



**NOTICE OF REGULAR MEETING AGENDA
LANCASTER CITY COUNCIL
MUNICIPAL CENTER CITY COUNCIL CHAMBERS
211 N. HENRY STREET, LANCASTER, TEXAS**

Monday, September 9, 2019 - 7:00 PM



5:30 P.M. DINNER:

(There may or may not be a quorum of City Council members present for dinner. No City business will be transacted.)

7:00 P.M. REGULAR MEETING:

CALL TO ORDER

INVOCATION: Ministerial Alliance

PLEDGE OF ALLEGIANCE: Councilmember Marco Mejia

PROCLAMATION: Hispanic Heritage Month, Daughters of the American Revolution, National Preparedness Month and Women's Equality Day

CITIZENS' COMMENTS:

At this time citizens who have pre-registered before the call to order will be allowed to speak on any matter other than personnel matters or matters under litigation, for a length of time not to exceed three minutes. No Council action or discussion may take place on a matter until such matter has been placed on an agenda and posted in accordance with law.

CONSENT AGENDA:

Items listed under the consent agenda are considered routine and are generally enacted in one motion. The exception to this rule is that a Council Member may request one or more items to be removed from the consent agenda for separate discussion and action.

1. Consider approval of minutes from the City Council Special Meeting held on August 19, 2019 and Regular Meeting on August 26, 2019.
2. Consider a resolution adopting the City of Lancaster Financial Policy providing for prudent financial management of all funds to enable the city to maintain a long-term stable and positive financial condition and provide guidelines for the day-to-day planning and operation of the city's financial matters.
3. Consider a resolution adopting the City of Lancaster Investment Policy providing that all funds of the city be managed and invested for safety, liquidity, diversification and yield and that investments be chosen in a manner which promotes diversity by market sector, credit and maturity; providing that this policy serve to satisfy the requirements of Chapter 2256 of the Local Government Code, "Public Funds Investment Act".

4. Consider a resolution adopting the City of Lancaster Debt Management Policy establishing guidelines for debt financing to provide for needed land, long-term capital additions, and infrastructure improvements while minimizing the impact of debt payments on current and future revenues.
5. Consider a resolution approving the terms and conditions of the Second Renewal of an Interlocal Agreement between the City of Lancaster and the Parkland Health & Hospital System to provide certain biomedical on-line services.
6. Consider a resolution authorizing the purchase of a 2020 HV607 International 12 yard dump truck from International through an Interlocal Agreement with the City of Dallas, in an amount not to exceed one hundred sixteen thousand dollars (\$116,000).
7. Consider a resolution authorizing the purchase of one (1) 2018 Dodge 4500 Reg Cab Chassis from Freedom Chrysler-Dodge through an Interlocal Agreement with the City of Dallas, Texas in an amount not to exceed forty-eight thousand nine hundred sixty-five dollars (\$48,965.00).
8. Consider a resolution authorizing the purchase of a Case DV45 Roller from ASCO Equipment through an interlocal agreement with Houston-Galveston Area Council (HGAC) in an amount not to exceed forty-seven thousand dollars (\$47,000).
9. Consider a resolution authorizing the purchase of eight (8) 2019 Dodge Charger patrol vehicles from Freedom Dodge through an Interlocal Agreement with the City of Dallas, Texas in an amount not to exceed three hundred seventy-nine thousand twenty-four dollars (\$379,024.00).

PUBLIC HEARING:

10. Conduct a public hearing and discuss an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Millbrook East Public Improvement District (PID).
11. Conduct a public hearing and consider a resolution approving a three (3) percent increase in the existing solid waste and recycling service rates.
12. Conduct a public hearing and discuss an ordinance regarding the proposed fiscal year 2019/2020 budget for the fiscal year beginning October 1, 2019 and ending September 30, 2020; providing that expenditures for said fiscal year shall be in accordance with said budget.
13. Conduct a public hearing and discuss an ordinance regarding the proposed revenue increase from levying ad valorem taxes for fiscal year 2019/2020 at \$0.840925 per one hundred dollars assessed valuation of all taxable property within the corporate limits to provide revenues for current maintenance and operation expenses and interest and sinking fund requirements; providing due and delinquent dates; penalties and interest; providing a homestead exemption and disability exemption.

ACTION:

14. Discuss and consider a resolution approving a negotiated settlement between Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division regarding the company's 2019 rate review mechanism filing; declaring existing rates to be unreasonable; and adopting tariffs that reflect rate adjustments consistent with the negotiated settlement.

ADJOURNMENT

EXECUTIVE SESSION: The City Council reserve the right to convene into executive session on any posted agenda item pursuant to Section 551.071(2) of the Texas Government Code to seek legal advice concerning such subject.

ACCESSIBILITY STATEMENT: Meetings of the City Council are held in municipal facilities are wheelchair-accessible. For sign interpretive services, call the City Secretary's office, 972-218-1311, or TDD 1-800-735-2989, at least 72 hours prior to the meeting. Reasonable accommodation will be made to assist your needs.

PURSUANT TO SECTION 30.06 PENAL CODE (TRESPASS BY HOLDER WITH A CONCEALED HANDGUN), A PERSON LICENSED UNDER SUBCHAPTER H, CHAPTER 411, GOVERNMENT CODE (HANDGUN LICENSING LAW), MAY NOT ENTER THIS PROPERTY WITH A CONCEALED HANDGUN.

CONFORME A LA SECCION 30.06 DEL CODIGO PENAL (TRASPASAR PORTANDO ARMAS DE FUEGO CON LICENCIA) PERSONAS CON LICENCIA BAJO DEL SUB-CAPITULO 411, CODIGO DEL GOBIERNO (LEY DE PORTAR ARMAS), NO DEBEN ENTRAR A ESTA PROPIEDAD PORTANDO UN ARMA DE FUEGO OCULTADA.

PURSUANT TO SECTION 30.07 PENAL CODE (TRESPASS BY HOLDER WITH AN OPENLY CARRIED HANDGUN), A PERSON LICENSED UNDER SUBCHAPTER H, CHAPTER 411, GOVERNMENT CODE (HANDGUN LICENSING LAW), MAY NOT ENTER THIS PROPERTY WITH A HANDGUN THAT IS CARRIED OPENLY.

CONFORME A LA SECCION 30.07 DEL CODIGO PENAL (TRASPASAR PORTANDO ARMAS DE FUEGO AL AIRE LIBRE CON LICENCIA) PERSONAS CON LICENCIA BAJO DEL SUB-CAPITULO H, CAPITULO 411, CODIGO DE GOBIERNO (LEY DE PORTAR ARMAS), NO DEBEN ENTRAR A ESTA PROPIEDAD PORTANDO UN ARMA DE FUEGO AL AIRE LIBRE.

Certificate

I hereby certify the above Notice of Meeting was posted at the Lancaster City Hall on September 6, 2019 @ 5:00 p.m. and copies thereof were provided to the Mayor, Mayor Pro-Tempore, Deputy Mayor Pro-Tempore and Council members.



Sorangel O. Arenas
City Secretary

LANCASTER CITY COUNCIL

City Council Regular Meeting

1.

Meeting Date: 09/09/2019

Policy Statement: This request supports the City Council 2018-2019 Policy Agenda

Goal(s): Professional and Committed City Workforce

Submitted by: Sorangel O. Arenas, City Secretary

Agenda Caption:

Consider approval of minutes from the City Council Special Meeting held on August 19, 2019 and Regular Meeting on August 26, 2019.

Background:

Attached for your review and consideration are minutes from the City Council Special Meeting held on August 19, 2019 and Regular Meeting on August 26, 2019.

Attachments

August 19, 2019 Minutes

August 26, 2019 Minutes

MINUTES

LANCASTER CITY COUNCIL SPECIAL MEETING OF AUGUST 19, 2019

The City Council of the City of Lancaster, Texas, met in a called Special Session in the Council Chambers of City Hall on August 19, 2019 at 7:00 p.m. with a quorum present to-wit:

Councilmembers Present:

Mayor Clyde C. Hairston
Carol Strain-Burk
Stanley Jaglowski
Marco Mejia
Deputy Mayor Pro Tem Derrick D. Robinson
Mayor Pro Tem Racheal Hill
Nina Morris

City Staff Present:

Opal Mauldin-Jones, City Manager
Rona Stringfellow, Deputy City Manager
Fabrice Kabona, Assistant City Manager
Dori Lee, Director of Human Resources
Michelle Evans, HR Generalist and Risk Manager
Shane Shepard, Director of Economic Development
Sean Johnson, Director of Quality of Life and Cultural Services
Sam Urbanski, Police Chief
Jason Boulton, Assistant Police Chief
Chris Youngman, Assistant Fire Chief
Jasmine Carr, Community Programs Coordinator
Carey Neal, Assistant to the City Manager
Delajer Walker, E.C. & E.M. Superintendent
David T. Ritter, City Attorney
Sorangel O. Arenas, City Secretary

Call to Order:

Mayor Hairston called the meeting to order at 7:00 p.m. on August 19, 2019

City Manager Mauldin-Jones introduced the new Fire Marshall Shawn Gary.

- 1. Conduct a public hearing and discuss an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Beltline Ashmoore Public Improvement District.**

City Manager Mauldin-Jones shared Beltline Ashmoore is an established subdivision consisting of approximately 19.42 acres generally located on the north side of Beltline Road between Houston School Road and Blue Grove. The subdivision has an approved Public Improvement District (PID) to provide for the maintenance of common areas and entry features. Annually the PID board in accordance with the provisions of Chapter 372 of the Texas Local Government Code (the "Act") is required to present an updated five (5) year service and assessment plan. Under the Act, the City is required to hold a public hearing on the proposed assessment and service plan details related to the district and the levy of the assessment. The PID board is required to establish a five (5) year service plan. The taxable assessed value within the district is used to determine the rate per \$100 of assessed value necessary to meet the maintenance budget. The County Tax Collector will collect the districts fees and remit them to the City with our property taxes. The City directly pays all invoices received by the PID board, or management company. The Beltline Ashmoore PID is proposing an annual assessment of \$0.1500 per \$100 assessed value.

The notice of public hearing was mailed to each property owner of record and posted in the publication of record in accordance with the provisions of Chapter 372 in the Texas Local Government Code. The proposed five year service and assessment plan are in accordance with Chapter 372 of Texas Local Government Code and have been reviewed and approved as to form by the City Attorney.

City Council is required to hold a public hearing to receive comments regarding the five-year service plan prior to adoption. The public hearing was posted in the local publication of record on August 1, 2019 and notice mailed to property owners of record on August 1, 2019 as required by Texas Local Government Code Chapter 372. Staff recommends conducting and closing the public hearing and placing the item on the August 26, 2019 regular meeting for consideration.

Mayor Hairston opened the public hearing.

There were no speakers.

MOTION: Councilmember Morris made a motion, seconded by Council Strain-Burk to close the public hearing. Item 1 placed on August 26, 2019 agenda. The vote was cast 7 for, 0 against.

2. Conduct a public hearing and discuss an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Boardwalk Public Improvement District.

City Manager Mauldin-Jones shared Boardwalk is an established subdivision consisting of approximately 38.002 acres in Phase 1 and 43 acres in Phase 2 totaling 80.239 acres generally located on the south side of Cedardale Road and on the east side of Houston School Road. The subdivision has an approved Public Improvement District (PID) to provide for the maintenance of its common areas and entry features. Annually, the PID board in accordance with the provisions of Chapter 372 of the Texas Local Government Code (the "Act") is required to present an updated five (5) year service and assessment plan. Under the Act, the City is required to hold a public hearing on the proposed assessment and service plan details related to the district and the levy of the assessment. The PID board is required to establish a five (5) year service plan. The taxable assessed value within the district is used to determine the rate per \$100 of assessed value necessary to meet the maintenance budget. The County Tax Collector will then collect the district's fees and remit them to the City with our property taxes. The City directly pays all invoices received by the PID board, or management company. Boardwalk PID is proposing an annual assessment of \$0.25 per \$100 assessed value.

City Council is required to hold a public hearing to receive comments regarding the annual maintenance and service plan prior to adoption. The public hearing was posted in the local publication of record on August 5, 2019 and notice mailed to property owner of record on August 5, 2019 as required by Local Government Code Chapter 372. Staff recommends closing the public hearing and placing the item on the August 26, 2019 regular meeting for consideration.

Mayor Hairston opened the public hearing.

Jimmie Harp, 1428 Illinois shared his concerns with the annual assessment of 0.25.

Ella Douglas, PID Board member shared the managing company made an error and the annual assessment the PID Board voted was \$0.20.

MOTION: Councilmember Morris made a motion, seconded by Councilmember Jaglowski to close the public hearing. Item 2 placed on August 26, 2019 agenda. The vote was cast 7 for, 0 against.

3. Conduct a public hearing and discuss an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Glendover Estates Public Improvement District.

City Manager Mauldin-Jones shared Glendover Estates is an established subdivision of approximately 29.56 acres generally located south of Pleasant Run Road and west of Houston School Road. The subdivision has an approved Public Improvement District (PID) to provide for the maintenance of its common areas and entry features. Annually, the PID board in accordance with the provisions of Chapter 372 of the Texas Local Government Code (the "Act") is required to present an updated five (5) year service and assessment plan. Under the Act, the City is required to hold a public hearing on the proposed assessment and service plan details related to the district and the levy of the assessment. The PID board is required to establish a five (5) year service plan. The taxable assessed value within the district is used to determine the rate per \$100 of assessed value necessary to meet the maintenance budget. The County Tax Collector will then collect the district's fees and remit them to the City with our property taxes. The City directly pays all invoices received by the PID board, or management company. The Glendover Estates PID is proposing an annual assessment of \$0.2400 per \$100 assessed value.

City Council is required to hold a public hearing to receive comments regarding the annual maintenance and service plan prior to adoption. The public hearing was posted in the local publication of record on August 5, 2019 and notice mailed to property owners of record on August 5, 2019 as required by Local Government Code Chapter 372. Staff recommends closing the public hearing and placing the item on the August 26, 2019 regular meeting for consideration.

Mayor Hairston opened the public hearing.

Robin Hunter, 1429 Glendover has concerns with the PID assessed value.

MOTION: Councilmember Morris made a motion, seconded by Councilmember Jaglowski to close the public hearing. Item 3 placed on August 26, 2019 agenda. The vote was cast 7 for, 0 against.

4. Conduct a public hearing and discuss an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Lancaster Mills Public Improvement District.

City Manager Mauldin-Jones shared Lancaster Mills is a subdivision of approximately 60.59 acres located north of Beltline Road and east of the Homestead Addition, south of Redbud Drive and west of the Pecan Hollow Estates Addition. The subdivision has an approved Public Improvement District (PID) to provide for the maintenance of its common areas and entry features. Annually the PID board in accordance with the provisions of Chapter 372 of the Texas Local Government Code (the "Act") is required to present an updated five (5) year service and assessment plan. Under the Act, the City is required to hold a public hearing on the proposed assessment and service plan details related to the district and the levy of the assessment. The PID board is required to establish a maintenance budget. The taxable assessed value within the district is used to determine the rate per \$100 of assessed value necessary to meet the maintenance budget. The County Tax Collector will then collect the district's fees and remit them to the City with our property taxes. The City directly pays all invoices received by the PID board, or management company. As this district is currently undeveloped, the proposed assessment rate of \$0.0000 per \$100 assessed valuation as there are no budgeted expenses for the 2019/2020 fiscal year.

City Council is required to hold a public hearing to receive comments regarding the annual maintenance and service plan prior to adoption. The public hearing was posted in the local publication of record on August 5, 2019 and notice mailed to the property owners of record on August 5, 2019 as required by Local

Government Code Chapter 372. Staff recommends closing the public hearing and placing the item on the August 26, 2019 regular meeting for consideration.
Mayor Hairston opened the public hearing.

There were no speakers.

MOTION: Councilmember Morris made a motion, seconded by Councilmember Strain-Burk to close the public hearing. Item 4 placed on August 26, 2019 agenda. The vote was cast 7 for, 0 against.

5. Conduct a public hearing and discuss an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Meadowview Public Improvement District.

City Manager Mauldin-Jones shared Meadowview is an established subdivision consisting of approximately, 810 Single Family Lots and 1 common area/detention pond, 215.262 total acreage including 50.614 acres in Phase 1, 36.907 acres in Phase 2, 36.493 in Phase 3, 2.869 acres in Phase 4 and 88.384 acres in Phase 5. This subdivision is generally located east of Ames Road, west of Dizzy Dean Drive and north of Wintergreen Road. The subdivision has an approved Public Improvement District (PID) to provide for the maintenance of its common areas and entry features. Annually the PID board in accordance with the provisions of Chapter 372 of the Texas Local Government Code (the "Act") is required to present an updated five (5) year service and assessment plan. Under the Act, the City is required to hold a public hearing on the proposed assessment and service plan details related to the district and the levy of the assessment. The Meadowview PID is proposing an annual assessment of \$0.1000 per \$100 assessed value.

City Council is required to hold a public hearing to receive comments regarding the annual maintenance and service plan prior to adoption. The public hearing was posted in the local publication of record on August 5, 2019 and notice mailed to the property owners of record on August 5, 2019 as required by Local Government Code Chapter 372. Staff recommends closing the public hearing and placing the item on the August 26, 2019 regular meeting for consideration.

Mayor Hairston opened the public hearing.

Councilmember Jaglowski asked about special project.

Sonya Rolston, Representative, 1411 Singing Bird Dr. shared they are working on the entryway as well as a splash pad.

MOTION: Councilmember Morris made a motion, seconded by Councilmember Jaglowski to close the public hearing. Item 5 placed on August 26, 2019 agenda. The vote was cast 7 for, 0 against.

6. Conduct a public hearing and discuss an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Pleasant Run Estates Phase 1-A Public Improvement District.

City Manager Mauldin-Jones shared Pleasant Run Estates, Phase 1-A is an established subdivision consisting of approximately 30.44 acres generally located on the north side of Pleasant Run Road between Houston School Road and Blue Grove. The subdivision has an approved Public Improvement District (PID) to provide for the maintenance of its common areas and entry features. The Pleasant Run Estates, Phase 1-A PID is proposing an annual assessment of \$0.1800 per \$100 assessed value. City Council is required to conduct a public hearing to receive comments regarding the annual maintenance and service plan prior to

adoption. The public hearing was posted in the local publication of record on August 5, 2019 and notices mailed to the property owners of record on August 5, 2019 as required by Local Government Code Chapter 372. Staff recommends closing the public hearing and placing the item on the August 26, 2019 regular meeting for consideration.

Mayor Hairston opened the public hearing.

Terry Bowers, 1312 Artemus Dr. ask for clarification between HOA and PID.

City Manager Mauldin-Jones, share the PID is not associated to the HOA. The Council has purview on the PID and the city does not govern the HOA.

MOTION: Councilmember Morris made a motion, seconded by Mayor Pro Tem Hill to close the public hearing. Item 6 placed on August 26, 2019 agenda. The vote was cast 7 for, 0 against.

7. Conduct a public hearing and discuss an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Rolling Meadows Public Improvement District.

City Manager Mauldin-Jones shared Rolling Meadows is an established subdivision consisting of approximately 38.8 acres generally located on the east and west side of Rolling Hills Place and on the North side of Beltline. The subdivision has an approved Public Improvement District (PID) to provide for the maintenance of its common areas and entry features. The Rolling Meadows PID is proposing an annual assessment of \$0.30 per \$100 assessed value.

City Council is required to hold a public hearing to receive comments regarding the five year and service plan prior to adoption. The public hearing was posted in the local publication of record on August 5, 2019 and notice mailed to the property owners of record on August 5, 2019 as required by Local Government Code Chapter 372. Staff recommends closing the public hearing and placing the item on the August 26, 2019 regular meeting for consideration.

Mayor Hairston opened the public hearing.

There were no speakers.

MOTION: Councilmember Morris made a motion, seconded by Councilmember Strain-Burk to close the public hearing. Item 7 placed on August 26, 2019 agenda. The vote was cast 7 for, 0 against.

8. Conduct a public hearing and discuss an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Tribute at Mills Branch and Tribute East at Mills Branch Public Improvement District.

City Manager Mauldin-Jones shared Tribute at Mills Branch and Tribute East at Mills Branch is a subdivision of approximately 42.7 acres located south of Beltline Road and east of Southwood Drive and platted as the Tribute at Mills Branch, Phases 1A and 1B, 190 single family lots and 9 common areas, recorded in Volume 2005097, Page 37 and Volume 2005163, Page 183, Deed Records of Dallas County, Texas; and Tribute East at Mills Branch (291 North Blue Grove Road); of approximately 4.64 acres from John M. Rawlins Abstract 1209, pg 245, Tract 8, located south of Beltline Road on the west side of North Bluegrove Road, conveyed to Wilbow Homestead Development Corporation, Volume 2005097, Page 3594 Deed Records of Dallas County, Texas. The subdivision has an approved Public Improvement District (PID) to provide for the maintenance of its common areas and entry features. As this district is now completed, a new PID board is

in the process of being elected and the former PID board has proposed an assessment plan for lots with completed homes at a rate of \$0.3600 per \$100 assessed valuation and lots without completed homes at \$0.8000 per \$100 assessed valuation, as adopted in FY 2019/2020 in the five (5) year service plan and budget adoption. Once the new board is elected and has reviewed the current proposed service plan they will likely amend the budget to include the water utility bills. Under a previous development agreement; the City paid this bill on behalf of the PID.

City Council is required to conduct a public hearing to receive comments regarding the annual maintenance and service plan prior to adoption. The public hearing was posted in the local publication of record on August 5, 2019 and notice mailed to the property owners of record August 5, 2019 as required by Local Government Code Chapter 372. Staff recommends closing the public hearing and placing the item on the August 26, 2019 regular meeting for consideration.

Mayor Hairston opened the public hearing.

There were no speakers.

MOTION: Councilmember Morris made a motion, seconded by Councilmember Strain-Burk to close the public hearing. Item 8 placed on August 26, 2019 agenda. The vote was cast 7 for, 0 against.

9. Conduct a public hearing and discuss an ordinance regarding the proposed fiscal year 2019/2020 budget for the fiscal year beginning October 1, 2019 and ending September 30, 2020; providing that expenditures for said fiscal year shall be in accordance with said budget.

City Manager Mauldin-Jones shared State Truth-in-Taxation and the City Charter require the City of Lancaster to conduct a public hearing on the proposed annual budget. The proposed total tax rate required to provide revenue for maintenance and operations and interest and sinking fund requirements is \$0.840925 cents per \$100 assessed valuation. The approval of the proposed ordinance will adopt the FY 2019/2020 budget and appropriate necessary funds for the City's operation, maintenance and debt service requirements. The proposed tax rate is \$0.840925 per \$100 assessed valuation to be assessed on taxable property to generate revenues for the maintenance, operations, interest and sinking fund requirements. The proposed maintenance and operations fund requirements (\$0.5952) and the interest and sinking fund requirements (\$0.245725). This is a decrease from our previous year tax rate of (\$0.867500), (\$0.602) for the maintenance and operations in general fund, and (\$0.266) for the interest and sinking fund.

Notice regarding the public hearings was posted in accordance with state law in the City's newspaper of record, Focus Daily News on Thursday, August 08, 2019 and on the City of Lancaster website. Staff recommends closing the public hearing and announcing the final public hearing to be held on Monday, August 26, 2019 at 7:00 p.m. at Lancaster Municipal Center Council Chambers located at 211 North Henry Street, Lancaster, Texas.

Mayor Hairston opened the public hearing

There were no speakers.

MOTION: Councilmember Morris made a motion, seconded by Councilmember Jaglowski to close the public hearing. The second public hearing is Monday, August 26, 2019 7:00 p.m. at the Lancaster Municipal Center, Council Chambers, 211 North Henry Street, Lancaster, Texas. The vote was cast 7 for, 0 against.

- 10. Conduct a public hearing and discuss an ordinance regarding the proposed revenue increase from levying ad valorem taxes for fiscal year 2019/2020 at \$0.840925 per one hundred dollars assessed valuation of all taxable property within the corporate limits to provide revenues for current maintenance and operation expenses and interest and sinking fund requirements; providing due and delinquent dates; penalties and interest; providing a homestead exemption and disability exemption.**

City Manager Mauldin-Jones shared State Truth-in-Taxation law, Local Government Code and the City Charter require that an ordinance levying the ad valorem taxes be read and a public hearing held at a regular or special meeting of the Lancaster City Council. The tax rate proposed for fiscal year 2019/2020 is \$0.840925 per one hundred dollars assessed valuation on taxable property within the corporate limits. These tax dollars provide revenue for current operating and maintenance expenses and interest and sinking fund requirements. The total tax revenue will increase from properties on the tax roll in the preceding tax year by 7.1% (percentage by which the tax rate will be higher than effective tax rate calculated under Chapter 26, Tax Code.) Individual taxes may increase or decrease at a rate greater or lesser depending on the change in the taxable value of each property. This is the first of two public hearings regarding the proposed tax rate. The second public hearing on the tax rate is scheduled for August 26, 2019 Regular Council Meeting at Lancaster Municipal Center, City Council Chambers located at 211 North Henry, Lancaster, Texas Street. The governing body may not adopt the tax rate at either of the public hearings. The governing body must announce the date, time and place of the meeting at which it will officially vote on the tax rate. The vote on the tax rate is scheduled for Monday, September 9, 2019 at 7:00 p.m. at Lancaster Municipal Center, City Council Chambers located at 211 North Henry Street, Lancaster, Texas. Public notices were published on August 8, 2019 in the official City publication of record, Focus Daily News and on the City of Lancaster website. Information regarding the proposed tax rate is being made available in accordance with state law and the City Charter.

Staff recommends City Council conduct and close the public hearing, and announce the date, time and location of the second public hearing and final vote. The second public hearing is Monday, August 26, 2019 7:00 p.m. at the Lancaster Municipal Center, Council Chambers, 211 North Henry Street, Lancaster, Texas. The vote is scheduled for Monday, September 9, 2019, 7:00 p.m. at the Lancaster Municipal Center, Council Chambers, 211 North Henry, Lancaster, Texas.

Mayor Hairston opened the public hearing.

Patricia Thomas, 1558 Illinois Ave. asked if she would see a decrease in her taxes. City Manager Mauldin-Jones responded the tax rate is the rate the city charges on each one hundred dollars assessed value of taxable if the value of the home increased residents could potentially see an increase if the value of the home decrease then residents will see a decrease.

Patricia Thomas, 1558 Illinois Ave. asked if there is senior discount.

City Manager Mauldin-Jones responded the city of Lancaster has a homestead exemption for 65 years and over for the head of household.

Mayor Pro Tem Hill shared her excitement with the street maintenance fund, as this will help improve and maintain the overall appearance of the community.

Councilmember Strain-Burk shared the taxes are divide between Dallas County 8.29%, City of Lancaster 28.41%, Lancaster ISD 50.09%, Parkland Hospital 9.15% and Dallas Co. Community College 4.06%.

MOTION: Councilmember Morris made a motion, seconded by Mayor Pro Tem Hill to close the public hearing. The second public hearing is Monday, August 26, 2019 7:00 p.m. at the Lancaster Municipal Center, Council Chambers, 211 North Henry Street, Lancaster, Texas. The vote was cast 7 for, 0 against.

MOTION: Councilmember Strain-Burk made a motion, seconded by Councilmember Morris to adjourn. The vote was cast 7 for, 0 against.

The meeting was adjourned at 7:59 p.m.

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Clyde C. Hairston, Mayor

MINUTES

LANCASTER CITY COUNCIL REGULAR MEETING OF AUGUST 26, 2019

Councilmembers Present:

Mayor Clyde C. Hairston
Carol Strain-Burk
Stanley Jaglowski
Deputy Mayor Pro Tem Derrick D. Robinson
Mayor Pro Tem Racheal Hill

Councilmembers Absent:

Marco Mejia
Nina Morris

City Staff Present:

Opal Mauldin-Jones, City Manager
Rona Stringfellow, Deputy City Manager
Fabrice Kabona, Assistant City Manager
Dori Lee, Director of Human Resources
Jermaine Sapp, Director of Equipment Services and Facilities
Michelle Evans, HR Generalist and Risk Manager
Shane Shepard, Director of Economic Development
Sean Johnson, Director of Quality of Life and Cultural Services
Sam Urbanski, Police Chief
Charley Miller, Assistant Police Chief
Kenneth Johnson, Fire Chief
Andy Waits, Public Works Director
Sharon Jungman, Assistant Director of Finance
Carey Neal, Assistant to the City Manager
Delajer Walker, E.C. & E.M. Superintendent
Kellen Benbrook, Airport Manager
David T. Ritter, City Attorney
Sorangel O. Arenas, City Secretary

Call To Order:

Mayor Hairston called the meeting to order at 7:00 p.m. on August 26, 2019.

Invocation:

Reverend Payton Parker gave the invocation.

Pledge of Allegiance:

Councilmember Stanley Jaglowski led the pledge of allegiance.

Citizens' Comments:

Lynn Turner, 1530 Nokomis shared concerns with council communication. She also communicated pleasure with the animal shelter.

Robin Hunter, 1429 Glendover Court shared her concerns with the Glendover PID assessment rate.

Executive Session:

1. City Council shall convene into closed executive session pursuant to:

- 1. Section §551.071 of the Texas Government Code to seek legal advice from the City Attorney concerning pending or contemplated litigation: White Rock Commercial LLC v. City of Lancaster, Cause No. DC-14-06471 and**

2. Sections §552.071(1) and (2) and 552.076(1) of the Texas Government Code.

- 2. Reconvene into open session. Consider and take appropriate action(s), if any, on closed/executive session matters.**

The City Council recessed for Executive Session at 7:08 p.m. and reconvened into open session at 7:34p.m.

MOTION: Mayor Pro Tem Hill made a motion, seconded by Councilmember Strain-Burk to not accept the offer of White Rock Commercial, Inc., and, authorize special legal counsel to negotiate a possible settlement on the terms and conditions set forth in executive session; and, bring back a written agreement for consideration of the City Council in compliance with law.

Consent Agenda:

City Secretary Arenas read the consent agenda.

- 3. Consider approval of minutes from the City Council Regular Meeting held on July 8, 2019 and August 12, 2019.**
- 4. Consider a Resolution authorizing agreements for the Fiscal Year 2019/2020 Employee Benefit Providers and Administrators.**
- 5. Consider a Resolution to accept a dedication of rights-of-way from the Lancaster Independent School District for the extension of Millbrook Drive and Bridal Path Drive; providing for the furnishing of a certified copy of this Resolution for recording in the real property records of Dallas County, Texas as a deed; and providing an effective date.**
- 6. Consider a resolution authorizing the City Manager to execute commercial and non-commercial leases, ground leases, and assignments and assumptions of ground leases at the Lancaster Regional Airport from August 1, 2019 to July 31, 2020.**
- 7. Consider a resolution authorizing the purchase of a Ford F-350 Crane Truck and a Ford F-350 Dump Truck from Rush Truck Centers, through an interlocal agreement with Buyboard, in an amount not to exceed one hundred twenty-three thousand four hundred sixty-one dollars and thirty-six cents (\$123,461.36).**

Councilmember Jaglowski pulled item 5.

MOTION: Councilmember Jaglowski made a motion, seconded by Councilmember Strain-Burk to approve consent items 3 through 7 excluding item 5. The vote was cast 5 for, 0 against [Mejia and Morris absent]

- 5. Consider a Resolution to accept a dedication of rights-of-way from the Lancaster Independent School District for the extension of Millbrook Drive and Bridal Path Drive; providing for the furnishing of a certified copy of this Resolution for recording in the real property records of Dallas County, Texas as a deed; and providing an effective date.**

Mayor Pro Tem Hill shared her excitement with the extension of Millbrook Drive and Bridal Path Drive.

Councilmember Jaglowski also shared his excitement with the extension of the roads, as this will allow more access for parents.

MOTION: Councilmember Strain-Burk made a motion, seconded by Councilmember Jaglowski to approve consent item 5. The vote was cast 5 for, 0 against [Mejia and Morris absent]

8. Discuss and consider an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Beltline Ashmoore PublicImprovement District (PID).

City Manager Mauldin-Jones shared The City Council conducted a public hearing on Monday, August 19, 2019. Notice of public hearing was posted in the publication of record and mailed to the property owners of record in accordance with the provisions of Chapter 372 in the Texas Local Government Code on August 8, 2019 (Focus Daily News) August 2, 2019 (Mailed). The proposed five (5) year service and assessment plan are in accordance with Chapter 372 of Texas Local Government Code and have been reviewed and approved as to form by the City Attorney. The ordinance has been reviewed as approved as to form by the City Attorney. The Beltline Ashmoore PID is proposing an annual assessment of \$0.1500 per \$100 assessed value.

MOTION: Councilmember Strain-Burk made a motion, seconded by Councilmember Jaglowski to approve item 8. The vote was cast 5 for, 0 against. [Mejia and Morris absent]

9. Discuss and consider an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Boardwalk Public ImprovementDistrict.

City Manager Mauldin-Jones shared The City Council conducted a public hearing on Monday August 19, 2019. Notice of public hearing was posted in the publication of record and mailed to the property owners of record in accordance with the provisions of Chapter 372 in the Texas Local Government Code on August 8, 2019 (Focus Daily News) and August 2, 2019 (Mailed). The proposed five (5) year service and assessment plan are in accordance with Chapter 372 of Texas Local Government Code and have been reviewed and approved as to form by the City Attorney. The ordinance has been reviewed and approved as to form by the City Attorney. Boardwalk PID is proposing an annual assessment of \$0.2000 per \$100 assessed value.

MOTION: Councilmember Strain-Burk made a motion, seconded by Mayor Pro Tem Hill to approve item 9. The vote was cast 5 for, 0 against. [Mejia and Morris absent]

10. Discuss and consider an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Glendover Estates PublicImprovement District.

City Manager Mauldin-Jones shared The City Council conducted public hearing on Monday August 19, 2019. Notice of public hearing was posted in the publication of record and mailed to the property owners of record in accordance with the provisions of Chapter 372 in the Texas Local Government Code on August 8, 2019 (Focus Daily News) and August 2, 2019 (Mailed). The proposed five (5) year service and assessment plan are in accordance with Chapter 372 of Texas Local Government Code and have been reviewed and approved as to form by the City Attorney. The ordinance has been reviewed and approved as to form by the City Attorney. The Glendover Estates PID is proposing an annual assessment of \$0.2400 per \$100 assessed value.

MOTION: Councilmember Strain-Burk made a motion, seconded by Councilmember Jaglowski to approve item 10. The vote was cast 5 for, 0 against. [Mejia and Morris absent]

11. Discuss and consider an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Lancaster Mills Public Improvement District.

City Manager Mauldin-Jones shared the notice of public hearing was posted in the publication of record and mailed to the property owner of record in accordance with the provisions of Chapter 372 in the Texas Local Government Code on August 8, 2019 (Focus Daily News) and August 2, 2019 (Mailed). The proposed five (5) year service and assessment plan are in accordance with Chapter 372 of Texas Local Government Code and have been reviewed and approved as to form by the City Attorney. The ordinance has been reviewed and approved as to form by the City Attorney. As this district is currently undeveloped, the proposed assessment rate of \$0.0000 per \$100 assessed valuation as there are no budgeted expenses for the 2019/2020 fiscal year.

MOTION: Councilmember Strain-Burk made a motion, seconded by Mayor Pro Tem Hill to approve item 11. The vote was cast 5 for, 0 against. [Mejia and Morris absent]

12. Discuss and consider an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Meadowview Public Improvement District.

City Manager Mauldin-Jones shared The City Council conducted a public hearing on Monday, August 19, 2019. Notice of public hearing was posted in the publication of record and mailed to the property owners of record in accordance with the provisions of Chapter 372 in the Texas Local Government Code on August 8, 2019 (Focus Daily News) and August 2, 2019 (mailed). The proposed five (5) year service and assessment plan are in accordance with Chapter 372 of Texas Local Government Code and have been reviewed and approved as to form by the City Attorney. The ordinance has been reviewed and approved as to form by the City Attorney. The Meadowview PID is proposing an annual assessment of \$0.1000 per \$100 assessed value.

MOTION: Mayor Pro Tem Hill made a motion, seconded by Councilmember Strain-Burk to approve item 12. The vote was cast 5 for, 0 against. [Mejia and Morris absent]

13. Discuss and consider an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Pleasant Run Estates Phase 1-A Public Improvement District.

City Manager Mauldin-Jones shared The City Council conducted a public hearing on Monday, August 19, 2019. Notice of public hearing was posted in the publication of record and mailed to the property owner's of record in accordance with the provisions of Chapter 372 in the Texas Local Government Code on August 8, 2019 (Focus Daily News) and August 2, 2019 (Mailed). The proposed five (5) year service and assessment plan are in accordance with Chapter 372 of the Texas Local Government Code and has been reviewed by the City Attorney. The ordinance has been reviewed and approved as to form by the City Attorney. The Pleasant Run Estates, Phase 1-A PID is proposing an annual assessment of \$0.1800 per \$100 assessed value.

MOTION: Councilmember Strain-Burk made a motion, seconded by Councilmember Jaglowski to approve item 13. The vote was cast 5 for, 0 against. [Mejia and Morris absent]

- 14. Discuss and consider an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Rolling Meadows Public Improvement District (PID).**

Councilmember Jaglowski recused himself from item 14.

City Manager Mauldin-Jones shared The City Council conducted a public hearing on Monday, August 19, 2019. Notice of public hearing was posted in the publication of record and mailed to the property owners of record in accordance with the provisions of Chapter 372 in the Texas Local Government Code on August 8, 2019 (Focus Daily News) and August 2, 2019 (Mailed). The proposed five (5) year service and assessment plan are in accordance with Chapter 372 of the Texas Local Government Code and have been reviewed and approved as to form by the City Attorney. This ordinance has been approved as to form by the City Attorney.

MOTION: Mayor Pro Tem Hill made a motion, seconded by Councilmember Strain-Burk to approve item 14. The vote was cast 4 for, 0 against. [Mejia and Morris absent] [Jaglowski recused]

- 15. Discuss and consider an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Tribute at Mills Branch and Tribute East at Mills Branch Public Improvement District (PID).**

City Manager Mauldin-Jones shared The City Council conducted a public hearing on Monday, August 19, 2019. Notice of public hearing was posted in the publication of record and notice mailed to the property owners of record in accordance with the provisions of Chapter 372 in the Texas Local Government Code on August 8, 2019 (Focus Daily News) and August 2, 2019 (Mailed). The proposed five year service and assessment plan are in accordance with Chapter 372 of Texas Local Government Code and have been reviewed and approved as to form by the City Attorney.

MOTION: Councilmember Strain-Burk made a motion, seconded by Councilmember Jaglowski to approve item 15. The vote was cast 5 for, 0 against. [Mejia and Morris absent]

- 16. M19-12 Discuss and consider a resolution accepting three (3) water line easements (a 2,194 square feet or .050 acre water easement, a 900 square feet or .021 acre water easement and a 700 square feet or .016 acre water easement) from Ollie's Bargain Outlet, Inc., a Pennsylvania corporation, Grantor, to the City of Lancaster for the installation, construction, operation, maintenance, replacement, repair, upgrade and/or removal of a waterline and all necessary or desirable structures, facilities and appurtenances necessary to provide a secondary and separate connection to the City water system; establishing conditions, providing for the furnishing of certified copy of this resolution for recording in the property records of Dallas County, Texas as a deed.**

City Manager Mauldin-Jones shared a resolution accepting three (3) water line easements (a 2,194 square feet or .050 acre water easement, a 900 square feet or .021 acre water easement and a 700 square feet or .016 acre water easement) from Ollie's Bargain Outlet, Inc., a Pennsylvania corporation, Grantor, to the City of Lancaster for the installation, construction, operation, maintenance, replacement, repair, upgrade and/or removal of a waterline and all necessary or desirable structures, facilities and appurtenances necessary to provide a secondary and separate connection to the City water system.

MOTION: Councilmember Strain-Burk made a motion, seconded by Councilmember Jaglowski to approve item 16. The vote was cast 5 for, 0 against. [Mejia and Morris absent]

17. Conduct a public hearing and consider a resolution regarding the proposed expansion of Millbrook East Public Improvement District (PID).

City Manager shared Millbrook East is an established subdivision consisting of approximately 46.265 acres in Phase 1 and 17.572 acres Phase 2A and 13.540 acres Phase 2B for a total of 77.377 acres generally located on the south side of Pleasant Run Road east of Houston School Road and west of Bluegrove Road. The subdivision has an approved Public Improvement District (PID) to provide for the maintenance of its common areas and entry features. The PID was established August 8, 2011. The purpose of the proposed expanded district includes the maintenance of public improvement projects authorized by the Act and necessary for the full development of the property. Being included in the existing Millbrook East PID the proposed 2019/2020 assessment rate for the maintenance component is to be considered at an amount of \$0.1500 per \$100 of appraised value. The notice of public hearing was mailed to the property owner of record and posted in the publication of record in accordance with the provisions of Chapter 372 in the Texas Local Government Code. The proposed five (5) year service and assessment plan are in accordance with Chapter 372 of Texas Local Government Code and have been reviewed and approved as to form by the City Attorney.

Mayor Hairston opened the public hearing.

There were no speakers.

MOTION: Councilmember Strain-Burk made a motion, seconded by Mayor Pro Tem Hill to close the public hearing. The vote was cast 5 for, 0 against. [Mejia and Morris absent]

MOTION: Councilmember Strain-Burk made a motion, seconded by Mayor Pro Tem Hill to approve item 17. The vote was cast 5 for, 0 against. [Mejia and Morris absent]

18. Conduct a public hearing and discuss an ordinance regarding the proposed fiscal year 2019/2020 budget for the fiscal year beginning October 1, 2019 and ending September 30, 2020; providing that expenditures for said fiscal year shall be in accordance with said budget.

City Manager shared State Truth-in-Taxation and the City Charter require the City of Lancaster to conduct a public hearing on the proposed annual budget. The proposed total tax rate required to provide revenue for maintenance and operations and interest and sinking fund requirements is \$0.840925 cents per \$100 assessed valuation. The approval of the proposed ordinance will adopt the FY 2019/2020 budget and appropriate necessary funds for the City's operation, maintenance and debt service requirements. The proposed budget was presented to the Lancaster City Council at a work session held on Monday, August 5, 2019. A Town Hall meeting was held on Thursday, August 8, 2019. The first public hearing was held on Monday, August 19, 2019 and (1) citizen provided comment. The City Council closed the public hearing and announced the date and time of the next public hearing. This is the second public hearing on the proposed budget. Two additional public hearings have been noticed for the proposed budget. The next public hearing is scheduled for Monday, September 9, 2019 and the final public hearing is scheduled for Thursday, September 12, 2019. Consideration of the budget is scheduled for Monday, September 16, 2019. The public hearings and meeting are planned for 7:00 p.m. at Lancaster Municipal Center, 211 N. Henry Street, Lancaster, Texas. The total budget for all funds is \$64,544,796. Staff recommends closing the public hearing and announcing the next public hearing will be held on Monday, September 9, 2019 at 7:00 p.m. at Lancaster Municipal Center Council Chambers located at 211 North Henry Street, Lancaster, Texas.

Mayor Hairston opened the public hearing.

There were no speakers.

MOTION: Councilmember Strain-Burk made a motion, seconded by Mayor Pro Tem Hill to close the public hearing. The second public hearing is Thursday, September 12, 2019 7:00 p.m. at the Lancaster Municipal Center, Council Chambers, 211 North Henry Street, Lancaster, Texas and the vote is scheduled for Monday, September 16, 2019, 7:00 p.m. at the Lancaster Municipal Center, Council Chambers, 211 North Henry, Lancaster, Texas. The vote was cast 5 for, 0 against. [Mejia and Morris absent]

19. **Conduct a public hearing and discuss an ordinance regarding the proposed revenue increase from levying ad valorem taxes for fiscal year 2019/2020 at \$0.840925 per one hundred dollars assessed valuation of all taxable property within the corporate limits to provide revenues for current maintenance and operation expenses and interest and sinking fund requirements; providing due and delinquent dates; penalties and interest; providing a homestead exemption and disability exemption.**

City Manager shared State Truth-in-Taxation law, Local Government Code and the City Charter require that an ordinance levying the ad valorem taxes be read and a public hearing held at a regular or special meeting of the Lancaster City Council. The tax rate proposed for fiscal year 2019/2020 is \$0.840925 per one hundred dollars assessed valuation on taxable property within the corporate limits. These tax dollars provide revenue for current operating and maintenance expenses and interest and sinking fund requirements. The total tax revenue will increase from properties on the tax roll in the preceding tax year by 7.1% (percentage by which the tax rate will be higher than effective tax rate calculated under Chapter 26, Tax Code.) Individual taxes may increase or decrease at a rate greater or lesser depending on the change in the taxable value of each property. This is the second public hearing regarding the proposed tax rate. Two additional public hearings have been noticed for the proposed tax-rate. The next public hearing is scheduled for Monday, September 9, 2019, and again on Thursday, September 12, 2019. Consideration of the budget is scheduled for Monday, September 16, 2019. The public hearings and meetings will be at 7:00 p.m. at Lancaster Municipal Center, 211 N. Henry, Lancaster, Texas 75146. The governing body may not adopt the tax rate at either of the public hearings. Staff recommends Council closing the public hearing and announcing the next public hearing will be held on Monday, September 9, 2019 at 7:00 p.m. at the Lancaster Municipal Center, Council Chambers, 211 North Henry, Lancaster, Texas.

Mayor Hairston opened the public hearing.

There were no speakers

MOTION: Councilmember Strain-Burk made a motion, seconded by Mayor Pro Tem Hill to close the public hearing. The second public hearing is Thursday, September 12, 2019 7:00 p.m. at the Lancaster Municipal Center, Council Chambers, 211 North Henry Street, Lancaster, Texas and the vote is scheduled for Monday, September 16, 2019, 7:00 p.m. at the Lancaster Municipal Center, Council Chambers, 211 North Henry, Lancaster, Texas. The vote was cast 5 for, 0 against. [Mejia and Morris absent]

MOTION: Councilmember Strain-Burk made a motion, seconded by Mayor Pro Tem Hill to adjourn. The vote was cast 5 for, 0 against.

The meeting was adjourned at 8:08 p.m.

ATTEST:

Sorangel O. Arenas, City Secretary

APPROVED:

Clyde C. Hairston, Mayor

LANCASTER CITY COUNCIL

City Council Regular Meeting

2.

Meeting Date: 09/09/2019

Policy Statement: This request supports the City Council 2019-2020 Policy Agenda

Goal(s): Financially Sound City Government

Submitted by: Sharon Jungman, Assistant Finance Director

Agenda Caption:

Consider a resolution adopting the City of Lancaster Financial Policy providing for prudent financial management of all funds to enable the city to maintain a long-term stable and positive financial condition and provide guidelines for the day-to-day planning and operation of the city's financial matters.

Background:

Financial Policy Statements provide guidelines to enable the City to achieve and maintain a long-term stable and positive financial position, and also provide guidelines for the day-to-day planning and operations of the City's financial affairs. These policy statements are to be reviewed and refined annually as part of the budget preparation process to reflect current laws as well as significant changes in the City which will impact the prevailing policy.

Operational Considerations:

There are no fundamental changes proposed in the policy. Review allows Council to determine and demonstrate compliance with the finance related legal and contractual issues in accordance with provisions of the City Charter, the Texas Local Government Code and other pertinent legal documents and mandates.

Legal Considerations:

The City Attorney has reviewed and approved the resolution as to form.

Public Information Considerations:

This item is being considered at a Regular Meeting of the City Council noticed in accordance with the Texas Open Meetings Act.

Options/Alternatives:

1. City Council may approve the resolution, as presented.
2. City Council may deny the resolution.

Recommendation:

Staff recommends approval of the resolution, as presented.

Attachments

Resolution

Exhibit "A"

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, ADOPTING THE CITY OF LANCASTER FINANCIAL POLICY PROVIDING FOR PRUDENT FINANCIAL MANAGEMENT OF ALL FUNDS TO ENABLE THE CITY TO MAINTAIN A LONG TERM STABLE AND POSITIVE FINANCIAL CONDITION AND PROVIDE GUIDELINES FOR THE DAY-TO-DAY PLANNING AND OPERATION OF THE CITY'S FINANCIAL MATTERS; PROVIDING THAT THE SAME SHALL BE IMPLEMENTED; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Lancaster Financial Policy is reviewed annually as part of the budget preparation process; and

WHEREAS, the City of Lancaster Financial Policy provides for financial management through integrity, prudent stewardship, planning, accountability, full disclosure and communication regarding all City funds;

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

SECTION 1. The City of Lancaster Financial Policy, attached hereto and incorporated herein by reference as Exhibit "A", having been reviewed by the City Council of the City of Lancaster, Texas, and found to be acceptable and in the best interest of the City and its citizens is hereby in all things approved; and, the City Manager and staff shall implement and execute the procedures and policies adopted therein.

SECTION 2. This resolution shall take effect immediately from and after its passage, as the law and charter in such cases provide.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 9th day of September, 2019.

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Clyde C. Hairston, Mayor

APPROVED AS TO FORM:

David T. Ritter, City Attorney

**City of Lancaster, Texas
FINANCIAL MANAGEMENT
POLICY**

September 9, 2019



Lancaster



2019

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CITY OF LANCASTER, TEXAS
FINANCIAL MANAGEMENT POLICY STATEMENT

The overriding goal of the Financial Management Policy is to enable the City to achieve a long-term, stable and positive financial condition. The watchwords of the City's financial management include integrity, prudent stewardship, planning, accountability, and full disclosure. The purpose of the Financial Management Policy is to provide guidelines for planning and directing the City's day to day financial affairs and to assist staff in developing recommendations to the Mayor or City Council. Specifically, this policy framework mandates the pursuit of the following fiscal objectives:

I. Revenues

Design, maintain and administer a revenue system that will assure a reliable, equitable, diversified and sufficient revenue stream to support desired City services.

II. Expenditures

Identify priority services, establish and define appropriate service levels and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.

III. Fund Balance/Working Capital/Net Assets

Maintain the fund balance, working capital and net assets of the various operating funds at levels sufficient to protect the City's credit worthiness as well as its financial position from emergencies.

IV. Capital Expenditures and Improvements

Annually review and monitor the condition of the City's capital equipment and infrastructure, setting priorities for its replacement and renovation based on needs, funding alternatives and availability of resources.

V. Debt Management

Establish guidelines for debt financing that will provide needed capital equipment and infrastructure improvements while minimizing the impact of debt payments on current and future revenues.

VI. Cash Management and Investments

Invest the City's operating cash to ensure the absolute safety of principal, provide for necessary liquidity and optimize yield in accordance with the City's adopted Investment Policy.

VII. Intergovernmental Relations

Coordinate efforts with other governmental agencies to achieve common policy objectives, share the cost of providing governmental services on an equitable basis and support appropriate favorable legislation at the state and federal level.

VIII. Grants

Aggressively investigate, pursue and effectively administer federal, state, local and foundation grants-in-aid, which address and support the City's current priorities and policy objectives.

IX. Economic Development

Initiate, encourage and participate in economic development efforts to create job opportunities and strengthen the local economy and tax base.

X. Fiscal Monitoring

Prepare and present reports for the current and multi-year periods that analyze, evaluate and forecast the City's financial performance and economic condition.

XI. Accounting, Auditing and Financial Reporting

Comply with prevailing federal, state and local statutes and regulations. Conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA) and the Government Finance Officers Association (GFOA).

XII. Internal Controls

Establish a system of internal controls designed to maintain an environment to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

XIII. Risk Management

Prevent and/or reduce the financial impact to the City due to claims and losses through prevention, transfer of liability and/or a program of self-insurance of the liability.

XIV. Operating Budget

Develop and maintain a balanced budget for operating funds that presents a clear understanding of the goals of the City Council, service levels and performance standards. A Balanced Budget is defined as revenues and any appropriated fund balance equal expenditures.

XV. Five Year Plans

Long term financial planning is intended to ensure sustainability of programs and integrate operating and capital financial planning.

I. Revenues

The City shall use the following guidelines to design, maintain and administer a revenue system that will assure a reliable, equitable, diversified and sufficient revenue stream to support desired City services.

A. Balance and Diversification in Revenue Sources

The City shall strive to maintain a balance and diversified revenue system to protect the City from fluctuations in any one source due to changes in economic conditions that adversely impact that source.

B. User Fees

For services that benefit specific users, where possible the City shall establish and collect fees to recover the cost of those services. Where feasible and desirable, the City shall seek to recover full direct and indirect costs. City staff shall review user fees on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure and to recommend adjustments where necessary.

C. Property Tax Revenues/Tax Rate

The City shall strive to reduce its reliance on residential property tax revenues by revenue diversification, implementation of user fees and economic development. The City shall also strive to minimize tax rate increases.

D. Utility/Enterprise Funds User Fees

Utility rates and enterprise funds user fees shall be set at levels sufficient to cover operating expenditures, meet debt obligations, provide additional funding for capital improvements and provide adequate levels of working capital and debt coverage.

E. Administrative Services Charges

The City shall prepare a cost allocation plan to determine the administrative services charges due to the General Fund from enterprise funds for overhead and staff support. Where appropriate, the enterprise funds shall pay the General Fund for direct services rendered.

F. Revenue Estimates for Budgeting

In order to maintain a stable level of service, the City shall use a conservative, objective and analytical approach when preparing revenue estimates for current and multi-year periods. The process shall include analysis of probable economic changes and their impacts on revenues, historical collection rates and trends in revenues. This approach should reduce the likelihood of actual revenues falling short of budget estimates during the year and should avoid mid-year service reductions.

G. Revenue Collection and Administration

The City shall maintain high collection rates for all revenues by keeping the revenue system as simple as possible in order to facilitate payment. In addition, since revenue should exceed the cost of producing it, the City shall strive to control and reduce administrative costs. The City shall pursue to the full extent allowed by state law all delinquent taxpayers and other overdue in payments to the City. The fees based on user charges shall be reviewed annually to ensure continuing coverage of the cost of services. The City shall revise user fees with review of the City Council to adjust for the costs of inflation and additional recovery increments. The City shall review and adopt utility rates annually that shall generate revenues required to fully cover operating expenditures, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital needs. A method is established whereby the General and administrative services performed on the Enterprise Fund's behalf. The process shall be documented and disclosed to the City's auditors for review. All revenue collections will be consolidated under Finance and be audited annually.

II. Expenditures

The City shall use the following guidelines to identify necessary services, establish appropriate service levels and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.

Current Funding Basis

The City shall operate on a current funding basis. Expenditures shall be budgeted and controlled so as not to exceed current revenues plus the planned use of fund balance accumulated through prior year savings.

Avoidance of Operating Deficits

The City shall take timely corrective action if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit is projected at year-end.

Maintenance of Capital Assets

Within the resources available each fiscal year, the City shall maintain capital assets and infrastructure at a sufficient level to protect the City's investment, to minimize future replacement and maintenance costs and to continue service levels.

Periodic Program Reviews

Periodic program reviews for efficiency and effectiveness shall be performed. Programs not meeting efficiency and effectiveness objectives shall be brought up to required standards or be subject to reduction or elimination.

Purchasing

The City shall make every effort to maximize any discounts offered by creditors/vendors. Vendors with balances due the City will have payments due to the vendor offset against the amount due the city. The City will follow state law concerning the amount of purchase requiring formal bidding procedures and approval by the City Council. For purchases where competitive bidding is not required, the City shall seek to obtain the most favorable terms and pricing possible. Every effort will be made to include minority business enterprises in the bidding process.

Quarterly reports shall be prepared showing actual expenditures compared to the adopted budget. Modifications within the operating categories (materials, supplies, and services) and/or modifications within the personnel and capital categories may be made with the approval of the City Manager.

Where appropriate, performance measures and productivity indicators shall be used as guidelines and reviewed for efficiency and effectiveness. This information shall be included in the annual budgeting process.

Purchases shall be made in conformation with the States formal bidding process and requirements. Recommendations of bids and contracts in excess of \$50,000 shall be presented to City Council for their formal approval.

III. Fund Balance/Working Capital/Net Assets

In accordance with the requirements of Governmental Accounting Standards Board Statement Number 53, the City shall use the following guidelines to explain and define the purpose of fund balance, working capital and retained earnings of the various operating funds. The City will describe fund balance as follows: (1) Un-spendable – portion of net resources that cannot be spent, i.e. assets that will never convert to cash or not convert during the current period, or resources that must be maintained intact pursuant to legal or contractual requirements. (2) Restricted – portion of net resources that are required to be reserved by external legal restrictions such as debt covenants, grantors, contributors or other governments. (3) Committed – portion of fund balance that represents resources whose use is constrained by limitations that the City

imposes upon itself by council action and require council action to release. (4) Assigned – portion of fund balance that reflects the City's intended use of resources. (5) Unassigned-surplus fund balance.

The City shall use the following guidelines to maintain the fund balance, working capital and net assets of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position from unforeseeable emergencies.

General Fund Unassigned Fund Balance

The City shall strive to maintain the General Fund unassigned fund balance at an amount equal to a minimum of twelve (12) percent of the general operating budget with a target of reaching eighteen (18) percent and a maximum of twenty-five (25) percent. The City will maintain an unallocated fund balance of an amount equal to a minimum of twelve (12) percent of the general operating budget. Any excess above the minimum will be designated to the Capital Improvement Program and the Equipment Replacement Program. These designations will be reviewed annually and authorized by the Council. The minimum twelve (12) percent unallocated fund balance will be used to avoid cash-flow interruptions, generate interest income, reduce need for short-term borrowing and assist in maintaining an investment-grade bond rating.

Other Operating Funds Unrestricted Net Assets; Enterprise Working Capital

In other operating funds, the City shall strive to maintain a positive unrestricted net assets position to provide sufficient reserves for emergencies and revenue shortfalls. The unallocated fund balance of other funds should be maintained as follows:

<u>Fund</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Water/Wastewater	12.00%	18.00%	25.00%
Airport Fund	12.00%	18.00%	25.00%
Golf Fund	12.00%	18.00%	25.00%

Debt Service Funds 12% of Current Year Debt Payment

Use of Fund Balance/Net Assets

Fund Balance/Net Assets shall be used only for emergencies, non-recurring expenditures, major capital purchases that cannot be accommodated through current year savings, and as designated by Council. Should such use reduce the balance below the appropriate level set as the objective for that fund, recommendations will be made on how to restore it.

Periodic review of cash flow position shall be performed to determine performance of cash management and investment policies. A detailed policy structure shall be followed with respect to Cash/Treasury Management. The underlying theme shall be that idle cash shall be invested with the goals and objectives as identified in the City's Investment Policy.

Procedures shall be taken so as to maximize any discounts offered by creditors. Current liabilities shall be paid within 30 days of receiving the invoices. Accounts receivable procedures shall target for a maximum of 60 days of service.

IV. Capital Infrastructure and Equipment Replacement

Capital Expenditures and Improvements

The City shall annually review and monitor the condition of the City's capital equipment and infrastructure, setting priorities for its replacement and renovation based on needs, funding alternatives and availability of resources.

Capital Improvements Program

The City shall annually review the Capital Improvements Program (CIP), potential new projects and the current status of the City's infrastructure, replacement and renovation needs, updating the program as appropriate. All projects, ongoing and proposed, shall be prioritized based on an analysis of current needs and resource availability. For every project, all operation, maintenance and replacement expenditures shall be fully casted. The CIP shall also present the City's long-term borrowing plan, debt payment schedules and other debt outstanding or planned, including general obligation bonds, revenue bonds, certificates of obligation and lease/purchase agreements.

Replacement of Capital Assets (Equipment) on a Regular Schedule

The City shall annually prepare a schedule for the replacement of its non-infrastructure capital assets. Within the resources available each fiscal year, the City shall replace these assets according to this schedule.

Capital Expenditure Financing

The City recognizes that there are several methods of financing capital requirements. It can budget the funds from current revenues; it can take the funds from fund balance/retained earnings as allowed by the Fund Balance/Net Assets Policy; it can utilize funds from grants and foundations or it can borrow money through debt. Debt financing includes general obligation bonds, revenue bonds,

certificates of obligation, lease/purchase agreements and certificates of participation. Guidelines for assuming debt are set forth in the Debt Policy Statements.

A Capital Improvement Program shall be adopted for a period of five (5) years and reviewed annually for prioritization, based on analysis of the City's infrastructure. The replacement and maintenance for capital items shall also be projected for the next five (5) years. Future maintenance shall be fully cost, providing sufficient funding for future maintenance and replacement. The City shall identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to council for approval. The City shall determine the least costly financing method for all new projects.

Where applicable, assessments, pro-rata charges or other user-based fees should be used to fund capital projects which have a limited benefit to the whole City.

Assets shall be maintained to protect the government's investment and minimize the future replacement and maintenance costs. The Annual operating budget shall provide for adequate maintenance and issuance of all capital plant and equipment.

V. Debt Management

The City shall use the following guideline for debt financing which will provide needed capital equipment and infrastructure improvements while minimizing the impact of debt payments on current and future revenues.

Use of Debt Financing

Debt financing, including general obligation bonds, revenue bonds, certificates of obligation and lease/purchase agreements, shall only be used to purchase capital assets. Debt payments should be structured to provide that capital assets, which are funded by the debt, have a longer life than the debt associated with those assets. Long Term Debt shall not be used for operating purposes. The life of the bonds shall not exceed the useful life of the projects.

Amortization of Debt

The City shall structure new best issue payment schedules to utilize the City's declining debt payment schedules to keep tax increases for debt to a minimum. Capital projects that, by their character or size, are outside the normal core service projects will require careful evaluation of financial feasibility.

Affordability Targets

The City shall use an objective analytical approach to determine whether it can afford to assume new debt beyond the amount it retires each year. This process shall compare generally accepted standards of affordability to the current values for the City. These standards shall include debt per capita, debt as a percent of taxable value, debt service payments as a percent of current revenues and current expenditures and the level of overlapping net debt of all local taxing jurisdictions. The process shall also examine the direct costs and benefits of the proposed expenditures as determined in the City's annual update of the Capital Improvements Planning Program. The decision on whether or not to assume new debt shall be based on these costs and benefits and on the City's ability to "afford" new debt as determined by the aforementioned standards. The City shall use cities with similar bond ratings for debt ratio benchmarks.

Sale Process

The City shall use a competitive bidding process in the sale of debt unless the nature of the issue warrants a negotiated bid. In situations where a competitive bidding process is not elected, the bond counsel/advisors shall present the reasons why to the City. Also, the City shall participate in the selection of the underwriter with the assistance of the bond counsel/advisors in the case of a negotiated bid.

Rating Agencies Presentations

Full disclosure of operations and open lines of communications shall be made to the bond rating agencies. City staff, with assistance of financial advisors, shall prepare the necessary materials and presentation to the rating agencies.

Continuing Disclosure

The City is committed to continuing disclosure of financial and pertinent credit information relevant to the City's outstanding securities.

Debt Refunding

City staff and the financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt.

When appropriate, self-supporting revenue bonds shall be issued before general obligation bonds. Interest earnings on bond proceeds shall be credited to the appropriate bond/capital fund. The bonds shall have a provision which allows them to be recalled after the tenth year of issue.

The Debt Service Fund(s) reserves should equal ten percent (10%) of the current year's debt payment. This minimum does not include the amounts accruing for the next debt payment.

The City shall be actively involved in the selection of all bond counsel, advisors, underwriters, and paying agents. The City shall evaluate the merits of rotating professional advisors and consultants and the kinds of services and fee structures available from independent financial advisors, investment banking firms and commercial banks. Also, the City shall carefully itemize and scrutinize all costs associated with the issuance of bonds.

The City shall explore all funding alternatives in addition to long-term debt including leasing, grants, and other aid, developer contributions, capital recovery fees, and current funds.

The City will establish and maintain an equipment replacement fund. If any equipment is secured through a lease/purchase agreement, it will have a useful life of at least five (5) years.

VI. Cash Management and Investments

The City's available cash shall be invested according to the standard of prudence set forth in Section 2256.0066 of the Texas Government Code. The following shall be the objectives of the City of Investment Policy listed in their order of importance: preservation of capital and protection of investment principal, maintenance of sufficient liquidity to meet anticipated cash flows, diversification to avoid unreasonable market risks and attainment of a market value rate of return. The investment income derived from pooled investment accounts shall be allocated to contributing funds based upon the proportions of respective average balances relative to total pooled balances.

VII. Intergovernmental Relations

The City shall coordinate efforts with other governmental agencies to achieve common policy objectives, share the cost of providing government services on an equitable basis and support appropriate favorable legislation at the state and federal levels.

Interlocal Cooperation in Delivering Services

In order to promote the effective and efficient delivery of services, the City shall work with other local jurisdictions to share on an equitable basis the costs of services, to share facilities and to develop joint programs to improve service to its citizens.

Legislative Program

The City shall cooperate with other jurisdictions to actively oppose any state or federal regulation or proposal that mandates additional City programs or services and does not provide the funding for implementation.

VIII. Grants

The City shall seek, apply for, obtain and effectively administer federal, state and foundation grants-in-aid that address the City's current and future priorities and policy objectives.

Grant Guidelines

The City shall seek, apply for and obtain those grants that are consistent with priority needs and objectives identified by Council.

Grant Review

The City shall review all grant submittals for their cash or in-kind match requirements, their potential impact on the operating budget and the extent to which they meet the City's policy objectives. If there are cash match requirements, the source of funding shall be identified and approved prior to application, as set forth in the Grant Policy.

IX. Economic Development

The City shall initiate, encourage and participate in economic development efforts to create job opportunities and strengthen the local economy and tax base.

Commitment to Expansion and Diversification

The City shall encourage and participate in economic development efforts to expand Lancaster's economy and tax base, to increase local employment and to invest when there is a defined specific long-term return. These efforts shall not only focus on new areas but on redevelopment of older areas and other established sections of Lancaster where development can generate additional jobs and other economic benefits.

Increase Non-Residential Share of Tax Base

The City's economic development program shall seek to expand the non-residential share of the tax base to decrease the tax burden on residential homeowners.

Coordinate Efforts with Other Jurisdictions

The City's economic development program shall encourage close cooperation with other local jurisdictions to promote the economic well-being of this area.

Use of Other Incentives

The City shall use tax re-investment zones as allowed by law and shall seek new sources to encourage business expansion. The City shall also coordinate with state and federal agencies on offering any incentive programs they may provide for potential economic expansion.

X. Fiscal Monitoring

Reports shall be prepared and presented on a regular basis to analyze, evaluate and forecast the City's financial performance and economic condition for the current year and for multi-years.

Financial Status and Performance Reports

Quarterly reports shall be prepared comparing expenditures and revenues to current budget for fiscal year-to-date, and to prior year actual fiscal year-to-date.

Five-Year Forecast of Revenues and Expenditures

A five-year forecast of revenues and expenditures, including a discussion of major trends affecting the City's financial position, shall be prepared. The forecast shall examine critical issues facing the City, economic conditions and the outlook for the upcoming budget year. The document shall incorporate elements of the International City Management Association financial trend monitoring system, providing further insight into the City's financial position and alerting the Council to potential problem areas requiring attention.

XI. Accounting, Auditing and Financial Reporting

The City shall comply with prevailing local, state and federal regulations. Its accounting practices and financial reporting shall conform to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA) and the Government Finance Officers Association (GFOA). The City Council shall select an independent firm of certified public accountants to perform an annual audit of all operations. The City shall continue to participate in the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting program and the Texas

Comptroller's Office Leadership Circle program promoting financial transparency.

The City will follow a five-year review and optional rotation of external (independent) auditors. The auditors must demonstrate that they have the experience and adequate staffing to handle the City's audit in a timely manner. The audited financial statements should be prepared within 120 days of the close of the fiscal year.

Annual reporting will be done within the guidelines set forth in the Governmental Accounting and Auditing Financial Review and under the standards currently being set by the Governmental Accounting Standards Board. Interim activity reports will be made available to council and management.

Full disclosure will be provided in the financial statements and bond representations.

Financial systems will be maintained to monitor expenditures and revenues on a monthly basis with a thorough analysis and adjustment (if required) at mid-year.

The City will strive to maintain accounting policies and practices in the preparation of its annual financial report. The report will be presented to the Governmental Finance Officers Association for review of qualifications that meet those necessary to obtain the Certificate of Achievement for Excellence in Financial Reporting.

XII. Internal Controls

The Chief Financial Officer is responsible for developing citywide written guidelines on accounting, cash handling, and other financial matters that will be approved by the City Manager. The Chief Financial Officer will assist department heads as needed in tailoring these guidelines into detailed written procedures to fit each department's specific requirements.

Each department head is responsible to ensure that good internal controls are followed throughout his or her department, that all finance department guidelines on accounting and internal controls are implemented, and that all independent auditor internal control recommendations are addressed.

XIII. Risk Management

The City will utilize a safety program, an employee health program and a risk management program to prevent and/or reduce the financial impact on the City from claims and losses. Transfer of liability for claims will be utilized where appropriate via transfer to other entities through insurance and/or by contract. Prevention of claims through the safety program and the employee health program will be employed.

XIV. Operating Budget

The City shall establish an operating budget, which shall link revenues and expenditures to the goals of the City Council. It will be the City's goal to participate in the Government Finance Officers Association's Distinguished Budget Presentation Award program and to obtain the award annually.

Current operating revenue will be sufficient to support current operating expenditures. Debt or bond financing will not be used to finance current expenditures. Deferrals, short-term loans, or one-time sources shall be avoided as budget balancing techniques. Annually recurring revenue will not be less than annually recurring operating budget expenditures (operating budget minus capital outlay) or Council may authorize the City Manager to utilize unrestricted fund balance to make up the difference.

The City has developed a program to integrate performance measures and productivity indicators within the annual budget.

XV. Five Year Financial Plans

Capital Improvement Plan

The City shall prepare annually a five year Capital Improvements Plan that incorporates all capital funds, existing and planned, showing planned projects by phase and by fiscal year. The first year of this CIP shall constitute the City's capital budget for the year.

Long Range Financial Forecast

The City shall prepare annually a Long Range Financial Forecast that projects revenue and expenditures for the General, Utility, Debt Service and any other major fund for a five year period. The forecast shall attempt to determine the impact on future revenue and expenditures from changes in the economy, population change, and implementation of the CIP including planned bond sales.

LANCASTER CITY COUNCIL

City Council Regular Meeting

3.

Meeting Date: 09/09/2019

Policy Statement: This request supports the City Council 2019-2020 Policy Agenda

Goal(s): Financially Sound City Government

Submitted by: Sharon Jungman, Assistant Finance Director

Agenda Caption:

Consider a resolution adopting the City of Lancaster Investment Policy providing that all funds of the city be managed and invested for safety, liquidity, diversification and yield and that investments be chosen in a manner which promotes diversity by market sector, credit and maturity; providing that this policy serve to satisfy the requirements of Chapter 2256 of the Local Government Code, "Public Funds Investment Act".

Background:

Annually, as part of the budget process, staff reviews the investment policy to ensure that it is updated and consistent with current governing regulations. Chapter 2256 of the Texas Government Code known as the "Public Funds Investment Act" (PFIA) requires the City Council to annually review and adopt an investment policy.

Operational Considerations:

No fundamental changes are proposed in the policy.

Legal Considerations:

The "Public Funds Investment Act", Chapter 2256 of the Texas Government Code requires the City to adopt its investment policy by resolution.

The City Attorney has received and approved the resolution as to form.

Public Information Considerations:

This item is being considered at a Regular Meeting of the City Council noticed in accordance with the Texas Open Meetings Act.

Fiscal Impact:

No individual investment securities are currently owned by the City at this time. We have funds invested in three pools: TexPool, Texas Class and Logic.

Options/Alternatives:

1. City Council may approve the resolution, as presented.
2. City Council may deny the resolution.

Recommendation:

Staff recommends approval of the resolution, as presented.

Attachments

Resolution

Exhibit "A"

RESOLUTION NO.

A RESOLUTION APPROVING AND ADOPTING THE CITY OF LANCASTER INVESTMENT POLICY; PROVIDING THAT ALL FUNDS OF THE CITY BE MANAGED AND INVESTED IN A MANNER THAT SERVES TO SATISFY THE REQUIREMENTS OF THE LOCAL GOVERNMENT CODE CHAPTER 2256, "PUBLIC FUNDS INVESTMENT ACT"; MAKING VARIOUS PROVISIONS RELATED TO THE SUBJECT; PROVIDING THAT THE SAME SHALL BE IMPLEMENTED; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Chapter 2256 of the Government Code, commonly known as the "Public Funds Investment Act" requires the city to adopt a written investment policy regarding the investment of its funds by rule, order, ordinance, or resolution; and

WHEREAS, the "Public Funds Investment Act" requires the treasurer; the chief financial officer, if not the treasurer, and the investment officer of the city to attend investment training; and

WHEREAS, the investment officers of the city have attended an investment training course as required by the "Public Funds Investment Act"; and

WHEREAS, the attached investment policy and incorporated strategy comply with the "Public Funds Investment Act", as amended, and authorize the investment of city funds in safe and prudent investments; and

WHEREAS, the City Council must review and approve such Investment Policy at least once annually; and

WHEREAS, the City Council hereby affirms that the written Investment Policy will continue to protect City assets by identifying investment objectives, addressing the issues of investment risk versus rewards, and providing the framework for the establishment of controls, limitations and responsibilities of City employees in the performance of their fiduciary responsibilities;

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

SECTION 1. The City of Lancaster has complied with the requirements of the "Public Funds Investment Act", and the Investment Policy, as amended, attached hereto and incorporated herein by reference as Exhibit "A," is hereby adopted as the investment policy of the City effective September 9, 2019;

SECTION 2. This resolution shall take effect immediately from and after its passage, as the law and charter in such cases provide.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 9th day of September, 2019.

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Clyde C. Hairston, Mayor

APPROVED AS TO FORM:

David T. Ritter, City Attorney

City of Lancaster, Texas
INVESTMENT POLICY
September 9, 2019



City of Lancaster, Texas

Investment Policy

I. Purpose

The purpose of this document is to set forth specific investment policy and strategy guidelines for the City of Lancaster, Texas, the Lancaster Economic Development Corporation (LEDC), and the Lancaster Recreation Development Corporation (LRDC) in order to achieve the objectives in order of priority; safety, public trust, liquidity, diversification, and yield for all investment activity. This policy ensures compliance with Chapter 2256, Public Funds Investment Act of the Texas Government Code to define, adopt and annually review the investment policy of the city.

II. Policy Statement

It is the policy of the City of Lancaster that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the City and conforming to all applicable state statutes governing the investment of public funds.

The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. It is the intent of the City to be in complete compliance with local law and the Texas Public Funds Investment Act ("The Act"). The earnings from investment will be used in a manner that best serves the interest of the City.

III. Scope

This investment policy applies to all the financial assets and funds of the City. The City commingles its funds into one pooled investment fund for investment purposes for efficiency and maximum investment opportunity. These funds shall be defined in the City's Annual Financial Report and any new funds created by the City unless specifically exempted by the City Council and this policy.

IV. Objective and Strategy

The City shall manage and invest with five primary objectives, listed in order of priority: safety, public trust, liquidity, diversification and yield. Investments are to be chosen in a manner which promotes diversity by market sector, credit and maturity. The choice of high-grade government investments and high-grade money market instruments is designed to assure the marketability of those investments should liquidity needs arise. To match anticipated cash flow requirements the maximum

weighted average maturity of the overall portfolio may not exceed six months.

A. Safety

Safety of principal is the foremost objective of the City. Investments of the City shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

B. Public Trust

All parties of the City's investment process shall seek to act responsibly as custodians of the public trust. Investment advisors and officials shall avoid any transaction that might impair public confidence in the City's ability to govern effectively and maintain a sound, sustainable city government.

C. Liquidity

The City's investment portfolio will be based on a cash flow analysis of needs and will remain sufficiently liquid to enable it to meet all operating and debt/bond requirements which might be reasonably anticipated.

D. Diversification

Diversification of the portfolio will include diversification by maturity and market sector and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding will be used on each sale and purchase.

E. Yield

The City's investment portfolio shall be designed with the objective of attaining a market rate of return, taking into account the City's risk constraints and the cash flow needs of the portfolio. "Market rate of return" may be defined as the average yield of the current six month U.S. Treasury bill.

Additional priorities are: (1) understanding of the suitability of the investment to the financial requirements of the city; and (2) marketability of the investment if the need arises to liquidate the investment before maturity.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. The City shall

maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services.

V. Legal limitations, Responsibilities and Authority

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act"). The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public funds deposits. All investments will be made in accordance with these statutes.

VI. Standards of Care

A. Delegation of Investment Authority

The Chief Financial Officer, acting on behalf of the City is designated as the Investment Officer of the City and is responsible for investment management decisions and activities. The Director of Finance is designated as the Chief Financial Officer for the City of Lancaster. The Chief Financial Officer is also responsible for considering the quality and capability of staff, investment advisors, and consultants involved in the investment management and procedures. All participants in the investment process shall seek to act as a prudent person as custodian of the public trust.

The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this policy. The Procedures will include reference to safekeeping, require and include the "Bond Market Master Repurchase Agreements" (as applicable), wire transfer agreements, banking services contracts, and other investment related activities.

The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and staff. The Investment Officer shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer is unavailable.

No officer or designee may engage in an investment transaction except as provided under the terms of this policy.

Authorization Resolution

A Trading Resolution shall be established authorizing the Investment Officer to engage in investment transactions on behalf of the City. The persons authorized by the Resolution to transact business for the City must also be authorized to approve wire transfers used in the process of investing.

B. Prudence

The standard prudence to be used in the investment function shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. This standard states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived."

Limitation of Personal Liability

The Investment Officer and those delegated investment authority under this Policy, when acting in accordance with the written procedures and this Policy and in accord with the Prudent Person Rule, shall be relieved of personal liability in the management of the portfolio provided that deviations from expectations for a specific security's credit risk or market price change or portfolio shifts are reported in a timely manner and the appropriate action is taken to control adverse market effects.

C. Internal Controls

The Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (a) the cost of a control should not exceed the benefits likely to be derived and (b) the valuation of costs and benefits requires estimates and judgments by management. Therefore,

The Director of Finance shall establish a process for annual independent review by an external auditor to assure compliance with

policies and procedures. Quarterly Investment Reports must be formally reviewed at least annually by the independent auditor and reported to the City Council.

A compliance audit of management controls on investments and adherence to the City's established investment policies will be conducted in conjunction with the City's annual audit by the independent auditor.

Cash Flow Forecasting

Cash Flow forecasting is designed to protect and sustain cash flow requirements of the City. Supplemental to the financial and budgetary systems, the Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes.

D. Ethics and Conflicts of Interest

City employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. City staff shall properly disclose to the City Manager and City Secretary any material financial interest in a financial institution that conducts business with the City.

An investment officer or City Council member of the City who has a personal business relationship with an organization seeking to sell an investment to the City shall file a disclosure statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the City shall file a state with the Texas Ethics commission and the City Council disclosing that relationship.

E. Training

Investment officials must complete at least 10 hours of investment training within 12 months of taking office or assuming duties, and shall attend an investment training session not less than once in a two year period and receive not less than 10 hours of instruction relating to

investment responsibilities. The City shall provide the training through courses and seminars offered by professional organizations and associations in order to insure the quality and capability of the City's investment personnel making investment decisions in compliance with Public Funds Investment Act (PFIA). Professional organizations and associations that may provide investment training included the Government Treasurer's Organization of Texas, the University of North Texas, the Government Finance Officers Association of Texas, or the Texas Municipal League.

VII. Authorizations

A. Authorized Investments

Acceptable investments under this policy shall be limited to the instruments listed below and as further described by the Public Funds Investment Act.

1. Obligations of the United States Government, its agencies and instrumentalities and government sponsoring enterprises, not to exceed two years to stated maturity, excluding collateralized mortgage obligations (CMOs);
2. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas and under the terms of a written depository agreement with the bank, not to exceed one year to stated maturity;
3. Repurchase agreement and reverse repurchase agreements as defined by the Act, not to exceed 180 days to stated maturity, provided an executed Bond Market Master Repurchase Agreement is on file with the City and the counterparty bank or primary dealer. Flex repurchase agreements used specifically for capital projects may extend beyond two years but only to match the expenditure plan of the projects;
4. No-load, SEC registered money market funds, each approved specifically before use by the City;

5. Constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act; and

If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the City until this policy has been amended and the amended version is approved by the City Council.

B. Competitive Bidding Requirement

All securities, including certificates of deposit, will be purchased or sold after three (3) offers/bids are taken to verify that the City is receiving fair market value/price for the investment.

C. Delivery versus Payment

All security transactions, including collateral for repurchase agreements, entered into by the City, shall be conducted on a delivery versus payment (DVP) basis.

D. Exemption for Existing Investments

Any investment currently held that does not meet the guidelines of this policy, but are authorized investments at the time of purchase, shall be exempted from the requirements of this policy and is not required to be liquidated. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

E. Authorized Financial Dealer and Institutions

All investments made by the City will be made through either the City's banking services bank or a primary dealer. The Investment Officer will review the list of authorized broker/dealers annually. A list of at least three broker/dealers will be maintained in order to assure competitive bidding. The City Council must review, approve and adopt the Authorized List of Brokers on at least an annual basis.

Securities broker/dealers must meet certain criteria as determined by the Investment Officer. The following criteria must be met by those firms on the list:

- Provision of an audited financial statement each year
- Proof of certification by the National Association of Securities Dealers (NASD) and provision of CRM number
- Proof of current registration with the State Securities Commission

Every broker/dealer and bank the City transacts business with will be provided a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the investment program. A representative of the firm will be required to return a signed certification stating that the Policy has been received and reviewed and that controls are in place to assure that only authorized securities are sold to the City.

VIII. Diversification and Maturity Limitations

It is the policy of the City to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

Security Type	Max% of Portfolio
U.S. Treasury obligations	100%
U.S. Government agencies and instrumentalities	Not to exceed 50%
Fully insured or collateralized CDs	100%
Repurchase agreements	100%
Money Market funds	80%
For Bond funds	
Local Government Investment Pools	100%
Liquidity Pools	Not to exceed 20%
Maximum percent ownership of pool for bond funds	not authorized

The Investment Officer shall be required to diversify maturities. The Investment Officer, to the extent possible, will attempt to match investment with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement, the Investment Officer may not invest more than 20% of the portfolio for a period greater than five (5) years. The Investment Officer may not invest any portion of the portfolio for a period greater than ten (10) years.

IX. Safekeeping and Collateralization

The laws of the State and prudent treasury management require that all purchased securities be bought on a delivery versus payment basis and be held in safekeeping by an independent Third Party safekeeping agent.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The third party custodian shall be required to issue safekeeping receipts to the City listing each specific security, rate, description, maturity, CUSIP number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for the City or pledged to the City.

All securities pledged to the City for certificates of deposit or demand deposits shall be held by an independent third party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank from which the securities are pledged.

Collateralization

Collateralization is required on the time and demand deposits over the FDIC insurance coverage of \$250,000 and repurchase agreements.

In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level required will be 102% of the market value of the principal and accrued interest. Collateral will be held by an independent third party safekeeping agent.

Securities pledged as collateral will be held in the City's name by an independent third party with whom the City has a current custodial agreement. The Investment Officer is responsible for entering into collateralization agreements with third party custodians in compliance with this Policy. The agreements are to specify the acceptable investment securities for collateral, including provisions in relation to possession of the collateral, the substitution or release of investment securities,

ownership of securities, and the method of valuation of securities. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. Collateral shall be reviewed at least quarterly to assure that the market value of the pledged securities is adequate.

X. Performance Evaluation and Reporting

A. Methods

The Investment Officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner consistent with the requirements of Section 2256.023 (Internal Management Reports) of the PFIA, and that will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the City Council.

An independent auditor shall formally review the quarterly reports prepared under this section at least annually, and that auditor shall report the results of the review to City Council.

B. Performance Standards

The investment portfolio shall be managed in accordance with the objectives specified in this policy (safety, public trust, liquidity, diversification, and yield). The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The investment officer shall determine whether market yields are being achieved by comparing the portfolio market yield to the three (3) month U.S. Treasury Bill, the six (6) month U.S. Treasury Bill and the two (2) year U.S. Treasury Note.

C. Marking to Market

The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. The market value of each investment shall be obtained from a source such as the Wall Street Journal, a reputable brokerage firm or security pricing service and reported on the investment reports.

XI. Depositories

The City will designate one banking institution through a competitive process as its central banking services provider at least every three years. This institution will be used for normal banking services including disbursements, collections, and safekeeping of securities. Other banking institutions from which the City may purchase certificates of deposit will also be designated as a depository after they provide their latest audited financial statements to the City.

XII. Investment Policy Adoption by City Council

The City's Investment Policy shall be adopted annually by the City Council. The policy and strategies shall be reviewed on an annual basis prior to adoption. A written resolution approving the review and changes to the policy will be passed and recorded by the City Council.

City of Lancaster, Texas
Authorized Investment Officials

Opal Mauldin-Jones, City Manager

Sharon Jungman, Assistant Director of Finance

City of Lancaster, Texas
Statement of Ethics and Conflicts of Interest

Investment officials for the City of Lancaster shall refrain from personal business relationships with business organizations that could conflict with the proper execution of the investment program, or which could impair their ability to make partial investment decisions. This would only apply to personal business relationships with business organizations that have been approved by City Council to conduct investment transactions with the City of Lancaster.

An investment official is considered to have a personal business relationship with a business organization if:

- (1) The investment official owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business.
- (2) Funds received by the investment official from the business organization exceed 10 percent of the investment official's gross income for the previous year.
- (3) The investment official has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment official.

I do hereby certify that I do not have a personal business relationship with any business organization approved to conduct investment transactions with the City of Lancaster, nor am I related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the City of Lancaster as of the date of this statement.

City of Lancaster
Investment Officials

Opal Mauldin-Jones, City Manager

Date

Sharon Jungman, Assistant Director of Finance

Date

City of Lancaster, Texas
Approved Broker/Dealers, Financial Institutions and Investment Pools

Broker/Dealers

Hilltop Securities Inc.

Public Depositories

JP Morgan Chase, NA
(Primary)

Investment Pools

TexPool

LOGIC

Texas Class

City of Lancaster, Texas
Certification by Business Organization

(date)

City of Lancaster, Texas

(Attn: Designated Investment official)

211 N. Henry Street

Lancaster, TX 75146

Dear Mr./s. *(investment official)*:

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

The undersigned Registered Principal of the Business Organization hereby certifies on behalf of the Business Organization that:

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

Registered Principal

Broker Assigned to the Account

Signed By: _____

Printed Name: _____

Title: _____

Date: _____

LANCASTER CITY COUNCIL

City Council Regular Meeting

4.

Meeting Date: 09/09/2019

Policy Statement: This request supports the City Council 2019-2020 Policy Agenda

Goal(s): Financially Sound City Government

Submitted by: Sharon Jungman, Assistant Finance Director

Agenda Caption:

Consider a resolution adopting the City of Lancaster Debt Management Policy establishing guidelines for debt financing to provide for needed land, long-term capital additions, and infrastructure improvements while minimizing the impact of debt payments on current and future revenues.

Background:

Debt management policy statements are written guidelines, allowances and restrictions that guide the debt issuance practices for the City. Government Finance Officers Association (GFOA) recommends that state and local governments adopt comprehensive written debt management policies; and that the Debt Management Policy include the issuance process, management of the debt portfolio, and adherence to various laws and regulations. These policy statements will be reviewed annually to reflect current laws as well as significant changes in the City which may have an impact.

Operational Considerations:

The Debt Management Policies set forth comprehensive guidelines for the financing of capital expenditures and demonstrates good fiscal administration of the City's debt obligations while promoting accountability to its citizens. Adherence to a debt management policy signals that the government is well managed and is likely to meet its debt obligations in a timely manner. Approval by the governing body ensures that there is a common understanding regarding the entity's approach to debt financing. Debt Management policies provide precedents for future policy-makers and financial managers on common financial goals and strategies; thereby providing credibility and transparency

Legal Considerations:

Section II: Responsibility, was amended to reflect a change in oversight of Capital assets and equipment replacement. This policy demonstrates compliance with the related legal and contractual issues in accordance with provisions of the City Charter, the Texas Local Government Code; and bond referenda approved by voters.

The resolution has been reviewed and approved as to form by the City Attorney.

Public Information Considerations:

This item is being considered at a Regular Meeting of the City Council noticed in accordance with the Texas Open Meetings Act.

Fiscal Impact:

There are no financial costs associated with adopting the policy.

Options/Alternatives:

1. City Council may approve the resolution, as presented.
2. City Council may deny the resolution.

Recommendation:

Staff recommends approval of the resolution, as presented.

Attachments

Resolution

Exhibit "A"

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, ADOPTING THE CITY OF LANCASTER DEBT MANAGEMENT POLICY PROVIDING FOR PRUDENT FINANCIAL MANAGEMENT OF ALL DEBT FINANCING TO PROVIDE FOR NEEDED LAND, LONG-TERM CAPITAL ADDITIONS, AND INFRASTRUCTURE IMPROVEMENTS WHILE MINIMIZING THE IMPACT OF DEBT PAYMENTS ON CURRENT AND FUTURE REVENUES ; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Lancaster Debt Management Policy is reviewed annually as part of the budget process;

WHEREAS, the City Council has reviewed the Debt Management Policy and found it to be acceptable; and

WHEREAS, the City of Lancaster Debt Management Policy provides for financial management through integrity, prudent stewardship, planning, accountability, full disclosure and communication regarding all debt service;

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

SECTION 1. The City of Lancaster Debt Management Policy, attached hereto and incorporated herein by reference as Exhibit "A", having been reviewed by the City Council of the City of Lancaster, Texas, and found to be acceptable and in the best interest of the City and its citizens is hereby in all things approved; and, the City Manager and staff shall implement and execute the procedures and policies adopted therein.

SECTION 2. This resolution shall take effect immediately from and after its passage, as the law and charter in such cases provide.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 9th day of September, 2019.

ATTEST:

Sorangel O. Arenas, City Secretary

APPROVED:

Clyde C. Hairston, Mayor

APPROVED AS TO FORM:

David T. Ritter, City Attorney

CITY OF LANCASTER, TEXAS DEBT MANAGEMENT POLICIES

September 9, 2019



Lancaster



2019

DEBT MANAGEMENT POLICIES

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CITY OF LANCASTER, TEXAS DEBT MANAGEMENT POLICIES

I. PURPOSE

The Debt Management Policies set forth comprehensive guidelines for the financing of capital expenditures. It is the objective of the policies that (1) the city obtains financing only when necessary, (2) the process for identifying the timing and amount of debt or other financing be as efficient as possible and (3) the most favorable interest and other costs be obtained.

With the establishment of these guidelines for debt financing to provide needed land, long-term capital additions, and infrastructure improvements while minimizing the impact of debt payments on current and future revenues; the City shall annually review and monitor the state of the City's capital assets, setting priorities for the addition, replacement, and renovation of these assets based on needs, funding alternatives, and availability of resources.

II. RESPONSIBILITY

The primary responsibility for developing financing recommendations rests with the Director of Finance; however, the City shall employ the assistance of its financial advisors and consultants, as needed, to assist in the administration and management of the City's financial affairs, debt administration and financial modeling. In developing the recommendations, the Director of Finance shall be assisted by the Deputy City Manager and the Assistant Director of Finance. The Director of Finance shall hold as follows:

- meet no less than twice a year with Department Managers to consider the need for financing and assess progress on the Capital Improvement Program,
- meet as necessary in preparation for a financing,
- review changes in state and federal legislation,
- review annually the provisions of ordinances authorizing issuance of obligations, and to
- Annually review services provided by the Financial Advisor, Bond Counsel, Paying Agent and other service providers to evaluate the extent and effectiveness of services being provided.

As part of the budgeting process, each Department head will meet with the City Manager to determine their current and future needs for capital assets. The City Manager and Fleet Director will determine the priority of the Capital assets that need to be purchased or replaced. Based on current excess funds and budgets, a purchase and replacement schedule will be maintained. Finance will assist if any additional financing is required.

In developing financing recommendations, consideration will be given as follows:

- the time proceeds of obligation are expected to remain on hand and the related carrying cost;

- the options for interim financing including short term and interfund borrowing, taking into consideration federal and state reimbursement regulations;
- the effect of proposed action on the tax rate and user charges;
- trends in interest rates; and
- other factors as appropriate.

A. Bond Counsel Involvement

The Bond Counsel will issue an opinion as to the legality and tax exempt status of any obligations. The city will also seek the advice of Bond Counsel on all other types of financings and on any other questions involving federal tax or arbitrage law. Bond Counsel is also responsible for the preparation of the ordinance authorizing issuance of obligations and all of the closing documents to complete their sale and will perform other services as defined by contract approved by the City Council. Bond counsel to the City shall provide an objective legal opinion concerning the issuance of bonds and other debt instruments. Generally, bonds are not marketable without the opinion of bond counsel indicating the bonds are valid and binding obligations of the City and exempt from federal and state income taxes.

Due to the complexity of the City's financial structure and the benefits that come from a history and knowledge of the City, the City maintains an ongoing relationship with the bond counsel for continuity. The engagement letter with bond counsel may be terminated as set forth in our contractual agreement.

B. Financial Advisor Involvement

The city will seek the advice of the Financial Advisor when necessary. The Financial Advisor will advise on the structuring of obligations to be issued, inform the city of various options, advise the city as to how choices will impact the marketability of city obligations, assist with determining the method of sale and the selection of other financing team members, and shall provide other financial advice and expertise, as needed. The Financial Advisor will inform the City Manager of significant issues. The City issues various types of securities to finance its capital improvement program and shall employ a financial advisor for these services. Debt issuance and restructuring requires a comprehensive list of services associated with municipal transactions including, but not limited to, analysis of market conditions, size and structure of the issue, method of sale, preparation of disclosure documents, evaluation of and advice on the pricing of securities, facilitation of rating agency relations, and calculation of debt service schedules.

Due to the complexity of the City's financial structure and the benefits that come from a history and knowledge of the City, the City maintains an ongoing relationship with the financial advisor for continuity. The City's agreement with the financial advisor may be terminated as set forth in our contractual agreement.

III. CAPITAL PROJECTS

The City shall maintain capital project funds to account for and report financial resources that are restricted, committed, or assigned for capital outlay (e.g., bond funds).

A. Capital Improvement Plan

As part of the annual budget process, the City shall prepare a capital improvement plan (CIP) based on the needs for capital improvements and equipment, including replacement and renovation and potential new projects. Annual capital spending needs shall be considered within the scope of the long-range capital improvement plan taking into consideration pay-as-you-go, debt requirements, operating costs, etc.

Capital expenditures are generally defined as those to purchase and/or construct land, buildings, improvements other than buildings, and infrastructure, including roads, sidewalks, bridges, utility lines, etc., in order to provide services over a considerable period of time. Capital costs typically consist of preliminary and final engineering and design and construction, but may also include the acquisition of land or easements. For each project identified in the plan, a project scope and justification shall be provided for review and consideration and shall include cost estimates, funding sources, and projected annual operation and maintenance costs. Capital projects shall become part of the City's asset inventory.

The Capital Improvement Plan may be reviewed along with the annual budget. Appropriations are for the life of the capital project. At fiscal year-end, projects shall be reviewed and if complete, shall be closed. Following completion of a project, any remaining funds shall be re-appropriated as part of the next year's capital budget. Funds remaining from bond proceeds may only be used in accordance with the legal use of those funds.

B. Infrastructure Evaluation and Replacement/Rehabilitation

Water, wastewater, drainage, street lighting, streets and sidewalks, municipal facilities, and other infrastructure are fundamental and essential for public health and safety, environmental protections, and the economic well-being of the City. The City's CIP shall be focused on ensuring that infrastructure is replaced as needed to protect the City's investment, to minimize future replacement and maintenance costs, to maintain existing levels of service, and to accommodate growth.

Infrastructure will be replaced, if feasible, at the end of its useable service life. If upgrades are warranted to meet current design standards, a cost/benefit analysis shall be done and presented to City Council for review and consideration.

C. Capital Expenditure Financing

The City utilizes several basic methods of financing its capital needs: pay-as-you-go from current revenues, fund balance/working capital, and debt. Capital projects shall not commence prior to the necessary funds being appropriated.

When cash funding is available, the City may elect to pay for all or part of its capital improvements from the appropriate fund rather than through the issuance of debt. The anticipated benefit of pay-as-you-go financing is a reduced or minimized impact on the property tax rate and utility rates. The use of pay-as-you-go financing may not reduce fund balance below target levels.

Debt financing may include general obligation bonds, revenue bonds, certificates of obligation, lease/purchase agreements, and other obligations permitted by state law. Capital improvement projects may not be debt-financed for periods longer than the projected useful life of the project or improvement.

D. Reporting

A summary and status report on capital projects and expenditures may be included in the quarterly financial report presented to City Council.

IV. DEBT MANAGEMENT

The City shall establish guidelines for debt financing to provide needed land, long-term capital additions, and infrastructure improvements while minimizing the impact of debt payments on current and future revenues. The City has no general obligation legal debt limit other than a ceiling on the tax rate as specified by the State of Texas. The prescribed maximum is \$2.50 per \$100 assessed valuation.

A. Use of Debt Financing

Debt financing, including general obligation bonds, revenue bonds, certificates of obligation, lease/purchase agreements, and other obligations permitted by state law, may only be used to purchase capital assets that cannot be acquired from current revenues or fund balance/working capital. Debt financing may be used to fund infrastructure improvements and additions.

B. Debt Financing

The City may not assume more tax-supported general purpose debt than it retires each year without conducting an objective analysis regarding the City's ability to assume and support additional debt service. This analysis may include an examination of the costs and benefits of the proposed capital spending and the anticipated impact on the property tax rate. The decision to issue new debt should be based on this analysis, a review of the current and projected conditions of the municipal bond market, and the City's ability to service the new debt.

General Obligation Bonds require voter approval and shall be issued to accomplish projects identified in the bond referendum. General Obligation Bonds shall be used to fund capital assets of the City and shall not be used to fund current operating expenditures.

Certificates of Obligation may be issued without voter approval to finance any public works

project or capital improvement, as permitted by state law. The City may issue Certificates of Obligation in the event it is more economical than issuing Revenue Bonds.

Revenue Bonds are secured by the revenues of an enterprise fund and require adequate projected revenues to cover anticipated future payments over the life of the bonds. If the City determines it is feasible to issue Revenue Bonds, it may also be necessary to make adjustments to the City's utility rate structure to maintain required coverage. Coverage requirements, and the need for and level of reserve funds to provide additional security in support of the bonds, are subject to rating agency review and market standards.

C. Debt Structure

The term of any debt issuance may not exceed the useful life of the asset funded by the debt. Relative to the issuance of revenue bonds, the term of the debt shall also be consistent with the revenue-generating capacity of the asset. The maximum term of any debt issue shall not exceed 40 years.

The structure of any debt issuance shall be designed to achieve the best possible results for the City given current market conditions, etc. Consideration shall be given to the term, amortization schedule, interest rates, yield, pricing and call provisions.

To achieve a more favorable interest rate, the City shall strive to issue bonds in amounts such that the issue is bank qualified. However, if the City needs to issue debt that is non-bank qualified, the fact that the issue is so designated will not be a consideration if all other factors support the issuance.

D. Debt Refunding

The City's financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. The City may issue a current refunding and there is no limit on the number of times the City may refund current bonds.

As a general rule, the net present value savings of an advance refunding should exceed three percent (3%) of the refunded maturities (including cost of issuance), unless, a debt restructuring is necessary.

E. Bond Elections

General obligation bond elections shall be determined and set by the City Council and an analysis showing the impact of the new debt on the City's tax rate and total debt capacity will be included with each proposal to issue new general obligation bonds.

F. Method of Sale

The City may use a competitive bidding process for the sale of debt unless the nature of the issue warrants a negotiated sale. The City may utilize a negotiated sale when the debt issuance is, or contains, a refinancing that is dependent on market timing.

G. Underwriting Syndicates

As part of the debt issuance process, the City shall partner with qualified and experienced firms. The City shall be actively involved in the debt issuance process and shall work with the financial advisor, bond counsel, and underwriter(s) to develop and recommend the most appropriate debt financing to meet the City's needs. For any given bond issue, the City may elect to work with a single underwriter or with an underwriting syndicate, which includes several firms and a designated lead underwriter.

H. Rating Agency Presentations

Full disclosure of operations and open lines of communication shall be maintained with the rating agencies. The City shall work with the financial advisor to prepare the necessary materials and presentation to the rating agencies. Credit ratings will be sought from one or more of the nationally recognized municipal bond rating agencies, currently Moody's Investor Service, Standard & Poor's Ratings Services, and Fitch Ratings, based on the recommendation of the financial advisor.

I. Bond Ratings

The City shall prudently manage the general and enterprise funds in order to maintain or improve the City's bond rating.

J. Lease/Purchase Agreements

The City may consider lease/purchase agreements for short-term financing needs when it is the most cost-effective option.

K. Interest Earnings on Debt Proceeds

Interest earnings on debt proceeds shall remain in the construction fund or be transferred to the debt service fund. Interest earnings on water and wastewater debt proceeds shall remain in the enterprise fund.

L. Continuing Financial Disclosure

The City shall comply with all requirements for continuing financial disclosure prescribed by state and federal regulations and City bond ordinances. In order to meet these requirements, the City must annually provide certain updated financial information and operating data to the Municipal Securities Rulemaking Board.

M. Post-Issuance Compliance

The City will follow post-issuance compliance policies and procedures to address the requirements of the Tax Code relative to its debt issuances. These requirements include restrictions on the use of proceeds, arbitrage yield restrictions, and the arbitrage rebate requirement. In general, these requirements are applicable throughout the period the debt issuance remains outstanding.

N. Arbitrage Investments and Reporting

The investment of bond proceeds shall be made in accordance with the same priority order of

safety, liquidity, and yield. Bond proceeds shall be invested in separate instruments or accounts and not commingled with other investment purchases. Arbitrage rebate calculations shall be done for each bond issue, as required, and funds shall be set aside for any positive arbitrage. Arbitrage shall be rebated to the federal government when due. The City is responsible for the annual arbitrage rebate calculation on each bond issue. The City shall provide the necessary information and records to a qualified firm for completing these calculations and preparing the required report filings. The City shall make timely payments of any rebate amount owed to the federal government. Requests for qualifications shall be solicited at least every five years from firms qualified to prepare arbitrage rebate calculations and reports

V. SHORT TERM DEBT

A. General

Short term obligations may be issued to finance projects or portions of projects for which the city ultimately intends to issue long term debt; i.e., it will be used to provide interim financing which will eventually be refunded with the proceeds of long term obligations.

Short term obligations may be backed with a tax or revenue pledge, or a pledge of other available resources.

The amount of short term obligations due to mature in a year shall not exceed 5% of outstanding long term debt.

Interim financing may be appropriate when long term interest rates are expected to decline in the future. In addition, some forms of short term obligations can be obtained quicker than long term obligations and thus can be used in emergencies until long term financing can be obtained. In some cases, when the amount of financing required in the immediate future is relatively small, it may be cheaper for the city to issue a small amount of short term obligations to provide for its immediate needs than to issue a larger amount of long term obligations to provide financing for both immediate and future needs when the carrying costs of issuing obligations which are not immediately needed are taken into account.

B. Commercial Paper

Interest rates on commercial paper are generally favorable to an issuer relative to interest on other forms of debt. However, it does not appear to be feasible for the City of Lancaster to issue commercial paper because the cost of issuance for small issuers is too great and the market for commercial paper from a small issuer is poor. In addition, cities may legally only issue commercial paper for revenue supported projects. However, should the opportunity to participate in a commercial paper issuance pool present itself, the advantages and disadvantages shall be evaluated.

C. Line of Credit

With the approval of the City Council, the city may establish a tax-exempt line of credit with a financial institution selected through a competitive process. Draws shall be made on the line of credit when (1) the need for financing is so urgent that time does not permit the issuance of long term debt, or (2) the need for financing is so small that the total cost of issuance of long term debt including carrying costs of debt proceeds not needed immediately is significantly higher.

Draws will be made on the line of credit to pay for projects designated for line of credit financing by the City Council. Only projects which will ultimately be financed with the proceeds of authorized bonds may be so designated.

Note: Lines of credit must mature within the current fiscal year.

The Director of Finance (or designee) will authorize draws and the Assistant Finance Director (or designee) will execute them. The Finance department will identify line-of-credit draws and expenditures on the books of account, and quarterly verify compliance and adequacy of documentation.

Additionally, a line of credit may be established to fulfill bond covenant requirements for a reserve fund when permitted under applicable ordinances and it is cost beneficial to do so. Before drawing on a line of credit for a capital item, the city should adopt a reimbursement resolution for the project in the event bonds need to be issued.

VI. LONG TERM DEBT

A. General

Long-term obligations will not be used for operating purposes, and the life of the obligations will not exceed the useful life of the projects financed.

Debt service structure will approximate level debt service unless operational matters dictate otherwise.

The city will strive to limit its annual issuance of long term obligations to \$10 million in order to take advantage of small issuer exemptions in the federal arbitrage laws. Should subsequent changes in the law raise these limits, then the city's policies will be adjusted accordingly.

The cost of issuance of private activity bonds is usually higher than for governmental purpose bonds. Consequently, private activity bonds will be issued only when they will economically benefit the city.

The cost of taxable debt is higher than for tax-exempt debt. However, the issuance of taxable debt is mandated in some circumstances, and may allow valuable flexibility in subsequent contracts with users or managers of the improvement constructed with the bond proceeds.

Therefore, the city will usually issue obligations tax-exempt, but may occasionally issue taxable obligations.

B. Bonds – General Obligation or Revenue

Long-term general obligation or revenue bonds shall be issued to finance significant capital improvements for purposes set forth by voters in bond elections. Additionally, revenue bonds may be issued in response to public need without voter authorization.

Bonds may have an average life of 30 years or less.

A resolution of intent to issue bonds authorizing staff to proceed with preparations may be presented for the consideration of the City Council when the capital budget is presented, as necessary.

The city may consider the use of surety bonds, lines of credit or similar instruments to satisfy reserve requirements.

C. Certificates of Obligation

Certificates of obligation may be issued to finance permanent improvements and land acquisition, if the need arises between bond elections. In addition, they may be used to finance cost overruns or to acquire equipment costing at least \$100,000. The life of certificates of obligation issued to finance equipment shall match the life of the equipment.

In accordance with state law, a resolution authorizing publication of notice of intent to issue certificates of obligation shall be presented for the consideration of the City Council no less than 45 days before an expected issuance. The notice of intent shall be published in the City's publication of record or a newspaper of general circulation in the city once a week for two consecutive weeks with the first publication to be at least thirty (30) days prior to the sale date.

Certificates of obligation can be backed by revenues eligible to be pledged under state law. Some revenues are restricted as to the uses for which they may be pledged. Water and wastewater revenues may be pledged without limit for water and wastewater purposes, but may only be pledged up to \$100,000 for non-water and wastewater purposes.

Certificates of obligation may also be backed by a tax pledge under certain circumstances as defined by law. They may also be backed by a combination tax and revenue pledge.

D. Public Property Finance Contractual Obligation

Public property finance contractual obligations may be issued to finance the acquisition of personal property.

E. Anticipation Notes

Anticipation Notes empower municipalities to issue debt without giving notice of intent. Anticipation Notes may be secured and repaid by a singular pledge, but not plural pledge, of

revenue, taxes, or the proceeds of a future debt issue. Anticipation Notes are authorized by an ordinance adopted by the city.

Anticipation Notes may be used to finance projects or acquisition that could also be financed with Certificates of Obligation.

Anticipation Notes have several restrictions which include:

- 1) Anticipation Notes issued for general purposes must mature before the seventh anniversary of the date the Attorney General approves the issue,
- 2) Anticipation Notes may not be used to repay inter-fund borrowing or a borrowing that occurred 24 months prior to the date of issuance,
- 3) A governing body may not issue Anticipation Notes that are payable from bond proceeds unless the proposition authorizing the issuance of the bonds has already been approved by the voters.

F. Bond Elections

Before a bond election, the City Manager and City Councilmembers will be provided with competent debt capacity analyses, tax and user fee impact projections and other information as deemed appropriate by the City Manager's Office. The Bond Counsel and Financial Advisor will provide support during the process.

VII. REFUNDING

The city shall consider refunding debt whenever an analysis indicates the potential for present value savings of approximately 3% of the principal being refunded or at least \$200,000. The city will not refund less than 3% of its outstanding debt at one time except in unusual circumstances such as when it intends to change bond covenants.

Private activity bonds may be refunded in a current refunding only.

VIII. CAPITAL LEASING

Capital leasing is an option for the acquisition of a piece or package of equipment costing less than \$1,000,000.

Leasing shall not be considered when funds are on hand for the acquisition unless the interest expense associated with the lease is less than the interest that can be earned by investing the funds on hand or when other factors such as budget constraints or vendor responsiveness override the economic consideration.

Whenever a lease is arranged with a private sector entity, a tax exempt rate shall be sought. Whenever a lease is arranged with a government or other tax-exempt entity, the city shall strive to obtain an explicitly defined taxable rate so that the lease will not be counted in the city's total annual borrowings subject to arbitrage rebate.

The lease agreement shall permit the city to refinance the lease at no more than reasonable cost should the city decide to do so. A lease which can be called at will is preferable to one which can merely be accelerated.

Since the market for lease financings is relatively inefficient, the interest rates available at any one time may vary widely. Therefore, the city shall obtain at least three competitive proposals for any major lease financing. The net present value of competitive bids shall be compared, taking into account whether payments are in advance or in arrears, and how frequently payments are made. The purchase price of equipment shall be competitively bid as well as the financing cost.

The advice of the city's bond counsel shall be sought in any leasing arrangement and when federal tax forms 8038 are prepared to ensure that all federal tax laws are obeyed.

The city may consider issuing certificates of participation to finance a very large project. Care should be taken because financing costs may be greater than for other types of financing. When possible, the lease agreement will be backed with a tax pledge.

If the city is obligated to make payments more than a year in the future, then the agreement will probably be considered debt by the state. However, if the payments are subject to annual appropriation by the City Council, then they may not.

IX. OTHER TYPES OF FINANCING

From time to time other types of financing may become available. Examples of these options are debt pools with other entities and low-interest loans from state agencies such as the Texas Water Development Board.

X. RATIOS AND RESERVES

The portion of the city's property tax rate levied for debt service shall not exceed 40% of the total tax rate.

The Water and Wastewater Fund total long term debt outstanding shall not exceed the amount of fund equity.

The City will endeavor to maintain 1.25 coverage for all indebtedness of the Water and Wastewater Fund and 1.50 coverage for the Lancaster Recreational Development Fund.

Debt Service Funds should not have reserves or balances in excess of 1/12 of last year's principal and interest expense except that (1) the city's Water/Wastewater revenue bond debt service reserves will be maintained at the level of the average annual debt service plus amounts accrued for the next debt service payment, (2) the City's Parks & Recreation Sales Tax Venue

revenue bond reserves will be maintained at the level of maximum annual debt service plus amounts accrued for the next debt service payment.

When revenue supported, tax-backed debt is issued, a debt service reserve or similar alternative backup source from which to pay debt service will be established. The source of the reserve will be determined on a case by case basis. When the revenue source being financed with the debt has become well established, then it will no longer be necessary to maintain the reserve or similar alternative backup source.

XI. OFFICIAL STATEMENT

The Official Statement is the disclosure document prepared by or on behalf of the city for an offering of securities. The City's Financial Advisor and Bond Counsel will assist in the preparation of the Official Statement. The information contained in the Official Statement is gathered from departments/divisions throughout the city. Coordination and compilation of the information provided to the Financial Advisor by the City is the responsibility of the Assistant Director of Finance under the supervision of the Director of Finance.

XII. RATINGS

The city's goal is to maintain or improve its bond ratings. To that end, prudent financial management policies will be adhered to in all areas. Therefore, it is important for the City to continue to build its liquidity and maintain solid general fund performance. The City could receive a one-notch upgrade assuming that all other factors/inputs remain constant.

Full disclosure of operations will be made to the bond rating agencies. The city staff, with the assistance of the financial advisors and bond counsel, will prepare the necessary materials for presentation to the rating agencies.

The city shall maintain a line of communications with the national rating agencies informing them of major financial events in the city as they occur. The Comprehensive Annual Financial Report shall be distributed to the rating agencies after it has been accepted by the City Council.

The rating agencies will also be notified either by telephone or through written correspondence when the city begins preparation for a debt issuance. After the initial contact, a formal ratings application will be prepared and sent along with the draft of the Official Statement relating to the bond sale to the rating agencies. This application and related documentation should be sent several weeks prior to the bond sale to give the rating agencies sufficient time to perform their review.

A personal meeting with representatives of the rating agencies will be scheduled every few years or whenever a major project is initiated.

XIII. CREDIT ENHANCEMENTS

Credit enhancements are mechanisms which guarantee principal and interest payments. They include bond insurance and a line or letter of credit. A credit enhancement will be considered if it results in and lowers overall costs.

During debt issuance planning, the Financial Advisor will advise the city whether or not a credit enhancement is cost effective under the circumstances and what type of credit enhancement, if any, should be purchased. In a negotiated sale, bids may be taken during the period prior to the pricing of the sale. In a competitive sale, bond insurance may be provided by the purchaser if the issue qualifies for bond insurance.

XIV. SECONDARY MARKET DISCLOSURE

In compliance with SEC 15c2-12 regulations, which became effective July 3, 1995, municipal debt issuers are required to annually provide specified financial and operating information to the Municipal Securities Rulemaking Board (MSRB) Electronic Municipal Market Access (EMMA) designated by the SEC. This information is available free of charge via the Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org. Additionally, issuers must notify the State Information Depositories (SIDs) if one exists.

The information to be provided includes quantitative financial information and operating data as well as audited financial statements. This financial disclosure must be filed by March 31 of each year.

In addition to the financial and operating information any material event must be provided to EMMA within 10 business days of occurrence. Municipal debt issuers will be obligated to provide ongoing disclosure on the status of the following material events:

- Principal and interest payment delinquencies
- Nonpayment-related defaults
- Unscheduled draws on reserves
- Unscheduled draws on credit enhancements
- Substitution of credit or liquidity providers, or the failure to perform
- Adverse tax opinions or events affecting the tax-exempt status of the security
- Modifications to rights of security holders
- Bond calls
- Defeasances
- Matters affecting collateral
- Rating changes

The Director of Finance will be designated "Compliance Officer" for disclosure requirements. Levels of reporting will include:

- Annual compliance report to the City Manager,

- Notification by electronic filing to EMMA, and SID's of material events, with copies to the City Council
- Copies of CAFR and updated tables from the Official Statement to EMMA and SIDs within six months of fiscal year end.

XV. ARBITRAGE LIABILITY MANAGEMENT

It is the city's policy to minimize the cost of arbitrage rebate and yield restriction while strictly complying with the law.

A. General

Federal arbitrage legislation is intended to discourage entities from issuing tax exempt obligations unnecessarily. In compliance with the spirit of this legislation, the city will not issue obligations except for identifiable projects with very good prospects of timely initiation. Obligations will be issued as closely in time as feasible to the time contracts are expected to be awarded so that they will be spent quickly.

B. Responsibility

Because of the complexity of arbitrage rebate regulations and the severity of noncompliance penalties, the advice of Bond Counsel and other qualified experts will be sought whenever questions about arbitrage rebate regulations arise. The city maintains a contract for arbitrage rebate services.

The Director of Finance will be responsible for identifying the amount of unspent debt proceeds including interest which is on hand and for ensuring that, to the extent feasible, the oldest proceeds on hand are spent first.

The arbitrage rebate consultant maintains a system for computing and tracking the arbitrage rebate liability, and will notify the city of the amount of accrued liability. They will also be responsible for notifying the city two months in advance of when a rebate of excess arbitrage earnings is due to the Internal Revenue Service.

The city's bond counsel and financial advisor shall review in advance any arbitrage rebate payments and forms sent to the Internal Revenue Service.

The expenditure of obligation proceeds will be tracked in the financial accounting system by type of issue. Investments will be pooled for financial accounting purposes and may, at the discretion of the Director of Finance, be pooled for investment purposes. When investments of bond proceeds are co-mingled with other investments, the city shall adhere to the Internal Revenue Service rules on accounting allocations.

Arbitrage rebate costs shall be charged as negative interest revenue to the funds in which the related obligation proceeds were originally deposited.

C. Internal Interim Financing

In order to defer the issuance of obligations, when sufficient non-restricted reserve funds are on hand, consideration shall be given to appropriating them to provide interim financing for large construction contracts or parts of contracts. When the appropriations are subsequently re-financed with the proceeds of obligations or other resources, the non-restricted reserve funds shall be repaid. When expenditures are reimbursed from debt issuances, applicable state law and the Internal Revenue Service rules on reimbursements will be complied with so that the reimbursements may be considered expenditures for arbitrage purposes.

Requirements are in general:

- The city shall declare its intention to reimburse an expenditure with debt proceeds before paying the expenditure, and will exclude costs such as design and engineering fees or cost of issuance;
- Reimbursement bonds must be issued and the reimbursement made within one year after the expenditure was made or the property financed by the expenditure was placed in service, whichever is later; and
- The expenditure to be reimbursed must be a capital expenditure.

D. Two Year Spend-out Option

Arbitrage rebate legislation offers a safe harbor whereby obligations issued for construction will be exempt from arbitrage rebate if certain rules are adhered to and the proceeds are spent within two years. However, if this option is elected and all the proceeds are not spent according to the prescribed schedule, penalties are imposed. The option should be considered when circumstances indicate the city will with certainty be successful in achieving a two year spend out goal. Such circumstances may include, but are not limited to the following:

- Obligations are issued to finance a variety of small construction projects, not large projects which might be unexpectedly delayed after the issuance. Also, project management understands the requirements and is firmly committed to achieving the spend out goal.
- Obligations are issued for a single, large high priority project with a relatively short construction period and there is a high level of commitment to speedy completion.

When the two year spend out option is elected, debt will be issued for an estimated one year of expenditures to provide for unexpected delays of up to a year without incurring penalties. The exercise of the two year spend out option will always be coordinated with Bond Counsel and the Financial Advisor.

XVI. MODIFICATION TO POLICIES

These policies will be reviewed annually and presented to the City Council for consideration.

LANCASTER CITY COUNCIL

City Council Regular Meeting

5.

Meeting Date: 09/09/2019

Policy Statement: This request supports the City Council 2019-2020 Policy Agenda

Goal(s): Healthy, Safe & Engaged Community

Submitted by: Kenneth Johnson, Fire Chief

Agenda Caption:

Consider a resolution approving the terms and conditions of the Second Renewal of an Interlocal Agreement between the City of Lancaster and the Parkland Health & Hospital System to provide certain biomedical on-line services.

Background:

Texas law requires each Advanced Life Support (ALS) ambulance provider to have a qualified medical control system. This medical control agency provides day-to-day on-line medical direction for paramedics in the field. The City of Lancaster has used the Dallas Biomedical On-Line Supervision system for these services since the inception of our paramedic program in 1986. This is the second renewal of our 2016 agreement with the Parkland Health and Hospital System. Other Cities that participate in the system are Dallas, DeSoto, Duncanville, Highland Park, Garland, Irving, Mesquite, Richardson, Sunnyvale, University Park, and Wills Point. All Cities share the cost of running the system.

Operational Considerations:

The On-Line Supervision system is required for the City of Lancaster to provide Ambulance Services to the Citizens of Lancaster.

Legal Considerations:

The City Attorney has reviewed and approved the agreement and resolution as to form.

Public Information Considerations:

This item is being considered at a meeting of the City Council noticed in accordance with the Texas Open Meeting Act.

Fiscal Impact:

Total payments by the City during the Second Renewal Term shall not exceed forty-seven thousand sixty-eight dollars and twenty cents (\$47,068.20). The cost to the City of Lancaster is calculated on a per capita basis for an amount not to exceed \$23,441.15 for FY2019-2020, and \$23,627.05 for FY2020-2021.

Options/Alternatives:

1. City Council may approve the resolution, as presented.
2. City Council may deny the resolution.

Recommendation:

Staff recommends that City Council approve the resolution as presented.

Attachments

Resolution

Exhibit "1"

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, APPROVING THE RENEWAL TERMS AND CONDITIONS OF THE INTERLOCAL AGREEMENT BY AND BETWEEN DALLAS COUNTY HOSPITAL DISTRICT D/B/A PARKLAND HEALTH & HOSPITAL SYSTEM AND THE CITY OF LANCASTER, WHICH IS ATTACHED HERETO AND INCORPORATED HEREIN AS EXHIBIT A, FOR SERVICES RELATED TO THE BIOTEL SYSTEM; AUTHORIZING THE CITY MANAGER TO EXECUTE SAID AGREEMENT; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Lancaster desires to purchase the BioTel system services from Dallas County Hospital District d/b/a Parkland Health & Hospital System ("Parkland"), and Parkland desires to sell said services to Lancaster in order to provide medical control for paramedics in the field via radio and telemetered patient data; and

WHEREAS, the Interlocal Cooperation Act, Chapter 791 of the TEXAS GOVERNMENT CODE provides authorization for any local government to contract with one or more local governments to perform government functions and services under the terms of the Act; and

WHEREAS, Parkland and Lancaster desire to continue the Interlocal Agreement permitting Lancaster to purchase BioTel services from Parkland, which is attached hereto and incorporated herein as Exhibit A, and authorizing the City Manager to execute said Agreement;

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

SECTION 1. The City Council hereby authorizes, approves and accepts the terms and conditions of the Interlocal Agreement by and between the City of Lancaster and Dallas County Hospital District D/B/A Parkland Health & Hospital System for BioTel System services, which is attached hereto and incorporated herein by reference as Exhibit A; and, the City Manager is hereby authorized to execute said Agreement.

SECTION 2. That this Resolution shall take effect immediately from and after its passage, as the law and charter in such cases provide.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 9th day of September, 2019

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Clyde C. Hairston , Mayor

APPROVED AS TO FORM:

David T. Ritter, City Attorney

STATE OF TEXAS§

COUNTY OF DALLAS

§

§

INTERLOCAL AGREEMENT SECOND RENEWAL

This Interlocal Agreement Second Renewal ("Second Renewal") is entered into by and between the CITY OF LANCASTER, TEXAS ("CITY") and the Dallas County Hospital District d/b/a Parkland Health & Hospital System ("PARKLAND").

WHEREAS, PARKLAND and CITY are parties to that certain Interlocal Agreement, which was dated to be effective as of October 1, 2016, (the "Agreement"); and

WHEREAS, the Agreement was renewed pursuant to agreement of the parties via an Interlocal Agreement Renewal, which was dated to be effective as of October 1, 2017, (the "Renewal"); and

WHEREAS, PARKLAND and CITY wish to renew such Agreement in the manner which is more fully set forth below; and

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, PARKLAND and CITY hereby agree as follows:

1. References to BioTel/EMS System within the Agreement shall be modified to UTSW/Parkland BioTel/EMS System.
2. References to BioTel/EMS Treatment Guidelines and Policies within the Agreement shall be modified to UTSW/Parkland BioTel Clinical Practice Guidelines.
3. Pursuant to Section V.1 of the Agreement, the term of the Agreement shall be renewed for a twenty-four (24) month period, effective as of October 1, 2019, and terminate on September 30, 2021 ("Second Renewal Term").
4. Total payments by the CITY during the Second Renewal Term shall not exceed FORTY SEVEN THOUSAND SIXTY EIGHT DOLLARS AND TWENTY CENTS (\$47,068.20), which amount (or a portion thereof where Second Renewal Term may exceed one year) is hereby set aside and segregated for the purpose of paying for the Services in accordance with the terms of the Agreement:
 - 2.1 Payment for the period October 1, 2019, through September 30, 2020, shall be made in one installment in the amount of \$23,441.15, upon execution of this Second Renewal;
 - 2.2 Payment for the period of October 1, 2020, through September 30, 2021, shall be made in one installment in the amount of \$23,627.05, upon receipt of invoice from PARKLAND.
5. Exhibit A shall be modified in its entirety as attached hereto.
6. This Second Renewal is effective as of the 1st day of October, 2019.

4. Except as modified by this Second Renewal, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Second Renewal to be executed by their respective duly authorized representatives.

**Dallas County Hospital District d/b/a
Parkland Health & Hospital System**

City of Lancaster, Texas

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A

Scope of Services for On-line and Off-line Medical Control for the UTSW/Parkland BioTel/EMS System

I. On-line Medical Direction

A. Staffing

- 1. Nurse staffing provided continuously 24/7/365**
 - a. In addition to continuous nurse staffing 24/7/465, double coverage will be provided during peak times; however, such additional coverage may be through a paramedic.
 - b. Coordinates in-time on-line medical direction.
- 2. Physician staffing continuously 24/7/365**
 - a. The physician responsible for coordinating all system medical control and addressing clinical issues associated with the operation of the UTSW/Parkland BioTel/EMS System shall be known as the BioTel Medical Director.
 - b. The UT SOUTHWESTERN emergency medicine physicians working within the Parkland Emergency Department shall provide medical control (i.e. medical advice and direction) when requested by CITY's paramedics who are assisting patients. Adequate BioTel System physician staffing shall be maintained twenty-four (24) hours a day, seven (7) days a week, during the term of this Agreement. A physician will answer all requests for assistance either from the BioTel System room or from the Emergency Department areas twenty-four (24) hours a day, seven (7) days a week. The physician need not be present in the radio room while assigned to, and on duty with, the BIOTEL operation.
 - c. BIOTEL physicians shall respond to a field paramedic's request for assistance immediately after receipt of a call. PARKLAND will be responsible for monitoring and enforcing a sixty (60) second response time standard ninety percent (90%) of the time.
 - d. BIOTEL presently has the capability to obtain a specialized physician in the following areas: Pediatrics, internal medicine, surgical, trauma, obstetrical/gynecological, psychiatry, toxicology and cardiology. Additional sub-specialty consultation is available.
- 3. Miscellaneous**
 - a. Only registered nurses (RNs), physicians, paramedics and clerical staff shall be assigned by PARKLAND to the BioTel program
 - b. The BIOTEL program shall be adequately staffed by at least one (1) registered nurse twenty-four (24) hours a day, seven (7) days a week throughout the duration of this Agreement. Additional personnel will be assigned as needed based upon workload. Efficiency of the system shall be maintained by PARKLAND administration. A nurse or paramedic shall monitor radio communications at all times. Changes to the staffing model may be made, if necessary upon agreement between the CITY and PARKLAND.
 - c. All RNs and paramedics assigned to the BIOTEL program shall undergo initial training and ongoing training including the role of BIOTEL and EMS in the community. They will review and be competent on the

- UTSW/Parkland BioTelClinical Practice Guidelines and are instructed in proper communication procedures relating to the BIOTEL equipment
- d. When notified by field personnel, BIOTEL staff shall assist as needed in contacting a hospital to which a critical, priority patient is en-route, and provide that hospital with pertinent data concerning the patient.
 - e. BIOTEL staff shall be responsible for assisting other medical personnel in emergency situations. The BIOTEL staff shall contact an Emergency Medicine physician when a request for assistance is made, and shall record all recommended treatments and maintain all appropriate records.
 - f. BIOTEL staff shall ensure the proper functioning of all contracted BIOTEL equipment.
 - g. Personnel assigned to BIOTEL shall utilize the current UTSW/Parkland BioTelClinical Practice Guidelines enacted for the functioning of the BioTel System. PARKLAND may modify the UTSW/Parkland BioTelClinical Practice Guidelines provided, however, that both the CITY and PARKLAND mutually agree upon any material changes to these procedures, unless otherwise required by law, rule, regulation, and all other applicable governmental agencies and accrediting organizations having jurisdiction over PARKLAND. PARKLAND shall make the UTSW/Parkland BioTelClinical Practice Guidelines available to the CITY.
 - h. BIOTEL staff shall monitor area hospital's capabilities and help coordinate EMS transports to appropriate facilities as provided in accordance with departmental procedures approved by the BioTel System Medical Director.
 - i. BIOTEL staff shall maintain a current database for day-to-day medical control, as well as the monthly statistical report. The BIOTEL staff will also maintain revisions to the UTSW/Parkland BioTelClinical Practice Guidelines and perform other tasks as needed under the direction of BIOTEL Management. A copy of the statistical report will be furnished to the CITY quarterly
 - j. The BIOTEL Program Manager shall serve as the primary liaison with: Area receiving hospitals, other EMS agencies, Emergency air medical services operating in the DFW region, UT SOUTHWESTERN – Division of EMS Education, Pre-hospital providers that are not under BIOTEL medical control.

B. Additional Services

1. Social Work Program

- a. Assessment and enrolment of patients, serving as a liaison between social service agencies and CITY, and providing feedback and updates to EMS agencies.

2. Emergency Legal Assistance Program

- a. Will provide an on-call attorney licensed to practice law in the State of Texas.
- b. The Attorney will be:
 - (1) Familiar with delivery of Emergency Medical Services and applicable laws pertaining thereto, including, but not limited to

the Medical Practice Act and the Health and Safety Code and any other applicable laws.

(2) On-call twenty-four (24) hours /day, seven (7) days a week.

(3) Expected to provide an alternate in case of his/her absence.

3. Field Amputation Team Activation at the request of CITY field paramedics, supervisors or Chief Officers or at the discretion of BIOTEL staff consistent with BIOTEL policy.
 - a. The Team will provide supplies necessary for field amputation
 - b. The Team will be ready for transport to scene within fifteen (15) minutes of activation. Estimated time of arrival may vary depending on scene location and other factors.
 4. Bloodborne Pathogen Exposure Tracking
 - a. Will provide a process for CITY personnel who have sustained a blood and/or body fluid exposure while on-duty to receive testing, appropriate treatment, and subsequent follow-up with Dallas County Health Department.
 5. Data collection including CITY call volume to BIOTEL, types of BIOTEL calls, frequency and type of physician consultation, numbers of patients for whom BIOTEL is notified/contacted received by area hospitals, Emergency Legal Assistance Program, Specialty Team Activation, and any other data requested by CITY.
 6. Maintenance of the BioTel room and facilities, and the records involving On-line Medical Control for the BioTel System, shall be provided by PARKLAND. The BioTel System room and facilities shall be available for reasonable use by the CITY's paramedics, provided that such use does not interfere with the medical operations and functions of the BioTel System office and facilities.
- C. Periodic meetings, at least quarterly, will be attempted to be scheduled between the CITY representatives and the PARKLAND and UT SOUTHWESTERN personnel who supervise the BioTel System. The purpose of the meetings shall be to assess the program and services provided and recommend improvements.

II. Off-line Medical Direction

A. Staffing

1. BIOTEL Medical Director

- a. Has the ultimate responsibility for all clinical aspects of the BioTel System and shall meet all State of Texas requirements for serving as an EMS System Medical Director.
- b. Be immediately available 24/7/365 for consultation or problem resolution or shall arrange for an Deputy EMS Medical Director to be available in his/her place.
- c. Assign to CITY an Associate Medical Director who shall serve as CITY's day-to-day Medical Director.
- d. Be notified of all significant on-duty illness or injury to CITY EMS providers. The Associate Medical Director shall serve as the liaison with the treating physician(s) in the hospital where the CITY EMS provider is transported to, shall serve as the CITY EMS providers' medical advocate and shall advise the CITY's EMS leadership of the status of the CITY EMS

providers' illness or injury. May delegate to Deputy Medical Director or Associate Medical Director.

2. BIOTEL Deputy Medical Director
 - a. Shall carry out the duties of the Medical Director as delegated by the Medical Director or when the Medical Director is otherwise unavailable.
3. BIOTEL Associate Medical Director
 - a. Work with CITY's Chief and EMS Command Staff to ensure that the CITY's EMS operations, administration, training and special operations activities result in the delivery of quality out-of-hospital emergency medical care for the residents of and visitors to the CITY.
 - b. Assist the CITY with the review and response to any clinical or clinical/operational complaint, concerns, unusual occurrence ("UO") or commendations that are brought to the attention of the CITY regarding EMS and will assist in the development and implementation of a comprehensive EMS Quality Management Plan.
 - c. Work with the CITY's EMS Chief responsible for EMS to develop, implement, and evaluate EMS quality improvement activities.
 - d. Be made aware of and will consult on the response to all EMS clinical claims (lawsuits) against the CITY.
 - e. Ensure that the CITY provides reality-based training for its EMS providers.
 - f. Interact outside of the hospital setting with the CITY's EMS providers.
 - g. Approve all continuous EMS education and training of CITY's EMS providers on all UTSW/Parkland BIOTEL Clinical Practice Guidelines.
 - h. Serve as the physician liaison to other healthcare providers in the CITY.

B. Additional Services

1. May attend regular or ad hoc meetings at the request of the CITY's leadership.
2. May assist in the development or provision of specialized education and training for the CITY's providers.
3. May serve as a consultant to the CITY's 911 Communications Center. The Medical Director shall review, as requested, any EMS dispatch incidents in consultation with the 911 Center's leadership. In addition, the Medical Director participates in tape audits and the evaluation of new dispatch protocols and/or procedures as requested.
4. May be made aware of and will serve as a consultant in the planning and response to any EMS special event in which the CITY serves as the emergency medical provider.
5. May oversee the clinical aspects of the CITY's Mobile Community Healthcare Program (MCHP) and will be immediately available or arrange for an appropriate individual to be immediately available for consultation regarding any patient enrolled in that program.
6. In collaboration with the CITY's Chief responsible for EMS, may ensure that the CITY's policies designed to minimize the risk of exposure to blood borne pathogens are state-of-the art. Together, recommendations for changes in policy, protocol, or protective equipment are made to the CITY Chief to mitigate the likelihood of exposure to blood-borne pathogens.
7. May serve as advocate for the CITY's role in promoting Public Access Defibrillation and CPR training for the CITY.

8. May take on additional responsibilities or projects as requested by the CITY Chief following approval of the BioTel/EMS System Medical Director.

C. Hours and Rates

1. The minimum number of hours provided to CITY for off-line medical direction will be four (4) hours.
2. Additional hours for off-line medical direction will be provided at an hourly rate of \$180.00 per hour.

LANCASTER CITY COUNCIL

City Council Regular Meeting

6.

Meeting Date: 09/09/2019

Policy Statement: This request supports the City Council 2019-2020 Policy Agenda

Goal(s): Financially Sound City Government
Professional and Committed City Workforce

Submitted by: Jermaine Sapp, Director of Equipment and Facility Services

Agenda Caption:

Consider a resolution authorizing the purchase of a 2020 HV607 International 12 yard dump truck from International through an Interlocal Agreement with the City of Dallas, in an amount not to exceed one hundred sixteen thousand dollars (\$116,000).

Background:

At the August 5, 2019 work session Council received a presentation regarding the FY 2019-2020 equipment replacement plan. The plan included the purchase of a dump truck to be utilized by the Water and Waste Water Division.

Operational Considerations:

Approval of this purchase will increase productivity and also comply with Texas Clean Fleet Act.

Legal Considerations:

Texas law authorizes cooperative agreements to help save time in developing specifications and duplication during the bid process. The use of cooperative agreements is in accordance with Section 791.001 of the Texas Government Code and 271.101 of the Texas Local Government Code.

An interlocal agreement allows staff to utilize other agencies' formal bid contracts. Each entity's formal bid process must meet the requirements set forth in the statutes, including advertising, M/WBE participation, reference checks, verification of insurance and bonding, if required by specifications, and any other requirements. All legal requirements are verified by the Purchasing Agent prior to recommendation or use of a contract. Utilization of interlocal agreements save time associated with issuing bids or in obtaining quotes. Savings are achieved through aggregate volumes either through joint bidding opportunities or by addressing the cooperative language within the specifications to the vendors. The City of Lancaster maintains an interlocal agreement with the City of Dallas.

The resolution has been reviewed and approved as to form by the City Attorney.

Public Information Considerations:

This item is being considered at a meeting of the City Council noticed in accordance with the Texas Open Meetings Act.

Fiscal Impact:

This purchase is funded through the Equipment Replacement Fund, in an amount not to exceed one hundred sixteen thousand dollars (\$116,000).

Options/Alternatives:

1. City Council may approve the resolution as presented.
2. City Council may deny the resolution.

Recommendation:

Staff recommends approval of the resolution as presented.

Attachments

Resolution

Exhibit A

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, AUTHORIZING THE PURCHASE OF A 2020 HV607 INTERNATIONAL TWELVE (12) YARD DUMP TRUCK FROM INTERNATIONAL THROUGH AN INTERLOCAL AGREEMENT WITH THE CITY OF DALLAS, TEXAS IN AN AMOUNT NOT TO EXCEED ONE HUNDRED SIXTEEN THOUSAND DOLLARS (\$116,00.00)

WHEREAS, the City of Lancaster, Texas, desires to authorize the purchase of one (1) 2020 HV607 twelve(12) yard dump truck through an Interlocal Agreement with the City of Dallas;

WHEREAS, the City of Lancaster maintains an executed Interlocal Agreement with the City of Dallas, Texas. Local Government Code authorizes cooperative agreements to help save time in developing specifications and duplication during the bid process.

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

SECTION 1. The City Council hereby authorizes, approves, and accepts, the purchase of one (1) 2020 HV607 International twelve (12) yard dump truck from International in an amount not to exceed one hundred sixteen thousand dollars (\$116,000.00), as set forth in Exhibit "A", and;

SECTION 2. That the City Manager or her designee of the City of Lancaster, Texas is hereby authorized to issue appropriate purchase orders in conformity herewith.

SECTION 3. Any prior Resolution of the Lancaster City Council in conflict with the provisions contained in this Resolution are hereby repealed and revoked.

SECTION 4. Should any part of this Resolution be held to be invalid for any reason, the remainder shall not be affected thereby, and such remaining portions are hereby declared to be severable.

SECTION 5. This Resolution shall become effective immediately from and after its passage, and it is duly resolved.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 9th day of September, 2019.

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Clyde C. Hairston, Mayor

APPROVED AS TO FORM:

David T. Ritter, City Attorney

INTERNATIONAL®

August 27, 2019

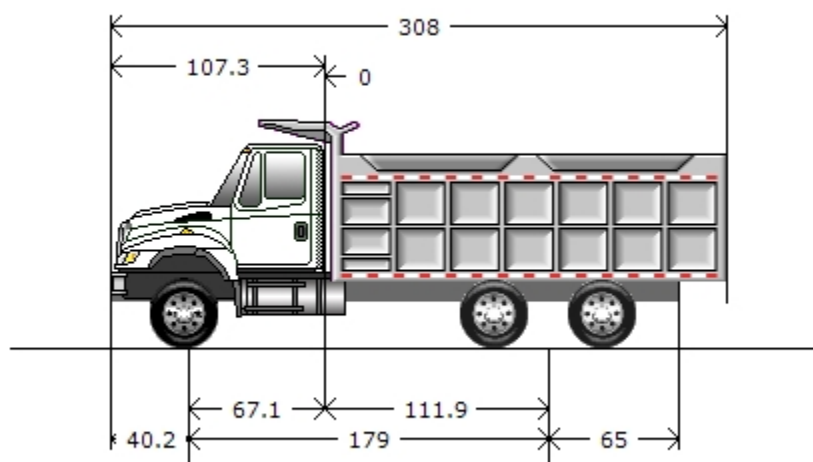
Prepared For:

City of Lancaster
 Jermaine Sapp
 211 N Henry St.
 Lancaster, TX 75146-2569
 (972)275 - 1461

Presented By:

Southwest International Trucks, Inc.
 Joel B Laxson
 3722 Irving Blvd.
 Dallas TX 75247 -
 (214)689-1400

Thank you for the opportunity to provide you with the following quotation on a new International truck. I am sure the following detailed specification will meet your operational requirements, and I look forward to serving your business needs.



Model Profile
2020 HV607 SBA (HV607)

AXLE CONFIG:	6X4
APPLICATION:	Construction Dump
MISSION:	Requested GVWR: 54000. Calc. GVWR: 52350 Calc. Start / Grade Ability: 19.99% / 1.75% @ 55 MPH
DIMENSION:	Wheelbase: 179.00, CA: 111.90, Axle to Frame: 65.00
ENGINE, DIESEL:	{Cummins L9 350} EPA 2017, 350HP @ 2000 RPM, 1000 lb-ft Torque @ 1400 RPM, 2200 RPM Governed Speed, 350 Peak HP (Max)
TRANSMISSION, AUTOMATIC:	{Allison 3000 RDS} 5th Generation Controls, Close Ratio, 6-Speed with Double Overdrive, with PTO Provision, Less Retarder, Includes Oil Level Sensor, with 80,000-lb GVW and GCW Max, On/Off Highway
CLUTCH:	Omit Item (Clutch & Control)
AXLE, FRONT NON-DRIVING:	{Meritor MFS-14-143A} Wide Track, I-Beam Type, 14,000-lb Capacity
AXLE, REAR, TANDEM:	{Meritor MT-40-14X-4DFR} Single Reduction, 40,000-lb Capacity, w/.433"(11mm) Wall Housing Thickness, R Wheel Ends Gear Ratio: 5.29
CAB:	Conventional, Day Cab
TIRE, FRONT:	(2) 11R22.5 Load Range G HSR2 (CONTINENTAL), 498 rev/mile, 75 MPH, All-Position
TIRE, REAR:	(8) 12R22.5 Load Range H HDR2 (CONTINENTAL), 479 rev/mile, 75 MPH, Drive
SUSPENSION, REAR, TANDEM:	{Hendrickson RT-403} Walking Beam, 40,000-lb Capacity, 54" Axle Spacing, Multileaf Springs, with Rubber Center Bushings
PAINT:	Cab schematic 100WL Location 1: 9219, Winter White (Std) Chassis schematic N/A

<u>Code</u>	<u>Description</u>	<u>F/R Wt</u> (lbs)	<u>Tot Wt</u> (lbs)
HV60700	Base Chassis, Model HV607 SBA with 179.00 Wheelbase, 111.90 CA, and 65.00 Axle to Frame.	6413/3469	9882
1570	TOW HOOK, FRONT (2) Frame Mounted	8/0	8
1AND	AXLE CONFIGURATION {Navistar} 6x4	0/0	0
	<u>Notes</u> : Pricing may change if axle configuration is changed.		
1CAJ	FRAME RAILS Heat Treated Alloy Steel (120,000 PSI Yield); 10.866" x 3.622" x 0.437" (276.0mm x 92.0mm x 11.1mm); 456.0" (11582mm) Maximum OAL	155/362	517
1LLA	BUMPER, FRONT Swept Back, Steel, Heavy Duty	0/0	0
1WGX	WHEELBASE RANGE 169" (430cm) Through and Including 219" (555cm)	0/0	0
2ARV	AXLE, FRONT NON-DRIVING {Meritor MFS-14-143A} Wide Track, I-Beam Type, 14,000-lb Capacity	60/0	60
3ADD	SUSPENSION, FRONT, SPRING Parabolic Taper Leaf, Shackle Type, 14,000-lb Capacity, with Shock Absorbers	44/0	44
4091	BRAKE SYSTEM, AIR Dual System for Straight Truck Applications	0/0	0
	<u>Includes</u> : BRAKE LINES Color and Size Coded Nylon : DRAIN VALVE Twist-Type : GAUGE, AIR PRESSURE (2) Air 1 and Air 2 Gauges; Located in Instrument Cluster : PARKING BRAKE CONTROL Yellow Knob, Located on Instrument Panel : QUICK RELEASE VALVE On Rear Axle for Spring Brake Release: 1 for 4x2, 2 for 6x4 : SLACK ADJUSTERS, FRONT Automatic (with Air Cam Brakes) : SLACK ADJUSTERS, REAR Automatic (with Air Cam Brakes) : SPRING BRAKE MODULATOR VALVE R-7 for 4x2, SR-7 with relay valve for 6x4/8x6		
4196	BRAKES, FRONT, AIR CAM 16.5" x 5", Includes 24 SqIn Long Stroke Brake Chambers	-28/0	-28
4722	DRAIN VALVE {Bendix DV-2} Automatic, with Heater, for Air Tank	1/0	1
4AZA	AIR BRAKE ABS {Bendix AntiLock Brake System} Full Vehicle Wheel Control System (4-Channel)	0/0	0
4EBS	AIR DRYER {Bendix AD-9} with Heater	18/10	28
4EXU	BRAKE CHAMBERS, REAR AXLE {Bendix EverSure} 30/30 Spring Brake	0/78	78
4EXV	BRAKE CHAMBERS, FRONT AXLE {Bendix} 24 SqIn	18/0	18
4NDB	BRAKES, REAR, AIR CAM S-Cam; 16.5" x 7.0"; Includes 30/30 Sq.In. Long Stroke Brake Chamber and Spring Actuated Parking Brake	0/52	52
4SPA	AIR COMPRESSOR {Cummins} 18.7 CFM	0/0	0
4VBD	AIR DRYER LOCATION Mounted Outside Left Rail, 25" Back of Cab	0/0	0
4VKK	AIR TANK LOCATION (2) Mounted Under Battery Box, Outside Right Rail, Back of Cab, Perpendicular to Rail	0/0	0
4WBX	DUST SHIELDS, FRONT BRAKE for Air Brakes	5/0	5
4WDM	DUST SHIELDS, REAR BRAKE for Air Brakes	0/12	12

<u>Code</u>	<u>Description</u>	<u>F/R Wt</u> (lbs)	<u>Tot Wt</u> (lbs)
5708	STEERING COLUMN Tilting	14/1	15
5CAW	STEERING WHEEL 4-Spoke; 18" Dia., Black	0/0	0
5PSA	STEERING GEAR {Sheppard M100} Power	0/0	0
7BEV	AFTERTREATMENT COVER Steel, Black	10/3	13
7BKS	EXHAUST SYSTEM Single, Horizontal Aftertreatment Device, Frame Mounted Right Side Under Cab, for Single Vertical Tail Pipe, Frame Mounted Right Side Back of Cab	135/42	177
7WAZ	TAIL PIPE (1) Turnback Type	0/0	0
7WCR	EXHAUST HEIGHT 10' 11"	2/0	2
7WDN	MUFFLER/TAIL PIPE GUARD (1) Aluminum	0/0	0
8000	ELECTRICAL SYSTEM 12-Volt, Standard Equipment	0/0	0
8718	POWER SOURCE Cigar Type Receptacle without Plug and Cord	1/0	1
8GXD	ALTERNATOR {Leece-Neville AVI160P2013} Brush Type; 12 Volt 160 Amp. Capacity, Pad Mount, with Remote Sense	0/0	0
8HAE	BODY BUILDER WIRING Rear of Frame; Includes Sealed Connectors for Tail/Amber Turn/Marker/ Backup/Accessory Power/Ground and Sealed Connector for Stop/Turn	0/3	3
8MSG	BATTERY SYSTEM {Fleetrite} Maintenance-Free, (3) 12-Volt 1980CCA Total, Top Threaded Stud	27/26	53
8RGA	2-WAY RADIO Wiring Effects; Wiring with 20 Amp Fuse Protection, Includes Ignition Wire with 5 Amp Fuse, Wire Ends Heat Shrink and Routed to Center of Header Console in Cab	1/0	1
8RMH	BATTERY DISCONNECT SWITCH {Cole-Hersee 75920-06} 300 Amp; Battery Box Mounted, Disconnects Charging Circuits, Locks with Padlock	3/0	3
8RML	RADIO AM/FM/WB/Clock/Bluetooth/USB Input/3.5MM Auxiliary Input, MP3, Apple Device Play & Control, Bluetooth for Phone & Music	4/0	4
8RMZ	SPEAKERS (2) 6.5" Dual Cone Mounted in Both Doors, (2) 5.25" Dual Cone Mounted in Both B-Pillars	5/3	8
8THB	BACK-UP ALARM Electric, 102 dBA	0/3	3
8THV	DISCONNECT, FRONT HARNESS for Guide Post Lights; Connectors Located at Headlight Connection, for Customer Installation	0/0	0
8VAY	HORN, ELECTRIC Disc Style	0/0	0
8VUJ	BATTERY BOX Steel, with Plastic Cover, 18" Wide, 2-4 Battery Capacity, Mounted Right Side Back of Cab	-35/12	-23
8WGL	WINDSHIELD WIPER SPD CONTROL Force Wipers to Slowest Intermittent Speed When Park Brake Set and Wipers Left on for a Predetermined Time	0/0	0
8WNH	RUNNING LIGHT (2) Daytime	0/0	0
8WPH	CLEARANCE/MARKER LIGHTS (5) {Truck Lite} Amber LED Lights, Flush Mounted on Cab or Sunshade	0/0	0
8WPZ	TEST EXTERIOR LIGHTS Pre-Trip Inspection will Cycle all Exterior Lamps Except Back-up Lights	0/0	0

<u>Code</u>	<u>Description</u>	<u>F/R Wt</u> (lbs)	<u>Tot Wt</u> (lbs)
8WRB	HEADLIGHTS ON W/WIPERS Headlights Will Automatically Turn on if Windshield Wipers are turned on	0/0	0
8WTK	STARTING MOTOR {Delco Remy 38MT Type 300} 12 Volt; less Thermal Over-Crank Protection	8/0	8
8WTP	COURTESY LIGHT (2) Mounted In Front Map Pocket Left and Right Side	1/0	1
8WWJ	INDICATOR, LOW COOLANT LEVEL with Audible Alarm	0/0	0
8WXD	ALARM, PARKING BRAKE Electric Horn Sounds in Repetitive Manner When Vehicle Park Brake is "NOT" Set, with Ignition "OFF" and any Door Opened	0/0	0
8XAH	CIRCUIT BREAKERS Manual-Reset (Main Panel) SAE Type III with Trip Indicators, Replaces All Fuses	0/0	0
8XGT	TURN SIGNALS, FRONT Includes LED Side Turn Lights Mounted on Fender	0/0	0
8XHN	HORN, AIR Black, Single Trumpet, with Lanyard Pull Cord	0/0	0
8XHR	POWER SOURCE, ADDITIONAL Auxiliary Power Outlet (APO) & USB Port, Located in the Instrument Panel	0/0	0
8XHW	SWITCH, MARKER INTERRUPT Located in Steering Wheel	0/0	0
9585	FENDER EXTENSIONS Rubber	6/0	6
9AAB	LOGOS EXTERIOR Model Badges	0/0	0
9AAE	LOGOS EXTERIOR, ENGINE Badges	0/0	0
9HAN	INSULATION, UNDER HOOD for Sound Abatement	10/0	10
9HBM	GRILLE Stationary, Chrome	0/0	0
9HBN	INSULATION, SPLASH PANELS for Sound Abatement	2/0	2
9WAC	BUG SCREEN Mounted Behind Grille	5/0	5
9WBC	FRONT END Tilting, Fiberglass, with Three Piece Construction, for WorkStar/HV	0/0	0
10060	PAINT SCHEMATIC, PT-1 Single Color, Design 100	0/0	0
	<u>Includes</u> : PAINT SCHEMATIC ID LETTERS "WL"		
10761	PAINT TYPE Base Coat/Clear Coat, 1-2 Tone	0/0	0
10SLV	PROMOTIONAL PACKAGE Government Silver Package	0/0	0
10WCY	SAFETY TRIANGLES	6/0	6
10XAN	FIRE EXTINGUISHER 5 lb Class A B C	0/0	0
10XAP	FIRE EXTINGUISHER BRACKET Mounted Left Side Driver Seat	0/0	0
11001	CLUTCH Omit Item (Clutch & Control)	-55/-8	-63
12703	ANTI-FREEZE Red, Extended Life Coolant; To -40 Degrees F/ -40 Degrees C, Freeze Protection	0/0	0
12849	BLOCK HEATER, ENGINE 120V/1000W, for Cummins ISB/B6.7/ISL/L9 Engines	3/0	3
12EHX	ENGINE, DIESEL {Cummins L9 350} EPA 2017, 350HP @ 2000 RPM, 1000 lb-ft Torque @ 1400 RPM, 2200 RPM Governed Speed, 350 Peak HP (Max)	584/-20	564

<u>Code</u>	<u>Description</u>	<u>F/R Wt</u> (lbs)	<u>Tot Wt</u> (lbs)
12THT	FAN DRIVE {Horton Drivemaster} Direct Drive Type, Two Speed with Residual Torque Device for Disengaged Fan Speed	0/0	0
12UWY	RADIATOR Cross Flow, Series System; 1228 SqIn Aluminum Radiator Core and 1167 SqIn Charge Air Cooler	0/0	0
12VBB	AIR CLEANER Dual Element	4/0	4
12VGZ	FEDERAL EMISSIONS {Cummins L9} EPA, OBD and GHG Certified for Calendar Year 2019	0/0	0
12VXT	THROTTLE, HAND CONTROL Engine Speed Control; Electronic, Stationary, Variable Speed; Mounted on Steering Wheel	0/0	0
12WZB	EMISSION COMPLIANCE Low NOx Idle Engine, Complies with California Clean Air Regulations; Includes "Certified Clean Idle" Decal on Hood	0/0	0
12XAT	ENGINE CONTROL, REMOTE MOUNTED Provision for; Includes Wiring for Body Builder Installation of PTO Controls; with Ignition Switch Control for Cummins ISB/ B6.7 or ISL/L9 Engines	0/0	0
13AVR	TRANSMISSION, AUTOMATIC {Allison 3000 RDS} 5th Generation Controls, Close Ratio, 6-Speed with Double Overdrive, with PTO Provision, Less Retarder, Includes Oil Level Sensor, with 80,000-lb GVW and GCW Max, On/Off Highway	192/57	249
13WAW	OIL COOLER, AUTO TRANSMISSION {Modine} Water to Oil Type	25/0	25
13WET	TRANSMISSION SHIFT CONTROL for Column Mounted Stalk Shifter	0/0	0
13WLP	TRANSMISSION OIL Synthetic; 29 thru 42 Pints	0/0	0
13WUC	ALLISON SPARE INPUT/OUTPUT for Rugged Duty Series (RDS); General Purpose Trucks, Construction	0/0	0
13WYH	TRANSMISSION TCM LOCATION Located Inside Cab	0/0	0
13WYU	SHIFT CONTROL PARAMETERS Allison 3000 or 4000 Series Transmissions, 5th Generation Controls, Performance Programming	0/0	0
13XAA	PTO CONTROL, DASH MOUNTED For Customer Provided PTO; Includes Switch, Electric/Air Solenoid, Piping and Wiring	3/0	3
13XAM	PTO LOCATION Dual, Customer Intends to Install PTO at Left and/or Right Side of Transmission	0/0	0
14GVY	AXLE, REAR, TANDEM {Meritor MT-40-14X-4DFR} Single Reduction, 40,000-lb Capacity, w/.433"(11mm) Wall Housing Thickness, R Wheel Ends . Gear Ratio: 5.29	0/2082	2082
14UHD	SUSPENSION, REAR, TANDEM {Hendrickson RT-403} Walking Beam, 40,000-lb Capacity, 54" Axle Spacing, Multileaf Springs, with Rubber Center Bushings	0/962	962
14WAL	SUSPENSION/REAR-AXLE IDENTITY for Meritor Tandem Rear Axles with Bar-Pin Beam Attachment Type Suspensions	0/0	0
15LMR	FUEL/WATER SEPARATOR {Racor 400 Series,} with Primer Pump, Includes Water-in-Fuel Sensor	0/0	0
15LMW	LOCATION FUEL/WATER SEPARATOR Mounted Outside Left Rail, 34" Back of Cab	0/0	0
15SGG	FUEL TANK Top Draw, Non-Polished Aluminum, D-Style, 19" Tank Depth, 70 US Gal (265L), Mounted Left Side, Under Cab	9/8	17
15WDG	DEF TANK 7 US Gal (26L) Capacity, Frame Mounted Outside Left Rail, Under Cab	0/0	0

<u>Code</u>	<u>Description</u>	<u>F/R Wt</u> (lbs)	<u>Tot Wt</u> (lbs)
16030	CAB Conventional, Day Cab	0/0	0
16BAM	AIR CONDITIONER with Integral Heater and Defroster	56/0	56
16GDC	GAUGE CLUSTER Base Level; English with English Speedometer and Tachometer, for Air Brake Chassis, Includes Engine Coolant Temperature, Primary and Secondary Air Pressure, Fuel and DEF Gauges, Oil Pressure Gauge, Includes 3 Inch Monochromatic Text Display	0/0	0
16GHU	GRAB HANDLE, CAB INTERIOR (2) Safety Yellow	0/0	0
16HGH	GAUGE, OIL TEMP, AUTO TRANS for Allison Transmission	1/0	1
16HGL	GAUGE, OIL TEMP, REAR AXLE	1/0	1
16HKT	IP CLUSTER DISPLAY On Board Diagnostics Display of Fault Codes in Gauge Cluster	0/0	0
16JNT	SEAT, DRIVER {National 2000} Air Suspension, High Back with Integral Headrest, Vinyl, Isolator, 1 Chamber Lumbar, with 2 Position Front Cushion Adjust, -3 to +14 Degree Angle Back Adjust	28/11	39
16PPN	SEAT, PASSENGER {National 2000} Air-Suspension, High Back with Integral Headrest, Vinyl, Isolator, 1 Chamber Lumbar, 2 Position Front Cushion Adjustment, Dual Shocks	74/30	104
16SEE	GRAB HANDLE, EXTERIOR Chrome, Towel Bar Type, with Anti-Slip Rubber Inserts, for Cab Entry Mounted Left Side at "B" Pillar	3/0	3
16SNS	MIRRORS (2) Aero Pedestal, Power Adjust, Heated, Black Heads and Arms, 6.5" x 14" Flat Glass, Includes 6.5" x 6" Convex Mirrors, for 102" Load Width	0/0	0
	<u>Notes</u> : Mirror Dimensions are Rounded to the Nearest 0.5"		
16VBS	CONSOLE, CENTER Polypropylene, with One Coin Holder, One Cup Holder and One Thermos Holder, with Laptop PC or Clipboard Storage, Includes small Storage Area	12/0	12
16VCC	SEAT BELT All Orange; 1 to 3	0/0	0
16VKB	CAB INTERIOR TRIM Classic, for Day Cab	0/0	0
	<u>Includes</u> : CONSOLE, OVERHEAD Molded Plastic with Dual Storage Pockets, Retainer Nets and CB Radio Pocket; Located Above Driver and Passenger : DOME LIGHT, CAB Door Activated and Push On-Off at Light Lens, Timed Theater Dimming, Integral to Overhead Console, Center Mounted : SUN VISOR (2) Padded Vinyl; 2 Moveable (Front-to-Side) Primary Visors, Driver Side with Toll Ticket Strap		
16WBY	ARM REST, RIGHT, DRIVER SEAT	3/0	3
16WBZ	ARM REST, LEFT, PASSENGER SEAT	3/0	3
16WSK	CAB REAR SUSPENSION Air Bag Type	0/0	0
16XCK	WINDOW, MANUAL (2) and Manual Door Locks, Left and Right Doors	0/0	0
16XJN	INSTRUMENT PANEL Flat Panel	0/0	0
16XWD	SUNSHADE, EXTERIOR Aerodynamic, Painted Roof Color; Includes Integral Clearance/Marker Lights	14/3	17

<u>Code</u>	<u>Description</u>	<u>F/R Wt</u> (lbs)	<u>Tot Wt</u> (lbs)
16ZBT	ACCESS, CAB Steel, Driver & Passenger Sides, Two Steps per Door, for use with Day Cab and Extended Cab	0/0	0
27DTJ	WHEELS, FRONT {Maxion 90541} DISC; 22.5x8.25 Rims, Painted Steel, 2-Hand Hole, 10-Stud, 285.75mm BC, Hub-Piloted, Flanged Nut, with Steel Hubs	-4/0	-4
28DTJ	WHEELS, REAR {Maxion 90541} DUAL DISC; 22.5x8.25 Rims, Painted Steel, 2-Hand Hole, 10-Stud, 285.75mm BC, Hub-Piloted, Flanged Nut, with Steel Hubs	0/-16	-16
29PAR	PAINT IDENTITY, FRONT WHEELS Disc Front Wheels; with Vendor Applied White Powder Coat Paint	0/0	0
29PAS	PAINT IDENTITY, REAR WHEELS Disc Rear Wheels; with Vendor Applied White Powder Coat Paint	0/0	0
7372135415	(2) TIRE, FRONT 11R22.5 Load Range G HSR2 (CONTINENTAL), 498 rev/mile, 75 MPH, All-Position	0/0	0
7382155423	(8) TIRE, REAR 12R22.5 Load Range H HDR2 (CONTINENTAL), 479 rev/mile, 75 MPH, Drive	0/216	216
Services Section:			
40128	WARRANTY Standard for HV507, HV50B, HV607 Models, Effective with Vehicles Built July 1, 2017 or Later, CTS-2025A	0/0	0
Total Component Weight:		7855/7401	15256
1	12-14 yard Dump	0/0	0
Total Body Allied:		0/0	0

The weight calculations included in this proposal are an estimate of future vehicle weight. The actual weight as manufactured may be different from the estimated weight. Navistar, Inc. shall not be liable for any consequences resulting from any differences between the estimated weight of a vehicle and the actual weight.

<u>Description</u>	(US DOLLAR)	<u>Price</u>
Net Sales Price:		\$116,000.00

Please feel free to contact me regarding these specifications should your interests or needs change. I am confident you will be pleased with the quality and service of an International vehicle.

Approved by Seller:

Accepted by Purchaser:

Official Title and Date

Firm or Business Name

Authorized Signature

Authorized Signature and Date

Southwest International Trucks, Inc.
3722 Irving Blvd.
Dallas TX 75247 -
(214)689-1400

This proposal is not binding upon the seller without
Seller's Authorized Signature

Official Title and Date

The TOPS FET calculation is an estimate for reference purposes only. The seller or retailer is responsible for calculating and reporting/paying appropriate FET to the IRS.

The limited warranties applicable to the vehicles described herein are Navistar, Inc.'s standard printed warranties which are incorporated herein by reference and to which you have been provided a copy and hereby agree to their terms and conditions.

LANCASTER CITY COUNCIL

City Council Regular Meeting

7.

Meeting Date: 09/09/2019

Policy Statement: This request supports the City Council 2019-2020 Policy Agenda

Goal(s): Financially Sound City Government
Professional and Committed City Workforce

Submitted by: Jermaine Sapp, Director of Equipment & Facility Services

Agenda Caption:

Consider a resolution authorizing the purchase of one (1) 2018 Dodge 4500 Reg Cab Chassis from Freedom Chrysler-Dodge through an Interlocal Agreement with the City of Dallas, Texas in an amount not to exceed forty-eight thousand nine hundred sixty-five dollars (\$48,965.00).

Background:

At the August 5, 2019 Special Work Session, Council received a presentation regarding the FY 2018/2019 Equipment Replacement Plan. This is a request to purchase one (1) 2018 Dodge 4500 Reg Cab Chassis to remount and replace a 2011 Ford F450 ambulance in the Fire Department.

Operational Considerations:

Approval of this purchase will improve efficiencies and operations in the fire department and also comply with Texas Clean Fleet Act. The remount/conversion meets all the current safety and operational standards and has manufacturer warranty and coverage. This purchase also has a substantial financial savings of approximately \$100,000.00, by remounting an existing ambulance.

Legal Considerations:

Texas law authorizes cooperative agreements to help save time in developing specifications and duplication during the bid process. The use of cooperative agreements is in accordance with Section 791.001 of the Texas Government Code and 271.101 of the Texas Local Government Code.

An interlocal agreement allows staff to utilize other agencies' formal bid contracts. Each entity's formal bid process must meet the requirements set forth in the statutes, including advertising, M/WBE participation, reference checks, verification of insurance and bonding, if required by specifications, and any other requirements. All legal requirements are verified by the Purchasing Agent prior to recommendation or use of a contract. Utilization of interlocal agreements save time associated with issuing bids or in obtaining quotes. Savings are achieved through aggregate volumes either through joint bidding opportunities or by addressing the cooperative language within the specifications to the vendors. The City of Lancaster maintains an interlocal agreement with the City of Dallas.

The resolution has been reviewed and approved as to form by the City Attorney.

Public Information Considerations:

This item is being considered at a meeting of the City Council noticed in accordance with the Texas Open Meetings Act.

Fiscal Impact:

This purchase is funded through the Equipment Replacement Fund, in an amount not to exceed forty-eight thousand nine hundred sixty-five dollars (\$48,965.00).

Options/Alternatives:

1. City Council may approve the resolution as presented.
2. City Council may reject the resolution.

Recommendation:

Staff recommends approval of the resolution as presented.

Attachments

Resolution

Exhibit A

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS AUTHORIZING THE PURCHASE OF ONE (1) 2018 DODGE 4500 REG CAB CHASSIS IN AN AMOUNT NOT EXCEED FORTY-EIGHT THOUSAND NINE HUNDRED SIXTY-FIVE DOLLARS (\$48,965).

WHEREAS, the City of Lancaster, Texas, desires to authorize the purchase of one (1) 2018 Dodge 4500 Reg Cab Chassis through an Interlocal Agreement with the City of Dallas;

WHEREAS, the City of Lancaster maintains an executed Interlocal Agreement with the City of Dallas, Texas. Local Government Code authorizes cooperative agreements to help save time in developing specifications and duplication during the bid process.

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

SECTION 1. The City Council hereby authorizes, approves, and accepts, the purchase of one (1) 2018 Dodge 4500 Reg Cab Chassis from from Freedom Chrysler-Dodge in an amount not to exceed forty-eight thousand nine hundred sixty-five dollars (\$48,965.00), as set forth in Exhibit "A", and;

SECTION 2. That the City Manager or her designee of the City of Lancaster, Texas is hereby authorized to issue appropriate purchase orders in conformity herewith.

SECTION 3. Any prior Resolution of the Lancaster City Council in conflict with the provisions contained in this Resolution are hereby repealed and revoked.

SECTION 4. Should any part of this Resolution be held to be invalid for any reason, the remainder shall not be affected thereby, and such remaining portions are hereby declared to be severable.

SECTION 5. This Resolution shall become effective immediately from and after its passage, and it is duly resolved.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 9th day of September, 2019.

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Clyde C. Hairston, Mayor

APPROVED AS TO FORM:

David T. Ritter, City Attorney

FREEDOM CHRYSLER DODGE JEEP RAM BY ED
815 E CAMP WISDOM RD
DUNCANVILLE, TX 751162827

Priced Order Confirmation (POC)

Date Printed: 2019-08-12 12:32 PM VIN: 3C7WRKBL3JG218761 Quantity: 01
Estimated Ship Date: 2018-02-01 1:00 AM VON: 39951737 Status: KZ - Released by plant and invoiced
Date Ordered: 2017-09-12 11:48 AM Ordered By: S23666H FAN 1: 00LYU Bell County TX
FAN 2:
Client Code:
Bid Number: TB8140
PO Number: 176480

Sold to:
FREEDOM CHRYSLER DODGE JEEP RAM BY
ED MORSE (45759)
815 E CAMP WISDOM RD
DUNCANVILLE, TX 751162827

Ship to:
FREEDOM DODGE CHRYSLER JEEP (45530)
815 E CAMP WISDOM RD
DUNCANVILLE, TX 751162827

Vehicle: 2018 4500 REG CAB CHASSIS 4X2 (168.5 in WB - CA of 84 in) (DP4L64)

	Sales Code	Description	MSRP(USD)	FWP(USD)
Model:	DP4L64	4500 REG CAB CHASSIS 4X2 (168.5 in WB - CA of 84 in)	37,695	34,847
Package:	29G	Customer Preferred Package 29G	3,350	2,965
	NHJ	Exterior Mirrors w/Heating Element		
	LEC	Exterior Mirrors Courtesy Lamps		
	LEB	Ext. Mirrors w/Supplemental Signals		
	CKE	Floor Covering Carpet		
	RSD	SiriusXM Satellite Radio		
	JFJ	Temperature & Compass Gauge		
	JPY	Pwr Windows Front 1-Touch Down		
	*V9	Cloth 40/20/40 Bench Seat		
	CUN	Overhead Console		
	HGG	Bddy Insulation		
	JBY	Instr. Panel Color Keyed Bezel		
	CLA	Front Floor Mats		
	X9H	For More Info Call 800-643-2112		
	GXM	Remote Keyless Entry		
	MCT	Bright Front Bumper		
	CBZ	Prem Vinyl Door Trim w/Map Pocket		
	RCG	6 Speakers		
	X9B	1-Yr. SiriusXM Radio Service		
	LET	Traveler/Mini Trip Computer		
	MTD	SLT Badge		
	JPB	Power Locks		
	MFD	Bright Grille		
	GPG	Power Black Trailer Tow Mirrors		
	ETK	6.7L I6 Cummins Turbo Diesel Engine	7,545	6,866
	DF2	6-Spd Auto Aisin AS69RC HD Trans	1,600	1,456
Paint/Seat/Trim:	PR4	Flame Red Clear Coat	0	0
	APA	Monotone Paint	0	0
	*M9	Cloth 40/20/40 Prem Bench Seat	900	819
	-X8	Black/Diesel Gray	0	0

Note: This is not an invoice. The prices and equipment shown on this priced order confirmation are tentative and subject to change or correction without prior notice. No claims against the content listed or prices quoted will be accepted. Refer to the vehicle invoice for final vehicle content and pricing. Orders are accepted only when the vehicle is shipped by the factory.

Options:	GFD	Rear Sliding Window	295	268
	3AH	Price Protection - Code H	0	0
	TBB	Full Size Spare Tire	350	319
	WKG	19.5 Steel Spare Wheel		
	CJT	Delete Front Center Seat	-20	-18
	CKW	Add Black Vinyl Floor Covering	0	0
	NAS	50 State Emissions	0	0
	AH2	Ambulance Prep Group	445	405
	XF6	Voltage Monitoring Auto Idle Up Sys		
	XXS	Upfitter Electronic Module (VSIM)		
	BAJ	220 Amp Alternator		
	YGL	6 Additional Gallons of Diesel Fuel	0	17
	4FT		0	0
	5TM	January Production	0	0
	5N6	Easy Order	0	0
	4FT	Fleet Sales Order	0	0
	4EA	Sold Vehicle	0	0
Non Equipment:	4M1	Retail to Bid Diversion Tracking	0	0
	4KA	Special Bid Handling	0	0
	4FA	Special Bid-Ineligible For Incentive	0	0
	4ES	Delivery Allowance Credit	0	-374
	4DH	Prepaid Holdback	0	0
Destination Fees:			1,395	1,395
Total Price:			<u>53,555</u>	<u>48,965</u>

Order Type: Fleet
Scheduling Priority: 1-Sold Order
Salesperson:
Customer Name:
Customer Address:

PSP Month/Week:
Build Priority: 01

Instructions:

Note: This is not an invoice. The prices and equipment shown on this priced order confirmation are tentative and subject to change or correction without prior notice. No claims against the content listed or prices quoted will be accepted. Refer to the vehicle invoice for final vehicle content and pricing. Orders are accepted only when the vehicle is shipped by the factory.

LANCASTER CITY COUNCIL

City Council Regular Meeting

8.

Meeting Date: 09/09/2019

Policy Statement: This request supports the City Council 2019-2020 Policy Agenda

Goal(s): Financially Sound City Government
Professional and Committed City Workforce

Submitted by: Jermaine Sapp, Director of Equipment & Facilities

Agenda Caption:

Consider a resolution authorizing the purchase of a Case DV45 Roller from ASCO Equipment through an interlocal agreement with Houston-Galveston Area Council (HGAC) in an amount not to exceed forty-seven thousand dollars (\$47,000).

Background:

At the August 5, 2019 Special Work Session, Council received a presentation regarding the FY 2018/2019 Equipment Replacement Plan. This is a request to purchase one (1) roller for use in the Streets Department.

Operational Considerations:

Approval of this purchase will increase efficiencies and operations in the Streets Department and also comply with Texas Clean Fleet Act. The improved technologies meet current emissions regulations while increasing fuel efficiency and productivity. The new design and external fuel fill will help minimize downtime and maximize productivity.

Legal Considerations:

Texas law authorizes cooperative agreements to help save time in developing specifications and duplication during the bid process. The use of cooperative agreements is in accordance with Section 791.001 of the Texas Government Code and 271.101 of the Texas Local Government Code.

An interlocal agreement allows staff to utilize other agencies' formal bid contracts. Each entity's formal bid process must meet the requirements set forth in the statutes, including advertising, M/WBE participation, reference checks, verification of insurance and bonding, if required by specifications, and any other requirements. All legal requirements are verified by the Purchasing Agent prior to recommendation or use of a contract. Utilization of interlocal agreements save time associated with issuing bids or in obtaining quotes. Savings are achieved through aggregate volumes either through joint bidding opportunities or by addressing the cooperative language within the specifications to the vendors. The City of Lancaster maintains an interlocal agreement with HGAC.

The resolution has been reviewed and approved as to form by the City Attorney.

Public Information Considerations:

This item is being considered at a meeting of the City Council noticed in accordance with the Texas Open Meetings Act.

Fiscal Impact:

This purchase is funded through the Equipment Replacement Fund, in an amount not to exceed forty-seven thousand dollars (\$47,000).

Options/Alternatives:

1. City Council may approve the resolution, as presented.
2. City Council may reject the resolution.

Recommendation:

Staff recommends approval of the resolution as presented.

Attachments

Resolution

Exhibit A

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS AUTHORIZING THE PURCHASE OF A CASE DV45 ROLLER FROM ASCO EQUIPMENT THROUGH AN INTERLOCAL AGREEMENT WITH HOUSTON-GALVESTON AREA COUNCIL (HGAC) IN AN AMOUNT NOT TO EXCEED FORTY-SEVEN THOUSAND NINE HUNDRED DOLLARS (\$47,900).

WHEREAS, the City of Lancaster, Texas desires to authorize the purchase of a Case DV45 Roller from ASCO Equipment through an interlocal agreement with Houston-Galveston Area Council (HGAC)

WHEREAS, the City of Lancaster maintains an executed interlocal agreement with HGAC. Local Government Code authorizes cooperative agreements to help save time in developing specifications and duplication during the bid process.

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

SECTION 1. The City Council hereby authorizes, approves and accepts the purchase of a Case DV45 Roller from ASCO Equipment in an amount not to exceed forty-seven thousand dollars (\$47,000).

SECTION 2. That the City Manager or her designee of the City of Lancaster, Texas is hereby authorized to issue appropriate purchase orders in conformity herewith.

SECTION 3. Any prior Resolution of the Lancaster City Council in conflict with the provisions contained in this Resolution are hereby repealed and revoked.

SECTION 4. Should any part of this Resolution be held to be invalid for any reason, the remainder shall not be affected thereby, and such remaining portions are hereby declared to be severable.

SECTION 5. This Resolution shall become effective immediately from and after its passage, and it is duly resolved.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 9th day of September, 2019.

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Clyde C. Hairston, Mayor

APPROVED AS TO FORM:

David T. Ritter, City Attorney

Associated Supply Co.*Working Hard for the working man since 1960.*

PO Box 3888

Lubbock TX 79452



Date: 8/7/2019
 Customer# BP
Invoice # 80719

Sold to: City of Lancaster
 631 E Third
 Lancaster, Tx
 214-870-7838

Shipped to: Same

Salesman	Make / Model	SN# Number	Equipment	F.O.B. Point	Terms
Sharon Reeves	Case DV45	TBD	Roller	EULESS	PO#

QUANTITY		UNIT PRICE	TOTAL
1	New Case DV45 5yr/5000hr Warranty	\$ 75,900.00	\$ 75,900.00
1	Trade In: 1997 John Deere S95D SN:FF595DX001647 Customer Represents TRADE as Free & Clear of All Liens/Debts	\$ (28,000.00)	\$ (28,000.00)
1	16FT Tilt Bed Trailer w/Surge Brakes Standard Manufacturers Warranty		
0			
0	Sub Total	\$ 47,900.00	\$ 47,900.00
	Sales Tax	\$ -	
	Diesel Tax	\$ -	
	Inventory Tax	\$ -	
	Total	\$	47,900.00

Thank you for your business!

If you have any questions concerning this invoice, contact Cheryl Phillips at 817-283-2844 EXT#17101

WIRING INSTRUCTIONS	ABA # 111322994	Account # 19 220 3
Plains Capital Bank	Credit the account of :	Associated Supply Co., Inc.
5010 University Ave.	P.O. Box 3888	
Lubbock, Tx 79413	Lubbock, Texas 79452	

LANCASTER CITY COUNCIL

City Council Regular Meeting

9.

Meeting Date: 09/09/2019

Policy Statement: This request supports the City Council 2019-2020 Policy Agenda

Goal(s): Financially Sound City Government
Professional and Committed City Workforce

Submitted by: Jermaine Sapp, Director of Equipment & Facilities

Agenda Caption:

Consider a resolution authorizing the purchase of eight (8) 2019 Dodge Charger patrol vehicles from Freedom Dodge through an Interlocal Agreement with the City of Dallas, Texas in an amount not to exceed three hundred seventy-nine thousand twenty-four dollars (\$379,024.00).

Background:

At the August 5, 2019 work session Council received a presentation regarding the FY 2019-2020 equipment replacement plan. The plan included the purchase of eight (8) 2019 Dodge Charger patrol vehicles to be utilized by the Police Department.

Operational Considerations:

Approval of this purchase will improve efficiencies and operations of the Police Department and will further our compliance with the Texas Clean Fleet Act. This purchase will improve response times by providing additional vehicles for the patrol division.

Legal Considerations:

Texas law authorizes cooperative agreements to help save time in developing specifications and duplication during the bid process. The use of cooperative agreements is in accordance with Section 791.001 of the Texas Government Code and 271.101 of the Texas Local Government Code.

An interlocal agreement allows staff to utilize other agencies' formal bid contracts. Each entity's formal bid process must meet the requirements set forth in the statutes, including advertising, M/WBE participation, reference checks, verification of insurance and bonding, if required by specifications, and any other requirements. All legal requirements are verified by the Purchasing Agent prior to recommendation or use of a contract. Utilization of interlocal agreements save time associated with issuing bids or in obtaining quotes. Savings are achieved through aggregate volumes either through joint bidding opportunities or by addressing the cooperative language within the specifications to the vendors. The City of Lancaster maintains an interlocal agreement with the City of Dallas.

The resolution has been reviewed and approved as to form by the City Attorney.

Public Information Considerations:

This item is being considered at a Regular Meeting of the City Council noticed in accordance with the Texas Open Meetings Act.

Fiscal Impact:

This purchase is funded through the Equipment Replacement Fund, in an amount not to exceed three hundred seventy-nine thousand twenty-four dollars (\$379,024.00).

Options/Alternatives:

1. City Council may approve the resolution, as presented.
2. City Council may deny the resolution.

Recommendation:

Staff recommends approval of the resolution, as presented.

Attachments

Resolution

Exhibit A

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS AUTHORIZING THE PURCHASE OF EIGHT (8) 2019 DODGE CHARGER PATROL VEHICLES FROM FREEDOM DODGE THROUGH AN INTERLOCAL AGREEMENT WITH THE CITY OF DALLAS, TEXAS IN AN AMOUNT NOT TO EXCEED THREE HUNDRED SEVENTY-NINE THOUSAND TWENTY-FOUR DOLLARS (\$379,024.00).

WHEREAS, the City of Lancaster, Texas desires to authorize the purchase of eight (8) 2019 Dodge Charger patrol vehicles through an interlocal agreement with the City of Dallas, Texas; and

WHEREAS, the City of Lancaster maintains an executed Interlocal Agreement with the City of Dallas, Texas authorizing this purchase. The Local Government Code authorizes cooperative agreements if this type to help save time in developing specifications and duplication during the bid process.

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

SECTION 1. The City Council hereby authorizes, approves and accepts the purchase of eight (8) 2019 Dodge Charger patrol vehicles through an interlocal agreement with the City of Dallas, Texas from Freedom Dodge in an amount not to exceed three hundred seventy-nine thousand twenty-four dollars (\$379,024.00), as set forth in Exhibit "A".

SECTION 2. The City Manager of the City of Lancaster, Texas (or her designee) is hereby authorized to issue appropriate purchase orders in conformity herewith.

SECTION 3. Any prior Resolution of the Lancaster City Council in conflict with the provisions contained in this Resolution are hereby repealed and revoked.

SECTION 4. Should any part of this Resolution be held to be invalid for any reason, the remainder shall not be affected thereby, and such remaining portions are hereby declared to be severable.

SECTION 5. This Resolution shall become effective immediately from and after its passage, and it is duly resolved.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 9th day of September, 2019.

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Clyde C. Hairston, Mayor

APPROVED AS TO FORM:

David T. Ritter, City Attorney



FREEDOM DODGE

815 E CAMP WISDOM RD
DUNCANVILLE, TEXAS 75116
972-707-9474 fax 214-350-0085

Exhibit "A"

QUOTE

Customer

Name City of Lancaster
Address _____
City _____ State TX ZIP _____
Phone _____

Date 9/6/2019
Order No. COLPD
Rep BDS
FOB _____

Qty	Description	Unit Price	TOTAL
8	Black V6 police Chargers, spotlight and tint	\$ 21,949.00	\$175,592.00
8	Priority public safety	\$25,329.00	\$202,632.00
 PLEASE MAKE CHECK PAYABLE TO: FREEDOM DODGE 815 E CAMP WISDOM RD DUNCANVILLE, TX. 75116 . TERMS: NET 30			

Payment Details

- ☐ Cash
☒ Check
☐ Credit Card

Name _____
CC # _____
Expires _____

Subtotal	\$378,224.00
Shipping & Handling	\$800.00
Taxes	State _____
TOTAL	\$379,024.00

Office use only

PLEASE REMIT PAYMENT TO FREEDOM DODGE

LANCASTER CITY COUNCIL

City Council Regular Meeting

10.

Meeting Date: 09/09/2019

Policy Statement: This request supports the City Council 2019-2020 Policy Agenda

Goal(s): Healthy, Safe & Engaged Community

Submitted by: Carey Neal, Assistant to the City Manager

Agenda Caption:

Conduct a public hearing and discuss an ordinance making certain findings in connection with the proposed supplemental services ordered in connection with the Millbrook East Public Improvement District (PID).

Background:

Millbrook East is an established subdivision consisting of approximately 46.265 acres in Phase 1, 17.572 acres Phase 2A, 13.540 acres Phase 2B, 17.49 acres in Phase 3A, and 14.94 acres in Phase 3B. Millbrook East is generally located on the south side of Pleasant Run Road, east of Houston School Road and west of Bluegrove Road. The subdivision has an approved Public Improvement District (PID) to provide for the maintenance of its common areas and entry features. The PID was established August 8, 2011, and expanded on August 26, 2019.

Annually the PID board in accordance with the provisions of Chapter 372 of the Texas Local Government Code (the "Act") is required to present an updated five (5) year service and assessment plan. Under the Act, the City is required to hold a public hearing on the proposed assessment and service plan details related to the district and the levy of the assessment.

The taxable assessed value within the district is used to determine the rate per \$100 of assessed value necessary to meet the maintenance plan. The County Tax Collector will collect the districts fees and remit them to the City with our property taxes. The City directly pays all invoices received by the PID board, or management company.

The Millbrook East PID is proposing an annual assessment of \$0.1500 per \$100 assessed value.

Staff received one written response opposing the proposed rate of \$0.1500 per \$100 assessed value.

Operational Considerations:

All PID's require the Finance Department to maintain a separate account that will be passed on to the district. The PID's should also help ensure the common area will be maintained without assistance or code enforcement action.

Legal Considerations:

Notice of the public hearing was posted in the publication of record, Focus Daily News on August 29, 2019 and mailed to the property owners of record on August 28, 2019 in accordance with the provisions of Chapter 372 in the Texas Local Government Code. The proposed five (5) year service and assessment plan are in accordance with Chapter 372 of Texas Local Government Code. The ordinance has been reviewed as approved as to form by the City Attorney.

Public Information Considerations:

This item is being considered at a meeting of the City Council noticed in accordance with the Texas Open Meetings Act.

City Council is required to conduct a public hearing to receive comments regarding the five-year service plan. The public hearing was posted in the local publication of record (Focus Daily News) on August 29, 2019 and mailed to the property owners of record on August 28, 2019 as required by Texas Local Government Code Chapter 372.

Fiscal Impact:

The PID is not expected to have any direct financial impact on the City. PID's are a mechanism to assure financial sustainability for the neighborhood. They are considered to be a more equitable means of collecting fees. The fiscal year 2019/2020 proposed service plan budget is \$154,832.00 and assessments are proposed at \$0.1500 per one hundred dollars assessed valuation.

Options/Alternatives:

1. City Council may conduct and close the public hearing and place the item on the September 16, 2019 Special Meeting for consideration.
2. City Council may conduct and continue the public hearing to the September 16, 2019 Special Meeting.

Recommendation:

Staff recommends conducting the public hearing and placing this item on the September 16, 2019 meeting for consideration.

Attachments

Ordinance

Exhibit A

Letter of Opposition

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF LANCASTER, TEXAS, MAKING CERTAIN FINDINGS IN CONNECTION WITH THE PROPOSED SUPPLEMENTAL SERVICES ORDERED IN CONNECTION WITH THE MILLBROOK EAST PUBLIC IMPROVEMENT DISTRICT, PROVIDING FOR: FINDINGS OF BENEFITS ACCRUED, ACCEPTING FIVE YEAR SERVICE PLAN, RECORDING FINAL ASSESSMENT ONTO TAX ROLL, SETTING THE ASSESSMENT LEVY FOR USE AND SUPPORT OF THE PUBLIC IMPROVEMENT DISTRICT, ESTABLISHING A METHOD OF PAYMENT, ASSESSMENT DUE, AND PROVIDING CLAUSES FOR CONFLICT, SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, by Resolution No. 2011-08-69 passed on August 8, 2011, and expanded by Resolution No. 2019-08-48 on August 26, 2019, after the conduct of a duly notified public hearing, the City Council established the Millbrook East Public Improvement District (the "District"); and

WHEREAS, on September 9, 2019 a public hearing was held and all persons owning or claiming any property proposed to be assessed or any interest therein were given an opportunity to be heard, either in person or through an agent or attorney, and all were given an opportunity to testify before the City Council and to contest the assessments proposed to be made on account of the amount thereof or because of any inaccuracy, irregularity, invalidity or insufficiency of the proceedings or contract with reference thereto, or to such improvements or on account of any matter or thing in the discretion of this governing body and on the 9th day of September, 2019 City Council conducted the public hearing and there were ____ speakers, the City Council closed the public hearing; and on the 16th day of September, 2019 levied assessments against property and the owners thereof in the District; and

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

SECTION 1. BENEFITS ACCRUED: That the benefits to accrue to the property assessed and to the owners of such property, from the landscape maintenance and other services identified within the Five Year Service Plan, hereby adopted by the City Council, and herewith to be funded from the assessments, exceed the amount which has been assessed.

SECTION 2. ADOPTING SERVICE PLAN: That the "*Service and Assessment Plan*", labeled herein as *Exhibit "A"* and attached hereto and made a part hereof is hereby adopted.

SECTION 3. RECORD FINAL ASSESSMENT ONTO TAX ROLL: That the City Manager and her designated representatives are hereby authorized and directed to carry out the terms and provisions of this ordinance by causing the costs outlined in the final assessment roll to be recorded in the Tax Roll, the names of the property owners and in the amounts shown on said final assessment roll; and that all prerequisites to the fixing of the assessments therein against the property described and the fixing of the personal

liability of the owner or owners thereof have been performed in due time, form and manner as required by law, and no additional proof shall be required in any court.

SECTION 4. PROPERTY CLASSIFICATION AND APPORTIONMENT

FORMULAS: The City Council hereby establishes classifications and formulas for the apportionment of costs for various classes of property within the District as follows:

(a) **Residential lots on which construction of a home has been completed**, for these lots the assessment of \$0.1500 per \$100 of valuation through the assessment established for fiscal year 2019/2020; and

(b) **Tax exempt property and municipal property**, for these classifications the assessment of \$0.00 per \$100 of valuation.

SECTION 5. ASSESSMENT LEVY: That for fiscal year 2019/2020 there shall be and is hereby levied and assessed against parcels of property within the District, and against the real and true owners thereof (whether such owners be correctly named or not), the sum of money set forth for in the "*Service and Assessment Plan*", labeled herein as *Exhibit "A"* and attached hereto and made a part hereof, shown opposite the description of the respective classification of the parcels of property, and the several amounts assessed against the same, and the owners thereof, with the provision that the amount assessed against each property and respective class of properties as shown in the *Service and Assessment Plan* may be adjusted for years subsequent following an annual review of the budget for the District and the *Service and Assessment Plan*.

SECTION 6. METHOD OF PAYMENT: That the method of payment of the assessment shall be in an annual single lump sum payment which shall be immediately due upon receipt of the assessment notice and shall become delinquent on February 1 of the year after receipt of notice. Delinquent assessments are subject to interest, penalties, attorney's fees and other charges, at the same rate as for the City of Lancaster delinquent ad valorem property taxes.

SECTION 7. ASSESSMENT DUE: That a lien shall be established against each affected property within the district on the date the assessment is due, and shall not be released until the assessment is paid in full. This lien is superior to all other liens and claims except liens or claims for the state, county, school district or city ad valorem taxes.

SECTION 8. CONFLICT: That this ordinance shall be and is hereby declared to be cumulative of all other ordinances of the City of Lancaster, Texas, and this ordinance shall not operate to repeal or affect any other ordinance 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.

SECTION 9. SEVERABILITY: That if any section, subsection, sentence, clause or phrase of this ordinance is for any reason held unconstitutional, such holding shall not affect the validity of the remaining portions of this ordinance.

SECTION 10. EFFECTIVE DATE. This ordinance shall take effect immediately from and after its passage and the publication of the caption as the law and charter in such cases provide.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 16th day of September, 2019.

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Clyde C. Hairston, Mayor

APPROVED AS TO FORM:

David T. Ritter, City Attorney

glbase_5yrb cn4478
17:08 08/23/19

City of Lancaster
5 Year Budget Worksheet - PID

Fund: 63 MILLBROOK EAST PID

Department: 4 OPERATIONS

Program:

Period Ending: 8/2019

Account	Description	2020 FY Budget	2021 FY Budget	2022 FY Budget	2023 FY Budget	2024 FY Budget
63-0201-04-00	SUPPLIES	600.00	600.00	600.00	600.00	600.00
63-0210-04-00	FOOD/BEVERAGE-MTGS/FUNCTION	500.00	500.00	500.00	500.00	500.00
63-0211-04-00	MISCELLANEOUS	250.00	250.00	250.00	250.00	250.00
63-0214-04-00	POSTAGE	500.00	500.00	500.00	500.00	500.00
Subtotal:		1,850.00	1,850.00	1,850.00	1,850.00	1,850.00
63-0301-04-00	MAINT-BLDGS & STRUCTURES	80,000.00	20,000.00	20,000.00	20,000.00	20,000.00
63-0303-04-00	MAINTENANCE-MISCELLANEOUS	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00
63-0351-04-00	MISC. MAINTENANCE	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
63-0371-04-00	LANDSCAPING REPAIR & MAINT	5,000.00	2,000.00	2,000.00	2,000.00	2,000.00
63-0372-04-00	IRRIGATIONS SYS REPAIR & MAINT	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Subtotal:		99,500.00	36,500.00	36,500.00	36,500.00	36,500.00
63-0403-04-00	INSURANCE	6,700.00	6,700.00	6,700.00	6,700.00	6,700.00
63-0409-04-00	TRAVEL & EDUCATION	500.00	500.00	500.00	500.00	500.00
63-0410-04-00	UTILITIES - ELECTRICITY	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
63-0411-04-00	WATER PURCHASES PID	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00
63-0416-04-00	OTHER PROFESSIONAL SERVICES	720.00	720.00	720.00	720.00	720.00
63-0421-04-00	PRINTING	500.00	500.00	500.00	500.00	500.00
63-0423-04-00	CONTRACT MOWING	16,032.00	16,032.00	16,032.00	16,032.00	16,032.00
63-0434-04-00	SPECIAL EVENTS	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
63-0437-04-00	AUDIT SERVICES	300.00	300.00	300.00	300.00	300.00
63-0446-04-00	LEGAL SERVICES	500.00	500.00	500.00	500.00	500.00
63-0450-04-00	ADMINISTRATIVE MANAGEMENT FEE	15,990.00	15,990.00	15,990.00	15,990.00	15,990.00
63-0456-04-00	NEWSLETTER	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
63-0469-04-00	STORAGE	240.00	240.00	240.00	240.00	240.00
Subtotal:		51,982.00	51,982.00	51,991.00	51,982.00	51,982.00
63-0537-04-00	DALLAS COUNTY TAX COLL SVCS	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Subtotal:		1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Program number:		154,832.00	91,832.00	91,841.00	91,832.00	91,832.00
Department number: OPERATIONS		154,832.00	91,832.00	91,841.00	91,832.00	91,832.00
Fund number: 63 MILLBROOK EAST PID		154,832.00	91,832.00	91,841.00	91,832.00	91,832.00
*****	End of Report	*****				

Objection of the proposed petition for MILLBROOK EAST PUBLIC IMPROVEMENT DISTRICT

Vickie Brown <jonesbrown3435@yahoo.com>

Wed 9/4/2019 8:26 PM

To: Community Relations <communityrelations@lancaster-tx.com>

- To: City Manager's Office, City of Lancaster, TX
- ATTN: Rona Stringfellow
- Phone#: 972-275-1722
-

- To Whom it May Concern:
-

- Dear Sirs,

- I have received a Notice of projected proposal for Millbrook East. I would like to make it know that
- I am 100% against this proposal. I purchased one of the first homes built in this community. I have
- lived here for 13 years. I thought the Neighborhood would remain simple and peaceful. I feel like if Parks
- or play areas are added to our small community it will only attract Unfavorable and Unwanted invaders. We
- already have problems with kids getting off the school bus and fighting. Kids also throwing trash and food
- wrappers in your yards. I also feel that after dark falls it may attract the older kids and young adults, that may
- participate in unfavorable activity like Drugs. While cleaning up our area we have already found Needles and
- Condoms. We have had to repaint the entrance walls into our community because of Gang Signs spray painted
- on the walls. My family and my neighbors have had our vehicles broken into several times. As you know there
- has also been a 'home invasion' in our community. We don't want to create a place for where unwanted activity
- may take place after dark! I won't feel SAFE at night!
-

- Secondly, I DO NOT WANT to be responsible for paying for these additional features that I don't feel this is
- necessary or needed for our community. I CAN NOT AFFORD another property Tax Increase, especially for
- something that is NOT NEEDED.
- Please Do Not Grant or Approve this Proposal.
-

- Thanks. Your Sincerely,
- Joseph and Vickie Brown
- 751 Lentisco Dr, Lancaster, TX 75146
- Ph#: 214-207-5497 or 214-931-8313

LANCASTER CITY COUNCIL

City Council Regular Meeting

11.

Meeting Date: 09/09/2019

Policy Statement: This request supports the City Council 2018-2019 Policy Agenda

Goal(s): Financially Sound City Government

Submitted by: Fabrice Kabona, Assistant City Manager

Agenda Caption:

Conduct a public hearing and consider a resolution approving a three (3) percent increase in the existing solid waste and recycling service rates.

Background:

On December 14, 2015, the City of Lancaster entered into a contract with Community Waste Disposal (CWD) to provide refuse, recyclable materials, bulk and brush collection services within the city.

On April 23, 2018, the City Council approved a three percent rate increase to all commercial customers, equivalent to \$0.54 per month increase. This increase did not impact residential customers.

Pursuant to Section 14.02 of the agreement, CWD may petition the City for an increase or decrease in the rates no more than once per two years or every other year during the life of the contract, based on the annual Consumer Price Index and fuel cost adjustment. A copy of CWD's written rate increase request and a copy of the contract provision for modification to rates is attached.

Operational Considerations:

Staff met with CWD to discuss ways to address customer service challenges. Both staff and CWD agreed to meet on a quarterly basis to evaluate recent or ongoing challenges with the goal of improving services. CWD reported that they are closely monitoring their operations in Lancaster and are enforcing their disciplinary policy in order to hold their employees accountable. Additionally, following the meeting, CWD made arrangements to ensure that moving forward all bulk collection routes are completed timely (Saturday of the bulk week). Staff is working with CWD to implement a system of verification in order to remain proactive in addressing any mishaps.

Legal Considerations:

The City Attorney has reviewed and approved the resolution as to form.

Public Information Considerations:

Pursuant to Section 14.02 of the agreement, "Contractor must receive approval from the City Council, after a public hearing, in order to increase the base rates."

This item is being considered at a regular meeting of the City Council noticed in accordance with the Texas Open Meetings Act.

Fiscal Impact:

The contract allows CWD to request a rate increase for Residential and Commercial customers not to exceed 3%. If approved, the rate increase will not impact residential customers. Commercial hand collect customers will experience a 3% or \$0.56 per month increase. City staff will notify the 108 commercial hand collect customers via written communication following approval. The increase is not effective until January 1.

Upon approval of the agreement in 2015, the City maintained existing rates to residential customers which exceeded the new rate from CWD. Maintaining the rate allowed for funding of additional roadway maintenance and beautification projects. The increase will be absorbed and residential customers will not experience any change in rates.

The 3% rate increase will impact commercial customers with dumpsters billed directly by CWD. The Master Fee Schedule will be considered at the next scheduled City Council Meeting.

	2019 Rate from CWD	2020 Rate from CWD	2018-2019 Customer Rate	2020 Customer Rate
Residential				
Administrative Fee	\$0	\$0	\$2.50	\$2.50
Base Fee	\$9.45	\$9.73	\$13.84	\$13.84
Additional (2) trash cart	\$4.84	\$4.99	\$10.00	\$10.00
Additional (3) trash cart			\$15.00	\$15.00
Additional (4) trash cart			\$20.00	\$20.00
Residential Total	\$9.45	\$9.73	\$16.34	\$16.34
Commercial Hand Collect				
Trash cart rate	\$15.78	\$16.25	\$18.50	\$19.06
Additional Trash cart	\$14.90	\$15.35	\$14.90	\$15.35
Recycling cart rate	\$12.10	\$12.46	\$12.10	\$12.46
Additional recycling cart	\$8.24	\$8.49	\$8.24	\$8.49
Commercial Hand Collect Total	\$27.88	\$28.71	\$30.60	\$31.52

Options/Alternatives:

1. City Council may conduct the public hearing and approve the resolution, as presented.
2. City Council may conduct the public hearing and deny the resolution.

Recommendation:

Staff recommends approval of the resolution as presented, as the contract provisions state the approval shall not unreasonably be withheld.

Attachments

Resolution

Contract Excerpt

Rate Increase Request

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, APPROVING A THREE (3) PERCENT INCREASE IN THE EXISTING SOLID WASTE AND RECYCLING SERVICE RATES UNDER THE EXISTING SOLID WASTE DISPOSAL CONTRACT BY AND BETWEEN THE CITY OF LANCASTER, TEXAS AND COMMUNITY WASTE DISPOSAL (CWD); AND PROVIDING THAT THE SAME SHALL BE IMPLEMENTED; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Lancaster, Texas is a Home Rule Municipality located in Dallas County, Texas; and

WHEREAS, pursuant to Section 363 of the Texas Health and Safety Code, the City of Lancaster, Texas is the exclusive provider of municipal solid waste within the jurisdictional boundaries of the City of Lancaster, Texas; and

WHEREAS, after sending out requests for proposals and receipt and consideration of the submitted proposals, the City Council passed Resolution 2015-12-101, awarding a contract to CWD to provide municipal solid waste collection within the corporate limits of the City of Lancaster, Texas and entering into a Solid Waste Collection and Disposal Contract (the "Agreement"); and

WHEREAS, Section 14.02 of the Agreement provides for the City to consider a base rate adjustment of no more than three (3) percent upon receipt of a written petition from CWD, and following a public hearing and consideration of the City Council of the City of Lancaster, Texas, does approve the requested rate increase for solid waste and recycling services for both commercial and residential accounts

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

SECTION 1. The municipal solid waste contract by and between the City of Lancaster, Texas and CWD is hereby modified in accordance with Section 14.02 of the contract, and a rate increase of three (3) percent to the current solid waste and recycling service rates for residential and commercial service; (all other terms and obligations of the contract to remain unchanged and in effect).

SECTION 2. The City Manager is authorized to execute any needed documents to effectuate the rate increase after approval by the City Attorney.

SECTION 3. Any prior Resolution of the City Council in conflict with the provisions contained in this Resolution are hereby repealed and revoked

SECTION 4. Should any part of this Resolution be held to be invalid for any reason, the remainder shall not be affected thereby, and such remaining portions are hereby declared to be severable.

SECTION 5. This resolution shall become effective immediately upon its passage, as the law and charter in such cases provide.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 9th day of September, 2019.

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Clyde C. Hairston, Mayor

APPROVED AS TO FORM:

David T. Ritter, City Attorney

- 13.02 **CONTRACTOR** shall provide a monthly report showing the number of front load Containers serviced by size and frequency of collection.
- 13.03 **CONTRACTOR** shall quote rates for Commercial services in compliance with the rates set forth in **Section 25.00 Commercial Rates**. Rates include all disposal costs.
- 13.04 **CONTRACTOR** shall quote a monthly Customer service charge, as outlined in **Section 24.00 Residential Rates**, for service per residential unit per month. The **CITY** shall bill the Residential Units, and shall pay the **CONTRACTOR** as set forth in **Section 24.00 Residential Rates**. **CONTRACTOR** shall be entitled to payment for all services rendered.
- 13.05 **Charges to be paid to CONTRACTOR**. For services provided, the **CONTRACTOR** shall be entitled to payment in accordance with the rate schedules set forth in Section 24. and Section 25. The **CONTRACTOR** shall be entitled to payment net thirty (30) days for all services provided during the previous month. The **CITY** will maintain responsibility for collecting payments from all Residential Units. **CONTRACTOR** is responsible for billing all Commercial Units. The **CONTRACTOR** will be entitled to payment from the **CITY** for all services provided to Residential Units.
- 13.06 **Charges to be paid to CITY**. The Contractor shall pay the City a street usage fee, as agreed upon between the City and Contractor, on or before the last day of each month. Such fee will be based on the gross amount billed to all Commercial Units for all services rendered during the preceding month excluding any sales taxes.
- 13.07 **Billing Collection**
- 13.07.01 The **CITY** shall bill for Residential service and collect payment for services provided by the **CONTRACTOR** under the Contract, including accounts that are delinquent. In addition, the **CITY** will collect, report and disperse to the State of Texas, any and all applicable sales tax. The **CONTRACTOR** is responsible for billing Commercial service and collect payment for services provided to Commercial customers. The **CONTRACTOR** will collect, report and disperse to the State of Texas any and all applicable sales tax generated from Commercial customers.
- 13.07.02 The **CONTRACTOR** shall bill and collect payment for Roll Off services. Additionally, the **CONTRACTOR** may elect to collect deposits in advance of services to Roll Off Customers. Deposit amounts shall be determined by the **CONTRACTOR** and shall be based on estimations of charges to be incurred at individual customer locations

14.00 RATE GUARANTEE AND ADJUSTMENTS

- 14.01 The rates set forth in Section 24 and Section 25 are guaranteed for the term of the **CONTRACT** subject to sections 14.02 and 14.04 herein. All disposal costs are included in the rate schedules.
- 14.02 **Modification of Rates:** Base rate adjustments will be considered by the City one month following the second year of the primary term of the contract. Contractor may petition the City, in writing, for an increase or decrease in the rates no more than once per two years or every other

year during the life of the contract. The price increase or decrease shall go into effect beginning on January 1 of the year for which the adjustment was requested for.

The unit prices for Residential Units and rates for Commercial Customers may be increased in an amount not to exceed 3%. Contractor must receive approval from the City Council, after public hearing, in order to increase the base rates, which approval shall not be unreasonably withheld.

All rate adjustments requests must be submitted to the City by September 1st of each eligible year under this contract.

The percentage breakdown among the three components of the annual adjustment (CPI, Fuel, Disposal) will vary based on the type of service rendered (System) and can be found on the System Chart below.

CPI (see System Chart for %)

The basis for the CPI component of the increase will be the increase in the “Consumer Price Index – All Urban Consumers”, all items (not seasonally adjusted) less Energy, for the Dallas-Fort Worth, TX Area as published by the U.S. Department of Labor Bureau of Labor Statistics. The contractor has designated (see System Chart for amount) % of fees and charges to be adjusted by the CPI index. For the Cost Adjustment to be effective, the Base or previous CPI index will be the most recent index published two (2) months prior to the date of the contract, and the Current CPI Index will be the most recent Index published two (2) months prior to the current year’s contract anniversary date. The Base CPI will be the previous year’s “Current Index Value” and the Current CPI Index will be the most recently published Index two (2) months prior to the current year’s contract anniversary date.

FUEL (see System Chart for %)

The Fuel portion of the Cost Adjustment will be determined using the increase in the Department of Energy’s Weekly Retail On-Highway Diesel Prices per gallon for the Gulf Coast region as reported by the Energy Information Administration of the U.S. Department of Energy (www.eia.doe.gov). The contractor has designated (see System Chart for amount) % of fees and charges to be adjusted by the diesel fuel index. For the Cost Adjustment to be effective, the Base or Previous Fuel Index will be the average DOE diesel fuel cost per gallon for the most recent three (3) month period ending two (2) months prior to the contract anniversary date. The Current Fuel Index will be the DOE average diesel fuel cost per gallon for the three (3) month period ending two (2) months prior to the contract anniversary date. The Base or Previous Fuel Index will be the previous year’s “Current Index Value”, and the Current Fuel Index will be the average DOE diesel fuel cost for the three month period ending two (2) months prior to the current years contract anniversary date.

DISPOSAL (see System Chart for %)

The Disposal portion of the Cost Adjustment will be determined using the increase in the CWD gate rate price for the McCommas Landfill. The contractor has designated (see System Chart for amount) % of fees and charges to be adjusted by the Disposal rate changes. For the Cost Adjustment to be effective, the Base or Previous Disposal Index will be the McCommas Landfill gate rate effective on the date the CWD bid was submitted. The Current Disposal Index will be the McCommas Landfill gate rate in effect ten (10) months from the contract start date. The Base or Previous Index value will be the previous year's "Current Index Value", and the Current Fuel Index will be the McCommas Landfill gate rate in effect one month prior to the current years contract anniversary date. Documentation will be required to demonstrate the need for any change in the Disposal portion of the cost adjustment.

SYSTEM CHART

	Front Load Trash	Roll Off Trash	Roll Off Excessive Weight	Residential Trash	Recycle
CPI	57%	37%	0%	48%	80%
Fuel	13%	13%	0%	20%	20%
Disposal	30%	50%	100%	32%	0%
Total	100%	100%	100%	100%	100%

15.00 BOOKS AND RECORDS

The **CITY** and **CONTRACTOR** agree to maintain at their respective places of business adequate books and records relating to the performance of their respective duties under the provisions of this **CONTRACT**. Such books and records shall be made available to the **CITY** at any time during **CONTRACTOR'S** business hours for inspection and audit upon reasonable advance notice. **CITY** may conduct with prior notice an audit of the activities under this Contract.

16.00 TERMINATION

If at any time Contractor shall fail to substantially perform any material term, covenant or condition herein set forth, City shall notify Contractor by certified mail addressed to Contractor at the address set forth herein of the failure. Contractor shall correct or cure this failure within thirty (30) days from notice. Should Contractor fail to remedy its performance, the City may terminate this contract and the rights and privileges granted to Contractor herein.

EXHIBIT A

RATE SCHEDULES

(to Solid Waste Collection and Disposal Contract Between City of Lancaster, Texas and CWD)

24.00 RATES – RESIDENTIAL RATE SCHEDULE

BASE SERVICE (Residential):

- A. Fully Automated Solid Waste Collection
Per Unit Per Month, 95-Gallon Polycart
Once a Week Collection(Haul Rate) \$6.27
- A1. Fully Automated Solid Waste Collection
Per Unit Per Month, 95-Gallon Polycart
Once a Week Collection(Disposal Rate) \$Included in A
- A2. Monthly cost for additional 95 gallon solid waste Polycart \$4.70 per Cart
- A3. Two (2) HH&EW Xtreme Green Events per year \$Included in A
- B. Recyclable Materials Collection & Processing
Per Unit Per Month (Haul & Disposal)
Once a Week Collection, 95 Gallon Polycart \$2.20 per household
- B1. Monthly cost for additional 95 gallon recycling Polycart \$1.65 per cart
- C. Brush and Bulk pick up –12 cubic yard limit collection & Processing
Per Unit Per Collection, Every Other month Collection, Included in A
Any Bulk or Brush pick-up exceeding 12 cubic yards per collection is to be charged to the customer as an additional fee.
- D. Cost per month for City-wide Trash-Off haul \$0.70 per household

25.00 RATES - COMMERCIAL RATE SCHEDULE

(Rates are net to contractor and do not include franchise fees, billing fees or taxes.)

Commercial Collection, Per ninety-five (95) Gallon Polycart*

Automated Collection Cost: (Haul Rate): Once Per Week \$15.32
 Automated Collection Cost: (Disposal Rate): Once Per Week Included in Haul Rate
 Additional Cart(s) Once Per Week \$14.47 per cart

Commercial Containers Rates – Price Haul Rates (Disposal costs included)

Size/Pickup	1xWeek	2xWeek	3xWeek	4xWeek	5xWeek	6xWeek	Extra
2 Cu Yd (Haul)	\$58.65	\$108.54	\$150.97	\$193.40	\$235.83		\$68.00
3 Cu Yd (Haul)	\$67.08	\$124.12	\$172.64	\$221.16	\$269.68		\$70.00

4 Cu Yd (Haul)	\$83.86	\$155.21	\$215.84	\$276.46	\$337.08		\$72.00
6 Cu Yd (Haul)	\$100.70	\$186.36	\$259.20	\$332.04	\$404.88		\$76.00
8 Cu Yd (Haul)	\$125.92	\$233.00	\$324.13	\$415.26	\$506.39		\$78.00
Casters	\$7.85 per lift						
Locks, Gates	\$7.85 per lift						

Recycling for Small Businesses (if business selects to contract with City Contractor):

<u>Size/Pickup</u>	<u>1xWeek</u>	<u>2xWeek</u>	<u>Extra</u>
6 Cu Yd (Haul)	\$80.00	NB	\$62.50
6 Cu Yd (Disposal)	Included above	NB	\$62.50
8 Cu Yd (Haul)	\$80.00	NB	\$62.50
8 Cu Yd (Disposal)	Included above	NB	\$62.50

Vertical Compactors- Once per week collection (Emptied by Front End Loaders):

4 Cubic Yard Per Haul	<u>\$316.00</u>	Disposal	<u>\$Included in rates</u>
6 Cubic Yard Per Haul	<u>\$386.00</u>	Disposal	<u>\$ Included in rates</u>
8 Cubic Yard Per Haul	<u>\$469.00</u>	Disposal	<u>\$ Included in rates</u>

Other: Monthly rental and installation to be negotiated with the customer



CommunityWasteDisposal.com

Since 1984

August 22, 2019

Fabrice Kabona
Assistant to the City Manager
City of Lancaster
PO Box 940
Lancaster, TX 75146

RE: Request for Market Adjustment Effective January 01, 2020

Dear Fabrice:

In accordance with the Solid Waste Collection and Disposal contract, Community Waste Disposal (CWD) may request a market adjustment once every two years. With this notice we wish to inform you of our request for a 3% market adjustment on both residential and commercial services based on the increases in both fuel and CPI.

Any questions you have concerning this matter you may contact Nicole Roemer at 972.392.9300 ext. 2070 (office) or at 972.375.4646 (cell).

Sincerely,

David Dalrymple
Accounts Receivable Manager

CC: Greg Roemer
Nicole Roemer
Dale Pound

CITY of LANCASTER Schedule "A"
Residential Effective 01.01.2020

Solid Waste Collection and Recycling Services	2018 Customer Rate	2018 Net Rate to CWD	2018 Market Adjustment	2020 Net Rate to CWD	2020 Customer Rate
Residential Collection					
Residential 95 Gallon Trash Cart Rate to City (once a week service)	N/A	\$6.46	\$0.19	\$6.65	N/A
Additional 95 Gallon Trash Cart Rate to City (once a week service)	N/A	\$4.84	\$0.15	\$4.99	N/A
Residential 95 Gallon Recycling Cart Rate to City (once a week service)	N/A	\$2.27	\$0.07	\$2.34	N/A
Additional 95 Gallon Recycling Cart Rate to City (once a week service)	N/A	\$1.70	\$0.05	\$1.75	N/A
Residential Household Hazardous Waste Rate to City (2 events per year)	N/A	see trash rate	n/a	see trash rate	N/A
Residential Brush and Bulk Rate to City (12 cubic yard limit, every other month service) (*Any Brush or Bulk Exceeding 12 Cubic Yards is Chargeable to Resident)	N/A	see trash rate	n/a	see trash rate	N/A
Cost per Resident for City Wide Trash Off per Month	N/A	\$0.72	\$0.02	\$0.74	N/A
Special Pick-Ups - 12 Yards Maximum	N/A	\$66.95	\$2.01	\$68.96	N/A
Special Pick-Ups - Per Yard Over 12 Yard Limit	N/A	\$11.85	\$0.36	\$12.21	N/A
Commercial Cart Trash Service (will be billed by city)					
First Trash Cart (once a week service)	unknown	\$15.78	\$0.47	\$16.25	unknown
Price for Each additional Trash Cart There After	unknown	\$14.90	\$0.45	\$15.35	unknown
Commercial Cart Recycle Service (will be billed by city)					
First Recycle Cart (once a week service)	unknown	\$12.10	\$0.36	\$12.46	unknown
Price for Each additional Recycle Cart There After	unknown	\$8.24	\$0.25	\$8.49	unknown
Front Load Commercial Trash Container Services					
2 Cubic Yard Container					
One time per week	\$67.12	\$60.41	\$1.81	\$62.22	\$89.14
Two times per week	\$124.22	\$111.80	\$3.35	\$115.15	\$127.95
Three times per week	\$172.78	\$155.50	\$4.67	\$160.17	\$177.97
Four times per week	\$221.33	\$199.20	\$5.98	\$205.18	\$227.98
Five times per week	\$269.89	\$242.90	\$7.29	\$250.19	\$277.99
Six times per week	\$318.46	\$286.61	\$8.60	\$295.21	\$328.02
3 Cubic Yard Container					
One time per week	\$76.77	\$69.09	\$2.07	\$71.16	\$79.07
Two times per week	\$142.04	\$127.84	\$3.64	\$131.68	\$146.32
Three times per week	\$197.58	\$177.82	\$5.33	\$183.15	\$203.50
Four times per week	\$253.10	\$227.79	\$6.83	\$234.62	\$260.69
Five times per week	\$308.63	\$277.77	\$8.33	\$286.10	\$317.89
Six times per week	\$364.17	\$327.75	\$9.83	\$337.58	\$375.09
4 Cubic Yard Container					
One time per week	\$95.98	\$86.38	\$2.59	\$88.97	\$98.86
Two times per week	\$177.83	\$159.87	\$4.80	\$164.67	\$182.97
Three times per week	\$247.02	\$222.32	\$6.67	\$228.99	\$254.44
Four times per week	\$316.39	\$284.75	\$8.54	\$293.29	\$325.88
Five times per week	\$385.77	\$347.19	\$10.42	\$357.61	\$397.35
Six times per week	\$455.14	\$409.63	\$12.29	\$421.92	\$468.80
6 Cubic Yard Container					
One time per week	\$115.24	\$103.72	\$3.11	\$106.83	\$118.70
Two times per week	\$213.28	\$191.95	\$5.76	\$197.71	\$219.68
Three times per week	\$296.64	\$266.98	\$8.01	\$274.99	\$305.55
Four times per week	\$380.00	\$342.00	\$10.26	\$352.26	\$391.40
Five times per week	\$463.37	\$417.03	\$12.51	\$429.54	\$477.27
Six times per week	\$546.72	\$492.05	\$14.76	\$506.81	\$563.13
8 Cubic Yard Container					
One time per week	\$144.11	\$129.70	\$3.89	\$133.59	\$148.44
Two times per week	\$266.68	\$239.99	\$7.20	\$247.19	\$274.88
Three times per week	\$370.94	\$333.85	\$10.02	\$343.87	\$382.08
Four times per week	\$475.24	\$427.72	\$12.83	\$440.55	\$489.50
Five times per week	\$579.53	\$521.58	\$15.65	\$537.23	\$596.93
Six times per week	\$683.47	\$615.12	\$18.45	\$633.57	\$703.97
Extra Pick ups (or refilled and emptied while on site - non-compacted)					
2 cu. Yd. Containers	\$77.82	\$70.04	\$2.10	\$72.14	\$80.16
3 cu. Yd. Containers	\$80.11	\$72.10	\$2.16	\$74.26	\$82.52
4 cu. Yd. Containers	\$82.40	\$74.16	\$2.22	\$76.38	\$84.87
6 cu. Yd. Containers	\$86.98	\$78.28	\$2.35	\$80.63	\$89.59
8 cu. Yd. Containers	\$89.27	\$80.34	\$2.41	\$82.75	\$91.95

CITY of LANCASTER Schedule "A"
Residential Effective 01.01.2020

Solid Waste Collection and Recycling Services	2018 Customer Rate	2018 Net Rate to CWD	2018 Market Adjustment	2020 Net Rate to CWD	2020 Customer Rate
<i>Note: CWD considers this material as proprietary rate information that could affect their competitiveness if the waste services contract goes to competitive bid process. Therefore, CWD requests that their extension request letters and all associated discussion information to be exempt from public disclosure. CWD request this information is exempt from Public Records, and is only allowed to be part of Public Records, after a ruling of the Attorney General of Texas.</i>					
Front Load Compactor, Rate is for Once a Week Service (Service Only Has No Equipment Rental)					
2 Cubic Yard Front Load Packer					
One time per week	\$257.30	\$231.57	\$6.95	\$238.52	\$265.03
Two times per week	\$476.14	\$428.53	\$12.86	\$441.39	\$490.44
Three times per week	\$662.27	\$596.04	\$17.88	\$613.92	\$682.14
Four times per week	\$848.42	\$763.58	\$22.91	\$786.49	\$873.88
Five times per week	\$1,034.53	\$931.08	\$27.93	\$959.01	\$1,065.57
Six times per week	\$1,220.70	\$1,098.63	\$32.96	\$1,131.59	\$1,257.33
3 Cubic Yard Front Load Packer					
One time per week	\$294.26	\$264.83	\$7.94	\$272.77	\$303.08
Two times per week	\$544.49	\$490.04	\$14.70	\$504.74	\$560.83
Three times per week	\$757.33	\$681.60	\$20.45	\$702.05	\$780.06
Four times per week	\$970.18	\$873.16	\$26.19	\$899.35	\$999.28
Five times per week	\$1,183.02	\$1,064.72	\$31.94	\$1,096.66	\$1,218.52
Six times per week	\$1,395.91	\$1,256.32	\$37.69	\$1,294.01	\$1,437.79
4 Cubic Yard Front Load Packer					
One time per week	\$381.64	\$325.48	\$9.76	\$335.24	\$372.49
Two times per week	\$669.36	\$602.42	\$18.07	\$620.49	\$689.44
Three times per week	\$930.78	\$837.70	\$25.13	\$862.83	\$958.70
Four times per week	\$1,192.20	\$1,072.98	\$32.19	\$1,105.17	\$1,227.97
Five times per week	\$1,453.60	\$1,308.24	\$39.25	\$1,347.49	\$1,497.22
Six times per week	\$1,715.03	\$1,543.53	\$46.31	\$1,589.84	\$1,766.49
6 Cubic Yard Front Load Packer					
One time per week	\$441.76	\$397.58	\$11.93	\$409.51	\$455.02
Two times per week	\$817.54	\$735.79	\$22.07	\$757.86	\$842.07
Three times per week	\$1,137.08	\$1,023.37	\$30.70	\$1,054.07	\$1,171.19
Four times per week	\$1,458.59	\$1,310.93	\$39.33	\$1,350.26	\$1,500.29
Five times per week	\$1,776.18	\$1,598.54	\$47.96	\$1,646.50	\$1,829.45
Six times per week	\$2,095.69	\$1,886.12	\$56.58	\$1,942.70	\$2,158.56
8 Cubic Yard Front Load Packer					
One time per week	\$536.74	\$483.07	\$14.49	\$497.56	\$552.85
Two times per week	\$991.97	\$892.77	\$26.76	\$919.55	\$1,021.73
Three times per week	\$1,379.92	\$1,241.93	\$37.26	\$1,279.19	\$1,421.33
Four times per week	\$1,767.90	\$1,591.11	\$47.73	\$1,638.84	\$1,820.94
Five times per week	\$2,155.89	\$1,940.30	\$58.21	\$1,998.51	\$2,220.57
Six times per week	\$2,542.51	\$2,288.26	\$68.65	\$2,356.91	\$2,618.79
Front Load OCC (Cardboard Service)					
6 Cubic Yard	\$91.56	\$82.40	\$2.47	\$84.87	\$94.30
8 Cubic Yard	\$91.56	\$82.40	\$2.47	\$84.87	\$94.30
Extra Pick ups (or refilled and emptied while on site)					
6 cu. Yd. Containers	\$71.53	\$64.38	\$1.93	\$66.31	\$73.68
8 cu. yd. Containers	\$71.53	\$64.38	\$1.93	\$66.31	\$73.68
Commercial Special Services					
Container Inside Four Side Enclosures - Per Pick-Up, Per Container	\$8.99	\$8.09	\$0.24	\$8.33	\$9.26
Caster - (<4 cu. Yd.) Per Pick-up, Per Container	\$8.99	\$8.09	\$0.24	\$8.33	\$9.26
Locks - Per Pick Up, Per Container	\$8.99	\$8.09	\$0.24	\$8.33	\$9.26
One Container Inside Gated Property - Per Pick-Up, Per Container	\$8.99	\$8.09	\$0.24	\$8.33	\$9.26
Two Containers Inside Gated Property - Per Pick-Up, Per Container	\$5.99	\$5.39	\$0.16	\$5.55	\$6.17
Three or More Containers Inside Gated Property - Per Pick-Up, Per Container	\$3.00	\$2.70	\$0.08	\$2.78	\$3.09
City Services					
Solid Waste and Recycling Service at:					
Various Locations as per Contract	N/C	N/C	N/C	N/C	N/C
City Sponsored Events and Festivals					
Forty - 30 yard roll off containers per year (10 events with 4 Open Tops per Event)	N/C	N/C	N/C	N/C	N/C
250 - 95 Gallon Carts per Year (10 events with 25 Carts per Event)	N/C	N/C	N/C	N/C	N/C
City Sponsored Events					
Twelve - Port-a-Lets (6 events with 2 Port-a-Lets per Event)	N/C	N/C	N/C	N/C	N/C
City Trash Off Events					
Sixty Four - 30 yard roll off containers per year (4 events with 16 Open Tops per Event)	N/C	N/C	N/C	N/C	N/C
Additional Open Tops (Over the 64 per Year) (includes 4 tons od disposal)	N/C	\$268.60	\$8.06	\$276.66	N/C
City HHW Events					
Residential Household Hazardous Waste Events (2 events per year)	N/C	N/C	N/C	N/C	N/C
Disaster or Storm Events Services					
See Section 27.00 on Page 30 of Contract					

LANCASTER CITY COUNCIL

City Council Regular Meeting

12.

Meeting Date: 09/09/2019

Policy Statement: This request supports the City Council 2019-2020 Policy Agenda

Goal(s): Financially Sound City Government

Submitted by: Carey Neal, Assistant to the City Manager

Agenda Caption:

Conduct a public hearing and discuss an ordinance regarding the proposed fiscal year 2019/2020 budget for the fiscal year beginning October 1, 2019 and ending September 30, 2020; providing that expenditures for said fiscal year shall be in accordance with said budget.

Background:

State Truth-in-Taxation and the City Charter require the City of Lancaster to conduct a public hearing on the proposed annual budget. The proposed total tax rate required to provide revenue for maintenance and operations and interest and sinking fund requirements is \$0.840925 cents per \$100 assessed valuation. The approval of the proposed ordinance will adopt the FY 2019/2020 budget and appropriate necessary funds for the City's operation, maintenance and debt service requirements.

The proposed budget was presented to the Lancaster City Council at a work session held on Monday, August 5, 2019, and a Town Hall meeting held on Thursday, August 8, 2019. The City also conducted public hearings on Monday, August 19, 2019, and Monday, August 26, 2019.

This is an additional public hearing on the proposed budget. The second and final public hearing is scheduled for Thursday, September 12, 2019, and consideration for adoption of the proposed budget is scheduled for Monday, September 16, 2019, at the Lancaster City Council Regular Meeting. A copy of the proposed budget is available for public review in the City Secretary's office.

Operational Considerations:

The proposed tax rate is \$0.840925 per \$100 assessed valuation to be assessed on taxable property to generate revenues for the maintenance and operations, and interest and sinking fund requirements. The proposed maintenance and operations portion is \$0.5952 per \$100 assessed value and the interest and sinking fund requirement is \$0.245725. This is a decrease from our previous year tax rate of \$0.867500, \$0.6012 for the maintenance and operations in general fund, and \$0.2663 for the interest and sinking fund.

The budget total for all funds are \$64,544,796.

General Fund	\$31,421,288
G.O. Debt Service	\$5,591,820
Street Maintenance	\$944,000
Water/Wastewater	\$16,100,832
Airport	\$498,857
Hotel/Motel	\$40,750
LEDC/4A	\$1,465,916

LRDC/4B	\$3,729,699
Golf Course	\$802,628
Sanitation	\$2,041,738
E911	\$287,227
Stormwater	\$1,620,041

Legal Considerations:

The ordinance has been reviewed and approved as to form by the City Attorney.

Public Information Considerations:

Notice regarding the public hearings was posted in accordance with state law in the City's newspaper of record, Focus Daily News on Wednesday, August 28, 2019 and on the City of Lancaster website.

Fiscal Impact:

The proposed budget is a plan for revenues and expenditures related to the operations of the City.

Options/Alternatives:

City Council may conduct and close the public hearing and announce date, time, and location of the final public hearing set for Thursday, September 12, 2019 and consideration of the proposed FY 2019-2020 budget Monday, September 16, 2019 at 7:00 p.m. at Lancaster Municipal Center, Council Chambers 211 North Henry Street, Lancaster, Texas.

Recommendation:

Staff recommends closing the public hearing and announcing the final public hearing to be held on Thursday, September 12, 2019 at 7:00 p.m. at Lancaster Municipal Center Council Chambers located at 211 North Henry Street, Lancaster, Texas.

Attachments

Ordinance

Exhibit A

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2019 AND ENDING SEPTEMBER 30, 2020; PROVIDING THAT EXPENDITURES FOR SAID FISCAL YEAR SHALL BE IN ACCORDANCE WITH SAID BUDGET; PROVIDING FOR THE REPEAL OF ALL ORDINANCES IN CONFLICT; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Manager of the City of Lancaster has submitted to the City Council a proposed budget of the revenues and expenditures for conducting the affairs of the City and providing a complete financial plan for fiscal year 2019-2020; and

WHEREAS, the City Council has received the City Manager's proposed budget, a copy of which proposed budget has been filed with the City Secretary of the City of Lancaster;

WHEREAS, THIS BUDGET WILL RAISE MORE TOTAL PROPERTY TAXES THAN LAST YEAR'S BUDGET BY \$3,476,081 OR 15.42%, AND OF THAT AMOUNT, \$1,909,851 IS TAX REVENUE TO BE RAISED FROM NEW PROPERTY ADDED TO THE TAX ROLL THIS YEAR.

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

SECTION 1. That the Budget of the revenues and expenditures necessary for conducting the affairs of the City of Lancaster and providing a financial plan for the ensuing fiscal year beginning October 1, 2019 and ending September 30, 2020, as submitted by the City Manager, after the required public hearing, be and the same is hereby adopted as the Budget of the City of Lancaster for the fiscal year beginning October 1, 2019 and ending September 30, 2020 a copy of which is maintained in the office of the City Secretary, and; said budget contains all of the proposed projects and expenditures in accordance with law. (Exhibit A)

SECTION 2. That the appropriation for the fiscal year including the budgets of the Lancaster Economic Development Corporation (Type A) and Lancaster Recreational Development Corporation (Type B), which are hereby approved beginning October 1, 2019, and ending September 30, 2020, for the various funds and purposes of the City of Lancaster, which is attached hereto and incorporated herein as Exhibit A.

SECTION 3. Those expenditures during the fiscal year shall be made in accordance with the budget approved by this ordinance and made part hereof for all purposes unless otherwise authorized by a duly enacted ordinance of the City; and, said budget may be amended from time to time as authorized by ordinance of the City Council.

SECTION 4. That all notices and public hearings required by law have been duly completed.

SECTION 5. That all provisions of the ordinances of the City of Lancaster in conflict with the provisions of this ordinance be and the same are hereby repealed, and all other provisions of the ordinances of the City of Lancaster not in conflict with the provisions of this ordinance shall remain in full force and effect.

SECTION 6. That should any sentence, paragraph, subdivision, clause, phase or section of this ordinance be adjudged or held to be unconstitutional, illegal, or invalid, the same shall not affect the validity of this ordinance as a whole, or any part or provision thereof other than the part so decided to be invalid, illegal or unconstitutional.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 16th day of September, 2019.

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Clyde C. Hairston, Mayor

APPROVED AS TO FORM:

David T. Ritter, City Attorney

CITY-WIDE OPERATING FUND TOTALS

Fund Summary as of: 8/3/2019

TOTAL REVENUES		2017	2018	2019		2020
Fund Number	Fund	Actual	Actual	Year to Date	Budget	Proposed
	1 General Fund	27,033,240	29,649,178	25,783,694	29,032,709	31,206,246
	2 G.O. Debt Service	12,408,278	7,600,008	7,097,618	5,822,623	7,632,626
	4 Street Maintenance	-	-	-	-	765,122
	5 WaterWastewater	17,950,222	17,394,697	14,866,310	16,499,447	17,598,657
	9 Airport	494,610	414,390	348,394	482,600	565,700
	14 HotelMotel	139,955	149,662	137,101	187,544	183,429
	16 LEDC/4A	1,264,079	2,634,623	1,021,822	1,372,321	1,476,902
	17 LRDC/4B	3,333,935	3,508,775	2,507,672	3,255,142	3,670,906
	18 Golf Course	114,785	420,420	422,871	686,506	646,977
	19 Sanitation	2,698,959	2,568,625	2,220,278	2,321,649	2,512,355
	21 E911	284,429	292,509	219,564	218,800	239,985
	53 Stormwater	1,796,829	1,783,439	1,525,197	1,612,000	1,642,000
Total		\$ 67,519,320	\$ 66,416,326	\$ 56,150,520	\$ 61,491,341	\$ 68,140,906
TOTAL EXPENDITURES		2017	2018	2019		2020
Fund Number	Fund	Actual	Actual	Year to Date	Budget	Proposed
	1 General Fund	24,807,289	25,560,465	21,931,057	29,029,718	31,421,288
	2 G.O. Debt Service	11,467,210	7,400,441	4,486,194	4,887,248	5,591,820
	4 Street Maintenance	-	-	-	-	944,000
	5 WaterWastewater	14,282,254	16,086,124	14,425,679	17,021,398	16,100,832
	9 Airport	(175,245)	483,447	316,083	455,842	498,857
	14 HotelMotel	43,169	41,040	51,710	65,542	40,750
	16 LEDC/4A	861,344	1,027,098	953,884	1,582,599	1,465,916
	17 LRDC/4B	2,924,430	3,216,755	2,647,234	3,446,284	3,729,699
	18 Golf Course	179,867	1,068,617	780,914	725,656	802,628
	19 Sanitation	1,681,087	1,655,851	1,279,676	1,746,094	2,041,738
	21 E911	116,341	186,641	212,145	213,028	287,227
	53 Stormwater	1,366,846	1,195,801	988,649	1,576,407	1,620,041
Total		\$ 57,554,592	\$ 57,922,281	\$ 48,073,225	\$ 60,749,816	\$ 64,544,796
BALANCES		2017	2018	2019		2020
		Actual	Actual	Year to Date	Budget	Proposed
	Net Gain (Loss)	9,964,728	8,494,045	8,077,294	741,525	3,596,110
	Beginning Balance	9,167,699	19,132,427	27,626,472	35,703,766	35,703,766
	Ending Balance	19,132,427	27,626,472	35,703,766	36,445,291	39,299,876
	Fund Balance (audited)	27,844,362	23,006,965			
Ending Balance as % of Expenditures		33.24%	47.70%	74.27%	59.99%	60.89%

LANCASTER CITY COUNCIL

City Council Regular Meeting

13.

Meeting Date: 09/09/2019

Policy Statement: This request supports the City Council 2019-2020 Policy Agenda

Goal(s): Financially Sound City Government

Submitted by: Carey Neal, Assistant to the City Manager

Agenda Caption:

Conduct a public hearing and discuss an ordinance regarding the proposed revenue increase from levying ad valorem taxes for fiscal year 2019/2020 at \$0.840925 per one hundred dollars assessed valuation of all taxable property within the corporate limits to provide revenues for current maintenance and operation expenses and interest and sinking fund requirements; providing due and delinquent dates; penalties and interest; providing a homestead exemption and disability exemption.

Background:

State Truth-in-Taxation law, Local Government Code and the City Charter require that an ordinance levying the ad valorem taxes be read and a public hearing held at a regular or special meeting of the Lancaster City Council.

The tax rate proposed for fiscal year 2019/2020 is \$0.840925 per one hundred dollars assessed valuation on taxable property within the corporate limits. These tax dollars provide revenue for current operating and maintenance expenses and interest and sinking fund requirements. The total tax revenue will increase from properties on the tax roll in the preceding tax year by 7.1% (percentage by which the tax rate will be higher than effective tax rate calculated under Chapter 26, Tax Code.) Individual taxes may increase or decrease at a rate greater or lesser depending on the change in the taxable value of each property.

The City Council conducted public hearings on Monday, August 19, 2019 and Monday, August 26, 2019. This is an additional public hearing on the proposed tax rate. The next public hearing is scheduled for Thursday, September 12, 2019. Consideration of the budget is scheduled for Monday, September 16, 2019. The public hearings and meeting will be at 7:00 p.m. at Lancaster Municipal Center, 211 N. Henry, Lancaster, Texas 75146. The governing body may not adopt the tax rate at either of the public hearings.

The governing body must announce the date, time and place of the meeting at which it will officially vote on the tax rate. The vote on the tax rate is scheduled for Monday, September 16, 2019 at 7:00 p.m. at Lancaster Municipal Center, City Council Chambers located at 211 North Henry Street, Lancaster, Texas.

Operational Considerations:

The proposed tax rate of \$0.840925 on each \$100.00 assessed value of taxable property to be apportioned and distributed as follows: \$0.5952 for the purpose of maintenance and operations, and \$0.245725 for interest and sinking fund requirements.

Legal Considerations:

The required notice and vote are being held in accordance with state law and the City Charter. The ordinance has been reviewed and approved as to form by the City Attorney.

Public Information Considerations:

Public notice for this meeting was published on August 28, 2019 in the official City publication of record, Focus Daily News and on the City of Lancaster website. Information regarding the proposed tax rate is being made available in accordance with state law and the City Charter.

Fiscal Impact:

The proposed tax rate is to cover the cost of the maintenance and operations and interest and sinking fund requirements.

Options/Alternatives:

Conduct the Public hearing and announce date, time, and location of next public hearing.

Recommendation:

Staff recommends Council closing the public hearing and announcing the next public hearing will be held on Thursday, September 12, 2019 at 7:00 p.m. at the Lancaster Municipal Center, Council Chambers, 211 North Henry, Lancaster, Texas.

Attachments

Ordinance

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF LANCASTER, TEXAS LEVYING AD VALOREM TAXES FOR FISCAL YEAR 2019/2020 AT \$0.840925 PER ONE HUNDRED DOLLARS ASSESSED VALUATION OF ALL TAXABLE PROPERTY WITHIN THE CORPORATE LIMITS TO PROVIDE REVENUES FOR CURRENT MAINTENANCE AND OPERATIONAL EXPENSES AND INTEREST AND SINKING FUND REQUIREMENTS; PROVIDING DUE AND DELINQUENT DATES; PENALTIES AND INTEREST; PROVIDING A HOMESTEAD EXEMPTION AND DISABILITY EXEMPTION; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. There be and is hereby levied for the fiscal year 2019/2020 on all taxable property, real, personal and mixed, situated within the corporate limits of the City of Lancaster, Texas, and not exempt by the Constitution of the State and valid State laws, a tax of \$0.840925 on each \$100.00 assessed value of taxable property, and shall be apportioned and distributed as follows: \$0.5952 for the purpose of paying maintenance and operation, and, defraying the expenses of current operations, and \$0.245725 for interest and sinking fund requirements of the municipal government of the City.

SECTION 2. THAT THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

SECTION 3. THE TAX RATE WILL EFFECTIVELY BE RAISED BY 7.10 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$-6.00.

SECTION 4. All 2019/2020 ad valorem taxes shall become due and payable on October 1, 2019, and shall become delinquent after January 31, 2020. If any person fails to pay the ad valorem taxes on or before the 31st day of January 2020, the penalties and interest as set forth under Section 33.01 of the Texas State Property Tax Code shall apply.

SECTION 5. Taxes are payable to the Dallas County Tax Assessor-Collector, Records Building, Dallas, Texas, by contract dated November 12, 2001 and amended April 2014. The City shall have available all the rights and remedies provided by law for the enforcement of the collection of taxes levied under this ordinance.

SECTION 6. The tax rolls as presented to the City Council, together with any supplement thereto, be and the same are hereby approved.

SECTION 7. All delinquent taxes shall accrue interest at the rate of one percent (1%) per month, in addition to the penalties provided for herein. All taxes that remain delinquent on July 1st of the year in which they become delinquent shall incur an additional penalty to defray costs of collection, of an amount not to exceed 20% of the amount of taxes, penalty and interest due.

SECTION 8. In accordance with the Texas State Property Tax Code, and effective with the passage of the ordinance, there is hereby provided an exemption of \$30,000 on homestead property for those head-of-household persons who have attained the age of 65 years prior to January 1, 2020 and an exemption of \$30,000 on disability designations.

SECTION 9. This Ordinance shall become effective upon its adoption as the law in such cases provides.

SECTION 10. All recitals are incorporated herein by reference as if fully written.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 16th day of September, 2019

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Clyde C. Hairston, Mayor

APPROVED AS TO FORM:

David T. Ritter, City Attorney

LANCASTER CITY COUNCIL

City Council Regular Meeting

14.

Meeting Date: 09/09/2019

Policy Statement: This request supports the City Council 2019-2020 Policy Agenda

Goal(s): Financially Sound City Government

Submitted by: Fabrice Kabona, Assistant City Manager

Agenda Caption:

Discuss and consider a resolution approving a negotiated settlement between Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division regarding the company's 2019 rate review mechanism filing; declaring existing rates to be unreasonable; and adopting tariffs that reflect rate adjustments consistent with the negotiated settlement.

Background:

The City of Lancaster, along with 171 other Mid-Texas cities served by Atmos Energy Corporation, Mid-Tex Division ("Atmos Mid-Tex" or "Company"), is a member of the Atmos Cities Steering Committee ("ACSC"). In 2007, ACSC and Atmos Mid-Tex settled a rate application filed by the Company pursuant to Section 104.301 of the Texas Utilities Code for an interim rate adjustment commonly referred to as a GRIP filing (arising out of the Gas Reliability Infrastructure Program legislation). That settlement created a substitute rate review process, referred to as Rate Review Mechanism ("RRM"), as a substitute for future filings under the GRIP statute.

Since 2007, there have been several modifications to the original RRM Tariff. The most recent iteration of an RRM Tariff was reflected in a resolution adopted by ACSC members in 2018. On or about April 1, 2019, the Company filed a rate request pursuant to the RRM Tariff adopted by ACSC members. The Company claimed that its cost-of-service in a test year ending December 31, 2018, entitled it to additional system-wide revenues of \$70 million. Application of the standards set forth in ACSC's RRM Tariff required Atmos to reduce its request to \$54 million, \$39.3 million of which would be applicable to ACSC members. ACSC's consultants concluded that the system-wide deficiency under the RRM regime should be \$38.7 million instead of the claimed \$54 million. The amount of the \$38.7 million deficiency applicable to ACSC members would be \$28.2 million.

After the Company reviewed ACSC's consultants' report, ACSC's Executive Committee and the Company negotiated a settlement whereby the Company would receive an increase of \$35.4 million from ACSC Cities.

The Executive Committee recommends a settlement at this amount. The Effective Date for new rates is October 1, 2019. ACSC members are requested to take action approving the resolution before the end of September.

Operational Considerations:

The purpose of this item is to adopt the new gas rates for Atmos Mid-Tex pursuant to a settlement between Atmos Cities Steering Committee and the Company to resolve the pending RRM rate filing. The impact of the settlement on average residential rates is an increase of \$2.05 on a monthly basis, or 3.7 percent. The increase for average commercial usage will be \$6.18 or 2.31 percent.

Legal Considerations:

The resolution was prepared by Lloyd Gosselink Rochelle & Townsend, P.C. legal counsel for ACSC.

Public Information Considerations:

This resolution is being considered at a regular meeting at City Council, in accordance with the Texas Open Meetings Act.

Options/Alternatives:

1. City Council may approve resolution, as presented.
2. City Council may deny the resolution.

Recommendation:

Staff recommends approval of the resolution, as submitted.

Attachments

Resolution

Exhibit A, Rate Tariffs

Exhibit B, 2019 benchmark for Pensions

Exhibit C, 2019 Amortization Schedule

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC”) AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY’S 2019 RATE REVIEW MECHANISM FILING; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE ATTACHED SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; APPROVING AN ATTACHED EXHIBIT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; APPROVING AN ATTACHED EXHIBIT REGARDING AMORTIZATION OF REGULATORY LIABILITY; REQUIRING THE COMPANY TO REIMBURSE ACSC’S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND THE ACSC’S LEGAL COUNSEL.

WHEREAS, the City of Lancaster, Texas (“City”) is a gas utility customer of Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “Company”), and a regulatory authority with an interest in the rates and charges of Atmos Mid-Tex; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee (“ACSC”), a coalition of similarly-situated cities served by Atmos Mid-Tex (“ACSC Cities”) that have joined together to facilitate the review of, and response to, natural gas issues affecting rates charged in the Atmos Mid-Tex service area; and

WHEREAS, ACSC and the Company worked collaboratively to develop a new Rate Review Mechanism (“RRM”) tariff that allows for an expedited rate review process by ACSC Cities as a substitute to the Gas Reliability Infrastructure Program (“GRIP”) process instituted by the Legislature, and that will establish rates for the ACSC Cities based on the system-wide cost of serving the Atmos Mid-Tex Division; and

WHEREAS, the current RRM tariff was adopted by the City in a rate resolution in 2018; and

WHEREAS, on about April 1, 2019, Atmos Mid-Tex filed its 2019 RRM rate request with ACSC Cities based on a test year ending December 31, 2018; and

WHEREAS, ACSC coordinated its review of the Atmos Mid-Tex 2019 RRM filing through its Executive Committee, assisted by ACSC’s attorneys and consultants, to resolve issues identified in the Company’s RRM filing; and

WHEREAS, the Executive Committee, as well as ACSC’s counsel and consultants, recommend that ACSC Cities approve an increase in base rates for Atmos Mid-Tex of \$35.4 million applicable to ACSC Cities; and

WHEREAS, the attached tariffs (Exhibit A) implementing new rates are consistent with the recommendation of the ACSC Executive Committee, are agreed to by the Company, and are just, reasonable, and in the public interest; and

WHEREAS, the settlement agreement sets a new benchmark for pensions and retiree medical benefits (Exhibit B); and

WHEREAS, the settlement agreement establishes an amortization schedule for regulatory liability (Exhibit C); and

WHEREAS, the RRM Tariff contemplates reimbursement of ACSC's reasonable expenses associated with RRM applications;

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

SECTION 1. That the findings set forth in this Resolution are hereby in all things approved.

SECTION 2. That, without prejudice to future litigation of any issue identified by ACSC, the City Council finds that the settled amount of an increase in revenues of \$35.4 million for ACSC Cities represents a comprehensive settlement of gas utility rate issues affecting the rates, operations, and services offered by Atmos Mid-Tex within the municipal limits arising from Atmos Mid-Tex's 2019 RRM filing, is in the public interest, and is consistent with the City's authority under Section 103.001 of the Texas Utilities Code.

SECTION 3. That the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable. The new tariffs attached hereto and incorporated herein as Exhibit A, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional \$35.4 million from customers in ACSC Cities, over the amount allowed under currently approved rates. Such tariffs are hereby adopted.

SECTION 4. That the ratemaking treatment for pensions and retiree medical benefits in Atmos Mid-Tex's next RRM filing shall be as set forth on Exhibit B, attached hereto and incorporated herein.

SECTION 5. That amortization of regulatory liability shall be consistent with the schedule found in attached Exhibit C attached hereto and incorporated herein.

SECTION 6. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's 2019 RRM filing.

SECTION 7. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Resolution, it is hereby repealed.

SECTION 8. That the meeting at which this Resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

SECTION 9. That if any one or more sections or clauses of this Resolution is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this Resolution, and the remaining provisions of the Resolution shall be interpreted as if the offending section or clause never existed.

SECTION 10. That consistent with the City Resolution that established the RRM process, this Resolution shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after October 1, 2019.

SECTION 11. That a copy of this Resolution shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs Mid-Tex Division, Atmos Energy Corporation, 5420 LJB Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 9th day of September, 2019.

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Clyde C. Hairston, Mayor

APPROVED AS TO FORM:

David T. Ritter, City Attorney

Exhibit A

Rate Tariffs Effective October 1, 2019

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	R – RESIDENTIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2019	PAGE:

Application

Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	\$ 19.55 per month
Rider CEE Surcharge	\$ 0.05 per month ¹
Total Customer Charge	\$ 19.60 per month
Commodity Charge – All <u>Ccf</u>	\$0.17423 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

¹Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2019.

RATE SCHEDULE:	C – COMMERCIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2019	PAGE:

Application

Applicable to Commercial Customers for all natural gas provided at one Point of Delivery and measured through one meter and to Industrial Customers with an average annual usage of less than 30,000 Ccf.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	\$ 46.50 per month
Rider CEE Surcharge	\$ 0.02 per month ²
Total Customer Charge	\$ 46.52 per month
Commodity Charge – All Ccf	\$ 0.09924 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

¹ Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2019.

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2019	PAGE:

Application

Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 3,500 MMBtu per day for all natural gas provided at one Point of Delivery and measured through one meter. Service for Industrial Customers with an MDU equal to or greater than 3,500 MMBtu per day will be provided at Company's sole option and will require special contract arrangements between Company and Customer.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and MMBtu charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Meter	\$ 845.50 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3572 per MMBtu
Next 3,500 MMBtu	\$ 0.2616 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0561 per MMBtu

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Curtailment Overpull Fee

Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2019	PAGE:

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions

In order to receive service under Rate I, Customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2019	PAGE:

Application

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) for the transportation of all natural gas supplied by Customer or Customer's agent at one Point of Delivery for use in Customer's facility.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's bill will be calculated by adding the following Customer and MMBtu charges to the amounts and quantities due under the riders listed below:

Charge	Amount
Customer Charge per Meter	\$ 845.50 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3572 per MMBtu
Next 3,500 MMBtu	\$ 0.2616 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0561 per MMBtu

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Imbalance Fees

All fees charged to Customer under this Rate Schedule will be charged based on the quantities determined under the applicable Transportation Agreement and quantities will not be aggregated for any Customer with multiple Transportation Agreements for the purposes of such fees.

Monthly Imbalance Fees

Customer shall pay Company the greater of (i) \$0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest "midpoint" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2019	PAGE:

Curtailment Overpull Fee

Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

Agreement

A transportation agreement is required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions

In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 11/01/2019	PAGE:

Provisions for Adjustment

The Commodity Charge per Ccf (100 cubic feet) for gas service set forth in any Rate Schedules utilized by the cities of the Mid-Tex Division service area for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential and commercial bills based on meters read during the revenue months of November through April. The five regional weather stations are Abilene, Austin, Dallas, Waco, and Wichita Falls.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Ccf by the following formula:

$$WNAF_i = R_i \frac{(HSF_i \times (NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where

i = any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification

$WNAF_i$ = Weather Normalization Adjustment Factor for the i^{th} rate schedule or classification expressed in cents per Ccf

R_i = Commodity Charge rate of temperature sensitive sales for the i^{th} schedule or classification.

HSF_i = heat sensitive factor for the i^{th} schedule or classification divided by the average bill count in that class

NDD = billing cycle normal heating degree days calculated as the simple ten-year average of actual heating degree days.

ADD = billing cycle actual heating degree days.

BL_i = base load sales for the i^{th} schedule or classification divided by the average bill count in that class

The Weather Normalization Adjustment for the j th customer in i th rate schedule is computed as:

$$WNA_j = WNAF_i \times q_{ij}$$

Where q_{ij} is the relevant sales quantity for the j th customer in i th rate schedule.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 11/01/2019	PAGE:

Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>
Abilene	9.77	0.1487	88.49	0.7036
Austin	9.04	0.1537	201.48	1.0000
Dallas	13.07	0.2202	184.64	1.1385
Waco	8.77	0.1470	135.70	0.7744
Wichita Falls	11.40	0.1468	117.90	0.5943

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the company posts on its website at atmosenergy.com/mtx-wna, in Excel format, a *Weather Normalization Adjustment (WNA) Report* to show how the company calculated its WNAs factor during the preceding winter season. Additionally, on or before June 1 of each year, the company files one hard copy and an Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

Exhibit B

2019 Benchmark for Pensions and Retiree Medical Benefits

ATMOS ENERGY CORP., MID-TEX DIVISION
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL
TEST YEAR ENDING DECEMBER 31, 2018

Line No.	Description	Shared Services		Mid-Tex Direct			Adjustment Total
		Pension Account Plan	Post-Employment Benefit Plan	Pension Account Plan	Supplemental Executive Benefit Plan	Post-Employment Benefit Plan	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Proposed Benefits Benchmark - Fiscal Year 2019 Willis Towers Watson Report as adjusted (1) (2) (3)	\$ 2,744,088	\$ 2,267,927	\$ 4,724,119	\$ 193,211	\$ 2,621,842	
2	Allocation to Mid-Tex	43.48%	43.48%	73.88%	100.00%	73.88%	
3	Proposed Benefits Benchmark Costs Allocated to Mid-Tex (Ln 1 x Ln 2)						
4	O&M and Capital Allocation Factor	100.00%	100.00%	100.00%	100.00%	100.00%	
5	Proposed Benefits Benchmark Costs to Approve (Ln 3 x Ln 4) (3)	\$ 1,193,029	\$ 986,012	\$ 3,490,241	\$ 193,211	\$ 1,937,051	\$ 7,799,544
6							
7							
8	Summary of Costs to Approve (1):						
9							
10	O&M Expense Factor (WP_F-2.3, Ln 2)	81.35%	81.35%	38.28%	16.24%	38.28%	
11							
12							
13	Total Pension Account Plan	\$ 970,514		\$ 1,336,038			\$ 2,306,553
14	Total Post-Employment Benefit Plan		\$ 802,108			\$ 741,489	1,543,597
15	Total Supplemental Executive Benefit Plan				\$ 31,377		31,377
16	Total (Ln 13 + Ln 14 + Ln 15)	\$ 970,514	\$ 802,108	\$ 1,336,038	\$ 31,377	\$ 741,489	\$ 3,881,527

Notes:

1. Studies not applicable to Mid-Tex or Shared Services are omitted.
2. The Company is requesting that the benchmark amount approved by the RRM Cities for future periods include only the expense amount.
- The amount attributable to capital would continue to be recorded to utility plant through the overhead process as described in the CAM.
3. SSU amounts exclude cost centers which do not allocate to Mid-Tex for rate making purposes.

Exhibit C

2019 Amortization Schedule for Regulatory Liability

ATMOS ENERGY CORP., MID-TEX DIVISION
RATE BASE ADJUSTMENTS
TEST YEAR ENDING DECEMBER 31, 2018
AMORTIZATION OF REGULATORY LIABILITY

Line No.	Year Ended Dec. 31	Beginning of Year Rate Base Adjustment		End of Year Rate Base Adjustment	
		Amount (1)	Annual Amortization (2)	Amount	
	(a)	(b)	(c)	(d)	
1	2018	\$ 290,043,948	\$ -	290,043,948	
2	2019	290,043,948	12,085,165	277,958,784	
3	2020	277,958,784	12,085,165	265,873,619	
4	2021	265,873,619	12,085,165	253,788,455	
5	2022	253,788,455	12,085,165	241,703,290	
6	2023	241,703,290	12,085,165	229,618,126	
7	2024	229,618,126	12,085,165	217,532,961	
8	2025	217,532,961	12,085,165	205,447,797	
9	2026	205,447,797	12,085,165	193,362,632	
10	2027	193,362,632	12,085,165	181,277,468	
11	2028	181,277,468	12,085,165	169,192,303	
12	2029	169,192,303	12,085,165	157,107,139	
13	2030	157,107,139	12,085,165	145,021,974	
14	2031	145,021,974	12,085,165	132,936,810	
15	2032	132,936,810	12,085,165	120,851,645	
16	2033	120,851,645	12,085,165	108,766,481	
17	2034	108,766,481	12,085,165	96,681,316	
18	2035	96,681,316	12,085,165	84,596,152	
19	2036	84,596,152	12,085,165	72,510,987	
20	2037	72,510,987	12,085,165	60,425,823	
21	2038	60,425,823	12,085,165	48,340,658	
22	2039	48,340,658	12,085,165	36,255,494	
23	2040	36,255,494	12,085,165	24,170,329	
24	2041	24,170,329	12,085,165	12,085,165	

25 2042 12,085,165 12,085,165 (0)

27

28

29	Revenue Related Tax Factor	6.71%	See WP_F-5.1
	Revenue Related Taxes on Annual		Amortization * Tax
30	Amortization (see WP_B-6.3)	\$ 810,653	Factor
31	Related Taxes (see WP_B-6.3)	<u>\$ 12,905,421</u>	Amortization + Taxes

32

33 Notes:

- 34 1. The beginning 2018 balance is the September, 2018 balance. The regulatory
35 liability for excess deferred taxes is an estimate. This estimate will be
36 finalized when the Company files its federal tax return in July, 2019. To the
37 extent that this estimate changes with the filing of the Company's tax return,
38 the Company will 'true-up' the amount in the 2020 RRM filing.
- 39 2. The annual amortization of a 24 year recovery period is based on the
40 Reverse South Georgia Method.
- 41 3. The Regulatory Liability is recorded to FERC Account 253, Sub Account 27909.