10
library services	6	2	4	2	10
recreation services	6	2	4	2	10
centrally located	6	2	4	2	10
clean city	6	2	4	2	10
lack of succession planning	9	3	0	0	10
eco development	9	3	0	0	10
social media- use of	6	2	4	2	10
lack of housing/seniors	6	2	4	2	10
engage youth	9	3	0	0	10
engage seniors	6	2	4	2	10
state legislature	9	3	0	0	10
lack of security/technology	6	2	4	2	10
Watauga Fest	6	2	2	1	9
safe city	6	2	2	1	9
ISO Class I Rated	6	2	2	1	9
quality city facilities	3	1	6	3	9
understaffing in all department	6	2	2	1	9
infrastructure aging	6	2	2	1	9
lack of unified message/portrayal of city	6	2	2	1	9
lack of transportation	3	1	6	3	9
CAPP SMITH PARK/tourism/hotel	3	1	6	3	9
weekly updates/staff	6	2	2	1	9
cyber-crime/hacking	3	1	6	3	9
allocation of funds appropriately	6	2	2	1	9
not having competitive pay	3	1	6	3	9
businesses	6	2	0	0	8
amount of visitors	3	1	4	2	8
great transportation	3	1	4	2	8
better equipment needed	0	0	8	4	8
lack of understanding of roles	3	1	4	2	8
entertainment facilities-lack	3	1	4	2	8
lack of fine arts development	3	1	4	2	8
lack of civic organizations	0	0	8	4	8
funding	3	1	4	2	8
morale/ citizens employees	3	1	4	2	8
lack of dedicated legal guidance for ED	6	2	0	0	8
fine dining/unique dining	6	2	0	0	8
celebrate accomplishments	3	1	4	2	8
transparency/info on website	3	1	4	2	8
diverse religious establishments	3	1	2	1	7
lack of newspaper	3	1	2	1	7
hot realstate market	0	0	6	3	7
continuing w/ foundation/legacy	3	1	2	1	7
developing fine arts	3	1	2	1	7
evolving transportation	0	0	6	3	7
understanding of roles - citizens-city	3	1	2	1	7
community oriented	6	2	0	0	6
25 acres in flood plain	3	1	0	0	6
seeking legal guidance for ED	0	0	4	2	6
railroad tracks-377	0	0	2	1	5
brand new council	0	0	2	1	5
inflation	0	0	2	1	5
Weather	0	0	0	0	4
homes in flood plains	0	0	0	0	4
bubble-burst(housing)	0	0	0	0	4
communication channel	0	0	2	1	2

meeting
03/24/2011

WHAT ARE OUR STRENGTHS?

Employees

- part of the metro-region
- community oriented/identity
- good education/schools
- CAPP SMITH PARK
- Watauga fest
- diversity/strengthen
- people of Watauga
- weather
- safe city
- affordable housing market
- library services
- recreation services
- centrally located

- ② Fitness Connection } businesses
- ② Chef Point }
- amount of visitors/ staff
- trail systems
- clean city
- established businesses
- diverse religious establishments
- ISO Class I rated
- good FIRE/PO
- water system
- good BOND RATINGS
- quality city facilities

community segment

WHAT ARE OUR WEAKNESSES?

- lack of succession planning
- understaffing in ~~DD/EE~~ all departments
- Eco-Development
- communication w/ citizens ⇒
- homes in flood plains
- 25 acres in flood plain
- rail-road tracks
- better equipment needed
- lack of understanding of roles
- brand^{te} new council
- infrastructure - aging
- entertainment facilities - lack
- lack of fine arts development
- lack of civic organizations

- outdated ordinances!!
- Comprehensive plan
- lack of citizen participation
- funding
- lack unified message / ^{portrayal} of city
- morale - (citizens / employees)
- lack of newspaper
- social media - use of

Community
Assessment

WHAT ARE OUR OPPORTUNITIES?

- new development/re-development
- brand / make name for City
- hot real estate market
- Continuing w/ foundation/legacy
- Capp Smith / Tourism / Hotels
- developing fine arts
- Fine dining/unique dining
- Engage YOUTH
- Engage SENIORS
- Celebrate accomplishments
- Weekly updates / staff
 - communication channel
- evolving transportation

Community
Assessment

WHAT ARE OUR THREATS?

- transparency / info on website
- Cyber-crime / hacking
- State legislature
- lack of security / technology
- allocating of funds appropriately
- inflation
- economic competitiveness
- not having competitive pay
- understanding of roles $\Rightarrow$ citizens
city
- losing employees due to tenure / pay
- bubble-burst (housing)
- lack of citizen support



AGENDA MEMORANDUM

DATE: February 25, 2019

TO: Honorable City Council Members

FROM: Andrea Gardner, City Manager

SUBJECT: Consideration, discussion and direction on the FY 2020 Budget Priorities from Council as a follow up from the February 21, 2019 Workshop Meeting

BACKGROUND/INFORMATION:

On February 21, 2019, staff held a budget planning workshop with the City Council to provide the Council with greater opportunity for input in the FY 2020 Budget. A portion of the workshop was designed as a budget planning exercise to encourage interaction and obtain feedback from the Council regarding funding priorities. Staff continues to encourage Council to consider the funding needs of both the staff and Council relative to the available resources and to think beyond the FY 2020 Budget process as some funding needs are perpetual and may not be sustainable into the future. The balloon exercise did include many real items and numbers; however, those items and numbers aren't final as the Budget Kick Off has yet to occur and staff will continue with the normal budget process of submitting requests and meeting with the City Manager.

The City Manager attended a Transit Master Plan Meeting specific to Route 141P on February 26, 2019 that illustrates how fluid the budget process is and further illustrating the need for early discussions. During the meeting a request was made for Watauga to participate in Route 141P from the Transit Master Plan. The Route would run through Watauga serving only 6,500 of Watauga's population at a cost of \$214,705. This amount wasn't included in the list provided on February 21, 2019, but will be added for the next discussion. The funding request of \$214,705 is for service, not infrastructure.

Staff would like to have the priorities from each Council Member as it will help to prepare the Proposed Budget that is submitted to Council in August 2019.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

City staff respectfully provides another opportunity for Council to provide input on



AGENDA MEMORANDUM

priorities leading into the FY 2020 Budget Process with the understanding that many future workshops and discussions will occur prior to finalization of the FY 2020 Proposed Budget.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

None

REVIEWED BY:

Andrea Gardner, City Manager

Zolaina Parker, City Secretary, TRMC

Approved as to form for inclusion on Agenda

Approved - 02/27/2019

Final Approval - 03/01/2019



AGENDA MEMORANDUM

DATE: February 25, 2019

TO: Honorable City Council Members

FROM: Andrea Gardner, City Manager

SUBJECT: Consideration and action on approving the creation a City Manager's Workgroup for the purpose of completing the Comprehensive Plan Update

BACKGROUND/INFORMATION:

On February 11, 2019, the City Manager provided a report on the Comprehensive Plan Update. Since that meeting, a more detailed plan has been created to address the process for completing the update.

A workgroup will allow for greater involvement from stakeholders and will ensure the public involvement process of the update is sufficient.

The workgroup is proposed to consist of two members from the City Council, two members from the Planning & Zoning Commission, two members from the Type B Corporation Board, staff members as assigned by the City Manager and a minimum of four Watauga residents.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

City staff respectfully requests the City Council authorize the creation of a City Manager's Workgroup for the purposes of completing the Comprehensive Plan Update.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

None

REVIEWED BY:

Andrea Gardner, City Manager
Zolaina Parker, City Secretary, TRMC
Approved as to form for inclusion on Agenda

Approved - 02/28/2019
Final Approval - 03/01/2019



AGENDA MEMORANDUM

DATE: February 22, 2019

TO: Honorable City Council Members

FROM: Sandra Gibson, CGFO, CGFM, Director of Finance
Sal Torres, Parks and Community Services Director

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consideration and action on approving amendments to Chapter 12, Fee Schedule, Section 12-30 regarding recreational fees {CAPTION}

BACKGROUND/INFORMATION:

Local governments have broad authority to implement user fees that reasonably cover the costs of their operations. User fees differ from taxes, which must be authorized by the State legislature. Municipal user fees are defined as a fee for which City services paid by an individual to access a service or facility.

During the FY 2018-19 budget process, a request for new cardio equipment was submitted by the Parks and Recreation Department and approved in the budget. In order to cover the cost of the new equipment and have funds in place for future equipment needs, it was determined that annual membership fees to the community center would need to be increased by \$5.00 and daily walk-in fees increased by \$1.00. The new cardio equipment has now been installed at the Center.

In addition, an analysis of the Fit Pass program and fee was conducted. Staff recommends discontinuing the fee due to a decline in demand for the pass and lack of cost recovery for this program. The classes offered through the Fit Pass program may be offered under the Fitness Class fee structure outlined in Section 12-30, Chapter 30 (d).

The proposed amendment with the above changes is attached for Council consideration.

FINANCIAL IMPLICATIONS:

An increase of approximately \$9,000 per year in membership fees in General Fund revenues to pay for replacement of equipment at the community center.

RECOMMENDATION/ACTION DESIRED:



AGENDA MEMORANDUM

Respectfully recommend the Council review and take action on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. City Attorney Letter and Proposed Ordinance amending Chapter 12 Fee Schedule, Section 12-30
2. Ordinances - Rec Fees and AdminMisc2019 w redline

REVIEWED BY:

Sal Torres, Parks and Community Services Director

Andrea Gardner, City Manager

Zolaina Parker, City Secretary, TRMC

Approved as to form for inclusion on Agenda

Approved - 02/25/2019

Approved - 02/25/2019

Final Approval - 03/01/2019

LAW OFFICES
EVANS, DANIEL, MOORE, EVANS, BIGGS & DECKER
(NOT A PARTNERSHIP)

MARK G. DANIEL

BOARD CERTIFIED - CRIMINAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

CRIMINAL TRIAL SPECIALIST-BOARD CERTIFIED
NATIONAL BOARD OF TRIAL ADVOCACY

SUNDANCE SQUARE
115 WEST SECOND STREET, SUITE 202
FORT WORTH, TEXAS 76102

(817) 332-3822
FACSIMILE (817) 332-2763

OF COUNSEL:
TIM EVANS
TIM MOORE
LANCE T. EVANS
WILLIAM R. BIGGS
ANDREW J. DECKER

February 20, 2019

Ms. Sandra Gibson
Director of Finance and Administration
City of Watauga
7105 Whitley Road
Watauga, Texas 76148

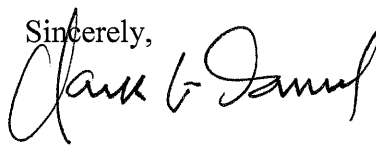
*Re: Ordinance Amending Chapter 12 Fee Schedule
Parks and Recreational facilities*

Dear Ms. Gibson:

Per your request, I have reviewed the Ordinance by the City Council of the City of Watauga amending Chapter 12 regarding Section 12-30, Chapter 30 concerning the fee schedule for Parks and Recreational facilities in the City of Watauga. I approve of the same and would recommend that this Ordinance be presented at the next City Council meeting for consideration and approval.

Thank you for your attention to the above and the opportunity to be of assistance. Please let me know if you have any questions.

Sincerely,



MARK G. DANIEL

MGD:tp

cc: Mayor Pro tem David Griffin
Ms. Andrea Gardner, City Manager
Ms. Zolaina Parker, City Secretary

CITY OF WATAUGA, TEXAS
ORDINANCE NO. _____

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS AMENDING CHAPTER 12 FEE SCHEDULE OF THE CODE OF ORDINANCES FOR THE CITY OF WATAUGA, TEXAS, PROVIDING THAT ALL ORDINANCES IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Watauga, Texas as follows:

I.

The following Section of Chapter 12 of the Code of Ordinances for the City of Watauga, Texas, is hereby revised as follows to reflect amendments to the fee structure in the City of Watauga for recreation and community services.

Section 12-30. – Chapter 30, Parks and Recreational facilities

(a) Summer recreation program fees.

Activity Type	Resident Fee	Nonresident Fee
Registration fee (annual)	\$25.00	\$25.00
Fee for one child	\$100.00	\$115.00
Fee for two children	\$130.00	\$145.00
Fee for three children	\$160.00	\$175.00
Fee for four children	\$200.00	\$215.00

(b) Recreation and community center membership fees:

Type	Resident Fee	Nonresident Fee
Adult:		
Annual	\$55.00	\$125.00
Daily walk-in	\$6.00	\$6.00
Youth 17 and under:		
Annual	\$25.00	\$ 60.00
Daily walk-in	\$ 3.00	\$ 3.00
Hall Pass 3 p.m. – 6 p.m.	\$10.00/seasonal	\$10.00/seasonal
Seniors over 60:		
Annual	\$30.00	\$65.00

Type	Resident Fee	Nonresident Fee
Daily walk-in	\$ 4.00	\$ 4.00
Family of four:		
Annual	\$140.00	\$280.00
Each additional child	\$ 20.00	\$ 20.00
City employee:		
Annual	\$0.00	\$0.00
Daily walk-in	\$0.00	\$0.00
City Employee Spouse:		
Annual	\$20.00	\$20.00
Daily walk-in	\$ 3.00	\$ 3.00
City Employee Child 17 & Under		
Annual	\$10.00	\$10.00
Daily walk-in	\$ 2.00	\$ 2.00
Senior Center Membership	\$10.00	\$10.00

Recreational Center membership includes access to the gymnasium, fitness room, activity room, entertainment area and locker rooms. Senior Center membership is for access to Senior Center only. Membership is not mandatory to participate in classes and programs or city-sponsored sports leagues.

(c) Recreation and community center pre-school fees:

Type	Resident Fee	Nonresident Fee
Registration Fee	\$25.00/annual	\$25.00/annual
Time for Tots Preschool	\$90.00/month	\$90.00/month
Tiny Tots Preschool	\$60.00/month	\$60.00/month

(d) Recreation and community center class fees:

Type	Resident Fee	Nonresident Fee
Pickle Pass	\$20.00/seasonal	\$20.00/seasonal
Fitness Class Fees	Fee Set by Instructor (City receives 30% of fee)	Fee Set by Instructor (City receives 30% of fee)
League Fees (seasonal)	Based on area user fees for specific activity	Based on area user fees for specific activity

(e) Recreation and community center rental of facility fees:

Type	Resident Fee	Nonresident Fee
Foster Village	\$35.00/hr. (3 hr. minimum)	\$45.00/hr. (3 hr. minimum)
Recreation Center		
Multi-purpose Room (B)	\$35.00/hr.	\$45.00/hr.
Multi-purpose Room (C)	\$45.00/hr.	\$55.00/hr.
Multi-purpose Room (E)	\$45.00/hr.	\$55.00/hr.

Type	Resident Fee	Nonresident Fee
Gym ½ Court	\$25.00/hr.	\$35.00/hr.
Gym Full Court	\$45.00/hr.	\$55.00/hr.
After hours fee	\$15.00/hr. additional charge	\$15.00/hr. additional charge
Capp Smith Park		
Amphitheatre (1 st 3 hours)	\$60.00 (3 hr. block)	\$70.00 (3 hr. block)
Amphitheatre (each additional hour)	\$25.00/hr. (each additional hour)	\$35.00/hr. (each additional hour)
Pavilion #1 (1 st 3 hours)	\$60.00 (3 hr. block)	\$70.00 (3 hr. block)
Pavilion #1 (each additional hour)	\$15.00/hr.	\$25.00/hr.
Pavilion #1 All Day	\$110.00	\$120.00
Pavilion #2, 3, 4 (1 st 3 hours)	\$25.00 (3 hr. block)	\$25.00 (3 hr. block)
Pavilion #2, 3, 4 (each additional hour)	\$10.00/hr.	\$20.00/hr.
Pavilion #2, 3, 4 All Day	\$70.00	\$80.00

A refundable deposit of \$30.00 is due on all reservations made for a Watauga facility. Deposits will be refunded providing there were no damages to the facility reserved. Any reservations cancelled at least two weeks prior to the reservation date will be entitled to a full refund. Cancellations less than two weeks prior to the reservation date will cause forfeiture of the entire deposit.

II.

This Ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas, and this ordinance shall not operate to repeal or affect any of such other ordinances, except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Ordinances, in which event such conflicting provisions, if any, in such other ordinance(s) are hereby repealed.

III.

If any section, sub-section, sentence, clause or phrase of this ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

IV.

This Ordinance shall become effective and shall be in full force and effective on April 1, 2019 and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon approval thereof by the Mayor of the City of Watauga, TX.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this the 7TH day of March, 2019.

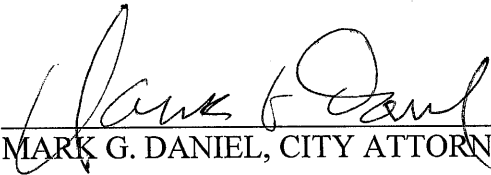
APPROVED:

DAVID GRIFFIN, MAYOR PRO-TEM

ATTEST:

ZOLAINA PARKER, CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:



MARK G. DANIEL, CITY ATTORNEY

CITY OF WATAUGA, TEXAS
ORDINANCE NO. _____

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS AMENDING CHAPTER 12 FEE SCHEDULE OF THE CODE OF ORDINANCES FOR THE CITY OF WATAUGA, TEXAS, PROVIDING THAT ALL ORDINANCES IN CONFLICT HERewith ARE HEREBY REPEALED TO THE EXTENT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Watauga, Texas as follows:

I.

The following Section of Chapter 12 of the Code of Ordinances for the City of Watauga, Texas, are hereby revised as follows to reflect amendments to the fee structure in the City of Watauga for recreation and community services, ~~permits, and administrative matters~~:

~~(Code 2010, Section A1.001; Ord. No. 1521, Section I, 4-22-2013)~~

Section 12-30. – Chapter 30, Parks and Recreational facilities

(a) Summer recreation program fees.

Activity Type	Resident Fee	Nonresident Fee
Registration fee (annual)	\$25.00	\$25.00
Fee for one child	\$100.00	\$115.00
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Fee for four children	\$200.00	\$215.00

(b) Recreation and community center membership fees:

Type	Resident Fee	Nonresident Fee
Adult:		
Annual	\$50.00 \$55.00	\$120.00 \$125.00
Daily walk-in	\$ 5.00 \$6.00	\$ 5.00 \$6.00
Youth 17 and under:		

Annual	\$25.00	\$ 60.00
Daily walk-in	\$ 3.00	\$ 3.00
Hall Pass 3 p.m. – 6 p.m.	\$10.00/seasonal	\$10.00/seasonal
Seniors over 60:		
Annual	\$25.00 30.00	\$60.00 65.00
Daily walk-in	\$ 3.00 4.00	\$ 3.00 4.00
Family of four:		
Annual	\$140.00	\$280.00
Each additional child	\$ 20.00	\$ 20.00
City employee:		
Annual	\$0.00	\$0.00
Daily walk-in	\$0.00	\$0.00
City Employee Spouse:		
Annual	\$20.00	\$20.00
Daily walk-in	\$ 3.00	\$ 3.00
City Employee Child 17 & Under		
Annual	\$10.00	\$10.00
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Senior Center Membership	\$10.00	\$10.00

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(c) Recreation and community center pre-school fees:

Type	Resident Fee	Nonresident Fee
Registration Fee	\$25.00/annual	\$25.00/annual
Time for Tots Preschool	\$90.00/month	\$90.00/month
Tiny Tots Preschool	\$60.00/month	\$60.00/month

(d) Recreation and community center class fees:

Type	Resident Fee	Nonresident Fee
Fit Pass		
–Regular	\$25.00/month	\$25.00/month
–Senior/City Employee or Promotional Discount	\$15.00/month	\$15.00/month
Pickle Pass	\$20.00/seasonal	\$20.00/seasonal
<u>Fitness</u> Class Fees – American Karate, Exercise 101, Kajukembo, Krav	Fee Set by Instructor (City receives 30% of fee)	Fee Set by Instructor (City receives 30% of fee)

Maga, piano lessons, Spanish lesson, etc.		
League Fees (seasonal)	Based on area user fees for specific activity	Based on area user fees for specific activity

(e) Recreation and community center rental of facility fees:

Type	Resident Fee	Nonresident Fee
Foster Village	\$35.00/hr. (3 hr. minimum)	\$45.00/hr. (3 hr. minimum)
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Gym ½ Court	\$25.00/hr.	\$35.00/hr.
Gym Full Court	\$45.00/hr.	\$55.00/hr.
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Amphitheatre (1 st 3 hours)	\$60.00 (3 hr. block)	\$70.00 (3 hr. block)
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Pavilion #1 All Day	\$110.00	\$120.00
Pavilion #2, 3, 4 (1 st 3 hours)	\$25.00 (3 hr. block)	\$25.00 (3 hr. block)
Pavilion #2, 3, 4 (each additional hour)	\$10.00/hr.	\$20.00/hr.
Pavilion #2, 3, 4 All Day	\$70.00	\$80.00

A refundable deposit of \$30.00 is due on all reservations made for a Watauga facility. Deposits will be refunded providing there were no damages to the facility reserved. Any reservations cancelled at least two weeks prior to the reservation date will be entitled to a full refund. Cancellations less than two weeks prior to the reservation date will cause forfeiture of the entire deposit.

II.

This Ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas, and this ordinance shall not operate to repeal or affect any of such other ordinances, except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Ordinances, in which event such conflicting provisions, if any, in such other ordinance(s) are hereby repealed.

III.

If any section, sub-section, sentence, clause or phrase of this ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

IV.

This Ordinance shall become effective and shall be in full force and effective on ~~October~~April 1, 20169 and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon approval thereof by the Mayor of the City of Watauga, TX.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this the 25TH day of ~~April~~March, 20169.

APPROVED:

MAYOR-PRO-TEM
ATTEST:

HECTOR F. GARCIA, MAYORDAVID GRIFFIN,

ZOLAINA PARKER, CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:

MARK G. DANIEL, CITY ATTORNEY



AGENDA MEMORANDUM

DATE: February 25, 2019

TO: Honorable City Council Members

FROM: Sandra Gibson, CGFO, CGFM, Director of Finance
Deby Woodard, Assistant Director of Finance

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consideration and action on approval of a 2.087% CPI rate increase requested by Waste Connections of Texas with an effective date of July 1, 2019

BACKGROUND/INFORMATION:

Waste Connections of Texas was approved by Council for Waste Collection and Recycling Services in 2012 for an initial five-year term and renewed for the one-time five-year renewal in 2017 which extended the contract until June 30, 2022.

According to the Solid Waste Collection and Recycling Services contract, an annual review and/or request to increase or decrease the rates in accordance with the Consumer Price Index rate for all urban consumers for the Dallas-Fort Worth area is allowed. The attached CPI - all Urban Consumers table reflects the CPI in January 2018 to be 229.132 and 233.915 in January 2019 which is a 2.087% increase.

Waste Connections of Texas has requested a CPI adjustment of 2.087% effective on their contract anniversary of July 1, 2019. Monthly residential rates would increase from \$9.97 to \$10.18, or by \$0.21, and over-65 monthly senior rates would increase from \$8.50 to \$8.68, or by \$0.18. Commercial account rates would also increase (see attached rate sheet). The attached rate sheet indicates the new cost structure for all categories of service based on the 2.087% increase.

Waste Connections of Texas has not received an increase since September,



AGENDA MEMORANDUM

2014.

FINANCIAL IMPLICATIONS:

Approval will increase rates for waste collection and recycling services by 2.087% effective as of July 1, 2019.

The attached rate sheet reflects the new rate structure based on the 2.087% increase.

RECOMMENDATION/ACTION DESIRED:

Respectfully recommend the Council review and take action on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. WASTE CONNECTIONS RATE INCREASE REQUEST 2019
2. WASTE CONNECTIONS RATE SHEET
3. WASTE CONNECTIONS - CPI INDEX 2019

REVIEWED BY:

Sandra Gibson, CGFO, CGFM, Director of Finance

Andrea Gardner, City Manager

Zolaina Parker, City Secretary, TRMC

Approved as to form for inclusion on Agenda

Approved - 02/26/2019

Approved - 02/27/2019

Final Approval - 03/01/2019



**Waste Connections
Lone Star, Inc.**

February 25, 2019

Honorable Mayor and Members of Council
City of Watauga
7105 Whitley Road
Watauga, Texas 76148

Re: Price Increase Request:

Dear Honorable Mayor and Members of Council:

Waste Connections Lonestar, Inc. would like to take this opportunity to express our appreciation for your business. We hope that we have been a good partner with the City. Per our contract, we would like to present to you a request for a 2019 rate adjustment. The amount is based on the published Bureau of Labor Standard Consumer Price Index / Urban Consumers (CPI-U DFW) - All Items – January 2019. The amount of the request for 2019 is equal to \$.21 per home or 2.087%. Your current rate per home is \$9.97. With the increase the rate per home would be \$10.18. The 2.087% increase would also include the commercial accounts. We respectfully ask for your support in order to maintain our operations and continue to meet our financial obligations. The rate increase would be effective July 1, 2019.

If you have any questions or need additional information, please feel free to contact me at your earliest convenience.

Sincerely,

Marty Grant
District Manager
Waste Connections Lonestar, Inc.
817-222-2221



WASTE CONNECTIONS, INC

4001 Old Denton Rd, Haltom City, Texas 76117

Contact: Marty Grant; District Manager

Phone: (817) 222-2221

City of WATAUGA RATE SHEET

Effective: July 1, 2019 BILLING

RESIDENTIAL CURBSIDE COLLECTION: \$10.18 per month, per residential unit (includes collection of 1 Cart & 1 Recycling Container per week)

Additional Cart: \$2.34 per month, per residential unit per each additional Cart

Additional Recycling Container: \$1.99 per month, per residential unit per each additional Recycling Container

Senior Citizen Rate: \$8.68 per month, per residential unit (includes Trash & Recycle Service)

COMMERCIAL RATE SCHEDULE

CONTAINER SIZE	Lifts Per Week						
	1	2	3	4	5	6	Extra-Lifts
95 gallon Cart	27.01	49.43					27.01
2 Cubic Yd	58.52	112.67	177.42	273.09	385.29	522.81	33.76
3 Cubic Yd	74.80	157.15	247.51	377.99	537.47	729.32	40.52
4 Cubic Yd	89.79	188.58	297.01	453.62	644.94	875.20	47.29
6 Cubic Yd	117.26	246.09	369.99	517.96	679.82	1,060.55	53.97
8 Cubic Yd	131.25	275.76	414.39	580.13	761.43	1,187.81	60.77

All Billing goes thru the City
Except Temp Roll OFF

FRONT LOAD COMPACTOR RATES

6 Cubic Yd	280.74	561.54	842.32	1,123.06	1,438.91	1,684.60	156.39
8 Cubic Yd	327.56	655.12	982.66	1,310.24	1,637.80	1,965.36	186.66

FRONT LOAD RECYCLE RATES

6 Cubic Yd	85.76	146.30	206.83	-	-	-	30.27
8 Cubic Yd	90.81	156.39	216.92	-	-	-	30.25

other commercial front load fees

Containers w/Casters	4.64		*Delivery and/or Removal Fee	55.49
Containers w/locks	1.46		Exchahnge Fee	75.68

*Delivery or Removal fees are not charged during the initial start-up or termination of the agreement

Temporary Front Load Rates

per lift DELIVERY DAILY RENT DISPOSAL

6 Cubic Yd	126.11	55.48	1.04	n/a			
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CONTAINER ROLL OFF RATE SCHEDULE

SIZE	HAUL	DELIVERY	DAILY RENT	DISPOSAL			
20 Cubic Yd	456.38	126.11	5.05	35.31	over 4 tons		
30 Cubic Yd	466.47	126.11	5.05	35.31	over 4 tons		
40 Cubic Yd	476.55	126.11	5.05	35.31	over 4 tons		

CONTAINER ROLL OFF COMPACTOR RATE SCHEDULE

SIZE	HAUL	DELIVERY	DAILY RENT	DISPOSAL			
20 Cubic Yd	439.06	N/A	Negotiable	34.69	over 4 tons		
28 Cubic Yd	439.06	N/A	Negotiable	34.69	over 4 tons		
30 Cubic Yd	439.06	N/A	Negotiable	34.69	over 4 tons		
35 Cubic Yd	439.06	N/A	Negotiable	34.69	over 4 tons		
40 Cubic Yd	439.06	N/A	Negotiable	34.69	over 4 tons		
42 Cubic Yd	439.06	N/A	Negotiable	34.69	over 4 tons		

*Haul rate includes disposal of up to 4 tons per load

Special Rates

Citizens Drop@Minnis TS	36.96	per ton for Trash,bulk & brush /\$5.28 per tire
Public Works Rate @FW & C&D-Brush only	14.78	per ton
Public Works Rate @FW & C&D-Trash	21.12	per ton
City Authorized Storm Clean-up	142.54	per truck hour plus \$28.50 per ton

Franchise and Billing Fees:

Residential: 10.0%

Commercial: 10.0%

* All rates are inclusive of all franchise and billing fees

* Rates do not include any Sales Tax

* Rates do not include any Fuel Surcharges

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From: 2009

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Data extracted on: February 25, 2019 (12:27:16 PM)

CPI-All Urban Consumers (Current Series)

Series Id: CUURS37ASA0, CUUSS37ASA0

Not Seasonally Adjusted

Series Title: All items in Dallas-Fort Worth-Arlington, TX, all urban consumers, not seasonally adjusted

Area: Dallas-Fort Worth-Arlington, TX

Item: All items

Base Period: 1982-84=100

Download: [xlsx](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2009	198.623		200.039		199.311		200.663		201.802		201.958		200.544	199.494	201.595
2010	202.106		201.982		202.108		200.227		201.882		201.168		201.624	201.908	201.339
2011	203.199		206.967		208.794		208.602		209.255		209.283		207.933	206.768	209.097
2012	209.203		212.618		212.226		211.267		214.033		212.901		212.227	211.520	212.935
2013	213.696		216.465		215.670		216.979		217.068		215.450		215.995	215.550	216.441
2014	216.291		218.715		219.590		219.543		219.380		217.188		218.392	218.469	218.316
2015	214.899		217.487		218.484		218.676		217.507		217.104		217.500	217.375	217.625
2016	217.164		218.877		220.717		221.507		221.923		222.259		220.677	219.223	222.132
2017	223.082		223.782		225.264		225.613		229.056		229.352		226.103	224.203	228.003
2018	229.132		230.272		234.034		233.570		234.563		234.487		232.788	231.570	234.007
2019	233.915														

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