



**CITY OF LAKE WORTH
CITY COUNCIL AGENDA
3805 ADAM GRUBB
LAKE WORTH, TEXAS 76135
TUESDAY, MARCH 13, 2018**

REGULAR MEETING: 6:30 PM

Held in the City Council Chambers

A. CALL TO ORDER

A.1 INVOCATION AND PLEDGE OF ALLEGIANCE

A.2 ROLL CALL

A.3 SPECIAL PRESENTATION (S) AND RECOGNITION(S):

No items for this category.

A.4 CITIZENS PRESENTATION / VISITOR COMMENTS

The City Council is always pleased to have citizens attend its meetings and welcomes comments during the Citizen/Visitor Comments section of the meeting; however, pursuant to the Texas Open Meetings Act, Council cannot deliberate or vote on issues not posted on the agenda. Therefore, those types of items must be posted 72 hours prior to the City Council meeting. If it is not posted, no deliberation between Council members may occur; Council may only respond with specific factual information or recite existing policy. With the exception of public hearing items, at all other times during the Council meetings, the audience is not permitted to enter into discussion or debate on matters being considered by Council. Negative or disparaging remarks about City personnel will not be tolerated. Speakers are requested to sign up with the City Secretary prior to the presiding officer calling the meeting to order. Comments will be limited to three (3) minutes per speaker.

A.5 REMOVAL OF ITEM(S) FROM CONSENT AGENDA

B. CONSIDER APPROVAL OF CONSENT AGENDA ITEMS

B.1 [Approve minutes of the February 13, 2018 City Council Workshop and Regular City Council meeting.](#)

B.2 [Approve Finance Reports for the month of February 2018.](#)

- B.3 [Approve Resolution No. 2018-07, receiving the certification of unopposed candidates and canceling the May 5, 2018 General Election.](#)
- B.4 [Approve a contract extending the depository services agreement with Bank of Texas for a one \(1\) year term.](#)
- B.5 [Approve an updated agreement with the Metropolitan Area EMS Authority, d/b/a MedStar Mobile Healthcare and the MAEMSA Office of the Medical Director for the First Responder and Provider Agreement.](#)
- C. PUBLIC HEARINGS**
No items for this category.
- D. PLANNING AND DEVELOPMENT**
No items for this category.
- E. PUBLIC WORKS**
- E.1 [Discuss and consider the approval of \\$260,000 payable to Reynolds Asphalt for the 2017-2018 Street Maintenance projects.](#)
- E.2 [Discuss and consider an agreement with Oncor Electric Company, LLC to replace existing non-working streetlight fixtures to a light-emitting diode \(LED\) street light fixture for replacement to HPS, 200 wattages and authorize the City Manager to execute the agreement.](#)
- F. GENERAL ITEMS**
- F.1 [Discuss and consider acceptance of the fiscal year 2016-2017 Annual Audit as prepared and presented by Snow Garrett Williams, Certified Public Accountants.](#)
- F.2 [Discuss and consider Ordinance No. 1109, approving a tariff authorizing an annual rate review mechanism \(RRM\) as a substitution for the annual interim rate adjustment process defined by Section 104.301 of the Texas Utilities Code, and as negotiated between ATMOS Energy Corp., Mid-Tex Division and the Steering Committee of cities served by ATMOS.](#)
- F.3 [Discuss and consider Resolution No. 2018-08, approving Hotel Occupancy Tax Policy.](#)
- F.4 [Discuss and consider Resolution No. 2018-09, approving Incentives Policy to promote Economic Development and stimulate business and commercial activity and establishing guidelines and criteria.](#)
- F.5 [Discuss and consider Resolution No. 2018-10, opposing the elevation of State Highway 199.](#)

F.6 [Discuss and consider Resolution No. 2018-11, appointing members to the Lake Worth Charter Committee.](#)

F.7 [Discuss and consider Resolution No. 2018-12, participation in the Criminal Justice Division Body Worn Camera Program for 2018 and authorize the City Manager to accept, reject, alter or terminate the grant on behalf of the City of Lake Worth.](#)

G. MAYOR AND COUNCIL ITEM(S)

G.1 Update on Tarrant County Mayor's Council by Mayor Bowen

H. STAFF REPORT(S) / ANNOUNCEMENT(S)

H.1 Assistant City Manager/Finance Director Report(s):
1. Announce the Lake Worth Community Easter Egg Hunt event.

I. EXECUTIVE SESSION

The City Council may enter into closed Executive Session as authorized by Chapter 551, Texas Government Code. Executive Session may be held at the end of the Regular Session or at any time during the meeting that a need arises for the City Council to seek advice from the city attorney (551.071) as to the posted subject matter of this City Council meeting.

The City Council may confer privately with its attorney to seek legal advice on any matter listed on the agenda or on any matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Texas Government Code.

I.1 [Pursuant to Section 551.072: Deliberate the purchase, exchange, lease or value of real property located at 4200 White Street.](#)

J. EXECUTIVE SESSION ITEMS – CITY COUNCIL MAY TAKE ACTION ON ANY ITEMS DISCUSSED IN EXECUTIVE SESSION LISTED ON THE AGENDA.

K. ADJOURNMENT

All items on the agenda are for discussion and/or action.

Certification

I do hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, 3805 Adam Grubb, City of Lake Worth Texas in compliance with Chapter 551, Texas Government Code on Friday, March 9, 2018 at 3:00 p.m.

City Secretary

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (817) 237-1211 ext. 105 for further information.

Lake Worth City Council Meeting – March 13, 2018 Agenda

Item No. B.1

FROM: Monica Solko, City Secretary

ITEM: Approve minutes of the February 13, 2018 City Council Workshop and Regular City Council meeting.

SUMMARY:

The minutes are listed on the consent agenda and approved by majority vote of Council at the City Council meetings.

The City Secretary's Office prepares action minutes for each City Council meeting. The minutes for the previous meeting are placed on the consent agenda for review and approval by the City Council, which contributes to a time efficient meeting. Upon approval of the minutes, an electronic copy will be uploaded to the City's website.

FISCAL IMPACT:

N/A

ATTACHMENTS:

1. February 13, 2018 City Council Workshop minutes
2. February 13, 2018 City Council minutes

RECOMMENDED MOTION OR ACTION:

Approve minutes of the February 13, 2018 City Council Workshop and Regular City Council meeting.

**MINUTES OF THE SPECIAL MEETING
OF THE CITY COUNCIL OF THE CITY OF LAKE WORTH, TEXAS
HELD IN CITY HALL, CITY CONFERENCE ROOM, 3805 ADAM GRUBB
TUESDAY, FEBRUARY 13, 2018**

CITY COUNCIL WORKSHOP: 4:30 PM

A. CALL TO ORDER.

Mayor Walter Bowen called the Council Workshop to order at 4:30 p.m.

ROLL CALL

Present:	Walter Bowen	Mayor
	Geoffrey White	Mayor Pro Tem, Place 2
	Jim Smith	Council, Place 1 (<i>arrived at 4:34 p.m.</i>)
	Gene Ferguson	Council, Place 3
	Ronny Parsley	Council, Place 4
	Pat O. Hill	Council, Place 5
	Gary Stuard	Council, Place 6
	Clint Narmore	Council, Place 7
Staff:	Stacey Almond	City Manager
	Debbie Whitley	Assistant City Manager/Finance Director
	Monica Solko	City Secretary
	Sean Densmore	Public Works Director
	Misty Christian	City Engineer

B. CITY PROJECT(S) UPDATE – PUBLIC WORKS

1. SH 820/HWY 199 TXDOT PROJECT

City Manager Stacey Almond presented the item. Alternative designs for State Highway 199 are being discussed by Texas Department of Transportation (TxDOT). The proposed re-design of State Hwy 199 and Interstate 820 is a major thoroughfare that runs right through the City, staff would like to discuss options and get direction from Council on the potential impact construction will have on the city. The conceptual plans are continually changing but the most recent plans showed an elevated highway with basic flyovers starting at Roberts Cut Off. Construction is anticipated to being in 2024.

City Engineer Misty Christian voiced concerns with the elevated highway and flyovers. She has seen three conceptual plans from TxDOT and all three indicated flyovers. Her concerns were on the impact it will have on the two major projects (items 2 and 3) the city is undergoing.

During discussion, several of the Council members expressed concerns with the economic impact it would have on the city. Previous construction on Interstate 820 caused businesses to close in the city. Other concerns were how emergency services would get to the other side of the city and with elevated highway will there be future economic growth for the city.

Ms. Almond stated an option the Council could consider is to pass a resolution opposing the elevation on Hwy 199 due to the economic viability. Staff is in favor of the highway staying as an urban collector for the mile and half it is in the city. Staff has discussed some of the issues with North Central Texas Council of Governments (NCTCOG) for assistance in evaluating and studying the corridor. The City will need to consider an economic impact study of the corridor and will need to look for support from others in the community.

After a brief discussion and questions by the Council, the consensus was to pursue a resolution opposing the elevation of State Hwy 199 that will negatively impact existing of future business along and within the corridor and to bring back to Council for final approval.

Ms. Almond stated that it would be brought back to Council at the March meeting.

RECESS AND BACK TO ORDER

Mayor Bowen recessed the workshop at 4:52 p.m. and called the workshop back to order at 5:09 p.m. with all members presented as recorded.

City Engineer Misty Christian requested that item 3 be discussed first since it was part of the Hwy 199 discussion.

3. HWY 199 FORCE MAIN FROM PAUL MEADOR ROAD TO ROBERTS CUT OFF PROJECT

City Engineer Misty Christian presented the item. The force main design is to design a new 16" force main from the Charbonneau Lift Station to the connection point with Fort Worth near Atwoods. The design is back and ready to move forward. Staff has contacted TxDOT for a permit to cross Interstate 820. TxDOT has insisted that drilling under is not acceptable and prefer the city bore and use casing around the bores. They are recommending the city not cross through their future project of Hwy 199. If the city moves forward with the force main project, if any of the project conflicts with any of their future network; the city will be liable for the removal and relocation. After reviewing the project and their conceptual plans there is a high potential of relocation.

Public Works Director Sean Densmore stated that this infrastructure project has been identified as a high priority for the City. The Texas Commission on Environmental Quality (TCEQ) is aware of the issues the city has with the force main. The City will be liable for all state fines if the force main breaks and the City did not try to prevent the break.

Ms. Christian explained to place the force main along TxDOT right of way is the most cost-effective option, but could be major conflicts with future TxDOT construction. Costs are approximately \$3.3 million and would reduce construction timeframe by three (3) months. Ms. Christian presented three design options for getting the force main down and around Interstate 820.

Option 1:

- along Azle Avenue, would shut down businesses on Azle Ave.
- expense to repair all driveways and parking lots for the construction.
- alignment would stay the same.
- cost approximately \$3.7 million.

Option 2:

- bore in front of the businesses, would cause a detriment to the businesses.
- Increase in construction costs from \$550,000 to a total \$4.3 million.

Option 3:

- will run along the side of NW Centre Drive in Fort Worth.
- permits will need to be requested from Fort Worth.

It would be nice to wait on TxDOT to complete their final design 2024 before the force main construction starts, however, the City remains vulnerable without replacing the line. It is a risk management decision.

After discussion and questions from Council, consensus was to move forward with Option 3. City Engineer will continue with the plans and will bring back to Council for approval of funding for Option 3.

2. WATER/SEWER UTILITIES ALONG AZLE AVENUE FROM HWY 199 TO BOAT CLUB ROAD PROJECT

City Manager Stacey Almond summarized the item. The Economic Development Corporation (EDC) and City Council approved design and schematics, the design is ready to move forward. Staff is requesting direction from Council.

City Engineer Misty Christian stated the purpose of this project is to perform a conceptual evaluation of Azle Avenue from Hwy 199 to Boat Club Road. Portions of Azle Avenue roadway are currently failing. Instead of continuing to place a temporary fix on the roadway, the City requested an evaluation of costs and benefits of performing a full reconstruction of Azle Avenue. This project consists of preparing a traffic study to

determine number of lanes, impact of a center median along the corridor, and improvements needed to manage current and future traffic conditions. The evaluation needed the preparation of an undivided and divided roadway section, as well as evaluating utility and drainage improvements. Other enhancements that were considered were landscaping, street light, and pedestrian improvements along the corridor. Detailed designs for the utilities (construction plans) were performed along the corridor.

City Manager Stacey Almond stated that the City was at another stopping point with the project. After meeting with NCTCOG on the force main project, NCTCOG stated that the intersection at Boat Club and Azle Ave. is on their priority list for improvement. They are waiting on funding to get the project started. Staff would like to ask the Tarrant County Commissioners to defederalize funds to help Boat Club and Azle Ave. intersection and get the project separated from TxDOT. The City would like to ask the Tarrant County Commissioners to fund a portion of the redesign of the intersection. At this time, the City cannot afford to have two major thoroughfares under construction at the same time.

Ms. Christian stated if Council would like to move forward, the recommendation for the project would be a phased approach.

Phases	Description	Budgetary Costs	Timeframe	Priority
Phase 1	Utilities Azle Ave. County Mill/Overlay Engineering Hiawatha Total	\$1.25M \$300k \$350k \$1.9M	Mar. 2018 – Jan. 2019	WMP-CIP #4 Roadway CIP/Sewer CIP
Phase 2	Engineering Azle Ave. Phase 3 Construction of Hiawatha Total	\$250k \$3M \$3.25M	Jan. 2019 – Mar. 2020	Roadway CIP/Sewer CIP
Phase 3	Engineering Azle Ave. Phase 3 Construction of Azle Ave. Phase 2 Total	\$300k \$2.7M \$3M	Apr. 2019 – Sep 2020	
Phase 4	Construction of Azle Ave. Phase 3 Total	\$2.7M \$2.7M	Mar. 2020 – Mar. 2021	

After discussion and questions from Council, consensus was to stop the project and address the issues.

C. ADJOURNMENT

Mayor Walter Bowen adjourned the meeting at 5:53 p.m.

APPROVED

By: _____
Walter Bowen, Mayor

ATTEST:

Monica Solko, City Secretary

**MINUTES OF THE REGULAR MEETING
OF THE CITY COUNCIL OF THE CITY OF LAKE WORTH, TEXAS
HELD IN CITY HALL, COUNCIL CHAMBERS, 3805 ADAM GRUBB
TUESDAY, FEBRUARY 13, 2018**

REGULAR MEETING: 6:30 PM

A. CALL TO ORDER.

Mayor Walter Bowen called the Council meeting to order at 6:30 p.m.

A.1 INVOCATION AND PLEDGE OF ALLEGIANCE.

Pastor Zac Hatton with Lake Worth Baptist Church gave the invocation. Attendees recited the pledge of allegiance.

A.2 ROLL CALL.

Present:	Walter Bowen	Mayor
	Geoffrey White	Mayor Pro Tem, Place 2
	Jim Smith	Council, Place 1
	Gene Ferguson	Council, Place 3
	Ronny Parsley	Council, Place 4
	Pat O. Hill	Council, Place 5
	Gary Stuard	Council, Place 6
	Clint Narmore	Council, Place 7
Staff:	Stacey Almond	City Manager
	Debbie Whitley	Assistant City Manager/Finance Director
	Monica Solko	City Secretary
	Drew Larkin	City Attorney
	Corry Blount	Police Chief
	Mike Christenson	Fire Chief
	Sean Densmore	Public Works Director
	Misty Christian	City Engineer
	Barry Barber	Building Development Director
	Suzanne Meason	Planning and Zoning Administrator

A.3 SPECIAL PRESENTATION(S) AND RECOGNITION(S):

A.3.1 RECOGNIZE SERVICE OF THE ECONOMIC DEVELOPMENT CORPORATION BOARD

Mayor Bowen recognized Sara Riley and Yvonne Amick for their years of service on the Economic Development Corporation Board.

A.4 CITIZEN PRESENTATION / VISITOR COMMENTS

There were no requests to speak from the public.

A.5 REMOVAL OF CONSENT AGENDA

No items were removed from the consent agenda.

B. CONSIDER APPROVAL OF CONSENT AGENDA ITEMS APPROVED

B.1 APPROVE MINUTES OF THE JANUARY 9, 2018 CITY COUNCIL MEETING.

B.2 APPROVE FINANCE REPORTS FOR THE MONTH OF JANUARY 2018.

B.3 APPROVE RESOLUTION NO. 2018-02, CALLING THE MAY 5, 2018 CITY COUNCIL ELECTION, AUTHORIZING A JOINT ELECTION CONTRACT WITH OTHER TARRANT COUNTY POLITICAL SUBDIVISIONS AND CONTRACT WITH TARRANT COUNTY FOR ELECTION SERVICES AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE CONTRACT.

A MOTION WAS MADE BY COUNCIL MEMBER NARMORE, SECONDED BY COUNCIL MEMBER PARSLEY TO APPROVE THE CONSENT AGENDA.

MOTION TO APPROVE CARRIED 7-0.

C. EXECUTIVE SESSION

PURSUANT TO SECTION 551.071: CONSULTATION WITH CITY ATTORNEY TO SEEK LEGAL ADVICE ON THE POSTED SUBJECT MATTER OF THIS CITY COUNCIL MEETING.

Mayor Bowen announced at 6:35 p.m. that the Council would adjourn into Executive Session as authorized by Chapter 551, Texas Government Code, specifically Section 551.071: Consultation with City Attorney to seek legal advice on the posted subject matter of this City Council meeting. Executive Session began at 6:35 p.m. and concluded at 6:53 p.m.

Mayor Bowen reconvened into open session at 6:53 p.m.

D. PLANNING AND DEVELOPMENT

D.1 REQUEST FOR A WAIVER TO SECTION IV – ADMINISTRATION AND AMENDMENTS, B. WAIVERS FROM THE SUBDIVISION REGULATIONS AND DESIGN STANDARDS, J. REPLATS 1(A) TO ALLOW FOR A REPLAT OF A 0.56-ACRE PARCEL OF LAND KNOWN AS BLOCK 8, LOTS 31 (NORTH 37.5 FEET), 32, AND 33, INDIAN OAKS SUBDIVISION OF THE RECORDS OF TARRANT COUNTY, TEXAS. THE PROPOSED REPLAT’S NEW LEGAL DESCRIPTION WILL BE BLOCK 8, LOT 33R, INDIAN OAKS SUBDIVISION, COMMONLY KNOWN AS 3133 HURON TRAIL, LAKE WORTH, TEXAS TO ALLOW APPROVAL WITHOUT ALL PROPERTY OWNERS SIGNING AND ACKNOWLEDGING THE REPLAT. (CONTINUED FROM THE JANUARY 9, 2018 CITY COUNCIL MEETING). THE PLANNING & ZONING COMMISSION RECOMMENDED DENIAL BY A VOTE OF 6-0.

DENIED

Mayor Bowen announced the item is a continuation from the January 9, 2018 City Council meeting.

Planning and Zoning Administrator Suzanne Meason presented the item. The applicant, Mr. Pettis approached the city several months ago wishing to construct an accessory building in the rear of his property, upon plan review it was determined that Mr. Pettis owned several (part of 31, all of 32, and all of 33) lots and that the proposed building would cross property lines, which is not allowed by ordinance. Mr. Pettis was instructed by staff that he would have to replat the multiple properties into one parcel in order to move forward with the building construction. Mr. Pettis hired a surveyor who drew up the replat document and submitted application for the replat approval. Upon staff review of the replat document it was discovered that lot 31 was partially (north 37.5') owned by Mr. Pettis and partially owned (south 12.5') by a Deirdre Kay Pope, according to records obtained by the Tarrant Appraisal District. Mr. Pettis was notified that the adjoining property owner would need to be involved in the replat process for it to meet city ordinance or that he may request a waiver to the Subdivision Regulations. Mr. Pettis made the request for a waiver from the Subdivision regulation in writing. Staff sent Ms. Deirdre Kay Pope a letter informing her of the situation and requested her participation in the platting process. Staff received a letter from Linda Larned Pope, Deirdre Kay Pope's mother, advising us that Deirdre Pope was deceased. Ms. Larned Pope is disputing the property boundary of the shared lot.

The lot in question was illegally subdivided at some point in time. While the applicant is attempting to comply with the City's requirements for replatting the lot(s), the approval of a waiver and replat would create a legal non-conforming use. Further, according to the letter submitted by Ms. Linda Larned Pope the property boundary for a portion of the lot in question is under dispute. The Planning & Zoning recommended denial of the waiver request by a vote of 6-0.

A MOTION WAS MADE BY COUNCIL MEMBER STUARD, SECONDED BY MAYOR PRO TEM WHITE TO DENY WAIVERS REQUEST FROM THE SUBDIVISION REGULATIONS AND DESIGN STANDARDS.

MOTION TO DENY CARRIED 7-0.

E. PUBLIC HEARINGS

E.1 PUBLIC HEARING TO CONSIDER PLANNING & ZONING CASE NO. PS17-09, A PROPOSED PRELIMINARY PLAT BEING ALL OF A 0.612-ACRE TRACT OF LAND LEGALLY KNOWN AS BLOCK 1, LOT(S) 4, 5, & 6, LAKE WORTH ADDITION AND ABSTRACT 188, TRACT(S) 2BBBB AND 2XXX, JOHN BREEDING SURVEY OF THE RECORDS OF TARRANT COUNTY, TEXAS. THE PROPOSED PRELIMINARY PLAT'S NEW LEGAL DESCRIPTION WILL BE BLOCK 1, LOT 1, DJK FARM, COMMONLY KNOWN AS 7000 FOSTER DRIVE, LAKE WORTH, TEXAS. (CONTINUED FROM THE JANUARY 9, 2018 CITY COUNCIL MEETING). THE PLANNING & ZONING COMMISSION RECOMMENDED APPROVAL BY A VOTE OF 6-0.

APPROVED

Mayor Bowen advised that the public hearing had been opened at the January 9, 2018 City Council meeting this was a continuation of that hearing. He called on Suzanne Meason to present the item.

Planning and Zoning Administrator Suzanne Meason summarized the item. This item was postponed from the January 9, 2018 City Council meeting. The Fort Worth Star Telegram inadvertently left the public hearing notification off their list of publications which is required by ordinance. The public hearing notification has since been published and the item is ready for consideration.

Mr. Kwon owns the properties on which a Retail Center has been approved, but the multiple properties must be replatted into one large lot prior to construction. This is the preliminary plat which must be approved and then the final plat (item E.2) will be heard as well. The Planning & Zoning Commission recommended approval of PS17-09 by a 6-0 vote.

Mayor Bowen called for anyone wishing to speak for or against the request to come forward.

There being no one wishing to speak, Mayor Bowen closed the public hearing and called for the motion.

A MOTION WAS MADE BY COUNCIL MEMBER SMITH, SECONDED BY COUNCIL MEMBER PARSLEY TO APPROVE PS17-09, ITEM E.1 AS PRESENTED.

MOTION TO APPROVE CARRIED 7-0.

E.2 PUBLIC HEARING TO CONSIDER PLANNING & ZONING CASE NO. PS17-10, A PROPOSED FINAL PLAT BEING ALL OF A 0.612-ACRE TRACT OF LAND LEGALLY KNOWN AS BLOCK 1, LOT(S) 4, 5, & 6, LAKE WORTH ADDITION AND ABSTRACT 188, TRACT(S) 2BBBB AND 2XXX, JOHN BREEDING SURVEY OF THE RECORDS OF TARRANT COUNTY, TEXAS. THE PROPOSED FINAL PLAT'S NEW LEGAL DESCRIPTION WILL BE BLOCK 1, LOT 1, DJK FARM, COMMONLY KNOWN AS 7000 FOSTER DRIVE, LAKE WORTH, TEXAS. (CONTINUED FROM THE JANUARY 9, 2018 CITY COUNCIL MEETING). THE PLANNING & ZONING COMMISSION RECOMMENDED APPROVAL BY A VOTE OF 6-0.

APPROVED

Mayor Bowen advised that the public hearing had been opened at the January 9, 2018 City Council meeting this was a continuation of that hearing. He called on Suzanne Meason to present the item.

Planning and Zoning Administrator Suzanne Meason summarized the item. This is the final plat of the previous agenda item E.1(PS17-09), which was also previously postponed at the January 9, 2018 City Council meeting. The Fort Worth Star Telegram inadvertently left the public hearing notification off their list of publications which is required by ordinance. The public hearing notification has since been published and the item is ready for consideration. The Planning & Zoning Commission recommended approval of the final plat by a 6-0 vote.

Mayor Bowen called for anyone wishing to speak for or against the request to come forward.

There being no one wishing to speak, Mayor Bowen closed the public hearing and called for the motion.

A MOTION WAS MADE BY COUNCIL MEMBER SMITH, SECONDED BY COUNCIL MEMBER NARMORE TO APPROVE PS17-10, ITEM E.2 AS PRESENTED.

MOTION TO APPROVE CARRIED 7-0.

E.3 PUBLIC HEARING TO CONSIDER PLANNING & ZONING CASE NO. PS17-11, A PROPOSED REPLAT BEING ALL OF A 0.56-ACRE PARCEL OF LAND KNOWN AS BLOCK 8, LOTS 31 (NORTH 37.5 FEET), 32, AND 33, INDIAN OAKS SUBDIVISION OF THE RECORDS OF TARRANT COUNTY, TEXAS. THE PROPOSED REPLAT'S NEW LEGAL DESCRIPTION WILL BE BLOCK 8, LOT 33R, INDIAN OAKS SUBDIVISION, COMMONLY KNOWN AS 3133 HURON TRAIL, LAKE WORTH, TEXAS. (CONTINUED FROM THE JANUARY 9, 2018 CITY COUNCIL MEETING). THE PLANNING & ZONING COMMISSION RECOMMENDED DENIAL BY A VOTE OF 5-1.

DENIED

Mayor Bowen advised that the public hearing had been opened at the January 9, 2018 City Council meeting. This is a continuation of that hearing and called on Suzanne Meason to present the item.

Planning and Zoning Administrator Suzanne Meason summarized the item. Since the waiver request was denied on item D.1, the replat no longer meets the requirements. Staff recommends denial.

Mayor Bowen closed the public hearing and called for the motion.

A MOTION WAS MADE BY COUNCIL MEMBER STUARD, SECONDED BY MAYOR PRO TEM WHITE TO DENY ITEM E.3, DOES NOT MEET THE CITY REQUIREMENTS.

MOTION TO DENY CARRIED 7-0.

E.4 PUBLIC HEARING TO CONSIDER ORDINANCE NO. 1106, PLANNING & ZONING CASE NO. PZ17-11, AN AMENDMENT TO THE FUTURE LAND USE MAP OF THE COMPREHENSIVE LAND USE PLAN FROM A ZONING DESIGNATION OF “LOW DENSITY RESIDENTIAL” TO A ZONING DISTRICT OF “MODERATE DENSITY RESIDENTIAL” FOR APPROXIMATELY 6.63 ACRES OF LAND, LEGALLY KNOWN AS BLOCK 13, LOTS 13-24, LAKE WORTH HEIGHTS SUBDIVISION; BLOCK 14, LOTS 1-18, LAKE WORTH HEIGHTS SUBDIVISION; AND BLOCK 16R, LOTS 39-43, LAKE WORTH HEIGHTS SUBDIVISION, LAKE WORTH, TARRANT COUNTY, TEXAS, BEING THAT ALL OF THE CERTAIN CALLED 6.63 ACRES RECORDED IN THE DEED RECORDS OF TARRANT COUNTY, TEXAS. THE PROPERTY TO BE CONSIDERED FOR RE-ZONING IS GENERALLY DESCRIBED AS 6.63 ACRES OF LAND LOCATED AT 3900-4020 RENCH ROAD, 3900-3917 CARIBOU TRAIL, AND 3901 PUEBLO TRAIL, LAKE WORTH, TEXAS. THE PLANNING & ZONING COMMISSION RECOMMENDED DENIAL BY A VOTE OF 5-1.

DENIED

Mayor Bowen announced that items E.4 and E.5 were related and would presented together but voted on separately. Mayor Bowen opened the public hearings on items E.4 (PZ17-11) and E.5 (PZ17-12) and called on Suzanne Meason to present the items.

Planning and Zoning Administrator Susan Meason presented the item. Mr. Harlan Smith, President of Rockbiter Corporation submitted application for a change to the Comprehensive Land Use Plan for the noted properties. Future Land Use Map of the Comprehensive Land Use Plan must be amended to allow Mr. Smith’s zoning change request. Mr. Smith currently has all the lots in question under contract for purchase, except for the two (2) Lake Worth ISD lots. The current property owners have signed an owner authorization form for him to apply for the change. The City of Lake Worth has made application for the Lake Worth ISD lot(s) so as to keep these lots in conformity with the others if the zoning change is approved. The Planning & Zoning Commission recommended denial of the amendment to the Future Land Use Map of the Comprehensive Land Use Plan by a 5-1 vote.

Mayor Bowen called on the applicant to the present the item.

Mr. Harold Smith, Rockbiter Corporation, 3950 Hockaday Drive, Dallas came forward. He presented a PowerPoint presentation on the development plan for Rench Road / Caribou Lake Worth Heights project. Mr. Smith is requesting a rezone approximately 35 lots from single family to moderate density. The project is estimated to be an \$11 million dollars investment within a two year turn around. The development would construct roads and utilities on the vacant properties which would be cumbersome to individual owners wishing to develop. Construction would consist of 70 town homes and 2 town home units on each available lot. The homes would be configured as a 3 bedroom, 2 ½ bath, 2 car garage units. These homes would range in size from 1,300sf to 1,600sf per side and would lease for \$1,500 to \$1,700 per month per side. There will also be smaller options of 3 bedroom, 2 ½ bath, 1 car garage and a 2 bedroom, 2 ½ bath, 1 car garage units. These would lease for \$1,400 to \$1,600 per month per side. The development will install water, sewer, curb gutter and concrete paving per city requirements. He was available to answer any questions Council may have.

Mayor Bowen called for anyone wishing to speak for or against the requests (item E.4 and E.5) to come forward.

Tammy Thomas, 3824 Pueblo, Lake Worth came forward. She is a long time resident and was in opposition of items E.4 and E.5. She would like the zoning to remain single family.

Justin Asher, 3921 Pueblo Trail, Lake Worth came forward. He is also is in opposition of the rezoning and development for items E.4 and E.5. He would like the zoning to stay single family and did not want to see a two-story townhome built behind his home, as he has family pool. He stated that in a few years these townhomes would become dilapidated due to renter and if maintenance was located out of state the property would not be kept.

Mike Branum, NAS Fort Worth JRB, came forward. Mr. Branum stated the Navy is also in opposition of items E.4 and E.5. After reviewing the development, the Navy discourages this type of development in the noise zone. More specially increasing the density by rezoning from single family to moderate.

Mayor Bowen advised that the following citizens did not wish to speak but wanted to go on record as being in opposition to the rezoning and development (items E.4 and E.5):

Debra A. VanSlyke, 3817 Pueblo Trail
John R. Thomas, 3824 Pueblo Trail
Christine Bradley, 3813 Pueblo Trail
Brad Bradley, 3813 Pueblo Trail
Martin Engelhardt, 3904 Pueblo Trail

There being no one else wishing to speak, Mayor Bowen closed the public hearings on items E.4 and E.5 and called for the motion.

A MOTION WAS MADE BY COUNCIL MEMBER SMITH, SECONDED BY COUNCIL MEMBER FERGUSON TO DENY ITEM E.4, ORDINANCE NO. 1106.

MOTION TO DENY CARRIED 7-0.

E.5 PUBLIC HEARING TO CONSIDER ORDINANCE NO. 1107, PLANNING & ZONING CASE NO. PZ17-12, AN ORDINANCE AMENDING ORDINANCE NO. 500, THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF LAKE WORTH, SO AS TO CHANGE THE ZONING DESIGNATION OF APPROXIMATELY 6.63 ACRES OF LAND, LEGALLY KNOWN AS BLOCK 13, LOTS 13-24, LAKE WORTH HEIGHTS SUBDIVISION; BLOCK 14, LOTS 1-18, LAKE WORTH HEIGHTS SUBDIVISION; AND BLOCK 16R, LOTS 39-43, LAKE WORTH HEIGHTS SUBDIVISION, LAKE WORTH, TARRANT COUNTY, TEXAS, BEING THAT ALL OF THE CERTAIN CALLED 6.63 ACRES RECORDED IN THE DEED RECORDS OF TARRANT COUNTY, TEXAS, FROM A ZONING DISTRICT OF "SF1" SINGLE FAMILY RESIDENTIAL TO "MD" – MODERATE DENSITY AND BY AMENDING THE OFFICIAL ZONING MAP TO REFLECT SUCH CHANGE. THE PROPERTY TO BE CONSIDERED FOR RE-ZONING IS GENERALLY DESCRIBED AS 6.63 ACRES OF LAND LOCATED AT 3900-4020 RENCH ROAD, 3900-3917 CARIBOU TRAIL, AND 3901 PUEBLO TRAIL, LAKE WORTH, TEXAS. THE PLANNING & ZONING COMMISSION RECOMMEND DENIAL BY A VOTE OF 5-1.

DENIED

The public hearing was opened, discussed and closed with item E.4.

A MOTION WAS MADE BY COUNCIL MEMBER NARMORE, SECONDED BY COUNCIL MEMBER SMITH TO DENY ORDINANCE NO. 1107.

MOTION TO DENY CARRIED 7-0.

F. PUBLIC WORKS

F.1 DISCUSS AND CONSIDER RESOLUTION NO. 2018-05, ADOPTION OF THE CITY OF LAKE WORTH WATER MASTER PLAN.

APPROVED

Kimley-Horn and Associates Engineer Andrew Simonsen presented a PowerPoint presentation. The PowerPoint included both water and waste water master plans (items F.1 and F.2). The Lake Worth City Council approved a contract with Kimley Horn and Associates to conduct and complete and comprehensive Water and Wastewater Mater Plan on May 9, 2017. The goal of the Master Plan was to develop a strategic plan that will allow the City to continue to serve customers and residents.

The Water Master Plan outlines a 10-year Capital Improvement Program (CIP). The plan establishes a program to eliminate all the cast iron water and mains less than 6-inches in diameter.

Water Master Plan highlights:

- Current water connection approximately 2,260 connections with anticipated growth at approximately 2,500 connections.
- Currently City uses approximately 345 gallons used per day per connection.
- Recommendations for capital improvement projects:

Project Name:	Project Cost
Shawnee Trail and Comanche Trail Water Line Improvements	\$836,000
Paul Meador 16" Water Line Improvements	\$366,000
Boat Club Road 12" Water Line Improvements	\$642,000
Azle Avenue 12" Water Line Improvements	\$982,000
Well Field Water Treatment Process	\$125,000
TOTAL	\$2,951,000

- Rehabilitation and Replacement program

The Sewer Master Plan outlines a 10-year Capital Improvement Program (CIP). The plan is centered around the rehabilitation of the wastewater system by reducing the inflow and infiltration and increasing the capacity of lift stations. The selection of these rehabilitation projects where chosen to eliminate the existing clay tile lines.

Wastewater Master Plan highlights:

- Current wastewater connections approximately 2,260 connections.
- 730,000 gallons per day wastewater produced on average.
- Approximately 325 gallons used per day per connection.
- Recommendations for capital improvement projects:

Project Name	Project Cost
I&I Study	\$100,000
Rehabilitation Projects – Year 1 <i>(remove clay tile lines)</i>	\$675,000
Rehabilitation Projects – Year 2 <i>(remove clay tile lines)</i>	\$374,000
Rehabilitation Projects – Year 3 <i>(remove clay tile lines)</i>	\$485,000
Rehabilitation Projects – Year 4 <i>(remove clay tile lines)</i>	\$586,000
Rehabilitation Projects – Year 5 <i>(remove clay tile lines)</i>	\$546,000
Edgemere Force Main and Pump Upgrade	\$351,000
Charbonneau Pump Addition	\$68,000
Rehabilitation Projects – Year 6 <i>(removing clay tile lines)</i>	\$431,000
Rehabilitation Projects – Year 7 <i>(remove clay tile lines)</i>	\$527,000
Rehabilitation Projects – Year 8 <i>(remove clay tile lines)</i>	\$528,000
Rehabilitation Projects – Year 9 <i>(remove clay tile lines)</i>	\$292,000
Rehabilitation Projects – Year 10 <i>(remove clay tile lines)</i>	\$412,000
TOTAL	\$5,375,000

A MOTION WAS MADE BY COUNCIL MEMBER FERGUSON, SECONDED BY MAYOR PRO TEM WHITE TO APPROVE RESOLUTION NO. 2018-05, ADOPTING THE CITY OF LAKE WORTH WATER MASTER PLAN.

MOTION TO APPROVE CARRIED 7-0.

F.2 DISCUSS AND CONSIDER RESOLUTION NO. 2018-06, ADOPTION OF THE CITY OF LAKE WORTH SEWER MASTER PLAN.

APPROVED

This item was presented and discussed with item F.1

A MOTION WAS MADE BY COUNCIL MEMBER SMITH, SECONDED BY COUNCIL MEMBER PARSLEY TO APPROVE RESOLUTION NO. 2018-06, ADOPTING THE CITY OF LAKE WORTH SEWER MASTER PLAN.

MOTION TO APPROVE CARRIED 7-0.

G. GENERAL ITEMS

G.1 DISCUSS AND CONSIDER ORDINANCE NO. 1105, AMENDING THE FY 2017/2018 BUDGET FOR GENERAL FUND, STREET MAINTENANCE FUND AND THE ECONOMIC DEVELOPMENT CORPORATION.

APPROVED

Assistant City Manager/Finance Director Debbie Whitley summarized the item. A special election was held on November 7, 2017 with the voters passing a proposition to abolish the sales and use tax for the Street Maintenance Fund and the Economic Development Corporation. A budget amendment is required to reallocate the remaining Street Maintenance Fund sales tax revenue budget to the General Fund and to eliminate the budgeted Street Maintenance transfer to the General Fund for salary reimbursement. A budget amendment is also required to reallocate all remaining budgeted revenues and most expenses from the Economic Development Corporation to the General Fund, due to the dissolution of the Corporation. The budgeted Economic Development Corporation transfers to the General Fund will be eliminated with the budget amendment. The Economic Development Corporation unaudited fund balance as of September 30, 2017 is \$4,211,378. The current year activity for the fund is a surplus of \$206,786. Although these amounts are not included in this budget amendment, they will be transferred to the General Fund later in the year. Staff is awaiting completion of the FY 2017 audit to be sure no adjustments will be made to change these balances. Final amounts will be presented to the City Council at the budget workshop scheduled for March 23, 2018.

A MOTION WAS MADE BY COUNCIL MEMBER NARMORE, SECONDED BY COUNCIL MEMBER FERGUSON TO APPROVE ORDINANCE NO. 1105, AMENDING THE FY 2017-2018 BUDGET FOR GENERAL FUND, STREET MAINTENANCE AND THE ECONOMIC DEVELOPMENT CORPORATION.

MOTION TO APPROVE CARRIED 7-0.

G.2 DISCUSS AND CONSIDER RESOLUTION NO. 2018-03, ADOPTING THE CITY OF LAKE WORTH PERSONNEL AND ADMINISTRATIVE REGULATIONS MANUAL (PARM), TITLE II EFFECTIVE MARCH 1, 2018.

APPROVED

City Manager Stacey Almond summarized the item. The Personnel and Administrative Regulations Manual (PARM), Title II was distributed in January 2018 to the City Council for recommendations and comments regarding the proposed PARM, Title II. The proposed changes throughout the PARM will provide for more effective operations within the City. The most significant changes and additions, and those affecting the annual budget, are listed below.

Significant changes/additions to the regulations:

- a. **Chapter 1, Incident Notification.** This Chapter puts in place regulations about incidents that occur that effect the public and establish procedures for communication with the public.
- b. **Chapter 2, Business Travel.** Cities employees are required to travel and attend training this policy outlines additional guidelines and requirements. Most convenient it standardizes the travel with US General Services Administration (GSA) and allows for increase and/or decreases based upon GSA standards and travel areas.
- c. **Chapter 3, Vacation Buy-back.** The purpose of this policy is to all for an annual vacation buy-back, provided as an optional benefit, subject to budgetary constraints, for employees who elect to convert accrued vacation in to a cash value (only available for up to 40 hours).
- d. **Chapter 6, Certification Pay** - This policy is to establish guidelines and create additional opportunities for compensation based upon training. The maximum allowable certification pay is \$100. Each eligible certification is worth \$25. Certification list will be reviewed periodically and updated when necessary.
- e. **Chapter 9, Purchasing Policy.** Updates to this policy simplify and clarify laws governing purchasing by the city. At the same time providing consistency and increase public confidence in the purchasing process.
- f. **Chapter 11, Vehicle and Equipment Replacement Policy.** This policy provides parameters for identifying and funding vehicle and motorized equipment replacements, whose acquisition costs exceed \$15,000 by the end of their specified economic lives.

A MOTION WAS MADE BY COUNCIL MEMBER STUARD, SECONDED BY MAYOR PRO TEM WHITE TO APPROVE RESOLUTION NO. 2018-03, ADOPTING THE CITY OF LAKE WORTH PERSONNEL AND ADMINISTRATIVE REGULATIONS MANUAL (PARM), TITLE II EFFECTIVE MARCH 1, 2018.

MOTION TO APPROVE CARRIED 7-0.

G.3 DISCUSS AND CONSIDER ORDINANCE NO. 1108, CREATING A CHARTER COMMISSION AND APPROVING A CHARGE AND GUIDELINES FOR THE CHARTER COMMISSION.

APPROVED

City Manager Stacey Almond presented the item. The Lake Worth Home Rule Charter was originally adopted in 1965. It has subsequently been amended three (3) times, most recently in 2008. Per Section 9.05, the City Manager shall, at least once every five (5) years, review the Charter and make recommendations to the City Council for proposed Charter amendments.

The City Council is being asked to approve an ordinance creating a Charter Commission and guidelines to begin the process. Charter recommendations shall be presented to the City Council for review. All amendments to the Charter shall be submitted to the voters of the City in the manner provided by State law.

Timeline for review and proposed amendments to City Council:

- Feb. 13, 2018 Approval of Ordinance creating Commission, charge and guidelines.
- Mar. 13, 2018 Appointment of Charter Commission (selected by City Council)
- Apr.-Nov. 2018 Commission and Staff review of Charter
- Dec. 1, 2018 Commission review complete (forward recommendations to CC)
- Dec. 11, 2018 City Council reviews proposed amendments
- Jan. 8, 2019 City Council calls election
- May 4, 2019 Election Day

The City Manager, Assistant City Manager and City Attorney are ex-officio, non-voting members of the Charter Commission. The City Secretary is designated to record and take minutes of all Charter Commission meetings.

A MOTION WAS MADE BY COUNCIL MEMBER PARSLEY, SECONDED BY COUNCIL MEMBER FERGUSON TO APPROVE ORDINANCE NO. 1108, CREATING A CHARTER COMMISSION AND APPROVING A CHARGE AND GUIDELINES FOR THE CHARTER COMMISSION.

MOTION TO APPROVE CARRIED 7-0.

G.4 DISCUSS AND CONSIDER RESOLUTION NO. 2018-04, APPOINTING MEMBERS TO THE ANIMAL SHELTER ADVISORY COMMITTEE PLACES 1, 2, 3, 4 AND 5.

APPROVED

Building and Development Director Barry Barber presented the item. The Animal Shelter Advisory Committee was recently created when Chapter 2 Animal Care and Control of the Lake Worth Code of Ordinances was repealed and replaced with Ordinance No. 1089, adopted July 11, 2017. Since this Committee is being created all members must be initially appointed to serve. Per Article 2.1700 of Chapter 2, members shall be appointed to the committee by majority vote of the City Council and shall consist of five (5) members serving two (2) year terms. Places 1, 3, and 5 expiring on October 1st of odd-numbered years and Places 2 and 4 expiring on October 1st of even-numbered years. Members shall consist of at least at least one (1) licensed veterinarian, one (1) municipal official, one (1) person whose duties include the daily operation of an Animal Shelter, one (1) representative from an animal welfare organization, and one (1) Lake Worth citizen.

<u>Appointments for consideration:</u>		<u>Term expiring:</u>
Barry Barber	Place 1	October 1, 2021
Felicia Bratcher	Place 2	October 1, 2020
Rosemary Lindsey	Place 3	October 1, 2021
Sandy Shelby	Place 4	October 1, 2020
Cessa White	Place 5	October 1, 2021

A MOTION WAS MADE BY COUNCIL MEMBER FERGUSON, SECONDED BY COUNCIL MEMBER STUARD TO APPROVE RESOLUTION NO. 2018-04, APPOINTING BARRY BARBER TO PLACE 1, ROSEMARY LINDSEY TO PLACE 3 AND CESSA WHITE TO PLACE 5 OF THE ANIMAL SHELTER ADVISORY COMMITTEE WITH TERM EXPIRING OCTOBER 1, 2021 AND APPOINTING FELICIA BRATCHER TO PLACE 2 AND SANDY SHELBY TO PLACE 4 OF THE ANIMAL SHELTER ADVISORY COMMITTEE WITH TERM EXPIRING OCTOBER 1, 2010.

MOTION TO APPROVE CARRIED 7-0.

G.5 DISCUSS AND CONSIDER ACCEPTANCE OF THE 2017 RACIAL PROFILING REPORT.

APPROVED

Police Chief Corry Blount summarized the item. The Texas Code of Criminal Procedure, Article 2.134 Compilation and Analysis of Information Collected, requires law enforcement agencies to collect specific data on traffic stops, and report that data to the Texas Commission on Law Enforcement (TCOLE) and their governing body on an annual basis. The TCOLE report is due no later than March 1 of each year. While no timetable is established for council reporting, the report has traditionally been provided in February. The report indicates that the department claims partial exemption in reporting, since we regularly capture traffic stops on video camera. Videos are then stored for a minimum of 90 days, as required by Section 2.13(a) of the CCP. The report further details the number

of stops resulting in arrest, citation, or both, break down the race or ethnicity of drivers stopped, whether race or ethnicity was known prior to the stop, whether a search was conducted, and the number of searches that would be considered as consensual. No analysis of the data is required, and none is provided in the report. The department received no racial profiling complaints in 2017.

A MOTION WAS MADE BY COUNCIL MEMBER NARMORE, SECONDED BY MAYOR PRO TEM WHITE TO ACCEPT THE 2017 RACIAL PROFILING REPORT.

MOTION TO ACCEPT CARRIED 7-0.

G.6 DISCUSS AND CONSIDER THE PURCHASE OF A 2018 FORD TAURUS SEDAN FOR THE POLICE DEPARTMENT IN AN AMOUNT NOT TO EXCEED \$30,000.

APPROVED

Police Chief Corry Blount presented the item. After a review of the Police Department's patrol and unmarked fleet, it was determined that the vehicle assigned to the Chief of Police was no longer serviceable and has exceeded the requirements of the proposed Vehicle Replacement Policy. The current CCPD funded vehicle is a 2005 Ford Crown Victoria that has 152,000+ miles and has exceeded its useful life. The additional expense of \$30,000 would increase the current budgeted deficit from \$27,437 to \$57,437. Staff will be reviewing the existing administration and salary transfer from CCPD to General Fund (totaling \$176,000 annually) which may be reduced to offset the current \$57,000 deficit in its entirety. The Police Department would like to request its replacement.

A MOTION WAS MADE BY COUNCIL MEMBER STUARD, SECONDED BY COUNCIL MEMBER FERGUSON TO APPROVE THE PURCHASE OF A 2018 FORD TAURUS SEDAN FOR THE POLICE DEPARTMENT IN AN AMOUNT NOT TO EXCEED \$30,000.

MOTION TO APPROVE CARRIED 4-3, WITH COUNCIL MEMBERS FERGUSON, STUARD, NARMORE AND MAYOR PRO TEM WHITE VOTING IN FAVOR AND COUNCIL MEMBERS SMITH, PARSLEY AND HILL VOTING AGAINST.

H. MAYOR AND COUNCIL ITEM(S)

H.1 Update on Tarrant County Mayor's Council by Mayor Bowen

Mayor Walter Bowen had nothing to report regarding the Tarrant County Mayor's Council.

I. STAFF REPORT(S) / ANNOUNCEMENT(S)

I.1 Community Development Report(s):

1. Announcement of Easter Egg Hunt

Library Director and Community Services Lara Strother announced the Lake Worth Community Easter Egg Hunt will be on March 24, 2018 at the Multi-Purpose Facility, 7005 Charbonneau Road, Lake Worth, Texas 76135, from 10:00 a.m. to 12 noon. There will be 4,000 Easter eggs for the children to hunt and a few lucky winners will win a bicycle which has been provided by Walmart. There will also be an Easter Bunny, face painting, animal petting zoo, cotton candy and Animal Control will be holding pet adoptions onsite.

I.2 Building and Development Report(s):

1. Update on Land Use Comprehensive Plan

Building and Development Director Barry Barber announced the City of Lake Worth will be holding a public input Town Hall meeting on the 2035 Land Use Comprehensive Plan on Tuesday, February 27, 2018 at the Multi-Purpose Facility, 7005 Charbonneau Road, Lake Worth, TX 76135, at 6:00 p.m. The plan will be considered for adoption by the Planning and Zoning Commission and City Council in April.

I.3 Public Works Report(s):

1. Update on City Projects

Public Works Director Sean Densmore updated the Council on the status of the following projects:

- 43rd CDBG project – project will be advertised on February 14th and 26th and bid opening will be on March 7th at 10:30 a.m., at the Tarrant County Offices on University.
- Coleson's Frog 5k – April 28th, visit www.ATHLETE360.com to register.
- Sanitary Sewer Project – all the lines are complete. A final walk through will take place in the next two weeks.
- Charbonneau Lift Station – A final walk through has been completed and our punch list has been sent to the contractor for his review.
- Parks Master Plan – on January 30th, the City held a public input Town Hall meeting with approximately 40 people in attendance. There was good feedback from the citizens. For those that could not attend, there is a Parks survey link on the city's website and on Facebook for public input on the parks system. The final proposal should be complete by March with final Council approval in May.
- TCEQ – all violations have been addressed and information correcting the violations has been sent to TCEQ. The Water and Wastewater Master Plans approved tonight will also be sent to TCEQ.

I.4 Fire Department Report(s):

1. Update on Training, CPR, Status Boards, vehicle computers and AFG Grant for SCBAs.

Fire Chief Mike Christenson updated Council on the following:

- Training – Fire Department did SCBA training and participated in Cancer Awareness with City of Fort Worth. Fire also did a 4-hours Life Fire Training with the City of Azle at Tarrant County College
- Kudos – on January 22nd, Fire and Rescue Shift C responded to an individual in cardiac arrest at one of the local gas stations. The crew performed CPR on the way to the ER and the gentleman was saved. Fire has since seen the gentleman out and about in Lake Worth.
- Tarrant County Fire Dispatch – The city has four (4) status boards for the fire station, three (3) are currently working but the fourth is being worked on. The screens have call history and some additional features that help us with our daily job. It helps track where everyone is and the response time when on a call. Staff is waiting on some parts to come in to get all the computers up and running for the vehicles.
- Grant – on February 2nd, Fire applied for a AFG grant. The grant will allow us to get 16 SCBA's air packs (32 bottles and 22 face packs). Fire hopes to get the grant and the cost share will be a minimal of 5-10%.
- Radios – the new radio system is working great. All channels have been clear and has been a great tool for us. There have been no drop calls.

J. EXECUTIVE SESSION ITEMS – CITY COUNCIL MAY TAKE ACTION ON ANY ITEMS DISCUSSED IN EXECUTIVE SESSION LISTED ON THE AGENDA.

No action required as a result of Executive Session.

K. ADJOURNMENT

Mayor Walter Bowen adjourned the meeting at 8:03 p.m.

APPROVED

By: _____
Walter Bowen, Mayor

ATTEST:

Monica Solko, City Secretary

Lake Worth City Council Meeting – March 13, 2018 Agenda

Item No. B.2

From: Debbie Whitley, ACM/ Director of Finance

Item: Approve Finance reports for the month of February 2018.

Summary:

Finance reports are prepared and presented to Council for approval each month. The purpose of the reports is to keep the Council informed on the status of the City's revenues and expenses as related to the current year budget projections for major funds and on the cash and investment balances for all funds.

Fiscal Impact:

N/A

Attachments:

1. Cash Position Report- all funds
2. Cash and investment summary-all funds
3. Expenditure Report-General Fund, EDC and Water/Sewer Fund
4. Revenue Report-General Fund, EDC, Water/Sewer Fund and Debt Service Fund
5. Sales Tax Revenue Report-General Fund
6. Revenue, Expense and Cash Position Report-Park Improvement Fund
7. Revenue and Expense Report-Street Maintenance Fund
8. Revenue and Expense Report-Crime Control & Prevention District

Recommended Motion or Action:

Approve finance reports for the month of February 2018.

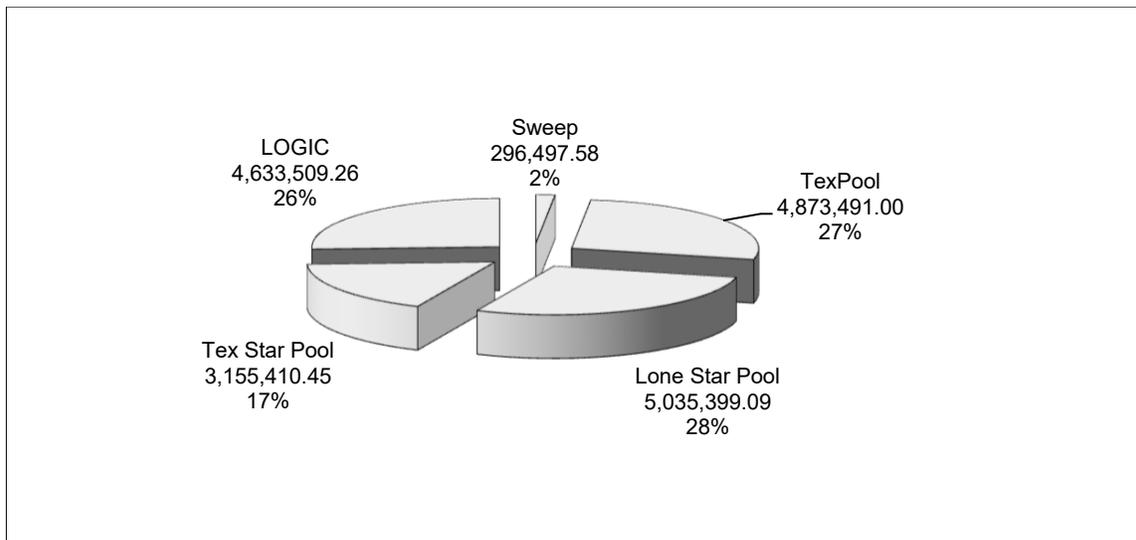
**CITY OF LAKE WORTH
CASH POSITION
As of February 28, 2018**

	Checking Account	TexPool	Lone Star Pool	TexStar	LOGIC	Total
General Fund	86,908.68	1,407,988.04	1,477,626.66	1,897,145.76	1,445,019.24	6,314,688.38
Park Fund	11,443.48	169,964.23			181,870.17	363,277.88
Child Safety Fund	11,923.63					11,923.63
Court Technology	13,106.70					13,106.70
Court Security Fund	21,986.51				44,701.11	66,687.62
Confiscated Property Fund						0.00
Street Maintenance		580,397.37	571,163.07	601,025.42	596,286.08	2,348,871.94
Crime Control	29,610.16	205,523.43	191,783.58	216,436.70		643,353.87
Economic Development		1,474,358.64	1,470,514.17		1,473,291.19	4,418,164.00
PEG Fund					70,607.01	70,607.01
Water/Sewer Fund	82,006.60	528,021.61	501,617.12		503,052.17	1,614,697.50
Debt Service	9,415.52	507,140.61	518,174.00			1,034,730.13
2008 CO Series		97.07		230,179.50		230,276.57
Hotel/Motel Tax Fund	30,096.30		304,520.49	210,623.07	318,682.29	863,922.15
Total All Cash & Invstments	296,497.58	4,873,491.00	5,035,399.09	3,155,410.45	4,633,509.26	17,994,307.38

**CITY OF LAKE WORTH
INVESTMENT ACTIVITY
As of February 28, 2018**

The Public Funds Investment Act requires the Finance Officer to submit not less than quarterly a list of investments, their net asset value (NAV) and their weighted average maturity (WAM). Listed below are the City's investments, their respective NAV and WAM or collateral status.

Total Funds Held In Checking Accounts Subject To Overnight Sweep	\$296,497.58
<i>(Funds covered by FDIC and Pledged Collateral by Bank of Texas)</i>	
Total Funds Held In TexPool	\$4,873,491.00
<i>(NAV \$1.00 per share, 4,873,491 shares; WAM 1 day)</i>	
Total Funds Held In Lone Star Pool	\$5,035,399.09
<i>(NAV \$1.00 per share, 5,035,399 shares; WAM 1 day)</i>	
Total Funds Held In TexStar Pool	\$3,155,410.45
<i>(NAV \$1.00 per share, 3,155,410 shares; WAM 1 day)</i>	
Total Funds Held In LOGIC	\$4,633,509.26
<i>(NAV \$1.00 per share, 4,633,509 shares; WAM 1 day)</i>	
 Total All Funds	 \$17,994,307.38



Prepared By: *Debbie Whitley*

Date: March 1, 2018

**CITY OF LAKE WORTH
EXPENDITURE REPORT
February 2018**

CATEGORY	BUDGETED	CURRENT MONTH	YEAR TO DATE	UNEXPENDED BALANCE	% EXPENDED
GENERAL FUND					
Mayor/Council	16,708.00	997.79	7,680.84	9,027.16	46%
Administration	1,123,518.00	37,796.60	656,897.31	466,620.69	58%
Admin-Finance	347,518.00	46,105.47	142,486.70	205,031.30	41%
Admin-HR/Risk Mgmt	148,756.00	8,488.06	62,991.16	85,764.84	42%
Admin-Multi-Purpose Center	16,605.00	1,249.78	4,595.41	12,009.59	28%
Admin-Multi-LW Area Museum	1,910.00	236.25	361.68	1,548.32	19%
Police	2,269,860.00	161,695.31	888,449.01	1,381,410.99	39%
Fire	1,886,871.00	144,020.09	856,407.92	1,030,463.08	45%
Street	943,342.00	62,580.99	301,448.41	641,893.59	32%
Library	255,793.00	18,642.57	95,790.30	160,002.70	37%
Parks	432,205.00	29,246.74	144,334.94	287,870.06	33%
Maintenance Dept	196,527.00	16,941.96	75,486.58	121,040.42	38%
Senior Citizens	126,645.00	9,771.45	50,958.44	75,686.56	40%
Municipal Court	237,483.00	13,545.33	84,465.29	153,017.71	36%
Animal Control	90,866.00	7,291.94	33,522.87	57,343.13	37%
Emergency Management	16,225.00	37.84	9,958.87	6,266.13	61%
Permits & Inspections	268,181.00	20,066.87	101,809.75	166,371.25	38%
P & I - Planning & Zoning	94,521.00	6,945.03	36,211.38	58,309.62	38%
P & I - Code Compliance	17,450.00	107.95	484.86	16,965.14	3%
Information Technology	553,374.00	23,904.10	255,129.64	298,244.36	46%
Economic Dev Activities	1,352,909.00	11,900.00	11,900.00	1,341,009.00	1%
Total General Fund	10,397,267.00	621,572.12	3,821,371.36	6,575,895.64	37%

WATER/SEWER FUND					
Administration	987,185.00	24,242.85	51,905.94	935,279.06	5%
Water Supply	901,587.00	57,057.28	137,903.68	763,683.32	15%
Water Distribution	337,539.00	43,809.75	131,100.41	206,438.59	39%
Sewer Department	917,407.00	97,150.14	163,862.15	753,544.85	18%
Total Water/Sewer	3,143,718.00	222,260.02	484,772.18	2,658,945.82	15%

**CITY OF LAKE WORTH
REVENUE REPORT
February 2018**

(Numbers in UNRECEIVED BALANCE WITH (-) INDICATES REVENUE RECEIVED OVER BUDGETED AMOUNT

CATEGORY	BUDGETED	CURRENT MONTH	YEAR TO DATE	UNRECEIVED BALANCE	% RECEIVED
GENERAL FUND					
Property Taxes	835,892.00	168,086.84	811,884.33	24,007.67	97%
Franchise Fees	460,000.00	22,884.47	122,001.38	337,998.62	27%
Sales and Beverage Taxes	7,191,422.00	850,027.29	2,063,636.30	5,127,785.70	29%
Fines and Warrants	459,825.00	58,534.42	244,589.64	215,235.36	53%
License & Permits	138,760.00	18,616.97	90,135.10	48,624.90	65%
Sanitation	190,200.00	15,924.30	79,548.55	110,651.45	42%
Animal Control	1,100.00	1,080.00	4,775.00	-3,675.00	434%
Investment Income & Misc	449,834.00	30,386.51	528,028.95	-78,194.95	117%
Due From Other Funds	745,657.00	0.00	0.00	745,657.00	0%
Use of Prior Year Reserves	937,084.00			937,084.00	0%
Total General Fund	11,409,774.00	1,165,540.80	3,944,599.25	7,465,174.75	35%

WATER/SEWER FUND					
Water Sales	1,475,000.00	92,622.51	474,152.10	1,000,847.90	32%
Water Tap Fees	1,000.00		380.00	620.00	38%
Water Service Charge	58,000.00	3,400.54	24,308.04	33,691.96	42%
Sewer Charges	980,000.00	80,461.00	364,521.95	615,478.05	37%
Sewer Tap Fees	3,000.00		1,500.00	1,500.00	50%
Interest Income & Miscellaneous	40,340.00	4,029.90	17,148.42	23,191.58	43%
Transfers In	410,659.00	0.00	0.00	410,659.00	0%
Use of Prior Year Reserves	175,719.00			175,719.00	0%
Total Water/Sewer Fund	3,143,718.00	180,513.95	882,010.51	2,261,707.49	28%

DEBT SERVICE FUND					
Property Tax Revenue	1,238,793.00	243,607.25	1,177,073.02	61,719.98	95%
Investment Income & Misc	3,000.00	832.62	1,399.72	1,600.28	47%
Transfers In	438,726.00	0.00	0.00	438,726.00	0%
Use of Prior Year Reserves				0.00	0%
Total Debt Service	1,680,519.00	244,439.87	1,178,472.74	502,046.26	70%

**CITY OF LAKE WORTH
GF SALES TAX ANALYSIS
FOR FEBRUARY 2018 REVENUE**

		Current % Incr or Decrease
Current Month Receipts	850,027.29	
Same Month, Last Year	812,456.48	4.624%
Same Month, 2 Years Ago	820,013.02	3.660%
Current YTD Total	2,544,267.77	
YTD, Last Year	2,650,829.88	-4.020%
YTD, 2 Years Ago	2,508,253.83	1.436%

Current Year Budget is \$7,167,422

CITY OF LAKE WORTH
PARK FUND
As of February 28, 2018

REVENUE SOURCE:

UTILITY DONATIONS	4,142.00
DONATIONS - KIDS & TREES	0.00
DONATIONS - NAVAJO PARK	0.00
DONATIONS - RAYL PARK	5,000.00
DONATIONS - LAKE WORTH PARK	0.00
INVESTMENT INCOME	1,668.61

REVENUE SOURCE:

UTILITY DONATIONS	4,142.00
DONATIONS - KIDS & TREES	0.00
DONATIONS - NAVAJO PARK	0.00
DONATIONS - RAYL PARK	5,000.00
DONATIONS - LAKE WORTH PARK	0.00
INVESTMENT INCOME	1,668.61
EDC CONTRIBUTIONS	0.00
MISCELLANEOUS	12.00

Total Revenue 10,822.61

EXPENDITURE CATEGORY:

MISCELLANEOUS	499.17
PARK MAINTENANCE	3,146.21
CHARBONNEAU PARK	95.91
LAKE WORTH PARK	20,340.40
NAVAJO PARK	116.88
GRAND LAKE PARK	0.00
REYNOLDS PARK	0.00

RAYL PARK	119.97
CASH POSITION	0.00
TELEPHONE ROAD PARK	44.96
DAKOTA PARK	0.00
EQUIPMENT PURCHASE/IMPROVEMENTS	0.00
Total Expenditure	24,363.50

REVENUE OVER EXPENDITURES -13,540.89

CITY OF LAKE WORTH
STREET MAINTENANCE
February 2018

Revenue

(Numbers in UNRECEIVED BALANCE WITH (-) INDICATES REVENUE RECEIVED OVER BUDGETED AMOUNT)

CATEGORY	BUDGETED	CURRENT MONTH	YEAR TO DATE	UNRECEIVED BALANCE	% RECEIVED
Sales Tax	162,526.00		162,525.99	0.01	100%
Interest & Misc Income	15,200.00	2,515.58	9,077.60	6,122.40	60%
Use of Prior Yr Rsrvs	274,052.00				
Total Revenue	451,778.00	2,515.58	171,603.59	280,174.41	38%

Expenditures

CATEGORY	BUDGETED	CURRENT MONTH	YEAR TO DATE	UNEXPENDED BALANCE	% EXPENDED
Miscellaneous	0.00	-106.24	0.00	0.00	#DIV/0!
Barricades & Markers	12,000.00	218.01	453.79	11,546.21	4%
Street Projects	329,778.00	1,048.00	6,761.59	323,016.41	2%
Concrete Replacement	110,000.00	0.00	0.00	110,000.00	0%
Total Expenditures	451,778.00	1,159.77	7,215.38	444,562.62	2%

CITY OF LAKE WORTH
CCPD
February 2018

Revenue

(Numbers in UNRECEIVED BALANCE WITH (-) INDICATES REVENUE RECEIVED OVER BUDGETED AMOUNT)

CATEGORY	BUDGETED	CURRENT MONTH	YEAR TO DATE	UNRECEIVED BALANCE	% RECEIVED
Sales Tax	1,075,000.00	119,767.16	358,534.63	716,465.37	33%
SRO Reimbursement	42,860.00	3,650.00	18,250.00	24,610.00	
Interest & Misc Income	3,000.00	560.93	2,048.93	951.07	68%
Use of Prior Yr Rsrvs					
Total Revenue	1,120,860.00	123,978.09	378,833.56	742,026.44	34%

Expenditures

CATEGORY	BUDGETED	CURRENT MONTH	YEAR TO DATE	UNEXPENDED BALANCE	% EXPENDED
Salaries	704,631.00	47,227.77	241,271.85	463,359.15	34%
Supplies	23,950.00	63.92	2,572.80	21,377.20	11%
Maintenance	23,175.00	1,824.69	9,221.39	13,953.61	40%
Services	60,690.00	899.22	37,234.08	23,455.92	61%
Equipment	160,000.00	0.00	6,366.29	153,633.71	4%
Transfers Out	175,851.00	0.00	0.00	175,851.00	0%
Total Expenditures	1,148,297.00	50,015.60	296,666.41	851,630.59	26%

Lake Worth City Council Meeting – March 13, 2018

Agenda Item No. B.3

From: Monica Solko, City Secretary

Item: Approve Resolution No. 2018-07, receiving the certification of unopposed candidates and canceling the May 5, 2018 General Election.

Summary:

The purpose of Resolution No. 2018-07 is to receive the certification of unopposed candidates and to cancel the May 5, 2018 General Election.

The City council, at their February 13, 2018 meeting, approved Resolution No. 2018-02 that called the May 5, 2018 General Election.

The 2018 General Election determines the positions of City Council Places 1, 3, 5 and 7. The positions are elected for a two-year term and will expire in May 2020, or until their successors are duly elected and qualified.

The filing period for the 2018 General Election began January 17, 2018 and concluded on February 16, 2018. The filing deadline for a write-in candidate to declare candidacy was February 22, 2018.

As the authority responsible for having the official ballot prepared, the City Secretary shall certify to the presiding officer for the governing body that candidates are unopposed for the election scheduled to be held on May 5, 2018. Following receipt of certification (Attachment A) and pursuant to Subchapter C of Chapter 2 of the Election Code, the City Council may declare each unopposed candidate elected to office.

The newly elected officials will be sworn into office at the May 8, 2018 City Council meeting.

Fiscal Impact:

N/A.

Attachments:

1. Resolution No. 2018-07

Recommended Motion or Action:

Move to approve Resolution No. 2018-07.

RESOLUTION NO. 2018-07

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE WORTH, TEXAS, RECEIVING CERTIFICATION OF THE CITY SECRETARY; DECLARING EACH UNOPPOSED CANDIDATE ELECTED TO OFFICE; AND CANCELING THE MAY 5, 2018 GENERAL ELECTION.

WHEREAS, the City of Lake Worth, Texas (“City”) is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government code; and

WHEREAS, the City of Lake Worth Charter provides that city elections shall be held in accordance with laws of the State of Texas; and

WHEREAS, Section 41.001(a) of the Texas Election Code, as amended by the 84th Texas Legislature, establishes the first Saturday in May as a uniform election date for the purposes of conducting a General Election; and

WHEREAS, Section 3.004(b) of the Texas Election Code provides that the governing body of a municipality shall be the authority to order a General Election for the purposes of electing members to the governing body; and

WHEREAS, the Council approved Resolution No. 2018-02, calling the General Election of May 5, 2018 for the purpose of electing four council members to serve on the City Council in Places 1, 3, 5, and 7; and

WHEREAS, the filing deadline for placement on the ballot and declaration of write-in candidacy have passed; and

WHEREAS, the City Secretary has certified in writing that each candidate on the ballot is unopposed for election to office; and

WHEREAS, in these circumstances Subchapter C of Chapter 2 of the Election Code authorizes a governing body to declare each unopposed candidate elected to office and to cancel the election.

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

Section 1. Certification of the City Secretary. As the authority responsible for having the official ballot prepared, the City Secretary hereby certifies (Attachment A) that the following candidates are unopposed for election to office for the election scheduled to be held on May 5, 2018 and that no write-in candidates have filed to be placed on the list of write-in candidates.

<u>OFFICE</u>	<u>CANDIDATE</u>	<u>TERM</u>
Council member, Place 1	Jim Smith	Two years
Council member, Place 3	Gene Ferguson	Two years
Council member, Place 5	Pat O. Hill	Two years
Council member, Place 7	Clint Narmore	Two years

Section 2. Declared Elected to Office. The following candidates who are unopposed in the May 5, 2018 General Election, are hereby elected to office, and shall be issued certificates of election following the time the election would have been canvassed:

Place 1	Jim Smith
Place 3	Gene Ferguson
Place 5	Pat O. Hill
Place 7	Clint Narmore

Section 3. Cancel Election. The May 5, 2018 General Election is canceled, and the City Secretary is directed to post a copy of the attached order (Attachment B) on May 5, 2018, at each polling place that would have been used in the election as required by Chapter 2 of the Election Code and in compliance with Section 203 of the Voting Rights Act 52 U.S.C. §10503.

AND IT IS SO RESOLVED.

PASSED AND APPROVED on the 13th day of March 2018.

CITY OF LAKE WORTH

By: _____
Walter Bowen, Mayor

ATTEST:

Monica Solko, City Secretary

Attachment A

**CERTIFICATION OF UNOPPOSED CANDIDATES FOR OTHER POLITICAL
SUBDIVISIONS (NOT COUNTY)**

**CERTIFICACIÓN DE CANDIDATOS ÚNICOS PARA OTRAS SUBDIVISIONES
POLITICAS (NO EL CONDADO)**

To: Presiding Officer of Governing Body

Al: Presidente de la entidad gobernante

As the authority responsible for having the official ballot prepared, I hereby certify that the following candidates are unopposed for election to office for the election scheduled to be held on May 5, 2018.

Como autoridad a cargo de la preparación de la boleta de votación oficial, por la presente certifico que los siguientes candidatos son candidatos únicos para elección para un cargo en la elección que se llevará a cabo del 5 de mayo de 2018.

List offices and names of candidates:

Lista de cargos y nombres de los candidatos:

Office(s) Cargo(s)

Place 1

Place 3

Place 5

Place 7

Candidate(s) Candidato(s)

Jim Smith

Gene Ferguson

Pat O. Hill

Clint Narmore

Signature (*Firma*)

Printed name (*Nombre en letra de molde*)

Title (*Puesto*)

Date of signing (*Fecha de firma*)

(Seal) (*sello*)

Attachment B

ORDER OF CANCELLATION

The City of Lake Worth hereby cancels the election scheduled to be held on May 5, 2018 in accordance with Section 2.053(a) of the Texas Election Code. The following candidates have been certified as unopposed and are hereby elected as follows:

Candidate	Office Sought
Jim Smith	City Council, Place 1
Gene Ferguson	City Council, Place 3
Pat O. Hill	City Council, Place 5
Clint Narmore	City Council, Place 7

A copy of this order will be posted on Election Day at each polling place that would have been used in the election.

Presiding Officer of Governing Body

Secretary

(seal)

Date of adoption

EJEMPLO DE ORDEN DE CANCELACIÓN

El Ciudad de Lake Worth por la presente cancela la elección que, de lo contrario, se hubiera celebrado el del 5 de mayo de 2018 de conformidad, con la Sección 2.053(a) del Código de Elecciones de Texas. Los siguientes candidatos han sido certificados como candidatos únicos y por la presente quedan elegidos como se haya indicado a continuación:

(Candidato)

Jim Smith
Gene Ferguson
Pat O. Hill
Clint Narmore

(Cargo al que presenta candidature)

City Council, Place 1
City Council, Place 3
City Council, Place 5
City Council, Place 7

El Día de las Elecciones se exhibirá una copia de esta orden en todas las mesas electorales que se hubieran utilizado en la elección.

Presidente de la entidad gobernante

Secretario

(sello)

Fecha de adopción

LỆNH HỦY BỎ CUỘC TUYỂN CỬ

Thành phố của Lake Worth theo đây hủy bỏ cuộc bầu cử đã được sắp xếp tổ chức vào ngày 5 tháng Năm, 2018 thể theo Mục 2.053(a) của Luật Tuyển Cử Texas. Những ứng cử viên sau đây đều được chứng nhận là độc nhất không có đối thủ và vì vậy đã được bầu như sau:

Ứng Cử Viên

Jim Smith
Gene Ferguson
Pat O. Hill
Clint Narmore

Chức Vụ Tranh Cử

Ủy Viên Hội Đồng Thành Phố, Vị Trí 1
Ủy Viên Hội Đồng Thành Phố, Vị Trí 3
Ủy Viên Hội Đồng Thành Phố, Vị Trí 5
Ủy Viên Hội Đồng Thành Phố, Vị Trí 7

Một bản sao của lệnh này sẽ được yết bảng công bố vào Ngày Bầu Cử tại từng địa điểm bỏ phiếu nào đã được sắp xếp để sử dụng trong cuộc bầu cử.

Viên chức Chủ trì của Tổ Chức Điều Hành

Thư Ký

(con dấu đóng)

Ngày chấp nhận:

Lake Worth City Council Meeting – March 13, 2018

Agenda Item No. B.4

From: Stacey Almond, City Manager

Item: Approve a contract extending the depository agreement with Bank of Texas for a one (1) year term.

Summary:

The City's depository services agreement with Bank of Texas expires April 30, 2017, but allows for two (2) additional one (1) year terms if agreed to by both parties.

Staff would like to exercise the option to renew the agreement for the second of these additional terms. Bank of Teas representatives have indicated that they too are willing to exercise this option. Attached is the document that will need to be executed if the extension is approved.

Depository services will need to be placed out for bid next year.

Fiscal Impact:

None

Attachments:

1. Depository Service Agreement

Recommended Motion or Action:

Move to approve extending the depository agreement with Bank of Texas for a one (1) year term and authorize the City Manager to execute the document.



3805 Adam Grubb
Lake Worth, TX 76135-3509
Phone: 817-237-1211
Fax: 817-237-1333

Below is an excerpt from the Depository Services Agreement with Bank of Texas:

Article II

Term

A) The term of this Agreement is for three (3) years, commencing May 1, 2014 and terminating April 30, 2017; provided, however, that the parties may renew this Agreement for two (2) additional one (1) year terms, for a total of five (5) years, under the same terms and conditions of this Agreement, subject to the mutual agreement of the parties in writing.

By signing below, the parties to the agreement authorize renewal of the agreement for the second of two (2) additional one (1) year terms.

Stacey Almond
City Manager
City of Lake Worth

Date _____

Lori Foster
Assistant Vice President, Treasury Services
Bank of Texas

Date _____

Lake Worth City Council Meeting – March 13, 2018

Agenda Item No. B.5

From: Stacey Almond, City Manager

Item: Approve an updated agreement with the Metropolitan Area EMS Authority, d/b/a MedStar Mobile Healthcare and the MAEMSA Office of the Medical Director for the First Responder and Provider Agreement.

Summary:

This agreement is in addition to the EMS Ordinance that was passed by the Council in February 2017. This Agreement further identifies that the OMD (Office of the Medical Director) publishes its protocols, procedures, and policies and that the OMD and FRO desire to formalize an agreement to comply with the Texas Department of Health Rule number 157.14.

MedStar, OMD and FRO agree to terms regarding:

- Level of Certification;
- Protocols and Medical Equipment;
- Day and Hours of FRO Operation;
- Patient Care Reporting;
- Credentialing for FRO
- Assessment of Care Provided by FRO;
- FRO Response Code Policies;
- On-Scene Chain of Command Policies;
- Cancellation of Ambulance;
- First Responder Personnel; and
- Confidentiality

Lake Worth Fire Department will provide first responder service to the City of Lake Worth and the City of Lakeside as stated in the updated agreement.

Fiscal Impact:

None

Attachments:

1. First Responder and Provider Agreement.

Recommended Motion or Action:

Move to approve and an updated agreement with Metropolitan Area EMS Authority, d/b/a MedStar Mobile Healthcare and the MAEMSA Office of the Medical Director for the First Responder and Provider Agreement and authorize the City Manager to execute same.

First Responder and Provider Agreement

This agreement is made and entered into the _____ day of _____, 2018, by **LAKE WORTH FIRE DEPARTMENT**, hereinafter referred to as "FRO," the Metropolitan Area EMS Authority, d/b/a MedStar Mobile Healthcare hereinafter referred to as "Provider," and the MAEMSA Office of the Medical Director hereinafter referred to as "OMD."

RECITALS

WHEREAS, the relationship between the Provider, OMD, and the FRO is established by the Uniform EMS Ordinance and the Restated EMS Interlocal Cooperative Agreement;

WHEREAS, member jurisdictions must provide first responder services within their jurisdiction;

WHEREAS, each jurisdiction adopts the Uniform EMS Ordinance giving the OMD responsibility for providing Medical Direction for that jurisdiction's first responder FRO;

WHEREAS, OMD publishes its protocols, procedures, and policies in a document entitled the OMD Protocols, Procedures, and Policies;

WHEREAS, OMD is responsible for, but not limited to, certification of personnel; establishing equipment requirements for first responder vehicles; and for monitoring the quality of patient care provided within the system; and

WHEREAS, the Provider, OMD, and FRO desire to formalize an agreement to comply with the Texas Department of Health rule number §157.14 entitled "Requirements for First Responder Organization Registration," section (c), paragraph (1).

NOW, THEREFORE, the Provider, OMD, and the FRO agree with the terms and conditions delineated herein.

I. **Level of Certification.**

- a. OMD recognizes the FRO as a Basic Life Support First Responder Organization. As such, the FRO is to meet all requirements listed in the OMD protocols & policies and is to provide Basic Life Support Services.
- b. Any FRO personnel who are OMD credentialed paramedics may provide ALS Assist level care when all equipment and medications on the ALS Assist First Responder Minimum Equipment list are available.

II. **Protocols and Medical Equipment.**

- a. The FRO is required to adhere to the OMD Protocols and Procedures **Exhibit "A"**, and OMD Policies **Exhibit "B"**.
- b. The FRO must equip first response apparatus with approved supplies and equipment as referenced in OMD policy. An inventory list is provided in **Exhibit "C"**.
- c. Agencies recognized by OMD as BLS level first responders must provide all medications approved in the Minimum Equipment List.
- d. The FRO must also provide protective gear as required by the OMD policy.

III. **Days and Hours of FRO Operation.**

- a. The FRO must provide EMS first responder services 24-hours per day and 7 days per week.
- b. In the event that such services might be interrupted, the FRO must notify the OMD Medical Director and Provider as soon as possible.

IV. **Patient Care Reporting.**

- a. The Provider, OMD, and FRO recognize that documentation of patient care is essential for effective communication and continuity of care. The FRO must adopt or develop a patient care documentation form and submit it to the OMD Medical Director for approval.
- b. **Exhibit "D"** contains a copy of an example FRO Patient Care Report that has been approved by the OMD Medical Director. If adopted, it is agreed that the original copy (copy 1) will be retained by the FRO and the second copy (copy 2) will be given to the Provider before the patient is transported to the hospital.

- V. **Credentialing of FRO Personnel Who Render Patient Care.**
 - a. OMD has established a process to credential personnel to provide patient care within the MedStar system. FRO personnel must meet the requirements of the OMD credentialing policy
 - b. OMD requires ongoing testing of personnel within the MedStar system. FRO Personnel must meet these requirements per OMD policy.

- VI. **Assessment of Care Provided by the FRO.**
 - a) OMD requires personnel of the MedStar system to participate in quality assurance / improvement reporting and meetings.
 - b) The FRO must:
 - i. Meet the requirements of the OMD protocols & policy
 - ii. Participate in assigned committees;
 - iii. Report QA findings monthly; and
 - iv. Submit data to OMD registries, as requested.

- VII. **FRO Response Code Policies.**
 - a. The FRO agrees to respond to requests for service as required by the MedStar Emergency Medical Dispatch protocols and policies, as approved by the OMD Medical Director.
 - b. The FRO may adopt other response policies that may be necessary to assure the safety and well being of their personnel and community. When such additional policies affect responses to medical situations, approval from the OMD Medical Director is required.

- VIII. **On-scene Chain of Command Policies.**
 - a. In addition to the FRO's standard operating procedures related to the chain of command, FRO personnel shall recognize the MedStar Ambulance Advanced Paramedic as the highest ranking medically trained EMS person on scene.
 - b. While FRO personnel may be responsible for incident command, the MedStar Ambulance Paramedics are responsible for patient care and transport decisions in accordance with OMD protocols & policy.

- IX. **Cancellation of Ambulances.**
 - a. The FRO may cancel ambulance responses in accordance with OMD protocols & policy

- X. **First Responder Personnel Accompanying Patients on Ambulances.**
 - a. Subject to FRO staffing needs, the FRO agrees to allow at least one EMS certified person to assist with patient care on-board an ambulance during transport, when deemed necessary by the MedStar Ambulance Paramedic.

- XI. **Confidentiality.**
 - a. The FRO agrees to comply with confidentiality laws of the state of Texas.

 Douglas R. Hooten
 MedStar Mobile Healthcare CEO

 Authorized Representative of the
 Fire Department

By: _____

 Date

 Date

 Neal Richmond M.D.
 Medical Director

 Date

Lake Worth City Council Meeting – March 13, 2018

Agenda Item No. E.1

From: Sean Densmore, Director of Public Works

Item: Discuss and consider the approval of \$260,000 payable to Reynolds Asphalt for the 2017-2018 Street Maintenance Projects.

Summary:

Per the Interlocal Agreement with Tarrant County (CO#126463), the city is responsible to cover the cost of all materials used pertaining to the submitted street projects. The agreement also allows the City to receive Tarrant County pricing from their preferred vendors. Currently, Reynolds Asphalt is the preferred vendor for Type D Hot Mix for Tarrant County. Below is the breakdown of the streets' square footage and estimated asphalt tonnage.

- 4100 Sunset Trail (12,376 sq ft.) – 152 Tons
- 4500 Norris Valley (9,542 sq ft.) – 117 Tons
- 6700 -6800 Wallis Road (37,908 sq ft) – 464 Tons
- 4300-3700 Clarke Drive (43,680 sq ft) – 534 Tons
- 7100 Osage Trail (9,725 sq ft) – 119 Tons
- 6900 Effie Morris (11,500 sq ft) – 141 Tons
- 3700 Merritt Drive (19,980 sq ft) – 60 Tons
- 4000 Merritt Drive (16,450 sq ft) – 201 Tons
- 4300 Mayan Court (17,450 sq ft) – 212 Tons
- 4100 Fewell Drive (8,780 sq ft) – 107 Tons
- 6600 Aztec Court (18,000 sq ft) – 223 Tons
- 6500-6600 Lakeside Drive (29,380 sq ft) – 360 Tons

Fiscal Impact:

FY 2017-2018 budgeted amount - \$260,000

Attachments:

1. Tarrant County Interlocal Agreement CO#126463
2. Tarrant County, Annual Contract for Asphalt Road Surfacing Product 2015-189

Recommended Motion or Action:

Move to approve a \$260,000 payable to Reynolds Asphalt for the 2017-2018 Street Maintenance Projects.

CO# 126463

THE STATE OF TEXAS

INTERLOCAL AGREEMENT

COUNTY OF TARRANT

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

WHEREAS, the CITY is requesting the COUNTY'S assistance in the reconstruct and asphalt overlay 4100 Sunset Trail and 4500 Norris Valley Drive all being streets or property located within the CITY (collectively referred to as the "Project").

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

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

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

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

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

TERMS AND CONDITIONS

1. COUNTY RESPONSIBILITY

- 5.1 If requested by the CITY, the COUNTY will apply permanent striping coordinated through the Transportation Department to that part of the Project described in 1.2 and 1.3 above. Application of striping by the COUNTY is limited to those Project roadways. If the CITY desires permanent striping applied to any roadways or portions of roadways not covered by this Agreement, the CITY will need to enter into a separate agreement with the COUNTY for the provision of those services.
- 5.2 If necessary, the CITY will furnish flag persons.
- 5.3 If required, the CITY will pay for engineering services, storm water run-off plans, and continuation of services and plan.
- 5.4 If a Storm Water Prevention Plan is provided by the CITY, the COUNTY will be responsible for the implementation and maintenance of the Plan during the duration of the Project.

6. TIME PERIOD FOR COMPLETION

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

7. THIRD PARTY

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

8. JOINT VENTURE & AGENCY

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

9. EFFECTIVE DATE

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

10. TERMINATION OF AGREEMENT

The initial term of this Agreement is until September 30, 2018 and will automatically renew for a like term thereafter unless terminated by either party in writing. Either party may terminate this Agreement at any time—either before the expiration of

the initial term or after the renewal of any term thereafter—by providing the other party with 30-days written notice of termination. In the event of termination by either party, neither party shall have any obligations to the other party under this Agreement, except that the CITY is still liable for payment to the COUNTY for any outstanding invoice for the Project.

TARRANT COUNTY, TEXAS

W. Alan Whitley
COUNTY JUDGE

Date: October 24, 2017

J.D. Johnson
COMMISSIONER, PRECINCT FOUR
J.D. JOHNSON October 24, 2017

Attest:

Cheryl Winchester

APPROVED AS TO FORM*

Allyson W. [Signature]
Criminal District Attorney's Office*

October 24, 2017

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

CITY OF LAKE WORTH

[Signature]
Authorized City Official

Date: 11.3.17



Attest:

Marisa [Signature]

APPROVED AS TO FORM ~~AND LEGALITY~~

[Signature]
Assistant City Attorney

CO# 126302

THE STATE OF TEXAS

INTERLOCAL AGREEMENT

COUNTY OF TARRANT

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

WHEREAS, the CITY is requesting the COUNTY'S assistance in the asphalt overlay of 6700-6800 Wallis Road, 4300-7000 Clarks Drive, 7100 Osage Trail, 6900 Effie Morris Lane, 3700 and 4000 Merritt Drive, 4300 Mayan Court, 4100 Fewell Drive, 6600 Aztec Court and 6500-6600 Lakeside Drive all being streets or property located within the CITY (collectively referred to as the "Project").

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

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

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

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

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

TERMS AND CONDITIONS

1. COUNTY RESPONSIBILITY

- 1.1 The COUNTY will furnish the labor and equipment to assist the CITY in completing the Project.
- 1.2 The Project consists of the asphalt overlay of approximately 212,853 square feet of CITY roadways, consisting of a 2" Type D hot mix asphaltic concrete pavement surface; more specifically:

6700-6800 Wallis Road	4300-7000 Clarks Drive
7100 Osage Trail	6900 Effie Morris Lane
3700 and 4000 Merritt Drive	4300 Mayan Court
4100 Fewell Drive	6600 Aztec Court
6500-6600 Lakeside Drive	

2. CITY RESPONSIBILITY

- 2.1 CITY will furnish all materials for the Project and pay trucking charges.
- 2.2 CITY will furnish a site for dumping waste in close proximity to job site for materials generated during this project.
- 2.3 CITY will furnish all rights of way, plan specifications and engineering drawings.
- 2.4 CITY will furnish necessary traffic controls including Type A barricades to redirect traffic flow to alternate lanes during the construction phase of the Project; and
- 2.5 CITY will provide temporary driving lane markings.
- 2.6 If a Storm Water Pollution Prevention Plan is required, the CITY will be responsible for the design and development of the Plan. CITY will pay for all cost (including subcontractor materials, labor and equipment) associated with the implementation and maintenance of the Plan.

3. PROCEDURES DURING PROJECT

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

If the CITY has a complaint regarding the construction of the project, the CITY must complain in writing to the COUNTY no later than 30 days of the date of project completion. Upon expiration of 30 days after project completion, the CITY will be solely responsible for maintenance and repairs of the entire Project.

4. NO WAIVER OF IMMUNITY

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

The initial term of this Agreement is until September 30, 2018 and will automatically renew for a like term thereafter unless terminated by either party in writing. Either party may terminate this Agreement at any time—either before the expiration of the initial term or after the renewal of any term thereafter—by providing the other party with 30-days written notice of termination. In the event of termination by either party, neither party shall have any obligations to the other party under this Agreement, except that the CITY is still liable for payment to the COUNTY for any outstanding invoice for the Project.

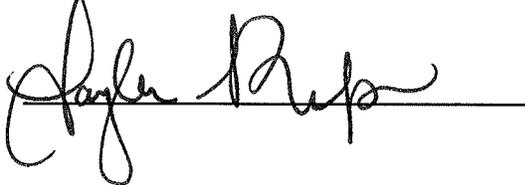
TARRANT COUNTY, TEXAS


COUNTY JUDGE

Date: October 3, 2017


COMMISSIONER, PRECINCT FOUR
J.D. JOHNSON October 3, 2017

Attest:

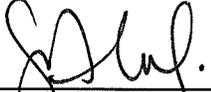


APPROVED AS TO FORM*


Criminal District Attorney's Office*
October 3, 2017

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

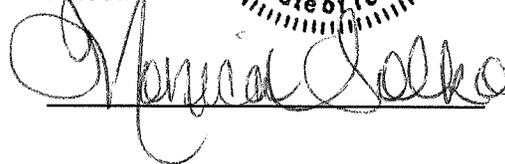
CITY OF LAKE WORTH


Authorized City Official

Date: 11.3.17



Attest:



APPROVED AS TO FORM AND LEGALITY


Assistant City Attorney

RFB 2015-189 Annual Contract for Asphalt Road Surfacing Products

**Bid Award Recommendation
PRIMARY VENDORS**

		APAC-Texas Dallas, TX HUB - No	Austin Asphalt Irving, TX HUB - No	JLB Contracting Fort Worth, TX HUB - No	Lane Construction Roanoke, TX HUB - No	Reynolds Asphalt & Construction Eules, TX HUB - No	Zack Burkett Graham, TX HUB - No
1	Hot Mix Asphaltic Concrete Type "B" (Fine - Graded Intermediate Base Course) Virgin Aggregate, Loaded on County truck at Plant	53.00 Per Ton	54.00 Per Ton	56.00 Per Ton	54.00 Per Ton	50.00 Per Ton	No Bid
1A	Hot Mix Asphaltic Concrete Type "B" (Fine - Graded Intermediate Base Course) with Fractionated RAP, Loaded on County truck at Plant	45.00 Per Ton	45.00 Per Ton	55.00 Per Ton	52.00 Per Ton	46.00 Per Ton	No Bid
2	Hot Mix Asphaltic Concrete Type "C" (Course - Graded Surface Course) Virgin Aggregate, Loaded on County truck at Plant	55.00 Per Ton	55.00 Per Ton	No Bid	58.50 Per Ton	52.00 Per Ton	No Bid
2A	Hot Mix Asphaltic Concrete Type "C" (Course - Graded Surface Course) with Fractionated RAP, Loaded on County truck at Plant	49.00 Per Ton	49.00 Per Ton	No Bid	54.00 Per Ton	48.00 Per Ton	No Bid
3	Hot Mix Asphaltic Concrete Type "D" (Fine - Graded Surface Course) Virgin Aggregate, Loaded on County truck at Plant	56.00 Per Ton	60.50 Per Ton	57.00 Per Ton	59.50 Per Ton	52.00 Per Ton	No Bid
3A	Hot Mix Asphaltic Concrete Type "D" (Fine - Graded Surface Course) with Fractionated RAP, Loaded on County truck at Plant	50.00 Per Ton	51.00 Per Ton	56.00 Per Ton	54.50 Per Ton	48.00 Per Ton	No Bid
4	Delivery Charge for Items 1 - 3 F.O.B. Job Site and dumped into self-propelled paver						
	Tandem Truck	.60 Per Ton Per Mile 10 Mile Minimum	.39 Per Ton Per Mile	.70 Per Ton Per Mile	.40 Per Ton Per Mile	Less than 5 miles 5.15 per ton; greater than 5 miles add an additional .18 per ton, per mile based on 12 ton minimum	No Bid

RFB 2015-189 Annual Contract for Asphalt Road Surfacing Products

Bid Award Recommendation
PRIMARY VENDORS

		APAC-Texas Dallas, TX HUB - No	Austin Asphalt Irving, TX HUB - No	JLB Contracting Fort Worth, TX HUB - No	Lane Construction Roanoke, TX HUB - No	Reynolds Asphalt & Construction Eules, TX HUB - No	Zack Burkett Graham, TX HUB - No
4 Cont	Flowboy Truck	.50 Per Ton Per Mile 10 Mile Minimum	.39 Per Ton Per Mile	.75 Per Ton Per Mile	.37 Per Ton Per Mile	Less than 5 miles 4.38 per ton; greater than 5 miles add an additional .18 per ton, per mile based on 20 ton minimum	No Bid
4A	Delivery Charge for Items 1A - 3A F.O.B. Job Site and dumped into self-propelled paver						
	Tandem Truck	.60 Per Ton Per Mile 10 Mile Minimum	.39 Per Ton Per Mile	.70 Per Ton Per Mile	.40 Per Ton Per Mile	Less than 5 miles 5.15 per ton; greater than 5 miles add an additional .18 per ton, per mile based on 12 ton minimum	No Bid
	Flowboy Truck	.50 Per Ton Per Mile 10 Mile Minimum	.39 Per Ton Per Mile	.75 Per Ton Per Mile	.37 Per Ton Per Mile	Less than 5 miles 4.38 per ton; greater than 5 miles add an additional .18 per ton, per mile based on 20 ton minimum	No Bid

RFB 2015-189 Annual Contract for Asphalt Road Surfacing Products

**Bid Award Recommendation
PRIMARY VENDORS**

		APAC-Texas Dallas, TX HUB - No	Austin Asphalt Irving, TX HUB - No	JLB Contracting Fort Worth, TX HUB - No	Lane Construction Roanoke, TX HUB - No	Reynolds Asphalt & Construction Eules, TX HUB - No	Zack Burkett Graham, TX HUB - No
5	Hot Mix Cold Laid Asphalt Type "B" Loaded on County truck at Plant	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid
5A	Hot Mix Cold Laid Asphalt Type "B" with Fractionated RAP Loaded on County truck at Plant	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid
6	Hot Mix Cold Laid Asphalt Type "C" Loaded on County truck at Plant	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid
6A	Hot Mix Cold Laid Asphalt Type "C" with Fractionated RAP Loaded on County truck at Plant	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid
7	Hot Mix Cold Laid Asphalt Type "D" Loaded on County truck at Plant	78.00	70.00	No Bid	No Bid	No Bid	No Bid
7A	Hot Mix Cold Laid Asphalt Type "D" Fractionated RAP Loaded on County truck at Plant	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid
8	Hot Mix Cold Laid Asphalt Type "F" Loaded on County truck at Plant	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid
8A	Hot Mix Cold Laid Asphalt Type "F" with Fractionated RAP Loaded on County truck at Plant	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid
9	Delivery Charge for Items 5 - 8 F.O.B. Precinct Maintenance Garage						
	Tandem Truck	.60 Per Ton Per Mile 10 Mile Minimum	.39 Per Ton Per Mile	No Bid	No Bid	No Bid	No Bid

RFB 2015-189 Annual Contract for Asphalt Road Surfacing Products

**Bid Award Recommendation
PRIMARY VENDORS**

		APAC-Texas Dallas, TX HUB - No	Austin Asphalt Irving, TX HUB - No	JLB Contracting Fort Worth, TX HUB - No	Lane Construction Roanoke, TX HUB - No	Reynolds Asphalt & Construction Eules, TX HUB - No	Zack Burkett Graham, TX HUB - No
9 Cont	Flowboy Truck	.50 Per Ton Per Mile 10 Mile Minimum	.39 Per Ton Per Mile	No Bid	No Bid	No Bid	No Bid
9A	Delivery Charge for Items 5A - 8A F.O.B. Precinct Maintenance Garage						
	Tandem Truck	.60 Per Ton Per Mile 10 Mile Minimum	.39 Per Ton Per Mile	No Bid	No Bid	No Bid	No Bid
	Flowboy Truck	.50 Per Ton Per Mile 10 Mile Minimum	.39 Per Ton Per Mile	No Bid	No Bid	No Bid	No Bid

RFB 2015-189 Annual Contract for Asphalt Road Surfacing Products

**Bid Award Recommendation
PRIMARY VENDORS**

		APAC-Texas Dallas, TX HUB - No	Austin Asphalt Irving, TX HUB - No	JLB Contracting Fort Worth, TX HUB - No	Lane Construction Roanoke, TX HUB - No	Reynolds Asphalt & Construction Eules, TX HUB - No	Zack Burkett Graham, TX HUB - No
10	High Performance Cold Mix Patching Material, Bulk Loaded on County truck at Plant	98.00	No Bid	105.00	No Bid	No Bid	95.00
11	Warm Mix Asphaltic Concrete, Type "B" Loaded on County truck at Plant	54.50	55.00	No Bid	54.00	53.00	No Bid
11A	Warm Mix Asphaltic Concrete with Fractionated RAP Loaded on County truck at Plant	46.50	46.00	No Bid	52.00	49.00	No Bid
12	Warm Mix Asphaltic Concrete, Type "C" Loaded on County truck at Plant	56.50	56.00	No Bid	58.50	55.00	No Bid
12A	Warm Mix Asphaltic Concrete with Fractionated RAP Loaded on County truck at Plant	50.50	50.00	No Bid	54.00	52.00	No Bid
13	Warm Mix Asphaltic Concrete, Type "D" Loaded on County truck at Plant	57.50	61.50	No Bid	59.50	55.00	No Bid
13A	Warm Mix Asphaltic Concrete with Fractionated RAP Loaded on County truck at Plant	51.50	52.00	No Bid	54.50	52.00	No Bid
14	Warm Mix Asphaltic Concrete, Type "F" Loaded on County truck at Plant	65.00	No Bid	No Bid	No Bid	64.00	No Bid
14A	Warm Mix Asphaltic Concrete with Fractionated RAP Loaded on County truck at Plant	No Bid	No Bid	No Bid	No Bid	61.00	No Bid

RFB 2015-189 Annual Contract for Asphalt Road Surfacing Products

**Bid Award Recommendation
PRIMARY VENDORS**

		APAC-Texas Dallas, TX HUB - No	Austin Asphalt Irving, TX HUB - No	JLB Contracting Fort Worth, TX HUB - No	Lane Construction Roanoke, TX HUB - No	Reynolds Asphalt & Construction Eules, TX HUB - No	Zack Burkett Graham, TX HUB - No
15	Delivery Charge for Items 10 - 14 F.O.B. Precinct Maintenance Garage						
	Tandem Truck	.60 Per Ton Per Mile 10 Mile Minimum	.39 Per Ton Per Mile	.70 Per Ton Per Mile	.40 Per Ton Per Mile	Less than 5 miles 5.15 per ton; greater than 5 miles add an additional .18 per ton, per mile based on 12 ton minimum	.45 Per Ton Per Mile
	Flowboy Truck	.50 Per Ton Per Mile 10 Mile Minimum	.39 Per Ton Per Mile	.75 Per Ton Per Mile	.37 Per Ton Per Mile	Less than 5 miles 4.38 per ton; greater than 5 miles add an additional .18 per ton, per mile based on 20 ton minimum	.19 Per Ton Per Mile

RFB 2015-189 Annual Contract for Asphalt Road Surfacing Products

Bid Award Recommendation
PRIMARY VENDORS

		APAC-Texas Dallas, TX HUB - No	Austin Asphalt Irving, TX HUB - No	JLB Contracting Fort Worth, TX HUB - No	Lane Construction Roanoke, TX HUB - No	Reynolds Asphalt & Construction Eules, TX HUB - No	Zack Burkett Graham, TX HUB - No
15A	Delivery Charge for Items 10A - 14A F.O.B. Precinct Maintenance Garage						
	Tandem Truck	.60 Per Ton Per Mile 10 Mile Minimum	.39 Per Ton Per Mile	.70 Per Ton Per Mile	.40 Per Ton Per Mile	Less than 5 miles 5.15 per ton; greater than 5 miles add an additional .18 per ton, per mile based on 12 ton minimum	No Bid
	Flowboy Truck	.50 Per Ton Per Mile 10 Mile Minimum	.39 Per Ton Per Mile	.75 Per Ton Per Mile	.37 Per Ton Per Mile	Less than 5 miles 4.38 per ton; greater than 5 miles add an additional .18 per ton, per mile based on 20 ton minimum	No Bid
	Discount for Related Items not Specified	No Bid	NA	15%	0%	0%	0%
	Demurrage Charge Per Hour	100.00	50.00	80.00	95.00	33.25 Tandem 47.95 Flowboy	100.00
	Normal Delivery Time After Receipt of Order	Next Day	24 Hours	24 Hours	24 Hours	24 Hours	(*) Not Provided

(*) Bid received from Zack Burkett failed to meet specifications for Item 15A because vendor did not provide delivery time.

RFB 2015-189 Annual Contract for Asphalt Road Surfacing Products

**Bid Award Recommendation
PRIMARY VENDORS**

		APAC-Texas Dallas, TX HUB - No	Austin Asphalt Irving, TX HUB - No	JLB Contracting Fort Worth, TX HUB - No	Lane Construction Roanoke, TX HUB - No	Reynolds Asphalt & Construction Eules, TX HUB - No	Zack Burkett Graham, TX HUB - No
Plant Location	1901 Cold Springs RD Fort Worth, TX 9500 Technology Blvd. Fort Worth, TX 416 County RD 1539, Chico, TX	2301 Austin RD Fort Worth, TX	7151 Randol Mill RD Fort Worth, TX	11801 Harmonson Rd Justin, TX	12650 Calloway Cementery Rd Eules, TX 10015 Hicks Field Rd Saginaw, TX 617 E. College Street Lewisville, TX	10351 FM 1191 S Bryson, TX	

Lake Worth City Council Meeting – March 13, 2018

Agenda Item No. E.2

From: Sean Densmore, Director of Public Works

Item: Discuss and consider an agreement with Oncor Electric Company, LLC to replace existing non-working streetlight fixtures to a light-emitting diode (LED) street light fixture for replacement to HPS, 200 wattages and authorize the City Manager to execute the agreement.

Summary:

Oncor approached the City of Lake Worth, due to a new light tariff beginning April 1, 2018, to replace existing non-working streetlights with a light emitting diode (LED) streetlight fixture. They have proposed three (3) options for the city to consider.

Option 1:

Oncor would change all non-working street streetlights to a LED fixture. The City would be responsible for the payment of the appropriate LED streetlight rate in accordance with Oncor's Tariff for Retail Delivery Service, Street Lighting Service. (Non-working lights are lights with a failed component, this does not include burned out bulbs).

Option 2:

Oncor would change all streetlights as they burnout to a LED fixture. The City would be responsible for the payment of the appropriate LED streetlight rate in accordance with Oncor's Tariff for Retail Delivery Service, Street Lighting Service.

Option 3:

The City can request specific streetlights to be replaced with a LED fixture including working fixtures and bulbs however; the City would then be charged for the replacement.

The current streetlight counts for the City are:

- 206 HPS, 100 Wattage
- 31 HPS, 200 Wattage
- 3 Mercury Vapor, 400 Wattage
 - The MV lights are being phased out due to the EP act of 2005.

Fiscal Impact:

The fiscal impact for replacing these fixtures is low. We're currently paying below \$ 0.05 kwh for each streetlight.

Below is a breakdown of monthly financial impact expected for replacing each non-working streetlight:

- HPS, 100 Wattage – 0% increase.
- **HPS, 200 Wattage – Estimated additional total monthly cost of \$0.03, per replacement.**
- HPS, 400 Wattage – Estimated savings of \$1.11 each month, per replacement.

Lake Worth City Council Meeting – March 13, 2018

Agenda Item No. E.2

Attachments:

1. Oncor Streetlight Maintenance Authorization for LED Replacement
2. LED Streetlight Overview documentation

Recommended Motion or Action:

Move to approve an agreement with Oncor Electric Company, LLC to replace existing non-working streetlight fixtures to a light-emitting diode (LED) street light fixture for replacement to HPS, 200 wattages and authorize the City Manager to execute the agreement.

Streetlight Maintenance Authorization for LED Replacements

The City of _____ (City) authorizes Oncor Electric Delivery Company LLC (Company) to make the following blanket change from an existing non-working* streetlight fixture which requires a replacement to a light-emitting diode (LED) streetlight fixture:

Replacement Schedule:

Mercury Vapor Wattage	LED Replacement Wattage
175	0 - 55
400	101 - 140
1,000	181 - 265

Metal Halide / HPS Wattage	LED Replacement Wattage
100	0 - 55
150	56 - 100
175	56 - 100
200	101 - 140
250	141 - 180
400	181 - 265
1000	181 - 265

*A “non-working” streetlight constitutes a failed component within the streetlight fixture. A burned-out lamp or failed photo-control device does not constitute a “non-working” streetlight fixture for this purpose.

Please select all that may apply:

All
 Cobra Head
 Rectangular
 Post Top
 Historical

- For each streetlight changed to an LED fixture, City agrees to pay the appropriate LED streetlight rate in accordance with Oncor’s Tariff for Retail Delivery Service, Street Lighting Service, as it currently exists or may be changed in the future.

Based on this blanket authorization from City, when conducting normal maintenance work, Company will not be required to obtain a supplemental agreement signed by City for each individual streetlight replacement. This blanket authorization will remain in place until cancelled in writing by City.

City of _____

By: _____

Title: _____

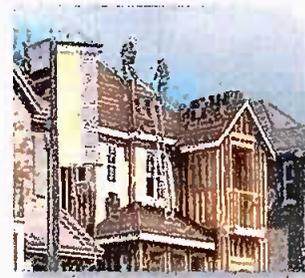
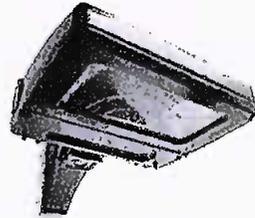
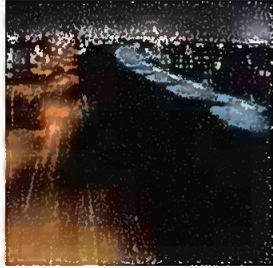
Date: _____

Lake Worth

Shawn Reddie

<u>Account</u>	<u>Description</u>	<u>Current Count</u>
4429756	LAKE WORTH, CITY OF (100,HP,A)	206
8729210	LAKE WORTH, CITY OF (200,HP,A)	31
4429725	LAKE WORTH, CITY OF (400,MV,A)	3
	Total	240

LED Streetlight Overview



February 2018

WE DELIVER.



Agenda

New Lighting Tariff

LED Streetlights:

- Available Options
- Maintenance Agreement
- Serve New Impact
- Proactive Conversions



New Lighting Tariff

Highlights

Mercury Vapor (Closed)

- Closed to new installs
- Lights being phased out due to EP Act of 2005

Metal Halide (Closed)

- Closed to new installs
- LED fixtures now offer comparable aesthetics (white light)
- The rapid implementation of LED across the country has resulted in manufacturers discontinuing parts and products for Metal Halide.
- **High Pressure Sodium (Open)**
- Available for new installs & maintenance

LED (Open)

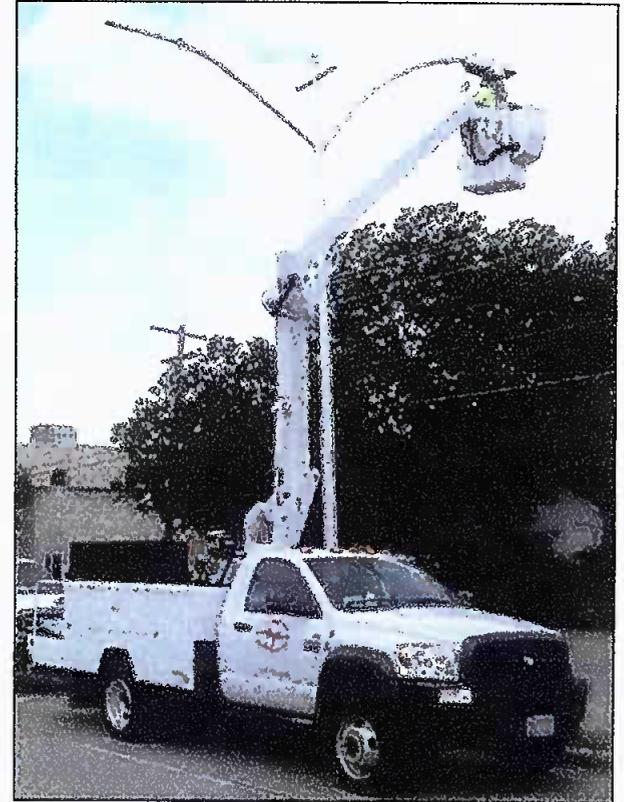
- Available beginning April 1, 2018
- See flyer for options and pricing

Considerations

Streetlight Maintenance

Maintenance Authorization Form:

- Immediately begin replacing non-working fixtures with LED fixtures
- Cost is included in monthly rate
- Once LED is installed, new monthly charges will go into effect



Considerations

Maintenance Replacements

Monthly Billing Impact at \$0.05 kwh

	Schedule A				
	HPS		LED		Tariff Impact
	Wattage	Total	Wattage	Total	Per Light
Cobra Head	100	\$ 12.62	0 - 55	\$ 12.62	0.00
	150	\$ 14.69	56 - 100	\$ 13.77	(0.92)
	200	\$ 15.32	101 - 140	\$ 15.35	0.03
	250	\$ 16.55	141 - 180	\$ 16.46	(0.09)
	400	\$ 20.98	181 - 265	\$ 19.87	(1.11)
	1000	\$ 33.98	181 - 265	\$ 19.87	(14.11)
Rectangular	100	\$ 12.62	0 - 55	\$ 26.66	14.04
	150	\$ 14.69	56 - 100	\$ 28.28	13.59
	200	\$ 15.32	101 - 140	\$ 30.36	15.04
	250	\$ 20.23	101 - 140	\$ 30.36	10.13
Post Top	100	\$ 12.62	0 - 55	\$ 15.09	2.47
	150	\$ 14.69	56 - 100	\$ 16.24	1.55
Historical	100	\$ 12.62	0 - 55	\$ 30.21	17.59
	150	\$ 14.69	56 - 100	\$ 32.17	17.48

Considerations

Maintenance Replacements

Monthly Billing Impact at \$0.06 kwh

	Schedule A				
	HPS		LED		Tariff Impact
	Wattage	Total	Wattage	Total	Per Light
Cobra Head	100	\$ 13.02	0 - 55	\$ 12.77	(0.25)
	150	\$ 15.39	56 - 100	\$ 14.07	(1.32)
	200	\$ 16.12	101 - 140	\$ 15.80	(0.32)
	250	\$ 17.55	141 - 180	\$ 17.01	(0.54)
	400	\$ 22.58	181 - 265	\$ 20.67	(1.91)
	1000	\$ 37.73	181 - 265	\$ 20.67	(17.06)
Rectangular	100	\$ 13.02	0 - 55	\$ 26.81	13.79
	150	\$ 15.39	56 - 100	\$ 28.58	13.19
	200	\$ 16.12	101 - 140	\$ 30.81	14.69
	250	\$ 21.23	101 - 140	\$ 30.81	9.58
Post Top	100	\$ 13.02	0 - 55	\$ 15.24	2.22
	150	\$ 15.39	56 - 100	\$ 16.54	1.15
Historical	100	\$ 13.02	0 - 55	\$ 30.36	17.34
	150	\$ 15.39	56 - 100	\$ 32.47	17.08

Considerations

Maintenance Replacements

Monthly Billing Impact at \$0.07 kwh

Schedule A					
	HPS		LED		Tariff Impact
	Wattage	Total	Wattage	Total	Per Light
Cobra Head	100	\$ 13.42	0 - 55	\$ 12.92	(0.50)
	150	\$ 16.09	56 - 100	\$ 14.37	(1.72)
	200	\$ 16.92	101 - 140	\$ 16.25	(0.67)
	250	\$ 18.55	141 - 180	\$ 17.56	(0.99)
	400	\$ 24.18	181 - 265	\$ 21.47	(2.71)
	1000	\$ 41.48	181 - 265	\$ 21.47	(20.01)
Rectangular	100	\$ 13.42	0 - 55	\$ 26.96	13.54
	150	\$ 16.09	56 - 100	\$ 28.88	12.79
	200	\$ 16.92	101 - 140	\$ 31.26	14.34
	250	\$ 22.23	101 - 140	\$ 31.26	9.03
Post Top	100	\$ 13.42	0 - 55	\$ 15.39	1.97
	150	\$ 16.09	56 - 100	\$ 16.84	0.75
Historical	100	\$ 13.42	0 - 55	\$ 30.51	17.09
	150	\$ 16.09	56 - 100	\$ 32.77	16.68

Considerations Serve New

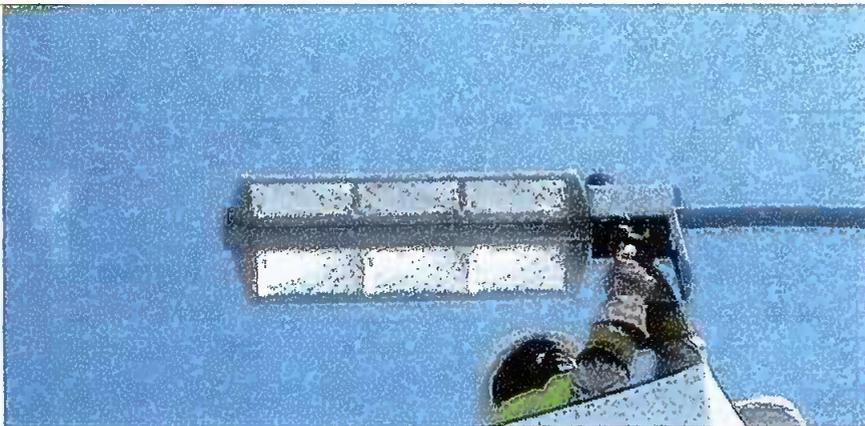
- Normal WR Process
- HPS & LED Only
- Metal Halide & Mercury Vapor ****CLOSED****



Considerations

Proactive Conversions

- Replacement of fully functional fixtures with LED fixtures
- Conversion fee applicable
 - Removal costs + unamortized investment based on vintage year
- Limited Availability
 - See tariff
 - A follow up meeting will be scheduled to further discuss proactive conversions in more detail at a later date



Lake Worth City Council Meeting – March 13, 2018

Agenda Item No. F.1

From: Debbie Whitley, Asst. City Manager/Director of Finance

Item: Discuss and consider acceptance of the fiscal year 2016-2017 annual audit as prepared and presented by Snow Garrett Williams, Certified Public Accountants.

Summary:

Snow Garrett Williams, Certified Public Accountants performed audit services and prepared financial statements for the City's fiscal year ended September 30, 2017. Gaylyn Mendoza will attend the Council meeting to provide an overview of the audited financial statements and to answer any questions the Council may have.

Fiscal Impact:

None

Attachments:

1. Audited financial statements for the fiscal year ended September 30, 2017.

Recommended Motion or Action:

Move to accept the fiscal year 2016-2017 annual audit and financial statements as prepared and presented by Snow Garrett Williams, Certified Public Accountants.

CITY OF LAKE WORTH, TEXAS

**Annual Financial Report
For the Fiscal Year Ended September 30, 2017**

City of Lake Worth, Texas
Annual Financial Report
For the Year Ended September 30, 2017

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**City of Lake Worth, Texas
Principal Officials**

2017 City Council

Walter Bowen, Mayor

Jim Smith

Geoffrey White

Gene Ferguson

Ronny Parsley

Pat O. Hill

Gary Stuard

Clint Narmore

City Manager

Stacey Almond

Assistant City Manager

Debbie Whitley

FINANCIAL SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Lake Worth, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Worth, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Worth, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the City's net pension liability and related ratios, schedule of employer contributions and related ratios, the schedule of changes in total pension liability for volunteer firefighters, the schedule of total pension liability and related ratios for volunteer firefighters, and the schedule for governments using the modified approach for infrastructure be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lake Worth, Texas' basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2018, on our consideration of the City of Lake Worth, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lake Worth, Texas' internal control over financial reporting and compliance.



Snow Garrett Williams
March 6, 2018

City of Lake Worth, Texas Management's Discussion and Analysis

The management's discussion and analysis (MD&A) of the City of Lake Worth's (the "City's") financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2017. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded liabilities at the close of the 2017 fiscal year by \$48,142,760 (*net position*). Of this amount, \$8,274,364 is restricted for specific purposes and \$4,559,438 represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors. As required by GASB Statement No. 34, net position also reflects \$35,308,958 that is the net investment in capital assets.
- In contrast to the government-wide statements, the governmental fund statements report a fund balance at year-end of \$15,125,078; of which \$8,889,522 represents restricted fund balance, \$42,901 represents committed fund balance, \$1,227,963 represents assigned fund balance, \$24,283 represents non-spendable fund balance, and \$4,940,409 represents unassigned fund balance. The more significant components of unassigned fund balance are maintained in the general fund as emergency reserves.
- The general fund unassigned fund balance of \$4,940,409 equals 63% of total general fund expenditures.
- The City's total long-term liabilities decreased by \$1,058,392 during the current fiscal year as a result of the scheduled annual debt service payments netted against changes in net pension liabilities, compensated absences obligation and volunteer firefighter total pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) other required supplementary information in addition to the basic financial statements.

The Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private sector business. They present the financial picture of the City from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets and deferred outflows of resources of the City (excluding infrastructure purchased or donated in prior years) as well as all liabilities. Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables, and receivables.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how net position changed during the most recent fiscal year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include mayor and council, general government, police, fire protection, streets, library, parks and recreation, maintenance, senior center, municipal court, animal control, emergency management, permits and inspections, and information technology. The business-type activity of the City is water and sewer operations. All governmental and business-type activities included in the government-wide financial statements are functions of the City (known as the primary government).

The government-wide financial statements can be found beginning on page 14 of this report.

City of Lake Worth, Texas Management's Discussion and Analysis

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains seven governmental funds, the general fund, the economic development corporation special revenue fund, the crime control district special revenue fund, the street maintenance special revenue fund, the public educational government channel special revenue fund, the debt service fund, and the capital projects fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the economic development corporation special revenue fund, the street maintenance special revenue fund, the debt service fund, and the capital projects fund which are classified as major funds and, the crime control district special revenue fund and the public educational government channel special revenue fund which are classified as non-major funds.

The City adopts an annual appropriated budget for its general fund, economic development corporation special revenue fund, crime control & prevention district fund, street maintenance special revenue fund, and the debt service fund. A budgetary comparison statement (original versus final) has been provided in this report for the general fund, the economic development corporation special revenue fund, and the street maintenance special revenue fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found beginning on page 16 of this report.

Proprietary funds. Proprietary funds can be further classified into two different types of funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City allocates costs directly to the operating department and accordingly does not account or report for any internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found beginning on page 19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that for proprietary funds. The City's fiduciary fund is used to report employer and employee contributions, and investment income, if any, as well as benefits paid for health insurance.

The fiduciary fund statements can be found beginning on page 22 of this report.

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

City of Lake Worth, Texas Management's Discussion and Analysis

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparison statements for the general fund, the economic development corporation special revenue fund, and the street maintenance special revenue fund, pension benefits and the schedule for governments using the modified approach for infrastructure. The required supplementary information can be found beginning on page 52 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$48,142,760 as of September 30, 2017.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 15,960,647	\$ 14,988,288	\$ 1,659,775	\$ 1,644,816	\$ 17,620,422	\$ 16,633,104
Capital assets, net of depreciation	38,081,321	38,273,230	11,015,187	10,181,626	49,096,508	48,454,856
Total assets	54,041,968	53,261,518	12,674,962	11,826,442	66,716,930	65,087,960
Deferred outflows of resources	1,120,815	1,114,227	49,455	71,006	1,170,270	1,185,233
Long-term liabilities	17,870,726	18,640,554	702,085	990,649	18,572,811	19,631,203
Other liabilities	814,369	512,366	357,260	536,549	1,171,629	1,048,915
Total liabilities	18,685,095	19,152,920	1,059,345	1,527,198	19,744,440	20,680,118
Net position:						
Net investment in capital assets	24,750,271	25,188,261	10,558,687	9,444,326	35,308,958	34,632,587
Restricted	8,274,364	6,905,450	-	-	8,274,364	6,905,450
Unrestricted	3,453,053	3,129,114	1,106,385	925,924	4,559,438	4,055,038
Total Net Position	\$ 36,477,688	\$ 35,222,825	\$ 11,665,072	\$ 10,370,250	\$ 48,142,760	\$ 45,593,075

The City's net investment in capital assets (e.g., land, building, infrastructure, machinery and equipment) less any related debt used to acquire those assets that is still outstanding is \$35,308,958. The City uses those assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$8,274,364 (or 17%) of the City's net position represents resources that are subject to external restrictions on how they may be used. All of the City's restricted net position is being held for the purposes established by state and local laws, for future construction, and for debt service requirements on the City's outstanding debt. The remaining portion of the City's net position (\$4,559,438) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Lake Worth, Texas Management's Discussion and Analysis

The City's total net position increased by \$2,549,685 during the current fiscal year. The City's governmental activities increased net position by \$1,254,863. The total cost of all governmental activities this year was \$10,418,949. The amount that our taxpayers paid for these activities through property taxes was \$1,986,136 or 19%. The City's business-type activities increased net position by \$1,294,822. The total cost of all business-type activities for fiscal year 2017 was \$2,228,092.

City of Lake Worth's Changes in Net Position

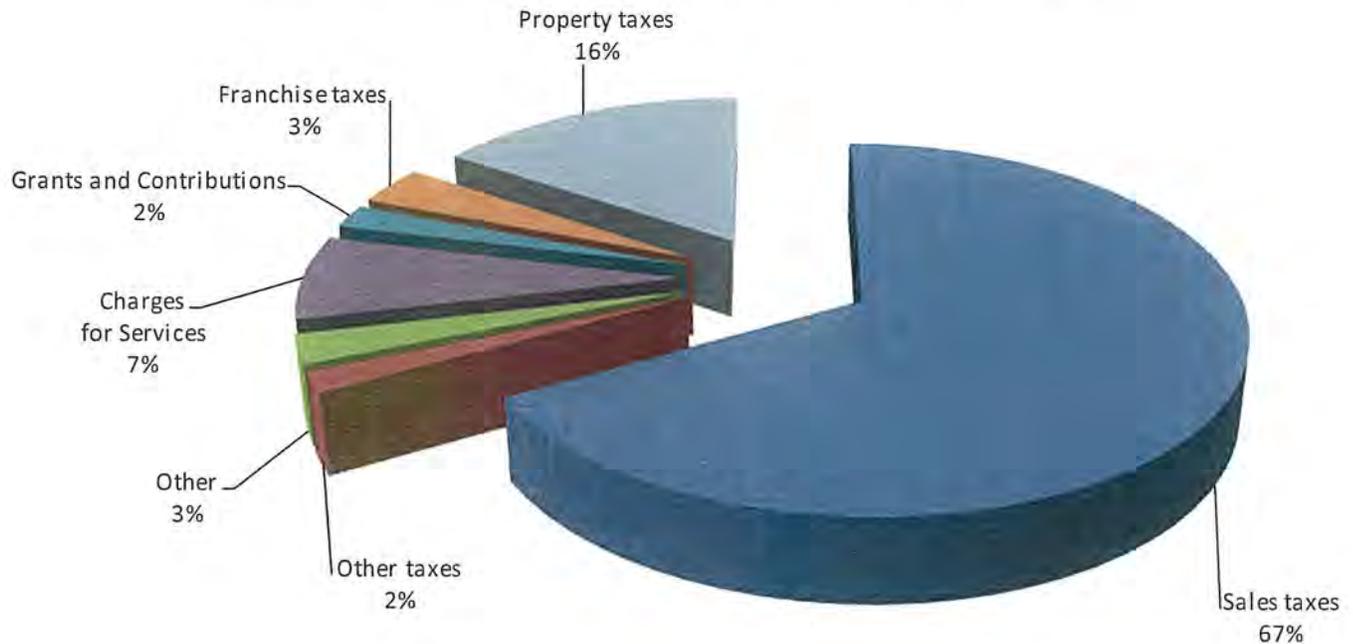
	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 946,218	\$ 964,912	\$ 2,483,352	\$ 2,522,414	\$ 3,429,570	\$ 3,487,326
Operating grants and contributions	265,569	248,014	-	-	265,569	248,014
Capital grants and contributions	-	-	-	152,997	-	152,997
General revenues:						
Property taxes	1,986,136	1,986,415	-	-	1,986,136	1,986,415
Retail sales tax	8,491,651	8,231,016	-	-	8,491,651	8,231,016
Franchise taxes	446,028	468,308	-	-	446,028	468,308
Other taxes	235,882	238,371	-	-	235,882	238,371
Other	327,307	166,565	35,675	29,242	362,982	195,807
Gain (loss) on disposal of assets	(25,542)	-	4,450	4,432	(21,092)	4,432
Total revenues	12,673,249	12,303,601	2,523,477	2,709,085	15,196,726	15,012,686
Expenses:						
Mayor and council	18,705	18,596	-	-	18,705	18,596
General government	1,536,773	1,448,781	-	-	1,536,773	1,448,781
Police	2,941,027	2,837,660	-	-	2,941,027	2,837,660
Fire protection	1,790,085	1,719,280	-	-	1,790,085	1,719,280
Streets	1,068,654	1,197,003	-	-	1,068,654	1,197,003
Library	251,687	236,788	-	-	251,687	236,788
Parks and recreation	592,865	555,840	-	-	592,865	555,840
Maintenance	177,154	178,432	-	-	177,154	178,432
Senior center	121,402	112,857	-	-	121,402	112,857
Municipal court	228,330	217,511	-	-	228,330	217,511
Animal control	103,463	96,440	-	-	103,463	96,440
Emergency management	11,224	11,618	-	-	11,224	11,618
Permits and inspections	348,106	341,077	-	-	348,106	341,077
Information technology	443,898	382,351	-	-	443,898	382,351
Interest and fiscal charges	785,576	642,682	-	-	785,576	642,682
Water and sewer	-	-	2,228,092	2,493,489	2,228,092	2,493,489
Total expenses	10,418,949	9,996,916	2,228,092	2,493,489	12,647,041	12,490,405
Increase in net position before transfers	2,254,300	2,306,685	295,385	215,596	2,549,685	2,522,281
Transfers	(999,437)	(50,386)	999,437	50,386	-	-
Increase in net position	1,254,863	2,256,299	1,294,822	265,982	2,549,685	2,522,281
Net position, beginning of year	35,222,825	32,966,526	10,370,250	10,104,268	45,593,075	43,070,794
Net position, end of year	\$ 36,477,688	\$ 35,222,825	\$ 11,665,072	\$ 10,370,250	\$ 48,142,760	\$ 45,593,075

City of Lake Worth, Texas Management's Discussion and Analysis

Governmental activities. Governmental activities increased the City's net position by \$1,254,863. Key elements of this increase are as follows:

- Increase of over 3% in sales tax revenue; and
- Increase of over 96% in other revenue.

Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City's net position by \$1,294,822.

Operating revenue decreased by \$39,062 from the prior year primarily due to a decrease in consumption, this resulted in a decrease in water and sewer service revenues. Operating expenses decreased \$265,397 from the prior year primarily due to a decrease in water purchases and sewer disposal charges. Transfers in from governmental activities increased \$949,051 from the prior year.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported an ending fund balance of \$15,125,078, which is an increase of \$687,564 in comparison with the prior year. \$4,940,409 or 33% of the fund balance represents unassigned fund balance, which is available for spending at the City's discretion. Assigned fund balance is \$1,227,963, committed fund balance is \$42,901 and non-spendable fund balance is \$24,283. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been set aside to pay debt service (\$53,720), to fund capital projects (\$659,340), economic development (\$4,211,278), street maintenance (\$2,184,485), crime control (\$550,409), public educational government channel (\$68,012), parks and recreation (\$256,570), hotels/motels (\$797,918) and other City related expenditures (\$107,790).

City of Lake Worth, Texas Management's Discussion and Analysis

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,940,409, which is 67% of the total general fund balance. As a measure of the general fund's liquidity, we compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 63%, or slightly more than 231 days of total fund expenditures.

The fund balance of the City's general fund increased by \$325,593 during the current fiscal year.

Revenue from taxes in the general fund increased by 3.4% compared to prior year due to an increase in sales taxes. Permits and fees decreased by 8.8% from the prior year due to a decrease in building permits being issued. Intergovernmental revenues increased by 6.0% due to the City obtaining additional grant funding. Charges for services increased by 6.9% from the prior year due to an increase in park rental fees.

Total expenditures in the general fund increased by 1.5% from the prior year. General government, police, fire protection, parks and recreation, municipal court, animal control, and information technology increased by 6.9%, 4.7%, 6.5%, 4.7%, 5.3%, 7.4%, and 19.6%, respectively, while capital outlay and debt service expenditures decreased by 43.5% and 12.0%.

GENERAL FUND BUDGETARY HIGHLIGHTS

Amendments to the original 2016-2017 general fund annual budget can be briefly summarized as follows:

- Increase in taxes revenue;
- Increase in investment earnings and miscellaneous revenues;
- Increase in general government expenditures;
- Decrease in police expenditures; and
- Increase in capital outlay expenditures.

Comparing budget to actual amounts, the City came in above the final budgeted revenue estimate by \$132,314, or 1.9%. The primary revenues that came in above estimated budget amounts were taxes, intergovernmental, and miscellaneous revenues. Property taxes were more than expected due to the increase in delinquent tax collections and related penalties and interest. Intergovernmental revenues were more than budgeted due to additional grant funding. In addition, miscellaneous revenues were more than budgeted due primarily to insurance claims and park and police donations.

Total expenditures were 11.4% less than the final budgeted amounts. The primary expenditures that came in below estimated budget were general government, police, streets, and capital outlay expenditures. The cost of health insurance was substantially lower than budgeted. The budget included a 25% increase in premiums, and renewals rates increased less than 1%. Capital outlay expenditures were less than expected as some budgeted park improvements were not completed in the current year. Additionally, the City Council approved a budget amendment to allow for expenditures related to a new city-wide radio system in the amount of \$578,043. Although the project was underway as of September 30, 2017, no invoices had been received related to it.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's investment in total capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$49,096,508 (net of accumulated depreciation). Investments in capital assets related to governmental activities (\$38,081,321) include land, construction in progress, infrastructure, buildings and improvements, equipment and vehicles, and office furniture and fixtures. The City's investments in capital assets related to business-type activities (\$11,015,187) include the water and sewer system, construction in progress, buildings and improvements, and equipment and vehicles.

**City of Lake Worth, Texas
Management's Discussion and Analysis**

Major capital asset events during the current fiscal year include the following:

- Lake Worth park improvements, including new fencing and completion of the drainage project;
- Sewer improvements and line replacements;
- Sewer camera with a trailer;
- Remodel of the upstairs portion of the fire station;
- Two thermal cameras for the fire department;
- Various concrete replacement projects; and
- Two police vehicles and two public works vehicles.

**City of Lake Worth's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,685,569	\$ 1,685,569	\$ 46,240	\$ 46,240	\$ 1,731,809	\$ 1,731,809
Construction in progress	257,496	798,443	746,023	167,271	1,003,519	965,714
Buildings and improvements	9,469,971	8,927,151	90,879	91,832	9,560,850	9,018,983
Infrastructure	24,073,960	23,973,259	-	-	24,073,960	23,973,259
Water and sewer system	-	-	9,773,664	9,734,109	9,773,664	9,734,109
Equipment and vehicles	2,334,580	2,593,017	358,381	142,174	2,692,961	2,735,191
Office furniture and fixtures	259,745	295,791	-	-	259,745	295,791
Total	\$ 38,081,321	\$ 38,273,230	\$ 11,015,187	\$ 10,181,626	\$ 49,096,508	\$ 48,454,856

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

Infrastructure. The City has elected to use the "Modified Approach," as defined by Governmental Accounting Standards Board (GASB) Statement No. 34 for infrastructure reporting, for its roads. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following conditions:

- The City uses an asset management system with the following characteristics: 1) an up-to-date inventory; 2) performs condition assessments and summarizes the results using a measurement scale; and 3) estimates the annual amount to maintain and preserve the assets at an established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at the established and disclosed condition assessment level.

The City manages its road network using its pavement management system and accounts for roads using the modified approach. The road condition rating is a numerical scale ranging from 1 (Failed) to 10 (New). The City's goal is to maintain roads at or above a rating of 5 (Fair). The City is required to perform an examination of the roads and rate the status of their roads at least every three years. Conditions as of September 30th for the last three times that the roads were rated are as follows:

<u>Condition rating</u>	<u>2017</u>	<u>2014</u>	<u>2012</u>
At least 1	9.12%	3.29%	0.00%
At least 2-4	19.33%	7.60%	13.44%
At least 5-7	39.52%	41.24%	42.47%
At least 8-10	32.03%	47.87%	43.93%

For fiscal year 2017, the City estimated that \$1,155,567 was needed to meet this goal. The actual amount used for maintenance and preservation of the City's roads was \$964,848. Additional information on road condition data is included in the schedule on page 58 of this report.

City of Lake Worth, Texas Management's Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the City of Lake Worth had total debt outstanding of \$18,572,811. Of this amount, \$200,000 represents certificates of obligation secured by property tax collections, \$13,065,500 represents general obligation bonds secured by property tax obligations, with an unamortized premium of \$700,531, \$456,500 represents general obligation and utility system revenue bonds secured by water and sewer revenues, \$24,359 represents capital lease obligations, \$367,209 represents the City's compensated absences obligation, \$3,689,053 represents the City's net pension liability, and \$69,659 represents the volunteer firefighter total pension liability. The City's total debt decreased by \$1,058,392 during the current fiscal year.

State statutes limit the total property tax rate to \$2.50 per \$100 assessed valuation. The City's total property tax rate for 2016-2017 was \$0.460660 per \$100 assessed valuation, of which \$0.180144 was for maintenance and operations and \$0.280516 was for debt service.

Additional information on the City's long-term debt can be found in Note H of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budget is developed to provide efficient, effective, and economic uses of the City's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the City Council sets the direction of the City, allocates its resources, and establishes its priorities.

In considering the City budget for fiscal year 2018, the City Council and administration considered the following factors:

- With a stable economy and very few new retailers in the City, sales tax budgets are projected at a modest 3% increase over actual amounts received in fiscal year 2017.
- Property tax revenues are budgeted to increase by about 10% in the General Fund. The revenue increase is attributable to both increased property values and an increase in the Maintenance and Operations portion of the tax rate. For the budget year ended September 30, 2017 the property tax revenue was based on net taxable values totaling \$425,109,912 and a Maintenance and Operations tax rate of 0.180144 per \$100 valuation. For the 2018 budget year the property tax revenue is based on net taxable values totaling \$452,940,707 and a Maintenance and Operations tax rate of 0.185836 per \$100 valuation.
- General Fund budgeted expenses for fiscal year 2018 are approximately 3.2% less than estimated totals for the previous budget year. The decrease can be attributed to the absence of capital expenditures in the fiscal year 2018 budget. The budget for the fiscal year ended September 30, 2018 includes employee market adjustment pay increases ranging from 3% to 7% and a 20% increase in health insurance costs. In addition, other personnel related costs such as dental, vision, and life insurance costs were budgeted to increase by 15%.
- Compared to estimated totals for the fiscal year ended September 30, 2017, the Water/Sewer Fund fiscal year 2018 budget reflects a 12.5% decrease in revenues and an 11% decrease in expenses. The decrease in revenue is due to decreased transfers from the General Fund for capital purchases, and the decrease in expenses is due to the absence of capital expenditures in the fiscal year 2018 budget.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the City of Lake Worth's finances and to show the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant City Manager at 3805 Adam Grubb, Lake Worth, Texas 76135.

BASIC FINANCIAL STATEMENTS

City of Lake Worth, Texas
Statement of Net Position
September 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and cash equivalents	\$ 179,416	\$ 82,647	\$ 262,063
Investments	14,931,398	1,087,802	16,019,200
Receivables (net of allowances for uncollectibles of \$38,072)			
Accounts	-	306,023	306,023
Taxes	68,952	-	68,952
Other	78,978	4,159	83,137
Due from other governments	604,499	-	604,499
Internal balances	2,829	(2,829)	-
Prepaid expenses	24,283	1,288	25,571
Restricted investments	633	180,685	181,318
Other assets	69,659	-	69,659
Capital assets			
Infrastructure using modified approach	24,073,960	-	24,073,960
Land and construction in progress	1,943,065	792,263	2,735,328
Other capital assets, net of depreciation	12,064,296	10,222,924	22,287,220
Total capital assets	<u>38,081,321</u>	<u>11,015,187</u>	<u>49,096,508</u>
Total assets	<u>54,041,968</u>	<u>12,674,962</u>	<u>66,716,930</u>
Deferred Outflows of Resources			
Deferred loss on refunding	320,194	-	320,194
Deferred outflows of resources - pension	800,621	49,455	850,076
Total deferred outflows of resources	<u>1,120,815</u>	<u>49,455</u>	<u>1,170,270</u>
Liabilities			
Accounts payable and accrued expenses	712,638	165,715	878,353
Interest payable	47,752	-	47,752
Payable from restricted funds:			
Customer deposits	633	180,685	181,318
Due to other governments	53,346	10,860	64,206
Long-term liabilities			
Due within one year	1,714,411	159,164	1,873,575
Due in more than one year	16,156,315	542,921	16,699,236
Total liabilities	<u>18,685,095</u>	<u>1,059,345</u>	<u>19,744,440</u>
Net position			
Net investment in capital assets	24,750,271	10,558,687	35,308,958
Restricted for:			
Economic development	4,211,378	-	4,211,378
Debt service	95,705	-	95,705
Street maintenance	2,184,485	-	2,184,485
Crime control	552,506	-	552,506
Public educational government channel	68,012	-	68,012
Parks and recreation	256,570	-	256,570
Hotel/motel	797,918	-	797,918
Other	107,790	-	107,790
Unrestricted	<u>3,453,053</u>	<u>1,106,385</u>	<u>4,559,438</u>
Total net position	<u>\$ 36,477,688</u>	<u>\$ 11,665,072</u>	<u>\$ 48,142,760</u>

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary Government						
Governmental activities						
Mayor and council	\$ 18,705	\$ -	\$ -	\$ (18,705)	\$ -	\$ (18,705)
General government	1,536,773	76,940	-	(1,459,833)	-	(1,459,833)
Police	2,941,027	500,470	18,436	(2,422,121)	-	(2,422,121)
Fire protection	1,790,085	-	230,893	(1,559,192)	-	(1,559,192)
Streets	1,068,654	-	-	(1,068,654)	-	(1,068,654)
Library	251,687	3,291	-	(248,396)	-	(248,396)
Parks and recreation	592,865	33,802	15,202	(543,861)	-	(543,861)
Maintenance	177,154	187,549	-	10,395	-	10,395
Senior center	121,402	-	508	(120,894)	-	(120,894)
Municipal court	228,330	20,937	-	(207,393)	-	(207,393)
Animal control	103,463	1,623	530	(101,310)	-	(101,310)
Emergency management	11,224	-	-	(11,224)	-	(11,224)
Permits and inspections	348,106	121,606	-	(226,500)	-	(226,500)
Informational technology	443,898	-	-	(443,898)	-	(443,898)
Interest and fiscal charges	785,576	-	-	(785,576)	-	(785,576)
Total governmental activities	10,418,949	946,218	265,569	(9,207,162)	-	(9,207,162)
Business-type activities						
Water and sewer	2,228,092	2,483,352	-	-	255,260	255,260
Total business-type activities	2,228,092	2,483,352	-	-	255,260	255,260
Total primary government	\$ 12,647,041	\$ 3,429,570	\$ 265,569	(9,207,162)	255,260	(8,951,902)
General revenues and transfers:						
Taxes						
				1,986,136	-	1,986,136
				8,491,651	-	8,491,651
				446,028	-	446,028
				211,267	-	211,267
				24,615	-	24,615
				120,258	8,597	128,855
				(25,542)	4,450	(21,092)
				207,049	27,078	234,127
				(999,437)	999,437	-
				10,462,025	1,039,562	11,501,587
				1,254,863	1,294,822	2,549,685
				35,222,825	10,370,250	45,593,075
				\$ 36,477,688	\$ 11,665,072	\$ 48,142,760

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Balance Sheet
Governmental Funds
September 30, 2017

	General Fund	Economic Development Corporation Fund	Street Maintenance Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 125,335	\$ -	\$ 24,726	\$ 6,146	\$ -	\$ 23,209	\$ 179,416
Investments	7,424,911	4,067,314	2,102,616	49,232	736,853	551,105	14,932,031
Receivables (net of allowances for uncollectibles of \$34,994)							
Property taxes	26,967	-	-	41,985	-	-	68,952
Accounts	76,662	-	-	-	-	2,316	78,978
Due from other governments	302,615	151,307	75,654	-	-	74,923	604,499
Due from other funds	7,306	-	-	-	-	-	7,306
Prepaid expenses	22,086	100	-	-	-	2,097	24,283
Other assets	69,659	-	-	-	-	-	69,659
Total assets	\$ 8,055,541	\$ 4,218,721	\$ 2,202,996	\$ 97,363	\$ 736,853	\$ 653,650	\$ 15,965,124
Liabilities							
Liabilities							
Accounts payable	\$ 358,861	\$ 5,304	\$ 9,613	\$ 132	\$ 77,513	\$ 13,479	\$ 464,902
Accrued liabilities	220,097	-	7,986	-	-	19,653	247,736
Due to other governments	53,346	-	-	-	-	-	53,346
Due to other funds	-	2,039	912	1,526	-	-	4,477
Deposits	633	-	-	-	-	-	633
Total liabilities	632,937	7,343	18,511	1,658	77,513	33,132	771,094
Deferred inflows of resources							
Unavailable revenue- property taxes	26,967	-	-	41,985	-	-	68,952
Fund balances							
Non-spendable for:							
prepaid expenses	22,086	100	-	-	-	2,097	24,283
Restricted for:							
Economic development	-	4,211,278	-	-	-	-	4,211,278
Debt service	-	-	-	53,720	-	-	53,720
Capital projects	-	-	-	-	659,340	-	659,340
Street maintenance	-	-	2,184,485	-	-	-	2,184,485
Crime control	-	-	-	-	-	550,409	550,409
Public educational government channel	-	-	-	-	-	68,012	68,012
Parks and recreation	256,570	-	-	-	-	-	256,570
Hotel/motel	797,918	-	-	-	-	-	797,918
Other	107,790	-	-	-	-	-	107,790
Committed for:							
Fire protection / truck maintenance	42,901	-	-	-	-	-	42,901
Assigned for:							
Fire protection	134,353	-	-	-	-	-	134,353
Radio system	578,043	-	-	-	-	-	578,043
Parks and recreation	194,513	-	-	-	-	-	194,513
Health insurance premium	294,369	-	-	-	-	-	294,369
Storage building	26,685	-	-	-	-	-	26,685
Unassigned	4,940,409	-	-	-	-	-	4,940,409
Total fund balances	7,395,637	4,211,378	2,184,485	53,720	659,340	620,518	15,125,078
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,055,541	\$ 4,218,721	\$ 2,202,996	\$ 97,363	\$ 736,853	\$ 653,650	
Amounts reported for governmental activities in the statement of net position are different because:							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.							38,081,321
Deferred outflows of resources are not financial resources, and therefore, are not reported in the funds.							1,120,815
Property taxes receivable, net of allowance, are not available to pay for current period expenditures and, therefore, are deferred in the funds.							68,952
Some liabilities, including certificates of obligation, general obligation bonds, capital leases payable, accrued interest payable, net pension liability, compensated absences, and volunteer firefighter retirement obligation are not due and payable in the current period and, therefore, are not reported in the funds.							(17,918,478)
Net position of governmental activities - statement of net position							\$ 36,477,688

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
September 30, 2017

	General Fund	Economic Development Corporation Fund	Street Maintenance Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 5,704,802	\$ 2,126,429	\$ 1,063,215	\$ 1,203,360	\$ -	\$ 1,049,148	\$ 11,146,954
Fines	503,761	-	-	-	-	-	503,761
Permits and fees	197,301	-	-	-	-	-	197,301
Intergovernmental	32,958	-	-	-	-	-	32,958
Charges for services	221,351	-	-	-	-	-	221,351
Investment earnings	56,357	32,416	15,650	4,049	8,035	3,751	120,258
Miscellaneous	407,476	388	29,929	-	6	25,668	463,467
Total revenues	7,124,006	2,159,233	1,108,794	1,207,409	8,041	1,078,567	12,686,050
Expenditures							
Current							
Mayor and council	15,045	-	-	-	-	-	15,045
General government	1,178,185	159,688	-	-	-	-	1,337,873
Police	2,015,750	-	-	-	-	701,939	2,717,689
Fire protection	1,677,934	-	-	-	-	-	1,677,934
Streets	507,804	-	457,044	-	-	-	964,848
Library	237,187	-	-	-	-	-	237,187
Parks and recreation	411,038	-	-	-	-	-	411,038
Maintenance	171,707	-	-	-	-	-	171,707
Senior center	110,174	-	-	-	-	-	110,174
Municipal court	223,322	-	-	-	-	-	223,322
Animal control	82,085	-	-	-	-	-	82,085
Emergency management	11,224	-	-	-	-	-	11,224
Permits and inspections	338,486	-	-	-	-	-	338,486
Informational technology	409,648	-	-	-	-	-	409,648
Capital outlay	408,132	-	99,936	-	7,321	37,096	552,485
Debt service							
Principal	15,220	-	-	1,128,200	-	-	1,143,420
Interest	2,794	-	-	763,102	-	-	765,896
Total expenditures	7,815,735	159,688	556,980	1,891,302	7,321	739,035	11,170,061
Excess (deficiency) of revenues over (under) expenditures	(691,729)	1,999,545	551,814	(683,893)	720	339,532	1,515,989
Other financing sources (uses)							
Transfers in	1,276,411	-	-	508,092	-	-	1,784,503
Transfers out	(282,861)	(1,308,234)	(112,244)	-	(909,287)	(171,314)	(2,783,940)
Proceeds of refunding bonds	-	-	-	8,455,000	-	-	8,455,000
Premium on bond issuance	-	-	-	696,944	-	-	696,944
Capital lease proceeds	23,772	-	-	-	-	-	23,772
Payment to refunded bond escrow agent	-	-	-	(9,004,704)	-	-	(9,004,704)
Total other financing sources (uses)	1,017,322	(1,308,234)	(112,244)	655,332	(909,287)	(171,314)	(828,425)
Changes in fund balances	325,593	691,311	439,570	(28,561)	(908,567)	168,218	687,564
Fund balances, beginning of year	7,070,044	3,520,067	1,744,915	82,281	1,567,907	452,300	14,437,514
Fund balances, end of year	\$ 7,395,637	\$ 4,211,378	\$ 2,184,485	\$ 53,720	\$ 659,340	\$ 620,518	\$ 15,125,078

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of the Governmental Funds to the Change in
Net Position of Governmental Activities in the Statement of Activities
For the Fiscal Year Ended September 30, 2017

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

Net change in fund balances - total governmental funds	\$	687,564
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$	552,485	
Depreciation expense		<u>(718,851)</u>	(166,366)

Governmental capital assets sold have the full proceeds reported as revenue instead of applying the basis of the assets sold.

Loss on sales of assets			(25,542)
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The change in property tax receivable, net of allowance, is reported as revenue in the statement of activities; however, this change does not provide current financial resources and is, therefore, not reported as revenue in the funds.

12,743

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.

Compensated absences	\$	(46,723)	
Volunteer firefighter pension expense		(2,662)	
Accrued interest		(29,952)	
Amortization of premium on debt		14,782	
Amortization of deferred loss on refunding		<u>(4,510)</u>	(69,065)

Pension expense in the funds is recorded as contributions when made to the TMRS plan. Pension expense in governmental activities is recorded as the TMRS plan's pension expense for the measurement period. This is the effect between the two statements.

(156,879)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments			
Bonds	\$	1,128,200	
Capital leases		15,220	
Proceeds			
Bonds		(8,455,000)	
Capital leases		(23,772)	
Payments to refunding bond escrow agent		9,004,704	
Premium on debt		<u>(696,944)</u>	<u>972,408</u>

Change in net position of governmental activities - statement of activities	\$	<u><u>1,254,863</u></u>
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The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Statement of Net Position
Enterprise Fund
September 30, 2017

	Water and Sewer Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 82,647
Investments	1,087,802
Receivables	
Accounts (net of allowances for uncollectible accounts of \$3,078)	306,023
Other	4,159
Prepaid expenses	1,288
Total current assets	1,481,919
Noncurrent assets	
Restricted assets	
Investments	180,685
Capital assets	
Land	46,240
Construction in progress	746,023
Buildings and improvements	140,877
Water and sewer system	14,146,698
Machinery and equipment	2,008,091
Less accumulated depreciation	(6,072,742)
Total noncurrent assets	11,195,872
Total assets	12,677,791
Deferred Outflows of Resources	
Deferred outflows of resources - pension	49,455
Liabilities	
Current liabilities	
Payable from current assets	
Accounts payable	150,736
Accrued liabilities	14,979
Due to other funds	2,829
Due to other governments	10,860
Compensated absences	16,364
Current portion of bonds payable	142,800
Total current liabilities	338,568
Noncurrent liabilities	
Payable from restricted assets	
Customer deposits	180,685
Net pension liability	229,221
Bonds payable	313,700
Total noncurrent liabilities	723,606
Total liabilities	1,062,174
Net Position	
Net investment in capital assets	10,558,687
Unrestricted	1,106,385
Total net position	\$ 11,665,072

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Statement of Revenues, Expenses, and
Changes in Net Position
Enterprise Fund
For the Fiscal Year Ended September 30, 2017

	Water and Sewer Fund
Operating revenues	
Water services	\$ 1,474,941
Sewer services	996,969
Other operating revenues	11,442
Total operating revenues	2,483,352
Operating expenses	
Personnel services	437,103
Contractual services	182,823
Water purchases	533,574
Disposal charge - sewer	609,892
Supplies and maintenance	111,965
Depreciation	336,819
Total operating expenses	2,212,176
Operating income	271,176
Nonoperating revenues (expenses)	
Gain on disposals of assets	4,450
Interest income	8,597
Miscellaneous	27,078
Interest expense	(15,916)
Total non-operating revenues (expenses)	24,209
Income before transfers	295,385
Transfers in	1,722,225
Transfers out	(722,788)
Total transfers	999,437
Change in net position	1,294,822
Net position, beginning of year	10,370,250
Net position, end of year	\$ 11,665,072

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended September 30, 2017

	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 2,526,054
Cash paid to suppliers	(1,625,284)
Cash paid to employees	(422,358)
Net cash provided by operating activities	478,412
Cash flows from noncapital financing activities:	
Cash received from other funds	1,722,225
Cash paid to other funds	(739,052)
Net cash provided by noncapital financing activities	983,173
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(1,175,931)
Proceeds from disposal of capital assets	10,000
Principal payments on long-term debt	(280,800)
Interest paid	(15,916)
Net cash used in capital and related financing activities	(1,462,647)
Cash flows from investing activities:	
Change in investments	9,945
Interest income	8,597
Net cash provided by investing activities	18,542
Net increase in cash	17,480
Cash and cash equivalents at beginning of year	65,167
Cash and cash equivalents at end of year	\$ 82,647
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 271,176
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	336,819
Miscellaneous revenue	27,078
Decrease in accounts receivable	10,099
Increase in prepaid expenses	(1,258)
Decrease in deferred outflows of resources	21,551
Decrease in accounts payable and accrued liabilities	(184,814)
Decrease in net pension liability	(10,228)
Increase in compensated absences	2,464
Increase in customer deposits	5,525
Net cash provided by operating activities	\$ 478,412

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Statement of Fiduciary Net Position
Fiduciary Fund
September 30, 2017

	<u>Insurance Trust Fund</u>
Assets	
Total assets	\$ -
Liabilities	
Total liabilities	-
Net Position	
Held in Trust for employee insurance benefits	\$ -

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended September 30, 2017

	Insurance Trust Fund
Additions	
Contributions:	
Employer	\$ 540,149
Employee	110,501
	650,650
Total additions	650,650
Deductions	
Insurance benefit payments	650,650
Total deductions	650,650
Change in net position	-
Net position, beginning of year	-
Net position, end of year	\$ -

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note A. Summary of Significant Accounting Policies

Financial Reporting Entity

The financial statements of the City of Lake Worth, Texas (the "City") are prepared in accordance with principles generally accepted in the United States of America (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The blended component units, although legally separate entities, are, in substance, part of the City's operation and so data from these units is combined with the data of the primary government. Both of these blended component units have a September 30th year-end.

Blended Component Units

Lake Worth Crime Control & Prevention District – The City created this entity to provide supplemental funding to the police department in order to provide funding for law enforcement. Funding for the Crime Control & Prevention District is generated from 0.25% sales tax. The governing body is currently made up of eight directors appointed by the City Council. The entity was subject to a five-year sunset provision in November 2008, in which it could be reinstated for a maximum of an additional 20 years. In November 2008, the citizenry voted to extend the Crime Control & Prevention District and related tax for an additional 10 years. The Crime Control & Prevention District provides all of its services to the City and upon its dissolution all assets shall be distributed to the City. The District is considered to be a component unit of the City and is treated as a special revenue fund of the City. The expenditures of the additional sales tax can only be used to provide supplemental funding to the police department in order to provide funding for law enforcement.

Lake Worth Economic Development Corporation – The City created this Corporation for the purpose of projects and improvements that promote economic development within the City. Funding for the Economic Development Corporation is generated from 0.50% sales tax. There are seven directors, four of whom are members of the City Council and make up a voting majority of the Corporation's Board. The remaining three members are residents of the City. All Board members are appointed by the City Council. The Corporation is authorized to sell bonds or other forms of indebtedness. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City. The Corporation provides all of its services to the City.

Government-wide and Fund Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report, except for City fiduciary activity, information on all of the activities of the City. The effects of interfund transfers have been removed from the government-wide statements but continue to be reflected on the fund statements. Governmental activities are supported mainly through tax revenues.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues. Separate financial statements are provided for governmental and proprietary funds. The General Fund, the Economic Development Corporation Fund, the Street Maintenance Fund, the Debt Service Fund, and the Capital Projects Fund meet the criteria as major governmental funds. The major funds are reported in separate columns in the fund financial statements. The Crime Control District Fund and the Public Educational Government Channel Fund meet the criteria as non-major funds. The amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note A. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences, net pension liabilities, and claims and judgments, are recorded only when the liability has matured and payment is due.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

The Economic Development Corporation Fund is reported as a special revenue fund of the City and is utilized to account for a half-penny sales tax which can only be spent on projects and improvements that promote economic development activities within the City.

The Street Maintenance Fund is reported as a special revenue fund of the City and is utilized to account for a quarter-penny sales tax which can only be spent on street improvements or maintenance within the City.

The Debt Service Fund accounts for the accumulation of financial resources for the payment of principal, interest, and related costs on long-term obligations paid primarily from taxes levied or collected by the City.

The Capital Projects Fund accounts for the proceeds of certificates of obligation used for the acquisition or construction of major capital improvements as established in the bond documents.

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

The City reports the following major proprietary fund:

The Water and Sewer Fund is used to account for operations that are financed and operated in a manner similar to a private business enterprise - where the intent of the City is that the cost (expenses) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that for proprietary funds. The City's fiduciary fund is used to report employer and employee contributions, and investment income, if any, as well as benefits paid for health insurance.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note A. Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before the first day of September of each year and at least thirty days prior to adoption of a tax rate for the current fiscal year, the City Manager submits to the City Council a balanced budget for the ensuing fiscal year.
2. The City Council holds one or more public hearings on the proposed budget prior to the final adoption.
3. The City Council adopts the proposed budget, with or without amendment, after public hearings and before the first day of the ensuing fiscal year.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Enterprise Fund.
5. Annual budgets for the General Fund, Special Revenue Funds, Debt Service Fund, and Enterprise Fund are adopted on a basis consistent with GAAP.
6. Unused appropriations of the above annually budgeted funds lapse at the end of each fiscal year.
7. The City Council may authorize additional appropriations during the year.
8. During the fiscal year, the Council authorized and approved amendments to the budget which provided for and approved all expenditures and transfers.

Cash Equivalents

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, sidewalks, curbs, and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	10-40 years
Water and sewer mains and extensions	40-50 years
Drainage systems	10-40 years
Autos and equipment	5-15 years
Furniture and fixtures	7-10 years
Capital leases	Lease term

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note A. Summary of Significant Accounting Policies (Continued)

The City has elected to use the modified approach for its infrastructure reporting in the government-wide statements. General infrastructure assets acquired before September 30, 2003 consisting of the road network assets acquired, or that received substantial improvements subsequent to October 1, 1980 are reported at estimated historical cost using the deflated replacement cost. Under the modified approach the City does not record depreciation on this infrastructure. However, it must meet the following criteria: (1) keep a listing of all infrastructure assets, (2) establish and document the condition and levels at which the assets are being preserved, (3) make annual estimates necessary to maintain and preserve the eligible infrastructure at the conditions levels, (4) perform and summarize results of condition assessments for the eligible infrastructure every three years, (5) provide reasonable assurance that eligible infrastructure is being preserved approximately at or above the condition levels established. In addition to maintenance costs (expenditures which allow an asset to continue to be used during its originally established useful life), preservation costs (expenditures made to extend the original estimated useful life) are allowed under the modified approach to be expensed.

Long-Term Obligations

In the government-wide financial statements, other long-term obligations (such as certificates of obligation and capital leases) are reported as liabilities. On certificates of obligation and bonds payable, premiums and discounts are deferred and amortized over the life of the debt. Certificates of obligation and bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs during the current period. The face amount of the debt issued and applicable premium or discount are reported as other financial sources. Issuance costs, whether or not withheld from the actual debt proceeds received, and the debt repayment are reported as expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows of resources related to the loss on refunding and the pension plan reported in the Statement of Net Position. See additional information in Note K related to the pension plan.

In addition to liabilities, the statement of net position and balance sheet includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows of resources related to unavailable revenue from property taxes reported in the governmental fund balance sheet.

Fund Balance

The City adopted a fund balance policy in accordance with GASB statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Governmental fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors or laws and regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through a resolution. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City Manager.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note A. Summary of Significant Accounting Policies (Continued)

Except when expenditures are specifically budgeted and when multiple categories of fund balance are available for expenditure, the City will first spend the most restricted funds before moving down to the next most restrictive category with available funds, but will have the option to spend budgeted funds first.

Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets—This category consists of all capital assets net of accumulated depreciation and reduced by outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position—This category consists of external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, enabling legislation, and constitutional provisions.

Unrestricted net position—This category represents net position, not restricted for any project or other purpose.

When both restricted and unrestricted net position is available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Minimum Fund Balance Policy

The City's goal is to achieve and maintain an unassigned fund balance in the general fund equal to 25% of expenditures.

Concentration of Credit Risk

The City has property taxes receivable from residents and businesses all of whom are located in the City. Also, the City has utility charges receivable from residents and businesses located in the City and surrounding areas.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the City's participation in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for liability, property, and workers' compensation insurance. These are self-sustaining risk pools operated on a statewide basis for the benefit of several hundred Texas cities and other public entities. The City pays annual premiums to the TMLIRP, which retains risk of loss up to \$1,000,000 for property and liability insurance and up to \$1,500,000 for workers' compensation and obtains independent coverage for losses in excess of these amounts. The City retains no risk except for deductible amounts ranging from \$1,000 to \$10,000.

There have been no significant reductions in coverage in the past fiscal year and there have been no settlements exceeding insurance coverage in the current year or the past three fiscal years.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note A. Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note B. Reconciliation of Government-wide and Fund Financial Statements

The following is an explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position:

The governmental fund Balance Sheet includes a reconciliation between fund balance for total governmental funds and net position as reported in the government-wide Statement of Net Position. One element of that reconciliation explains "some liabilities, including certificates of obligation, general obligation bonds, capital leases payable, accrued interest payable, net pension liability, compensated absences, and volunteer firefighter total pension liability are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$17,918,478 difference are as follows:

Capital leases payable	\$	24,359
Certificates of obligation and general obligation bonds payable		13,265,500
Issuance premium		700,531
Accrued interest payable		47,752
Net pension liability		3,459,832
Volunteer firefighter total pension liability		69,659
Compensated absences		<u>350,845</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position- governmental activities		<u>\$ 17,918,478</u>

Note C. Deposits, Securities, and Investments

Chapter 2256 of the Texas Government Code (the "Public Funds Investment Act") authorizes the City to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal, availability of liquidity to meet the City's obligations, and market rate of return. The Investment Policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code.

The City's deposits and investments are invested pursuant to the Investment Policy. The Investment Policy includes a list of authorized investment instruments and a maximum allowable stated maturity of any individual investment. In addition, it includes an "Investment Strategy" that specifically addresses each fund's investment options and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, and public trust.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note C. Deposits, Securities, and Investments (Continued)

The City is authorized to invest in the following investment instruments provided that they meet the guidelines of the Investment Policy:

1. Obligations of the United States or its agencies and instrumentalities, excluding mortgage-backed securities;
2. Direct obligations of the State of Texas, or its agencies and instrumentalities;
3. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or respective agencies and instrumentalities, excluding mortgage-backed securities;
4. Collateralized Certificates of Deposit issued by a depository institution that has its main office or branch in the state of Texas that is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor or as further described in the Investment Policy;
5. Eligible Local Government Investment Pools;
6. Regulated No-Load Money Market Mutual Funds; and
7. Repurchase agreements, reverse repurchase agreements, bankers' acceptances and commercial paper that are described in more detail in the Investment Policy.

All investments held by the City at September 30, 2017 were in LOGIC, TexSTAR, Lone Star Investment Pool and TexPool.

Public Funds Investment Pools

LOGIC

The Local Government Investment Cooperative (LOGIC) is a local government investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. LOGIC's governing body is a five-member board of trustees and is comprised of employees, officers, or elected officials of participant government entities or individuals who do not have a business relationship with LOGIC and are qualified to advise it. A maximum of two advisory board members represent the co-administrators of LOGIC. The co-administrators are FirstSouthwest, a division of Hilltop Securities Inc., and J.P. Morgan Investment Management Inc. LOGIC is rated AAAM by Standard and Poor's.

LOGIC reports its financial statements in accordance with Financial Accounting Standards Boards, follows ASC 820 *Fair Value Measurement and Disclosure Requirements* in reporting its investments, and is categorized as Level 2. For pricing and redeeming shares, LOGIC maintains a stable net asset value of \$1.00 per share using the fair value method.

TexSTAR

Texas Short Term Asset Reserve Program (TexSTAR) is a local government investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexSTAR's governing body is a five-member board of directors consisting of three representatives of participants and one member employed by each co-administrator or an affiliate. The co-administrators are FirstSouthwest, a division of Hilltop Securities Inc., and J.P. Morgan Investment Management Inc. TexSTAR maintains an advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR. Members are appointed and serve at the will of the board of directors. TexSTAR is rated AAAM by Standard and Poor's.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note C. Deposits, Securities, and Investments (Continued)

TexSTAR reports its financial statements in accordance with Financial Accounting Standards Boards, follows ASC 820 *Fair Value Measurement and Disclosure Requirements* in reporting its investments, and is categorized as Level 2. For pricing and redeeming shares, TexSTAR maintains a stable net asset value of \$1.00 per unit using the fair value method.

Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, LLC, with Standish Mellon Asset Management Company, LLC and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank and Trust provides custody services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star has three different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. The Government Overnight and Corporate Overnight Funds and are rated AAAM by Standard and Poor's, and the Corporate Overnight Plus Fund is rated AAAs.

The City's investment in Lone Star is within the Government Overnight Fund, which values all investments at amortized costs and are operated in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Lone Star maintains a net asset value of \$1.00. There are no limitations or restrictions on withdrawals.

TexPool

Texas Local Government Investment Pool (TexPool) is a local government investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate the TexPool portfolios. Administrative and investment services are provided by Federated Investors, Inc. TexPool has established an advisory board composed equally of participants and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. TexPool is rated AAAM by Standard and Poor's.

TexPool uses amortized cost to value portfolio assets and follows the criteria established by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, for use of amortized cost. The stated objective of TexPool is to maintain a stable average of \$1.00 per unit net asset value. There are no limitations or restrictions on withdrawals.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure the assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices include within Level 1, that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note C. Deposits, Securities, and Investments (Continued)

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

As of September 30, 2017, the City had the following investments:

	Level 2	Total
Investments by Fair Value Level:		
LOGIC	\$ 4,291,513	\$ 4,291,513
TexSTAR	3,510,150	3,510,150
Subtotal	\$ 7,801,663	
Investments measured at Amortized Cost:		
Lone Star		4,282,812
TexPool		4,116,043
Total Investments		\$ 16,200,518

As reported in the Statement of Net Position:

Governmental activities		
Investments	\$ 14,931,398	
Restricted investments	633	
Business-type activities		
Investments	1,087,802	
Restricted investments	180,685	
Total investments	\$ 16,200,518	

Interest Rate Risk – Investments are exposed to interest rate risk if there are changes in market interest rates that will adversely affect the fair value of an investment. As of September 30, 2017, the City’s investments included investment pools and therefore were not exposed to interest rate risk.

Credit Risk – State statute requires that investments in Local Government Investment Pools be rated AAA or the equivalent by a nationally recognized credit rating agency. As of September 30, 2017, TexPool, TexSTAR, Lone Star, and LOGIC investment pools were rated AAAM by Standard and Poor’s.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note C. Deposits, Securities, and Investments (Continued)

Concentration of Credit Risk – In accordance with the City's Investment Policy, the City limits their exposure of concentration of credit risk by restricting investments in the following investment instruments:

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

As of September 30, 2017, 100% of the City's portfolio was invested in Local Government Investment Pools.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. At September 30, 2017, the City's cash and cash equivalents were insured or collateralized with securities held by the City or by its agent in the City's name, and the City is in compliance with the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

Note D. Local Tax Revenues and Receivables

Ad valorem taxes are levied each October 1 from valuations assessed as of the prior January 1 and are recognized as revenue when they become available beginning on the date of levy, October 1. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. In the governmental fund financial statements, taxes not expected to be collected within sixty days of the fiscal year end are recorded as unearned revenues and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred inflows of resources and recognized as revenue of the period to which they apply.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note E. Interfund Activity

During the course of the fiscal year, interfund payables and receivables arise. The following were outstanding as of September 30, 2017:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Economic development corporation fund	\$ 2,039
General fund	Debt service fund	1,526
General fund	Street maintenance fund	912
General fund	Water and sewer fund	2,829
Total		<u>\$ 7,306</u>

Interfund balances resulted from the timing difference between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers during the year were as follows:

<u>Transfers Out</u>	
General fund	\$ 282,861
Economic development corporation fund	1,308,234
Capital projects fund	909,287
Street maintenance fund	112,244
Crime control & prevention district fund	171,314
Water and sewer fund	722,788
	<u>\$ 3,506,728</u>
<u>Transfers in</u>	
General fund	\$ 1,276,411
Debt service fund	508,092
Water and sewer fund	1,722,225
	<u>\$ 3,506,728</u>

Transfers are generally used (1) to transfer funds from the Economic Development Corporation and the Water and Sewer Fund to the Debt Service funds to supplement debt payments, (2) to transfer funds from the various funds to the General fund to cover administrative costs, (3) to transfer funds from the Economic Development Corporation to the Water and Sewer fund to fund improvements to the City's assets, and (4) to transfer Water and Sewer fund construction in progress from the Capital Projects fund.

Note F. Restricted Assets

Restricted assets are held for customer deposits in the General Fund and the Water and Sewer Fund.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note G. Capital Assets

Capital asset activity for the year ended September 30, 2017 was as follows:

	Balance 10/1/2016	Transfers/ Additions	Transfers/ Deletions	Balance 9/30/2017
Governmental activities				
Capital assets using modified approach				
Infrastructure	\$ 23,973,259	\$ 100,701	\$ -	\$ 24,073,960
Total capital assets using modified approach	23,973,259	100,701	-	24,073,960
Capital assets not being depreciated				
Construction in progress	798,443	249,087	790,034	257,496
Land	1,685,569	-	-	1,685,569
Total capital assets not being depreciated	2,484,012	249,087	790,034	1,943,065
Other capital assets				
Buildings and improvements	11,410,974	833,479	-	12,244,453
Equipment and vehicles	6,774,959	159,251	403,940	6,530,270
Office furniture and fixtures	664,045	-	-	664,045
Total other capital assets	18,849,978	992,730	403,940	19,438,768
Less accumulated depreciation for:				
Buildings and improvements	2,483,823	290,659	-	2,774,482
Equipment and vehicles	4,181,942	387,190	373,442	4,195,690
Office furniture and fixtures	368,254	41,002	4,956	404,300
Total accumulated depreciation	7,034,019	718,851	378,398	7,374,472
Other capital assets, net	11,815,959	273,879	25,542	12,064,296
Governmental activities capital assets, net	<u>\$ 38,273,230</u>	<u>\$ 623,667</u>	<u>\$ 815,576</u>	<u>\$ 38,081,321</u>

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note G. Capital Assets (Continued)

	Balance 10/1/2016	Transfers/ Additions	Transfers/ Deletions	Balance 9/30/2017
Business-type activities				
Capital assets not being depreciated				
Land	\$ 46,240	\$ -	\$ -	\$ 46,240
Construction in progress	167,271	910,317	331,565	746,023
Total capital assets not being depreciated	213,511	910,317	331,565	792,263
Other capital assets				
Water and sewer system	13,880,574	331,565	65,441	14,146,698
Building and improvements	137,683	3,194	-	140,877
Machinery and equipment	1,802,028	262,420	56,357	2,008,091
Total other capital assets	15,820,285	597,179	121,798	16,295,666
Less accumulated depreciation for:				
Water and sewer system	4,146,465	291,010	64,441	4,373,034
Building and improvements	45,851	4,147	-	49,998
Machinery and equipment	1,659,854	41,662	51,806	1,649,710
Total accumulated depreciation	5,852,170	336,819	116,247	6,072,742
Other capital assets, net	9,968,115	260,360	5,551	10,222,924
Business-type activities capital assets, net	<u>\$ 10,181,626</u>	<u>\$ 1,170,677</u>	<u>\$ 337,116</u>	<u>\$ 11,015,187</u>

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

Governmental activities:	
Mayor and council	\$ 3,660
General government	185,708
Police	131,132
Fire	57,150
Streets	87,721
Library	9,967
Parks and recreation	175,489
Maintenance	3,552
Senior center	9,687
Animal control	20,373
Permits and inspections	2,302
Information technology	32,110
Total governmental activities	<u>\$ 718,851</u>
Business-type activities:	
Water and sewer	\$ 336,819
Total business-type activities	<u>\$ 336,819</u>

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note H. Long-Term Liabilities

Long-term debt of the City consists of certificates of obligation, general obligation bonds, utility system revenue bonds, and long-term capital leases. Long-term debt at September 30, 2017 consists of the following:

Governmental activities

Certificates of Obligation

Combination Tax and Revenue Certificates of Obligation, Series 2008

- To construct a senior center, library, community activity center, and animal control facility, and improvements of utility and drainage systems.
- Original balance of \$10,300,000.
- Payable in annual installments through September 30, 2018 at 3.25% to 5.75%.
- Outstanding balance of \$200,000 at September 30, 2017.

General Obligation Bonds

General Obligation Refunding Bonds, Series 2009

- To refund the Combination Tax and Revenue Certificates of Obligation, Series 1999.
- Original balance of \$4,725,000 of which \$2,551,500 is related to governmental activities.
- Payable in annual installments through April 1, 2019 at 2.0% to 4.0%.
- Outstanding balance of \$310,500 at September 30, 2017.

General Obligation Refunding Bonds, Series 2011

- To refund the Combination Tax and Revenue Certificates of Obligation, Series 2001.
- Original balance of \$2,675,000.
- Payable in annual installments through September 1, 2021 at 2.0% to 3.0%.
- Outstanding balance of \$1,150,000 at September 30, 2017.

General Obligation Refunding Bonds, Series 2014

- To refund the Combination Tax and Revenue Certificates of Obligation, Series 2005.
- Original balance of \$4,235,000.
- Payable in annual installments through August 15, 2025 at 2.39%.
- Outstanding balance of \$3,150,000 at September 30, 2017.

General Obligation Refunding Bonds, Series 2017

- To refund the Combination Tax and Revenue Certificates of Obligation, Series 2008.
- Original balance of \$8,455,000.
- Payable in annual installments through September 30, 2029 at 2.0% to 4.0%.
- Outstanding balance of \$8,455,000 at September 30, 2017.

Capital Lease Arrangements

Dell Government Leasing

- To purchase a backup solution.
- Principal price of \$27,911.
- Payable in annual installments of \$6,036 over five years.
- Outstanding balance of \$5,800 at September 30, 2017, bearing interest at 4.06%.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note H. Long-Term Liabilities (Continued)

Dell Government Leasing

- To purchase to hyper V servers.
- Principal price of \$23,772.
- Payable in annual installments of \$5,213 over four years.
- Outstanding balance of \$18,559 at September 30, 2017, bearing interest at 8.47%.

The annual requirements to amortize long-term debt as of September 30, 2017 are as follows:

Year Ending	Certificates of Obligation		General Obligation Bonds		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 200,000	\$ 8,000	\$ 1,056,200	\$ 394,603	\$ 11,473	\$ 1,422
2019	-	-	1,299,300	357,274	6,171	687
2020	-	-	1,255,000	327,045	6,715	143
2021	-	-	1,290,000	296,101	-	-
2022	-	-	1,120,000	262,750	-	-
2023-2027	-	-	5,765,000	854,133	-	-
2028-2032	-	-	1,280,000	55,000	-	-
Total	\$ 200,000	\$ 8,000	\$ 13,065,500	\$ 2,546,906	\$ 24,359	\$ 2,252

Business-type activities

General Obligation Bonds

General Obligation Refunding Bonds, Series 2009

- To refund the Combination Tax and Revenue Certificates of Obligation, Series 1997A and B.
- Original balance of \$4,725,000 of which \$2,173,500 is related to business-type activities.
- Payable in annual installments through April 1, 2019 at 2.0% to 4.0%.
- Outstanding balance of \$264,500 at September 30, 2017.

Utility System Revenue Bonds

Utility System Revenue Bonds, Series 2009

- For the construction of a new sewer line along Telephone Road.
- Original issue of \$290,000.
- Payable in annual installments through February 1, 2030 at 0%.
- Outstanding balance of \$192,000 at September 30, 2017.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note H. Long-Term Liabilities (Continued)

The annual requirements to amortize long-term debt as of September 30, 2017 are as follows:

Fiscal Year Ending	General Obligation Bonds		Utility System Revenue Bonds	Total
	Principal	Interest	Principal	
2018	\$ 128,800	\$ 8,004	\$ 14,000	\$ 150,804
2019	135,700	2,714	14,000	152,414
2020	-	-	14,000	14,000
2021	-	-	15,000	15,000
2022	-	-	15,000	15,000
2023-2027	-	-	75,000	75,000
2028-2032	-	-	45,000	45,000
Total	\$ 264,500	\$ 10,718	\$ 192,000	\$ 467,218

Future minimum lease payments for the capital lease are as follows:

	Governmental Activities
Scheduled future minimum lease payments	\$ 26,611
Amount representing interest	2,252
Present value of future minimum capital lease payments (principal payoff)	<u>\$ 24,359</u>

The following is an analysis of equipment leased under capital leases as of September 30, 2017:

	Governmental Activities
Equipment	\$ 51,683
Less accumulated depreciation	<u>(19,506)</u>
Total	<u>\$ 32,177</u>

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note H. Long-Term Liabilities (Continued)

The following is a summary of the changes by type of long-term liabilities for the year ended September 30, 2017:

	Balance 10/1/2016	Additions	Retirements	Balance 9/30/2017	Due Within One Year
<u>Governmental activities</u>					
Certificates of obligation	\$ 9,080,000	\$ -	\$ 8,880,000	\$ 200,000	\$ 200,000
General obligation bonds	5,538,700	8,455,000	928,200	13,065,500	1,056,200
Premium on bonds issued	18,369	696,944	14,782	700,531	95,893
Capital leases	15,807	23,772	15,220	24,359	11,473
Net pension liability	3,616,559	441,550	598,277	3,459,832	-
Compensated absences	304,122	532,558	485,835	350,845	350,845
Volunteer firefighter total pension liability	66,997	2,662	-	69,659	-
Total governmental activities	18,640,554	10,152,486	10,922,314	17,870,726	1,714,411
<u>Business-type activities</u>					
General obligation bonds	531,300	-	266,800	264,500	128,800
Utility system revenue bonds	206,000	-	14,000	192,000	14,000
Net pension liability	239,449	24,359	34,587	229,221	-
Compensated absences	13,900	21,334	18,870	16,364	16,364
Total business-type activities	990,649	45,693	334,257	702,085	159,164
Total	\$ 19,631,203	\$ 10,198,179	\$ 11,256,571	\$ 18,572,811	\$ 1,873,575

Advance Refunding

On August 1, 2017, the City issued \$8,455,000 of general obligation refunding bonds to advance refund \$8,680,000 of outstanding 2008 Certificates of Obligation. At September 30, 2017, the balance of the 2008 Certificates of Obligation was \$200,000. The remaining amount of the 2008 Certificates of Obligation is considered to be defeased, and the liability has been removed from the Statement of Net Position. The City advance refunded the 2008 Certificates of Obligations to reduce its future debt service payments by approximately \$3,563,000 and to obtain an economic gain of approximately \$2,362,000.

Note I. Compensated Absences and Sick Leave

If an employee separates from the City, has completed a minimum of twenty years of continuous service with the City, and qualifies for retirement as defined by the Texas Municipal Retirement System, the employee will be eligible for pay for one-half of accumulated sick leave, or 240 hours, whichever is less. However, for the remaining employees, sick leave is recorded when paid and employees are not compensated for unused sick leave. Vacation is earned in varying amounts. Unused vacation leave is carried forward from one year to the next up to certain limits. The City has accrued for the estimated liability for compensated absences in the governmental and business-type activities in the government-wide financial statements and in the proprietary fund financial statements. The City's aggregate liability for compensated absences as of September 30, 2017 was \$367,209.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note J. Restricted Net Position / Restricted Fund Balance

The following have been classified as other restricted net position on the governmental activities column of the government-wide statement of net position and as other restricted fund balances in the governmental funds balance sheet.

Child safety	\$ 16,816
Court technology	8,400
Court security	62,990
Confiscated property	5,853
Police LEOSE	6,014
Fire LEOSE	493
Police department donations	5,322
Fire department donations	122
Library donations	236
Senior center donations	681
Animal control donations	863
	863
Total Other Restricted Net Position/ Other Restricted Fund Balance	\$ 107,790

Child safety – Citations written for offenses in school zones and passing school buses are assessed a fee that is to be used for guards at school zones and other expenditures permitted by law.

Court technology – On all citations written after the Ordinance adopted by the City, a fee is assessed that is to be used to purchase or enhance most court technological equipment, software, devices, apparatus and any other expenditures legally permitted by law.

Court security – All citations are assessed a fee that is to be used for court security services, equipment, devices, and other expenditures legally permitted by law.

Confiscated property – Assets confiscated from various police activities are sold and the proceeds are placed in a restricted / reserved fund for use in future police activities.

Police and Fire LEOSE – This money has been restricted for police and fire training.

Police department donations – This money has been restricted to assist families in need during the holidays to purchase food and gifts.

Fire department donations – This money has been restricted to the benefit of the fire department.

Library donations – This money has been restricted to the benefit of the library.

Senior center donations – This money has been restricted to the benefit of the senior center.

Animal control donations – This money has been restricted to the benefit of animal control.

The government-wide statement of net position reports \$8,274,364 of restricted net position, of which \$7,746,287 is restricted by enabling legislation.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note K. Defined Benefit Pension Plan

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City are as follows:

Employee deposit rate	6.00%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

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

Employees covered by benefit terms.

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	49
Active employees	<u>94</u>
Total	<u><u>179</u></u>

Contributions

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

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note K. Defined Benefit Pension Plan (Continued)

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.52% and 13.41% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017 were \$664,926, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The TPL in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, Gabriel Roeder Smith & Company, Consultant & Actuaries, focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note K. Defined Benefit Pension Plan (Continued)

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
U.S. Equities	17.50%	4.55%
International Equities	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
Total	<u>100.00%</u>	

Discount Rate

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

Changes in the NPL	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2015	\$ 17,446,907	\$ 13,590,899	\$ 3,856,008
Changes for the year:			
Service Cost	725,539	-	725,539
Interest	1,186,749	-	1,186,749
Difference between expected and actual experience	(235,459)	-	(235,459)
Contributions - employer	-	632,864	(632,864)
Contributions - employee	-	303,290	(303,290)
Net investment income	-	918,562	(918,562)
Benefit payments, including refunds of employee contributions	(456,414)	(456,414)	-
Administrative expense	-	(10,373)	10,373
Other Changes	-	(559)	559
Net Changes	<u>1,220,415</u>	<u>1,387,370</u>	<u>(166,955)</u>
Balance at 12/31/2016	<u>\$ 18,667,322</u>	<u>\$ 14,978,269</u>	<u>\$ 3,689,053</u>

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note K. Defined Benefit Pension Plan (Continued)

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's NPL	\$6,860,485	\$3,689,053	\$1,136,109

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmr.com. The City's plan's fiduciary net position has been determined on the same basis as that used by TMRS. The TMRS plan is reported on the accrual basis of accounting. Benefits are recorded when payable in accordance with TMRS' plan terms. Refunds are recorded and paid upon receipt of an approved application for refund. Investments are reported at fair value.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of \$856,343.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ (194,733)
Changes in actuarial assumptions	-	(47,210)
Difference between projected and actual investment earnings	604,957	-
Contributions subsequent to the measurement date	487,062	-
Total	\$ 1,092,019	\$ (241,943)

\$487,062 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2018	\$ 153,799
2019	153,798
2020	120,798
2021	(52,472)
2022	(12,909)
Total	\$ 363,014

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note L. Other Postemployment Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB.

Contributions

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

The City’s contributions to the TMRS SDBF for the years ended September 30, 2017, 2016, and 2015 were \$7,863, \$7,873, and \$7,051, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates:
 (RETIREE - only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution Rate	Actual Contribution Rate	Percentage of ARC Contributed
2015	0.03%	0.15%	100.00%
2016	0.04%	0.17%	100.00%
2017	0.04%	0.15%	100.00%

Note M. Volunteer Firefighter Benefits

Pension - Length of Service Awards Program (LOSAP)

The City’s financial statements are for the year ended September 30, 2017. However, the information contained in this note is based on information for the Length of Service Awards Program as of October 1, 2016, which is the date of the most recent actuarial valuation and the measurement date of the total pension liability.

The City provides pension benefits for all eligible volunteer firefighters of the City of Lake Worth through a single-employer defined benefit LOSAP. The program began on October 1, 1990 and was established and can be amended by City Council. The program provides municipally-funded pension-like benefits at no cost to eligible volunteer firefighters. The City is the sponsor of the program. The City no longer offers LOSAP to new volunteer firefighters.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note M. Volunteer Firefighter Benefits (Continued)

Program Description

Participation, vesting and service credit

Volunteer firefighters who began service prior to 2003 and had reached the age of 18 and who had completed one year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is 62. In general, an active volunteer firefighter is credited with a year of firefighting service for each plan year by attending at least 70% of all training sessions and business meetings and responding to at least 45% of all non-medical related incidents including major accidents. Medically qualified firefighters must respond to at least 25% of all incidents.

Benefits

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$10 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed twenty. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

Contributions

The City provides annual contributions that satisfy the required amount to fund this program. Administrative costs are financed through investment earnings.

Plan membership

The most current actuarial valuation was completed as of October 1, 2016. The membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits	2
Terminated plan members entitled to, but not yet receiving benefits	6
Active plan members	<u>1</u>
Total	<u><u>9</u></u>

Fiduciary Investment and Control

Service credit is determined by City Council, based on information certified to the City by the fire department. The fire department must maintain all required records on forms prescribed by the City.

The City Council has retained and restricted Volunteer Firemen's Insurance Services to assist in the administration of the program. The restricted program administrator's functions include providing basic specimen forms of documents (Master Document, Adoption Agreement, Explanation of Benefits and other necessary forms and applications), annual plan valuation, calculation of annual recommended deposit, calculation of required premium to purchase/maintain life insurance policies, annual plan certification by independent enrolled actuary, annual summary of benefits for each plan participant, and benefit calculation for plan participant at termination, disability, entitlement, or death. Disbursements of program assets for the payment of benefits or administrative expenses must be approved.

Authority to invest program assets is vested in the Mass Mutual Life Insurance Company. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule. Because the program assets are not in an irrevocable trust, they are included in the general fund as other assets.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note M. Volunteer Firefighter Benefits (Continued)

The City is required to retain an actuary to determine the amount of the City's contributions to the plan. Portions of the following information are derived from a report prepared by the actuary dated, December 20, 2016.

Actuarial Assumptions and Funding Methods

The entry age normal actuarial cost method was used to determine total pension liability (TPL) and the annual required contribution (ARC) to fund the LOSAP. The following assumptions were used to determine the TPL and ARC:

Assumed Interest – 4.75%. The assumed rate reflects the actuary's best estimate of long-term investment results.

Pre-Retirement Mortality Table – 1984 Unisex Pensioners -1. This represents the possibility that some participants may die prior to reaching entitlement age.

Post-Retirement Mortality Table – 1984 Unisex Pensioners -1. This represents the typical life expectancy after attaining entitlement age.

Turnover – None. A turnover table assumes that a percentage of participants will terminate prior to being vested.

Funding Method – Entry age normal frozen initial liability. Under this funding method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability. Under this method, the actuarial gains (losses) are reflected as they occur in a decrease (increase) in the unfunded actuarial accrued liability.

There are no changes in assumptions or other inputs or changes in benefit terms that affected measurement of the total pension liability since the prior measurement date.

<u>Changes in the TPL</u>	
Balance at 10/1/2015	\$ 66,997
Service costs	1,306
Interest on total pension liability	4,735
Benefit payments	(3,440)
Other changes	61
Balance at 10/1/2016	\$ 69,659

For the year ended September 30, 2017, the City recognized pension expense of \$6,017.

Insurance

In addition to the pension plan, an insurance policy is provided by the City for volunteer firefighters who qualify for the LOSAP, which provides the greater of \$10,000 or the present value of the participant's accrued benefits under the LOSAP.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note N. Operating Leases

The City of Lake Worth leases the following equipment:

- The City leases copiers from NovaCopy with a \$704 monthly lease payment for 60 months beginning November 1, 2014 through October 31, 2019.
- The City leases a copier from Canon with a \$218 monthly lease payment for 60 months beginning August 1, 2015 through July 31, 2020.
- The City leases computers from Dell Financial Services with a \$2,959 annual lease payment for 4 years beginning November 1, 2014 through October 31, 2018.
- The City leases a cloud based server from Dell Financial Services with a \$6,036 annual lease payment for 5 years beginning August 1, 2014 through July 31, 2019.
- The City leases computers from Var Technology Finance with a \$12,784 annual lease payment for 4 years beginning May 10, 2017 through May 9, 2021.

Net future minimum lease payments under the operating leases for the City of Lake Worth equipment as of September 30, 2017 are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Amount</u>
2018	\$ 32,844
2019	29,885
2020	<u>15,665</u>
Total	<u>\$ 78,394</u>

Payments on the above leases of \$38,139 were included in equipment rent expense for the year ended September 30, 2017.

Note O. Other Commitments and Contingencies

The City of Lake Worth has the following commitments and contingencies at September 30, 2017:

- The City contracted for garbage disposal with Progressive Waste Solutions on March 7, 2016 for 60 months. The City bills directly the residential customers a set monthly rate and pays Progressive Waste Solutions monthly. In addition, the City receives a 6% franchise fee from Progressive Waste Solutions. The franchise fee is based upon the amount Progressive Waste Solutions charges the City for residential customers plus the amount billed by Progressive Waste Solutions to commercial customers. For the fiscal year ended September 30, 2017, the City expensed \$182,931 for sanitation expense.
- The City has a contract with the City of Fort Worth, Texas, for the purchase of treated water and for sewage treatment. The contract for water, dated November 16, 2010 for a 20-year period, is used to supplement the water wells operated by the City. The contract for sewer is dated June 29, 2017 for a 20-year period. Charges are incurred when actual delivery occurs and the rates are adjusted periodically. For the fiscal year ended September 30, 2017, the City's expenses in the Water and Sewer fund for water and sewer treatment were \$533,574 and \$609,892, respectively.

City of Lake Worth, Texas
Notes to Financial Statements
September 30, 2017

Note O. Other Commitments and Contingencies (Continued)

- The City has various contracts with Protection One Alarm Monitoring, Inc. for alarm system maintenance, camera systems and access controls. The various contracts are for a 5-year period. The monthly commitment is \$1,210. For the fiscal year ended September 30, 2017, the City expensed \$9,504 for the alarm system maintenance, \$912 for the camera systems and \$4,104 for the access controls.
- The City has a contract with Charter Business for internet services at the City's library. The contract, dated October 16, 2013, has a 48-month period. The monthly commitment is \$700. For the fiscal year ended September 30, 2017, the City expensed \$8,400 for the library internet.
- The City has two contracts with AT&T for managed internet service and switched Ethernet service at City Hall. The contract for managed internet service, dated June 13, 2017, has a 24-month period and a monthly commitment of \$1,373. The switched Ethernet service contract, dated January of 2017, has a 60-month period and a monthly commitment of \$876. For the fiscal year ended September 30, 2017, the City expensed \$5,492 and \$10,515 for managed internet service and switched Ethernet service contracts, respectively.

Note P. Economic Dependency

Since the City's largest revenue in the General, Economic Development Corporation, Street Maintenance and Crime Control & Prevention District funds is sales tax, the City's revenue may vary according to the strength of the economy of the Dallas-Fort Worth metropolitan area.

In the Water and Sewer fund, the City contracts with the City of Fort Worth, Texas for water purchases, this supplements the amounts produced from City wells and sanitary sewer treatment. During the current fiscal year, the City paid \$533,574 and \$609,892 for treated water and sewer treatment service, respectively, totaling \$1,143,466 which is 52% of the City's Water and Sewer fund total operating expenses.

Note Q. Subsequent Events

The City evaluated subsequent events through March 6, 2018, the date the financial statements were available to be issued, and nothing significant requiring disclosure was noted.

**REQUIRED SUPPLEMENTARY
INFORMATION**

City of Lake Worth, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
General Fund
For the Fiscal Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,412,444	\$ 5,686,326	\$ 5,704,802	\$ 18,476
Fines	516,825	494,195	503,761	9,566
Permits and fees	151,110	181,655	197,301	15,646
Intergovernmental	-	-	32,958	32,958
Charges for services	210,885	218,357	221,351	2,994
Investment earnings	15,074	49,437	56,357	6,920
Miscellaneous	285,665	361,722	407,476	45,754
Total revenues	<u>6,592,003</u>	<u>6,991,692</u>	<u>7,124,006</u>	<u>132,314</u>
Expenditures				
Mayor and council	15,163	15,463	15,045	418
General government	1,154,330	1,209,144	1,178,185	30,959
Police	2,182,023	2,132,017	2,015,750	116,267
Fire protection	1,598,882	1,639,043	1,677,934	(38,891)
Streets	542,718	539,625	507,804	31,821
Library	242,030	241,264	237,187	4,077
Parks and recreation	416,483	405,711	411,038	(5,327)
Maintenance	191,092	186,242	171,707	14,535
Senior center	113,772	114,912	110,174	4,738
Municipal court	220,473	223,977	223,322	655
Animal control	97,026	88,656	82,085	6,571
Emergency management	14,400	11,390	11,224	166
Permits and inspections	356,331	355,950	338,486	17,464
Informational technology	404,445	418,291	409,648	8,643
Capital outlay	578,188	1,211,787	408,132	803,655
Debt service				
Principal	23,246	23,246	15,220	8,026
Interest	3,920	3,920	2,794	1,126
Total expenditures	<u>8,154,522</u>	<u>8,820,638</u>	<u>7,815,735</u>	<u>1,004,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,562,519)</u>	<u>(1,828,946)</u>	<u>(691,729)</u>	<u>1,137,217</u>
Other financing sources (uses)				
Transfers in	1,274,372	1,274,372	1,276,411	2,039
Transfers out	(249,063)	(289,840)	(282,861)	6,979
Capital lease proceeds	-	-	23,772	23,772
Total other financing sources	<u>1,025,309</u>	<u>984,532</u>	<u>1,017,322</u>	<u>32,790</u>
Change in fund balance	<u>(537,210)</u>	<u>(844,414)</u>	<u>325,593</u>	<u>\$ 1,170,007</u>
Fund balance, beginning of year	<u>7,070,044</u>	<u>7,070,044</u>	<u>7,070,044</u>	
Fund balance, end of year	<u>\$ 6,532,834</u>	<u>\$ 6,225,630</u>	<u>\$ 7,395,637</u>	

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Economic Development Corporation Fund
For the Fiscal Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales tax	\$ 1,985,000	\$ 1,985,000	\$ 2,126,429	\$ 141,429
Investment earnings	9,000	9,000	32,416	23,416
Miscellaneous	250	250	388	138
Total revenues	1,994,250	1,994,250	2,159,233	164,983
Expenditures				
General government	227,466	227,176	159,688	67,488
Total expenditures	227,466	227,176	159,688	67,488
Excess of revenues over expenditures	1,766,784	1,767,074	1,999,545	232,471
Other financing uses				
Transfers out	(1,307,945)	(1,308,235)	(1,308,234)	1
Change in fund balance	458,839	458,839	691,311	\$ 232,472
Fund balance, beginning of year	3,520,067	3,520,067	3,520,067	
Fund balance, end of year	\$ 3,978,906	\$ 3,978,906	\$ 4,211,378	

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Street Maintenance Fund
For the Fiscal Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales tax	\$ 990,000	\$ 990,000	\$ 1,063,215	\$ 73,215
Investment earnings	4,000	4,000	15,650	11,650
Miscellaneous	750	750	29,929	29,179
Total revenues	994,750	994,750	1,108,794	114,044
Expenditures				
Streets	615,692	615,942	457,044	158,898
Capital outlay	134,000	134,000	99,936	34,064
Total expenditures	749,692	749,942	556,980	192,962
Excess of revenues over expenditures	245,058	244,808	551,814	307,006
Other financing uses				
Transfers out	(112,244)	(112,244)	(112,244)	-
Change in fund balance	132,814	132,564	439,570	\$ 307,006
Fund balance, beginning of year	1,744,915	1,744,915	1,744,915	
Fund balance, end of year	\$ 1,877,729	\$ 1,877,479	\$ 2,184,485	

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Three Fiscal Years**

Texas Municipal Retirement System (TMRS)

Measurement Date - December 31st*:	2016	2015	2014
Total Pension Liability (a)			
Beginning Balance	\$ 17,446,907	\$ 16,274,524	\$ 14,951,418
Service cost	725,539	660,172	618,120
Interest	1,186,749	1,144,131	1,054,569
Difference between expected and actual experience	(235,459)	(36,943)	40,840
Changes of assumptions	-	(75,228)	-
Benefit payments, including refunds of employee contributions	(456,414)	(519,749)	(390,423)
End of Year Balance	<u>\$ 18,667,322</u>	<u>\$ 17,446,907</u>	<u>\$ 16,274,524</u>
Plan Fiduciary Net Position (b)			
Beginning Balance	\$ 13,590,899	\$ 13,230,933	\$ 12,109,051
Contributions - employer	632,864	589,336	546,093
Contributions - employee	303,290	283,336	281,189
Net investment income	918,562	19,522	692,850
Benefit payments, including refunds of employee contributions	(456,414)	(519,749)	(390,423)
Administrative expense	(10,373)	(11,891)	(7,232)
Other changes	(559)	(588)	(595)
End of Year Balance	<u>\$ 14,978,269</u>	<u>\$ 13,590,899</u>	<u>\$ 13,230,933</u>
Net Pension Liability (a) - (b)			
Beginning Balance	\$ 3,856,008	\$ 3,043,591	\$ 2,842,367
Service cost	725,539	660,172	618,120
Interest	1,186,749	1,144,131	1,054,569
Difference between expected and actual experience	(235,459)	(36,943)	40,840
Changes of assumptions	-	(75,228)	-
Contributions - employer	(632,864)	(589,336)	(546,093)
Contributions - employee	(303,290)	(283,336)	(281,189)
Net investment income	(918,562)	(19,522)	(692,850)
Administrative expense	10,373	11,891	7,232
Other changes	559	588	595
End of Year Balance	<u>\$ 3,689,053</u>	<u>\$ 3,856,008</u>	<u>\$ 3,043,591</u>
Plan's fiduciary net position as a percentage of the total pension liability	80.24%	77.90%	81.30%
Covered payroll	\$ 4,885,784	\$ 4,722,263	\$ 4,675,481
Net pension liability as a percentage of covered payroll	75.51%	81.66%	65.10%

* The amounts presented above are as of the measurement date of the collective net pension asset (liability).

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Schedule of Employer Contributions and Related Ratios
Last Three Fiscal Years**

Texas Municipal Retirement System (TMRS)

Year Ended September 30th*:	2017	2016	2015
The City's actuarially determined contribution	\$ 664,926	\$ 599,053	\$ 587,081
The amount of contributions recognized by the plan in relation to the actuarially determined contribution	<u>664,926</u>	<u>599,053</u>	<u>587,081</u>
The difference between the City's actuarially determined contribution and the amount of contributions recognized by the plan in relation to the City's actuarially determined contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,052,716	\$ 4,789,048	\$ 4,794,736
The amount of contributions recognized by the plan in relation to the City's actuarially determined contribution as a percentage of covered payroll	13.16%	12.51%	12.24%

Notes to Schedule of Contributions

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January - 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

There were no benefit changes during the year.

* The amounts presented above are as of the City's fiscal year-end.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Schedule of Changes in Total Pension Liability and
Schedule of Total Pension Liability and Related Ratios
for Volunteer Firefighters
Last Fiscal Year **

Length of Service Awards Program (LOSAP) for Volunteer Firefighters

Schedule of Changes in Total Pension Liability

Measurement Date - October 1st*:	2016
Beginning Balance	\$ 66,997
Service cost	1,306
Interest on total pension liability	4,735
Benefit payments	(3,440)
Other changes	61
Ending Balance	\$ 69,659

Schedule of Total Pension Liability and Related Ratios

Measurement Date - October 1st*:	2016
Total pension liability	\$ 69,659
Covered payroll	\$ -
Total pension liability as a percentage of covered payroll	N/A

Notes to Above Schedules

The plan assets are not included in an irrevocable trust but are included in the general fund as other assets.

See Note M. Volunteer Firefighter Benefits in the Notes to the Financial Statements for information about factors that significantly affect trends in the amounts reported.

* The amounts presented above are as of the measurement date of the collective net pension asset (liability).

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas

Schedule for Governments Using Modified Approach for Infrastructure

Condition Rating	Goal	Square Feet of Roadway February 28, 2017		Square Feet of Roadway September 30, 2014		Square Feet of Roadway September 30, 2012	
		Number	Percentage	Number	Percentage	Number	Percentage
At least 1	0%	562,945	9.1222%	200,527	3.2896%	-	0.0000%
At least 2-4	30%	1,192,517	19.3241%	463,370	7.6014%	819,206	13.4595%
At least 5-7	60%	2,438,939	39.5217%	2,514,021	41.2417%	2,589,127	42.5392%
At least 8-10	10%	1,976,734	32.0319%	2,917,902	47.8673%	2,678,120	44.0013%

The City adopted a one-quarter sales tax effective July 1, 2005 to help keep their roads in compliance with their goals.

Comparison of Estimated-to-Actual Maintenance/Preservation

	2017	2016	2015
Estimated	\$ 1,155,567	\$ 1,267,301	\$ 1,049,925
Actual	964,848	1,079,561	932,156

At least every three years the City will perform an examination of their roads and rate the status. The City did not rate the roads in the 2016, 2015, or 2013 fiscal years. The status of the City's roads are rated according to the following criteria:

Surface Rating	Visible Distress	General Condition Treatment Measures	Surface Rating	Visible Distress	General Condition Treatment Measures
10 Excellent	None	New Construction	5 Fair	Moderate to severe raveling (loss of lines and coarse aggregate). Longitudinal cracks (open 1/2") show some slight raveling and secondary cracks. First signs of longitudinal cracks near wheel path or edge. Transverse cracking and first signs of block cracking. Slight crack raveling (open 1/2"). Extensive to severe flushing or polishing. Some patching or edge wedging in good condition.	Surface aging, sound structural condition, needs seal coating or non-structural overlay.
9 Excellent	None	Recent overlay, like new	4 Fair	Severe surface raveling. Multiple longitudinal and transverse cracking with slight raveling. Block cracking (over 25-50% of surface). Patching in fair condition. Slight rutting or distortions (1" deep or less).	Significant aging and first signs of need for strengthening. Would benefit from recycling or overlay.
8 Very Good	No longitudinal cracks except reflection of paving joints, occasional transverse cracks, widely spread (40' or greater).	Recent seal coat or new road mix. Little or no maintenance required.	3 Poor	Closely spaced longitudinal and transverse cracks often showing raveling and crack erosion. Block cracking over 50% of surface. Some alligator cracking (less than 25% of surface). Patches in fair to poor condition. Moderate rutting or distortion (1" or 2" deep). Occasional potholes.	Need patching and major overlay or complete recycling.
7 Good	Very slight or no raveling, surface shows some traffic wear. Longitudinal cracks (open 1/4") spaced due to reflection or paving joints. Transverse cracks (open 1/4") spaced 10 feet or more apart and little or slight cracking. No patching or very few patches in excellent condition.	First signs of aging maintain with routine crack filling	2 Very Poor	Alligator cracking (over 25% of surface). Severe distortions (over 2" deep). Extensive patching in poor condition and potholes.	Severe deterioration, need reconstruction with extensive base repair.
6 Good	Slight raveling (loss of line) and traffic wear. Longitudinal cracks (open 1/4" - 1/2") due to reflection and paving joints. Transverse cracks (open 1/4" - 1/2") some spaced less than 10 feet. Slight to moderate flushing or polishing. Occasional patching in good condition.	Show signs of aging, sound structural condition could extend life with seal coat.	1 Failed	Severe distress with extensive loss of surface integrity.	Failed, needs total reconstruction.

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTARY INFORMATION

City of Lake Worth, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	Crime Control District Fund	Public Educational Government Channel Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$ 23,209	\$ -	\$ 23,209
Investments	485,409	65,696	551,105
Accounts receivables	-	2,316	2,316
Due from other governments	74,923	-	74,923
Due from other funds	-	-	-
Prepaid expenses	2,097	-	2,097
Total assets	<u>\$ 585,638</u>	<u>\$ 68,012</u>	<u>\$ 653,650</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 13,479	\$ -	\$ 13,479
Accrued liabilities	19,653	-	19,653
Total liabilities	33,132	-	33,132
Fund balances:			
Non-spendable for prepaid expenses	2,097	-	2,097
Restricted for:			
Street maintenance	-	-	-
Crime control	550,409	-	550,409
Public educational government channel	-	68,012	68,012
Total fund balances	<u>552,506</u>	<u>68,012</u>	<u>620,518</u>
Total liabilities and fund balances	<u>\$ 585,638</u>	<u>\$ 68,012</u>	<u>\$ 653,650</u>

The accompanying notes are an integral part of these financial statements.

City of Lake Worth, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2017

	Crime Control District Fund	Public Educational Government Channel Fund	Total Nonmajor Governmental Funds
Revenues			
Sales tax	\$ 1,049,148	\$ -	\$ 1,049,148
Investment earnings	3,112	639	3,751
Miscellaneous	16,948	8,720	25,668
Total revenues	1,069,208	9,359	1,078,567
Expenditures			
Police	701,939	-	701,939
Capital outlay	37,096	-	37,096
Total expenditures	739,035	-	739,035
Excess of revenues over expenditures	330,173	9,359	339,532
Other financing uses			
Transfers out	(171,314)	-	(171,314)
Change in fund balances	158,859	9,359	168,218
Fund balances, beginning of year	393,647	58,653	452,300
Fund balances, end of year	<u>\$ 552,506</u>	<u>\$ 68,012</u>	<u>\$ 620,518</u>

The accompanying notes are an integral part of these financial statements.

**OVERALL COMPLIANCE AND
INTERNAL CONTROLS SECTION**



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and City Council
City of Lake Worth, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Worth, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Lake Worth, Texas' basic financial statements, and have issued our report thereon dated March 6, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lake Worth, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lake Worth, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lake Worth, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lake Worth, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Snow Garrett Williams

Snow Garrett Williams
March 6, 2018

Lake Worth City Council Meeting – March 13, 2018

Agenda Item No. F.2

From: Stacey Almond, City Manager

Item: Discuss and consider Ordinance No. 1109, approving a tariff authorizing an annual rate review mechanism (RRM) as a substitution for the annual interim rate adjustment process defined by Section 104.301 of the Texas Utilities Code, and as negotiated between ATMOS Energy Corp., Mid-Tex Division and the Steering Committee of cities served by ATMOS.

Summary:

The City, 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 Steering Committee of Cities Served by Atmos (“Cities”). In 2007, the Cities 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 Ordinance that resolved the Company’s application under the RRM Tariff in 2017 also terminated the existing RRM Tariff and required a renegotiation of the terms of that tariff. Negotiations have taken place over the past several months, and have resulted in a revised RRM Tariff that has been agreed to by the Company. The Cities’ Executive Committee has recommended acceptance of the revised RRM Tariff, which is attached to the Ordinance.

Cities strongly opposed the GRIP process because it constitutes piecemeal ratemaking by ignoring declining expenses and increasing revenues and rewarding the Company for increasing capital investment. The GRIP process does not allow any review of the reasonableness of capital investment and does not allow cities to participate in the Railroad Commission’s review of annual GRIP filings or recover their rate case expenses. The Railroad Commission undertakes a mere administrative review of GRIP filings (instead of a full hearing) and rate increases go into effect without any material adjustments. In the Steering Committee’s view, the GRIP process unfairly raises customers’ rates without any regulatory oversight. In contrast, the RRM process has allowed for a more comprehensive rate review and annual evaluation of expenses and revenues, as well as capital investment.

The RRM Tariff on which the 2017 rates were based allowed a rate of return on equity of 10.50%. The revised RRM Tariff reduces that to 9.8%. The revised RRM Tariff also captures the reduction in federal income tax rates from 35% to 21%, and should result in a rate reduction effective by mid-March 2018.

Lake Worth City Council Meeting – March 13, 2018

Agenda Item No. F.2

Prior RRM tariffs allowed Cities only three months to review the Company's filing. The new revised Tariff expands that time period by two months. New applications by the Company should be made on or about April 1 of each year, with new rates effective October 1. A rate order from the Railroad Commission in an Atmos Texas Pipeline rate case adopted the position of Cities with regard to incentive compensation related to Atmos' Shared Services Unit that reduced allowed expenses, and that reduced level of expenses will be applicable under the new RRM Tariff.

The proposed ordinance adopts the attached RRM Tariff and finds the adoption of the Tariff to be just, reasonable, and in the public interest. The prior tariff expired by its own terms.

Fiscal Impact:

N/A

Attachments:

1. Ordinance No. 1109 - RRM Tariff ATMOS
2. Mid-Tex RRM Tariff with Exhibit A

Recommended Motion or Action:

Move to approve Ordinance No. 1109, approving a tariff authorizing an annual rate review mechanism (RRM) as a substitution for the annual interim rate adjustment process defined by Section 104.301 of the Texas Utilities Code, and as negotiated between ATMOS Energy Corp. Mid-Tex Division and the Steering Committee of cities served by ATMOS.

ORDINANCE NO. 1109

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAKE WORTH, TEXAS, APPROVING A TARIFF AUTHORIZING AN ANNUAL RATE REVIEW MECHANISM (“RRM”) AS A SUBSTITUTION FOR THE ANNUAL INTERIM RATE ADJUSTMENT PROCESS DEFINED BY SECTION 104.301 OF THE TEXAS UTILITIES CODE, AND AS NEGOTIATED BETWEEN ATMOS ENERGY CORP., MID-TEX DIVISION (“ATMOS MID-TEX” OR “COMPANY”) AND THE STEERING COMMITTEE OF CITIES SERVED BY ATMOS; REQUIRING THE COMPANY TO REIMBURSE CITIES’ REASONABLE RATEMAKING EXPENSES; ADOPTING A SAVINGS CLAUSE; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND LEGAL COUNSEL FOR THE STEERING COMMITTEE.

WHEREAS, the City of Lake Worth, 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 and similarly-situated Mid-Tex municipalities created the Steering Committee of Cities Served by Atmos to efficiently address all rate and service matters associated with delivery of natural gas; and

WHEREAS, the Steering Committee formed an Executive Committee to direct legal counsel and to recommend certain specific actions to all aligned Mid-Tex Cities through resolution or ordinance; and

WHEREAS, pursuant to the terms of a November 2007 agreement between the Steering Committee and Atmos Mid-Tex that settled the Company’s interim rate filing under Section 104.301 of the Texas Utilities Code (a “GRIP” rate case), the Steering Committee and the Company collaboratively developed a Rate Review Mechanism (“RRM”) Tariff, ultimately authorized by the City in 2008, that allows for an expedited rate review process as a substitute for the GRIP process; and

WHEREAS, the City has kept some form of a RRM Tariff in place until 2017 when it adopted an ordinance approving an RRM Tariff filing settlement and specifically calling for termination of the existing RRM Tariff and negotiation of a replacement RRM Tariff following the Railroad Commission’s decision in a then-pending Atmos Texas Pipeline case (GUD No. 10580); and

WHEREAS, the Steering Committee's Executive Committee has recently approved a settlement with the Company on the attached RRM Tariff that contains certain notable improvements, from a consumer perspective, over the prior RRM Tariff, including a reduced rate of return on equity, acceptance of certain expense adjustments made by the Railroad Commission in the Order in GUD No. 10580, and the addition of two months to the time for processing a RRM Tariff application; and

WHEREAS, the RRM Tariff contemplates reimbursement of Cities' reasonable expenses associated with RRM Tariff applications; and

WHEREAS, the Steering Committee's Executive Committee recommends that all Steering Committee member cities adopt this ordinance and the attached RRM Tariff; and

WHEREAS, the attached RRM Tariff is just, reasonable and in the public interest,

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

SECTION 1. That the findings set forth in this Ordinance are hereby in all things approved.

SECTION 2. That the attached RRM Tariff re-establishing a form of Rate Review Mechanism is just and reasonable and in the public interest, and is hereby adopted.

SECTION 3. That Atmos Mid-Tex shall reimburse the Cities' reasonable expenses associated with adoption of this Ordinance and the attached RRM Tariff and in processing future RRM Tariff applications filed pursuant to the attached tariff.

SECTION 4. That to the extent any resolution or ordinance previously adopted by the City is inconsistent with this Ordinance, it is hereby repealed.

SECTION 5. That the meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

SECTION 6. That if any one or more sections or clauses of this Ordinance is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Ordinance, and the remaining provisions of this Ordinance shall be interpreted as if the offending section or clause never existed.

SECTION 7. That this Ordinance shall become effective from and after its passage.

SECTION 8. That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs, Atmos Energy Corporation, Mid-Tex Division, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to Mid-Tex Cities, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this 13th day of March 2018.

CITY OF LAKE WORTH

By: _____
Walter Bowen, Mayor

ATTEST:

Monica Solko, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Drew Larkin, City Attorney

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

RATE SCHEDULE:	RRM – Rate Review Mechanism	
APPLICABLE TO:	ALL CITIES IN THE MID-TEX DIVISION AS IDENTIFIED IN EXHIBIT A TO THIS RATE SCHEDULE	
EFFECTIVE DATE:	Bills Rendered on and after 04/01/2018	PAGE: 1

I. Applicability

Applicable to Residential, Commercial, Industrial, and Transportation tariff customers within the city limits of cities identified in Exhibit A that receive service from the Mid-Tex Division of Atmos Energy Corporation (“Company”). This Rate Review Mechanism (“RRM”) provides for an annual adjustment to the Company’s Rate Schedules R, C, I and T (“Applicable Rate Schedules”). Rate calculations and adjustments required by this tariff shall be determined on a System-Wide cost basis.

II. Definitions

“Test Period” is defined as the twelve months ending December 31 of each preceding calendar year.

The “Effective Date” is the date that adjustments required by this tariff are applied to customer bills. The annual Effective Date is October 1.

Unless otherwise provided in this tariff the term Final Order refers to the final order issued by the Railroad Commission of Texas in GUD No. 10170 and elements of GUD No. 10580 as specified in Section III below.

The term “System-Wide” means all incorporated and unincorporated areas served by the Company.

“Review Period” is defined as the period from the Filing Date until the Effective Date.

The “Filing Date” is as early as practicable, but no later than April 1 of each year.

III. Calculation

The RRM shall calculate an annual, System-Wide cost of service (“COS”) that will be used to adjust applicable rate schedules prospectively as of the Effective Date. The Company may request recovery of its total cost of service but will include schedules showing the computation of any adjustments. The annual cost of service will be calculated according to the following formula:

$$\text{COS} = \text{OM} + \text{DEP} + \text{RI} + \text{TAX} + \text{CD}$$

Where:

OM = all reasonable and necessary operation and maintenance expenses from the Test Period adjusted for known and measurable items and prepared

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consistent with the rate making treatments approved in the Final Order. Incentive compensation (Management Incentive Plan, Variable Pay Plan and Long Term Incentive Plan) related to Atmos' Shared Services Unit will be applied consistent with treatment approved in GUD 10580. Additionally, O&M adjustments will be incorporated and applied as modified by a final order, not subject to appeal, issued by the Railroad Commission of Texas in subsequent rate cases involving the Atmos Mid-Tex or West Texas divisions. Known and measurable adjustments shall be limited to those changes that have occurred prior to the Filing Date. OM may be adjusted for atypical and non-recurring items. Shared Services allocation factors shall be recalculated each year based on the latest component factors used during the Test Period, but the methodology used will be that approved in the Final Order in GUD 10580.

DEP = depreciation expense calculated at depreciation rates approved by the Final Order. Additionally, if depreciation rates are approved in a subsequent final order, not subject to appeal, issued by the Railroad Commission of Texas for the Mid-Tex division those rates would be applicable for subsequent RRM filings.

RI = return on prudently incurred investment calculated as the Company's pretax return multiplied by rate base at Test Period end. Rate base is prepared consistent with the rate making treatments approved in the Final Order, and as in GUD 10580 as specifically related to capitalized incentive compensation (Management Incentive Plan, Variable Pay Plan and Long Term Incentive Plan) for Atmos' Shared Services Unit. However, no post Test Period adjustments will be permitted. Additionally, adjustments will be incorporated and applied as modified by a final order, not subject to appeal, issued by the Railroad Commission of Texas in subsequent rate cases involving the Atmos Mid-Tex or West Texas divisions. Pretax return is the Company's weighted average cost of capital before income taxes. The Company's weighted average cost of capital is calculated using the methodology from the Final Order including the Company's actual capital structure and long term cost of debt as of the Test Period end (adjusted for any known and measurable changes that have occurred prior to the filing date) and the return on equity of 9.8%. However, in no event will the percentage of equity exceed 58%. Regulatory adjustments due to prior regulatory rate base adjustment disallowances will be maintained. Cash working capital will be calculated using the lead/lag days approved in the Final Order. With respect to pension and other postemployment benefits, the Company will record a regulatory asset or liability for these costs until the amounts are included in the next annual rate adjustment implemented under this tariff. Each year, the Company's filing under this Rider RRM will clearly state the level of pension

**ATMOS ENERGY CORPORATION
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and other postemployment benefits recovered in rates.

TAX = income tax and taxes other than income tax from the Test Period adjusted for known and measurable changes occurring after the Test Period and before the Filing Date, and prepared consistent with the rate making treatments approved in the Final Order. Atmos Energy shall comprehensively account for, including establishing a regulatory liability to account for, any statutory change in tax expense that is applicable to months during the Test Period in the calculation to ensure recovery of tax expense under new and old income tax rates.

CD = interest on customer deposits.

IV. Annual Rate Adjustment

The Company shall provide schedules and work papers supporting the Filing's revenue deficiency/sufficiency calculations using the methodology accepted in the Final Order. The result shall be reflected in the proposed new rates to be established for the effective period. The Revenue Requirement will be apportioned to customer classes in the same manner that Company's Revenue Requirement was apportioned in the Final Order. For the Residential Class, 50% of the increase may be recovered in the customer charge. However, the increase to the Residential customer charge shall not exceed \$0.60 per month in the initial filing and \$0.70 per month in any subsequent year. The remainder of the Residential Class increase not collected in the customer charge will be recovered in the usage charge. For all other classes, the change in rates will be apportioned between the customer charge and the usage charge, consistent with the Final Order. Test Period billing determinants shall be adjusted and normalized according to the methodology utilized in the Final Order.

V. Filing

The Company shall file schedules annually with the regulatory authority having original jurisdiction over the Company's rates on or before the Filing Date that support the proposed rate adjustments. The schedules shall be in the same general format as the cost of service model and relied-upon files upon which the Final Order was based. A proof of rates and a copy of current and proposed tariffs shall also be included with the filing. The filing shall be made in electronic form where practical. The Company's filing shall conform to Minimum Filing Requirements (to be agreed upon by the parties), which will contain a minimum amount of information that will assist the regulatory authority in its review and analysis of the filing. The Company and regulatory authority will endeavor to hold a technical conference regarding the filing within twenty (20) calendar days after the Filing Date.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

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A sworn statement shall be filed by an Officer of the Company affirming that the filed schedules are in compliance with the provisions of this Rate Review Mechanism and are true and correct to the best of his/her knowledge, information, and belief. No testimony shall be filed, but a brief narrative explanation shall be provided of any changes to corporate structure, accounting methodologies, allocation of common costs, or atypical or non-recurring items included in the filing.

VI. Evaluation Procedures

The regulatory authority having original jurisdiction over the Company's rates shall review and render a decision on the Company's proposed rate adjustment prior to the Effective Date. The Company shall provide all supplemental information requested to ensure an opportunity for adequate review by the relevant regulatory authority. The Company shall not unilaterally impose any limits upon the provision of supplemental information and such information shall be provided within seven (7) working days of the original request. The regulatory authority may propose any adjustments it determines to be required to bring the proposed rate adjustment into compliance with the provisions of this tariff.

The regulatory authority may disallow any net plant investment that is not shown to be prudently incurred. Approval by the regulatory authority of net plant investment pursuant to the provisions of this tariff shall constitute a finding that such net plant investment was prudently incurred. Such finding of prudence shall not be subject to further review in a subsequent RRM or Statement of Intent filing.

During the Review Period, the Company and the regulatory authority will work collaboratively and seek agreement on the level of rate adjustments. If, at the end of the Review Period, the Company and the regulatory authority have not reached agreement, the regulatory authority shall take action to modify or deny the proposed rate adjustments. The Company shall have the right to appeal the regulatory authority's action to the Railroad Commission of Texas. Upon the filing of an appeal of the regulatory authority's order relating to an annual RRM filing with the Railroad Commission of Texas, the regulatory authority having original jurisdiction over the Company's rates shall not oppose the implementation of the Company's proposed rates subject to refund, nor will the regulatory authority advocate for the imposition of a third party surety bond by the Company. Any refund shall be limited to and determined based on the resolution of the disputed adjustment(s) in a final, non-appealable order issued in the appeal filed by the Company at the Railroad Commission of Texas.

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In the event that the regulatory authority and Company agree to a rate adjustment(s) that is different from the adjustment(s) requested in the Company's filing, the Company shall file compliance tariffs consistent with the agreement. No action on the part of the regulatory authority shall be required to allow the rate adjustment(s) to become effective on October 1. To the extent that the regulatory authority does not take action on the Company's RRM filing by September 30, the rates proposed in the Company's filing shall be deemed approved effective October 1. Notwithstanding the preceding sentence, a regulatory authority may choose to take affirmative action to approve a rate adjustment under this tariff. In those instances where such approval cannot reasonably occur by September 30, the rates finally approved by the regulatory authority shall be deemed effective as of October 1.

To defray the cost, if any, of regulatory authorities conducting a review of the Company's annual RRM filing, the Company shall reimburse the regulatory authorities on a monthly basis for their reasonable expenses incurred upon submission of invoices for such review. Any reimbursement contemplated hereunder shall be deemed a reasonable and necessary operating expense of the Company in the year in which the reimbursement is made. A regulatory authority seeking reimbursement under this provision shall submit its request for reimbursement to the Company no later than December 1 of the year in which the RRM filing is made and the Company shall reimburse regulatory authorities in accordance with this provision on or before December 31 of the year the RRM filing is made.

To the extent possible, the provisions of the Final Order shall be applied by the regulatory authority in determining whether to approve or disapprove of Company's proposed rate adjustment.

This Rider RRM does not limit the legal rights and duties of a regulatory authority. Nothing herein shall abrogate the jurisdiction of the regulatory authority to initiate a rate proceeding at any time to review whether rates charged are just and reasonable. Similarly, the Company retains its right to utilize the provisions of Texas Utilities Code, Chapter 104, Subchapter C to request a change in rates. The provisions of this Rider RRM are implemented in harmony with the Gas Utility Regulatory Act (Texas Utilities Code, Chapters 101-105).

The annual rate adjustment process set forth in this tariff shall remain in effect during the pendency of any Statement of Intent rate filing.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

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VII. Reconsideration, Appeal and Unresolved Items

Orders issued pursuant to this mechanism are ratemaking orders and shall be subject to appeal under Sections 102.001(b) and 103.021, et seq., of the Texas Utilities Code (Vernon 2007).

VIII. Notice

Notice of each annual RRM filing shall be provided by including the notice, in conspicuous form, in the bill of each directly affected customer no later than forty-five (45) days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

- a) a description of the proposed revision of rates and schedules;
- b) the effect the proposed revision of rates is expected to have on the rates applicable to each customer class and on an average bill for each affected customer;
- c) the service area or areas in which the proposed rates would apply;
- d) the date the annual RRM filing was made with the regulatory authority; and
- e) the Company's address, telephone number and website where information concerning the proposed rate adjustment can be obtained.

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Exhibit A

ACSC Cities

Abilene	Cleburne	Frost	Lincoln Park
Addison	Clyde	Gainesville	Little Elm
Albany	College Station	Garland	Lorena
Allen	Colleyville	Garrett	Madisonville
Alvarado	Colorado City	Grand Prairie	Malakoff
Angus	Comanche	Grapevine	Mansfield
Anna	Commerce	Groesbeck	Mckinney
Argyle	Coolidge	Gunter	Melissa
Arlington	Coppell	Haltom City	Mesquite
Aubrey	Copperas Cove	Harker Heights	Midlothian
Azle	Corinth	Haskell	Murphy
Bedford	Crandall	Haslet	Newark
Bellmead	Crowley	Hewitt	Nocona
Benbrook	Dalworthington Gardens	Highland Park	North Richland Hills
Beverly Hills	Denison	Highland Village	Northlake
Blossom	Denton	Honey Grove	Oak Leaf
Blue Ridge	Desoto	Hurst	Ovilla
Bowie	Draper	Hutto	Palestine
Boyd	Duncanville	Iowa Park	Pantego
Bridgeport	Eastland	Irving	Paris
Brownwood	Edgecliff Village	Justin	Parker
Buffalo	Emory	Kaufman	Pecan Hill
Burkburnett	Ennis	Keene	Petrolia
Burleson	Eules	Keller	Plano
Caddo Mills	Everman	Kemp	Ponder
Canton	Fairview	Kennedale	Pottsboro
Carrollton	Farmers Branch	Kerens	Prosper
Cedar Hill	Farmersville	Kerrville	Quitman
Celeste	Fate	Killeen	Red Oak
Celina	Flower Mound	Krum	Reno (Parker County)
Centerville	Forest Hill	Lake Worth	Rhome
Cisco	Forney	Lakeside	Richardson
Clarksville	Fort Worth	Lancaster	Richland
	Frisco	Lewisville	Richland Hills

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

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River Oaks	Temple
Roanoke	Terrell
Robinson	The Colony
Rockwall	Trophy Club
Roscoe	Tyler
Rowlett	University Park
Royse City	Venus
Sachse	Vernon
Saginaw	Waco
Sansom Park	Watauga
Seagoville	Waxahachie
Sherman	Westlake
Snyder	Westover Hills
Southlake	Westworth Village
Springtown	White Settlement
Stamford	Whitesboro
Stephenville	Wichita Falls
Sulphur Springs	Woodway
Sweetwater	Wylie

Lake Worth City Council Meeting – March 13, 2018

Agenda Item No. F.3

From: Stacey Almond, City Manager

Item: Discuss and consider Resolution No. 2018-08, approving a Hotel Occupancy Tax Policy.

Summary:

The Council charged the City Manager with implementing a Hotel Occupancy Tax (HOT) policy to support tourism which stimulates commercial activity and supports Lake Worth businesses. Ordinance 791, passed April 12, 2005 established the Hotel Occupancy Tax in the City of Lake Worth. The proposed policy was created by Greg Last, ED Best Practices, to provide a presentable document for use of HOT tax funds and to streamline the application process.

Chapter 351 of the Texas Tax Code authorizes communities to collect a Hotel Occupancy Tax (HOT) and use these funds to promote tourism and the convention and hotel industry. This policy supports the importance of attracting visitors to our hotel industry and implements programs whereby tourism and the convention and hotel industry will be promoted.

This policy will create a streamlined process for entities and events who wish to receive HOT funding. The City Council will review submitted applications at the onset of the budget process and allocate funding based upon the applications received.

Fiscal Impact:

None

Attachments:

1. Proposed Hotel Occupancy Policy and Application

Recommended Motion or Action:

Move to approve Resolution No. 2018-08, approving a Hotel Occupancy Tax Policy.

RESOLUTION NO. 2018-08

A RESOLUTION OF THE CITY OF LAKE WORTH, TEXAS, APPROVING THE TERMS AND CONDITIONS OF A HOTEL OCCUPANCY TAX POLICY TO PROMOTE TOURISM AND THE CONVENTION AND HOTEL INDUSTRY IN THE CITY; ESTABLISHING GUIDELINES AND CRITERIA FOR THE USE OF FUNDS COLLECTED FROM THE TAX; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, The Chapter 351 of the Texas Tax Code authorizes communities to collect a Hotel Occupancy Tax (HOT) and use these funds to promote tourism and the convention and hotel industry; and

WHEREAS, the Council recognizes the importance of attracting visitors to support the convention and hotel industry in the City; and

WHEREAS, the Council recognizes that tourism stimulates commercial activity and supports existing businesses in the City; and

WHEREAS, the City Council (Council) of the City of Lake Worth, Texas (City) on April 12, 2005 passed Ordinance 791 establishing a Hotel Occupancy Tax; and

WHEREAS, Hotel Occupancy Tax funds have been collected and the City desires to utilize these funds in accordance with provisions of Chapter 351 of the Texas Tax Code; and

WHEREAS, upon full review and consideration of the Hotel Occupancy Tax Policy (Policy) attached as Exhibit A and all matters attendant and related thereto, the Council is of the opinion that the Policy will assist in implementing programs whereby tourism and the convention and hotel industry will be promoted and business and commercial activity will be stimulated in the City.

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

SECTION 1.

The facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2.

The City Council finds that the guidelines and criteria of the Policy will promote tourism and the convention and hotel industry in the City.

SECTION 3.

The City Council hereby adopts the Policy authorizing the City to grant Hotel Occupancy Tax Funds and take other specified actions, in accordance with the guidelines and criteria outlined in the Policy.

SECTION 4.

The guidelines and criteria of the Policy, having been reviewed by the City Council of Lake Worth and found to be acceptable and in the best interest of the City and its citizens and businesses, are hereby approved.

SECTION 5.

This Resolution shall become effective from and after its passage.

PASSED AND APPROVED this the _____ day of _____, 2018.

Walter Bowen, Mayor

ATTEST:

Monica Solko, TRMC
City Secretary

EXHIBIT A
Hotel Occupancy Tax Policy

Lake Worth, Texas
Hotel Occupancy Tax Policy

WHEREAS, upon full review and consideration of this Hotel Occupancy Tax Policy (Policy), the City Council of Lake Worth, Texas (Council) is of the opinion that this Policy will assist in implementing programs whereby Tourism and the Convention and Hotel industry and will be stimulated in the City.

BE IT KNOWN, that the Council on _____, 2018 approved Resolution 2018-08 adopting the following guidelines and criteria as the City of Lake Worth's Hotel Occupancy Tax Policy.

Section 1.
Introduction & Goals

It is the intent of this Policy to provide guidelines and criteria, requirements, and procedures to evaluate and approve any HOT Funds deemed necessary by the City to promote Tourism and the Convention and Hotel industry in the City. Nothing herein shall imply or suggest that the City is under any obligation to provide any HOT Funds to any Applicant. The Council retains the right to evaluate applications and grant HOT Funds, if any, as deemed appropriate on a case-by-case basis without the necessity of amending any contrary provisions of this Policy. Following are the goals of this Policy:

- 1.1. When in the best interests of the City, provide HOT Funds to applicants to promote Tourism and the Convention and Hotel Industry in the City;
- 1.2. Support Programs and Events that bring Visitors to the City;
- 1.3. Fund facilities that encourage and support attracting Visitors to the City; and
- 1.4. Ensure that all policies, procedures and any resulting Performance Agreements related to the use of HOT Funds shall comply with all applicable state statutes.

Section 2.
Definitions

The following definitions shall apply to the terms used in this Policy. *Definitions taken or adapted from Chapter 351 of the Texas Tax Code (Code).

Applicant: Shall mean the person(s) signing the Application.

Application: Shall mean the Application for HOT Funds as maintained by Staff.

Authorized Representative: Shall mean the Person having the capacity and authority to sign legal agreements on behalf of the applicable Party.

City: The City of Lake Worth, Texas.

Code: Shall mean Chapter 351 of the Texas Tax Code.

Convention Center: Shall mean facilities that are primarily used to host conventions and meetings, including civic centers, civic center buildings, auditoriums, exhibition halls, and coliseums that are owned by the City or other governmental entity or that are managed in whole or in part by the City.*

Council: The City Council of the City.

Documentation: Shall mean detailed invoicing from contractors and evidence of payments made, along with proof of completed construction.

Eligible Expense: Shall mean an expense meeting the requirements noted in Section 3 of the Policy.

Event: Shall mean an event held within the City limits having broad appeal and interest by attendees both from the City and Visitors.

Event Schedule: Shall mean a document showing the timing and general description of events.

Good Standing: A Person shall be deemed in Good Standing with the City upon determination that there are no taxes due, no liens held by the City, and no unresolved code violations related to the Project requesting HOT Funds.

Grant: Funds provided by the City for a particular Project in accordance with this Policy.

Historical Use: Shall have the meaning assigned in Section 5.2.2.E herein.

HOT Funds: Funds held by the City and derived from the payment of the City's Hotel Occupancy Tax, including interest generated by these Funds.

Hotel: Shall mean a building in which members of the public obtain sleeping accommodations for consideration. The term includes a hotel, motel, tourist home, tourist house, tourist court, lodging house, inn, rooming house, or bed and breakfast. The term does not include a hospital, sanitarium, or nursing home, or a dormitory or other housing facility owned or leased and operated by an institution of higher education or a private or independent institution of higher education, that is used by the institution for the purpose of providing sleeping accommodations for persons engaged in educational program or activity at the institution.*

Hotel Occupancy Tax (HOT): Shall mean the tax authorized by the Code and collected by the City.

Improvements: Shall mean the New Construction or Modernization of buildings, interiors, site work, Public Works Improvements, parking and drives, landscaping, irrigation, lighting and specifically excluding land and / or Business Personal Property.

In-Kind Participation: Shall mean the utilization of City personnel, providing of City equipment, utilization of City Facilities or similar participation as approved by Staff. Examples might include: Police protection, emergency medical services, street closure set-up / take-down, banner displays, website exposure, cooperative marketing, etc.

Local Overnight Stay: Shall mean the rental of a room in a Hotel within the City limits subject to the collection of the Hotel Occupancy Tax.

Logo Use Agreement: Shall mean an agreement prepared by the City authorizing the use of the City's logo or other branding components, subject to limitations included in the agreement.

Marketing Plan: Shall mean a plan identifying the resources and activities intended to be used to market a Program or Event.

New Construction: Shall mean the first-time construction of Improvements utilizing newly purchased materials, and specifically excluding any remodeling or renovations undertaken after issuance of the first Certificate of Occupancy.

Non-Profit Organization: Shall mean a not-for-profit organization meeting the definition contained in Chapter 22 of the Texas Business Organization Code.

Performance Agreement: Shall mean a written agreement summarizing the performance requirements of a business or developer and the HOT Funds to be provided by the City upon fulfillment of those performance requirements.

Policy: Shall mean this HOT Policy.

Post-Project Analysis: Shall mean an analysis of all factors relevant to organizing and effectuating a Program or Event soon after holding such Program or Event.

Project: Shall mean an Event or Program as defined herein.

Promotional Items: Shall mean physical items intended to be given away for the purpose of promoting a Program or Event.

Retail Vendor: Shall mean a vendor participating in the Project that provides goods or services to attendees and is subject to Sales Tax collection.

Sales Tax Form: Shall mean a form prepared by the City that obligates a temporary sales tax vendor to collect sales taxes on behalf of the City and report same to the Comptroller.

Staff: The City Manager or their designee.

Tourism: Shall mean the guidance or management of Tourists.*

Tourist / Visitor: Shall mean an individual who travels from the individual's residence to a different municipality, county, state, or country for pleasure, recreation, education, or culture.*

Tourist Attraction: Shall mean any kind of natural, man-made, or created Program, Event, or feature that draws Tourists to a destination.

Tourist Information Center: Shall mean a building or a portion of a building used to distribute or disseminate information to Tourists.*

Transportation System: Shall be as defined in Section 5.2.2.G herein.

Visitor: See Tourist.

Visitor Survey: Shall mean a survey implemented during or soon after a Program or Event which engages visitors and determines various factors regarding their attendance or participation.

Section 3. Statutory Regulations

The following Statutory Regulations authorize and regulate the collection and use of HOT Funds as identified in this Policy. It is the intent of the City to comply with all statutory regulations on the use of HOT Funds for Projects as authorized by the Codes referenced below.

- 3.1. Authorizing Code: Chapter 351 of the Texas Tax Code provides all statutory authorization for imposition, use and administration of HOT Funds in the City.
 - 3.1.1. Imposition of HOT: Section 351.002 authorizes the imposition of a tax on a person who, under a lease, concession, permit, right of access, license, contract, or agreement, pays for the use or possession or for the right to the use or possession of a room that is in a Hotel, costs \$2 or more each day, and is ordinarily used for sleeping.
- 3.2. Authorized Use and Allocation of HOT Funds: Subchapter B of Chapter 351 provides for the use and allocation of revenues derived from the HOT.
 - 3.2.1. Threshold No. 1 – General: Section 351.101(a) provides that HOT Funds may be used only to promote Tourism and the Convention and Hotel industry, and that such use is limited to the uses noted in Threshold No. 2 below.
 - 3.2.2. Threshold No. 2 - Project Type: A proposed use of HOT Funds must meet the requirements of Threshold No. 1 above before being evaluated against the requirements of Threshold No. 2. Following are Project Types authorized for use of HOT Funds. Additional details for each use are provided in Section 5.2.2. herein.
 - A. Convention Centers
 - B. Convention Registrants
 - C. Promotional Programs
 - D. Arts
 - E. Historical Uses
 - F. Sports Facilities

- G. Signage
- H. Transportation Systems

**Section 4.
Priorities**

The City has determined that the following are priorities for the HOT Funds potentially granted pursuant to this Policy. The evaluation of the merits of any Application shall take into consideration whether or not the proposed Project meets these priorities.

- 4.1. Open to the public;
- 4.2. Serves a diverse population;
- 4.3. Draws Visitors to the City;
- 4.4. Enhances other City promotional programs; and
- 4.5. Generates Sales Taxes or Hotel Occupancy Taxes for the City.

**Section 5.
Required Information**

To accommodate a comprehensive understanding and review of the request for HOT Funds, the following information shall be required from the Applicant and reflected on the Application.

- 5.1. Applicant: The following information shall be provided on the Applicant.
 - 5.1.1. Contact Information: All contact information on the Applicant(s).
 - 5.1.2. Type of Entity: Provide a description of the status of the sponsoring Entity (i.e. Non-Profit, For-Profit) and reference / provide documentation to substantiate this status.
 - 5.1.3. Entity Information: If the Applicant is representing an Entity, provide the requested information related to the Entity.
 - 5.1.4. Community Involvement: A description of the Applicant's past involvement in the Community, if any.
 - 5.1.5. Relevant Experience: A description of the Applicant's history holding or implementing the Project. Has the Applicant worked successfully with the City on this or similar Projects?
 - 5.1.6. Capabilities: A description of the Applicant's ability to perform the duties necessary to fund and implement the Project (e.g. resources, people).
 - 5.1.7. Property Owner Acknowledgement: An acknowledgement that the owner of the Property to be used for the Project grants permission for the Applicant to use the Property to hold the Project.
- 5.2. Project: The following information shall be provided on the Project proposed.
 - 5.2.1. Threshold #1: Describe how the Project promotes tourism and the convention and Hotel industry.
 - 5.2.2. Threshold #2: The extent to which the Project falls within one of the following categories.
 - A. Convention Centers: The acquisition of sites for and the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of Convention Center facilities or Visitor Information Centers, or both.

- B. Convention Registrants: The furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants.
 - C. Promotional Programs: Advertising and conducting solicitations and promotional programs to attract Tourists and convention delegates or registrants to the City or its vicinity.
 - D. Arts: The encouragement, promotion, improvement, and application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, graphic and craft arts, motion pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms.
 - E. Historical Uses: Historical restoration and preservation projects or activities or advertising and conducting solicitations and promotional programs to encourage Tourists and convention delegates to visit preserved historic sites or museums:
 - i. At or in the immediate vicinity of Convention Center facilities or Visitor Information Centers; or
 - ii. Located elsewhere in the City or its vicinity that would be frequented by Tourists and convention delegates.
 - iii. 15% Limitation: Section 351.103(c) of the Code further provides that not more than fifteen percent (15%) of the HOT Funds collected may be used for uses in this Section.
 - F. Signage: Signage directing the public to sights and attractions that are visited frequently by Hotel guests in the City.
 - G. Transportation Systems: A transportation system to transport Tourists from Hotels in and near the City to:
 - i. The commercial center of the City;
 - ii. A Convention Center in the City;
 - iii. Other Hotels in or near the City; and
 - iv. Tourist Attractions in or near the City.
- 5.2.3. Marketing: Submit a Marketing Plan for the Project including, at a minimum, the following information. A recommended Marketing Plan skeleton is available from the City.
- A. Advertising (Paid or In-Kind): Venues to be used? Distribution? Target audience?
 - B. City Exposure: What exposure is planned for the City? What level of "Sponsor" would the City be recognized as for their contribution?
- 5.2.4. Schedule and Description of Activities: Provide a Schedule and Description of all Activities including, but not limited to: set-up and break-down, clean up, daily hours of operation, entertainment (rides, intended target group, purpose of activity).
- 5.2.5. Site Layout: Provide a graphic plan showing the proposed location of tents, booths, ticket sales, security, generators, restroom facilities, emergency facilities, activities, bands, speaker systems,
- 5.2.6. Historic Information: Has this Project been held previously? Provide details on the times held and any pertinent information related to that specific Project.

- 5.2.7. Retail Vendors: Describe the extent to which Retail Vendors shall be used to supplement the activities of the Project.
- 5.3. Funds Requested: The following information shall be provided on the amount and purpose of the Funds requested.
 - 5.3.1. Requested HOT Funds: The Applicant shall itemize the HOT Funds they are requesting from the City and provide a description of how the HOT Funds are to be used.
 - 5.3.2. Other Fund Sources: Provide a list of other sources of funds used to execute the Project, including amounts provided by those sources.
 - 5.3.3. In-Kind Participation: An itemized description of any In-Kind Participation requested.
 - A. Facilities: (e.g. Parks, gyms, Library)
 - B. Equipment: (e.g. Bleachers, lights, AV equipment, electric services)
 - C. Staffing: (e.g. Fire, EMS, Public Works, Police)
 - D. Services: (e.g. street closures)
 - 5.3.4. Funding Limitations:
 - A. Availability: HOT Funds must be available for use.
 - B. Funding Caps: No single Project shall receive HOT Funds from the City in excess of **twenty thousand dollars (\$20,000)**, excluding In-Kind Participation.
 - C. In-Kind Limitations: No In-Kind Participation shall be granted unless the resources and Staff needed are available to support the Project.
- 5.4. Impacts: The following information shall be provided on the anticipated Impacts of the Project.
 - 5.4.1. Attendance: Provide attendance data on any previously held Projects and an estimate of total anticipated attendance and percentage of attendees that are Visitors.
 - 5.4.2. Local Overnight Stays: Describe the extent that you have arranged for Room Blocks to accommodate the Project as well as an estimate of anticipated Local Overnight Stays.
 - 5.4.3. Taxes Generated: Provide an estimate of direct and indirect sales taxes generated during the Project and an estimate of direct and indirect Hotel Occupancy Taxes generated during the Project.
 - 5.4.4. Existing Business Support: To what extent will the Project involve hiring the services of or acquiring the products of existing Local Businesses?
 - 5.4.5. Surveys: To what extent will Surveys be used to determine or verify anticipated Impacts of the Project?
- 5.5. Project Revenues & Proceeds: Provide a Financial Pro-Forma describing the anticipated revenues from the Project, anticipated costs, and net proceeds as well as the planned disposition of any net proceeds.
- 5.6. Applicant Certifications: The Applicant shall certify to the following as part of the Application.
 - 5.6.1. Application Accuracy: The information provided in this Application, and all that may have been affixed hereto, is true and correct, and that the City may rely on all of the information herein contained, and all that may have been affixed hereto, as being true and correct.
 - 5.6.2. Discretionary Rights: The City has the absolute right of discretion in deciding whether or not to approve an incentive relative to this application, whether or not such discretion is deemed arbitrary or without basis in fact.

- 5.6.3. Performance Agreement: A Performance Agreement (PA) meeting the provisions of Section 6.5 must be executed prior to the beginning of the Project in order to receive any HOT Funds.
- 5.6.4. Post-Project Analysis: Our team shall meet with City representatives upon completion of the Project and participate in a formal Post-Project Analysis.
- 5.6.5. Compliance with Regulations: The Project shall be implemented in compliance with all City, County and State regulations, including, though not exclusively: Sign Ordinance, Noise Ordinance, Solicitation Ordinance, Texas Alcohol and Beverage Commission (TABC) and City and County Health Regulations.
- 5.6.6. In-Kind Participation: Any In-Kind Participation provided by the City is subject to a 50/50 matching grant and that the Applicant must match the cost of the In-Kind Participation, e.g. if Staff hours for an Event was equal to \$5,000, the Applicant would be required to make a payment of \$2,500 to the City immediately after the Project.
- 5.6.7. Sales Tax Collections: The undersigned will distribute the City's Sales Tax Forms to all Vendors generating taxable sales and demand compliance from each Vendor.
- 5.6.8. Neutrality: The Project is non-partisan politically and makes no effort to promote or facilitate the promotion of a particular position or political candidate. Further, all religions and ethnical backgrounds are allowed to attend and participate.
- 5.6.9. Representation: The undersigned must appear before the Council to represent their Application and that failing to appear may be grounds for denial of the Application.
- 5.6.10. Non-Transferability: Rights granted through this Application are exclusive to the parties named herein and are not assignable or transferable.
- 5.6.11. Authorized Representative(s): The undersigned are duly authorized to represent this Project before the City and individually have the capacity and authority to sign this Application for HOT Funds.

Section 6.
Administrative Procedures

The Applicant shall follow the Administrative Procedures noted below to apply for HOT Funds as identified herein.

- 6.1. Pre-Submittal: All Applicants are encouraged to meet with Staff prior to preparation of an Application.
- 6.2. Application: The submittal of an Application is required prior to any evaluation of a request for HOT Funds. The Application shall be on a form prepared by Staff and available on the City's website or in the office of the City Secretary.
 - 6.2.1. Required Information: The Application shall include all Required Information as noted in Section 5.
 - 6.2.2. Timing: The Application must be complete and formally submitted a minimum of ninety (90) days before the anticipated date of the Project.
 - 6.2.3. Amendments: Staff may amend the form of the Application as needed to more efficiently evaluate the merits of the requested HOT Funds.
- 6.3. Review Criteria: Following are criteria to review and evaluate the Application.

- 6.3.1. Completeness of Application: Completeness of the Application; including all required documentation.
- 6.3.2. Priorities: Does the Application address the Priorities identified in Section 4?
- 6.3.3. General Eligibility: Does the Project meet the General Eligibility requirements?
- 6.3.4. Impacts: An evaluation of the positive and negative Impacts that the Project might have, including, but not limited to the items identified in Section 5.4 herein.
- 6.4. Review and Consideration: The following shall be required for approval of HOT Funds.
 - 6.4.1. Consulting Services: To the extent that a consulting service is deemed necessary by the City to aid in their evaluation (e.g. financial impacts / cost-benefit analysis, infrastructure impacts or capabilities), the City may require that the Applicant participate up front in the cost of obtaining these services.
 - 6.4.2. Staff Evaluation and Recommendation: The coordinating Staff member shall convene a team of the appropriate Staff members to evaluate the Application. Upon review, Staff shall prepare a recommendation to forward to the Council.
 - 6.4.3. Council: Council shall make the final decision regarding the merits of the Application and the appropriate HOT Funds to be provided, if any.
- 6.5. Performance Agreement: Upon approval by the Council including a determination of the HOT Funds to be provided by the City, if any, a Performance Agreement, in a form provided by the City, shall be executed by the Applicant. At a minimum, the Performance Agreement shall contain the following items. An example of this Agreement is available for review at the City.
 - 6.5.1. Indemnification: An Indemnification clause to the benefit of the City.
 - 6.5.2. Insurance: Acquisition of Insurance protecting the City.
 - 6.5.3. Execution: The Performance Agreement must be executed by Authorized Representatives prior to the City providing any HOT Funds.
- 6.6. Post-Project Analysis: At a joint meeting with City Staff, the Applicant shall convene its operational Team after the Project has been completed and complete a *Post-Project Analysis Form* provided by the City. An example *Post-Project Analysis Form* is provided as Exhibit B.

Section 7.
General Provisions

- 7.1. Flexibility: The terms and conditions of this Policy are to be considered guidelines for City Council during their deliberation and evaluation. The City reserves the right to modify the terms and conditions herein at any time, including for any pending application, and may approve a Performance Agreement or provide services on terms and conditions contrary to the guidelines of this Policy.
- 7.2. Section or Other Headings: Section or other headings contained in this Policy are for reference purposes only and shall not affect in any way the meaning or interpretation of this Policy.
- 7.3. Severability: In the event that any provision of this Policy is illegal, invalid, or unenforceable under present or future laws, the remainder of this Policy shall not be affected thereby.

--- Remainder of this page left blank intentionally ---

Exhibit A
Application for Hotel Occupancy Tax Funds

Exhibit B
Example Post-Project Analysis Form

Post-Project Analysis



Project Name: _____

Project Date: _____

Attendees:

- Name, agency
-
-

Item
A. Application process
+ Perceived positives
+
- Perceived negatives
-
• Questions / comments / recommendations
•
B. Marketing / Advertising
+
-
•
C. Sponsorships /
+
-
•
D. Operations
+
-
•
E. Layout /
+
-
•
F. Financials
+
-
•



Lake Worth, Texas
Hotel Occupancy Tax Funds Application

Stacey Almond
 City Manager
 (817) 237-1211
salmond@lakeworthtx.org

1.	APPLICANT INFORMATION
A	<u>Primary Contact:</u> _____ <u>Title:</u> _____
B	<u>Business Name:</u> _____
C	<u>Business Address:</u> _____
D	<u>Wk Phone:</u> _____ <u>Cell:</u> _____ <u>Fax:</u> _____
E	<u>Email:</u> _____
F	<u>Secondary Contact:</u> _____ <u>Title:</u> _____
G	<u>Business Name:</u> _____
H	<u>Business Address:</u> _____
I	<u>Wk Phone:</u> _____ <u>Cell:</u> _____ <u>Fax:</u> _____
J	<u>Email:</u> _____
K	<p><u>Property Owner Acknowledgement:</u> I acknowledge that I have granted permission to the above Applicant to host the Project described herein on property that I own.</p> <p><u>Company:</u> _____ <u>Work:</u> _____ <u>Cell:</u> _____</p> <p><u>Signed:</u> _____ <u>EM:</u> _____</p> <p>_____ <u>Address:</u> _____</p> <p><u>Name:</u> _____</p> <p><u>Title:</u> _____</p>
2.	SPONSORING ENTITY (If any)
A	<u>Business Name:</u> _____ <u>Website:</u> _____
B	<u>Business Address:</u> _____
C	<u>Year Business Established:</u> _____
D	<u>Type of Entity (e.g. For-Profit, Not-for-Profit):</u> _____
E	<u>Tax Classification if NFP:</u> _____
F	<u>Business Description:</u> _____
G	<u>Describe extent of Community Involvement:</u> _____
H	<u>Describe relevant experience:</u> _____
I	<u>Describe capabilities (e.g. resources, people) to execute:</u> _____
3.	PROJECT INFORMATION (Policy Section 5)
A	<u>Threshold #1:</u> Describe how the Project promotes tourism and the convention and hotel industry:
B	<u>Threshold #2:</u> Describe the extent to which the Project meets the requirements of one or more of the following categories (Described in detail in Section 5.2.2 of the HOT Policy).
C	- <u>Convention Centers:</u>
D	- <u>Convention Registrants:</u>
E	- <u>Promotional Programs:</u>
F	- <u>Arts:</u>
G	- <u>Historical Uses:</u>
H	- <u>Sports Facility:</u>
I	- <u>Signage:</u>
J	- <u>Transportation Systems:</u>
K	___ Yes / ___ No - Marketing Plan meeting the requirements of Section 5.2.3 attached?
L	___ Yes / ___ No - Schedule of Activities meeting the requirements of Section 5.2.4 attached?
M	___ Yes / ___ No - Site Layout meeting the requirements of Section 5.2.5 attached?
N	<u>Historical Information:</u> Has this Project been held Previously? Provide details on the times held and any pertinent information related to that specific project.
O	<u>Retail Vendors:</u> Describe the extent to which Retail Vendors shall be used to supplement the activities of the Project.

4. ESTIMATED SCHEDULE			
A	Provide an estimate of milestones to be accomplished prior to the Project.		
B	DD-MM	Item / Task / Milestone	Notes
C	2-09		•
D			•
E			•
F			•
G			•
H			•
5. IMPACTS			
A	<u>Anticipated Attendance:</u>		
B	<u>Anticipated Over-night Stays:</u>		
C	<u>Room Blocks:</u> Describe the extent that you have arranged for Room Blocks to accommodate the Project:		
D	<u>HOT Generated:</u> Describe anticipated HOT generated:		
E	<u>Sales Tax Generated:</u>		
F	<u>Surveys:</u> To what extent will Surveys be used to determine or verify anticipated impacts of the Project?		
6. PROJECT REVENUES & PROCEEDS			
A	___ Yes / ___ No – <i>Financial Pro-Forma</i> Attached?		
B	Revenues	Item	Notes
C		•	•
D		•	•
E		•	•
F		•	•
G		•	•
H	Costs	Item	Notes
I		•	•
J		•	•
K		•	•
L		ESTIMATED NET PROCEEDS	•
M	Disposition of proceeds: Please describe the planned disposition of any net proceeds from the Project.		
N	Amount	Recipient	Notes
O		•	•
P		•	•
Q		•	•
R		•	•
7. HOT FUNDS REQUESTED (Policy Section 5.3)			
A	HOT Funds Requested		
B	Amount	Intended Use	Notes / Justification
C			•
D			•
E			•
F		TOTAL AMOUNT REQUESTED	•
G	In-Kind Participation Requested (<i>See Section 5.3.3 of the Policy for examples</i>) Costs shall be estimated by Staff.		
H	Cost	Facilities	Notes / Justification
I		•	•
J		•	•
K	Cost	Equipment	Notes / Justification
L		•	•
M		•	•
N	Cost	Staff	Notes / Justification
O		•	•
P		•	•

Q	Cost	Services	Notes / Justification
R		•	•
S		•	•
T	Cost	Misc.	Notes / Justification
U		•	•
V		•	•
8.	APPLICANT CERTIFICATIONS		
	In accordance with the Hotel Occupancy Tax Policy, the undersigned do hereby certify the following:		
A	Application Accuracy: The information provided in this Application, and all that may have been affixed hereto, is true and correct, and that the City may rely on all of the information herein contained, and all that may have been affixed hereto, as being true and correct.		
B	Discretionary Rights: The City has the absolute right of discretion in deciding whether or not to approve an incentive relative to this application, whether or not such discretion is deemed arbitrary or without basis in fact.		
C	Performance Agreement: A Performance Agreement (PA) meeting the provisions of Section 6.5 must be executed prior to the beginning of the Project in order to receive any HOT Funds.		
D	Post-Project Analysis: Our team shall meet with City representatives upon completion of the Project and participate in a formal Post-Project Analysis.		
E	Compliance with Regulations: The Project shall be implemented in compliance with all City, County and State regulations, including, though not exclusively: Sign Ordinance, Mass-Gathering Ordinance, Noise Ordinance, Solicitation Ordinance, Texas Alcohol and Beverage Commission (TABC) and City and County Health Regulations.		
F	In-Kind Participation: Any In-Kind Participation provided by the City is subject to a 50/50 matching grant and that the Applicant must match the cost of the In-Kind Participation, e.g. if Staff hours for an Event was equal to \$5,000, the Applicant would be required to make a payment of \$2,500 to the City immediately after the Project.		
G	Sales Tax Collections: The undersigned will distribute the City's Sales Tax Forms to all Vendors generating taxable sales and demand compliance from each Vendor.		
H	Representations: The undersigned must appear before the Council to represent their Application and that failing to appear may be grounds for denial of the Application.		
I	Neutrality: The Project is non-partisan politically and makes no effort to promote or facilitate the promotion of a particular position or political candidate. Further, all religions and ethnical backgrounds are allowed to attend and participate.		
J	Non-Transferability: Rights granted through this Application are exclusive to the parties named herein and are not assignable or transferable.		
K	Authorized Representative(s): The undersigned are duly authorized to represent this Project before the City and individually have the capacity and authority to sign this Application for HOT Funds.		
9.	I (we) hereby affirm the Certifications noted above and approve the submittal of the Application for HOT Funds as identified herein.		
Company:		Company:	
Signed:		Signed:	
Name:		Name:	
Title:		Title:	
W:	C:	W:	C:
EM:		EM:	
Address:		Address:	

Lake Worth City Council Meeting – March 13, 2018

Agenda Item No. F.4

From: Stacey Almond, City Manager

Item: Discuss and consider Resolution No. 2018-09, approving Incentives Policy to promote Economic Development and stimulate business and commercial activity and establishing guidelines and criteria.

Summary:

The Council charged the City Manager with implementing Incentive policies to further enhance the City's economic development efforts in attracting various commercial industries. This policy was created by Greg Last, ED Best Practices, to provide a presentable document to current and potential businesses.

Chapter 380 of the Texas Local Government Code authorizes municipalities to establish and provide the administration of programs that promote economic development and stimulate business and commercial activity in the City.

Furthermore, Chapter 312 of the Texas Tax Code, cited as Property Redevelopment and Tax Abatement Act, authorizes municipalities to grant tax abatements upon establishing guidelines and criteria for tax abatements. The proposed policy would make Lake Wroth eligible for tax abatements by establishing criteria within this policy.

The proposed policy outlines the purpose, goals, general eligibility requirements, priorities and various incentive types. The intent of this policy is to retain existing businesses, attract new business, and provide for the redevelopment of sub-standard properties.

Fiscal Impact:

None

Attachments:

1. Proposed Incentive Policy and Application

Recommended Motion or Action:

Move to approve Resolution No. 2018-09, approving Incentives Policy to promote Economic Development and stimulate business and commercial activity and establishing guidelines and criteria.

RESOLUTION NO. 2018-09

A RESOLUTION OF THE CITY OF LAKE WORTH, TEXAS, APPROVING THE TERMS AND CONDITIONS OF AN INCENTIVES POLICY TO PROMOTE ECONOMIC DEVELOPMENT AND STIMULATE BUSINESS AND COMMERCIAL ACTIVITY IN THE CITY; ESTABLISHING GUIDELINES AND CRITERIA FOR APPROVAL OF TAX ABATEMENTS AND OTHER INCENTIVES; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Chapter 380 of the Texas Local Government Code authorizes municipalities to establish and provide for the administration of programs that promote economic development and stimulate business and commercial activity in the City; and

WHEREAS, Chapter 312 of the Texas Tax Code, cited as the Property Redevelopment and Tax Abatement Act, authorizes municipalities to grant tax abatements upon establishing guidelines and criteria for tax abatement agreements; and

WHEREAS, the City hereby elects to be eligible for tax abatement as provided for in the guidelines and criteria established in the attached Incentives Policy (Policy); and

WHEREAS, the City desires to attract high-quality long-term investment and the creation of new jobs and to stimulate business and commercial activity in the City; and

WHEREAS, the City recognizes the importance of retaining existing businesses, attracting new businesses, and providing for the redevelopment of sub-standard properties; and

WHEREAS, upon full review and consideration of the Policy attached as Exhibit A and all matters attendant and related thereto, the Council is of the opinion that the Policy will assist in implementing programs whereby economic development will be promoted and business and commercial activity will be stimulated in the City.

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

SECTION 1.

The facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2.

The City Council finds that the guidelines and criteria of the Policy will promote economic development and stimulate business and commercial activity in the City.

SECTION 3.

The City Council hereby adopts the Policy authorizing the City to participate in tax abatement and other incentives and take other specified actions, in accordance with the guidelines and criteria outlined in the Policy.

SECTION 4.

The guidelines and criteria of the Policy, having been reviewed by the City Council of Lake Worth and found to be acceptable and in the best interest of the City and its citizens and businesses, are hereby approved.

SECTION 5.

This Resolution shall become effective from and after its passage.

PASSED AND APPROVED this the _____ day of _____, 2018.

Walter Bowen, Mayor

ATTEST:

Monica Solko, TRMC
City Secretary

EXHIBIT A
Incentives Policy



WHEREAS, upon full review and consideration of this Policy, the Council is of the opinion that this Policy will assist in implementing programs whereby economic development will be promoted and business and commercial activity will be stimulated in the City; and

BE IT KNOWN, that the Council on _____, 2018 approved **Resolution 2018-09** adopting the following guidelines and criteria as the City of Lake Worth Incentives Policy.

Section 1. **Introduction & Goals**

It is the intent of this Policy to provide guidelines and criteria, requirements, and procedures to evaluate and approve any Incentives deemed necessary by the City for the furtherance of its economic development and community goals. This Policy shall include provisions for Tax Abatement as well as use of general funds of the City, and any other resources as approved by the Council. Incentives may be considered for both new facilities and for the Expansion or Modernization of existing Facilities and structures. Nothing herein shall imply or suggest that the City is under any obligation to provide any Incentive to any Applicant. The Council retains the right to evaluate applications and grant Incentives, if any, as deemed appropriate on a case-by-case basis without the necessity of amending any contrary provisions of this Policy. Following are the goals of this Policy:

- 1.1. When in the best interests of the City, provide Incentives to existing businesses that will enhance the commercial viability and sustainability of existing commercial properties in the City;
- 1.2. When in the best interests of the City, provide Incentives to attract desired businesses or developers to invest in the City;
- 1.3. Encourage redevelopment of targeted areas in the City;
- 1.4. Increase the non-residential ad-valorem tax and / or sales and use tax revenue base for the City; and
- 1.5. Ensure that all policies, procedures and any resulting Performance Agreements related to the provision of Incentives to stimulate economic development shall comply with all applicable state statutes.

Section 2. **Definitions**

The following definitions shall apply to the terms used in this Policy.

Applicant: Shall mean the Property owner or business occupant signing the Incentives Application.

Application: Shall mean the Incentives Application as maintained by Staff.

Appraisal District: Shall mean the Tarrant Appraisal District.

Base Year Value: Shall mean the assessed value of the Facility on the 1st of January preceding the execution of a Performance Agreement.

Benefits: Any combination of group benefits for health care, dental care, vision care, disability insurance, or life insurance.

City: The City of Lake Worth, Texas.

Code Violations: Shall be as defined in the City's adopted building or zoning codes.

Construction Costs: The cost of permits, fees, construction materials, and installation labor. All other associated costs are deemed excluded, including, but not exclusively, the following costs: design, engineering, construction document preparation, bidding, and construction financing.

Council: The City Council of the City.

Effective Date: The date this Policy was approved by the Council.

Employee, Full-Time: Shall mean any employee of the company that regularly works a minimum of thirty (30) hours per week.

Employee, Part-Time: Shall mean any employee that regularly works less than thirty (30) hours a week.

Employees, Full-Time Equivalent (FTE): Shall mean the number of employees equivalent to full-time employees, e.g. two part-time employees working 20 hours each is equal to one full-time employee.

Expansion: Shall mean the addition of buildings, structures, fixed equipment or machinery for the purpose of increasing production capacity.

Facility: Shall mean the Property, building and improvements.

Grant: Funds provided by the City for a particular Project in accordance with this Policy.

Improvements: Shall mean the New Construction or Modernization of buildings, interiors, site work, Public Works Improvements, parking and drives, landscaping, irrigation, lighting and specifically excluding land and / or Business Personal Property.

Incentives: Shall be as defined in Section 5 herein.

Minimum Performance Requirements: Shall be as defined in Section 6 herein.

Modernization: Shall mean the replacement and upgrading of existing facilities which increases the productive input or output, updates the technology, or substantially lowers the unit cost of the operation, and extends the economic life of the Facility. This shall not include reconditioning, refurbishing, repairing or completion of deferred maintenance on the Facility or its equipment.

New Construction: Shall mean the first-time construction of Improvements utilizing newly purchased materials, and specifically excluding any remodeling or renovations undertaken after issuance of the first Certificate of Occupancy.

Payroll: The company's total expenditures for all employees for the month immediately preceding the Application, multiplied by twelve (12).

Performance Agreement: Shall mean a written agreement summarizing the performance requirements of a business or developer and the Incentives to be provided by the City upon fulfillment of those performance requirements.

Policy: Shall mean this Incentives Policy.

Project: The initiative or investment to be provided in accordance with the performance standards of any Performance Agreement providing Incentives.

Project Applicability: Shall be as defined in Section 7 herein.

Property: Shall mean the physical parcel of land on which Improvements are to be made.

Property – Business Personal: Shall mean the tangible and movable items used in the course of business not permanently affixed to, or part of, the real estate. Examples of Business Personal Property (BPP) include: furniture, machinery and equipment, computers, vehicles and supplies.

Property - Real: Shall mean the Property and the Improvements constructed on the Property.

Public Works Improvements: Shall mean improvements that upon completion and acceptance shall be owned and maintained by the City. (e.g. water, sewer, streets, drainage)

Recapture (aka Claw-back): A provision in a Performance Agreement that states how and to what extent any Incentives provided must be paid back to the City if the required performance criteria are not met.

Staff: The City Manager or their designee.

Tax Abatement: Shall mean the full or partial exemption from paying ad valorem taxes on Real Property or Business Personal Property in accordance with provisions of Chapter 312 of the Texas Tax Code.

Tax Abatement Agreement: Shall mean an agreement to provide Tax Abatement as authorized by Chapter 312 of the Texas Tax Code. It may also be referenced herein as a Performance Agreement.

Section 3. General Eligibility

The following shall establish the minimum eligibility for receiving Incentives identified in this Policy.

- 3.1. Properties: Only properties meeting the following requirements at the time an Application is submitted shall be eligible to receive Incentives outlined by this Policy.
 - 3.1.1. Within the City: Property must be located within the City's municipal boundaries.
 - 3.1.2. Zoning: Property must be zoned for the proposed uses.
 - 3.1.3. Taxes: Property shall be in good standing as it relates to taxes due to the City.
 - 3.1.4. Liens: Property shall be in good standing as it relates to any liens held by the City.
 - 3.1.5. Ownership: Property owners must provide sufficient proof of ownership.
 - 3.1.6. Code Violations: Property must not have any outstanding code violations with the City.
 - 3.1.7. Construction Commencement: Construction of the Facility must not have commenced prior to the approval of a Performance Agreement.
- 3.2. Businesses: Only businesses meeting the following requirements shall be eligible to receive Incentives outlined by this Policy.
 - 3.2.1. Taxes: The business shall be in good standing as it relates to taxes due to the City.
 - 3.2.2. Property Owner Approval: Businesses, if not the owner of the property to be occupied, must provide a copy of their lease agreement and support of the Incentives Application from the Property owner prior to City approval of the Application.
 - 3.2.3. Length of Operations: Existing businesses must have maintained operations in the City for **two (2)** years consecutively in order to receive Incentives.

Section 4.
Priorities

The City has determined that the following are priorities for the Incentives potentially granted pursuant to this Policy. The evaluation of the merits of any Application shall take into consideration whether or not the Application also meets these priorities.

- 4.1. Geographic Areas: The following are the City's preferences for providing Incentives in geographic areas of the City.
 - 4.1.1. High Priority:
 - A. Older portions of Hwy 199 (Roberts Cut Off area to SH 820).
 - B. Older construction areas along Telephone Road and Azle Road.
 - 4.1.2. Low Priority:
 - A. Newer regional shopping areas, e.g. Lake Worth Crossing area and the Lake Worth Marketplace.
- 4.2. Businesses: The following are the City's preferences for providing Incentives to certain types of businesses in the City.
 - 4.2.1. High Priority: In general, those businesses that generate high-paying jobs and have a limited impact on the natural environment.
 - A. Small businesses
 - B. Redevelopment areas including blighted buildings
 - C. High sales tax generators.

Section 5.
Incentives

Following are Incentives that the City, on a case-by-case basis, could consider granting for specific Projects depending on the merits of the Project. Incentives, including Tax Abatement, are available to new Facilities and structures and the Expansion and Modernization of existing Facilities and structures. This shall include the redevelopment of existing properties. Applicability for each type of Incentive shall be as shown in Section 7 herein. Any Incentives provided pursuant to this Policy shall not include the Base Year Value of the Facility.

- 5.1. Financial – Ad Valorem Taxes: The City may consider granting the following Incentives relative to Ad Valorem Taxes.
 - 5.1.1. Real Property Tax: The City may consider abating the taxes on Real Property by approval of a Tax Abatement Agreement or by approval of a Performance Agreement granting back Real Property taxes paid to the City.
 - 5.1.2. Business Personal Property Tax: The City may consider abating the taxes on Business Personal Property by approval of a Tax Abatement Agreement or by approval of a Performance Agreement granting back Business Personal Property taxes paid to the City.
 - 5.1.3. Tax Stabilization / Incremental Increase: In a situation where an existing Facility may be Expanded or Modernized, the City may consider stabilizing the ad valorem taxes collected as of the date of completion and / or an incremental yearly increase to market rates. This shall be accomplished by granting back the increase in taxes paid to the City.
 - 5.1.4. Agricultural Exemption: The City may consider granting back all or a portion of the Ag Exemption City taxes due at the time of development.

- 5.2. Financial – Sales Tax Grants / Reimbursements: Through approval of a Performance Agreement, the City may provide Grants of all or a portion of the following sales and use taxes. Where the Project is a retail development, for the purposes of evaluating and granting incentives in accordance with this Policy, sales and use taxes shall be measured net of any business relocations occurring within the City. i.e. if a retail business is currently operating in the City, and relocates to the new development, it's sales taxes shall be excluded from the calculation of new sales taxes generated.
 - 5.2.1. General Fund Sales Tax: The sales and use taxes going to the City's general fund.
 - 5.2.2. Construction Materials Sales Tax: Sales Taxes collected by the City from construction materials purchased in the City, where adequate Documentation is provided.
- 5.3. Financial - Fee Reductions / Credits: The City may consider the reduction or credit of all or a portion of the following fees. This shall not include any charges by third-parties assisting the City with implementation of services provided by the fees unless so provided in an approved Performance Agreement.
 - 5.3.1. Park Dedication Fee: Any fee charged for the improvement of park systems in the City.
 - 5.3.2. Building Permit Fee: Any fee related to the review of non-Public Works construction plans and building plans required for the issuance of a building permit.
 - 5.3.3. Plan Review Fee: Any fee related to the review and administrative processing of construction plans for Public Works Improvements.
 - 5.3.4. Inspection Fee: Any fee related to the inspection of Public Works Improvements.
- 5.4. Financial - Misc.: The City may consider the following miscellaneous financial Incentives.
 - 5.4.1. Equipment Purchase: Funds provided to assist with or provide for the purchase of equipment that increases production for the business.
- 5.5. Sales, Lease or Exchange of Land or Buildings: The City recognizes that the sale and conveyance, lease, or exchange of certain property owned by the City may meet the objectives identified in this Policy. In accordance with state law, the City may consider the sale, lease or exchange of land without the necessity of accepting written bids pursuant to a published notice and at or below market value to further the objectives identified herein.
 - 5.5.1. Build-to-Suit / Leaseback: An agreement where the City builds a building or facility to suit the needs of the Applicant in exchange for a commitment from the applicant to lease the facility from the City.
 - 5.5.2. Free / Reduced-Cost Land: Any provision where the City provides free or reduced-cost lands to the Applicant.
 - 5.5.3. Free / Reduced-Cost Building: Any provision where the City provides a free or reduced-cost building to the Applicant.
 - 5.5.4. Land Lease: Any provision where the City leases rights to City-owned land to the Applicant to allow construction of their Facility.
- 5.6. Employment-Related: The City may consider the following employment-related Incentives.
 - 5.6.1. Relocation Assistance: Any provision where the City provides assistance to new employees relocating to residency within the City.
 - 5.6.2. Cash for Employment: Any provision where the City provides for one-time payments to the Applicant for each new FTE of a certain classification established at a new or existing Facility in the City.

- 5.7. Infrastructure Assistance: The City may consider the following infrastructure assistance Incentives.
 - 5.7.1. Water Line Extensions: Participation in all or a portion of the costs of extending water distribution lines to the Facility.
 - 5.7.2. Sewer Line Extensions: Participation in all or a portion of the costs of extending sanitary sewer lines to the Facility.
 - 5.7.3. Roadway Improvements: Participation in all or a portion of the costs of roadway improvements serving the Facility.
 - 5.7.4. Storm Drainage Improvements: Participation in all or a portion of the costs of storm drainage improvements at or downstream of the Facility.
- 5.8. Development Cost Participation: The City may consider participation in the following development cost Incentives.
 - 5.8.1. Demolition: Participation in all or a portion of the costs of demolishing existing structures on a property.
 - 5.8.2. Environmental Mitigation: Participation in all or a portion of the costs of mitigating environmental issues on a property.
- 5.9. Economic Development District Establishment: In instances where the Project is of a significant scope and scale, the City may consider the establishment of unique economic development districts (e.g. Tax Increment Reinvestment Zone, Public Improvement District).
- 5.10. Hotel Occupancy Tax: The City may consider the use of Hotel Occupancy Tax pursuant to Chapter 321 of the Texas Tax Code.
- 5.11. Support for State Incentives: The City may consider providing support for the Project in the application and processing of State of Texas incentives.

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Section 6.

Minimum Performance Requirements

The following shall identify the Minimum Performance Requirements for each project classification. These requirements are new construction, revenues or employees attributable to the Project.

Project Classification	Min. New Construction Cost	Min. New FTE Employees	Min. New Taxable Sales ¹	Notes
Corporate	\$5,000,000	50	-	• Significant office uses, e.g. Corporate HQ or regional HQ
Industrial	\$5,000,000	50	-	• Owner occupied, industrial / logistics business
Retail	-	-	\$1,000,000	•
Hotel / Conf. Center	\$5,000,000	-	-	• Hospitality or entertainment venues including hotels and conference centers
Development	\$5,000,000	-	\$5,000,000	• New development

¹Generated annually

Section 7.

Applicability Matrix

The following Applicability Matrix shall provide a framework for identifying the potential Incentives that are applicable to various classifications of Projects as identified above. Term and amount of Incentives shall be determined on a case-by-case basis.

Potential Incentive	Project Classification					
	Corporate	Industrial	Retail	Hotel / Conf. Center	Develop-ment	Expansion
Tax Abatement	X	X	-	X	-	-
Ad Valorem Tax Grants	X	X	-	X	-	X
Sales Tax Grants	-	-	X	-	X	-
Constr. Sales Tax Grants	X	X	X	X	X	X
Fee Reductions / Credits	X	X	X	X	X	X
Misc. Financial	X	X	-	X	-	X
Land / Building Related	-	X	X	X	-	-
Employment Related	X	X	-	X	-	-
Infrastructure Assistance	X	X	X	X	X	-
Dev. Costs	X	X	X	X	X	-
E.D. Districts	-	-	X	X	X	-
HOT	-	-	-	X	X	X
State Assistance	X	X	X		X	-

Section 8.
Administrative Procedures

The Applicant shall follow the Administrative Procedures noted below to apply for Incentives as identified herein.

- 8.1. Pre-Submittal: All Applicants are encouraged to meet with Staff prior to preparation of an Application. Applicants should contact the City Manager's Office to set up a meeting.
- 8.2. Application Requirements: The submittal of an Application is required prior to any evaluation of the request for Incentives. The Application shall include the following information.
 - 8.2.1. General Information:
 - A. The name of the Project.
 - B. The intended use (e.g. Call center, corporate / regional office, professional office, retail, distribution).
 - C. If the Project is a relocation or consolidation of existing facilities, identify the location of the existing facilities.
 - D. An overview of the Company.
 - E. The NAICS Code of the Company's business.
 - F. A description of the experience and qualifications of the Project Team.
 - G. The type of Project (i.e. retention, expansion, own / lease, new development).
 - 8.2.2. Property Information:
 - A. Property address.
 - B. Lot / Block / Subdivision name if platted. If not platted, a legal description will be required prior to executing any Agreements.
 - C. Appraisal District Property ID numbers.
 - D. Current Appraisal District valuations for all parcels.
 - E. Acreage.
 - F. Current owner and proof of ownership (e.g. deed, appraisal info)
 - 8.2.3. Eligibility of Property: Address the eligibility requirements in Section 3.1.
 - 8.2.4. Eligibility of Business: Address the eligibility requirements in Section 3.2.
 - 8.2.5. Priorities: Address the priorities in Section 4.0.
 - 8.2.6. Project Data:
 - A. Business name.
 - B. Describe the type of building proposed (e.g. number of stories, style, materials)
 - C. Describe the development concept (e.g. single building or campus setting, open space, surface or structured parking)
 - D. Describe the extent that any infrastructure component is enhanced or expanded.
 - E. Provide timing estimates for major milestones of the Project.
 - F. Provide estimates of Project data by phase and date, including but not limited to:
 - i. List the kind, number, use, square footage and location of all the proposed improvements on the property.

- ii. Total capital investment including acquisitions, Improvements, building costs and equipment.
- iii. Estimated Appraised Value of all Improvements.
- iv. Acquisition cost of all Business Personal Property
- v. Estimated Appraised Value of all Business Personal Property.
- vi. Number, type, quality and wage levels of new Full-Time Equivalent (FTE) employees.
- vii. New Payroll added.
- viii. Average employees' annual salary.
- ix. Employees with salary **\$50,000** or greater.
- x. Benefits provided to employees.
- xi. Taxable sales from the Facility.
- xii. Hotel Occupancy Tax generated (if applicable).

8.2.7. Requested Incentives: The Applicant shall itemize the Incentives they are requesting from the City. These are to be prioritized by order of preference by the Applicant.

8.2.8. Required attachments and / or exhibits:

- A. Legal description of the Property.
- B. Proof of ownership.
- C. Photos of existing conditions
- D. Drawings, renderings, plans of the proposed Improvements.
- E. Current ad valorem tax appraised value estimates by the applicable appraisal district showing appraised values for three similar type and size projects within the County.
- F. If Applicant is not the Property owner:
 - i. Written approval of the Application from the owner
 - ii. Copy of the signed lease agreement

8.2.9. Amendments: Staff may amend the form of the Application as needed to more efficiently evaluate the merits of the requested Incentives.

8.3. Review & Evaluation: Following are criteria to review and evaluate the Application.

8.3.1. Review Criteria:

- A. Completeness of Application: Completeness of the Application; including all required documentation.
- B. Priorities: Does the Application include a high-priority business classification or is it located in a high-priority geographic area?
- C. General Eligibility: Does the Project meet the General Eligibility requirements?
- D. Revenues: What are the net tax revenue benefits to the City, both Ad Valorem and Sales Taxes?
- E. Impacts: An estimation of the positive and negative impacts that the Project might have.
 - i. Cannibalization of Existing Businesses: To what extent does the Project cannibalize the profitability of an existing business?

- ii. Private Investment Catalyst: To what extent does the Project act as a catalyst for future private investment?
 - iii. City Services: To what extent does the Project have an impact on the Services or infrastructure of the City?
- 8.3.2. Staff Evaluation and Recommendation: The coordinating Staff member shall convene a team of the appropriate Staff members to evaluate the Application. Upon review, Staff shall prepare a recommendation to forward to the Council.
 - A. Site Visit: Prior to formal evaluation of the Application, the Applicant shall allow Staff the opportunity to visit the Property to verify its status prior to any Incentives.
 - B. Return on Investment / Break-even Analysis: Staff may analyze the return on the investment of Incentives in the Project and / or the timing required for new revenues to “break-even” with the cost of the proposed Incentives.
 - C. Consulting Services: To the extent that a consulting service is deemed necessary by the City to aid in their evaluation (e.g. financial impacts / cost-benefit analysis, infrastructure impacts or capabilities), the City may require that the Applicant participate up front in the cost of obtaining these services.
- 8.4. Approvals: The following shall be required for approval of Incentives.
 - 8.4.1. Council: The Council shall make the final decision regarding the merits of the Application and the appropriate Incentives to be provided, if any.
- 8.5. Performance Agreement: Upon mutual agreement on the Project’s performance requirements and the Incentives to be provided by the City, a Performance Agreement shall be prepared to the satisfaction of both parties and approved by the Council.
 - 8.5.1. Approval Process: All Performance Agreements, including any Tax Abatement Agreement, shall follow and comply with all statutory requirements for notice, hearings and readings where applicable.
 - 8.5.2. Tax Abatement Minimum Requirements: Any Performance Agreement including Tax Abatement shall include the following at a minimum:
 - A. Improvements: List the kind, number and location of all the proposed improvements on the Property.
 - B. Base Year Value: Provide that the agreement does not include any reduction in Base Year Values.
 - C. Access: Provide access to and authorize inspection of the property by City employees to ensure that the improvements or repairs are made according to the specifications and conditions in the Agreement.
 - D. Uses: Limit the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect.
 - E. Recapture Provisions: Provide for the recapture of any Incentives provided as a result of the agreement if the owner of the Property fails to make the improvements or repairs as provided by the Agreement.
 - F. Term: Describe the term of the Agreement.
 - G. Certification: Require the owner of the Property to certify annually to the governing body of each taxing unit that the owner is in compliance with each applicable term of the agreement.

- H. Cancellation / Modification: Provide that the City may cancel or modify the agreement if the property owner fails to comply with the agreement.
- 8.5.3. Compliance Reporting: All Performance Agreements shall include requirements for reporting compliance with the provisions of the agreement prior to disbursement of incentive funds.

Section 9.
Applicant / Owner Certifications

The following Applicant / Owner Certifications shall be included in the submitted Application.

- 9.1. Application Accuracy: The information provided in this Application, and all that may have been affixed hereto, is true and correct, and that the City may rely on all of the information contained herein, and all that may have been affixed hereto, as being true and correct.
- 9.2. Performance Agreement: I (we) acknowledge that a Performance Agreement will have to be executed prior to receiving any Incentives.
- 9.3. Discretionary Rights: I (we) acknowledge that the City has the absolute right of discretion in deciding whether or not to approve any Incentive relative to this Application, whether or not such discretion is deemed arbitrary or without basis in fact.

Section 10.
General Provisions

- 10.1. Flexibility: The terms and conditions of this Policy are to be considered guidelines for City Council during their deliberation and evaluation. The City reserves the right to modify the terms and conditions herein at any time, including for any pending application, and may approve a Tax Abatement Agreement or Performance Agreement and the Incentives related thereto, on terms and conditions contrary to the guidelines of this Policy.
- 10.2. Section or Other Headings: Section or other headings contained in this Policy are for reference purposes only and shall not affect in any way the meaning or interpretation of this Policy.
- 10.3. Severability: In the event that any provision of this Policy is illegal, invalid, or unenforceable under present or future laws, the remainder of this Policy shall not be affected thereby.

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Lake Worth, Texas

Incentives Application

Stacey Almond
City Manager
(817) 237-1211
salmond@lakeworthtx.org

1 GENERAL INFORMATION				
a	Project Name:			
b	Intended Use (e.g. Call center, corporate / regional office, professional office, retail, distribution):			
c	If project is a relocation or consolidation of existing facilities, identify the location of the existing facilities:			
d	Company Overview:			
e	NAICS Code: (See this link for help) http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2012			
f	Project Team Experience & Qualifications:			
g	General comments from Applicant (if desired):			
	Yes	No	Type of Project	Notes
h			Retention of existing business	• Years in business at this location?
i			Expansion or modernization of existing facility	•
j			New business / to own new facility	•
k			New business / to own existing facility	•
l			New business / leasing existing facility	•
m			New business / leasing new facility	•
n			Development	•
o			Other:	•
2 PROPERTY INFORMATION				
a	Property Address:			
b	Lot / Block / Subdivision Name:			
c	Appraisal District Property ID Numbers:			
d	Current Appraisal District Valuations of all Parcels:			
e	Acres:			
f	Currently owned by:			
3 ELIGIBILITY OF PROPERTY [Section 3.A]				
	Yes	No	Item	Notes
a			Within the City?	•
b			Zoned appropriately for use?	•
c			City taxes in good standing?	•
d			No City liens existing?	•
e			Proof of ownership provided?	•
f			Outstanding code violations?	•
g			Construction has not commenced?	•
4 ELIGIBILITY OF BUSINESS [Section 3.B]				
	Yes	No	Item	Notes
a			Business taxes in good standing?	•
b			Tax paying entity?	•
c			If not owner, authorization provided?	•
d			If existing business, in City 2 years?	•

5 PRIORITIES [Section 4.0]				
	Yes	No	Preferred Area?	Notes
a			Older portions of Hwy 199 (Roberts Cut Off area to SH 820)	•
b			Older construction areas along Telephone Road and Azle Road	•
c				•
	Yes	No	Preferred Business?	Notes
d			Small businesses	•
e			Redevelopment areas including blighted buildings	•
f				•
6 PROJECT DATA [Section 8.B]				
a	Business Name:			
b	Describe the type of building proposed (e.g. # of stories, style, materials, etc.):			
c	Describe the development concept (e.g. single building or campus setting, open space, surface or structured parking, etc.):			
d	Describe the extent that any infrastructure component is enhanced or expanded:			
e	Month / Year	Timing		Notes
f		First development application	•	(zoning, site plan, etc)
g		Desired approval date	•	
h		Ground breaking	•	
i		Phase 1 occupancy	•	
j		Phase 2 occupancy	•	
k		Phase 3 occupancy	•	
	Estimated Data by Phase and Date			
		Phase 1 Month / Year	Phase 2 Month / Year	Phase 3 Month / Year
l	Building(s) construction in square feet			
m	Construction cost all Improvements			
n	Estimated appraised value of all Improvements			
o	Acquisition cost of all business personal property			
p	Estimated appraised value of BPP			
q	New full-time equivalent (FTE) employees			
r	New payroll added			
s	Average employees annual salary			
t	Employees w salary \$50,000 or greater			
u	Benefits provided			
v	Taxable sales from the Facility			
w	Hotel occupancy tax generated			
x	Add notes about any item above:			
	6.n	e.g. Note here		

7	Policy Section	INCENTIVE(S) REQUESTED <i>In priority order</i>		Estimated Full Cost	Requested		
					%	Term-Yrs	Amount
a	5.?			\$			\$
b	5.			\$			\$
c	5.			\$			\$
d	5.			\$			\$
e	5.			\$			\$
f	5.			\$			\$
Add justification and / or notes about any item above:							
7.a	e.g. Note here						
8	ATTACHMENTS / EXHIBITS						
	Yes	No	Item	Notes			
a			Legal description of property	•			
b			Proof of ownership	•			
c			Photos of existing conditions	•			
d			Drawing, renderings, plans of the proposed Improvements	• If not included in development application			
e			Copy of the signed lease agreement	• If Applicant is not property owner			
f			Current AV tax appraised value estimates for 3 similar projects	•			
9	Applicant / Owner Certifications: In accordance with Resolution # __-____ adopting the Incentives Policy, the undersigned do hereby certify the following:						
a	Application Accuracy: The information provided in this Application, and all that may have been affixed hereto, is true and correct, and that the City may rely on all of the information herein contained, and all that may have been affixed hereto, as being true and correct.						
b	Performance Agreement: I (we) acknowledge that a Performance Agreement will have to be executed prior to receiving any Incentives.						
c	Discretionary Rights: I (we) acknowledge that the City has the absolute right of discretion in deciding whether or not to approve an incentive relative to this application, whether or not such discretion is deemed arbitrary or without basis in fact.						
10	I (we) hereby affirm the Certifications noted above and approve this Incentives Application and the incentive requests identified herein.						
Property Owner				Applicant / Primary Incentives Contact			
Company:				Company:			
Signed:				Signed:			
Name:				Name:			
Title:				Title:			
W:		C:		W:		C:	
EM:				EM:			
Address:				Address:			

Incentives Policy Overview



Topics to Discuss

- Authorizations
- Definitions
- Eligibilities
- Priorities
- Incentives
- Min. Performance Requirements
- Applicability Matrix
- Application

Tax Abatement

WHEREAS, Chapter 312 of the Texas Tax Code, cited as the Property Redevelopment and Tax Abatement Act, authorizes municipalities to grant tax abatements upon establishing guidelines and criteria for tax abatement agreements; and

- **Must create Reinvestment Zone**
- **Requires written Agreement**
- **Real and Business Personal Property**
- **Max term of 10 years**
- **School districts cannot participate**
- **County can participate**

Chapter 380 Agreements

WHEREAS, Chapter 380 of the Texas Local Government Code authorizes municipalities to establish and provide for the administration of programs that promote economic development and stimulate business and commercial activity in the City; and

- **“The governing body of a municipality may establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality.”**

Definitions - 2.0

- All major definitions included in this Section
- Capitalized throughout document
- **Grant**: Funds provided by the City for a particular Project in accordance with this Policy.
- **Improvements**: Shall mean the New Construction or Modernization of buildings, interiors, site work, Public Works Improvements, parking and drives, landscaping, irrigation, lighting and specifically excluding land and / or Business Personal Property.

- **Performance Agreement**: Shall mean a written agreement summarizing the performance requirements of a business or developer and the Incentives to be provided by the City upon fulfillment of those performance requirements.
- **Property**: Shall mean the physical parcel of land on which Improvements are to be made.

- **Property – Business Personal**: Shall mean the tangible and movable items used in the course of business not permanently affixed to, or part of, the real estate. Examples of Business Personal Property (BPP) include: furniture, machinery and equipment, computers, vehicles and supplies.
- **Property - Real**: Shall mean the Property and the Improvements constructed on the Property.

- **Recapture (aka Claw-back)**: A provision in a Performance Agreement that states how and to what extent any Incentives provided must be paid back to the City if the required performance criteria are not met.
- **Tax Abatement**: Shall mean the full or partial exemption from paying ad valorem taxes on Real Property or Business Personal Property in accordance with provisions of Chapter 312 of the Texas Tax Code.

Eligibility - Properties

- **Properties**: Only properties meeting the following requirements at the time an Application is submitted shall be eligible to receive Incentives outlined by this Policy.
 - Within the City
 - Zoning
 - Taxes
 - Liens
 - Ownership
 - Code Violations
 - Construction Commencement

Eligibility - Businesses

- **Businesses**: Only businesses meeting the following requirements shall be eligible to receive Incentives outlined by this Policy.
 - Taxes
 - Property Owner Approval
 - Length of Operations: Existing businesses must have maintained operations in the City for two (2) years consecutively in order to receive Incentives.

Priorities – 4.0

- **Geographic Areas**: The following are the City's preferences for providing Incentives in geographic areas of the City.
 - **High Priority:**
 - > Older portions of Hwy 199 (Roberts Cut Off area to SH 820).
 - > Older construction areas along Telephone Road and Azle Road.
 - **Low Priority:**
 - > Newer regional shopping areas, e.g. Lake Worth Crossing area and the Lake Worth Marketplace.

Priorities

- **Businesses**: The following are the City's preferences for providing Incentives to certain types of businesses in the City.
 - **High Priority**: In general, those businesses that generate high-paying jobs and have a limited impact on the natural environment.
 - > Small businesses
 - > Redevelopment areas including blighted buildings
 - > High sales tax generators.

Incentives – 5.0

- **Financial – Ad Valorem Taxes**
- **Financial – Sales Tax Grants / Reimb.**
- **Financial – Fee Reductions / Credits**
- **Financial - Misc.**
- **Sales, Lease or Exchange of Land / Buildings**
- **Employment-Related**
- **Infrastructure Assistance**

Incentives – 5.0

- **Development Cost Participation**
- **Economic Development District Establishment**
- **Hotel Occupancy Tax**
- **Support for State Incentives**

Min. Performance Requirements

The following Project Classifications shall identify the minimum performance requirements for each project classification for the purposes of determining the eligibility of Incentives for different types of Projects. These requirements are new construction, revenues or employees attributable to the Project.

Project Classification	Min. New Construction Cost	Min. New FTE Employees	Min. New Taxable Sales ¹	Notes
Corporate	\$5,000,000	50	-	• Significant office uses, e.g. Corporate HQ or regional HQ
Industrial	\$5,000,000	50	-	• Owner occupied, industrial / logistics business
Retail	-	-	\$1,000,000	•
Hotel / Conf. Center	?	-	-	• Hospitality or entertainment venues including hotels and conference centers
Development	\$5,000,000	-	\$5,000,000	• New development

¹Generated annually

Applicability Matrix

The following Project Eligibility Matrix shall provide a framework for identifying the potential Incentives that are eligible to various classifications of Projects as identified above. Term and amount of Incentives shall be determined on a case-by-case basis.

Potential Incentive	Project Classification					
	Corporate	Industrial	Retail	Hotel / Conf. Center	Develop-ment	Expansion
Tax Abatement	X	X	-	X	-	-
Ad Valorem Tax Grants	X	X	-	X	-	X
Sales Tax Grants	-	-	X	-	X	-
Constr. Sales Tax Grants	X	X	X	X	X	X
Fee Reductions / Credits	X	X	X	X	X	X
Misc. Financial	X	X	-	X	-	X
Land / Building Related	-	X	X	X	-	-
Employment Related	X	X	-	X	-	-
Infrastructure Assistance	X	X	X	X	X	-
Dev. Costs	X	X	X	X	X	-
E.D. Districts	-	-	X	X	X	-
HOT	-	-	-	X	X	X
State Assistance	X	X	X		X	-

Application

Lake Worth, Texas Incentives Application

Stacey Almond
City Manager
(817) 237-1211
salmond@lakeworthtx.org

1	GENERAL INFORMATION			
a	<u>Project Name:</u>			
b	<u>Intended Use (e.g. Call center, corporate / regional office, professional office, retail, distribution):</u>			
c	<u>If project is a relocation or consolidation of existing facilities, identify the location of the existing facilities:</u>			
d	<u>Company Overview:</u>			
e	<u>NAICS Code:</u> (See this link for help) http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2012			
f	<u>Project Team Experience & Qualifications:</u>			
g	<u>General comments from Applicant (if desired):</u>			
	Yes	No	Type of Project	Notes
h			Retention of existing business	• Years in business at this location?
i			Expansion or modernization of existing facility	•
j			New business / to own new facility	•
k			New business / to own existing facility	•
l			New business / leasing existing facility	•
m			New business / leasing new facility	•
n			Development	•
o			Other:	•

Discussion / Q&A

- Authorizations
- Definitions
- Eligibilities
- Priorities
- Incentives
- Min. Performance Requirements
- Applicability Matrix
- Application

Lake Worth City Council Meeting – March 13, 2018

Agenda Item No. F.5

From: Stacey Almond, City Manager

Item: Discuss and consider Resolution No. 2018-10, opposing the elevation of State Highway 199.

Summary:

City Council held a workshop on February 13, 2018 to discuss alternative designs provided by the Texas Department of Transportation (TxDOT) about the proposed re-design of State Highway 199 and Interstate 820.

It was recommended that staff bring forward a Resolution for consideration by the City Council opposing elevation to the project at State Highway 199 and Highway 820. It is the opinion of the Council that the proposed elevation of the project would not protect Lake Worth's sense of place, impairs emergency service capabilities, and would have a negative effect on the economic viability.

Staff has reached out the North Central Texas Council of Governments (NCTCOG) for assistance in evaluating and studying the corridor as it relates to timing.

The City of Lake Worth is requesting that TxDOT consider the following:

1. A design that does not negatively impact existing or future business along State Highway 199 and within the corridor but rather enhances their long-term success and viability;
2. A design that provides options that adequately take in to account the true cost/benefit analysis beyond the right-of-way to include quality of life, public safety, and economic development outputs;
3. A design that maintains local connectivity and accessibility allowing for traffic to move freely in and around Lake Worth; and
4. A design which preserves the City of Lake Worth's sense of place and supports continued economic viability in the city.

Fiscal Impact:

None

Attachments:

1. Resolution No. 2018-10

Recommended Motion or Action:

Move to approve Resolution No. 2018-10, opposing the elevation of State Highway 199.

RESOLUTION NO. 2018-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE WORTH, TEXAS OPPOSING THE ELEVATION OF STATE HIGHWAY 199; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, various plans have been presented by the Texas Department of Transportation which include the elevation of State Highway 199 within Lake Worth; and

WHEREAS, the proposed options do not appear to take into consideration, to the greatest extent possible, the continued economic viability of the businesses throughout the corridor; and

WHEREAS, the proposed elevation of State Highway 199 clearly and without remedy further divides the City of Lake Worth in to two separate halves leaving emergency service capabilities impaired; and

WHEREAS, the elevation will reduce access to established commercial development throughout the corridor if existing ingress and egress points are removed; and

WHEREAS, the lengthy disruption to businesses caused by the proposed elevation will prove destructive to their prosperity.

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

SECTION 1.

The City of Lake Worth opposes the elevation of State Highway 199.

SECTION 2.

The City of Lake Worth requests that the Texas Department of Transportation consider in its State Highway 199 and Highway 820 corridor plan the following:

- (a) A design that does not negatively impact the existing or future businesses along State Highway 199 and within the corridor, but rather enhances their long-term success and viability;
- (b) A design that provides options that adequately take into account the true cost-benefit analysis beyond the right-of-way, including quality of life, public safety concerns, and economic development;
- (c) A design that maintains local connectivity and accessibility allowing for

traffic to move efficiently throughout the city; and

- (d) A design which preserves the city's sense of place and supports the continued economic viability of the city.

SECTION 3.

This resolution shall take effect immediately upon adoption.

PASSED, APPROVED AND EFFECTIVE this 13th day of March 2018.

CITY OF LAKE WORTH

By: _____
Walter Bowen, Mayor

ATTEST:

Monica Solko, City Secretary

Lake Worth City Council Meeting – March 13, 2018

Agenda Item No. F.6

From: Stacey Almond, City Manager

Item: Discuss and consider Resolution No. 2018-11, appointing members to the Lake Worth Charter Review Commission.

Summary:

On February 13, 2018, the City Council approved Ordinance No. 1108 creating a Charter Commission and establishing Charter Commission Guidelines. The Council is being asked to appoint the members to serve on the Charter Review Commission (CRC).

The Commission shall consist of five (5) members to be appointed by the Mayor and City Council. The City Manager, Assistant City Manager, and the City Attorney, or designee, shall be ex-officio, non-voting members of the Charter Commission. The Mayor and City Council shall select a chairperson and vice chairperson from among the Charter Commission members. A quorum of the Charter Commission shall consist of three (3) members; and a majority of the entire membership of the Charter Commission is required for the approval for any recommendation to the City Council for the City Council to consider any amendment to the Charter. The Charter Commission shall complete its review and submit a written report to the City Council containing recommendations for amendments on or before December 1, 2018.

The City Manager, Assistant City Manager and City Attorney are ex-officio, non-voting members of the CRC. The City Secretary is designated to record and take minutes of all CRC meetings.

The CRC members shall serve until the final report of the Commission is accepted by the City Council, or the Commission is discontinued by action of the City Council.

Appointments for consideration:

1. Wilson Daggs
2. Yvonne Amick
3. Sue Wenger
4. Coy Pennington
5. Bill Still

Fiscal Impact:

N/A

Attachments:

1. Resolution No. 2018-11

Recommended Motion or Action:

Move to approve Resolution No. 2018-11, appointing Wilson Daggs, Yvonne Amick, Sue Wenger, Coy Pennington, and Bill Still to the Charter Review Commission (CRC).

RESOLUTION NO. 2018-11

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE WORTH, TEXAS APPOINTING MEMBERS TO SERVE ON THE LAKE WORTH CHARTER REVIEW COMMISSION AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council appoints members of the public to serve on various boards, commissions, and committees; and

WHEREAS, the City Council believes that positive changes can be possibly made to the Lake Worth City Charter to enhance the document without significantly effecting the democratic principles of the Lake Worth City Charter or the opportunities of citizens to become informed on City issues and make known to their elected representative their concerns and comments; and

WHEREAS, the City Council understands the need to review the City Charter to clarify, add or subtract as necessary to ensure the powers, rights and duties of the City government adhere to its original concepts and structure as a "Council-Manager Government".

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

SECTION 1. THAT the following members have been submitted for nomination and approved by a majority of the City Council.

1. Yvonne Amick
2. Wilson Daggs
3. Bill Still
4. Coy Pennignton
5. Sue Wenger

SECTION 2. THAT the Commission members shall serve until the final report of the Commission is accepted by the City Council, or the Commission is discontinued by action of the City Council.

SECTION 3. THAT this Resolution shall become effective immediately upon its passage and approval.

PASSED AND APPROVED this the 13th day of March 2018.

CITY OF LAKE WORTH

By: _____
Walter Bowen, Mayor

ATTEST:

Monica Solko, City Secretary

Lake Worth City Council Meeting – March 13, 2018 Agenda

Item No. F.7

From: Corry Blount, Chief of Police

Item: Discuss and consider Resolution No. 2018-12, participation in the Criminal Justice Division Body Worn Camera Program for 2018 and authorize the City Manager to accept, reject, alter or terminate the grant on behalf of the City of Lake Worth.

Summary:

Staff recommends participation in the grant funded Body Worn Camera Program offered by the Criminal Justice Division. The grant will provide twenty (20) body worn cameras for the City of Lake Worth Police department personnel. The grant will provide 80% of the cost of the cameras with the City of Lake Worth providing a 20% in kind match of funds.

General Discussion:

The City of Lake Worth Police Department currently relies on in-car video systems and voice activated pocket recorders to document their calls. Only verbal conversations can be heard when officers are handling calls away from their vehicles. Body worn cameras will give accurate accountings of citizen contacts made by officers, be beneficial in the prosecution of criminals in our City and will protect the City and Police Department personnel from false complaints.

Fiscal Impact:

Total cost of 20 body worn cameras:	\$22,285.00
Total amount of grant:	\$17,828.00
City of Lake Worth 20% match:	\$4,457.00

Attachments:

1. Body Worn Camera Resolution

Recommended Motion or Action:

Move to approve the participation in the Criminal Justice Division Body Worn Camera Program and to authorize Stacey Almond/City Manager to accept, reject, alter or terminate the grant on behalf of the City of Lake Worth.

RESOLUTION NO. 2018-12

WHEREAS, The City of Lake Worth, Texas finds it in the best interest of the citizens of Lake Worth, Texas, that the Body Worn Camera Project be operated for the FY2018; and

WHEREAS, The City of Lake Worth agrees to provide applicable matching funds for the said project as required by the Body Worn Camera Program grant application; and

WHEREAS, The City of Lake Worth agrees that in the event of loss or misuse of the Office of the Governor funds, The City of Lake Worth assures that the funds will be returned to the Office of the Governor in full.

WHEREAS, The City of Lake Worth designates Stacey Almond/City Manager as the grantee's authorized official. The authorized official is given the power to apply for, accept, reject, alter or terminate the grant on behalf of the applicant agency.

NOW THEREFORE BE IT RESOLVED, that the City Council of Lake Worth that The City of Lake Worth, Texas approves submission of the grant application for the Body Worn Camera Project to the Office of the Governor.

PASSED AND APPROVED this the 13th day of March 2018.

CITY OF LAKE WORTH

By: _____
Walter Bowen, Mayor

ATTEST:

Monica Solko, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Drew Larkin, City Attorney

APPROVED AS TO CONTENT:

Corry Blount, Chief of Police