CITY OF FAIR OAKS RANCH
CITY COUNCIL MEETING

Thursday, March 19, 2026 at 6:30 PM
Public Safety Training Room, Police Station, 7286 Dietz Elkhorn Rd Fair Oaks Ranch
Live Stream: https://www.youtube.com/channel/UCDqRvLvReqxrh1lbajwshKA/live

AGENDA

OPEN MEETING

1. Roll Call- Declaration of a Quorum
2. Pledge of Allegiance

CITIZENS and GUEST FORUM

To address the City Council, please sign the Attendance Roster located on the table at the entrance in the foyer of the Public Safety Training Room. In accordance with the Open Meetings Act, Council or Committee may not discuss or take action on any item which has not been posted on the agenda. Speakers shall limit their comments to five (5) minutes each.

3. Citizens to be heard

PRESENTATIONS

4. Government Finance Professionals Week

   Gregory C. Maxton, Mayor

5. Cub Scout Pack 109 Proclamation

   Gregory C. Maxton, Mayor

CONSENT AGENDA

All of the following items are considered to be routine by the City Council, there will be no separate discussion on these items and will be enacted with one motion. Items may be removed by any Council or Committee Member by making such request prior to a motion and vote.

6. Approval of the March 5, 2026 Regular City Council meeting minutes

   Christina Picioccio, TRMC, City Secretary

7. Approval of a resolution authorizing the Mayor to sign a Certificate of Appointment for the redesignation of the City's Health Authority

   Gregory C. Maxton, Mayor

CONSIDERATION/DISCUSSION ITEMS

8. Consideration and possible action accepting the FY 2024-25 Audit Report

   Summer Fleming, CGFO, Director of Finance
   Jon Watson, CPA, BrooksWatson & Co., PLLC

9. Consideration and possible action approving a resolution amending Chapter 8 Leave of the City of Fair Oaks Ranch Personnel Policies related to extended military leave

   Joanna Merrill, PSHRA-SCP, Director of Human Resources

10. Consideration and possible action approving a resolution amending Chapters 3, 10 and 11 of the City of Fair Oaks Ranch's Personnel Policies related to Commercial Driver's Licenses

    Joanna Merrill, PSHRA-SCP, Director of Human Resources

11. Consideration and possible action approving a resolution amending the City's General Government and Public Safety Pay Schedule and Certification Pay List

    Joanna Merrill, PSHRA-SCP, Director of Human Resources

12. Consideration and possible action approving a resolution authorizing the execution of an agreement with Matrix Consulting Group for the Facilities Master Plan

    Jessica Relucio, ENV SP, City Planner
    Clayton Hoelscher, Procurement Manager

13. Consideration and possible action approving a resolution authorizing the execution of a reimbursement agreement with Guadalupe Blanco River Authority (GBRA) for engineering and construction services for a GBRA waterline relocation located at the southern curve of Ammann Road

    Kelsey Delgado, CISEC, PMP, Project Manager

WORKSHOP

14. Rolling Acres Trail Drainage Project Update

    Lee Muniz, P.E., CFM, Engineering Manager

15. Parkway Beautification Committee

    Keith Rhoden, Council Member, Place 2

REPORTS FROM STAFF/COMMITTEES

16. 2025 Fair Oaks Ranch Police Department Annual Report

    Todd Smith, Chief of Police

17. Bexar County Emergency Services District No. 4 Update

    Chief Jack Andrade

REQUESTS AND ANNOUNCEMENTS

18. Announcements and reports by Mayor and Council
19. Announcements by the City Manager
20. Requests by Mayor and Council Members that items be placed on a future City Council agenda

ADJOURNMENT

Signature of Agenda Approval:

s/ Gregory C. Maxton
Gregory C. Maxton, Mayor

I, Christina Picioccio, TRMC, City Secretary, certify that the above Notice of Meeting was posted on the outside bulletin board at the Fair Oaks Ranch City Hall, 7286 Dietz Elkhorn, Fair Oaks Ranch, Texas, and on the Citys website www.fairoaksranchtx.org, both places being convenient and readily accessible to the general public at all times.

As per Texas Government Code 551.045, said Notice was posted by March 13, 2026 and remained so posted continuously for at least 3 business days before said meeting was convened. A quorum of various boards, committees, and commissions may attend the City Council meeting.

The Fair Oaks Ranch Police Station is wheelchair accessible at the front main entrance of the building from the parking lot. Requests for special services must be received forty-eight (48) hours prior to the meeting time by calling the City Secretary's office at (210) 698-0900. Braille is not available. The City Council reserves the right to convene into Executive Session at any time regarding an issue on the agenda for which it is legally permissible; pursuant to Texas Government Code Chapter 551. Section 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).

PROCLAMATION
City of Fair Oaks Ranch
Office of the Mayor

WHEREAS, the finance professionals of the City of Fair Oaks Ranch are dedicated to maintaining the City's financial integrity and long-term stability while preparing for future growth through leadership and guidance provided to all City departments; and

WHEREAS, government finance professionals serve the residents of Fair Oaks Ranch by promoting transparency, accountability, and the responsible stewardship of public funds; and

WHEREAS, these professionals play a critical role in the City's financial planning and management processes including forecasting revenues and expenditures, developing long-term financial strategies, administering debt and bond obligations, managing procurement in a cost-effective and compliant manner, and preparing the City's annual General Fund and Utility Fund budgets; and

WHEREAS, the Finance Department works collaboratively across all City departments to ensure sound financial management that supports essential public services, infrastructure, and utility operations for the community; and

WHEREAS, the City of Fair Oaks Ranch has been recognized for excellence in financial reporting and budgeting by the Government Finance Officers Association, having received the Award for Excellence in Financial Reporting for eight consecutive years, the Distinguished Budget Presentation Award for seven consecutive years, the Popular Annual Financial Reporting Award for four consecutive years, and the prestigious Triple Crown designation for the past four years; and

WHEREAS, finance professionals work diligently, often behind the scenes, to provide accurate and timely financial information that enables informed policy decisions and ensures the continued fiscal health and sustainability of the City; and

WHEREAS, recognizing Government Finance Professionals Week during the last full week of March provides an opportunity to acknowledge the dedication, integrity, and professionalism of these essential public servants.

NOW, **THEREFORE**, I, Gregory C. Maxton, Mayor of the City of Fair Oaks Ranch, do proclaim the week of March 23-27, 2026, as **Government Finance Professionals Week** and encourage all residents to recognize and appreciate the hard work and contributions of the finance professionals who serve our community.

WITNESS MY HAND AND SEAL THIS 19th DAY OF MARCH 2026.

_____
Gregory C. Maxton, Mayor

_____
Christina Picioccio, TRMC
City Secretary

PROCLAMATION
City of Fair Oaks Ranch
Office of the Mayor

WHEREAS, Cub Scout Pack 109 demonstrated "values in action" by exemplifying the core principles of Cub Scouting through their service to the City of Fair Oaks Ranch; and

WHEREAS, through their actions, these Scouts demonstrated the values of citizenship, compassion, cooperation, perseverance, positive attitude, resourcefulness, respect, and responsibility; and

WHEREAS, on February 1, 2026, the Scouts of Cub Scout Pack 109 undertook a civic service project to clean and beautify the area surrounding City Hall, demonstrating pride in their community and respect for public spaces; and

WHEREAS, through their hard work and teamwork, the Scouts contributed to maintaining a welcoming and attractive environment for residents, visitors, and City staff; and

WHEREAS, this project reflects the principles of good citizenship, volunteerism, and servant leadership that Scouting seeks to instill in young people; and

WHEREAS, the City of Fair Oaks Ranch recognizes the importance of encouraging youth engagement in civic responsibility and applauds the positive example set by Cub Scout Pack 109.

NOW, **THEREFORE**, I, Gregory C. Maxton, Mayor of the City of Fair Oaks Ranch, do hereby commend and recognize Cub Scout Pack 109 for their outstanding civic service and thank them for their meaningful contribution to the community.

WITNESS MY HAND AND SEAL THIS 13th DAY OF MARCH 2026.

_____
Gregory C. Maxton, Mayor

_____
Christina Picioccio, TRMC
City Secretary

CITY OF FAIR OAKS RANCH
CITY COUNCIL MEETING

Thursday, March 5, 2026 at 6:30 PM
Public Safety Training Room, Police Station, 7286 Dietz Elkhorn Rd Fair Oaks Ranch
Live Stream: https://www.youtube.com/channel/UCDqRvLvReqxrh1lbajwshKA/live

MINUTES

OPEN MEETING

1. **Roll Call- Declaration of a Quorum**

Council Present: Mayor Maxton and Council Members: Stroup, Rhoden, Olvera, Pearson, Parker and Swarek

With a quorum present, the meeting was called to order at 6:30 PM

2. **Pledge of Allegiance** – The Pledge of Allegiance was recited in unison.

CITIZENS and GUEST FORUM

3. **Citizens to be heard**

Kristin Swarek, representing the Fair Oaks Ranch Homeowners Association (FORHA), provided an overview of the proposed 250th Anniversary of America Parade and additional activities planned leading up to the Fourth of July celebration.

Susie Richardson, granddaughter of Ralph Fair Jr. and great-granddaughter of Ralph Fair Sr., spoke in support of the City's partnership with the Fair Oaks Ranch Homeowners Association (FORHA) to host a parade celebrating the 250th Anniversary of America. Ms. Richardson read a passage from John Stuart Mill, an English philosopher and proponent of liberty, which reflects the spirit and meaning of the celebration. The quotation was displayed on Ralph Fair Jr.'s wall.

Resident Sharon Brimhall questioned the consideration of tree mitigation after the concept had previously been declined, stating she believes such matters should be addressed by homeowners' associations rather than the City. She also questioned the City's co-sponsorship of an event with the Fair Oaks Ranch Homeowners Association (FORHA) and commented on the Wastewater Treatment Plant project exceeding an earlier estimate by approximately $1.56 million. Ms. Brimhall expressed concern about additional City debt and recommended either reducing the project scope to match the current budget or postponing the project.

An email from residents Maria and Ron Madura was read for the public record expressing support for the City's consideration of balanced tree preservation measures that protect the community's natural landscape while allowing responsible use of private property.

PRESENTATIONS

4. **Presentation of a 10-Year Service Award to: Allen Paz, Police Officer**

HR Generalist Jennifer Hudson, recognized Police Officer, Allen Paz, for his 10 years of service to the City.

5. **Recognition of Employee of the Quarter (Q1) October 2024 through December 2025 - Jarrett Lee, Water/Wastewater Operator II**

HR Generalist Jennifer Hudson recognized Jarrett Lee, Water/Wastewater Operator II, as Employee of the Quarter and shared highlights from his nomination.

CONSENT AGENDA

6. **Approval of the February 5, 2026 Regular City Council meeting minutes**
7. **Approval of a resolution authorizing the execution of a Purchase Order with SHI International Corporation for Microsoft Cloud Services**

MOTION: Made by Council Member Parker, seconded by Council Member Pearson, to approve the Consent Agenda.

VOTE: 7 - 0; Motion Passed.

CONSIDERATION/DISCUSSION ITEMS

8. **Consideration and possible action approving a resolution authorizing the execution of an agreement with Pesado Construction Company for the Wastewater Treatment Plant Phase 1 Expansion Project**

MOTION: Made by Council Member Rhoden, seconded by Council Member Olvera, to approve a resolution authorizing the execution of an agreement with Pesado Construction Company for the Wastewater Treatment Plant Phase 1 Expansion Project including bid alternative #1, expenditure of the required funds, and execution of all applicable documents by the City Manager.

VOTE: 7 - 0; Motion Passed.

9. **Consideration and possible action approving a resolution amending the Fair Oaks Ranch Transportation Safety Advisory Rules of Procedure**

MOTION: Made by Council Member Swarek, seconded by Council Member Stroup, to approve a resolution amending the Fair Oaks Ranch Transportation Safety Advisory Committee Rules of Procedure as proposed and modified for Sections 13.1.G and Section 16.3

VOTE: 7 - 0; Motion Passed.

10. **Consideration and possible action approving a resolution of the City Council of the City of Fair Oaks Ranch establishing the City's co-sponsorship of a 250th Anniversary of America Parade with the Fair Oaks Ranch Homeowners' Association**

MOTION: Made by Council Member Swarek, seconded by Council Member Stroup, to approve a resolution authorizing the City's co-sponsorship of a 250th Anniversary Celebration Parade on June 27, 2026, with the Fair Oaks Rach Homeowners' Association, declaring that co-sponsoring serves a legitimate public purpose, authorizing street closures, and authorizing the City Manager to execute a Memorandum of Understanding with the Fair Oaks Ranch Homeowners' Association with the following conditions:

1. That the Memorandum of Understanding shall include provisions for a joint coordination review between the City and the Fair Oaks Ranch Homeowner's Association no later than June 12, 2026, to assess parade participation levels, operational readiness, and overall event planning progress; and
2. That the Memorandum of Understanding shall further provide that, following the review, either party may elect to withdraw from the agreement upon written notice delivered no later than the close of business on June 12, 2026.

VOTE: 7 - 0; Motion Passed.

WORKSHOP

11. **Tree Preservation Workshop**

City Planner Jessica Relucio and Environmental Program Manager Aithne Loeblich led a workshop to determine whether Council wishes to continue pursuing implementation of a tree removal permit process on private property. Council directed staff to explore closing loopholes between the developer and builder stages, including pre-clearing of large lots prior to development

12. **Special Events Permit**

Assistant City Manager Jim Williams led a workshop with Council regarding a potential ordinance to establish a community-focused Special Events framework. Council directed staff to continue developing a policy, refine the definition of "Special Event," and reconsider the proposed application fee amount.

13. **2026 Strategic Plan Update**

Assistant City Manager Jim Williams provided Council an update on the Strategic Planning process. Following discussion, Mr. Williams informed Council that the final resident survey would be published on March 6 and remain open through March 20,

2026. An additional work session is planned for the April 2, 2026 City Council meeting.

REPORTS FROM STAFF/COMMITTEES

14. **Transportation Safety Advisory Committee Report**

Assistant City Manager Carole Vanzant provided a brief report to Council regarding actions taken by the Transportation Safety Advisory Committee during the preceding quarter and provided an update on ongoing safety items currently being addressed.

REQUESTS AND ANNOUNCEMENTS

15. **Announcements and reports by Mayor and Council**

Council Member Swarek reminded everyone that FORHA is hosting their annual Easter Egg scramble and encouraged residents to register and secure their spot.

Council Member Stroup reminded residents to be aware of children in the community due to Spring Break the week of March 9-13, 2026.

Mayor Maxton announced that the Police Department's StrongHER event planned for Sunday May 9, 2026 has been postponed to a later date in the summer. He also invited residents to the PD's Coffee with a Cop event at the Spotted Deer from 9:00 AM – 11:00 AM on Tuesday, March 10, 2026. He also noted that the community would have an opportunity to answer a new questionnaire online from March 6-20, 2026 on strategic planning for the City. Lastly, he announced that construction on a left-turn lane from Fair Oaks Parkway onto Front Gate has begun and urged residents to exercise caution while driving through that work area. Work is expected to last about two weeks.

16. **Announcements by the City Manager**

None.

17. **Requests by Mayor and Council Members that items be placed on a future City Council agenda**

None.

ADJOURNMENT

Mayor Maxton adjourned the meeting at 10:25 PM.

_____

Gregory C. Maxton, Mayor

ATTEST:

_____

Christina Picioccio, TRMC, City Secretary

CITY COUNCIL CONSENT ITEM
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC:	Approval of a resolution authorizing the Mayor to sign a Certificate of Appointment for the redesignation of the City's Health Authority
DATE:	March 19, 2026
DEPARTMENT:	City Council
PRESENTED BY:	Gregory C. Maxton, Mayor

INTRODUCTION / BACKGROUND:
Texas Health and Safety Code Chapter 121, Section 121.028, authorizes the governing body of a municipality that has not established a local health department or public health district to appoint a physician as Health Authority to administer state and local public health laws within the municipality's jurisdiction.

Under Subchapter E of Chapter 121, the public health district serving the City of San Antonio and Bexar County is the San Antonio Metropolitan Health District. Utilizing a single Health Authority for Bexar County and participating municipalities promotes coordinated response efforts and ensures continuity of public health services, particularly during emergency events.

Dr. Chichi Junda Woo, M.D., Medical Director of the San Antonio Metropolitan Health District, is currently serving as the City of Fair Oaks Ranch Health Authority. Her current two-year term began July 18, 2024, and is scheduled to expire July 18, 2026.

The City of Fair Oaks Ranch does not maintain a local health department or employ a qualified staff member to serve as Health Authority. Accordingly, staff recommends reappointing Dr. Woo as the City's Health Authority in accordance with the Interlocal Agreement.

Exhibit A, attached, is the Certificate of Appointment confirming this designation.

City staff recommends approval.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:

1. Complies with Government Code Chapter 791 and the Texas Health and Safety Code Chapter 121 relative to the appointment of a local Health Authority.
2. Ensures the protection of the health and safety of the public.
3. Assures our citizens that their emergency health needs will be met.
4. Administers state and local laws relating to public health within the District, thus

avoiding the duty falling to State officials.

LONGTERM FINANCIAL & BUDGETARY IMPACT:
No compensation except when Dr. Woo specifically provides services to the City.

LEGAL ANALYSIS:
Reviewed as to form.

RECOMMENDATION / PROPOSED MOTION:
I move to approve a resolution authorizing the City Manager to sign an Interlocal Agreement with the City of San Antonio for the designation of the City's Health Authority.

A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS AUTHORIZING THE APPOINTMENT OF THE FAIR OAKS RANCH HEALTH AUTHORITY

WHEREAS, Government Code Chapter 791 authorizes a local government to enter into a Interlocal Agreement with another local government to designate the city's Health Authority; and

WHEREAS, ChiChi Junda Woo, M.D. has been designated by Bexar County and San Antonio as the San Antonio Metropolitan Health District Medical Director to administer state and local laws relating to public health within their jurisdiction; and

WHEREAS, The City of Fair Oaks Ranch has no local health department or a qualified staff member to serve and perform the duties of a Health Authority; and

WHEREAS, To protect the health and safety of the public in the City of Fair Oaks Ranch, the City Council desires to appoint Dr. Woo as its Health Authority in accordance with Government Code Chapter 791 and the Health and Safety Code Chapter 121.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

Section 1. ChiChi Junda Woo, M.D. is appointed to serve as the City of Fair Oaks Ranch Health Authority for a two-year term. The appointment will renew automatically thereafter for as long as Dr. Woo continues to serve as the San Antonio Metropolitan Health Medical District Director.

Section 2. The Mayor of the City of Fair Oaks Ranch or designee is authorized to execute all documents related to this appointment, including those attached under **Exhibit A**.

Section 3. That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

Section 4. If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.

Section 5. That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 6. All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.

Section 7. This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 8. This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 19th day of March 2026.

_____

Gregory C. Maxton, Mayor

ATTEST:

_____

Christina Picioccio, TRMC
City Secretary

APPROVED AS TO FORM:

_____

Denton Navarro Rodriguez Bernal Santee & Zech P.C., City Attorney

Exhibit A

Certificate of Appointment
for a
Health Authority

The Health Authority has been appointed and approved by the:

(Put an "X" by the appropriate designation below)

_____**Commissioners Court for** _____ **County**

X____**Governing Body for the Municipality of** Fair Oaks Ranch

_____**Director,** _____ **Health Department**

_____**Director,** _____**Public Health District**

I, Gregory C. Maxton **, acting in my capacity as: (*Put an "X" by the appropriate designation below*)**

_____**County Judge or Designee**
✔ **Mayor or Designee**
_____**Non-physician and the Local Health Department Director**
_____**Non-physician and the Public Health District Director**

do hereby certify the physician, CHICHI JUNDA WOO **, who is licensed by the Texas Board of Medical Examiners, was duly appointed as the (check as applicable),**

X **Health Authority**
_____ **Health Authority Designee**

for the jurisdiction of Fair Oaks Ranch **, Texas.**

Date term of office begins July 23, 2026

Date term of office ends July 22, 2028, unless removed by law.

I certify to the above information on this the 19th **day of** March**, 2026.**

_____
Signature of Appointing Official

Revised by DSHS Division of Regional and Local Health Operations, October 29th, 2021

CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC:	Consideration and possible action accepting the FY 2024-25 Audit Report
DATE:	March 19, 2026
DEPARTMENT:	Finance
PRESENTED BY:	Summer Fleming, CGFO, Director of Finance Jon Watson, CPA, BrooksWatson & Co., PLLC

INTRODUCTION / BACKGROUND:
Pursuant to Texas Local Government Code Section 103.101, municipalities are required to obtain an annual independent audit of their financial statements. In compliance with this requirement, the City of Fair Oaks Ranch engaged BrooksWatson & Co., PLLC to perform the audit of the City's financial statements for Fiscal Year 2024–25.

The independent audit evaluates whether the City's financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles (GAAP). The audit process includes reviewing internal controls, testing selected financial transactions, assessing compliance with applicable laws and regulations, and evaluating financial reporting practices.

Representatives from BrooksWatson & Co., PLLC will attend the meeting to present the results of the Fiscal Year 2024–25 audit, provide an overview of the City's financial position, and respond to any questions from City Council.

The complete audited Annual Comprehensive Financial Report (ACFR), along with the Popular Annual Financial Report (PAFR), is available on the City's website to promote transparency and public access to financial information.
https://fairoaksranchtx.org/513/Financial-Transparency

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:
Conducting an annual independent audit ensures compliance with state law and reinforces the City's commitment to fiscal accountability and transparency. The audit provides assurance to residents, taxpayers, bondholders, and other stakeholders that public funds are being managed responsibly and in accordance with established financial standards.

Publication of both the ACFR and the PAFR enhances accessibility and allows citizens to better understand the City's financial condition, operations, and long-term stability. Maintaining sound financial reporting practices also supports the City's creditworthiness and overall financial reputation.

LONGTERM FINANCIAL & BUDGETARY IMPACT:
The cost of audit services for Fiscal Year 2024–25 was $41,000, which was within the approved budget.

The audit resulted in an unmodified ("clean") opinion, indicating that the City's financial statements present fairly, in all material respects, the financial position and results of operations for the fiscal year in accordance with generally accepted accounting principles. An unmodified opinion reflects strong financial management practices and supports the City's long-term fiscal stability and credibility in the financial markets.

LEGAL ANALYSIS:
N/A

RECOMMENDATION / PROPOSED MOTION:
I move to accept the Fiscal Year 2024-25 annual audit as presented by BrooksWatson & Co., PLLC.

CITY OF
Fair Oaks Ranch



Prepared by: City of Fair Oaks Ranch Finance Department

Annual Comprehensive Financial Report

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2025

Fair Oaks Ranch, Texas


CITY
OF
FAIR OAKS RANCH • TEXAS

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

of the

City of Fair Oaks Ranch, Texas

For the Year Ended
September 30, 2025

Prepared by

Finance
Department


CITY
OF
FAIR OAKS RANCH • TEXAS

City of Fair Oaks Ranch, Texas

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September 30, 2025

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INTRODUCTORY SECTION


CITY
OF
FAIR OAKS RANCH • TEXAS

CITY OF
Fair Oaks Ranch

7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015
Bus: 210-698-0900
www.fairoaksranchtx.org

March 4, 2026

City of Fair Oaks Ranch, Texas

Honorable Mayor, Members of City Council and Citizens of the City of Fair Oaks Ranch:

It is my pleasure to present the Annual Comprehensive Financial Report (ACFR) for the City of Fair Oaks Ranch, Texas, for the fiscal year ended September 30, 2025. This report represents the City's official record of financial stewardship and is prepared to provide Council, residents, and other stakeholders with a transparent and reliable account of the City's financial condition.

Each year the City is required to publish a complete set of financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants. This document reflects management's assertions regarding the City's financial position and operational results. Management affirms that the information presented is accurate in all material respects and is reported in a manner intended to fairly present the financial activities of all City funds. We accept full responsibility for the completeness and reliability of the data included in this report, supported by a system of internal controls designed to provide reasonable assurance that the financial statements are free of material misstatement. In addition, all disclosures necessary for readers to gain a full understanding of the City's financial activities have been included.

The financial statements have been audited by BrooksWatson & Company, an independent firm of licensed public accountants. The purpose of the audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2025, are free from material misstatement. The audit process included the examination, on a test basis, of supporting evidence for amounts and disclosures; an evaluation of the accounting principles applied, and significant estimates made by management; and an assessment of the overall financial presentation. Based on this review, the auditors issued an unmodified ("clean") opinion concluding that the financial statements fairly present the financial position of the City in conformity with GAAP. The independent auditor's report is provided at the beginning of the financial section.

In accordance with GAAP, management has also prepared a Management's Discussion and Analysis (MD&A), which offers a narrative overview and analysis of the financial statements to aid readers in understanding the City's financial performance. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A follows the independent auditor's report.

PROFILE OF THE CITY

Fair Oaks Ranch was founded by a group of visionaries who shared a common goal of creating a distinctive community where residents could enjoy a high quality of life. Their efforts, supported by a single development company and a family dedicated to transforming their ranch into a welcoming residential community, created a unified approach to planning and development. This shared vision guided the City's early growth and established the foundation for a unique community known for its peaceful atmosphere, natural beauty, and enduring commitment to quality of life.

The City was incorporated in 1988 and adopted home rule status in 2017. Fair Oaks Ranch is located 27 miles northwest of downtown San Antonio, encompasses approximately 8.5 square miles, and has an estimated population of 11,744. The City is authorized to levy a property tax on real and personal property within its jurisdiction.

Fair Oaks Ranch operates under a Council-Manager form of government. Policy-making and legislative authority are vested in a governing Council that is composed of a Mayor and six Council Members, all elected at large for three-year terms. Elections are staggered: the Mayor and one Council Member are elected together, three Council Members the following year, and the remaining two Council Members the year after. The City Manager, appointed by the Council, is responsible for implementing Council policies and overseeing daily operations.

The City provides a full range of municipal services, including public safety, water and wastewater services, public improvements, infrastructure maintenance, and general administrative services. Most residents receive water service directly from the City, while others are served by the San Antonio Water System. In addition, a small number of properties rely on private wells for their water supply.

The City of Fair Oaks Ranch Municipal Development District (MDD) qualifies as a component unit and is therefore presented as a discreetly reported component unit in this report. The MDD is governed by a seven-member board consisting of no more than two Council Members and five additional members appointed by the City Council. The MDD is funded through a half-cent Section 4B sales tax. The City is financially accountable for the MDD because the City Council elects the Board of Directors and approves the MDD's annual budget.

LOCAL ECONOMY

The information presented in the financial statements is best understood in the context of the broader economic environment in which the City of Fair Oaks Ranch operates.

Fair Oaks Ranch is situated near one of the most active growth corridors in Texas. Adjacent to the City of San Antonio, the second largest city in the state and seventh largest city in the nation, the

City benefits from proximity to major airports, significant military installations, and one of the region's busiest transportation hubs at Interstate 10 and Loop 1604. As a result, the City's local economy is closely tied to the San Antonio Metropolitan Statistical Area, a region supported by a diverse economic base that includes the medical and biomedical sectors, military institutions, tourism, telecommunications, insurance, finance, and manufacturing.

Property taxes and sales taxes remain the City's primary sources of general fund revenue. The local economic outlook continues to be strong, reflected in rising appraisal values, steady sales tax growth, and positive indicators such as low unemployment rates and residential development activity.

According to data from the U.S. Census Bureau, the City's median household income is $168,309, significantly higher than the Texas median of $79,721. According to this same data, the City's residents are well-educated with 68% of adults aged 25 years and older having a bachelor's degree or higher level of education, compared to 35.2% for Texas.

Fair Oaks Ranch's quality of life is a key driver of its economic stability and residential appeal. Nearby golf courses, walking trails, natural scenery, and the community's quiet hometown atmosphere attract retirees, while the highly rated school district draws families to the City. Cultural and recreational amenities in the San Antonio area, along with convenient access to Austin, New Braunfels, Canyon Lake, and the Guadalupe River, further enhance the region's appeal. As continued growth is anticipated, the City remains committed to managing development responsibly while supporting and enhancing the quality of life enjoyed by its residents.

FINANCIAL INFORMATION

Financial Policies

The City maintains a comprehensive set of financial policies designed to ensure prudent stewardship of public resources and to support long-term financial sustainability A key principle of these policies is the requirement to maintain structural balance, meaning current revenues must be sufficient to support current expenditures.

In October 2025, the City Council adopted a new Financial Management Policy that established more detailed and comprehensive guidance for reserves, debt management, procurement, long-range planning, and financial reporting. This policy strengthens the City's financial framework by formalizing reserve levels for the General Fund, water and wastewater utilities, capital replacement, emergency reserves, and budget stabilization, as well as establishing updated debt management standards to guide future issuances.

On September 19, 2024, the City Council adopted a revised Investment Policy that earned significant recognition. The Government Treasurers' Organization of Texas (GTOT) awarded the

City its first-ever Certificate of Distinction, marking an important milestone for Fair Oaks Ranch. The updated policy fully complies with the Public Funds Investment Act and meets GTOT's rigorous standards for prudent public investing. This recognition highlights the City's ongoing commitment to excellence, transparency, and sound financial management.

Consistent with these policies, the City continues to maintain a structurally balanced budget and a strong reserve position.

Long-term Financial Planning

Long-range financial planning remains essential to the City's stability and sustainability. The City Council's strategic direction includes the adoption of multi-year Capital Improvement Plans (CIPs) for drainage, roadways, and utility infrastructure. These plans allow the City to forecast, prioritize, and sequence major maintenance and construction needs to ensure infrastructure reliability and service delivery.

In March 2025, staff presented an updated Five-Year Financial Plan designed to evaluate long-term operating and capital impacts under various assumptions. This plan is a "living" analytical tool, updated annually to reflect policy decisions, economic conditions, financial forecasts, and emerging community needs. The Five-Year Financial Plan, combined with the City's updated financial policies, provides residents, City Council, and staff with the information necessary to make informed decisions regarding operations, capital investments, and financial sustainability.

Budgetary Control

The annual budget serves as the foundation for the City's financial planning and fiscal management. In accordance with Texas Local Government Code, the City adopts legally appropriated budgets for all required governmental funds, specifically the General Fund and the Debt Service Fund. Although not legally mandated, the City also adopts annual budgets for the Water and Wastewater Utility Funds and updates its Capital Improvement Program (CIP) budgets through a similar review and approval process to ensure consistency and transparency in long-term planning.

The budget process includes multiple phases, each of which requires a joint effort by the City Council and staff. The City Manager prepares and submits a proposed budget to the City Council, after which the document is filed with the City Secretary and made available for public inspection. The City Council then conducts a public hearing to receive community input before deliberating and adopting the budget in accordance with the Texas Local Government Code and Truth-in-Taxation requirements. Once adopted, the budget serves as the legal authorization for planned expenditures and financial operations for the fiscal year.

Budgetary control is maintained to ensure compliance with the adopted financial plan. The legal level of budgetary control is at the fund level within the General Fund. The City Manager is authorized to transfer appropriations between departments within the same fund. Any amendments that increase total appropriations for a fund or require the transfer of resources

between funds must be approved by the City Council.

Throughout the fiscal year, the Finance Department works collaboratively with all operating departments to monitor revenues, expenditures, and performance against the adopted budget. This ongoing review ensures that financial decisions align with Council priorities and that public resources are managed responsibly, efficiently, and in accordance with the City's adopted financial policies.

STRATEGIC INITIATIVES

The City continued to focus on initiatives that will best help accomplish the vision and mission of Fair Oaks Ranch.

> Vision: To offer the ideal place to call home in the hill country, guided by strong community values and responsible growth that provides residents of all ages a place to relax and reconnect.
>
> Mission: To deliver exceptional public services, preserve the natural beauty of our City, protect and promote quality of life, and foster community engagement.

Investing in Our Employees

During the year, the City completed a comprehensive compensation and benefits analysis to ensure continued competitiveness in the labor market and to support the recruitment and retention of high-quality employees. The analysis resulted in the adoption of a new pay schedule, which was incorporated into the adopted FY 2026 budget and reflects current market conditions.

In addition, the City completed a full revision of the Personnel Manual, which had been in place for many years. The updated manual modernizes City policies, aligns them with best practices, and promotes a consistent and equitable workplace for all employees.

2024-2029 Bond Program

On May 4, 2024, Fair Oaks Ranch residents approved one proposition for the City's 2024–2029 Bond Program totaling $16 million and including four roadway projects. With voter approval, the City has continued to advance the design and construction of these critical transportation improvements, and one project was successfully completed during the fiscal year. The first bond issuance was completed in September 2024, and a second issuance is scheduled for September 2026 to support the next phase of project delivery. Public Works remains actively engaged in moving the remaining roadway projects forward.

Drainage and Utility Projects

Addressing drainage and aging infrastructure remains one of the City's top long-range priorities. During the fiscal year, the City began multiple drainage improvements, including the completion

of a significant infrastructure upgrade at Tivoli Way, enhancing stormwater flow and neighborhood resilience. Additional drainage projects continue on Rolling Acres Trail reflecting the City's commitment to reducing flood risk and improving overall system performance.

To advance critical utility improvements, the City issued Certificates of Obligation in September 2025, building on the initial issuance in 2024. These funds support ongoing upgrades to Water Plant 5, the Wastewater Treatment Plant, and systemwide water line and electrical improvements. The City also completed enhancements to several of its municipal wells during the year, further strengthening system reliability and capacity. The FY 2026 Budget continues to prioritize water line replacements, electrical upgrades to Water Plant 3, and the continuation of expansion and improvements at the Wastewater Treatment Plant.

Leveraging Grant Opportunities

During the year, the City continued to successfully leverage external grant opportunities that support key operational and strategic priorities. The Municipal Development District awarded a sales-tax supported grant to construct the new Gateway Monument, enhancing the City's primary entryway with an iconic feature that promotes civic pride, strengthens community identity, and supports long-term economic growth. In addition, the City received a cybersecurity grant from the Office of the Governor to conduct a comprehensive IT vulnerability assessment. This assessment strengthens the City's overall security by identifying potential risks, improving system resilience, and safeguarding the integrity of our technology infrastructure, ultimately protecting City operations and the sensitive data entrusted to us.

CERTIFICATE OF ACHIEVEMENT AND AWARDS

For the eighth consecutive year the City of Fair Oaks Ranch was awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2024. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition to the ACFR award, the City also received GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR Award) and the Distinguished Budget Presentation Award for the fiscal year. Earning all three recognitions in the same fiscal year earned the City GFOA's "Triple Crown" designation, reflecting our continued commitment to producing high-quality, transparent, and professional financial documents.

ACKNOWLEDGEMENTS

The preparation of this report reflects the dedication, professionalism, and collaborative efforts of the Finance and Administration staff, whose work ensures accurate, timely, and transparent financial reporting. I am sincerely grateful for their continued commitment and attention to detail throughout the year. I would also like to thank the Mayor and City Council for their ongoing support of sound financial management and for their leadership in upholding high standards of accountability and stewardship of public resources.

Respectfully submitted,



Summer Fleming
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fair Oaks Ranch
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

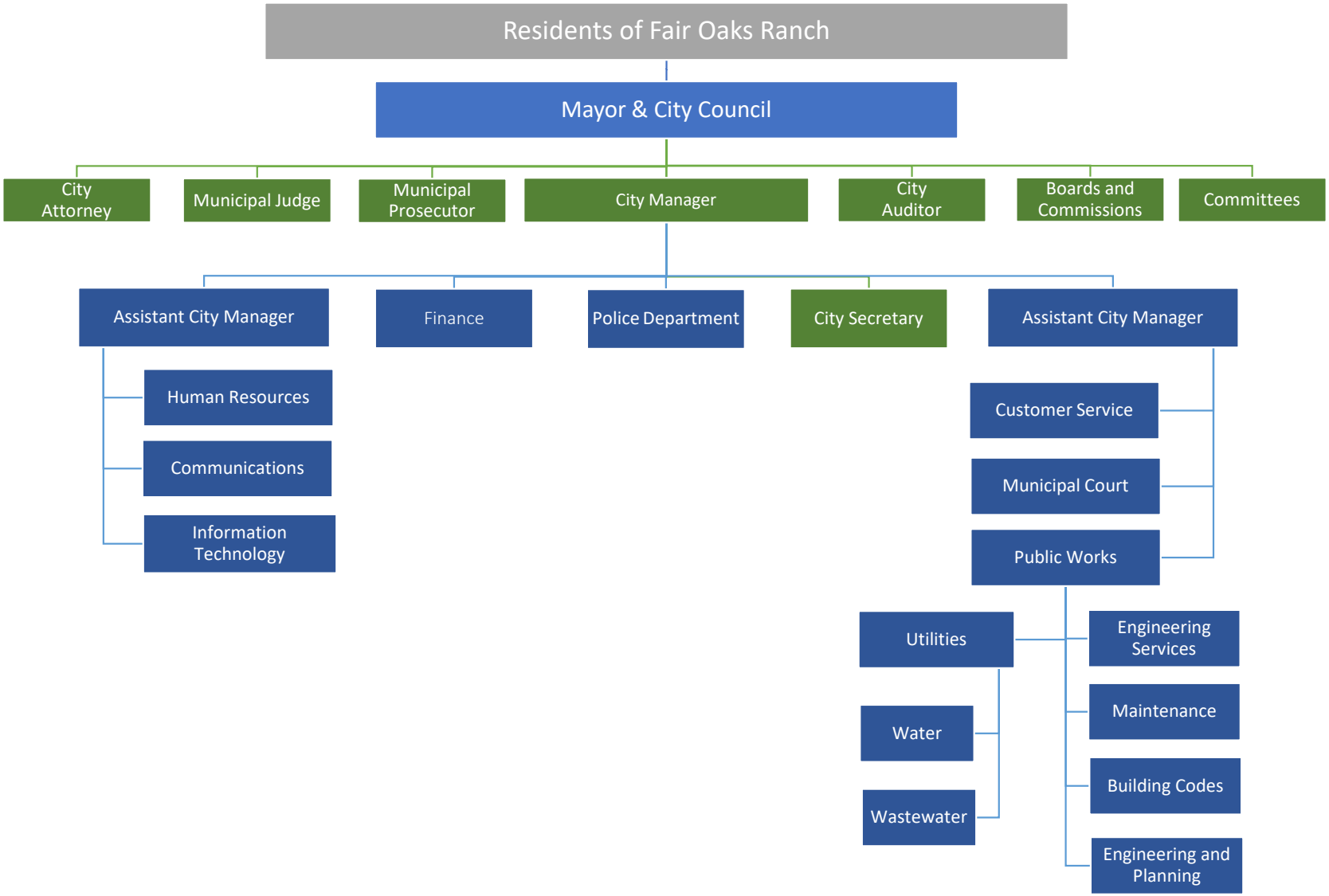
Executive Director/CEO

CITY OF FAIR OAKS RANCH, TEXAS

PRINCIPAL OFFICIALS

September 30, 2025

MAYOR	GREG MAXTON
MAYOR PRO TEM – PLACE 2	KEITH RHODEN
CITY COUNCIL MEMBERS	
PLACE 1	EMILY STROUP
PLACE 3	RUBEN J. OLVERA
PLACE 4	DALE PEARSON
PLACE 5	SCOTT PARKER
PLACE 6	JONATHAN SWAREK
CITY MANAGER	SCOTT M. HUIZENGA
ATTORNEY	DENTON, NAVARRO, RODRIGUEZ, BERNAL, SANTEE, & ZECH, P.C.
AUDITOR	BROOKSWATSON & CO., PLLC


Residents of Fair Oaks Ranch
Mayor & City Council
City Attorney
Municipal Judge
Municipal Prosecutor
City Manager
City Auditor
Boards and Commissions
Committees
Assistant City Manager
Finance
Police Department
City Secretary
Assistant City Manager
Human Resources
Communications
Information Technology
Customer Service
Municipal Court
Public Works
Utilities
Water
Wastewater
Engineering Services
Maintenance
Building Codes
Engineering and Planning

FINANCIAL SECTION


CITY
OF
FAIR OAKS RANCH • TEXAS

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Fair Oaks Ranch, Texas:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fair Oaks Ranch, Texas (the "City") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fair Oaks Ranch, Texas, as of September 30, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Fair Oaks Ranch, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note V.H. to the financial statements, due to the implementation of GASB Statement No. 101, *Compensated Absences*, and a change in major funds, the City restated beginning net position/fund balance for governmental activities, debt service fund, nonmajor governmental funds, business-type activities, and the water and wastewater fund. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of changes in net pension liabilities and related ratios, the schedule of employer contributions to pension plan, and schedule of changes in the other postemployment benefits liability and related ratios, 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

This accompanying supplementary information is the responsibility of management and was derived from and relates 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
March 4, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS


CITY
OF
FAIR OAKS RANCH • TEXAS

City of Fair Oaks Ranch, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2025

As management of the City of Fair Oaks Ranch, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025.

Financial Highlights

- The City's total combined net position is $42,614,035 at September 30, 2025.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of $14,524,706, a decrease of $363,336.
- As of the end of the year, the unassigned fund balance of the general fund was $3,575,668, or 37% of total general fund expenditures.
- The City had an overall increase in net position of $2,993,907, which is primarily due to the surplus in primary government revenues over expenses during the year.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide 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 a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only 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 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 general government, public safety, public works, human resources/communication, finance, and engineering. The business-type activities of the City include water and wastewater operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Fair Oaks Ranch Municipal Development District, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City of Fair Oaks Ranch. They are usually segregated for specific activities or objectives. The City of Fair Oaks Ranch uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of City funds are governmental and proprietary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as *on balances of spendable resources* available at the end of the 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 this comparison between *governmental funds* and *governmental activities*.

The City of Fair Oaks Ranch maintains nine individual governmental funds. 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, strategic & capital project, bond capital, debt service, equipment replacement, and nonmajor governmental funds. The general, strategic projects, bond capital, debt service, and equipment replacement funds are considered to be major funds.

The City of Fair Oaks Ranch adopts an annual appropriated budget for all governmental funds. A budgetary comparison schedule has been provided to demonstrate compliance with all governmental funds with an adopted budget.

Proprietary Funds

The City maintains one proprietary fund. The proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund to account for its public utilities. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis are financed through user charges in a manner similar to a private enterprise.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported 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 used for proprietary funds.

The City maintains one fiduciary fund. *Fiduciary fund* is used to account for resources held in trust for employees to pay for employee medical expenses. Contributions into the fund come from the employees.

Component Unit

The City maintains the accounting and financial statements for one component unit. The Fair Oaks Ranch Municipal Development District is a discretely presented component unit displayed on the government-wide financial statements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires is a budgetary comparison schedule for the general fund, major governmental special revenue funds, and

schedules for the City's Defined Pension Plan and Other Post Employment Benefit Plans. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Fair Oaks Ranch, assets and deferred outflows exceeded liabilities and deferred inflows by $42,614,035 as of September 30, 2025, in the primary government.

The largest portion of the City's net position, $23,254,742, reflects its investments in capital assets (e.g., land, city hall, streets, and utility systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to 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 assets themselves cannot be used to liquidate these liabilities.

Current and other assets of the government activities decreased by $1,088,755, or 7%, primarily reflecting the planned use of reserves for one-time capital and strategic initiatives. Significant expenditures included drainage infrastructure improvements, a comprehensive compensation and benefits study, and development of an IT Master Plan to guide future operational and technology planning.

Current and other assets of the business-type activities increased by $6,825,446, or 52%, primarily attributable to higher cash balances from unspent bond proceeds at fiscal year-end. This increase resulted from the planned second issuance of Certificates of Obligation to fund ongoing projects within the Utility Capital Improvements Plan, with proceeds to be expended as projects progress.

Capital assets of the primary government increased by $3,362,941, or 13%, primarily due to continued work on four General Obligation Bond-funded roadway projects and utility infrastructure improvements, with a significant portion reported as construction in progress at year-end.

Deferred outflows of the primary government decreased by $494,187, or 46%. The decrease was primarily due to actuarial changes in the City's pension inputs over the course of the year.

Other liabilities of the government activities decreased $1,184,316, or 45%, primarily due to a decrease in capital outlay activity near year end within the strategic projects fund.

Other liabilities of the business-type activities decreased $859,950, or 47%, primarily due to an increase in a capital asset project expenses accrued for at prior year end.

Long-term liabilities of the governmental activities decreased by $502,604, or 7%, largely due to a decrease in net pension liability. Conversely, long-term liabilities of business-type activities increased by $8,290,053, or over 100%, due to planned debt issuances undertaken to continue funding projects within the Utility Capital Improvements Plan.

Total deferred inflows of the primary government increased by $235,133, or over 100%. This variance was directly related to net pension liability and actuarial changes in the City's pension inputs over the course of the year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

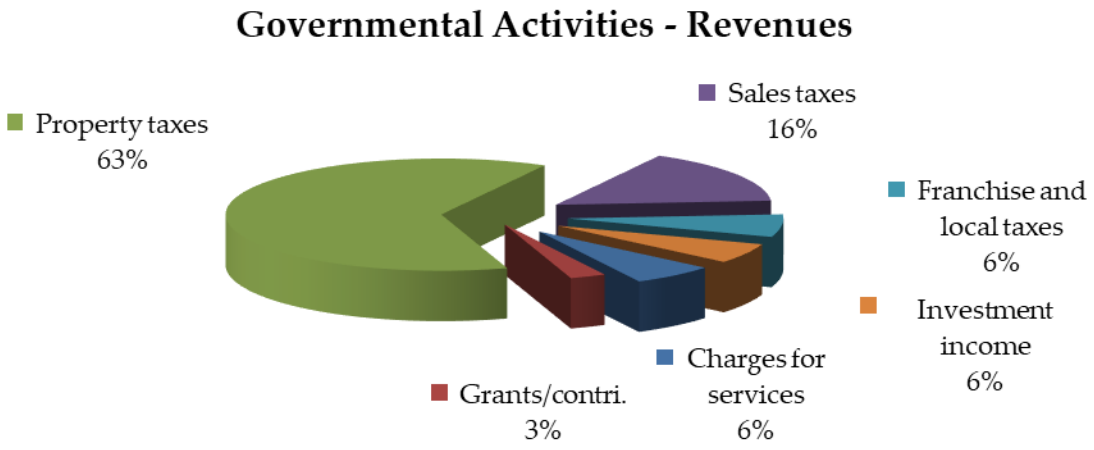
	2025			2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 15,611,394	$ 19,881,624	$ 35,493,018	$ 16,700,149	$ 13,056,178	$ 29,756,327
Capital assets, net	15,500,926	13,540,200	29,041,126	13,901,383	11,776,802	25,678,185
Total Assets	31,112,320	33,421,824	64,534,144	30,601,532	24,832,980	55,434,512
Total Deferred Outflows	416,775	155,345	572,120	910,253	156,054	1,066,307
Other liabilities	1,428,475	976,906	2,405,381	2,612,791	1,836,856	4,449,647
Long-term liabilities	7,045,349	12,718,804	19,764,153	7,547,953	4,428,751	11,976,704
Total Liabilities	8,473,824	13,695,710	22,169,534	10,160,744	6,265,607	16,426,351
Total Deferred Inflows	235,075	87,620	322,695	74,747	12,815	87,562
Net Position:						
Net investment in capital assets	12,059,408	11,195,334	23,254,742	9,594,671	10,043,345	19,638,016
Restricted	177,394	-	177,394	235,514	-	235,514
Unrestricted	10,583,394	8,598,505	19,181,899	11,446,109	8,667,267	20,113,376
Total Net Position	$ 22,820,196	$ 19,793,839	$ 42,614,035	$ 21,276,294	$ 18,710,612	$ 39,986,906

Statement of Activities:

The following table provides a summary of the City's changes in net position:

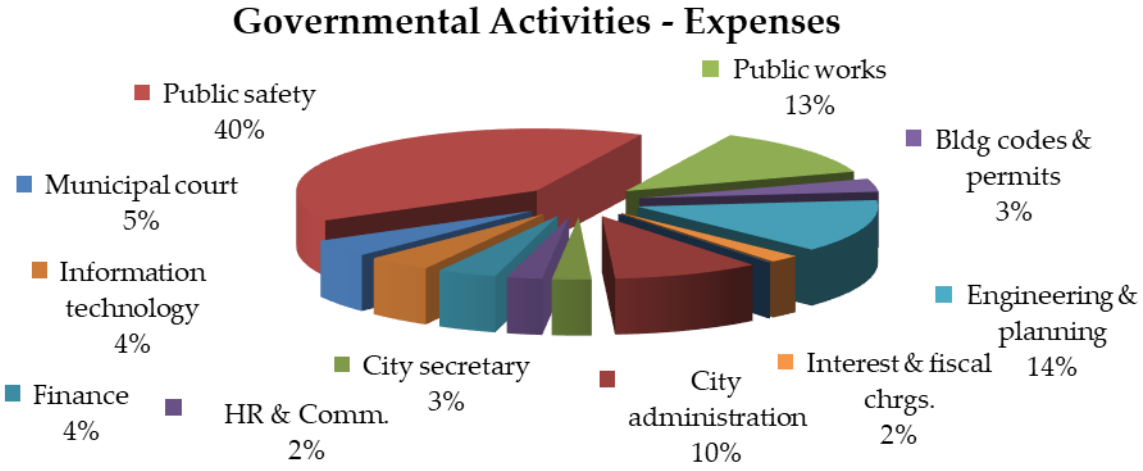
	For the Year Ended September 30, 2025			For the Year Ended September 30, 2024		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 760,866	$ 7,650,459	$ 8,411,325	$ 961,983	$ 6,974,514	$ 7,936,497
Operating grants	327,407	-	327,407	141,826	-	141,826
General revenues:						
Property taxes	7,651,746	-	7,651,746	7,390,813	-	7,390,813
Sales taxes	1,929,946	-	1,929,946	1,817,285	-	1,817,285
Franchise and local taxes	793,093	-	793,093	743,231	-	743,231
Investment income	700,984	561,211	1,262,195	712,804	427,654	1,140,458
Other revenue	46,403	100,779	147,182	138,785	58,094	196,879
Total Revenues	12,210,445	8,312,449	20,522,894	11,906,727	7,460,262	19,366,989
Expenses						
Mayor & council	10,063	-	10,063	2,899	-	2,899
City administration	1,027,218	-	1,027,218	893,391	-	893,391
City secretary	276,298	-	276,298	273,114	-	273,114
HR & communication	247,195	-	247,195	258,298	-	258,298
Finance	415,724	-	415,724	342,958	-	342,958
Information technology	449,822	-	449,822	371,430	-	371,430
Municipal court	477,459	-	477,459	270,852	-	270,852
Public safety	4,176,482	-	4,176,482	4,179,786	-	4,179,786
Public works	1,327,182	-	1,327,182	1,433,859	-	1,433,859
Bldg codes & permits	357,411	-	357,411	270,819	-	270,819
Engineering & planning	1,435,123	-	1,435,123	1,369,461	-	1,369,461
Interest & fiscal chrgs.	211,006	407,450	618,456	258,955	153,431	412,386
Water and wastewater	-	6,710,554	6,710,554	-	6,187,642	6,187,642
Total Expenses	10,410,983	7,118,004	17,528,987	9,925,822	6,341,073	16,266,895
Change in Net Position	1,799,462	1,194,445	2,993,907	1,980,905	1,119,189	3,100,094
Adoption of GASB 101	(255,560)	(111,218)	(366,778)	-	-	-
Beginning Net Position	21,276,294	18,710,612	39,986,906	19,295,389	17,591,423	36,886,812
Ending Net Position	$ 22,820,196	$ 19,793,839	$ 42,614,035	$ 21,276,294	$ 18,710,612	$ 39,986,906

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.



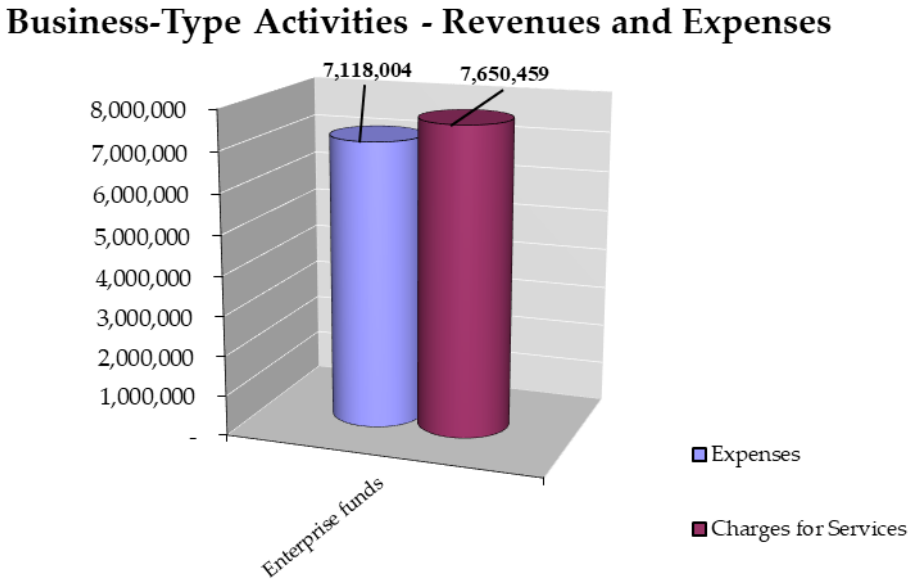
For the year ended September 30, 2025, revenues from governmental activities totaled $12,210,445. Property tax and sales tax are the City's largest revenue sources. Charges for services decreased by $201,117, or 21%, primarily due to lower tree mitigation fees. The prior year included a substantial one-time payment from a specific development project that did not recur in the current year. Grants and contributions increased by $185,581, or over 100%, due to a nonrecurring grant received from the Municipal Development District to support construction of a Gateway Monument at a primary entryway to the City, enhancing community identity and sense of place. Sales taxes increased by $112,661, or 6%, primarily due to sustained economic activity, with growth largely attributable to online sales subject to local sales tax allocation, given the City's limited brick-and-mortar commercial base. Franchise and local taxes increased $49,862, or 7%, primarily due to increased solid waste franchise fees resulting from a new service provider contract effective October 1, 2024. Other revenue decreased by $92,382, or 67%, primarily due to nonrecurring loss on sale of assets in the current year. The City did not record any such losses in the prior year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:



For the year ended September 30, 2025, expenses for governmental activities totaled $10,410,983. The City's largest functional expense is public safety of $4,176,482, which includes administrative and operating costs for the City's police department. City administration expenses increased by $133,827, or 15%, primarily due to recognizing a full year's salary for the new assistant city manager who was hired in July 2024. Public works expenses decreased by $106,677, or 7%, primarily due to nonrecurring building repairs/maintenance costs incurred in the prior year. Information technology expenses increased by $78,392, or 21%, primarily due to nonrecurring contracting for a vulnerability assessment in the current year. The purpose of the assessment is to identify, evaluate, and report security weaknesses in the City's IT systems, applications, and networks. Building codes and permit expenses increased $86,592, or 32%, primarily due to the City having a vacancy for the building official position in the prior year. Municipal court expenses increased $206,607, or 76%, primarily due to the recording of an allowance for uncollectible court fines totaling $232,498 as part of standard accounting procedures. The City did not record any significant bad debt expenses in the prior year. All other expenses remained relatively consistent with the previous year.

Business-type activities are shown comparing operating costs to revenues generated by related services.



For the year ended September 30, 2025, charges for services by business-type activities totaled $7,650,459. Charges for services increased by $675,945, or 10%, primarily due to an increase in the utility debt service fee assessed to fund annual debt service payments on certificates of obligation issued for utility infrastructure improvements. Investment income increased by $133,557, or 31%, due to greater interest-bearing accounts in the current year. Other revenue increased $42,685, or 73%, primarily due to gains on sale of assets in the current year.

For the year ended September 30, 2025, total business-type expenses increased $776,931, or 12%, compared to the prior year. Water and wastewater expenses increased $522,912, or 8%, with roughly half of the increase attributable to personnel costs associated with filling prior-year vacancies and the other half related to increased water purchase costs and the implementation of a tank maintenance program to support long-term asset preservation. Interest and fiscal charges increased $254,019, or over 100%, due to bond issuance and interest costs in the current year, resulting from current year bond issuance.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of 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 the City's net resources available for spending at the end of the year.
As of the end of the year the general fund reflected a total fund balance of $8,665,656, $3,575,668 of which was unassigned. The general fund increased by $996,867 primarily due to greater than anticipated revenues, less than anticipated expenditures, and a decline in transfers (out) to other funds compared to the prior year. In addition, sales tax revenues increased 6% due to local economic growth and capital outlay related expenditures decreased by $188,689 compared to fiscal year 2024.

As of the end of the year the strategic & capital project fund reflected a total fund balance of $1,089,978, a decrease of $1,207,512. The decrease was primarily due to capital outlay expenditures exceeding transfers in from other funds during the year.

The bond capital fund reflected a fund balance of $3,162,587, a decrease of $434,063. The decrease was due to capital outlay expenditures exceeding investment income during the year.

The equipment replacement fund reflected a fund balance of $1,542,604, an increase of $322,438 from the previous year. The increase was solely a result of transfers in from other funds during the year.

The debt service fund reflected a fund balance of $33,680, a decrease of $71,267 from the previous year. The decrease was primarily due to debt service payments exceeding revenues during the year.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund ended the fiscal year with a total positive budgetary variance of $1,241,315. Revenues exceeded the final budget by $284,951, primarily driven by stronger-than-anticipated property tax collections. Property tax revenue increased as a result of the tax levy rising following the resolution of a significant number of appraisal review board protests, which had previously constrained the taxable value base. Sales tax receipts also outperformed budget projections, with continued growth in online sales activity contributing to higher collections. In addition, investment income exceeded budget expectations as interest rates remained elevated throughout much of the fiscal year, allowing the City to capitalize on favorable market conditions.

Other financing sources surpassed budget by $168,305 , largely attributable to proceeds from the sale of surplus City assets and the recognition of Subscription-Based Information Technology Arrangements (SBITAs) entered into during the year. On the expenditure side, total expenditures were $788,059 below budget. The favorable variance was primarily concentrated in public safety and engineering personnel costs due to vacancies that existed throughout portions of the year. Additional savings were realized from lower-than-anticipated software expenditures and other operational efficiencies. Collectively,

these variances reflect conservative budgeting practices, strong revenue performance, and prudent expenditure management during the fiscal year.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $15,500,926 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested $13,540,200 in a variety of capital assets and infrastructure, net of accumulated depreciation.

Significant capital asset activity during the current year include the following:

- Completion of Tivoli Way drainage project with expenditures totaling $755,028.
- Construction of a High-Water Alert Lifesaving Technology (HALT) system on Rolling Acres Trail totaling $167,567. The HALT system provides automated monitoring and warning capabilities at low-water crossings to enhance public safety during heavy rainfall events and flash flooding conditions.
- Design costs for the Dietz Elkhorn and Ammann Road reconstruction projects totaling $598,686, and completion of Battle Intense roadway improvements totaling $158,292.
- Improvements to City facilities and technology infrastructure, including completion of City Hall renovations ($58,958), access control system upgrades for City Hall, Police, and Fire Station #3 facilities ($70,311), and network and computer equipment upgrades ($108,804).
- Construction of a Gateway monument at the City's primary entrance totaling $226,320, funded through a grant from the Municipal Development District.
- Ongoing utility infrastructure improvements totaling $2,540,103, consisting of well improvements ($334,038), water line improvements ($955,850), Wastewater Treatment Plant upgrades ($410,686), the Water Plant 5 storage tank expansion ($287,492), and continued progress on the elevated storage tank project ($552,037).
- Acquisition of new vehicles and equipment for governmental activities ($348,412) and business-type activities ($160,748), partially funded through the Capital Replacement Fund to support planned replacement of vehicles and equipment.

More detailed information about the City's capital assets is presented in note IV. D to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonds outstanding of $17,610,000 (excluding premiums). The City issued new Certificates of Obligation for $7,815,000. During the year, the City

made principal payments on these bonds of $1,990,000. More detailed information about the City's long-term liabilities is presented in note IV. E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In preparing the fiscal year 2026 budget, elected officials considered current economic conditions, projected growth, and long-term financial sustainability when establishing tax rates and user fees. The City adopted an ad valorem tax rate of $0.2853 per $100 of assessed valuation for fiscal year 2026, unchanged from fiscal year 2025. However, due to continued growth and increasing property valuations, property tax revenues are projected to increase approximately 7% over the prior year.
Water and wastewater volumetric rates remain unchanged for fiscal year 2026. Continued residential and commercial growth is expected to generate modest increases in utility revenues compared to fiscal year 2025.

Fiscal year 2026 priorities include continued implementation of the City's Strategic Plan and advancement of the Capital Improvement Program to address infrastructure needs, support growth, and maintain service levels.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Fair Oaks Ranch's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the contact City Hall, 7286 Dietz Elkhorn, Fair Oaks Ranch, Texas 78015 (210-698-0900) or (866-258-2505).

FINANCIAL STATEMENTS

City of Fair Oaks Ranch, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 11,016,854	$ 19,138,568	$ 30,155,422
Restricted cash	3,265,584	-	3,265,584
Receivables, net	693,292	746,061	1,439,353
Due from component unit	225,999	-	225,999
Inventory	-	214,376	214,376
Prepaids	133,420	56,299	189,719
Due from the fiduciary fund	2,565	-	2,565
Internal balances	273,680	(273,680)	-
Total Current Assets	15,611,394	19,881,624	35,493,018
Capital assets:			
Non-depreciable	992,488	3,028,289	4,020,777
Net depreciable capital assets	14,508,438	10,511,911	25,020,349
Total Noncurrent Assets	15,500,926	13,540,200	29,041,126
Total Assets	31,112,320	33,421,824	64,534,144
Deferred Outflows of Resources			
Pension outflows	415,134	154,733	569,867
OPEB outflows	1,641	612	2,253
Total Deferred Outflows of Resources	416,775	155,345	572,120

See Notes to Financial Statements.

Component Unit
Municipal Dev. District
$ 3,899,293
-
89,840
-
-
-
-
-
3,989,133
-
-
-
3,989,133
-
-
-

City of Fair Oaks Ranch, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	$ 913,859	$ 548,568	$ 1,462,427
Accrued interest	33,803	85,017	118,820
Customer deposits	-	1,780	1,780
Unearned revenue	-	145,712	145,712
Due to primary government	-	-	-
Compensated absences, current	480,813	195,829	676,642
Long term debt due within one year	680,117	846,931	1,527,048
Total Current Liabilities	2,108,592	1,823,837	3,932,429
Noncurrent liabilities:			
Debt due in more than one year	5,492,411	11,540,153	17,032,564
Compensated absences, noncurrent	167,757	68,922	236,679
OPEB liability- TMRS	95,211	35,488	130,699
Net pension liability	609,853	227,310	837,163
Total Noncurrent Liabilities	6,365,232	11,871,873	18,237,105
Total Liabilities	8,473,824	13,695,710	22,169,534
Deferred Inflows of Resources			
Pension inflows	211,166	78,708	289,874
OPEB inflows	23,909	8,912	32,821
Total Deferred Inflows of Resources	235,075	87,620	322,695
Net Position			
Net investment in capital assets	12,059,408	11,195,334	23,254,742
Restricted for:			
Municipal court and felony forfeiture	114,968	-	114,968
PEG fees	4,319	-	4,319
Public safety	24,427	-	24,427
Debt service	33,680	-	33,680
Unrestricted	10,583,394	8,598,505	19,181,899
Total Net Position	$ 22,820,196	$ 19,793,839	$ 42,614,035

See Notes to Financial Statements.

Component Unit Municipal Dev. District
$ -
-
-
-
225,999
-
-
225,999
-
-
-
-
-
225,999
-
-
-
-
-
-
-
-
3,763,134
$ 3,763,134

City of Fair Oaks Ranch, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government			
Governmental Activities			
Mayor & council	$ 10,063	$ -	$ -
City administration	1,027,218	393,261	327,407
City secretary	276,298	-	-
Human resources & communication	247,195	-	-
Finance	415,724	-	-
Information technology	449,822	-	-
Municipal court	477,459	162,547	-
Public safety	4,176,482	2,061	-
Public works	1,327,182	-	-
Building codes and permits	357,411	202,997	-
Engineering & planning	1,435,123	-	-
Interest and fiscal charges	211,006	-	-
Total Governmental Activities	10,410,983	760,866	327,407
Business-Type Activities			
Water and wastewater	6,710,554	7,650,459	-
Interest and fiscal charges	407,450	-	-
Total Business-Type Activities	7,118,004	7,650,459	-
Total Primary Government	$ 17,528,987	$ 8,411,325	$ 327,407
Component Units			
Municipal Development District	267,947	-	-
	$ 267,947	$ -	$ -

General Revenues:	
Taxes	
Property taxes	
Sales taxes	
Franchise and local taxes	
Investment income	
Other revenues	
Total General Revenues	
Change in Net Position	
Beginning Net Position (as previously presented)	
New Acct. Standard - GASB 101	
Beginning Net Position (as adjusted)	
Ending Net Position	

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Municipal Dev. District
$ (10,063)	$ -	$ (10,063)	$ -
(306,550)	-	(306,550)	-
(276,298)	-	(276,298)	-
(247,195)	-	(247,195)	-
(415,724)	-	(415,724)	-
(449,822)	-	(449,822)	-
(314,912)	-	(314,912)	-
(4,174,421)	-	(4,174,421)	-
(1,327,182)	-	(1,327,182)	-
(154,414)	-	(154,414)	-
(1,435,123)	-	(1,435,123)	-
(211,006)	-	(211,006)	-
(9,322,710)	-	(9,322,710)	-
-	939,905	939,905	-
-	(407,450)	(407,450)	-
-	532,455	532,455	-
(9,322,710)	532,455	(8,790,255)	-
			(267,947)
			(267,947)
7,651,746	-	7,651,746	-
1,929,946	-	1,929,946	540,112
793,093	-	793,093	-
700,984	561,211	1,262,195	159,514
46,403	100,779	147,182	-
11,122,172	661,990	11,784,162	699,626
1,799,462	1,194,445	2,993,907	431,679
21,276,294	18,710,612	39,986,906	3,331,455
(255,560)	(111,218)	(366,778)	-
21,020,734	18,599,394	39,620,128	3,331,455
$ 22,820,196	$ 19,793,839	$ 42,614,035	$ 3,763,134

City of Fair Oaks Ranch, Texas

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025

	General	Strategic & Capital Project	Bond Capital Fund	Debt Service
Assets				
Cash and cash equivalents	$ 9,918,599	$ -	$ 21,132	$ 33,422
Restricted cash	-	-	3,265,584	-
Prepaids	133,420	-	-	-
Receivables, net	675,429	-	-	17,863
Due from component unit	225,999	-	-	-
Due from other funds	-	1,308,357	-	-
Due from fiduciary fund	2,565	-	-	-
Total Assets	$ 10,956,012	$ 1,308,357	$ 3,286,716	$ 51,285
Liabilities				
Accounts payable and accrued liabilities	$ 571,351	$ 218,379	$ 124,129	$ -
Due to other funds	1,563,781	-	-	-
Total Liabilities	2,135,132	218,379	124,129	-
Deferred Inflows of Resources				
Unavailable revenue				
Property taxes	129,689	-	-	17,605
Court fines	25,535	-	-	-
Total Deferred Inflows of Resources	155,224	-	-	17,605
Fund Balances				
Nonspendable:				
Prepaids	133,420	-	-	-
Restricted for:				
Municipal court and felony forfeiture	84,767	-	-	-
PEG fees	4,319	-	-	-
Public safety	24,427	-	-	-
Capital projects	-	-	3,162,587	-
Debt service	-	-	-	33,680
Vehicle/equip. replacement	-	-	-	-
Assigned for:				
Strategic expenditures	-	1,089,978	-	-
Capital equipment	-	-	-	-
Legal and tree mitigation reserve	154,936	-	-	-
Six month operating reserve	4,688,119	-	-	-
Unassigned reported in:				
General fund	3,575,668	-	-	-
Total Fund Balances	8,665,656	1,089,978	3,162,587	33,680
Total Liabilities, Deferred Inflows, and Fund Balances	$ 10,956,012	$ 1,308,357	$ 3,286,716	$ 51,285

See Notes to Financial Statements.

Equipment Replacement	Nonmajor Governmental	Total Governmental Funds
$ 1,013,500	$ 30,201	$ 11,016,854
-	-	3,265,584
-	-	133,420
-	-	693,292
-	-	225,999
529,104	-	1,837,461
-	-	2,565
$ 1,542,604	$ 30,201	$ 17,175,175
$ -	$ -	$ 913,859
-	-	1,563,781
-	-	2,477,640
-	-	147,294
-	-	25,535
-	-	172,829
-	-	133,420
-	30,201	114,968
-	-	4,319
-	-	24,427
-	-	3,162,587
-	-	33,680
-	-	-
-	-	1,089,978
1,542,604	-	1,542,604
-	-	154,936
-	-	4,688,119
-	-	3,575,668
1,542,604	30,201	14,524,706
$ 1,542,604	$ 30,201	$ 17,175,175

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City of Fair Oaks Ranch, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
September 30, 2025

Fund Balances - Total Governmental Funds	$	14,524,706
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		992,488
Capital assets - net depreciable		14,508,438
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax receivable		147,294
Court receivables		25,535
Deferred outflows (inflows) of resources, represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/expenditure)/(revenue) until then.		
Pension outflows		415,134
Pension inflows		(211,166)
OPEB outflows		1,641
OPEB inflows		(23,909)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(33,803)
Compensated absences		(648,570)
Bond premiums		(205,946)
Long-term debt obligations, excluding premiums		(5,966,582)
Net pension liability		(609,853)
OPEB liability - TMRS		(95,211)
Net Position of Governmental Activities	$	22,820,196

See Notes to Financial Statements.

City of Fair Oaks Ranch, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2025

	General	Strategic Projects	Bond Capital Fund	Debt Service
Revenues				
Property tax	$ 6,772,561	$ -	$ -	$ 915,511
Sales tax	1,929,946	-	-	-
Franchise and local taxes	793,093	-	-	-
License and permits	202,997	-	-	-
Animal control	2,061	-	-	-
Utility management fee	295,847	-	-	-
Contributions and donations	327,407	-	-	-
Other fees and services	97,414	-	-	-
Fines and forfeitures	122,568	-	-	-
Investment income	541,869	-	152,901	6,214
Other revenue	187,182	-	-	-
Total Revenues	11,272,945	-	152,901	921,725
Expenditures				
Current:				
Mayor & council	10,063	-	-	-
City administration	715,908	-	-	-
City secretary	274,981	-	-	-
Human resources & communication	246,162	-	-	-
Finance	411,250	-	-	-
Information technology	390,068	-	-	-
Municipal court	244,252	-	-	-
Public safety	3,912,726	-	-	-
Public works	858,161	-	-	-
Building codes and permits	354,515	-	-	-
Engineering & planning	1,430,681	-	-	-
Nondepartmental	204,164	-	-	-
Debt service:				
Principal	93,216	-	-	785,000
Interest and fiscal charges	9,945	-	-	207,992
Capital outlay	601,853	1,577,512	586,964	-
Total Expenditures	9,757,945	1,577,512	586,964	992,992
Excess of Revenues Over (Under) Expenditures	1,515,000	(1,577,512)	(434,063)	(71,267)

Equipment Replacement	Nonmajor Governmental	Total Governmental Funds
$ -	$ -	$ 7,688,072
-	-	1,929,946
-	-	793,093
-	-	202,997
-	-	2,061
-		295,847
-	-	327,407
-	-	97,414
-	6,705	129,273
-	-	700,984
-	-	187,182
-	6,705	12,354,276
-	-	10,063
-	-	715,908
-	-	274,981
-	-	246,162
-	-	411,250
-	-	390,068
-		244,252
-	-	3,912,726
-	-	858,161
-	-	354,515
-	-	1,430,681
-	-	204,164
-	-	878,216
-	-	217,937
-	-	2,766,329
-	-	12,915,413
-	6,705	(561,137)

City of Fair Oaks Ranch, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2025

	General	Strategic & Capital Project	Bond Capital Fund	Debt Service
Other Financing Sources (Uses)				
Transfers in	$ -	$ 370,000	$ -	$ -
Transfers (out)	(715,934)	-	-	-
Sale of assets	52,185	-	-	-
SBITA lease issuance	145,616	-	-	-
Total Other Financing Sources (Uses)	(518,133)	370,000	-	-
Net Change in Fund Balances	996,867	(1,207,512)	(434,063)	(71,267)
Beg. Fund Balance, as previously reported	7,668,789	2,297,490	3,596,650	-
Change in reporting entity (nonmajor to major)	-	-	-	104,947
Beg. Fund Balance, as adjusted	7,668,789	2,297,490	3,596,650	104,947
Ending Fund Balances	$ 8,665,656	$ 1,089,978	$ 3,162,587	$ 33,680

See Notes to Financial Statements.

Equipment Replacement	Nonmajor Governmental	Total Governmental Funds
$ 322,438	$ 23,496	$ 715,934
-	-	(715,934)
-	-	52,185
-	-	145,616
322,438	23,496	197,801
322,438	30,201	(363,336)
1,220,166	104,947	14,888,042
-	(104,947)	-
1,220,166	-	14,888,042
$ 1,542,604	$ 30,201	$ 14,524,706

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City of Fair Oaks Ranch, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	$	(363,336)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		2,715,288
Depreciation expense		(835,037)
Adjustment for disposal of capital assets		(280,708)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Court receivables		(199,224)
Property tax receivable		(36,326)
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 governmental funds.		
Compensated absences		(83,134)
Accrued interest		(8,825)
Pension expense		38,696
OPEB - TMRS expense		15,968
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
SBITA lease issuance		(145,616)
Impact of SBITA lease contract termination		87,744
Current year amortization of bond premiums		15,756
Principal payments		878,216
Change in Net Position of Governmental Activities	$	1,799,462

See Notes to Financial Statements.

City of Fair Oaks Ranch, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2025

		Water & Wastewater Fund
Assets		
Current Assets		
Cash and cash equivalents		$ 19,138,568
Receivables, net		746,061
Inventory		214,376
Prepaids		56,299
	Total Current Assets	20,155,304
Noncurrent Assets		
Capital assets:		
Non-depreciable		3,028,289
Net depreciable capital assets		10,511,911
	Total Noncurrent Assets	13,540,200
	Total Assets	33,695,504
Deferred Outflows of Resources		
Pension outflows		154,733
OPEB outflows		612
	Total Deferred Outflows of Resources	155,345

City of Fair Oaks Ranch, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

September 30, 2025

	Water & Wastewater Fund
Liabilities	
Current Liabilities	
Accounts payable and accrued liabilities	$ 548,568
Accrued interest	85,017
Customer deposits	1,780
Unearned revenue	145,712
Due to other funds	273,680
Compensated absences - current	195,829
Long-term debt-current	846,931
Total Current Liabilities	2,097,517
Noncurrent Liabilities	
Compensated absences, noncurrent	68,922
Net pension liability	227,310
OPEB liability - TMRS	35,488
Long term debt-noncurrent	11,540,153
Total Noncurrent Liabilities	11,871,873
Total Liabilities	13,969,390
Deferred Inflows of Resources	
Pension inflows	78,708
OPEB inflows	8,912
Total Deferred Inflow of Resources	87,620
Net Position	
Net investment in capital assets	11,195,334
Unrestricted	8,598,505
Total Net Position	$ 19,793,839

See Notes to Financial Statements.

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City of Fair Oaks Ranch, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended September 30, 2025

	Water & Wastewater Fund
Operating Revenues	
Charges for services	$ 7,650,459
Other revenue	100,779
Total Operating Revenues	7,751,238
Operating Expenses	
Personnel	2,167,991
Professional fees	360,926
Repairs/maintenance	508,909
Administration	477,872
Utilities	246,190
Management fees	295,847
Water reservation fees	1,575,572
Depreciation	1,077,247
Total Operating Expenses	6,710,554
Operating Income (Loss)	1,040,684
Nonoperating Revenues (Expenses)	
Investment income	561,211
Bond issuance costs	(197,726)
Interest and amortization expense	(209,724)
Total Nonoperating Revenues (Expenses)	153,761
Change in Net Position	1,194,445
Beginning net position (as previously presented)	18,710,612
GASB 101 Restatement	(111,218)
Beginning net position (as adjusted)	18,599,394
Ending Net Position	$ 19,793,839

See Notes to Financial Statements.

City of Fair Oaks Ranch, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 1 of 2)

For the Year Ended September 30, 2025

	Water & Watewater Fund
Cash Flows from Operating Activities	
Receipts from customers	$ 7,677,056
Payments to suppliers	(3,491,648)
Payments to employees	(2,042,572)
Net Cash Provided by (Used) by Operating Activities	2,142,836
Cash Flows from Capital and Related Financing Activities	
Capital purchases	(2,738,326)
Disposals of capital assets	42,319
Impact of SBITA lease contract termination	(44,543)
Proceeds from capital debt	8,127,726
Principal paid on debt	(1,278,883)
Bond issuance costs paid	(197,726)
Interest paid on debt	(152,998)
Net Cash Provided (Used) by Capital and Related Financing Activities	3,757,569
Cash Flows from Investing Activities	
Interest on investments	561,211
Net Cash Provided by Investing Activities	561,211
Net Increase (Decrease) in Cash and Cash Equivalents	6,461,616
Beginning cash and cash equivalents	12,676,952
Ending Cash and Cash Equivalents	$ 19,138,568

See Notes to Financial Statements.

City of Fair Oaks Ranch, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 2 of 2)

For the Year Ended September 30, 2025

		Water & Watewater Fund
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income / (Loss)	$	1,040,684
Adjustments to reconcile operating income / (loss) to net cash provided / (used):		
Depreciation		1,077,247
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable		(75,962)
Inventory		(16,393)
Prepaids		(2,571)
Deferred outflows of resources - pension		1,072
Deferred outflows of resources - OPEB		(363)
Deferred inflows of resources - pension		74,805
Increase (Decrease) in:		
Accounts payable and accrued liabilities		261,536
Due to other funds		(268,904)
Compensated absences		29,443
Customer deposits		1,780
Net pension liability		3,700
OPEB liabilities		16,762
Net Cash Provided (Used) by Operating Activities	$	2,142,836
Schedule of Noncash Capital and Related Financing Activities		
SBITA debt issuance	$	144,638

See Notes to Financial Statements.

City of Fair Oaks Ranch, Texas

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

September 30, 2025

	Employee Benefit Trust Fund
Assets	
Cash and cash equivalents	$ 13,677
Other receivables	1,959
Total Assets	15,636
Liabilities	
Due to the general fund	2,565
Total Liabilities	2,565
Net Position	
Net position held in trust for employees	13,071
Total Net Position	13,071
Total Liabilities and Net Position	$ 15,636

See Notes to Financial Statements.

City of Fair Oaks Ranch, Texas

STATEMENT OF CHANGES IN NET POSITION

FIDUCIARY FUND

For the Year Ended September 30, 2025

		Employee Benefit Trust Fund
Additions:		
Contributions from employees		$ 36,581
	Total Additions	$ 36,581
Deductions:		
Benefit payments		34,121
	Total Deductions	34,121
Increase (decrease) in net position		2,460
Net position, beginning of year		10,611
Net position, end of year		$ 13,071

See Notes to Financial Statements.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The City of Fair Oaks Ranch, Texas (the "City") was incorporated on January 27, 1988, and operates under a Council-Manager form of government.

The City Council is the principal legislative and administrative body of the City.

The City Manager is the head of the administrative departments of the City and is the supervisor of all administrative officers, employees, directors, and department heads. Departments and agencies of the City submit budget requests to the City Manager.

The City provides the following services: general government, streets, public safety, municipal court, public works, and water and wastewater services.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Fair Oaks Ranch Municipal Development District ("MDD"), although legally separate, is considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Unit

Fair Oaks Ranch Municipal Development District ("MDD")

The City of Fair Oaks Ranch Municipal Development District ("MDD") was organized in accordance with Chapter 377 of the Texas Local Government Code for the purpose of developing and financing projects beneficial to the City. The MDD collects a ½ cent sales tax to finance projects that promote the economic growth in the City. The City Council appoints the governing Board of the MDD and approves annual budgets. The MDD meets the criteria of a discretely presented component unit, described as above, and is presented in the government-wide financial statements. Complete financial statements for the Fair Oaks Ranch Municipal Development District may be obtained at City Hall.

C. Basis of Presentation Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and

transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The City presents the following major governmental funds.

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general administration, public safety, public works, public health, capital acquisition, and municipal court. The general fund is always considered a major fund for reporting purposes.

Strategic & Capital Project Fund

The City's strategic & capital project fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

Equipment Replacement Fund

The City's equipment replacement fund accounts for funds assigned for capital equipment additions.

Debt Service Fund

The debt service fund is used to account for debt service activities for governmental fund types.

Bond Capital Fund

The City's bond capital fund is a fund established to account for capital outlays financed by general obligation bond proceeds. Capital projects funded by general obligation bonds generally include large-scale infrastructure projects, such as building new or reconstructing existing roads.

The government reports the following nonmajor governmental funds:

Court Security & Technology Fund

The court security & technology fund is used to account for court fees that are legally restricted for court security and technology expenses.

Court Efficiency Fund

The court efficiency fund is a dedicated account designed to support the technology, personnel, and operational costs of the municipal court system.

Court Youth Diversion Fund

The court youth diversion fund accounts for court fees that are legally restricted to offset the operational costs of youth diversion program expenses.

Court Jury Fund

The court jury fund accounts for court fees collected to be used to pay for jury duty reimbursements.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues

and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB). The City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise funds:

Water and Wastewater Fund

This fund is used to account for the operations that provide water and wastewater services to the citizens of the City. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges.

The government reports the following fiduciary fund types:

Fiduciary Fund

The City's fiduciary fund used to account for resources held in trust for employees to pay for employee medical expenses. Contributions into the fund come from the employees.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross

amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements, proprietary, and fiduciary statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time

requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools
- No-load money market mutual funds that comply with SEC Rule 2a-7

2. Fair Value

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. 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. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

5. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Machinery & equipment	5 - 10 years
Utility system in service	20 – 40 years
Infrastructure	5 - 40 years
Land improvements	5 – 10 years
Buildings and improvements	20 - 40 years
Right-to-use lease assets	2 – 5 years
Right-to-use SBITA assets	2 – 5 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position 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. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report 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 government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and EMS revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

9. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider

restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the City Manager to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

11. Compensated Absences

The City allows employees who are eligible for vacation and sick leave (compensated absences) to accumulate and carry over the accumulation to subsequent years within certain limitations. Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

Sick leave days are not paid when an employee leaves City employment. A liability is recorded for sick leave for the portion that is considered likely to be used or paid out.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental and proprietary funds recognize accrued compensated absences when it is paid.

12. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and lease liabilities.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred in accordance with GASB statement no. 65.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

13. Unearned revenue

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenue is carried as a liability until the revenue recognition criteria are met and the liability is relieved to revenue.

14. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

15. 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's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

16. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDBF) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. 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 on which TMRS deposits are made, for the 12-month

period preceding the month of death. The death benefit amount for retirees is $7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

17. Leases

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

18. Subscription Based Information Technology Arrangements ("SBITA")

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements ("SBITA"). When implementing GASB 96, the City records right to use assets and subscription liabilities based on the present value of the payments for the related arrangements. The assets will be included within capital assets, and amortized straight-line over the term of the arrangement. The liabilities will accrue interest at the implied rate estimated by the City, and are relieved with payments over the term of the arrangements.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "the issuance of long-term debt (e.g., bonds) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and enterprise fund. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The general fund, debt service fund, strategic & capital project fund, bond capital fund, and equipment replacement fund maintain legally adopted budgets.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. All annual budget appropriations lapse at fiscal year end.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2025, the primary government had the following investments:

Investment Type	Carrying Value	Average Maturity (Years)
External investment pool - Texpool	$ 15,722,489	0.12
External investment pool - TexasCLASS	$ 16,615,884	0.12
Total	$ 32,338,373	
Portfolio weighted average maturity		0.12

As of September 30, 2025, the component unit had the following investments:

Investment Type	Carrying Value	Average Maturity (Years)
External investment pool - Texpool	$ 1,595,702	0.12
External investment pool - TexasCLASS	2,281,774	0.12
Total	$ 3,877,476	
Portfolio weighted average maturity		0.12

Interest rate risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity of its operating investment portfolio to less than 13 months. The City's investment portfolio policy limits the final stated maturity of any security to no more than two years; structuring the investment portfolio so that securities mature to meet cash

requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk – The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2025, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool

AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

TexasCLASS

Texas CLASS is a local government investment pool created to meet the cash management and short-term investment needs of Texas governmental entities. Texas CLASS Government seeks to provide participants with a competitive market yield while maintaining daily liquidity and a stable net asset value. Texas CLASS Government is rated 'AAAm' by S&P Global Ratings. There were no limitations or restrictions on withdrawals.

B. Receivables

The following comprise receivable balances of the primary government at year end:

	General	Debt Service	Water & Wastewater	Total
Property taxes	$ 129,690	$ 17,863	$ -	$ 147,553
Sales tax	332,931	-	-	332,931
Franchise & local taxes	163,891	-	-	163,891
Court	464,996	-	-	464,996
Other	48,416	-	-	48,416
Accounts	501	-	772,694	773,195
Allowance	(464,996)	-	(26,633)	(491,629)
	$ 675,429	$ 17,863	$ 746,061	$ 1,439,353

The Municipal Development District's $89,840 receivable at year end related entirely to sales tax.

C. Inventory

The following comprise the inventory balances of the primary government at year end:

Inventory type	Cost
Water Department	$ 214,376
Total	$ 214,376

D. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Disposals / Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land and improvements	$ 116,798	$ -	$ -	$ 116,798
Construction in progress	2,165,274	1,487,994	(2,777,578)	875,690
Total capital assets not being depreciated	2,282,072	1,487,994	(2,777,578)	992,488
Capital assets, being depreciated:				
Buildings and improvements	4,037,291	70,312	962,316	5,069,919
Vehicles and equipment	3,246,462	457,215	(181,376)	3,522,301
Infrastructure	10,245,746	552,779	1,627,388	12,425,913
Right-of-use assets (office equip.) - leases	113,647	-	-	113,647
Right-of-use assets (software) - SBITA	247,160	146,988	(178,349)	215,799
Total capital assets being depreciated	17,890,306	1,227,294	2,229,979	21,347,579
Less accumulated depreciation				
Buildings and improvements	(1,659,793)	(124,105)	(56,765)	(1,840,663)
Vehicles and equipment	(1,999,381)	(343,909)	235,653	(2,107,637)
Infrastructure	(2,442,457)	(281,571)	-	(2,724,028)
Right-of-use assets (office equip.) - leases	(71,990)	(22,941)	-	(94,931)
Right-of-use assets (software) - SBITA	(97,374)	(62,511)	88,003	(71,882)
Total accumulated depreciation	(6,270,995)	(835,037)	266,891	(6,839,141)
Net capital assets being depreciated	11,619,311	392,257	2,496,870	14,508,438
Total Capital Assets	$ 13,901,383	$ 1,880,251	$ (280,708)	$ 15,500,926

Depreciation was charged to governmental functions as follows:

Administration	$ 101,067
Public safety	257,880
Information technology	57,817
Public works	418,273
Total Governmental Activities Depreciation Expense	$ 835,037

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Disposals / Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 53,600	$ -	$ -	$ 53,600
Construction in progress	896,244	2,376,075	(297,630)	2,974,689
Total capital assets not being depreciated	949,844	2,376,075	(297,630)	3,028,289
Capital assets, being depreciated:				
Infrastructure	21,003,558	201,787	297,630	21,502,975
Vehicles and equipment	1,758,072	160,464	(145,377)	1,773,159
Right-of-use assets (office equip.) - leases	15,463	-	-	15,463
Right-of-use assets (software equip.) - SBITA	185,319	144,638	(100,186)	229,771
Total capital assets being depreciated	22,962,412	506,889	52,067	23,521,368
Less accumulated depreciation				
Infrastructure	(11,108,625)	(855,758)	-	(11,964,383)
Vehicles and equipment	(945,777)	(152,670)	145,377	(953,070)
Right-of-use assets (office equip.) - leases	(8,771)	(3,072)	-	(11,843)
Right-of-use assets (software equip.) - SBITA	(72,281)	(65,747)	57,867	(80,161)
Total accumulated depreciation	(12,135,454)	(1,077,247)	203,244	(13,009,457)
Net capital assets being depreciated	10,826,958	(570,358)	255,311	10,511,911
Total Capital Assets	$ 11,776,802	$ 1,805,717	$ (42,319)	$ 13,540,200

Depreciation was charged to business-type activities as follows:

Water	$ 686,740
Wastewater	390,507
Total Business-type Activities Depreciation Expense	$ 1,077,247

E. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended. The City uses the debt service and general funds to liquidate governmental activities debts. The City uses the enterprise fund to liquidate business-type activities debts.

	Beginning Balance	Additions	Other Reductions	Amortization/ Payments	Ending Balance	Amounts Due within One Year
Governmental Activities:						
Bonds, notes and other payables:						
General obligation bonds	$ 6,605,000	$ -	$ -	$ (785,000)	$ 5,820,000	$ 600,000
Less deferred amounts:						
For issuance premiums	221,702	-	-	(15,756)	205,946	-
Other liabilities:						
SBITA liabilities	137,729	145,616	(87,744) *	(69,570)	126,031	64,819
Lease liabilities	44,197	-	-	(23,646)	20,551	15,298
Total Governmental Activities	$ 7,008,628	$ 145,616	$ (87,744)	$ (893,972)	$ 6,172,528	$ 680,117
Long-term liabilities due in more than one year					$ 5,492,411	
Business-Type Activities:						
Bonds, notes and other payables:						
Certificates of obligation	$ 5,180,000	$ 7,815,000	$ -	$ (1,205,000)	$ 11,790,000	$ 775,000
Less deferred amounts:						
For issuance premiums	145,876	312,726	-	(7,293)	451,309	-
Other liabilities:						
SBITA liabilities	112,383	144,638	(44,543) *	(70,680)	141,798	68,954
Lease liabilities	7,180	-	-	(3,203)	3,977	2,977
Total Business-Type Activities	$ 5,445,439	$ 8,272,364	$ (44,543)	$ (1,286,176)	$ 12,387,084	$ 846,931
Long-term liabilities due in more than one year					$ 11,540,153	

* Contracts terminated prior to completion.

Long-term debt at year end was comprised of the following debt issues:

	Governmental Activities	Business - Type Activities
General Obligation Bonds:		
$7,000,000 General Obligation Bond, Series 2015, due in annual installments through 2030, interest at 1% to 3%	$ 2,575,000	$ -
$3,550,000 General Obligation Bond, Series 2024, due in installments through 2044, interest at 4% to 5%	3,245,000	-
Total General Obligation Bonds	$ 5,820,000	$ -
Certificates of Obligation:		
$2,660,000 Certificates of Obligation, Series 2020, due in annual installments through 2029, interest at 1.01%	$ -	$ 1,150,000
$3,705,000 Certificates of Obligation, Series 2024, due in installments through 2044, interest at 4% to 5%	-	2,825,000
$7,815,000 Certificates of Obligation, Series 2025, due in installments through 2045, interest at 4% to 5%	-	7,815,000
Total Certificates of Obligation	$ -	$ 11,790,000
Plus Deferred Amounts:		
Issuance premium	$ 205,946	$ 451,309
Total Deferred Amounts	$ 205,946	$ 451,309
SBITA Liabilities:		
$215,842 software subscriptions (15 in total), due in installments through 2028, interest at 3.88% to 4.92%	$ 126,031	$ -
$229,720 software subscriptions (12 in total), due in installments through 2028, interest at 3.88% to 4.92%	-	141,798
Total SBITA Liabilities	$ 126,031	$ 141,798
Lease Liabilities:		
$104,630 lease payables for office equipment, due in annual installments through 2027, interest 5.25%	20,551	3,977
Total Lease Liabilities	$ 20,551	$ 3,977
Total Long-term Liabilities	$ 6,172,528	$ 12,387,084

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

Year ending	General Obligation Bonds		Lease & SBITA Liabilities	
September 30,	Principal	Interest	Principal	Interest
2026	$ 600,000	$ 198,450	$ 80,117	$ 5,908
2027	615,000	180,450	56,816	2,601
2028	635,000	161,888	9,649	479
2029	655,000	142,700	-	-
2030	675,000	121,475	-	-
2031-2035	770,000	460,750	-	-
2036-2040	955,000	281,500	-	-
2041-2044	915,000	74,900	-	-
	$ 5,820,000	$ 1,622,113	$ 146,582	$ 8,988

The City has entered into multiple equipment lease agreements (GASB 87 and 96) under governmental activities. The lease agreements were for office equipment and software licenses. The lease agreements will be fully paid off in 2028. The current book value of the leases are $162,633 as of September 30, 2025.

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Year ending	Certificates of Obligation		Lease & SBITA Liabilities	
September 30,	Principal	Interest	Principal	Interest
2026	$ 775,000	$ 472,424	$ 71,931	$ 5,270
2027	770,000	446,866	57,319	3,156
2028	655,000	424,508	16,525	934
2029	490,000	405,758	-	-
2030	405,000	386,575	-	-
2031-2035	2,340,000	1,603,725	-	-
2036-2040	2,950,000	994,700	-	-
2041-2045	3,405,000	335,500	-	-
	$ 11,790,000	$ 5,070,056	$ 145,775	$ 9,360

The City entered into General Obligation Bonds, Series 2025 in the current year. The bonds will be paid annually through February 1, 2045 and bear an interest rate ranging from 4% to 5%. The unpaid balance as of September 30, 2025 is $7,815,000.

The City has entered into multiple agreements (GASB 87 and 96) under governmental and business-type activities. The agreements were for office equipment and software licenses. The agreements will be fully paid off in 2028. The current book value of the leases are $162,633 and $153,230, respectively, as of September 30, 2025.

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City.

F. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended September 30, 2025. In general, the City uses the general and enterprise funds to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	$ 565,436	$ 592,026	$ (508,892)	$ 648,570	$ 480,813
Total Governmental Activities	$ 565,436	$ 592,026	$ (508,892)	$ 648,570	$ 480,813
Other Long-term Liabilities Due in More than One Year				$ 167,757	
Business-Type Activities:					
Compensated Absences	$ 235,308	$ 241,220	$ (211,777)	$ 264,751	$ 195,829
Total Business-Type Activities	$ 235,308	$ 241,220	$ (211,777)	$ 264,751	$ 195,829
Other Long-term Liabilities Due in More than One Year				$ 68,922	

G. Unearned revenue

The City has entered into agreements with certain developers to provide water and wastewater services to planned future developments. The City has agreed to provide treated water from the City's water production, storage and distribution system and to provide wastewater service from the City's wastewater treatment plant, both of which may require expansion or modifications. The developers have agreed to extend utilities from their present locations to the boundaries of the developed properties and to provide for offsets and/or credits toward "Contributions in Aid of Construction". The City will credit the contributions in

aid provided by the developers against impact fees due upon development of the property. Impact fees are collected at the time a building permit is issued for a particular lot. Therefore, the contributions in aid are unearned until such time as the lots are permitted for construction. The City received $0 contributions in aid during the year ended September 30, 2025. The City has received $622,528 in contributions in aid to date and has earned a total of $476,816 in fees. The remaining $145,712 of contributions are reported as unearned revenue accordingly.

H. Interfund Transactions

Amounts transferred between funds relate to amounts collected, various capital expenditures, annual funding, and reallocation of pension expenses.

	Transfer In:			
Transfer Out:	Strategic & Capital Project	Equip. Replacement	Nonmajor Governmental	Total
General	$ 370,000	$ 322,438	$ 23,496	$ 715,934
	$ 370,000	$ 322,438	$ 23,496	$ 715,934

The composition of interfund due to/from balances as of the year ended September 30, 2025 were as follows:

	Due from (receivable fund):		
Due to (payable fund):	Strategic & Capital Project	Equip. Replacement	Total
General	$ 1,034,677	$ 529,104	$ 1,563,781
Water & wastewater	273,680	-	273,680
	$ 1,308,357	$ 529,104	$ 1,837,461

Interfund balances resulted from the timing difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All balances are expected to be paid in the subsequent year.

The composition of amounts owed to/from the primary government to the component unit as of September 30, 2025 were as follows:

	Receivable fund:
Payable fund:	**General Fund**
Fair Oaks Ranch MDD	$ 225,999
	$ 225,999

The composition of amounts owed to/from the primary government to the fiduciary fund as of September 30, 2025 were as follows:

	Receivable fund:
Payable fund:	**General Fund**
Employee Benefit Trust	$ 2,565
	$ 2,565

I. Fund Equity

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

The following is a list of restrictions and assignments of fund balances for the City:

	Restricted	Assigned
Special revenue:		
Municipal court & forfeitures	$ 114,968 *	$ -
PEG fees	4,319 *	-
Public safety	24,427 *	-
Bond capital	3,162,587	-
Debt service	33,680	-
Strategic expenditures	-	1,089,978
Capital equipment	-	1,542,604
Legal and tree mitigation reserve	-	154,936
Six month operating reserve	-	4,688,119
Total	$ 3,339,981	$ 7,475,637

* Restricted by enabling legislation.

V. OTHER INFORMATION

A. 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; and natural disasters for which the City participates along with 2,700 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. The City corrects billing errors when identified. The City then assesses the impact of prior billings to determine whether any refunds or further billings are appropriate. Liabilities for any prior billing errors are recorded if and when known and probable, and calculable.

C. Pending Litigations

Jeremy Sagray v. City of Fair Oaks Ranch
The City is being sued for unreasonable search and seizure over a City warrant to search data on an Iphone of the plaintiff. This matter is scheduled to go through mediation in February 2026, and completion of discovery in March 2026. No trial date has been set.

The claim is covered under the City's liability insurance policy, subject to applicable deductibles. Management does not expect the resolution of this matter to have a material impact on the City's financial statements.

Lacey Gonzales v. City of Fair Oaks Ranch

The City is being sued for wrongful termination of former City police officer Lacey Gonzales. The plaintiff did not specify an exact damage amount within their petition, but is seeking lost wages and benefits from the City, emotional pain and suffering, mental anguish, inconvenience, loss of enjoyment of life, and attorney's fees and court costs. The litigation is set for trial on July 26, 2026. At this time, an evaluation of the likelihood of a favorable or unfavorable outcome cannot be made, nor can the amount or range of potential loss be estimated in the event of an unfavorable outcome.

D. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations if indicated.

E. Defined Benefit Pension Plans

1. Plan Description

The City of Fair Oaks Ranch, Texas participates as one of 938 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of

the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

2. Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of three 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.

The plan 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 were as follows:

	Plan Year 2023	Plan Year 2024
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI Retroactive Repeating

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits	58
Active employees	72
Total	158

3. Contributions

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

Employees for the City of Fair Oaks Ranch were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Fair Oaks Ranch were 12.23% and 12.65% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were $722,928, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.60% to 11.85% per year, including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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 (GRS) 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).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public/Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

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 Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/23	$ 14,566,264	$ 13,038,348	$ 1,527,916
Changes for the year:			
Service Cost	973,137	-	973,137
Interest (on the Total Pension Liab.)	998,807	-	998,807
Change in assumptions	-	-	-
Difference between expected and actual experience	(252,286)	-	(252,286)
Contributions – employer	-	672,780	(672,780)
Contributions – employee	-	385,074	(385,074)
Net investment income	-	1,361,450	(1,361,450)
Benefit payments, including refunds of emp. contributions	(511,384)	(511,384)	-
Administrative expense	-	(8,688)	8,688
Other changes	-	(205)	205
Net changes	1,208,274	1,899,027	(690,753)
Balance at 12/31/24	$ 15,774,538	$ 14,937,375	$ 837,163

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 5.75%	Current Single Rate 6.75%	1% Increase 7.75%
$ 3,567,644	$ 837,163	$ (1,336,485)

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2025, the City recognized pension expense of $759,302.

At September 30, 2025, the City reported deferred outflows 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	$ -	$ (53,365)
Changes in assumptions	-	(43,038)
Difference between projected and investment earnings	-	(193,471)
Contributions subsequent to the measurement date	569,867	-
Total	$ 569,867	$ (289,874)

The City reported $569,867 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2026.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2025	$ 34,352
2026	73,426
2027	(281,093)
2028	(116,559)
2029	-
Thereafter	-
	$ (289,874)

F. Postemployment Benefits Other Than Pensions

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the 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 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.

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.

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	11
Active employees	72
Total	102

The City's retiree contribution rates to the TMRS SDBF for the years ended 2025, 2024 and 2023 are as follows:

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2023	0.04%	0.04%	100.0%
2024	0.04%	0.04%	100.0%
2025	0.05%	0.05%	100.0%

The City's contributions to the TMRS SDBF for retirees for the years ended 2025 and 2024, were $2,753 and $2,198, respectively, which equaled the required contributions each year.

Total OPEB Liability – Supplemental Death Benefits Insurance Fund

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2024, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.60% to 11.85%, including inflation per year
Discount rate	4.08%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by the most recent Scale MP=2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.08%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

1% Decrease 3.08%	Current Single Rate 4.08%	1% Increase 5.08%
$ 157,102	$ 130,699	$ 110,360

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/23	$ 127,954
Changes for the year:	
Service Cost	8,252
Interest	4,938
Difference between expected and actual experience	(730)
Changes of assumptions	(7,515)
Benefit payments	(2,200)
Net changes	2,745
Balance at 12/31/24	$ 130,699

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

For the year ended September 30, 2025, the City recognized OPEB expense of $7,697.

At September 30, 2025, the City reported deferred outflows and inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	$ -	$ (6,750)
Changes in assumptions	-	(26,071)
Contributions subsequent to measurement date	2,253	-
Total	$ 2,253	$ (32,821)

The City reported $2,253 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2026.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2025	$ (5,480)
2026	(6,509)
2027	(9,072)
2028	(9,902)
2029	(846)
Thereafter	(1,012)
	$ (32,821)

G. New Accounting Pronouncements

The City adopted GASB 101, *Compensated Absences* during the year. The goal of the standard is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements.

The new guidance introduces three criteria for recording a liability in financial statements prepared using the economic resources measurement focus (often referred to as a "full accrual" basis). A liability should be recognized for leave that has not been used if all of the following are true:

- The leave is attributable to services already rendered.
- The leave accumulates.
- The leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means (likelihood of more than 50 percent).

This standard was applied retroactively and resulted in a sick leave liability of $366,778 as of September 30, 2025.

H. Restatement

Due to the full implementation of GASB Statement No. 101, *Compensated Absences*, and change in reporting entity, the City restated beginning net position/fund balance for governmental activities, debt service fund, nonmajor governmental funds, business-type activities, and the water and wastewater fund. The restatements were as follows:

	Governmental Activities	Debt Service	Nonmajor Governmental	Business-Type Activities	Water & Wastewater
Prior year ending net position/fund balance, as reported	$ 21,276,294	$ -	$ 104,947	$ 18,710,612	$ 18,710,612
New Acct. Standard - GASB 101 (compensated absences)	(255,560)	-	-	(111,218)	(111,218)
Change in reporting entity (nonmajor to major)	-	104,947	(104,947)	-	-
Restated beginning net position/fund balance	$ 21,020,734	$ 104,947	$ -	$ 18,599,394	$ 18,599,394

I. Subsequent Events

There were no material subsequent events through March 4, 2026, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Fair Oaks Ranch, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL- GENERAL FUND

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property tax	$ 6,612,107	$ 6,612,107	$ 6,772,561	$ 160,454
Sales tax	1,870,222	1,870,222	1,929,946	59,724
Franchise and local taxes	762,350	762,350	793,093	30,743
License and permits	168,200	168,200	202,997	34,797
Animal control	1,495	1,495	2,061	566
Utility management fee	292,365	292,365	295,847	3,482
Contributions and donations	88,600	313,440	327,407	13,967
Other fees and services	68,050	68,050	97,414	29,364
Fines and forfeitures	207,300	207,300	122,568	(84,732)
Investment income	450,000	450,000	541,869	91,869
Other revenue	242,465	242,465	187,182	(55,283)
Total Revenues	10,763,154	10,987,994	11,272,945	284,951
Expenditures				
Current:				
Mayor & council	30,145	30,145	10,063	20,082
City administration	715,330	732,830	715,908	16,922
City secretary	295,019	275,519	274,981	538
Human resources & communication	277,823	277,823	246,162	31,661
Finance	408,207	418,557	411,250	7,307
Information technology	423,509	511,731	390,068	121,663
Municipal court	264,346	266,026	244,252	21,774
Public safety	4,255,849	4,281,576	3,912,726	368,850
Public works	934,618	939,917	858,161	81,756
Building codes and permits	368,910	370,419	354,515	15,904
Engineering & planning	1,680,774	1,693,981	1,430,681	263,300
Nondepartmental	225,704	223,814	204,164	19,650
Debt service:				
Principal	-	-	93,216	(93,216)
Interest and fiscal charges	-	-	9,945	(9,945)
Capital outlay	226,975	523,666	601,853	(78,187)
Total Expenditures	10,107,209	10,546,004	9,757,945	788,059
Revenues Over (Under) Expenditures	655,945	$ 441,990	$ 1,515,000	$ 1,073,010

City of Fair Oaks Ranch, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL- GENERAL FUND

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Other Financing Sources (Uses)				
Transfers in	$ -	$ -	$ -	$ -
Transfers (out)	(686,438)	(686,438)	(715,934)	(29,496)
Sale of assets	-	-	52,185	52,185
SBITA lease issuance	-	-	145,616	145,616
Total Other Financing Sources (Uses)	(686,438)	(686,438)	(518,133)	168,305
Net Change in Fund Balance	(30,493)	$ (244,448)	996,867	$ 1,241,315
Beginning fund balance			7,668,789	
Ending Fund Balance			$ 8,665,656	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Fair Oaks Ranch, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years ended December 31,

	2024	2023	2022	2021
Total pension liability				
Service cost	$ 973,137	$ 915,043	$ 836,697	$ 747,891
Interest (on the Total Pension Liability)	998,807	914,291	796,374	700,139
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(252,286)	(50,180)	433,116	186,130
Changes of assumptions	-	(75,520)	-	-
Benefit payments, including refunds of participant contributions	(511,384)	(449,807)	(267,066)	(238,666)
Net change in total pension liability	1,208,274	1,253,827	1,799,121	1,395,494
Total pension liability - beginning	14,566,264	13,312,437	11,513,316	10,117,822
Total pension liability - ending (a)	$ 15,774,538	$ 14,566,264	$ 13,312,437	$ 11,513,316
Plan fiduciary net position				
Contributions - employer	672,780	630,101	571,343	499,891
Contributions - members	385,074	376,340	342,708	302,440
Net investment income	1,361,450	1,301,500	(833,252)	1,250,635
Benefit payments, including refunds of participant contributions	(511,384)	(449,807)	(267,066)	(238,666)
Administrative expenses	(8,688)	(8,238)	(7,184)	(5,769)
Other	(205)	(58)	8,572	40
Net change in plan fiduciary net position	1,899,027	1,849,838	(184,879)	1,808,571
Plan fiduciary net position - beginning	13,038,348	11,188,510	11,373,389	9,564,818
Plan fiduciary net position - ending (b)	$ 14,937,375	$ 13,038,348	$ 11,188,510	$ 11,373,389
Fund's net pension liability - ending (a) - (b)	$ 837,163	$ 1,527,916	$ 2,123,927	$ 139,927
Plan fiduciary net position as a percentage of the total pension liability	94.69%	89.51%	84.05%	98.78%
Covered payroll	$ 5,501,056	$ 5,376,281	$ 4,895,830	$ 4,320,572
Fund's net position as a percentage of covered payroll	15.22%	28.42%	43.38%	3.24%

Notes to schedule:

2020	2019	2018	2017	2016	2015
$ 687,662	$ 648,430	$ 577,241	$ 483,263	$ 415,604	$ 372,932
618,696	550,195	478,426	428,795	377,577	347,674
-	-	-	-	-	-
100,676	(79,808)	86,113	(101,894)	47,016	(72,739)
-	51,465	-	-	-	51,102
(222,498)	(127,623)	(100,655)	(143,110)	(87,360)	(99,327)
1,184,536	1,042,659	1,041,125	667,054	752,837	599,642
8,933,286	7,890,627	6,849,502	6,182,448	5,429,611	4,829,969
$ 10,117,822	$ 8,933,286	$ 7,890,627	$ 6,849,502	$ 6,182,448	$ 5,429,611
464,390	437,261	400,446	$ 318,292	$ 276,800	$ 265,412
277,603	261,163	232,624	194,528	172,450	158,118
640,072	1,052,635	(193,745)	742,178	316,200	6,418
(222,498)	(127,623)	(100,655)	(143,110)	(87,360)	(99,327)
(4,131)	(5,933)	(3,738)	(3,841)	(3,568)	(3,909)
(161)	(178)	(195)	(195)	(192)	(193)
1,155,275	1,617,325	334,737	1,107,852	674,330	326,519
8,409,543	6,792,218	6,457,481	5,349,629	4,675,299	4,348,780
$ 9,564,818	$ 8,409,543	$ 6,792,218	$ 6,457,481	$ 5,349,629	$ 4,675,299
$ 553,004	$ 523,743	$ 1,098,409	$ 392,021	$ 832,819	$ 754,312
94.53%	94.14%	86.08%	94.28%	86.53%	86.11%
$ 3,965,754	$ 3,730,898	$ 3,323,206	$ 2,778,969	$ 2,463,571	$ 2,258,825
13.94%	14.04%	33.05%	14.11%	33.81%	33.39%

City of Fair Oaks Ranch, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Actuarially determined employer contributions	$ 722,928	$ 665,807	$ 628,870	$ 568,318
Contributions in relation to the actuarially determined contribution	$ 722,928	$ 665,807	$ 628,870	$ 568,318
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Annual covered payroll	$ 5,756,398	$ 5,496,024	$ 5,371,078	$ 4,880,414
Employer contributions as a percentage of covered payroll	12.56%	12.11%	11.71%	11.64%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes	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	21 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes	There wer no benefit changes during the year.

9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
$ 490,444	$ 479,231	$ 427,169	$ 375,269	$ 306,515	$ 272,041
$ 490,444	$ 479,231	$ 427,169	$ 375,269	$ 306,515	$ 272,041
$ -	$ -	$ -	$ -	$ -	$ -
$ 4,045,825	$ 4,091,573	$ 3,616,851	$ 3,150,696	$ 2,689,459	$ 2,387,202
12.12%	11.71%	11.81%	11.91%	11.40%	11.40%

City of Fair Oaks Ranch, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Years ended December 31,

	2024	2023	2022	2021
Total OPEB liability				
Service cost	$ 8,252	$ 11,828	$ 13,219	$ 13,826
Interest (on the OPEB Liability)	4,938	4,695	3,106	2,913
Differences between expected and actual experience	(730)	(3,754)	(3,252)	2,905
Changes of assumptions	(7,515)	6,255	(63,202)	5,642
Benefit payments, including refunds of participant contributions	(2,200)	(2,151)	(1,958)	(1,728)
Net changes	2,745	16,873	(52,087)	23,558
Total OPEB liability - beginning	127,954	111,081	163,168	139,610
Total OPEB liability - ending	$ 130,699	$ 127,954	$ 111,081	$ 163,168
Covered-employee payroll	$ 5,501,056	$ 5,376,281	$ 4,895,830	$ 4,320,572
Total OPEB Liability as a percentage of	2.38%	2.38%	2.27%	3.78%

Notes to schedule:

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

[2] No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

2020	2019	2018	2017	[1]
$ 10,311	$ 7,462	$ 7,311	$ 5,280	
3,233	3,385	2,830	2,653	
(6,486)	(5,875)	2,643	-	
20,334	20,311	(6,763)	6,688	
(397)	(373)	(332)	(278)	
26,995	24,910	5,689	14,343	
112,615	87,705	82,016	67,673	
$ 139,610	$ 112,615	$ 87,705	$ 82,016	[2]
$ 3,965,754	$ 3,730,898	$ 3,323,206	$ 2,778,969	
3.52%	3.02%	2.64%	2.95%	

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OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

COURT SECURITY & TECHNOLOGY FUND

This fund accounts for court fees that are legally restricted for court security and technology expenses.

COURT EFFICIENCY FUND

This fund is a dedicated account designed to support the technology, personnel, and operational costs of the municipal court system.

COURT YOUTH DIVERSION FUND

This fund accounts for court fees that are legally restricted to offset the operational costs of youth diversion program expenses.

COURT JURY

This fund accounts for court fees collected to be used to pay for jury duty reimbursements.

City of Fair Oaks Ranch, Texas

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2025

	Debt Service	Court Security & Technology	Court Efficiency	Court Youth Diversion
Assets				
Cash and cash equivalents	$ -	$ 2,044	$ 1,951	$ 25,842
Total Assets	$ -	$ 2,044	$ 1,951	$ 25,842
Fund Balances				
Restricted for:				
Municipal court	-	2,044	1,951	25,842
Total Fund Balances	-	2,044	1,951	25,842
Total Liabilities, Deferred Inflows, and Fund Balances	$ -	$ 2,044	$ 1,951	$ 25,842

Court Jury	Total Nonmajor Governmental
$ 364	$ 30,201
$ 364	$ 30,201
364	30,201
364	30,201
$ 364	$ 30,201

City of Fair Oaks Ranch, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2025

	Debt Service	Court Security & Technology	Court Efficiency	Court Youth Diversion
Revenues				
Fines and forfeitures	$ -	$ 2,044	$ 270	$ 4,308
Total Revenues	-	2,044	270	4,308
Excess of Revenues Over (Under) Expenditures	-	2,044	270	4,308
Other Financing Sources (Uses)				
Transfers in	-	-	1,681	21,534
Total Other Financing Sources (Uses)	-	-	1,681	21,534
Net Change in Fund Balances	-	2,044	1,951	25,842
Beg. fund balance, as previously reported	104,947	-	-	-
Change in reporting entity (nonmajor to major)	(104,947)	-	-	-
Beg. fund balance, as adjusted	-	-	-	-
Ending Fund Balances	$ -	$ 2,044	$ 1,951	$ 25,842

Court Jury	Total Nonmajor Governmental
$ 83	$ 6,705
83	6,705
83	6,705
281	23,496
281	23,496
364	30,201
-	104,947
-	(104,947)
-	-
$ 364	$ 30,201

City of Fair Oaks Ranch, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended September 30, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Revenues				
Property tax	$ 896,617	$ 915,511	$ 18,894	
Investment income	7,500	6,214	(1,286)	
Total Revenues	904,117	921,725	17,608	
Expenditures				
Debt service:				
Principal	785,000	785,000	-	
Interest and fiscal charges	206,265	207,992	(1,727)	
Total Expenditures	991,265	992,992	(1,727)	*
Revenues Over (Under) Expenditures	$ (87,148)	$ (71,267)	$ 15,881	
Net Change in Fund Balance	$ (87,148)	(71,267)	$ 15,881	
Beginning fund balance		104,947		
Ending Fund Balance		$ 33,680		

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Fair Oaks Ranch, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL STRATEGIC AND CAPITAL PROJECT FUND

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures				
Capital outlay	$ 369,044	$ 2,841,894	$ 1,577,512	$ 1,264,382
Total Expenditures	369,044	2,841,894	1,577,512	1,264,382
Revenues Over (Under) Expenditures	$ (369,044)	$ (2,841,894)	$ (1,577,512)	$ 1,264,382
Other Financing Sources (Uses)				
Transfers in	370,000	370,000	370,000	-
Total Other Financing Sources	370,000	370,000	370,000	-
Net Change in Fund Balance	$ 956	$ (2,471,894)	(1,207,512)	$ 1,264,382
Beginning fund balance			2,297,490	
Ending Fund Balance			$ 1,089,978	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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City of Fair Oaks Ranch, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL EQUIPMENT REPLACEMENT FUND

For the Year Ended September 30, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)			
Transfers in	$ 373,138	$ 322,438	$ (50,700)
Transfers (out)	(56,700)	-	56,700
Total Other Financing Sources (Uses)	316,438	322,438	6,000
Net Change in Fund Balance	$ 316,438	322,438	$ 6,000
Beginning fund balance		1,220,166	
Ending Fund Balance		$ 1,542,604	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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City of Fair Oaks Ranch, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL BOND CAPITAL FUND

For the Year Ended September 30, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Investment income	$ 17,000	$ 152,901	$ 135,901
Total Revenues	17,000	152,901	135,901
Expenditures			
Capital outlay	2,953,621	586,964	2,366,657
Total Expenditures	2,953,621	586,964	2,366,657
Revenues Over (Under) Expenditures	$ (2,936,621)	$ (434,063)	$ 2,502,558
Other Financing Sources (Uses)			
Proceeds from bond issuance	3,585,000	-	(3,585,000)
Total Other Financing Sources	3,585,000	-	(3,585,000)
Net Change in Fund Balance	$ 648,379	(434,063)	$ (1,082,442)
Beginning fund balance		3,596,650	
Ending Fund Balance		$ 3,162,587	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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STATISTICAL SECTION

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends 110

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 122

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity 130

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 138

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 142

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Fair Oaks Ranch, Texas

NET POSITIONS BY COMPONENT

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2016	2017	2018**	2019
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	$ 6,606,072	$ 6,898,385	$ 7,334,582	$ 7,576,143
Restricted	77,162	76,346	95,553	108,461
Unrestricted	2,089,120	2,714,487	3,277,879	5,128,445
Total governmental activities net position	$ 8,772,354	$ 9,689,218	$ 10,708,014	$ 12,813,049
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	$ 6,667,928	$ 8,682,584	$ 8,464,020	$ 8,466,058
Unrestricted	5,372,865	4,474,678	5,448,975	5,686,797
Total business-type activities net position	$ 12,040,793	$ 13,157,262	$ 13,912,995	$ 14,152,855
PRIMARY GOVERNMENT				
Net investment in capital assets	$ 13,274,000	$ 15,580,969	$ 15,798,602	$ 16,042,201
Restricted	77,162	76,346	95,553	108,461
Unrestricted	7,461,985	7,189,165	8,726,854	10,815,242
Total primary government net position	$ 20,813,147	$ 22,846,480	$ 24,621,009	$ 26,965,904

Source: The data in this schedule is extracted from the City's audited financial statements.

**Change in accounting principle pursuant to GASB 75 applied prospectively October 1, 2017.

2020	2021	2022	2023	2024	2025
$ 7,523,360	$ 7,647,912	$ 8,025,653	$ 8,589,537	$ 9,594,671	$ 12,059,408
132,938	153,339	166,961	192,536	235,514	177,394
6,712,007	8,669,250	10,823,373	10,513,316	11,190,549	10,583,394
$ 14,368,305	$ 16,470,501	$ 19,015,987	$ 19,295,389	$ 21,020,734	$ 22,820,196
$ 8,307,519	$ 8,081,383	$ 8,572,922	$ 9,524,748	$ 10,043,345	$ 11,195,334
6,316,241	7,353,325	8,754,416	8,066,675	8,556,049	8,598,505
$ 14,623,760	$ 15,434,708	$ 17,327,338	$ 17,591,423	$ 18,599,394	$ 19,793,839
$ 15,830,879	$ 15,729,295	$ 16,598,575	$ 18,114,285	$ 19,638,016	$ 23,254,742
132,938	153,339	166,961	192,536	235,514	177,394
13,028,248	16,022,575	19,577,789	18,579,991	19,746,598	19,181,899
$ 28,992,065	$ 31,905,209	$ 36,343,325	$ 36,886,812	$ 39,620,128	$ 42,614,035

City of Fair Oaks Ranch, Texas

CHANGES IN NET POSITION (Page 1 of 2)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

EXPENSES	2016	2017	2018**	2019
Governmental Activities				
City administration	$ 950,918	$ 1,431,472	$ 1,499,717	$ 682,316
Mayor and council	-	-	-	11,381
City secretary	-	-	-	153,944
HR and communications	-	-	-	114,659
Finance	-	-	-	271,247
Municipal Court	86,288	92,032	131,153	161,422
Public safety	2,017,858	2,124,882	2,394,097	2,915,589
Public health/emergency	307,665	299,734	322,918	-
Engineering and planning	-	-	-	270,309
Building codes	179,577	177,495	198,266	241,097
Public works	869,215	982,474	992,400	740,477
Information technology	-	-	-	-
Non-departmental	-	-	-	301,984
Culture/recreation/other	57,833	44,896	89,710	-
Interest and fiscal charges	153,011	119,880	114,211	109,849
Total governmental activities expenses	4,622,365	5,272,865	5,742,472	5,974,274
Business-Type Activities				
Water/wastewater utility	3,933,872	3,846,778	4,215,641	4,746,849
Interest and fiscal charges	-	-	-	-
Total business-type activities expenses	3,933,872	3,846,778	4,215,641	4,746,849
Total primary government expenses	8,556,237	9,119,643	9,958,113	10,721,123
PROGRAM REVENUES				
Governmental Activities				
Charges for services:				
City administration	177,050	201,334	215,959	237,193
Municipal court	161,818	129,260	126,152	137,176
Public safety	9,448	3,715	10,026	6,845
Public health/emergency	5,711	2,500	2,415	-
Building codes	314,738	274,079	228,715	253,815
Operating grants and contributions	-	13,295	51,102	15,579
Capital grants and contributions	-	-	15,908	-
Total governmental activities program revenues	668,765	624,183	650,277	650,608
Business-Type Activities				
Charges for services:				
Water/wastewater utility	4,463,303	4,930,347	4,908,925	4,875,781
Total primary government program revenues	$ 5,132,068	$ 5,554,530	$ 5,559,202	$ 5,526,389

Source: The data in this schedule is extracted from the City's audited financial statements.

**Change in accounting principle pursuant to GASB 75 applied prospectively October 1, 2017.

2020	2021	2022	2023	2024	2025
$ 1,235,258	$ 711,344	$ 1,121,778	$ 617,620	$ 893,391	$ 1,027,218
23,568	4,774	7,268	7,643	2,899	10,063
159,376	230,348	197,308	277,612	273,114	276,298
168,794	220,869	168,913	228,388	258,298	247,195
339,295	322,851	292,851	341,093	342,958	415,724
184,553	192,956	206,843	256,851	270,852	477,459
3,001,619	3,161,031	3,456,846	4,147,473	4,179,786	4,176,482
-	-	-	-	-	-
718,380	976,254	1,493,654	1,529,149	1,369,461	1,435,123
248,414	253,665	273,015	280,890	270,819	357,411
870,398	922,990	920,678	2,366,969	1,433,859	1,327,182
-	394,288	403,168	391,185	371,430	449,822
459,298	251,462	252,706	571,619	-	-
-	-	-	-	-	-
-	-	-	113,242	258,955	211,006
7,408,953	7,642,832	8,795,028	11,129,734	9,925,822	10,410,983
5,418,730	4,873,487	5,904,286	6,235,130	6,187,642	6,710,554
-	-	-	-	153,431	407,450
5,418,730	4,873,487	5,904,286	6,235,130	6,341,073	7,118,004
12,827,683	12,516,319	14,699,314	17,364,864	16,266,895	17,528,987
297,808	274,550	317,083	297,356	519,220	393,261
101,409	139,753	301,655	289,055	208,241	162,547
5,410	1,350	930	1,415	2,384	2,061
-	-	-	-	-	-
405,231	499,547	348,333	241,674	232,138	202,997
3,728	190,841	1,283,952	379,340	141,826	327,407
-	-	-	-	-	-
813,586	1,106,041	2,251,953	1,208,840	1,103,809	1,088,273
5,839,886	5,681,369	6,497,720	6,165,245	6,974,514	7,650,459
$ 6,653,472	$ 6,787,410	$ 8,749,673	$ 7,374,085	$ 8,078,323	$ 8,738,732

City of Fair Oaks Ranch, Texas

CHANGES IN NET POSITION (Page 2 of 2)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2016	2017	2018**	2019
Net (Expense) Revenues				
Governmental Activities	$ (3,953,600)	$ (4,648,682)	$ (5,092,195)	$ (5,323,666)
Business-type activities	529,431	1,083,569	693,284	128,932
Total primary government net expenses	(3,424,169)	(3,565,113)	(4,398,911)	(5,194,734)
Government Revenues and Other				
Changes in net position				
Governmental Activities				
Property Taxes	3,587,677	4,264,687	4,712,247	5,742,831
Non-property taxes	1,109,048	1,192,774	1,328,220	1,496,073
Investment income	38,950	56,545	94,557	150,030
Gain on sale of capital assets	-	23,874	16,452	20,206
Miscellaneous	20,855	27,666	11,402	9,711
Transfers	-	-	-	9,850
Total governmental activities	4,756,530	5,565,546	6,162,878	7,428,701
Business Type Activities				
Investment income	5,748	32,900	78,236	120,778
Transfers	-	-	-	(9,850)
Other income (loss)	-	-	-	-
Total business-type activities	5,748	32,900	78,236	110,928
Total primary government	4,762,278	5,598,446	6,241,114	7,539,629
Changes in Net Position				
Government activities	802,930	916,864	1,070,683	2,105,035
Business-type activities	535,179	1,116,469	771,520	239,860
Total primary government	$ 1,338,109	$ 2,033,333	$ 1,842,203	$ 2,344,895

Source: The data in this schedule is extracted from the City's audited financial statements.

**Change in accounting principle pursuant to GASB 75 applied prospectively October 1, 2017.

2020	2021	2022	2023	2024	2025
$ (6,595,367)	$ (6,536,791)	$ (6,543,075)	$ (9,920,894)	$ (8,822,013)	$ (9,322,710)
421,156	807,882	1,837,567	(69,885)	633,441	532,455
(6,174,211)	(5,728,909)	(4,705,508)	(9,990,779)	(8,188,572)	(8,790,255)
6,202,561	6,482,238	6,614,489	7,062,241	7,390,813	7,651,746
1,796,558	2,112,076	2,365,342	2,432,520	2,560,516	2,723,039
72,151	4,345	80,336	581,995	712,804	700,984
12,534	19,848	674	16,931	-	-
66,819	20,480	27,720	133,907	138,785	46,403
-	-	-	-	-	-
8,150,623	8,638,987	9,088,561	10,227,594	10,802,918	11,122,172
49,749	3,066	55,063	358,595	427,654	561,211
-	-	-	-	-	-
-	-	-	(9,806)	58,094	100,779
49,749	3,066	55,063	348,789	485,748	661,990
8,200,372	8,642,053	9,143,624	10,576,383	11,288,666	11,784,162
1,555,256	2,102,196	2,545,486	306,700	1,980,905	1,799,462
470,905	810,948	1,892,630	278,904	1,119,189	1,194,445
$ 2,026,161	$ 2,913,144	$ 4,438,116	$ 585,604	$ 3,100,094	$ 2,993,907

City of Fair Oaks Ranch, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2016	2017	2018	2019
General Fund				
Nonspendable Fund Balance:				
Prepaid items	$ 14,563	$ 19,281	$ 54,260	$ 53,275
Restricted Fund Balance:				
Court technology	14,047	11,535	15,700	11,386
Court security	49,816	51,473	52,996	54,849
Court efficiency	140	292	333	401
Felony forfeiture	378	378	5,514	8,954
Other court restrictions	-	-	-	-
PEG fees	4,319	4,319	4,319	4,319
Public safety	-	1,104	8,087	9,912
Total restricted fund balance	68,700	69,101	86,949	89,821
Assigned Fund Balance:				
Capital projects	553,000	553,000	-	-
Other reserves	50,000	50,000	50,000	50,000
Encumbrances	-	-	-	-
Six month operating reserve	-	-	2,566,167	3,517,472
Total assigned fund balance	603,000	603,000	2,616,167	3,567,472
Unassigned	1,807,719	2,065,994	-	-
Total General Fund	$ 2,493,982	$ 2,757,376	$ 2,757,376	$ 3,710,568
All Other Governmental Funds				
Restricted Fund Balance:				
Court technology	-	-	-	-
Court efficiency	-	-	-	-
Other court restrictions	-	-	-	-
Debt service	8,462	7,245	8,604	18,640
Capital projects	6,252,941	2,319,870	456,345	128,162
Total restricted fund balance	6,261,403	2,327,115	464,949	146,802
Assigned Fund Balance:				
Capital projects	-	353,921	223,508	1,110,229
Capital equipment	-	-	760,599	816,395
Total assigned fund balance	-	353,921	984,107	1,926,624
Total All Other Governmental Funds	$ 6,261,403	$ 2,681,036	$ 1,449,056	$ 2,073,426

Source: The data in this schedule is extracted from the City's audited financial statements.

2020	2021	2022	2023	2024	2025
$ 82,635	$ 96,070	$ 25,328	$ 77,024	$ 85,344	$ 133,420
14,520	17,819	13,873	18,587	21,707	18,393
57,330	57,924	59,243	15,322	17,531	17,821
438	439	439	439	1,681	-
10,774	10,901	11,783	43,914	43,275	48,553
1,428	4,753	10,216	15,975	21,815	-
4,319	4,319	4,319	4,319	4,319	4,319
11,819	12,847	14,429	16,005	20,239	24,427
100,628	109,002	114,302	114,561	130,567	113,513
-	-	-	-	-	-
50,000	50,000	50,000	50,000	199,600	154,936
16,823	-	-	-	-	-
3,678,069	3,835,321	4,225,321	4,505,321	4,688,118	4,688,119
3,744,892	3,885,321	4,275,321	4,555,321	4,887,718	4,843,055
1,309,011	3,265,169	4,365,225	1,881,701	2,565,160	3,575,668
$ 5,237,166	$ 7,355,562	$ 8,780,176	$ 6,628,607	$ 7,668,789	$ 8,665,656
-	-	-	-	-	2,044
-	-	-	-	-	1,951
-	-	-	-	-	26,206
32,310	44,337	52,659	77,975	104,947	33,680
-	-	-	-	3,596,650	3,162,587
32,310	44,337	52,659	77,975	3,701,597	3,226,468
1,154,394	1,073,184	1,407,555	3,269,573	2,297,490	1,089,978
869,615	872,769	1,089,047	1,140,475	1,220,166	1,542,604
2,024,009	1,945,953	2,496,602	4,410,048	3,517,656	2,632,582
$ 2,056,319	$ 1,990,290	$ 2,549,261	$ 4,488,023	$ 7,219,253	$ 5,859,050

City of Fair Oaks Ranch, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Page 1 of 2)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

REVENUES	2016	2017	2018	2019
Taxes	$ 4,148,224	$ 4,907,367	$ 5,472,987	$ 6,570,863
Franchise fees	527,109	540,605	576,181	618,758
Licenses and permits	320,449	280,294	236,020	257,220
Animal control	-	-	-	-
Fines and forfeits	161,818	129,260	126,152	137,176
Utility management fee and other	177,050	195,334	205,959	192,808
Other fees and services	-	-	-	-
Investment income	38,950	56,545	94,557	150,030
Donations	-	-	48,828	5,915
Grant revenue	-	-	-	-
Miscellaneous	53,714	46,961	44,721	67,200
Total revenues	5,427,314	6,156,366	6,805,405	7,999,970
EXPENDITURES				
Current:				
City administration	931,255	1,380,476	1,461,708	644,481
Mayor and council	-	-	-	11,381
City secretary	-	-	-	150,845
HR and communications	-	-	-	112,797
Finance	-	-	-	266,445
Municipal court	84,869	90,428	131,267	158,322
Public safety	1,811,200	1,920,485	2,234,431	2,696,334
Public health/emergency	296,450	288,066	311,250	-
Engineering and planning	-	-	-	264,128
Building codes	176,077	172,849	198,648	235,603
Public works	748,454	852,315	871,371	413,041
Information technology	-	-	-	-
Non-departmental	-	-	-	301,985
Culture and recreation	57,833	44,896	89,710	-
Capital projects/outlays	3,111,050	4,196,145	2,214,919	644,693
Debt service				
Principal payments	390,000	425,000	430,000	435,000
Interest and fiscal charges	174,688	126,553	122,278	117,409
Bond issuance costs	-	-	-	-
Total Expenditures	7,781,876	9,497,213	8,065,582	6,452,464
Excess (deficiency) of revenues over (under) expenditures	(2,354,562)	(3,340,847)	(1,260,177)	1,547,506

2020	2021	2022	2023	2024	2025
$ 7,387,684	$ 7,904,760	$ 8,244,424	$ 8,717,151	$ 9,194,183	$ 9,618,018
605,103	651,534	761,408	748,401	743,231	793,093
410,641	499,777	348,333	241,674	232,138	202,997
-	1,120	930	1,415	2,384	2,061
101,409	139,753	174,573	208,035	191,584	129,273
214,908	206,955	257,566	257,499	289,039	295,847
-	59,735	59,517	51,745	230,181	97,414
72,151	4,345	80,336	581,995	712,804	700,984
59,925	-	-	-	-	-
-	-	1,283,952	310,696	141,826	327,407
93,522	219,181	29,226	190,663	138,785	187,182
8,945,343	9,687,160	11,240,265	11,309,274	11,876,155	12,354,276
1,188,519	663,012	1,101,253	692,188	630,873	715,908
23,568	4,774	7,268	7,643	6,500	10,063
158,624	230,348	203,099	266,799	270,071	274,981
168,057	220,869	172,822	220,709	255,147	246,162
337,815	322,851	299,194	329,737	338,347	411,250
183,851	192,956	210,560	250,804	268,049	244,252
2,781,577	2,800,098	3,238,832	3,786,061	3,909,349	3,912,726
-	-	-	-	-	-
717,010	976,254	1,503,785	1,516,776	1,360,991	1,430,681
247,209	253,665	281,032	279,180	267,900	354,515
521,395	582,532	594,514	2,002,915	881,595	858,161
-	394,288	381,535	321,470	298,154	390,068
372,665	152,060	159,793	591,897	162,682	204,164
-	-	-	-	-	-
312,344	316,341	554,081	827,236	2,576,151	2,766,329
440,000	445,000	450,000	539,788	589,812	878,216
111,940	106,075	99,585	98,821	93,981	217,937
-	-	-	-	146,669	-
7,564,574	7,661,123	9,257,353	11,732,024	12,056,271	12,915,413
1,380,769	2,026,037	1,982,912	(422,750)	(180,116)	(561,137)

City of Fair Oaks Ranch, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Page 2 of 2)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2016	2017	2018	2019
OTHER FINANCING SOURCES (USES)				
Sales of assets	$ -	$ -	$ -	$ -
Lease issuances	-	-	-	-
Bond issuance	-	-	-	-
Premium on bond issuance	-	-	-	-
Transfer (to) from other funds	-	-	-	9,850
Proceeds from disposal of equipment	-	23,874	28,197	20,206
Total other financing sources (uses)	-	23,874	28,197	30,056
Net change in fund balances	$ (2,354,562)	$ (3,316,973)	$ (1,231,980)	$ 1,577,562
Debt service as a percentage of noncapital expenditures	11.9%	10.4%	9.4%	9.5%

2020	2021	2022	2023	2024	2025
$ 128,721	$ 26,330	$ 673	$ 16,931	$ -	$ 52,185
-	-	-	193,012	219,859	145,616
-	-	-	-	3,550,000	-
-	-	-	-	181,669	-
-	-	-	-	-	-
-	-	-	-	-	-
128,721	26,330	673	209,943	3,951,528	197,801
$ 1,509,490	$ 2,052,367	$ 1,983,585	$ (212,807)	$ 3,771,412	$ (363,336)
7.6%	7.5%	6.3%	6.1%	8.6%	10.7%

City of Fair Oaks Ranch, Texas

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Unaudited)

Year	Property	Sales Tax	Franchise	Mixed Beverage	Total
2016	$ 3,566,285	$ 562,501	$ 527,109	$ 19,437	$ 4,675,332
2017	4,255,198	632,030	540,605	20,139	5,447,972
2018	4,720,949	728,224	576,181	23,814	6,049,168
2019	5,693,547	854,582	618,758	22,734	7,189,621
2020	6,196,229	1,174,547	605,103	16,908	7,992,787
2021	6,444,218	1,435,763	651,534	24,779	8,556,294
2022	6,640,490	1,576,151	761,408	27,783	9,005,832
2023	7,033,032	1,656,136	748,401	27,983	9,465,552
2024	7,390,813	1,788,324	743,231	28,961	9,951,329
2025	7,651,746	1,893,243	793,093	36,703	10,374,785

Source: Annual Financial Reports.

City of Fair Oaks Ranch, Texas

TOP TEN SALES TAX PROVIDERS

Current and Eight Years Ago

(Unaudited)

	2025		2017	
Taxpayer	Rank	Percentage of Total City Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Full-service restaurant	1	13.6%	1	19.0%
Electronic shopping and mail-order houses	2	13.0%	2	5.1%
Electronic shopping and mail-order houses	3	7.3%		
Electronic shopping and mail-order houses	4	2.5%		
Pharmacies and drug stores	5	1.4%	4	3.2%
Gasoline stations with convenience stores	6	1.3%	9	2.0%
Data processing, hosting, and related services	7	1.2%		
Paint and wallpaper stores	8	1.1%		
Video tape and disc rental	9	1.1%		
Limited-service restaurant	10	1.0%	7	2.5%
Security guard and patrol			3	4.3%
Wireless telecommunications carriers			5	3.2%
Wired telecommunication			6	3.9%
Cable and other subscription programming			8	2.3%
New single-family housing construction			10	1.8%

Source: Texas Comptroller

Ten years of data will be accumulated. Data prior to 2017 is not available.

Texas Tax Code 321.3022 (c) declares specific information on vendor and amounts to be confidential and is not subject to public inspection.

City of Fair Oaks Ranch, Texas

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(Unaudited)

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Amount *	Percentage of Levy	Collections in Subsequent Years	Amount *	Percentage of Levy
2016	$ 3,861,722	$ 3,827,841	99.12%	$ 29,143	$ 3,856,984	99.88%
2017	4,332,469	4,297,290	99.19%	28,635	4,325,925	99.85%
2018	4,813,737	4,788,010	99.47%	20,237	4,808,247	99.89%
2019	5,718,331	5,652,427	98.85%	56,203	5,708,631	99.83%
2020	6,182,363	6,126,458	99.10%	47,061	6,173,519	99.86%
2021	6,453,874	6,389,402	99.00%	54,063	6,443,465	99.84%
2022	6,547,412	6,504,177	99.34%	32,013	6,536,190	99.83%
2023	7,036,602	6,978,473	99.17%	44,763	7,023,236	99.81%
2024	7,358,389	7,300,443	99.21%	38,187	7,338,630	99.73%
2025	7,615,681	7,580,063	99.53%	-	7,580,063	99.53%

Source: Bexar County Appraisal District

* Includes discounts allowed for early payments and adjustments.

City of Fair Oaks Ranch, Texas

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Tax Roll	City	Boerne School District	Comal School District	Bexar County	Kendall County	Comal County
2016	2015	0.3073	1.2940	1.3900	0.31450	0.3867	0.34292
2017	2016	0.3234	1.3160	1.3900	0.29325	0.4127	0.35792
2018	2017	0.3295	1.3540	1.3900	0.29123	0.4127	0.35792
2019	2018	0.3668	1.3540	1.3900	0.27743	0.4127	0.37792
2020	2019	0.3735	1.2840	1.3200	0.27743	0.4127	0.39255
2021	2020	0.3735	1.2519	1.2800	0.27633	0.4127	0.35852
2022	2021	0.3518	1.2046	1.2900	0.27633	0.4127	0.31400
2023	2022	0.3291	1.1786	1.2750	0.27633	0.3877	0.24890
2024	2023	0.3005	0.9932	1.0892	0.27633	0.3827	0.22620
2025	2024	0.2853	0.9909	1.0869	0.27633	0.3827	0.22672

Note:

Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Fair Oaks Ranch, Texas. This process recognizes that, when considering the City of Fair Oaks Ranch's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

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City of Fair Oaks Ranch, Texas

ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY

Last Ten Fiscal Years

Tax Year	Fiscal Year	Residential Property	Commercial Property	Less: Tax-exempt Property	Estimated Actual Value	Total Direct Tax Rate
2015	2016	$ 1,193,076,434	$ 128,637,815	$ 65,052,850	$ 1,256,661,399	$ 0.307300
2016	2017	1,265,114,959	150,509,495	73,244,068	1,342,380,386	0.323360
2017	2018	1,487,818,815	185,977,352	123,984,901	1,549,811,266	0.329500
2018	2019	1,472,341,175	187,839,320	101,155,026	1,559,025,469	0.366780
2019	2020	1,617,484,586	154,205,210	116,629,493	1,655,060,303	0.373500
2020	2021	1,698,442,549	181,448,336	151,985,811	1,727,905,074	0.373500
2021	2022	2,061,749,363	216,788,137	417,511,646	1,861,025,853	0.351800
2022	2023	2,348,087,014	240,890,183	451,118,020	2,137,859,177	0.329100
2023	2024	2,690,865,792	276,055,849	516,973,196	2,449,948,444	0.300500
2024	2025	2,932,603,365	300,855,700	563,416,183	2,670,042,881	0.285300

Source: Bexar County Appraisal District, Kendall County Appraisal District, and Comal County Appraisal District.

City of Fair Oaks Ranch, Texas

PRINCIPAL PROPERTY TAX PAYERS

Current and Nine Years Ago

	2025		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Spirit Realty LP	$ 10,771,285	1	0.40%
HPI Fair Oaks Storage LLC	7,984,900	2	0.30%
Jerry and Esther Hicks	6,071,250	3	0.23%
T&J Fair Oaks LLC	5,300,000	4	0.20%
Frost Bank	4,221,940	5	0.16%
Scott Felder Homes LLC	4,100,680	6	0.15%
Ashton San Antonio LLC	4,075,200	7	0.15%
Bright Minds Montessori LLC	4,051,280	8	0.15%
SC CASA LLC	4,040,720	9	0.15%
Fair Oaks Country Store LLC	3,793,530	10	0.14%
Greenland Ventures	-		-
Bilbrey, Pam	-		-
Darter, Chad & Jaime	-		-
Carson, John Jeffrey & Amy	-		-
Fair Oaks Club Corp	-		-
Barron, Edward & Deborah	-		-
Kaiser, Keith & Kristi	-		-
Carola De Los Angeles Garcia	-		-
Stokes Family Living Trust	-		-
Sharp, Donn & Malinda	-		-
	$ 54,410,785		2.04%

Sources: Kendall Appraisal District, Bexar Appraisal District, and Comal Appraisal District.

2016		
Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
-		-
-		-
-		-
-		-
-		-
-		-
-		-
-		-
-		-
-		-
2,936,950	1	0.23%
1,334,660	2	0.11%
1,229,270	3	0.10%
1,217,940	4	0.10%
1,192,040	5	0.09%
1,092,500	6	0.09%
1,034,430	7	0.08%
1,008,200	8	0.08%
982,980	9	0.08%
978,100	10	0.08%
$ 13,007,070		1.04%

City of Fair Oaks Ranch, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(Unaudited)

	Governmental Activities			Business-Type Activities		
Fiscal Year	General Obligation Bonds	Leases	SBITA	Certificates of Obligation	SBITA	Leases
2016	$ 6,703,417	$ -	$ -	$ 405,000	$ -	$ 3,128,356
2017	6,721,744	-	-	-	-	3,128,356
2018	5,835,071	-	-	-	-	3,070,798
2019	5,393,398	-	-	-	-	2,814,779
2020	4,946,725	-	-	2,660,000	-	-
2021	4,495,052	-	-	2,430,000	-	-
2022	4,038,379	63,507	-	2,115,000	-	-
2023	3,571,706	51,757	30,122	1,795,000	30,122	10,218
2024	6,826,702	44,197	137,729	5,325,876	112,383	7,180
2025	6,025,946	20,551	126,031	12,241,309	141,798	3,977

Source: Details regarding the City's outstanding debt can be found in the notes to financial statements.

Total Primary Government	Percentage of Personal Income	Per Capita
$ 10,236,773	18.67%	$ 1,204
9,850,100	18.61%	1,139
8,905,869	17.30%	980
8,208,177	15.76%	846
7,606,725	13.13%	774
6,925,052	11.95%	659
6,216,886	8.27%	592
5,488,925	6.64%	494
12,454,067	16.43%	1,092
18,559,612	21.84%	1,580

City of Fair Oaks Ranch, Texas

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year Ended September 30,	Governmental Activities: General Obligation Bonds*	Business-Type Activities: Certificate of Obligation Bonds*	Total Primary Government	Amounts Available in Debt Service Fund
2016	$ 6,703,417	$ 405,000	$ 7,108,417	$ -
2017	6,271,744	-	6,271,744	(7,245)
2018	5,835,071	-	5,835,071	(7,201)
2019	5,393,398	-	5,393,398	(10,940)
2020	4,946,725	2,660,000	7,606,725	(30,969)
2021	4,495,052	2,430,000	6,925,052	(44,337)
2022	4,038,379	2,115,000	6,153,379	(52,658)
2023	3,571,706	1,795,000	5,366,706	(77,975)
2024	6,826,702	5,325,876	12,152,578	(104,947)
2025	6,025,946	12,241,309	18,267,255	(33,681)

* Amount includes bond premiums

Net Debt Outstanding	Percentage of Estimated Actual Taxable Value of Property	Per Capita
$ 7,108,417	0.57%	$ 1,028
6,264,499	0.47%	725
5,827,870	0.38%	641
5,382,458	0.35%	555
7,575,756	0.46%	770
6,880,715	0.40%	655
6,100,721	0.33%	581
5,288,731	0.25%	476
12,047,631	0.49%	1,056
18,233,574	0.68%	1,553

City of Fair Oaks Ranch, Texas

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years (Unaudited)

	2016	2017	2018	2019
Debt Limit	$ 18,849,921	$ 20,135,706	$ 23,247,169	$ 23,385,382
Total net debt applicable to limit	6,711,880	6,278,989	5,843,676	5,412,038
Legal debt margin	$ 12,138,041	$ 13,980,764	$ 17,403,493	$ 17,973,344
Total net debt applicable to the limit as a percentage of debt limit	35.61%	31.18%	25.14%	23.14%
Legal Debt Margin Calculation by Fiscal Year				
Total assessed value	1,256,661,399	1,342,380,386	1,549,811,266	1,559,025,469
Debt limit ($1.50 of total assessed value)	18,849,921	20,135,706	23,247,169	23,385,382
Debt applicable to limit:				
General bonded debt outstanding*	6,703,417	6,271,744	5,835,071	5,393,398
Less: Amount set aside for repayment of general bonded debt	8,463	7,245	8,605	18,640
Total net debt applicable to limit	6,711,880	6,278,989	5,843,676	5,412,038
Annual Legal debt margin	12,138,041	13,856,717	17,403,493	17,973,344

* Includes bond premium.

Notes: As a Home Rule Charter City, the amount of debt which can be issued by the City of Fair Oaks Ranch, Texas, is not limited by law. Under Article XI, Section 5 of the State of Texas Constitution applicable to the city, the maximum tax rate for all purposes is $2.50 per $100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the maximum tax rate for general obligation debt service.

2020	2021	2022	2023	2024	2025
$ 24,825,905	$ 25,918,576	$ 27,915,388	$ 32,067,888	$ 36,749,227	$ 40,050,643
4,979,036	4,539,389	3,985,721	3,493,731	6,721,753	5,992,265
$ 19,846,869	$ 21,379,187	$ 23,929,667	$ 28,574,157	$ 30,027,473	$ 34,058,378
20.06%	17.51%	14.28%	10.89%	18.29%	14.96%
1,655,060,303	1,727,905,074	1,861,025,853	2,137,859,177	2,449,948,444	2,670,042,881
24,825,905	25,918,576	27,915,388	32,067,888	36,749,227	40,050,643
4,946,725	4,495,052	4,038,379	3,571,706	6,826,702	6,025,946
32,311	44,337	52,658	77,975	104,949	33,681
4,979,036	4,539,389	3,985,721	3,493,731	6,721,753	5,992,265
19,846,869	21,379,187	23,929,667	28,574,157	30,027,473	34,058,378

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City of Fair Oaks Ranch, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2025

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Alamo CCD	$ 844,175,000	0.63%	$ 5,318,303
Bexar Co	2,152,210,000	0.63%	13,558,923
Bexar Co Hosp. Dist.	1,238,865,000	0.63%	7,804,850
Boerne ISD	384,264,896	17.02%	65,401,885
Comal Co	97,730,000	0.92%	899,116
Comal ISD	1,440,220,214	0.40%	5,760,881
Kendall Co	30,700,000	5.01%	1,538,070
Subtotal, overlapping debt	$ 6,188,165,110		100,282,027
City of Fair Oaks Ranch (direct debt)			7,008,628
Total direct and overlapping debt			$ 107,290,655

Note: Overlapping governments are those that coincide, as least in part, within the geographical boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Fair Oaks Ranch, Texas. This process recognizes that, when considering the City of Fair Oaks Ranch's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

Source: Municipal Advisory Council of Texas

City of Fair Oaks Ranch, Texas

PRINCIPAL EMPLOYERS

Current and Nine Years Ago (Unaudited)

	2024		
Employer	**Employees**	**Rank**	**Percentage of total city employment** [1]
Joint Base San Antonio (JBSA) - Lackland, Fort Sam & Randolph	86,097	1	7.38%
H.E.B. Food Stores	20,000	2	1.72%
United Services Automobile Assoc	17,000	3	1.46%
City of San Antonio	15,501	4	1.33%
Northside Independent School District	13,191	5	1.13%
Methodist Healthcare System	12,000	6	1.03%
University of Texas Health Science	8,500	7	0.73%
North East Independent School District	8,069	8	0.69%
San Antonio Independent School District	7,136	9	0.61%
Baptist Health Systems	7,024	10	0.60%
JP Morgan Chase Bank NA	-		
Totals	194,518		16.68%

[1]The City of Fair Oaks Ranch is located near the City of San Antonio and data is not available for the employers in Fair Oaks Ranch, TX.

Source: City of San Antonio Comprehensive Annual Financial Report for the Year Ended September 30, 2024. The current year information is not available.

2015		
Employees	Rank	Percentage of total city employment [2]
93,434	1	9.82%
20,000	2	2.10%
17,000	3	1.79%
11,770	5	1.24%
13,698	4	1.44%
8,118	7	0.85%
-		0.00%
9,209	6	0.97%
7,423	8	0.78%
6,498	9	0.68%
5,000	10	0.53%
192,150		20.20%

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City of Fair Oaks Ranch, Texas

DEMOGRAPHIC AND ECONOMICAL STATISTICS

Last Ten Fiscal Years (Unaudited)

Year	(1) Population	(1) Per Capita Personal Income	(1) Median Age	(2) School Enrollment	(3) San Antonio Unemployment Rate
2016	6,914	54,829	47.9	650	3.9%
2017	8,645	52,917	46.7	916	3.2%
2018	9,091	51,482	45.9	1,321	3.3%
2019	9,700	52,094	47.1	1,391	3.0%
2020	9,833	57,939	46.3	1,575	6.3%
2021	10,505	57,939	46.3	1,586	4.5%
2022	10,505	75,205	45.5	1,605	3.5%
2023	11,104	82,685	46.4	1,655	3.7%
2024	11,406	75,780	45.8	1,688	3.8%
2025	11,744	84,981	45.5	1,580	4.2%

Sources:

(1) Population, per capita income and median age based on U.S. Census Bureau.

(2) Boerne Independent School District

(3) United States Bureau of Labor/TWC

City of Fair Oaks Ranch, Texas

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Eight Fiscal Years

(Unaudited)

Function/Program	2017	2018	2019	2020
Police				
Incidents/offenses	444	501	504	589
Arrests	191	224	207	157
Calls for service	3,664	3,716	3,913	3,482
Traffic stops	4,217	5,271	4,893	2,924
Public Works				
Street resurfacing (square yards)	118,827	64,496	155,468	80,557
Preventative street maintenance (square yards)	101,646	65,244	49,477	211,529
Building Codes				
Permits issued - new residential	142	190	118	157
Permits issued - other	376	416	506	734
Inspections/reinspections conducted	1,679	1,586	1,898	2,297
Utilities				
Account service orders				
Meter install / change	288	222	252	86
Occupancy change	322	330	288	320
Customer service inquiry	291	247	297	338
Billing (water, sewer, fees, all charges)	$ 4,632,435	$ 4,683,010	$ 4,550,072	$ 5,002,084
Water				
Service connections	2,929	2,948	3,002	3,083
Purchased (gallons)	296,164,000	276,418,000	318,044,000	337,047,000
Pumped (gallons)	241,088,931	168,328,487	174,702,326	231,668,112
Billed consumption (gallons)	502,639,000	457,611,000	436,094,700	523,698,900
Non-billed & bulk water sold (gallons)	5,182,505	3,476,900	3,350,000	3,192,400
Wastewater				
Service connections	1,733	1,775	1,820	1,886
Average daily treatment in gallons	224,046	235,917	225,255	242,174

Source: City Records

Note: Data prior to 2017 was unavailable

2021	2022	2023	2024	2025
666	856	919	674	399
199	289	294	117	65
3,955	4,031	4,177	4068	5312
4,026	4,708	6,327	4701	3696
107,108	254,422	244,561	272,413	382,022
999	1,337	483	1,780	8,536
247	133	86	94	44
692	645	580	588	517
2,751	2,732	1,850	1896	1594
217	111	284	427	296
370	261	181	198	220
401	199	372	734	963
$ 4,758,791	$ 5,862,105	$ 6,129,738	$ 6,605,290	$ 7,430,295
3,157	3,201	3,248	3,285	3,314
324,549,963	328,996,000	369,914,400	395,811,000	356,578,000
217,061,572	323,937,547	246,488,566	167,948,427	199,133,130
485,043,800	594,010,700	584,553,400	477,964,400	484,919,200
2,310,900	2,873,400	2,946,600	3,440,900	4,478,724
1,943	1,979	2,001	2,028	2,040
256,037	249,076	295,213	322,664	284,692

City of Fair Oaks Ranch, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Nine Fiscal Years

(Unaudited)

Function/Program	2017	2018	2019	2020	2021
Police					
Stations	1	1	1	1	1
Patrol Units	15	13	14	14	15
Animal Control Vehicle	1	1	1	1	1
Public Works & Utilities					
Vehicles	22	23	25	25	25
Paved streets (in miles)	81.6	81.6	81.6	81.6	81.6
Paved streets maintained by the City	60	60	60	60	60
Water					
Water mains (in miles)	76	76	76	76	76
Wells	40	40	40	40	40
Treatment plants	5	5	5	5	5
Number of hydrants	228	266	266	266	266
Wastewater					
Lift stations	6	6	6	6	6
Sewer lines (in miles)	33	33	33	33	33
Treatment plants	1	1	1	1	1

Source: City Records

Note: Data prior to 2017 was unavailable

2022	2023	2024	2025
1	1	1	1
13	13	17	16
1	1	1	1
28	27	27	28
81.6	81.6	89	89
60	60	60	60
76	76	78	78
39	39	39	39
5	5	5	5
266	266	282	282
6	6	6	6
33	33	35	35
1	1	1	1

City of Fair Oaks Ranch, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	2016	2017	2018	2019	2020
General Government					
City Manager	1	1	1	1	1
Assistant City Manager	1	1	1	1	1
City Secretary	1	1	1	2	2
City Planner	0	0	0	0	0
HR & Communications	1	1	1	2	2
Finance	2	3	3	5	5
Municipal Court	1	1	2	2	2
Information Technology	0	0	0	1	1
Project Manager	0	0	0	0	0
Customer Service	1	1	2	3	3
Public Safety					
Police	19	20	21	23	23
Animal Control	1	1	1	1	1
Code Enforcement	1.5	1.5	1.5	4	4
Administration	2	2	3	4	4
Public Works	9	9	13	14	14
Water/Wastewater					
Customer Service	1	1	1	1	1
Water and Sewer	9	8	10	10	10
Total	50.5	51.5	61.5	74	74

Source: City Records

2021	2022	2023	2024	2025
1	1	1	1	1
2	2	2	2	2
2	2	2	2	2
0	0	0	0	1
2	3	3	3	3
5	5	5	5	5
2	2	2	2	2
2	2	2	2	2
0	0	0	0	1
2	2	2	2	2
23	23	25	25	25
1	1	1	1	1
4	4	4	4	4
4	4	4	4	4
14	16	17	18	18
1	1	1	1	1
10	10	10	11	11
75	78	81	83	85

CITY OF
Fair Oaks Ranch



Prepared by: City of Fair Oaks Ranch Finance Department

Popular Annual Financial Report

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2025

Fair Oaks Ranch, Texas

Dear Residents,
I am pleased to present the Popular Annual Financial Report (PAFR) for the fiscal year ended September 30, 2025. This report provides a clear and accessible summary of the City's financial results and demonstrates how public resources were managed throughout the year.

The City maintained its policy of preserving a six-month operating reserve in the General Fund and achieved positive financial results through disciplined budgeting, responsible investment practices, and continued growth in the local economy. During the year, the City advanced priority capital projects and strategic initiatives while maintaining excellent service levels for our residents.

The PAFR represents one of three reports submitted to the Government Finance Officers Association (GFOA) in pursuit of the "Triple Crown" recognition for excellence in budgeting, financial reporting, and popular financial reporting. Fair Oaks Ranch has earned this distinction for the past four fiscal years, underscoring the City's commitment to strong financial governance and public accountability.

We remain focused on sustaining long-term financial stability while supporting thoughtful growth and preserving the character of our community.

Sincerely,
Summer Fleming, CGFO
Director of Finance

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10. Utilities and Major Projects
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Mayor and City Council



Mayor Gregory C. Maxton



Emily Stroup
Council Member Place 1



Keith Rhoden, Mayor Pro-Tem
Council Member Place 2



Ruben Olvera
Council Member Place 3



Dale Pearson
Council Member Place 4



Scott Parker
Council Member Place 5



Jonathan Swarek
Council Member Place 6

About the PAFR

Popular Annual Financial Report

A Popular Annual Financial Report (PAFR) is a document that consolidates information from the Annual Comprehensive Financial Report (ACFR) to create an easy-to-read report for citizens. This report is designed to provide a summary of the City's overall financial condition in a user-friendly format.

Although this report is largely derived from the City's 2025 ACFR, it is not prepared in accordance with generally accepted accounting principles (GAAP). The report is presented in a summarized manner and certain financial statements, discretely presented component units and note disclosures required by GAAP are omitted. A copy of the City's audited 2025 Annual Comprehensive Financial Report, which is prepared in accordance with GAAP and contains more detailed information, is located on the City's website at:

https://fairoaksranchtx.org/513/Financial-Transparency



Awards

The City of Fair Oaks Ranch, Texas was awarded the Award for Outstanding Achievement in Popular Annual Financial Reporting by the Government Finance Officers Association (GFOA) of the United States and Canada for the year ended September 30, 2024. This was the 4th year the City has achieved this award.

In order to be eligible for the PAFR Award, a government must also submit its ACFR to GFOA's Certificate of Achievement for Excellence in Financial Reporting Program and receive the Certificate for the same fiscal year. The City was awarded the Certificate of Achievement for Excellence in Financial Reporting by GFOA for its annual comprehensive financial report for the year ended September 30, 2024. This was the 8th consecutive year the City had achieved this award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. A Certificate of Achievement is valid for a period of one year only.

The City was also awarded the GFOA Distinguished Budget Presentation Award for its Annual Budget for the fiscal year beginning October 01, 2025. This was the 7th consecutive year the City achieved this award. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, a financial plan, an operations guide, and a communications device. This award is valid for a period of one year only.

The City continues to strive for excellence in financial reporting and a high level of transparency for its citizens by making financial information readily accessible to the public.

Fair Oaks Ranch by the Numbers

The City:
Population: est. 11,744
Land Area: 7,861 Acres
Spans 3 Counties: Bexar, Comal and Kendall
Incorporation: 1988
Home Rule Charter: 2017

City Staff: 86 Budgeted Full Time Employees
Public Works: 37
Public Safety: 30
General Government*: 17
Municipal Court: 2
**General Government includes Administration, City Secretary, HR, Finance, IT, and Communications*

Public Safety:
Sworn officers: 25
Civilian Investigators: 2
Animal Services Officer: 1
K-9 Officer: Vox
16th Safest City in Texas
Recognized as Best Practices Agency
Calls for Service in 2025: 5,312
Traffic Stops in 2025: 3,696

Building Codes:
New Residential Home Permits Issued: 94
Inspections Conducted:
29 Health
45 Fire
1,896 Structural

Infrastructure and Utilities:
Roadways: 60 miles
Water Lines: 76 miles
5 Water Plants
Water Service Connections: 3,308
Sewer Service Connections: 2,041
Fire Hydrants: 266
Water Wells: 40
1 Wastewater Treatment Plant

Location of Fair Oaks Ranch

San Antonio – 27 Miles
Austin – 65 Miles
Corpus Christi – 153 Miles
Houston – 195 Miles
Dallas/Ft. Worth – 237 Miles
Amarillo – 490 Miles
El Paso – 530 Miles



History of “The Ranch”

The City of Fair Oaks Ranch had its beginnings as a working ranch when several parcels of land were acquired by oil man Ralph Fair, Sr. during the 1930s. The ranch was first a center for a racehorse operation. Later, Mr. Fair established a registered Hereford cattle operation. After the death of Mr. and Mrs. Fair, the remaining family decided to develop a 5,000-acre portion of the ranch as a residential community. A homeowner’s association was formed in 1975 with Boots Gaubatz as the president.

In 1985 the Fair Oaks Ranch Homeowners Association began to consider incorporation as a Type A General Law Municipality. Boots, along with Bob Herring and Don King, led the process and are now known as the “founding fathers” of Fair Oaks Ranch. The City was eventually incorporated in 1988.

Once the population of Fair Oaks Ranch reached 5,000, the City was eligible for home rule. The draft home rule charter was introduced a decade later. In May 2017, the home rule election was held with over 90% of voters supporting the change.

Fair Oaks Ranch was founded by a group of visionaries united by a shared goal: to create a distinctive community where residents could enjoy an exceptional quality of life. With the support of a single development company and a family committed to transforming their ranch into a welcoming residential community, the City’s early planning and development followed a unified and intentional path. This collective vision shaped Fair Oaks Ranch’s growth and laid the foundation for the unique community it is today—one defined by its peaceful character, natural beauty, and enduring commitment to quality of life.

Vision: To offer the ideal place to call home in the hill country, guided by strong community values and responsible growth that provides residents of all ages a place to relax and reconnect.

Mission: To deliver exceptional public services, preserve the natural beauty of our City, protect and promote quality of life, and foster community engagement.





GOVERNMENTAL ACTIVITIES

Revenue Type	FY2025	FY2024	FY2023
Property Taxes	$7,651,746	$7,390,813	$7,062,241
Sales Tax	1,929,946	1,817,285	1,656,135
Franchise Fees	793,093	743,231	776,385
Charges for Services	760,866	961,983	829,500
Investment Earnings	700,984	712,804	581,995
Operating Grants and Contributions	327,407	141,826	379,340
Other Revenue	46,403	138,785	150,838
Total Revenues	**$12,210,445**	**$11,906,727**	**$11,436,434**

Expenditure Type	FY2025	FY2024	FY2023
Public Safety	$4,176,482	$4,179,786	$4,147,473
General Government	2,426,320	2,226,425	2,435,160
Engineering and Planning	1,435,123	1,405,239	1,529,149
Public Works	1,327,182	1,446,637	2,366,969
Municipal Court	477,459	278,519	256,851
Building Codes and Permits	357,411	288,708	280,890
Interest and Fiscal Charges	211,006	258,955	113,242
Total Expenses	**$10,410,983**	**$10,181,382**	**$11,129,734**

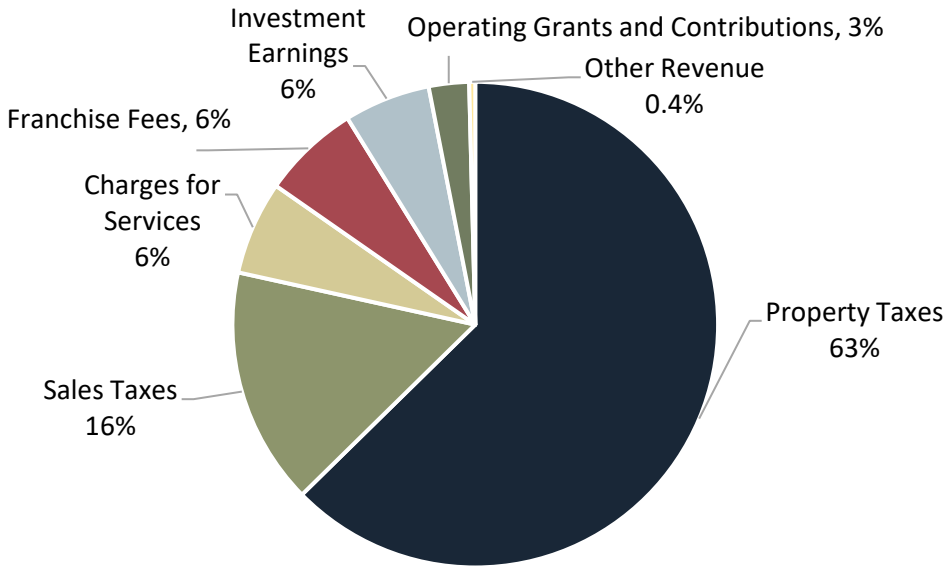
BUSINESS-TYPE ACTIVITIES (UTILITIES)

Revenue Type	FY2025	FY2024	FY2023
Charges for Services	$7,650,459	$6,974,514	$6,165,245
Other Revenue	100,779	58,094	-
Investment Earnings	561,211	427,654	348,789
Total Revenues	**$8,312,449**	**$7,460,262**	**$6,514,034**

Expenses	FY2025	FY2024	FY2023
Water Utility	$4,853,024	$4,322,517	$4,299,403
Wastewater Utility	2,264,980	2,018,556	1,935,727
Total Expenses	**$7,118,004**	**$6,341,073**	**$6,235,130**

Where does the money come from?

Governmental revenues represent funding the City receives to provide core services to residents. Property taxes are the largest source of governmental revenues followed by sales taxes. The graph below provides a summary of governmental revenues by type for fiscal year 2024-25.



In total, these revenues increased $306,206, or 3%, when compared to the prior fiscal year. The increase is largely attributable to a $260,933 increase in property taxes and a $185,581 increase in operating grants which helped to offset a decrease in charges for services from the prior year.

Property tax revenue increased 4% from the prior year. The property tax rate for fiscal year 2024-25 was $0.2853 per $100 taxable value, which was a decrease from $0.3005 the prior year; however, assessed property values did increase within the City, offsetting the drop in the tax rate.

Sales tax revenue increased 6% from the prior year, as online shopping habits of the residents continue to have a positive impact.

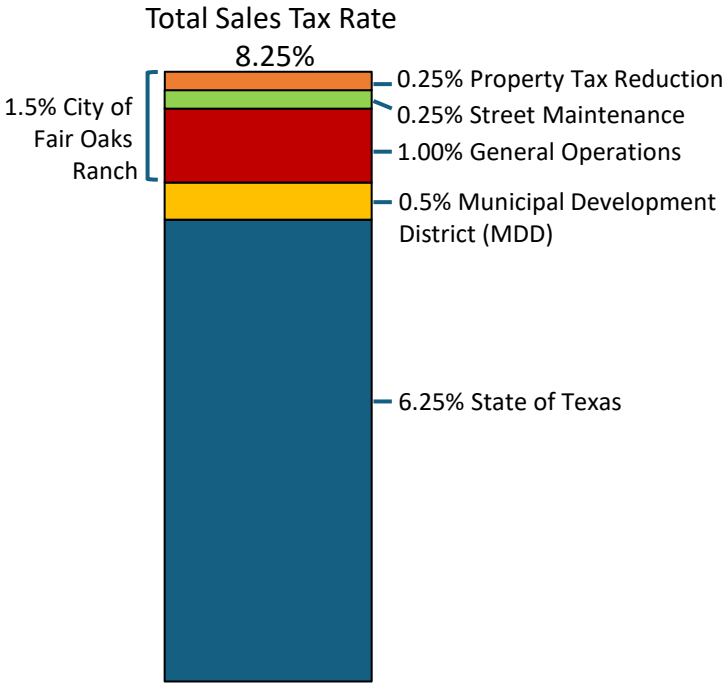
Charges for services decreased by $201,117, or 21%, compared to the prior year. This decline is primarily due to one-time tree mitigation fees received in the previous year, as well as slight decreases in municipal fee and permit revenue.

Grant and contribution revenue increased $185,581, or over 100%, due to a nonrecurring grant from the Municipal Development District for the construction of the gateway feature, and franchise fees also increased by 7%, or almost $50,000, after changing solid waste service providers.

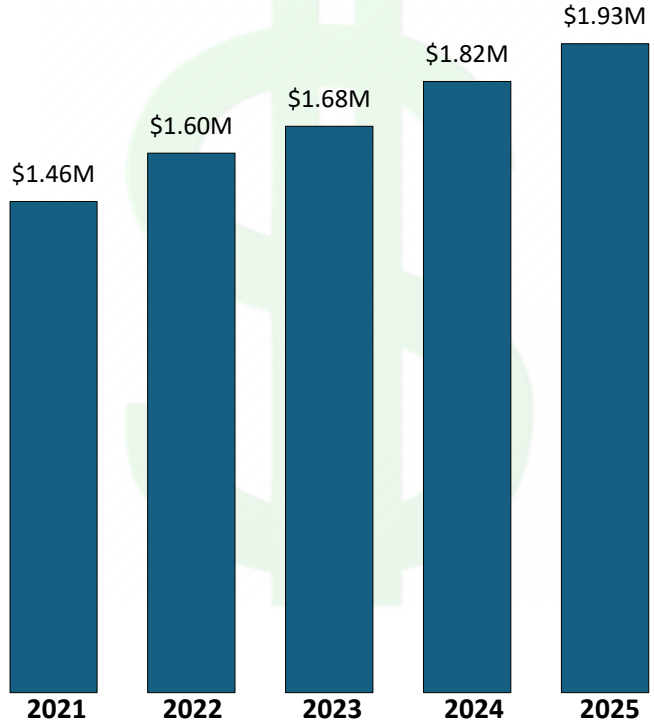
Investment interest revenue has leveled off as investment rates in the governmental investment pools have begun to decline in response to interest rate cuts by the Federal Reserve.

Governmental Revenues

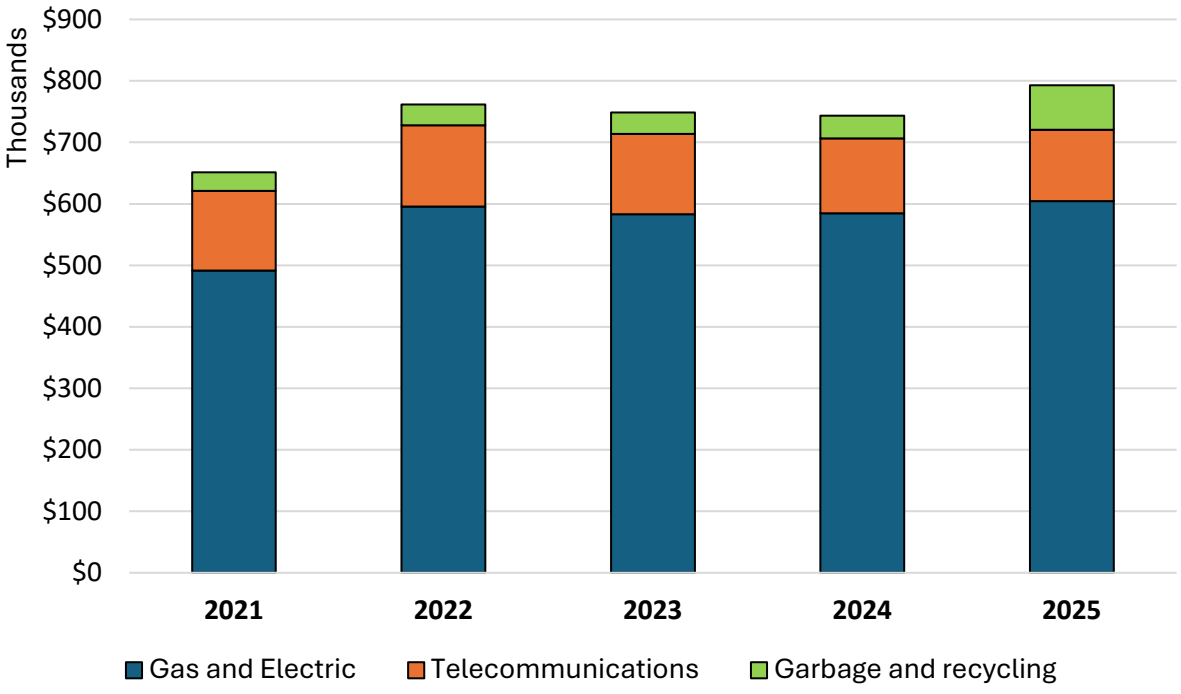
Sales Tax Dollar Distribution



Sales Tax Revenue Over Five Years



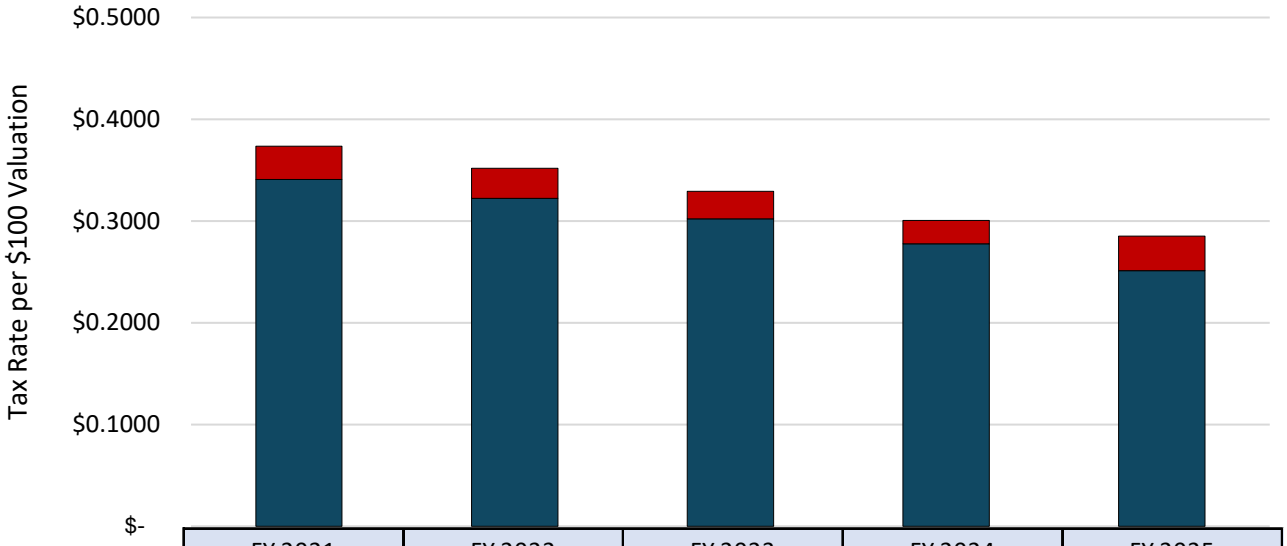
Franchise Fee Revenue Over Five Years



Property Taxes

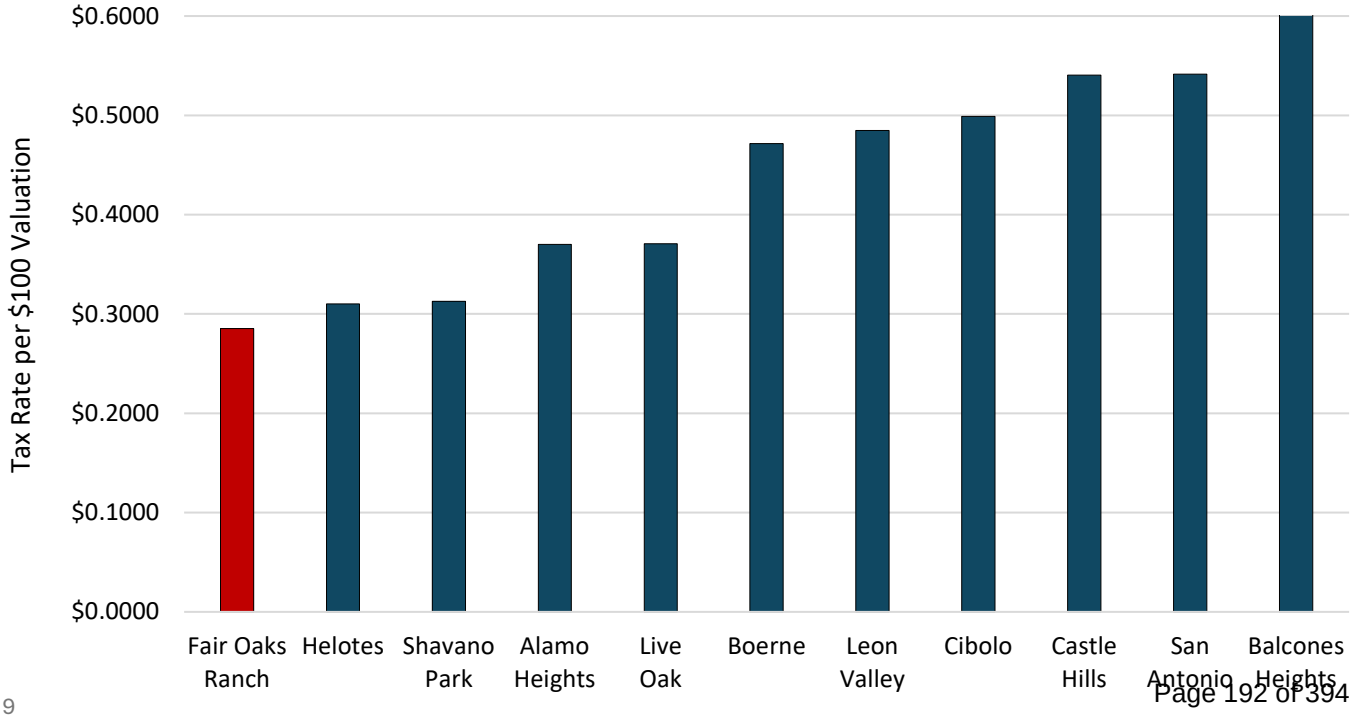
The maintenance and operations (M&O) portion of the City's property tax rate pays for daily operational costs such as personnel, supplies, and maintenance. The debt service (I&S) portion of the tax rate pays for the City's obligation for debt that was issued for roadway improvements.

Fair Oaks Ranch Property Tax Rate History by Year



	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
M&O Rate	$ 0.3409	$ 0.3223	$ 0.3023	$ 0.2776	$ 0.2512
I&S Rate	$ 0.0326	$ 0.0295	$ 0.0268	$ 0.0229	$ 0.0341
Total Rate	$ 0.3735	$ 0.3518	$ 0.3291	$ 0.3005	$ 0.2853

FY 2025 Property Tax Rates for Surrounding Cities

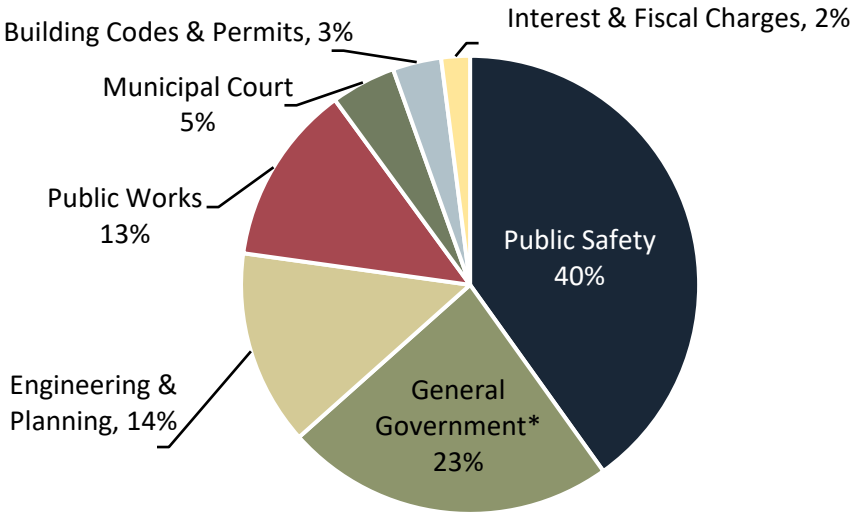


Governmental Expenses

How does the City of Fair Oaks Ranch serve you?

Governmental expenditures are essentially the cost to run daily operations. These expenditures maintain service levels and continuing operations throughout the City. In fiscal year 2024-25, the City's total governmental expenditures were $10.4 million, a $230K increase over the prior year.

Public safety, which includes police and fire/EMS, decreased slightly by 2% due to staff turnover. Municipal court had the largest change in expenses, increasing by $198,940, or 71%. This is primarily due to an adjustment to the allowance for uncollectible court fees, which was made to better align with standard accounting practices. Building Codes, Finance and Administration all experienced increases in expenses as positions that were vacant in the prior year were filled. Information technology expenses included a one-time vulnerability assessment which contributed to the 17% increase in that department year over year, and Engineering and Planning had a 5% increase due largely to the addition of a new staff position, a city planner.



**General Government includes Administration, City Secretary, HR & Communications, Finance, IT, and Non-Departmental*

Major Strategic and Capital Investments Completed or in Progress

Governmental Funds Capital Projects

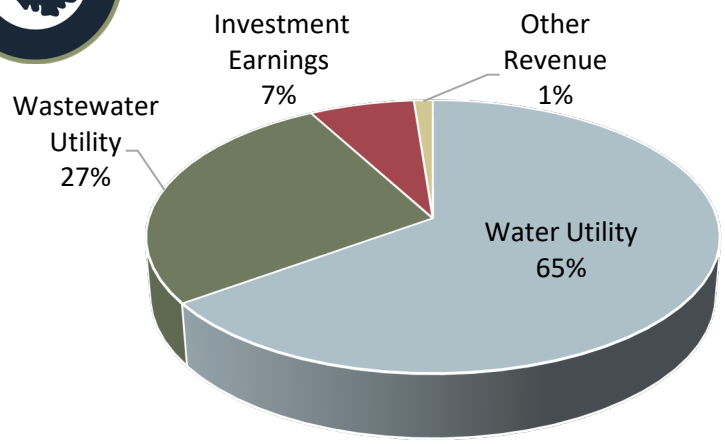
- Tivoli Way drainage project
- Post Oak Trail widening
- Vestal Park Culvert drainage project
- Gateway Monument
- City Hall Renovation
- Battle Intense Roadway reconstruction
- HALT system installed on Rolling Acres Trail
- Phase 2 upgrades at Fire Station 3
- *Community Center and Dietz Elkhorn sidewalk projects were canceled*

Governmental Funds Strategic Projects

- IT Master Plan
- Personnel Manual update
- Compensation Plan update

General Fund Equipment Purchases

- 2025 Ford Explorer (cost shared with Utility)
- Ford F250 Dually
- Permanent Radar Feedback Signs (6)
- 2024 Ford Ranger for Infrastructure Inspector
- Message Board Trailer (cost shared with Utility)
- Boom Lift (cost shared with Utility)
- Water Tank Trailer (cost shared with Utility)

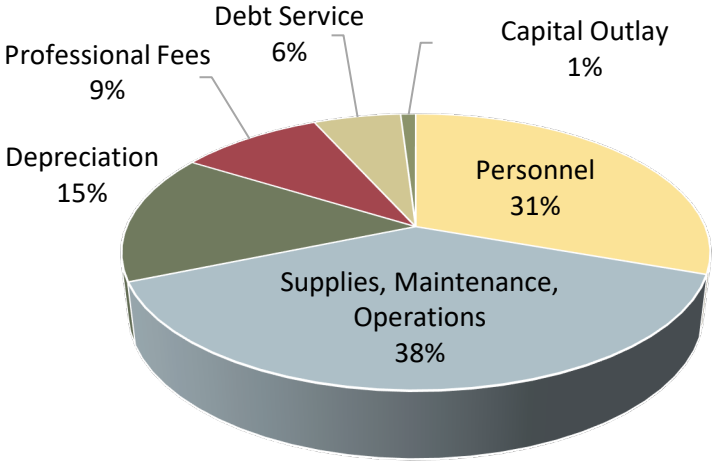


Where does the money come from?

The Utility Fund's main source of revenue is the charge for water and sewer services. Utility rates are set by the City Council. Revenues increased 10% over last year, largely due to an increase in the debt service fee. This fee is used to repay the debt issued to fund major utility infrastructure projects.

Where does the money go?

Services provided by the Utility Fund include water treatment and distribution, wastewater collection and treatment, utility billing and administration. Personnel expenses increased as vacancies from the prior year were filled, while supplies and maintenance expenses rose modestly by $24K. Depreciation expense grew by $104K with the addition of capital assets. Debt service expenses experienced the largest increase - $254K or more than 100%- due to the issuance of Certificates of Obligation during the year.



Major Utility Capital Investments Completed or in Progress

Utility Fund Capital Projects

- Purchased land for the elevated storage tank
- Design for wastewater treatment plant expansion
- Cibolo Creek waterline relocation
- Electrical upgrades to 5 water wells
- Completed design for the SAWS emergency interconnect
- Upgrades to Plant 3 electrical
- Began construction on a major waterline project

Utility Fund Equipment Purchases

- 2 replacement well pumps
- Boom Lift
- Ford Explorer
- Ford F-450 Pickup
- Message Board trailer
- Water Tank trailer

Long-Term Debt

Major capital improvements such as streets, drainage, buildings, and other facilities are often financed by bonds. This funding mechanism allows payment for infrastructure improvements to be made over multiple years, usually over the life of the improvement. The City issues General Obligation (GO) Bonds and Certificates of Obligation (CO) to fund projects. Bond ratings help investors assess the quality and stability of this debt. Standard & Poor's has awarded the City an AA+ credit rating, recognizing its strong financial management and fiscal stability. This high rating enables the City to borrow at more favorable interest rates, ultimately saving taxpayer dollars.

Governmental	Unpaid Principal
Road Reconstruction Bond, Series 2015	$2,575,000
Road Reconstruction Bond, Series 2024	$3,245,000
Total	**$5,820,000**

The series 2015 GO Bond was for major roadway reconstruction. This project was completed in 2019.

The City held a successful bond election on May 4, 2024, for a not to exceed $16 million authorization for roadway reconstruction. The first issuance was $3.55 million. These funds have been designated for use on the following roadways: Dietz Elkhorn Rd, Battle Intense, Ammann Rd, and Rolling Acres Trail. The Battle Intense project has been completed, and design and construction have started on the other projects. The second issuance of the GO Bond is planned for August 2026.

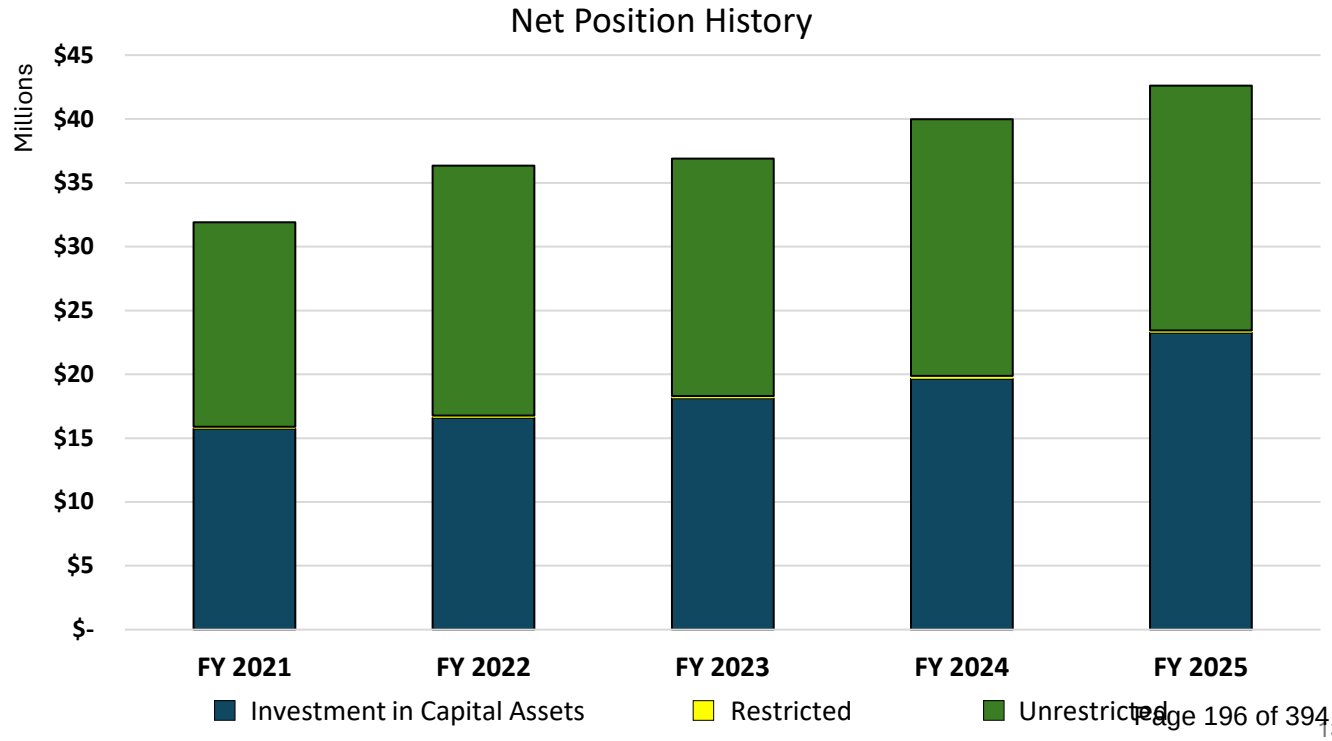
Utility	Unpaid Principal
Utility Capital Lease Refinance, Series 2020	$1,150,000
Utility Certificate of Obligation, Series 2024	$2,825,000
Utility Certificate of Obligation, Series 2025	$7,815,000
Total	**$11,790,000**

The City issued certificates of obligation in 2024 in the amount of $3.7 million to fund water and wastewater utility system improvements. Projects supported by these funds include several water line rehabilitations, and upgrades at a water plant.

In 2025 the City had a second issuance of $7.8 million to continue these projects along with beginning work on the elevated storage tank, two new waterlines, a SAWS emergency interconnect and the wastewater treatment plant expansion.

The difference between the City's assets plus deferred outflows of resources and its liabilities plus deferred inflows of resources is reported as net position. In simpler terms, Net position is what the City "owns" minus what it "owes." A positive net position means that the City has more value than debt. Changes in net position show whether the City's financial condition is improving or declining over time. In fiscal year 2025, the City had a positive net position of $42,614,035, an increase of 2.6 million over the prior year. The City's net investment in capital assets represents $23,254,742, over half of the total net position. While these assets are not available for future spending, they support the delivery of services to residents and the City's day-to-day operations.

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
Governmental activities					
Net investment in capital assets	$ 12,059,408	$ 9,594,671	$ 8,589,537	$ 8,025,653	$ 7,647,912
Restricted	177,394	235,514	192,536	166,961	153,339
Unrestricted	10,583,394	11,446,109	10,513,316	10,823,373	8,669,250
Total Governmental Net Position	$ 22,820,196	$ 21,276,294	$ 19,295,389	$ 19,015,987	$ 16,470,501
Business-Type Activities					
Net investment in capital assets	$ 11,195,334	$ 10,043,345	$ 9,524,748	$ 8,572,922	$ 8,081,383
Unrestricted	8,598,505	8,667,267	8,066,675	8,754,416	7,353,325
Total Business-Type Net Position	$ 19,793,839	$ 18,710,612	$ 17,591,423	$ 17,327,338	$ 15,434,708
City					
Net investment in capital assets	$ 23,254,742	$ 19,638,016	$ 18,114,285	$ 16,598,575	$ 15,729,295
Restricted	177,394	235,514	192,536	166,961	153,339
Unrestricted	19,181,899	20,113,376	18,579,991	19,577,789	16,022,575
Total City Net Position	$ 42,614,035	$ 39,986,906	$ 36,886,812	$ 36,343,325	$ 31,905,209



Definition of Key Terms

Capital Assets - Assets of a long-term character which are intended to continue to be held or used. Examples of capital assets include items such as land, buildings, machinery, furniture and other equipment

Expenditure - Funds spent in accordance with the budgeted appropriations on assets or goods and services obtained

Fiscal Year - A 12-month period in which the annual operating budget applies. The City of Fair Oaks Ranch has established October 1 through September 30 as its fiscal year

Franchise Fee - A fee paid by public service businesses for the use of City streets, rights-of-way and property in providing their services to the citizens of the City. Services requiring franchises include electricity, telephone, cable television, sanitation, water and wastewater

Fund - An accounting entity with a self-balancing set of accounts that record financial transactions for specific activities or government functions

Fund Balance - The difference between a fund's assets and liabilities

General Fund - The operating fund of the City that accounts for the ordinary maintenance and operations of the City that are financed from taxes and other general revenues. It is used to account for all financial resources except those required to be accounted for in another fund

Governmental Activities - Activities generally financed through taxes, intergovernmental revenues, and other nonexchange revenues

Net Position - The difference between an entity's assets plus deferred outflows of resources and its liabilities plus deferred inflows of resources. Net position has the following three components: net investment in capital assets; restricted net position; and unrestricted net position

Operating Grants - Revenues that are restricted for use in a particular program arising from mandatory and voluntary non-exchange transactions with other governments or organizations

Property Tax - Ad valorem tax levied on both real and personal property according to a property's valuation and the tax rate

Restricted Net Position - The net position of restricted assets; those assets subject to constraints that are either externally imposed by resource providers or imposed by law or enabling legislation

Unrestricted Net Position – The difference between total net position and its two other components (net investment in capital assets and restricted net position)

Utility Fund - A separate accounting and financial reporting mechanism for business-like municipal services in which a fee is charged in exchange for goods or services, such as water and wastewater











Contact Us

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Non-Emergency Police & After-Hours Utilities Dispatch:
(830) 249-8645

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https://www.youtube.com/channel/UCDqRvLvReqxrh1lbajwshKA

View Upcoming Meeting Details Here:
https://www.fairoaksranchtx.org/calendar.aspx?CID=14,

City Council meetings take place on the 1st and 3rd Thursdays of the month at 6:30pm. All meetings are live-streamed on the YouTube Channel.

CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC:	Consideration and possible action approving a resolution amending Chapter 8 Leave of the City of Fair Oaks Ranch Personnel Policies related to extended military leave
DATE:	March 19, 2026
DEPARTMENT:	Human Resources
PRESENTED BY:	Joanna Merrill, PSHRA-SCP, Director of Human Resources

INTRODUCTION / BACKGROUND:
The City Council adopted comprehensive updates to the City's Personnel Policies Manual in 2025. Since that time, staff has continued to review operational practices and regulatory requirements and has brought forward targeted amendments as needed to maintain legal compliance and administrative clarity. Staff now proposes amendments to Chapter 8 Leave **(Exhibit A)** to clarify the City's Extended Military Leave provisions and ensure consistency with the Uniformed Services Employment and Reemployment Rights Act (USERRA) and applicable Texas law.

The proposed amendments clarify the distinction between statutory paid military leave provided under Texas Government Code §437.202 and extended military leave that remains job-protected under federal USERRA protections. The revisions confirm that eligible employees receive up to fifteen (15) working days of statutory paid military leave per federal fiscal year and clarify that additional military service beyond the statutory paid leave period will be administered as unpaid but job-protected leave in accordance with USERRA.

The amendments also clarify how the City measures statutory military leave by specifying that the fifteen (15) days of paid military leave are measured in working days rather than calendar days. This clarification ensures the City administers the leave consistently with state law and prevents unintended reductions in leave availability when military service occurs over weekends or scheduled days off. The revisions also reinforce the employee reinstatement rights provisions already established under USERRA and confirm the City's obligation to restore eligible employees to the position they would have attained had their employment not been interrupted by military service.

These updates improve policy clarity, ensure compliance with federal and state law, and provide departments with clearer administrative guidance for administering military leave and employee reinstatement following military service.

Staff recommends approval of the proposed amendments to Chapter 8 Leave to enhance policy clarity, ensure regulatory alignment, and strengthen operational consistency across the organization.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:

- Consistent with Strategic Action Plan Priority 5.1 to Evaluate and Implement Key HR Programs that Promote Organizational Design and Development.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

LEGAL ANALYSIS:
The resolution is approved as to form by the City Attorney's office.

Policy Sections 8.00 definitions and 8.08 were reviewed by the City Attorney's office.

RECOMMENDATION / PROPOSED MOTION:
I move to approve a resolution amending Chapter 8 Leave of the City of Fair Oaks Ranch's Personnel Policies related to extended military leave.

A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS AMENDING CHAPTER 8 LEAVE OF THE CITY OF FAIR OAKS RANCH PERSONNEL POLICIES RELATED TO EXTENDED MILITARY LEAVE

WHEREAS, the City adopted comprehensive updates to the Personnel Policies in 2025, and, since then, staff has continued to evaluate operational practices, monitor legal and regulatory developments, and assess organizational needs to ensure the policies remain current, compliant, and aligned with best practices in municipal governance; and

WHEREAS, Chapter 8 Leave, attached hereto as **Exhibit "A,"** of the City's Personnel Policies governs employee leave benefits, including but not limited to vacation leave, sick leave, military leave, family and medical leave, and other authorized leave categories; and

WHEREAS, staff has identified certain amendments to Chapter 8 necessary to clarify policy language, ensure consistency with applicable federal and state law, regarding the Uniformed Services Employment and Reemployment Rights Act (USERRA), and applicable provisions of the Texas Local Government Code; and

WHEREAS, the proposed amendments are intended to improve administrative clarity, ensure consistent application across departments, support employee understanding of leave benefits and obligations, and protect the City from legal and operational risk; and

WHEREAS, the City Council finds that adopting the proposed Personnel Policy amendments are in the best interest of the City. .

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

Section 1. The City Council hereby adopts amended Chapter 8 Leave, attached hereto as **Exhibit "A,"** of the City of Fair Oaks Ranch Personnel Policies.

Section 2. That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

Section 3. If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.

Section 4. That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 5. All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.

Section 6. This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 7. This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 19th day of March 2026.

_____

Gregory C. Maxton, Mayor

ATTEST:

_____

Christina Picioccio, TRMC
City Secretary

APPROVED AS TO FORM:

_____

Denton Navarro Rodriguez Bernal Santee & Zech P.C., City Attorney

Exhibit A

8.00 LEAVE

8.01 GENERAL POLICY

Leave is a benefit intended to provide employees time away from the work environment to pursue activities that will promote the wellbeing of the employee. Use of leave benefits on a regular basis is encouraged and shall not be unreasonably denied. Violations of this policy may result in disciplinary action.

8.02 DEFINITIONS

Initial Employment Period is a period of six months commencing with the employee's first day of employment.

Leave Time is either sick leave, vacation leave, bereavement leave, administrative leave, FMLA leave, or military leave. Leave time is time during normal working hours in which an employee is not in the work center and does not engage in the performance of job duties. Leave time may be either paid or unpaid.

Paid Leave is the authorized time off from work that an employee is compensated for, even though they are not actively working.

Unpaid Leave is an authorized time off from work where an employee does not receive regular wages or salary during the absence. Unpaid leave is typically used when an employee has exhausted their paid leave options.

Sick Leave is the authorized time off from work that an employee can take when they or a qualified member of household are ill, injured, or need medical care such as doctor's appointments or recovery from a medical procedure.

Vacation Leave is the authorized time off from work that an employee takes for personal rest, relaxation, or travel.

FMLA is job protected unpaid leave under the Family and Medical Leave Act.

Military Leave is job-protected leave ~~under the Family and Medical Leave Act for eligible employees with family members in the military. It includes two types of leave: Qualified Exigency Leave or Military Caregiver Leave.~~governed by the Uniformed Services Employment and Reemployment Rights Act (USERRA). This definition does not include military-related FMLA leave, which is addressed separately under Section 8.06.

Administrative Leave is a temporary authorized absence from work. Administrative Leave can be either paid or unpaid.

Leave of Absence is an approved period of time, typically in weeks or months, that an employee takes off from work, either in paid or unpaid status.

Excused Absence - Those hours or days when an employee is excused from being present during work time. Examples include vacation, sick, holiday, civil duty, etc. An excused absence may be with or without pay, depending on the circumstances that led to the absence.

Unexcused Absence - Those hours or days when the employee is absent from regular duty without permission of their Department Head. Employees are not paid for unauthorized absences, and such absences are subject to disciplinary action. Examples include tardiness; unauthorized absence, absence resulting from detention in a county, state or federal prison, etc.

8.03 APPROVAL OF LEAVE

8.03.01 Sick and Vacation Leave must be approved by the employee's supervisor.

8.03.02 Supervisors are responsible for verifying employees have adequate leave balances before approving leave.

8.04 VACATION LEAVE

8.04.01 Vacation leave accrues at the following rate for regular full-time employees:

Length of Service	Accrual Rate (hours per pay period)	Annual Accrual
0 to 5 years of service	4.62 hours/PP	120 hours
6 to 10 years of service	6.16 hours/PP	160 hours
11 to 15 years of service	7.70 hours/PP	200 hours
16 to 20 years of service	9.23 hours/PP	240 hours
21+ years of service	10.77 hours/PP	280 hours

8.04.02 Temporary and part-time employees do not earn vacation leave.

8.04.03 Employees in unpaid leave or Admin Leave status will not accrue vacation leave.

8.04.04 Except for FMLA leave, employees may not be in unpaid leave status while they have a vacation leave balance.

8.04.05 Employees in workers' compensation status will not accrue leave.

8.04.06 The maximum accrual balance of leave may not exceed the maximum rate of accrual in a two-year period. Leave will not be added to an employee's leave balance

once they achieve the maximum accrual balance.

8.04.07 Vacation leave is customarily not granted during the initial employment period. Requests for leave during the initial employment period should be granted based on exceptional circumstances and will be approved by a Department Head.

8.04.08 Vacation leave must be scheduled and approved in advance. Supervisors are responsible for publishing and maintaining work center vacation schedules. A vacation leave request in excess of 10 working days must be submitted by the employee 30 days in advance.

8.04.09 Vacation leave will be charged in ¼ hour (0.25 hour) increments. Vacation leave used may not exceed the balance that has been accrued.

8.04.10 Upon voluntary separation of employment, employees will be paid the balance of unused accrued vacation leave at the hourly rate of pay the employee was earning at the time of separation.

8.05 SICK LEAVE

8.05.01 Regular full-time employees earn and may use sick leave benefits starting on their date of employment. Temporary and part-time employees do not earn sick leave. Employees using sick leave are in paid status. Sick leave accrues at the rate of 4.00 hours per pay period.

8.05.02 Employees may use sick leave when absent from work due to:

- Personal illness or physical or mental incapacity,
- Medical, dental, or optical examinations or treatments,
- Physical therapy if prescribed by a physician, or
- Illness of immediate family member or any other relative of the employee who resides in the employee's household and requires the employee's personal care and attention.

8.05.03 Employees may accumulate an unlimited balance of sick leave – there are no sick leave caps. Accumulated sick leave balances are not paid to employees upon termination of employment.

8.05.04 Requests to use sick leave for non-emergency reasons should be made and secured at least one workday in advance when possible.

8.05.05 Employees must inform their supervisor as soon as possible via phone call, text message or email that they will need to use sick leave and the expected duration of the absence. If the period of absence needs to be extended, employees must notify their supervisor not later than four hours prior to their next scheduled shift.

8.05.06 Failure to provide notice may result in the employee being placed into a leave-without-pay status. Upon returning to work and before the end of the pay period, employees who have been absent on sick leave must complete the required sick leave

approval form.

8.05.07 Sick leave will be charged in ¼ hour (0.25 hour) increments, not to exceed the employee's normally scheduled hours for that day. The use of sick leave will not be considered hours worked in the calculation of overtime.

8.05.08 If a sick leave absence exceeds three days or if a pattern of sick leave abuse arises, a Department Head may request a written physician's note certifying the employee's illness or fitness for duty.

8.05.09 Abusing sick leave for purposes other than legitimate reasons outlined in this policy is prohibited.

8.05.10 If sick leave balances have been exhausted, employees may use vacation leave (if available) in lieu of un-paid leave.

8.05.11 When an employee is on vacation leave and an authorized reason for sick leave occurs, the employee may be granted sick leave for the duration of time needed to address the illness. Changes in leave type must be approved by the supervisor.

8.05.12 Supervisors shall notify Human Resources if an employee is absent for more than three consecutive days on sick leave or become aware of a potential FMLA eligible condition.

8.06 FAMILY AND MEDICAL LEAVE

8.06.01 General Policy.

1. The Family and Medical Leave Act of 1993 (FMLA) (including subsequent amendments) provides ***eligible*** employees the right to take an unpaid, job-protected leave of absence for specified family and medical reasons with a continuation of group health insurance coverage under the same terms and conditions as if they had not taken leave.

2. Eligible employees reporting back to work from FMLA leave are entitled to be returned to the same position the employee held before the FMLA leave started, or moved to an equivalent position with equivalent pay, benefits, and other terms and conditions of employment as provided by the Act.

3. The Human Resources Department will implement FMLA leave administrative procedures consistent with this policy.

8.06.02 Family and Medical Leave – Eligibility and Qualifying Circumstances

1. In order to qualify for family or medical leave under this policy, employees must meet the minimum ***conditions*** in the ACT.

2. The 12-month eligibility period for leave will be computed as a ***rolling 12-month period*** measured backward from the date leave is used.

3. To qualify for ~~basic~~ family medical leave under this policy, leave may be granted for any one of the ***reasons*** listed in the Act.

8.06.03 Length of Qualified Leave

Eligible employees are entitled to up to 12 weeks of leave within a 12-month rolling period for reasons defined in the Act except for military care giver leave. Eligible employees are entitled to up to 26 weeks of military care giver leave as defined in the Act, within a 12-month rolling period.

8.06.04 Employee Status and Benefits During Qualified Leave

1. Employee Status

    - Should the employees' circumstances change at any time during the FMLA leave period, or if an employee has decided or is otherwise unable to return from FMLA leave, immediate notice to the Human Resources Department is required.
    - The City, periodically through the course of FMLA leave, may request the employee to verify their intent to return to City employment and may require recertification or follow-up confirming the conditions of the medical qualifying event.
    - The employee is responsible for providing appropriate documentation and responding to the City's requests. Failure to provide appropriate documentation may result in a denial of FMLA leave.

2. Employee Benefits

    - Health Benefits
        - While an employee is on FMLA leave, the City will continue the employee's health benefits during the leave period at the same level and under the same conditions as if the employee had continued to work. All Health payments will continue to be deducted from the employee's paycheck for as long as the employee remains in paid status.
        - If an employee goes into leave without pay status, the employee must continue to pay the employee share of premiums. These may be deducted, where possible, from the paycheck issued just prior to commencement of the FMLA leave or paid directly to the City. In the event advance deductions or payments are not made, premiums will be deducted from the first full paycheck upon return to work. Pay cannot be reduced below minimum wage and therefore may require more than one pay period to recover payroll deductions.

- If at any time FMLA leave goes into unpaid status, the employee will be notified in writing and required to make the employee's share of the Health premium payment. The employee will then have a 30-day grace period in which to make the payment. If payment is not made within this timeframe, the employee's health care coverage may be cancelled, provided the City notifies the employee in writing at least 15 days before the date on which the health care coverage will lapse.

- Supplemental Life or Supplemental Insurance (AFLAC)
  - Premiums must be paid during an employee's leave without pay.
  - Payment must be received by the first of the month by cash, personal check or credit card, or through payroll deduction. The City will not advance premiums to the carrier if those premiums are not paid timely by the employee.
  - If payment is not received by the due date, the employee must contact the carrier to determine status and continuation of coverage.

- Flexible Spending Account
  - If the employee has elected to pay into a Flexible Spending Account, the amounts specified to be withheld each pay period must be continued at the originally designated rate for the duration of leave without pay.
  - Since these deductions are withheld from pre-tax dollars, whenever possible, deductions will be made in advance of the employee going into leave without pay status.
  - If funds are not available for these deductions to be taken in advance, all amounts will be deducted from the employee's first paycheck upon return to work. Pay cannot be reduced below minimum wage and therefore may require more than one pay period to recover payroll deductions. In the event an employee does not return to work all applicable deductions will be made from the employee's final paycheck.

- 457 Deferred Compensation Plan
  - If the employee has elected to contribute to a 457 Deferred Contribution Plan, contributions will be deducted as normal while in paid status.
  - If the employee goes into leave without pay status, all contributions will be discontinued for the period of leave without pay. Upon return to work, contributions will commence at the previously designated amount.
- TMRS Contributions
  - Leave without pay can affect TMRS service credit, as time spent in a non-paid status may not be considered creditable service for retirement purposes, depending on the length and circumstances of the leave.

- All contributions will be discontinued for the period of leave without pay. Upon return to work, contributions will commence at the previously designated rates.

8.06.05 FMLA - Use of Paid or Unpaid Leave

1. An employee authorized for FMLA leave must use available sick leave and personal holidays prior to using leave without pay (unpaid FMLA leave). Employees may use vacation leave prior to using unpaid FMLA leave.

2. Once an employee elects to go into a leave without pay status (unpaid FMLA leave), they cannot later change their mind and decide to intermittently or in full use their vacation leave during the FMLA leave qualifying event.

8.06.06 FMLA - Intermittent Leave or Reduced Work Schedule

1. When intermittent FMLA leave is necessary and authorized due to the serious health condition of the employee or qualified family member of the employee, the employee may take FMLA leave on an intermittent basis per processing increments of ¼ hour (0.25 hours).
2. An employee may request a reduced hours work schedule for the birth, adoption, or foster care of a child; however, reduced hour work schedule must be mutually agreed upon by both the City and employee and must be taken in a single block of time.

8.06.07 Certification of the Serious Health Condition

1. The City will use Department of Labor published forms for certification of serious health conditions.
2. If the certificate does not include all required information needed to make the FMLA leave eligibility determination, the City will contact the employee who will be responsible for obtaining the information from the health care provider within a reasonable length of time.
3. The City has the right to ask for a second opinion if it has reason to doubt the certification. The City will pay for the employee to get a certification from a second doctor selected by the City.
4. If necessary to resolve a conflict between the original certification and the second opinion, the City will require the opinion of a third doctor. The City and the employee will jointly select the third doctor, and the City will pay for the opinion. This third opinion will be considered final.

8.06.0812Certification of Military Related FMLA Leave

1. The City requires the employee to provide a copy of the covered military member's active-duty orders or other documentation issued by the military that indicates that the covered military member is on active-duty or called to active-duty status in support of a contingency operation, and the dates of the covered military member's

active-duty service.

2. The employee must respond to requests for certification within 15 calendar days of notice or provide a reasonable explanation for the delay. Failure to provide certification may result in a denial of FMLA leave.

8.06.0912Responsibilities

1. Employees: It is the responsibility of the employee to promptly notify his/her supervisor of the request for time off required for family or medical reasons and to produce any required medical certifications within the time limits provided by the FMLA. If the employee intends to retain or use vacation leave in FMAL status, it is their responsibility to notify payroll in advance of the payroll processing.
2. Supervisors: It is the responsibility of the supervisor to notify Human Resources immediately once they become aware of requested leave due to family or medical reasons. If an employee calls-in sick for more than three consecutive workdays, and the employee's supervisor becomes aware of a potential FMLA qualified leave, then the supervisor shall notify the Human Resources Department immediately.
3. Human Resources: It is the responsibility of the Human Resources Department to notify the employee of his/her eligibility to take a designated family medical leave of absence within five business days of the date an employee requests FMLA leave, or when notified by the supervisor.
    - The City may, where information suggests an absence is a qualifying condition, initiate FMLA leave for employees. Such FMLA leave designation shall not be declined by the employee.
    - If the supervisor is not aware of the reason for leave, or if the employee requests FMLA leave retroactively, leave may be designated retroactively only while the leave is in progress or within three business days of the employee's return to work.
    - FMLA leave will only be considered for absences dating back no more than 15 days from the date the FMLA leave was approved by the City.
    - Calls to either the supervisor or the Human Resources Department by persons other than the employee will be accepted when the employee or other person can demonstrate the employee was incapacitated due to a serious medical condition and not able to report.

8.07 EXTENDED LEAVE OF ABSENCE

8.07.01 General Policy

1. The City recognizes that there may be situations where an employee needs to take extended time away from work for personal reasons that may not be covered by sick leave, vacation leave, FMLA leave, ADA accommodations, worker's compensation or any other formal remedy.
2. Employees who have been employed by the City for at least two years may be eligible for an extended, unpaid leave of absence.
3. An extended leave of absence may be granted following the completion of a

qualified FMLA leave.

4. Extended leave of absence requests shall be made in writing to include a description of circumstances to the employee's Department Head. The request will be reviewed and may be approved by the City Manager.

8.07.02 Qualifying Extended Leave of Absence Circumstances

1. Sabbatical leave,
2. Treatment of health conditions or recovery from treatment,
3. Care for a family member with a serious health condition,
4. Education,
5. Family emergencies, or
6. Employee has not taken an extended leave of absence in the past five years.

8.07.03 Length and Employee Status During Extended Leave of Absence

1. Extended leaves of absences may not exceed 90 days in duration.
2. Employees must exhaust their vacation leave before requesting an extended leave of absence and before entering unpaid status.
3. Accrued sick leave may be used and exhausted for health or health care related circumstances before entering unpaid status.
4. Employees in unpaid extended leave status may continue to receive City benefits such as Health benefits and supplemental insurance benefits so long as they pay the full premiums for said benefits (i.e. COBRA insurance coverage).
5. Employees wishing to end the extended absence leave early must give their Department Head at least two-weeks notice.
6. Upon return to work, employees will be reinstated to their position to include pay and benefits status.
7. Employment while on extended absence leave will be grounds for immediate dismissal of City employment.

8.08 EXTENDED MILITARY LEAVE

8.08.01 Employees who are qualified members of uniformed services, have applied for membership in the uniformed services, or have obligations to serve in the uniformed services may be entitled to an extended leave of absence from their City duties in accordance with the Uniformed Services Employment and Reemployment Rights Act (USERRA) and applicable state law. The Uniformed Services Employment and Reemployment Rights Act (USERRA) and State law define uniformed services and eligibility requirements., ~~without loss of time, seniority, benefits, or salary based on their uniformed services duties. The Uniformed Services Employment and Reemployment Rights Act (USERRA) and State law defines uniformed services and eligibility requirements.~~

8.08.02 Eligible employees are entitled to up to fifteen (15) working days of paid statutory military leave per federal fiscal year, in accordance with Texas Government Code §437.202, for active duty, active-duty training, or inactive duty training. Additional military leave beyond the statutory paid leave period will be unpaid but job-protected in

accordance with USERRA.
~~employees may use 15 calendar days of extended military leave per year for active duty, active-duty training, or inactive duty training. This can be extended under certain conditions in accordance with USERRA.~~

~~8.08.03 Employees shall not lose pay while on extended military leave, not to exceed 15 days annually. The City will reimburse employees for any shortfall in compensation from military pay received and their monthly rate of City pay. Employees will provide the City documentation of all pay received while on extended military leave.~~
8.08.03 Employees shall receive their full regular rate of City pay while using statutory paid military leave, not to exceed fifteen (15) working days per federal fiscal year. The City does not require reimbursement of City wages when an employee also receives military pay for the same period of service.

8.08.0~~4~~ Employees performing eligible service in the uniformed services may continue coverage under the City's health plan for up to 24 months. The City will pay the premium through the end of the first month of eligible absence and the employee, if they wish to participate, will reimburse the City for the monthly premium (i.e. COBRA insurance coverage) for the remainder of the eligible absence~~.~~, consistent with USERRA continuation coverage provisions.

8.08.0~~5~~4 An employee who has been absent from their City position due to qualified service in the U.S. Armed Services is eligible for reemployment if: the employee provided advanced notice of their service to the City; the cumulative service is five years or less; the employee timely returns to work or re-applies for work after the service; and the employee's separation or dismissal from service does not disqualify the employee. Eligible employees will be restored to the position they would have attained had continuous employment not been interrupted by military service, consistent with USERRA. Human Resources shall consult with the City Attorney about each reemployment situation.

8.08.0~~6~~5 Returning service members have a set period of time in which to report back to work to preserve their reemployment rights. The City will accept a verbal or written notification as application to return to their City position. Application shall be made to the Human Resources Department. Employees who served more than 180 days must provide application not later than 90 days after completing service. Employees who served more than 30 days, but less than 181 days must provide application not later than 14 days after completing service, unless it is impossible or unreasonable for the employee to do so, in which case the employee must submit application not later than the next full calendar day after it becomes possible to do so. Employees who served less than 30 days must submit application not later than the second day of the first full, regularly scheduled work period.

8.09 CIVIC DUTY LEAVE

8.09.01 Employees are granted civic duty leave with pay for jury duty, when subpoenaed to testify before a grand jury at a criminal trial, or in a civil case in which the

City is a party. Any wage received for jury duty shall be remitted to the City.

8.09.02 Employees are granted two (2) hours of civic duty leave to vote in a regular or special federal, state, or local election. Employees must coordinate with their supervisors before taking civic duty leave.

8.09.03 When an employee has completed civic duty leave for the day, and the total accumulated time for civic duty and work time has not reached their normally scheduled work hours, they must report to the City for duty to complete the remaining work hours, or take vacation leave to accumulate the required paid hours. Employees who expect to be absent from work for more than one workday on civic duty leave must notify their supervisor daily and at the beginning of the workday.

8.09.04 When an employee is absent for serving as an authorized subpoenaed witness or for jury duty, if asked by a supervisor they must provide documentation of actual time served when they return to duty.

8.10 BEREAVEMENT LEAVE

8.10.01 If an employee experiences a family member's death, the employee is authorized to take five working days of paid leave to grieve and attend to necessary arrangements. Bereavement leave will be taken in consecutive days and may not be used intermittently. Employees may be asked to provide documentation supporting a bereavement leave request and if asked they shall present it to their Department Head within five business days from the date they return to work.

8.10.02 Employees may supplement bereavement leave with additional paid or unpaid leave if extra time is needed. Additional time shall be approved by the employee's Department Head.

8.10.03 For purpose of bereavement leave eligibility, "family" is a spouse, parent, grandparent, child, grandchild, sibling, equivalent relations of a spouse (e.g. in-laws) or any person in the employee's household who was dependent on the employee for care.

8.11 ADMINISTRATIVE LEAVE

8.11.01 The City Manager may authorize administrative leave, with or without pay, when warranted by unforeseen circumstances not otherwise provided for in these policies.

8.12 JOB ABANDONMENT

8.12.01 Unauthorized absence from work exceeding three consecutive workdays without the employee notifying a supervisor or the Human Resources Department will be

considered job abandonment and will be treated as a voluntary resignation. Prior to dismissal for job abandonment, the Human Resources Department will make reasonable efforts to contact the employee to determine if there are mitigating circumstances (i.e. employee is incapacitated). Exceptions due to mitigating circumstances may be approved by the City Manager.



Personnel Policies Updates

Consideration:

Ch. 8 Leave

Joanna Merrill, PSHRA-SCP

Human Resources Director

Ch. 8 – Leave

AMEND: Section 8.08 Extended Military Leave

- Distinguishes statutory paid leave from extended unpaid military leave by:
  - Confirming "up to fifteen (15) working days of paid military leave" per fiscal year and clarifying that any additional service time is unpaid, but job protected leave under USERRA.
- Standardizes how statutory military leave is measured
  - Working days vs. calendar days

Ch. 8 – Leave

AMEND: Section 8.08 Extended Military Leave

- Reinforces existing USERRA reinstatement rights provisions already established under USERRA
    - Requires restoration to the position the employee would have attained if military service had not interrupted employment.

Recommendation/Proposed Motion

I move to approve a resolution amending Chapter 8 Leave of the City of Fair Oaks Ranch's Personnel Policies.

CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC:	Consideration and possible action approving a resolution amending Chapters 3, 10 and 11 of the City of Fair Oaks Ranch's Personnel Policies related to Commercial Driver's Licenses
DATE:	March 19, 2026
DEPARTMENT:	Human Resources
PRESENTED BY:	Joanna Merrill, PSHRA-SCP, Director of Human Resources

INTRODUCTION / BACKGROUND:
The City Council adopted comprehensive updates to the City's Personnel Policies Manual in 2025. Staff has continued to evaluate operational practices and regulatory requirements and will continue to present targeted amendments to the City Council as needed to maintain legal compliance and operational clarity.

The City has expanded in-house operational capacity in recent years and has increased its use of larger and more specialized fleet vehicles to improve responsiveness, efficiency, and cost control. As these operational changes have matured, certain positions within Maintenance, Utilities, and related departments now operate Commercial Motor Vehicles (CMVs) that meet federal thresholds requiring a Commercial Driver's License (CDL). These vehicles trigger compliance obligations under the U.S. Department of Transportation (DOT) and the Federal Motor Carrier Safety Administration (FMCSA), including mandatory medical certification, drug and alcohol testing, and Clearinghouse participation requirements.

To ensure full regulatory compliance and to establish clear internal standards, staff proposes amendments to Chapters 3, 10, and 11 of the Personnel Policies Manual to formally implement a structured CDL program.

Chapter 3 Hiring Practices

- ADD / AMEND multiple sections to establish a formal CDL program, including DOT medical certification requirements, FMCSA required pre-employment drug testing, Clearinghouse queries, enhanced motor vehicle record reviews, and ongoing certification requirements for CDL-designated positions.

Chapter 10 Health and Safety

- ADD Section 10.07 Drug and Alcohol-Free Workplace to align post-accident, reasonable suspicion, and random testing requirements with DOT/FMCSA regulations for CDL-designated positions.

Chapter 11 Use of City Property

- ADD Section 11.03 and related provisions to establish CDL-eligibility standards, licensing and medical certification requirements, reporting obligations, disqualification standards, compliance expectations for employees operating CMVs, and alignment with applicable federal and state regulations.

These amendments apply to employees in designated CDL positions and will take effect upon City Council approval. Following adoption, staff will implement the program, update procedures, and provide internal guidance to ensure consistent compliance across affected departments.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:

- Consistent with Strategic Action Plan Priority 5.1 to Evaluate and Implement Key HR Programs that Promote Organizational Design and Development

LONGTERM FINANCIAL & BUDGETARY IMPACT:
None

LEGAL ANALYSIS:
The resolution is approved as to form by the City Attorney's office.

Policy Sections 3.02, 3.07, 3.08, 8.08, 10.07, and 11.03 were reviewed by the City Attorney's office.

RECOMMENDATION / PROPOSED MOTION:
I move to approve a resolution amending Chapters 3, 10 and 11 of the City of Fair Oaks Ranch's Personnel Policies related to Commercial Driver's Licenses.

A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS AMENDING CHAPTERS 3 HIRING PRACTICES, 10 HEALTH AND SAFETY, AND 11 USE OF CITY PROPERTY SECTIONS OF THE CITY OF FAIR OAKS RANCH'S PERSONNEL POLICIES RELATED TO COMMERCIAL DRIVER'S LICENSES

WHEREAS, the City adopted comprehensive updates to the Personnel Policies in 2025, and, since then, staff has continued to evaluate operational practices, monitor legal and regulatory developments, and assess organizational needs to ensure the policies remain current, compliant, and aligned with best practices in municipal governance; and

WHEREAS, staff has identified necessary amendments to Chapters 3 Hiring Practices, 10 Health and Safety, and 11 Use of City Property to implement a formal Commercial Driver's License (CDL) program and to ensure compliance with applicable Department of Transportation, Federal Motor Carrier Safety Administration, and related federal and state regulatory requirements governing the operation of Commercial Motor Vehicles; and

WHEREAS, the proposed amendments are intended to establish clear eligibility, medical certification, testing, and reporting standards for CDL-designated positions; promote workplace and public safety; ensure consistent application across departments; and reduce legal and operational risk to the City; and

WHEREAS, the City Council finds that adopting the proposed Personnel Policy amendments is in the best interest of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

Section 1. The City Council hereby adopts amendments to Chapter 3 Hiring Practices, Chapter 10 Health and Safety, and Chapter 11 Use of City Property, attached hereto as **Exhibits "A, B, and C,"** respectively, of the City of Fair Oaks Ranch Personnel Policies.

Section 2. That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

Section 3. If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.

Section 4. That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 5. All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.

Section 6. This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 7. This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 19th day of MARCH 2026.

_____

Gregory C. Maxton, Mayor

ATTEST:

_____

Christina Picioccio, TRMC
City Secretary

APPROVED AS TO FORM:

_____

Denton Navarro Rodriguez Bernal Santee & Zech P.C., City Attorney

Exhibit A

3.00 HIRING PRACTICES

3.01 EQUAL EMPLOYMENT OPPORTUNITY

3.01.01 The City is an Equal Employment Opportunity Employer. The City does not discriminate against any employee or applicant in employment decisions based on race, color, religion, sex (including pregnancy, sexual orientation, and gender identity), national origin, age (40 or older), disability, veteran status, genetic information, or any other protected status in accordance with applicable federal, state, and local laws. This policy applies to all aspects of employment, including recruitment, hiring, training, promotion, compensation, benefits, discipline and termination.

3.01.02 Job vacancies are filled based on qualifications, merit, and business need.

3.02 MEDICAL EXAMINATIONS

3.02.01 Successful applicants for employment will be required, as a condition of employment, to take a medical examination after a conditional offer of employment but before commencement of duties. The purpose of this examination is to determine whether the candidate can perform the essential functions of the job, with or without reasonable accommodation. If the examination reveals that the candidate is unable to perform the essential job functions safely, even with reasonable accommodation, the conditional offer may be withdrawn.

3.02.02 When job duties are subject to state, local, or federal medical qualification or regulatory requirements, the purpose of the pre-employment medical examination is to verify compliance with all applicable standards, including United States Department of Transportation (DOT) requirements when applicable. Applicants must successfully complete any required medical examinations associated with those duties, including examinations performed by appropriately licensed or certified medical examiners when required by law or regulation. The City will pay for all required regulatory medical examinations and recertifications.

3.02.0~~2~~3 Employees may be required to undergo a medical examination when job-related and consistent with business necessity, including: when required by applicable state, local, or federal regulations; to maintain certifications associated with assigned job duties; in connection with an ADA accommodation request; following exposure to hazardous conditions; or when there is a legitimate concern that an employee may be unable to perform the essential functions of their job.~~Employees may be required to take a medical examination for other reasons when the examination is job-related or consistent with business necessity such as employee exposure to toxic conditions, an ADA accommodation request or if an employee is not able to perform the essential functions of their job.~~

3.02.0~~3~~4 All records relating to a medical condition, medical testing, or drug testing of an employee or prospective employee are maintained separately from employee personnel

files. These medical files are confidential and are not released to anyone unless a "need to know" has been clearly established. (U.S. Americans with Disabilities Act of 1990; Sec. 12112.d.3.B).

3.02.05 Employees in positions requiring a Commercial Driver's License (CDL) must maintain a valid (DOT) Medical Examiner's Certificate (MEC) in accordance with applicable regulations. Failure to maintain required medical certification may result in removal from safety-sensitive duties and may impact continued employment in the designated position.

3.03 EMPLOYMENT OF RELATIVES (NEPOTISM)

3.03.01 Nepotism is the showing of favoritism toward a relative. The practice of nepotism in hiring employees or awarding contracts is forbidden by the City.

3.03.02 No person related within the second degree by affinity *(marriage)*, or within the third degree by consanguinity *(blood)* to the City Council, shall be appointed to any office, position or other services to the City. This prohibition does not apply to any individual who has been continuously employed by the City for at least one (1) year prior to the election of a related city official.

3.03.03 Employees may not directly supervise or be supervised by a member of their immediate family (spouse, child, stepchild, adopted child, parent, sibling, grandparent, grandchild, or anyone living in the same household as the applicant or employee). If a marriage or cohabitation places employees in violation of this policy, they will immediately disclose the matter to the Human Resources Department and mutually decide which one is to resign or if available, request reassignment. If both employees fail to make an election within thirty (30) calendar days of the disclosure, the City Manager will decide who to transfer or terminate based on the following factors:

1. Job performance history,
2. Disciplinary history,
3. Alignment of skills with organizational need, and
4. Workforce shortages in other job classifications.

3.04 AGE REQUIREMENTS

3.04.01 Individuals under the age of 16 will not be employed with the City. Individuals under the age of 18 will not be employed in any occupation that is considered hazardous, including jobs that involve heavy machinery, exposure to toxic substances, extreme temperatures, working at heights, working in confined spaces or any other duties deemed dangerous under federal or state labor laws.

3.04.02 Individuals under the age of 18 must have a signed Minor's Release Form from their lawful parent or guardian on file in the employee's personnel file prior to the first date of employment (U.S. Fair Labor Standards Act, 1938).

3.04.03 Other age limitations may apply as required by state or federal law.

3.05 VACANCIES

3.05.01 Department Heads will notify Human Resources when a job vacancy occurs or is projected in their department. The Department Head will create or will review and update the existing job description prior to posting for recruitment.

3.05.02 All vacant positions will be publicly posted on the City's online recruitment portal, accessible through the City's website. Internal recruitments will be announced internally by posting on the City's intranet portal and breakroom bulletin boards. All candidates must submit their applications through the City's online recruitment portal.

3.05.03 Appointments will be made to qualified individuals and will be made on the basis of merit and qualification factors identified in the job description such as skill, knowledge, education, experience, and ability to perform the specific job.

3.06 METHODS OF RECRUITMENT

3.06.01 The City will use any of the following methods for recruiting and selecting individuals to fill vacancies:

1. promotion from within,
2. lateral transfer from within,
3. Internal announcement and competitive consideration of applications for employment,
4. Public announcement and competitive consideration of applications for employment, or

Department Heads will determine the method of selection to be used in filling each vacancy.

3.06.02 All job vacancies, whether posted internally or externally, will remain open for a minimum of five consecutive business days before any offer of employment is extended.

3.06.03 Current employees will not be discouraged from applying for vacancies which they believe themselves to be qualified.

3.06.04 The City will not recruit, nor will it accept, applications for employment unless a specific vacancy exists and a recruitment announcement has been posted.

3.06.05 Except for appointments reserved to the City Council by statute or ordinance, the City Manager has the authority to place individuals for City employment.

3.07 PRE-EMPLOYMENT TESTING

3.07.01 Except for pre-employment drug screening and specialized tests for licensed police employees, the City may administer pre-employment screening tests to candidates as allowable by law and consistent with this policy and the required knowledge, skills and abilities identified in the job description.

3.07.02 Applicants for any position requiring operation of a Commercial Motor Vehicle (CMV) subject to DOT regulations must complete DOT-mandated pre-employment drug testing in accordance with federal law. A verified negative drug test result must be received before the applicant performs any safety-sensitive function.

3.07.03 Prior to hiring an individual into a CDL-designated position, the City will conduct all required pre-employment queries in the FMCSA Drug & Alcohol Clearinghouse. Applicants must register with the Clearinghouse and provide electronic consent as required by regulation. Failure to provide required consent will remove the applicant from consideration.

3.08 PRE-EMPLOYMENT DRIVING RECORD AND CREDIT CHECK

3.08.01 Consistent with Chapter 11 Use of City Property, prospective City employees required to drive a vehicle or operate machinery or equipment as an essential function of their job will submit to a driving record check. The City will pay for the driving record check.

3.08.02 For positions requiring operation of a Commercial Motor Vehicle (CMV) subject to applicable state or federal regulations, the City will obtain a Texas Department of Public Safety Motor Vehicle Record (MVR), verify CDL status history, and may obtain a Pre-Employment Screening Program (PSP) report through the FMCSA.

3.08.032 Positions requiring a Commercial Driver's License (CDL) are subject to all applicable federal and state disqualification standards. Driving offenses such as a recent DUI, reckless driving, hit-and-run, driving with a suspended license, and felony offenses involving a vehicle may lead to disqualification of employment.

3.08.043 Police department candidates and all other candidates for positions that involve handling money or managing finances are subject to a pre-employment credit check. A credit check authorization form must be signed by the applicant being considered for these positions.

3.08.054 Candidates will be notified of any adverse decisions in compliance with the Fair Credit Reporting Act.

3.09 VERIFICATION OF EMPLOYMENT

Upon offer and acceptance of employment a new employee will be required to fill out and submit a Form I-9, Employment Eligibility Verification, to include presentation of acceptable documentation establishing their identity and employment authorization within three business days of commencing employment. Failure to complete and file the I-9 form by the close of the third business day of employment with the Human Resources Department will result in the employee not being able to continue working for the City.

3.10 DISQUALIFICATION

An applicant will be disqualified for employment if they:

1. Do not meet the minimum qualifications required to perform the job duties,

2. Knowingly made a false statement on the application form,
3. Committed fraud during the selection process,
4. Are not legally permitted to hold the position,
5. Have not provided proof of employment eligibility or legal work status in the United States,
6. Have offered or attempted to offer money, service, or any other thing of value to secure an advantage in the selection process, or
7. Are not able to perform the essential functions of the position, with or without reasonable accommodation.

3.11 NEW EMPLOYEE ORIENTATION/IN PROCESSING

3.11.01 New employees must report to the Human Resources Department before reporting to their work center on their first day of employment. Human Resources staff will coordinate a report time with the new employee on their first day. Employees will fill out employment forms, receive a briefing on employee benefits and pay procedures and be shown where the City's Personnel Policies are electronically stored. Employees will read and acknowledge their understanding of City Personnel Policies within two weeks of employment.

3.11.02 Before new employees begin performing their job duties, they will be given a work center orientation by their supervisor and if necessary, assigned a trainer. The orientation shall address job performance standards, personal conduct standards, procedures for recording work time, a building facilities tour, an orientation to work center hazards and safety procedures, and introduction to other city employees and chain of command.

3.11.03 New employees will be given up to six months to acclimate to the job and work center. Supervisors will closely monitor job performance and immediately inform the new employee of any shortcoming in job performance or personal conduct.

3.12 PRIOR SERVICE WITH CITY

New employees who have previously worked for the City will start with a length of service of zero. After completing 24 consecutive months of uninterrupted service, their total length of service will be adjusted to include all prior months of service. At that point, they will begin accruing leave and other benefits based on their combined service time.

3.13 ELIGIBILITY FOR REHIRE

3.13.01 Former employees may be considered eligible for rehire if they left the organization in good standing, provided adequate notice, and received a satisfactory or higher rating in their final performance evaluation. Eligibility for rehire is also contingent upon the availability of a suitable position and the individual meeting the minimum qualifications for the role at the time of application.

3.13.02 Former employees who were terminated for cause, who resigned in lieu of termination, or who violated City policies or workplace standards resulting in formal discipline are ineligible for rehire.

Exhibit B

10.00 HEALTH AND SAFETY

10.01 GENERAL

The City is committed to providing a healthy and safe working environment for its employees which includes identifying workplace hazards and taking preventive or corrective action to reduce harm.

10.02 SUPERVISORY RESPONSIBILITIES

10.02.01 Supervisors are responsible for identifying, documenting and assessing workplace and job-specific hazards.

10.02.02 Supervisors are responsible for ensuring that safety inspections and preventative maintenance are complete and up to date on City vehicles and equipment. Supervisors will keep a record of all inspections and maintenance on City vehicles and equipment in accordance with the City's record retention policies.

10.02.03 Supervisors will conduct safety training for employees on the identified hazards to ensure employees take proper precautions and follow safe work practices. Training will be conducted during the employee on-boarding process, when new hazards are identified, or as needed as part of ongoing safety efforts.

10.02.04 Supervisors will ensure employees wear appropriate protective clothing and equipment necessary for the work tasks.

10.02.05 Supervisors will require employees to immediately stop work until job-related hazards can be mitigated to an acceptable risk.

10.02.06 Supervisors will forward mishap or incident reports and all supplemental documentation up their chain of command who then will forward to Human Resources as soon as practicable.

10.03 EMPLOYEE RESPONSIBILITIES

10.03.01 Employees are responsible for conducting their work activities in a manner that prioritizes their own health and safety, as well as that of their co-workers.

10.03.02 Employees will report every on-the-job accident, no matter how minor, to their supervisor immediately.

10.03.03 Employees will wear safety equipment and take safety precautions as required

by their supervisor. Employees who refuse to wear the required safety equipment or follow safety instructions will be subject to disciplinary action.

10.03.04 Employees shall report immediately to a supervisor any conditions that increase the risk of accident or injury to employees or visitors.

10.04 WORKERS' COMPENSATION

The Texas Workers Compensation Act requires the City to pay certain benefits to employees who are injured or develop illnesses on the job. The City provides workers' compensation insurance coverage for its employees. This insurance pays medical expenses and a portion of lost wages due to a work-related injury. The City's workers' compensation insurance provider is responsible for making compensability determinations, as well as keeping and transmitting records necessary to process claims. The City and ~~their~~ its insurance carrier will administer workers' compensation claims in accordance with the law and this policy.

10.04.01 Employees who suffer a work-related injury should seek medical attention as soon as practicable from a medical provider that is in the City's workers' compensation carrier's health plan network. If an injury or illness is or becomes a medical emergency, employees should call 911 or seek care at the nearest emergency room. Human Resources will publish and maintain a list of in-network medical providers.

10.04.02 In the event of a verified workers' compensation claim, the City will cover 100% of the employee's lost wages during the initial seven (7) day absence resulting from the work-related injury or illness. During this period, the employee will be placed on paid administrative leave.

10.04.03 The City will supplement workers' compensation payments by covering a portion of the difference between the workers' compensation benefits received and the employee's regular base wage for up to 12 weeks or until Maximum Medical Improvement (MMI) is reached, whichever comes first. The employee's regular base wage will be determined by the insurance carrier according to their calculation methodology. The maximum weekly payment the City will make to supplement workers' compensation payments will be 30% of the employee's regular base wage not to exceed 30% of Texas' maximum weekly Temporary Income Benefits (TIBs).

10.04.04 For the period of compensation coverage, the City will continue to cover its portion of the premiums for health, dental, or life insurance, as selected by the employee, in the same manner as prior to the absence. The employee remains responsible for their portion of the premiums.

10.04.05 Employees will not accrue vacation or sick leave, nor will they be eligible for additional holiday pay while receiving workers' compensation supplemental payments.

10.04.06 After the 12-week period in which the City covers the difference between an

employee's compensation and their base wage, employees who continue receiving workers' compensation and have not reached MMI may use accrued sick leave or vacation leave to supplement their earnings, provided they remain eligible for continued employment under FMLA or other protected status.

10.04.07 When an employee sustains a work-related injury or illness that qualifies as a serious health condition under the Family and Medical Leave Act (FMLA), the City will designate the leave as FMLA and workers' compensation will run concurrently. Employees must comply with all FMLA and workers' compensation requirements including providing necessary medical documentation and follow return-to-work rules.

10.04.08 The City will make every effort to prevent financial hardship for employees with an approved worker's compensation claim due to missed or delayed insurance payments. If the City issues payments to employees in advance of insurance coverage, the employee will reimburse the City for the covered amounts.

10.04.09 Once employees are medically cleared by a physician to return to work, either in a full or limited capacity, they must report to work on the next business day. Failure to do so will be considered an unexcused absence in accordance with Chapter 8 Leave.

10.04.10 Return to Work. Before returning to work, an employee must provide the Human Resources Department with a written statement from an appropriate physician confirming their release and specifying the type(s) of work they can perform, along with any limitations. The Human Resources Department will assess the employee's physical condition to determine whether they can resume their previous duties. If the employee is unable to perform their prior duties, and no suitable vacancy or alternative position is available despite reasonable placement efforts, the employee will be separated and compensated for any authorized accrued benefits.

10.04.11 Light Duty Assignment During Workers' Compensation Absence. If an employee on workers' compensation absence is released by their doctor for light duty, the City will evaluate the employee's position and available alternative assignments to determine whether a suitable light duty role is available for an interim period. If no appropriate light duty assignment is available, the employee will be placed on inactive status until they receive full medical clearance from their doctor and workers' compensation to return to their previous position. Employees approved for light duty may be assigned to a different department and required to perform tasks outside their current job classification.

10.05 DRUG AND ALCOHOL-FREE WORKPLACE

10.05.01 The City is committed to maintaining a drug and alcohol-free workplace. Employees are prohibited from using, possessing, distributing, or being under the influence of alcohol, illegal drugs, or unauthorized controlled substances while on duty, on City premises, or when representing the City. This policy is designed to comply with all applicable laws, respect employees' privacy rights, and provide necessary support for

those seeking assistance with substance-abuse related issues.

10.05.02 Privacy and Confidentiality. The City respects the privacy of its employees and will handle all matters related to drug and alcohol testing, treatment, and accommodations with strict confidentiality. Information regarding drug or alcohol testing results or participation in a rehabilitation program will only be disclosed to authorized personnel on a need-to-know basis or as required by law.

10.05.03 Mandatory Post-Accident Drug and Alcohol Testing. Employees involved in workplace accidents that result in injury requiring medical attention, or where there is reasonable suspicion of impairment will be required to undergo drug and alcohol testing. Testing will be conducted as soon as possible following the accident. Employees will be on paid administrative leave status while awaiting the results of post-accident drug and alcohol testing. Employees who refuse testing or fail to cooperate will be subject to disciplinary action, up to and including termination.

10.05.04 Reasonable Suspicion Drug and Alcohol Testing. If a supervisor has reasonable suspicion to believe that an employee is under the influence of drugs or alcohol while on duty, they must immediately document the observed behavior or circumstance and notify the Human Resources Department. Reasonable suspicion must be based on specific, articulable facts, such as:

1. Observable signs of impairment (e.g., slurred speech, unsteady movements),
2. Erratic or unusual behavior,
3. The odor of alcohol or drugs,
4. Possession of drugs, drug paraphernalia, or alcohol, or
5. Reliable reports or admission of use.

The Human Resources Department, after reviewing the documented observations, may proceed with testing. Employees who refuse testing or fail to cooperate will be subject to disciplinary action, up to and including termination.

10.05.05 Compliance with ADA and Other Legal Protections. The City recognizes its obligations under the Americans with Disabilities Act (ADA) and other applicable laws. Employees recovering from substance use disorders may be eligible for reasonable accommodations if they are actively participating in a treatment program and are not currently engaging in the illegal use of drugs. Requests for accommodations will be considered on a case-by-case basis, in accordance with legal requirements.

10.05.06 Consequences of Policy Violations. Violations of this policy, including refusal to comply or cooperate with testing requirements or failure to complete required treatment programs, may result in disciplinary action, up to and including termination. Employees who believe they have a substance abuse problem are encouraged to seek help proactively before violations occur.

10.05.07 Employee Assistance and Support. The City encourages employees to seek

help to address substance use issues through Employee Assistance Programs (EAPs) or other available resources. Employees who voluntarily seek assistance before a violation occurs may do so without fear of retaliation. However, seeking assistance will not exempt employees from compliance with workplace performance and safety standards.

10.06 PRE-EMPLOYMENT DRUG AND ALCOHOL TESTING

10.06.01 All prospective employees will undergo drug and alcohol testing as a condition of employment. This policy applies to all candidates receiving a conditional offer of employment and is designed to comply with applicable federal, state, and local laws, including requirements for adverse action notifications.

10.06.02 Testing Requirements. All candidates who receive a conditional job offer must complete a drug and alcohol test at a designated testing facility. Failure to complete testing within the specified timeframe or refusal to submit to testing will result in the withdrawal of the conditional offer. Testing will screen for illegal drugs and controlled substances.

10.07 REGULATORY AND JOB-DUTY DRUG AND ALCOHOL TESTING

Employees whose job duties are subject to federal, state, or local laws or regulations that require drug and/or alcohol testing as a condition of holding a license, certification, or performing essential functions of the job are subject to all applicable testing requirements. These requirements may include, but are not limited to:

1. Pre-employment testing.
2. Random testing.
3. Post-incident or post-accident testing as defined by applicable law or regulation
4. Reasonable suspicion testing.
5. Return-to-duty and follow-up testing as prescribed by a qualified professional under applicable law.
6. Regulatory reporting or query requirements, if applicable.

Employees who refuse testing, fail to comply with testing protocols, or test positive under applicable legal or regulatory standards will be removed from duties requiring the test and may face disciplinary action, up to and including termination.

Exhibit C

11.00 USE OF CITY RESOURCES

11.01 GENERAL POLICY

11.01.01 Employees are provided with tools, equipment, and resources to fulfill the City's mission. All employees must use City resources responsibly, follow safe work practices, and comply with all applicable municipal, county, state, and federal laws.

11.01.02 Accidents or incidents resulting in loss or damage to City property will be investigated to determine root causes and develop recommendations to prevent or mitigate future occurrences.

11.01.03 Decisions regarding the use of vehicles and equipment which are not explicitly stated herein will be left to the discretion of the City Manager.

11.02 DEFINITIONS

11.02.01 City vehicle is any car, van, pickups, truck or similar vehicle that is owned, leased, rented, or otherwise under the care, custody, or control of the City.

11.02.02 Motorized equipment includes, but not limited to, backhoes, dozers, mower-tractors, loaders, graders, and other similar operational equipment.

11.02.03 City business is any work done by a City employee on behalf of the City.

11.02.04 Incident is an event or occurrence that disrupts normal operations or has the potential to cause harm, damage, or loss. This includes accidents resulting in injury or damage, mishaps that lead to unexpected disruptions, and near-miss events where harm or damage was narrowly avoided.

11.02.05 Mishap is an unexpected or unplanned incident that results in minor damage or inconvenience but typically does not lead to significant injury or harm.

11.02.06 Accident is an unexpected or unplanned incident, crash or collision that results in injury, illness, significant damage, or loss. Accidents often have more serious consequences than mishaps and usually require formal investigation to determine root cause and implement corrective actions.

11.02.07 Immediate Reporting is the prompt communication of any incident, including accidents, mishaps, or near-misses to the appropriate supervisor as soon as it is safe and practical to do so. The expectation is all personnel are required to report incidents without delay to ensure timely City response, mitigate risks, and facilitate accurate documentation and investigation. Immediate reporting helps protect staff and constituents, prevent

further harm, and addresses potential hazards effectively.

11.02.08 Preventable Accident/Incident is an unplanned event that occurs due to identifiable risks or hazards, which could have been mitigated, avoided, or managed through appropriate measures, such as adherence to policies, training, equipment maintenance, or proactive planning. Preventable incidents/accidents are typically attributed to errors, omissions, or negligence.

11.02.09 Non-Preventable Accident/Incident is an unexpected or unplanned event that arises either unexpectedly or despite reasonable precautions, planning, and adherence to safety protocols. Nonpreventable incidents/accidents are typically caused by factors beyond control, such as natural disasters, unforeseeable equipment failures, or actions by external parties that could not have been anticipated or mitigated.

11.02.10 IT Systems are all electronic means used to create, use, store, access and transmit information or data while conducting the City's mission.

11.02.11 Authorized User is an individual, automated application or process, or anonymous system user that is authorized to access to information systems resources by the system owner, in accordance with the system owner's procedures and rules.

11.02.12 Limited personal use is the incidental and occasional personal use of City-owned IT systems that does not compromise the security or performance of other IT systems, incur additional costs to the City, violate any policies or legal requirements, or interfere with job responsibilities or productivity.

11.03 RESPONSIBLE USE OF EQUIPMENT, VEHICLES, AND PROPERTY

11.03.01 City vehicles and motorized equipment may be driven or operated by employees who have reached the age of eighteen years of age and possess the appropriate class Texas state driver's license.

11.03.02 Employees may operate motorized equipment that they have been appropriately trained on and certified by their supervisory chain to operate. Supervisors will maintain training records for all employees authorized to operate motorized equipment.

11.03.03 Employees operating Commercial Motor Vehicles (CMVs) must hold and maintain the appropriate class of Commercial Driver's License (CDL) with required endorsements and comply with all applicable federal and state regulations. Employees who lose their CDL or Medical Examiner's Certificate (MEC), or who become disqualified under applicable regulations, may not operate CMVs until compliance is restored.

11.03.0~~3~~4 City property, materials, supplies, tools, equipment, and vehicles are purchased with taxpayer funds and are intended for City operations and use only. Political or personal use of city property, materials, supplies, tools or equipment is not permitted.

11.03.045 City vehicles and motorized equipment shall be kept clean and maintained in a manner that does not increase the risk of mishaps, equipment failure or bring discredit to the City's reputation.

11.03.056 City vehicles and motorized equipment shall be operated in accordance with state laws and city ordinances.

11.03.067 Upon termination of employment, employees must return any city property in their possession. Failure to return all city property in the employee's possession may result in a payroll deduction or legal action by the City against the employee.

11.03.078 City employees may not alter, repair, or in any way change, add to, or remove any parts or accessories of any City vehicle or motorized equipment unless approved by a supervisor. Unauthorized alterations include the placement of unauthorized stickers, decals or emblems on City vehicles or equipment. Authorized identification decals and/or emblems shall be placed on vehicles and equipment in a consistent manner.

11.03.089 City employees are only permitted to transport other City employees in City vehicles and motorized equipment unless expressly authorized by a Department Head.

11.03.0910 City vehicles and motorized equipment may not be used in the conduct of purchasing, transporting, or consumption of alcohol. The exception is police department vehicles and, in their capacity, conducting official city business.

11.03.101 Employees who drive or operate City vehicles or motorized equipment shall report within 24 hours to their department heads any moving violation citations or driver's license suspensions.

11.03.112 The City will not be responsible for the payment or defense of a citation if received while on duty. The severity of a citation and/or the frequency of receiving citations may result in the disqualification of an employee from operating City vehicles or motorized equipment. This may result in disciplinary action, up to and including separation of employment if driving is an essential function of the employee's job.

11.03.123 Employees will lock their assigned vehicles when not in proximity of or unable to monitor their vehicle.

11.03.134 Employees may not use a cell phone while operating a City vehicle or motorized equipment.

11.04 INFORMATION SYSTEMS ACCEPTABLE USE

11.04.01 Information technology (IT) resources are provided to support the administration and operations of the City and should be used primarily for work-related purposes.

11.04.02 The City Manager or their designee will draft and maintain supplemental IT security and operational procedures that conform to this policy and enable the City to adapt to sudden changes and threats in the IT environment.

11.04.03 Authorized users shall have no expectation of privacy when using City-owned IT systems. The City may monitor, audit, and access IT systems for security and compliance purposes. Personal use of IT systems should be limited and must not interfere with City administrative or business operations.

11.04.04 Security and Confidentiality. Authorized users will protect sensitive information from unauthorized access, disclosure, or modification. Passwords will be kept confidential and should not be shared or written down. Authorized users will follow security protocols and report any security incidents or suspected breaches immediately to their supervisor or IT staff. Unauthorized access, hacking, or attempting to bypass security controls is prohibited.

11.04.05 Mobile Devices. The City will consider issuing a mobile device to employees based on the nature of the employees' job responsibilities and at the discretion of the City Manager. A wireless communications allowance may be designated to employees at the discretion of the City Manager as compensation for the use of privately owned mobile devices for City business.

11.04.06 Acceptable use of IT systems includes activities directly related to job responsibilities, professional development, and limited personal use.

11.04.07 Unacceptable use of IT systems includes but is not limited to:

1. Engaging in illegal activities while using a City-owned IT system, including unauthorized software installation or copyright violations.
2. Accessing, transmitting, or storing offensive, discriminatory, or harassing content.
3. Downloading or using unapproved applications that may introduce security risks.
4. Using City-owned IT systems for personal financial gain, political campaigns, or other non-City-business-related activities.
5. Using City-owned IT systems in a manner that compromises security, reduces productivity or brings discredit to the City.

11.04.08 Software and Hardware Management. Only authorized software and hardware will be installed and used on City IT systems. Authorized users must not alter IT system configurations or install unapproved software without the IT Department's approval.

11.05 PROHIBITED TECHNOLOGIES

On December 7, 2022, Governor Greg Abbott required all state agencies to ban the video-sharing application TikTok from all state-owned and state-issued devices and networks over the Chinese Communist Party's ability to use the application for surveilling Texans.

Following the issuance of the Governor's directive, the 88th Texas Legislature passed Senate Bill 1893, which prohibits the use of covered applications on governmental entity devices. Pursuant to Senate Bill 1893 the City establishes a covered applications policy.

A covered application is the social media service TikTok or any successor application or service developed or provided by ByteDance Limited, or any entity owned by ByteDance Limited. In addition, a covered application is a social media application or service specified by proclamation of the Governor under Texas Government Code Section 620.005. A list of covered applications and social media sites proclaimed by the Governor as a covered application and identified on the Texas Department of Information Resources will be maintained by the Information Technology Department.

11.05.01 Covered Applications on City-owned or Leased Devices.

1. Except where approved exceptions apply, the use or installation of covered applications is prohibited on all City-owned or leased devices, including cell phones, tablets, desktop and laptop computers and other internet-capable devices.
2. The City will identify, track and manage all City-owned or leased devices, including mobile phones, tablets, laptops, desktop computers or any other internet-capable device to:
    - Prohibit the installation of a covered application.
    - Prohibit use of a covered application.
    - Remove a covered application from a City-owned or leased device that was on the device prior to passage of S.B. 1893 (May 2023).
    - Remove an application from a City-owned or leased device if the Governor issues a proclamation identifying it as a covered application.
3. The City will manage all City-owned or leased mobile devices by implementing the security measures listed below:
    - Restrict access to app stores or unauthorized software repositories to prevent the installation of unauthorized applications.
    - Conduct regular security audits of City-owned or leased devices to check for compliance and vulnerability issues.
    - Maintain the ability to remotely wipe non-compliant or compromised mobile devices. Wiping a non-compliant device refers to the process of securely and completely removing data or an application from a device in a manner so that it cannot be recovered or retrieved using recovery tools or techniques.
    - Maintain the ability to remotely uninstall unauthorized software from mobile devices.
    - Regular software and security updates to City-owned mobile device or leased devices.

11.05.02 Ongoing and Emerging Technology Threats

1. To provide protection against ongoing and emerging technological threats to the

City's sensitive information and critical infrastructure, the IT Department will regularly monitor and evaluate additional social media applications or services that pose a risk to the City.

2. The IT Department will annually submit to the City Manager a list of social media applications, services identified by the Texas Department of Information Resources (DIR), and covered applications prohibited by proclamation of the Governor.
    - If the Governor identifies an item on the DIR-posted list described by this section, then the City will promptly remove and prohibit the covered application.
    - The City IT Department may also prohibit social media applications or services in addition to those specified by proclamation of the Governor.

11.05.03 Covered Application Exceptions.

1. The City may permit exceptions authorizing the installation and use of a covered application on a City-owned or leased device, consistent with the authority provided by Texas Government Code chapter 620.
2. Texas Government Code Section 620.004 only allows the City to install and use a covered application on an applicable device to the extent necessary for:
    - Providing law enforcement; or
    - Developing or implementing information security measures.
3. If the City authorizes an exception allowing for the installation and use of a covered application, the City must use measures to mitigate the risks posed to the City during the application's use.

11.06 ARTIFICIAL INTELLIGENCE TECHNOLOGIES

11.06.01 Employees may use Artificial Intelligence (AI) tools and platforms to enhance productivity, automate tasks, and support decision making. However, use of AI must align with City policies, state and federal laws, and security best practices.

11.06.02 Confidentiality and data protection. Employees must not enter, upload, or otherwise disclose non-public, confidential, personally identifiable, or legally protected information, including data exempt from disclosure under the Texas Public Information Act, into AI platforms, including generative AI chatbots and automated decision-making tools. Any use of AI tools must comply with City data privacy, security, and records retention policies.

11.06.03 Public Records Compliance. Employees must ensure that AI-generated outputs do not improperly disclose or misrepresent public information. AI-generated records may be subject to public disclosure requirements and must be managed consistently with City records management policies.

11.06.04 Accuracy and Accountability. Employees are responsible for verifying the accuracy and appropriateness of AI-generated content before using it in official

communications, decision-making, or public disclosures. AI should not be relied upon for policy determinations, legal conclusions, or official statements.

11.06.05 Restricted Use Cases. AI tools must not be used for processing or analyzing legally protected or sensitive information, including personnel records, legal communications, law enforcement data, or health records. AI-generated content must not be used to impersonate individuals, fabricate information, or create misleading or deceptive content.

11.06.06 Approval and Monitoring. The City Manager may implement procedural controls to restrict unauthorized AI usage.

11.07 VALID DRIVER'S LICENSE

All employees operating City vehicles or equipment or conducting City business with a personal vehicle must hold the appropriate class of Texas driver's license required for the vehicle they operate. Employees must promptly inform their supervisor of any changes to their license status or classification. Failure to maintain a driver's license in good standing may result in job reassignment, demotion, disciplinary action or dismissal.

11.08 VEHICLE INSURANCE

The City will maintain insurance coverage on all city-owned vehicles. Employees who drive a personal vehicle for city business are required to maintain the minimum auto insurance coverage required by Texas law and be able to provide proof of said coverage to any City official, on demand.

11.09 REPORTING ACCIDENTS, INCIDENTS OR INJURIES

11.09.01 All workplace accidents or incidents shall be immediately reported to Human Resources. The City Manager shall maintain efficient accident and incident reporting systems and procedures.

11.09.02 Employees will get a police report for all accidents where they were involved in an incident or accident as a driver conducting city business which resulted in either: damage to a City-owned vehicle; damage to a non-City-owned vehicle; damage to City or personal property; or injuries to any vehicle occupant or bystander involved in the accident. Police reports will be forwarded to the Human Resources Department.

11.09.03 All workplace accidents, incidents or injuries causing property damage exceeding $1,000 and and/or the filing of a worker's compensation claim shall be investigated by the Accident Investigation Advisory Board. Drug and alcohol testing shall be performed on any employee involved in an accident in accordance with the Drug/Alcohol Tests policy.

11.10 ACCIDENT INVESTIGATION ADVISORY BOARD

11.10.01 The purpose of the Accident Investigation Advisory Board is to conduct thorough, unbiased investigations of reported accidents or incidents. The board is responsible for collecting evidence and documentation to determine root causes and contributing factors. Based on its findings, the board will establish the facts, determine whether an accident or incident was preventable or non-preventable, and provide actionable recommendations to address root causes and reduce the likelihood and impact of recurrence.

11.10.02 Final reports will be delivered to the City Manager, the Human Resources Department and the Department Head of the employee involved in the incident under investigation.

11.10.03 The Accident Investigation Advisory Board will consist of a chairperson and three members appointed by the City Manager. Board member composition may be rotated at the discretion of the City Manager.

11.10.04 Board Conflicts. Members of the board must perform their duties with impartiality and objectivity. A conflict arises when a Board member's responsibilities as part of the investigation process interferes with their role as a supervisor or manager, particularly in cases where disciplinary action is a likely supervisory outcome of the investigation. Board members shall immediately disclose potential conflicts to the board chair. The board chair will evaluate and mitigate conflicts.



Personnel Policies Updates

Consideration:

Ch. 3 Hiring Practices

Ch. 10 Health and Safety

Ch. 11 Use of City Resources

Joanna Merrill, PSHRA-SCP

Human Resources Director

Ch. 3 – Hiring Practices

AMENDS: Various Sections

- Formalizes a Commercial Driver's License (CDL) program for designated positions
- Ensures compliance with federal DOT and FMCSA safety regulations
- Strengthens pre-employment screening and ongoing qualification standards
- Reduces organizational risk related to regulated vehicle operations

Ch. 10 – Health and Safety

ADD: Section 10.07

- Supports alignment of City policy with applicable drug and alcohol regulatory compliance requirements
    - Establishes drug and alcohol testing requirements
    - Sets clear administrative standards regarding compliance
    - Clarifies employee compliance expectations

Ch. 11 – Use of City Property Updates

ADD: Section 11.03.03

Restricts use of regulated vehicles to properly licensed and qualified employees

11.03.03 - Employees operating Commercial Motor Vehicles (CMVs) must hold and maintain the appropriate class of Commercial Driver's License (CDL) with required endorsements and comply with all applicable federal and state regulations. Employees who lose their CDL or Medical Examiner's Certificate (MEC), or who become disqualified under applicable regulations, may not operate CMVs until compliance is restored.

Why These Updates?

- Establish a comprehensive CDL compliance framework across hiring, safety, and vehicle use.
- Ensure alignment with federal DOT/FMCSA and state regulatory requirements.
- Improve operational clarity for supervisors and employees.
- Reduce organizational risk while supporting safe service delivery.

Recommendation/Proposed Motion

I move to approve a resolution amending Chapters 3, 10 and 11 of the City of Fair Oaks Ranch's Personnel Policies related to Commercial Driver's Licenses.

CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC:	Consideration and possible action approving a resolution amending the City's General Government and Public Safety Pay Schedule and Certification Pay List
DATE:	March 19, 2026
DEPARTMENT:	Human Resources
PRESENTED BY:	Joanna Merrill, PSHRA-SCP, Director of Human Resources

INTRODUCTION / BACKGROUND:
The City Council adopted comprehensive updates to the City's Personnel Policies Manual in 2025. Staff has continued to evaluate operational practices and regulatory requirements and will continue to present targeted amendments to the City Council as needed to maintain legal compliance and operational clarity.

As part of these updates, staff proposes to implement a formal Commercial Driver's License (CDL) program for designated Utility and Maintenance positions. In recent years, the City has intentionally shifted additional operational work in-house and expanded its use of larger, more specialized fleet vehicles to improve service delivery, responsiveness, and cost efficiency. As these operational changes have matured, the increased use of regulated vehicle combinations now requires certain positions to obtain and maintain a Commercial Driver's License (CDL) to ensure compliance with applicable regulations. Formalizing this requirement allows the City to align job expectations, compensation, and workforce planning with current operational realities while reducing regulatory risk and supporting long-term retention of skilled employees.

To preserve internal equity, remain competitive in the labor market, and recognize the increased responsibilities associated with CDL certification, staff recommends the following pay schedule changes to align job expectations, compensation, and workforce planning with current operational realities and regulatory requirements.

- Reclassify all Water/Wastewater Operator I, II, and III positions, Maintenance Leads, and Public Works supervisory positions upward by one (1) pay grade to reflect the increased complexity and regulatory responsibility associated with the CDL requirement.
- Increase each eligible incumbent employee by one (1) step within the new pay grade to:
    - Compensate employees for the added certification and compliance requirements;
    - Support retention of experienced and qualified staff; and
    - Incentivize continued service in positions that are increasingly difficult to

recruit and retain.

- Establish a CDL certification pay of $2,500 for employees in the Maintenance, Water, or Wastewater divisions who hold a valid Commercial Driver's License but are not assigned to a position for which a CDL is required in recognition of the additional skill set and credential maintained by the employee. Eligibility for this certification pay shall be contingent upon the employee maintaining a valid CDL in good standing and complying with all applicable certification requirements.

Formalizing these pay adjustments concurrently with implementation of the CDL program ensures consistency between job requirements and compensation and supports long-term workforce planning for critical operational roles. This approach reduces regulatory risk, strengthens retention of skilled employees, and positions the City to remain competitive in recruiting for specialized Utility and Maintenance positions as operational demands continue to evolve.

Staff will apply the step increase only to employees in eligible positions who must obtain and maintain a CDL as a condition of employment. While the newly adopted compensation study did not contemplate the CDL requirement for these positions, staff identified this change following implementation of updated fleet and regulatory standards. Upon identifying the need for an adjustment, staff consulted with Evergreen Solutions, and the proposed reclassification and step adjustment are consistent with the consultant's guidance and best practices for addressing role expansion driven by regulatory requirements.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:

- Consistent Strategic Action Plan Priority 5.1 to Evaluate and Implement Key HR Programs that Promote Organization Design and Development.
- Strengthens staffing sustainability and supports long-term workforce development.
- Promotes transparency, consistency, and fairness in the City's compensation system.

LONGTERM FINANCIAL & BUDGETARY IMPACT:
The proposed reclassification and step adjustments will result in a moderate and manageable annual cost within the adopted budget. Because employees will receive the adjustment only after obtaining the required CDL, the fiscal impact will be phased rather than immediate and is estimated to be approximately $10,383 annually across the affected departments. No additional appropriations are required.

LEGAL ANALYSIS:
The resolution is approved as to form by the City Attorney's office.

RECOMMENDATION / PROPOSED MOTION:
I move to approve a resolution amending the City of Fair Oaks Ranch's General Government and Public Safety Pay Schedule and Certification Pay List.

A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS AMENDING THE FY 2025-26 GENERAL GOVERNMENT AND PUBLIC SAFETY PAY SCHEDULE AND THE CERTIFICATION PAY LIST

WHEREAS, the City made comprehensive updates to the Personnel Policies in June 2025, and, since then, staff has continued to evaluate operational practices, monitor legal and regulatory developments, and assess organizational needs to ensure the policies remain current, compliant, and aligned with best practices in municipal governance; and

WHEREAS, the City Council previously adopted the General Government and Public Safety Pay Schedule and the Certification Pay List as part of the adopted budget to provide an equitable and market-aligned framework for employee classification and compensation; and

WHEREAS, the City has adopted a formal Commercial Driver's License (CDL) program affecting certain maintenance, utility, and operational classifications that require updated job classifications and compensation alignment; and

WHEREAS, staff has identified amendments necessary to the General Government and Public Safety Pay Schedule, attached hereto as **Exhibit "A,"** and to the Certification Pay List, attached hereto as **Exhibit "B,"** to incorporate the proposed classification adjustments and certification pay provisions associated with the CDL program; and

WHEREAS, the proposed amendments will ensure internal wage equity, maintain compliance with applicable regulatory requirements, support operational efficiency, and provide transparent compensation standards for affected positions; and

WHEREAS, the City Council finds that adopting the proposed amendments is in the best interest of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

Section 1. The City Council hereby adopts the amended FY 2025-26 General Government and Public Safety Pay Schedule, attached hereto as **Exhibit "A,"** and the amended Certification Pay List, attached hereto as **Exhibit "B."**

Section 2. That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

Section 3. If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.

Section 4. That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and

subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 5. All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.

Section 6. This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 7. This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 19th day of MARCH 2026.

_____
Gregory C. Maxton, Mayor

ATTEST:

_____
Christina Picioccio, TRMC
City Secretary

APPROVED AS TO FORM:

_____
Denton Navarro Rodriguez Bernal Santee & Zech P.C., City Attorney

Exhibit A

Grade	Job Title	Step 1 (Min)	Step 2	Step 3	Step 4	Step 5	Step 30 (Max)
101		**$ 31,200.00**	$ 31,668.00	$ 32,143.00	$ 32,625.00	$ 33,114.00	**$ 48,046.00**
102		**$ 32,003.00**	$ 32,483.00	$ 32,970.00	$ 33,465.00	$ 33,967.00	**$ 49,285.00**
103		**$ 33,603.00**	$ 34,107.00	$ 34,619.00	$ 35,138.00	$ 35,665.00	**$ 51,748.00**
104	Custodian	**$ 35,283.00**	$ 35,812.00	$ 36,349.00	$ 36,894.00	$ 37,447.00	**$ 54,333.00**
105		**$ 37,047.00**	$ 37,603.00	$ 38,167.00	$ 38,740.00	$ 39,321.00	**$ 57,053.00**
106	Animal Services Officer	**$ 38,899.00**	$ 39,482.00	$ 40,074.00	$ 40,675.00	$ 41,285.00	**$ 59,903.00**
	Administrative Clerk						
107	Administrative Assistant	**$ 40,844.00**	$ 41,457.00	$ 42,079.00	$ 42,710.00	$ 43,351.00	**$ 62,902.00**
	Court Clerk						
	Utilities Clerk						
108	Maintenance Technician	**$ 42,886.00**	$ 43,529.00	$ 44,182.00	$ 44,845.00	$ 45,518.00	**$ 66,045.00**
	Utilities Technician						
109	Finance Specialist	**$ 45,031.00**	$ 45,706.00	$ 46,392.00	$ 47,088.00	$ 47,794.00	**$ 69,349.00**
110	Code Compliance Officer	**$ 47,282.00**	$ 47,991.00	$ 48,711.00	$ 49,442.00	$ 50,184.00	**$ 72,816.00**
	Maintenance Lead						
	Water/Wastewater Operator I						
111	Mechanic	**$ 49,646.00**	$ 50,391.00	$ 51,147.00	$ 51,914.00	$ 52,693.00	**$ 76,452.00**
112	Building Inspector	**$ 52,128.00**	$ 52,910.00	$ 53,704.00	$ 54,510.00	$ 55,328.00	**$ 80,278.00**
113	GIS Technician	**$ 54,735.00**	$ 55,556.00	$ 56,389.00	$ 57,235.00	$ 58,094.00	**$ 84,288.00**
	Water/Wastewater Operator II						
114	Accountant	**$ 57,472.00**	$ 58,334.00	$ 59,209.00	$ 60,097.00	$ 60,998.00	**$ 88,506.00**
	Deputy City Secretary						
	Environmental Program Manager						
	IT Network Specialist						
115	Infrastructure Inspector	**$ 60,345.00**	$ 61,250.00	$ 62,169.00	$ 63,102.00	$ 64,049.00	**$ 92,932.00**
	Water/Wastewater Operator III						
116		**$ 63,362.00**	$ 64,312.00	$ 65,277.00	$ 66,256.00	$ 67,250.00	**$ 97,578.00**
117	City Planner	**$ 66,531.00**	$ 67,529.00	$ 68,542.00	$ 69,570.00	$ 70,614.00	**$ 102,457.00**
	Civilian Investigator						
	Communications Officer						
	Human Resources Generalist						
	Maintenance Supervisor						
118	Court Administrator	**$ 69,858.00**	$ 70,906.00	$ 71,970.00	$ 73,050.00	$ 74,146.00	**$ 107,582.00**

119	Procurement Manager	**$ 73,351.00**	$ 74,451.00	$ 75,568.00	$ 76,702.00	$ 77,853.00	**$ 112,959.00**
	Project Manager						
	Wastewater Supervisor						
	Water Supervisor						
120		**$ 77,018.00**	$ 78,173.00	$ 79,346.00	$ 80,536.00	$ 81,744.00	**$ 118,604.00**
121	Accounting Manager	**$ 80,869.00**	$ 82,082.00	$ 83,313.00	$ 84,563.00	$ 85,831.00	**$ 124,533.00**
	City Secretary						
122		**$ 84,913.00**	$ 86,187.00	$ 87,480.00	$ 88,792.00	$ 90,124.00	**$ 130,764.00**
123	Building Official	**$ 89,158.00**	$ 90,495.00	$ 91,852.00	$ 93,230.00	$ 94,628.00	**$ 137,299.00**
124	Engineering Manager	**$ 93,616.00**	$ 95,020.00	$ 96,445.00	$ 97,892.00	$ 99,360.00	**$ 144,166.00**
125	IT Manager	**$ 102,978.00**	$ 104,523.00	$ 106,091.00	$ 107,682.00	$ 109,297.00	**$ 158,584.00**
126	Assistant Director of Public Works	**$ 110,186.00**	$ 111,839.00	$ 113,517.00	$ 115,220.00	$ 116,948.00	**$ 169,685.00**
127	Director of Human Resources	**$ 117,899.00**	$ 119,667.00	$ 121,462.00	$ 123,284.00	$ 125,133.00	**$ 181,561.00**
	Director of Public Works						
128	Director of Finance	**$ 126,152.00**	$ 128,044.00	$ 129,965.00	$ 131,914.00	$ 133,893.00	**$ 194,273.00**
129	Chief of Police	**$ 132,460.00**	$ 134,447.00	$ 136,464.00	$ 138,511.00	$ 140,589.00	**$ 203,986.00**
130	Assistant City Manager	**$ 141,732.00**	$ 143,858.00	$ 146,016.00	$ 148,206.00	$ 150,429.00	**$ 218,264.00**
UNG	City Manager						

Grade		Step 1	Step 2	Step 3	Step 4	Step 5	Step 30
201	Police Cadet	**$ 56,000.00**	$ 56,840.00	$ 57,693.00	$ 58,558.00	$ 59,436.00	**$ 86,237.00**
202	Police Officer	**$ 67,000.00**	$ 68,005.00	$ 69,025.00	$ 70,060.00	$ 71,111.00	**$ 103,179.00**
	School Resource Officer						
203	Police Corporal	**$ 77,786.00**	$ 78,953.00	$ 80,137.00	$ 81,339.00	$ 82,559.00	**$ 119,786.00**
204	Police Sergeant	**$ 89,454.00**	$ 90,796.00	$ 92,158.00	$ 93,540.00	$ 94,943.00	**$ 137,758.00**
205	Police Lieutenant	**$ 102,872.00**	$ 104,415.00	$ 105,981.00	$ 107,571.00	$ 109,185.00	**$ 158,422.00**

Exhibit B

Department	Certification Name	Cert/Stpd. Amount	Authorized Eligible FTE's
Administration	Bilingual Pay	$600.00	All
	Microsoft Specialty	$100.00	2
Building Codes	Bilingual Pay	$600.00	All
	Certified Building Inspector	$300.00	1
	Permit Technician	$300.00	1
City Secretary	Bilingual Pay	$600.00	All
	FORMDD City Secretary	$910.00	1
	Municipal City Clerk	$900.00	1
	Parliamentary Procedure	$300.00	2
Engineering Services	Bilingual Pay	$600.00	All
	Certified Floodplain Manager	$600.00	2
	Certified Public Infrastructure Inspector	$1,000.00	1
	Certified Stormwater Inspector	$600.00	1
	GIS Professional	$600.00	1
Finance	Bilingual Pay	$600.00	All
	Certified Government Chief Finance Officer	$1,200.00	1
	Certified Payroll Professional	$300.00	1
	Certified Public Accountant (CPA)	$2,500.00	1
	FORMDD Investment Officer	$1,300.00	1
	Texas Procurement Manager	$600.00	1
HR / Comms	Bilingual Pay	$600.00	All
	HRP Professional Level	$600.00	1
	HRP Senior Professional Level	$1,600.00	1
	Public Information Officer	$700.00	1
IT	Bilingual Pay	$600.00	All
	Certified Government Chief Information Officer	$1,200.00	1
	Certified Information Security Manager	$1,000.00	1
	Certified Information System Security Professional	$900.00	1
	Cisco Certified Network Professional	$900.00	1
	Net (+)	$600.00	1
	Sec (+)	$600.00	1

Municipal Court			
	Bilingual Pay	$600.00	All
	Court Clerk Level II	$800.00	1
	Court Clerk Level III	$1,200.00	1
	Licensed Court Interpreter	$1,500.00	2
Police/Public Safety			
	Bilingual Pay	$600.00	All
	ASCM Physical Trainer	$600.00	2
	College Degree - Associate's	$1,000.00	All
	College Degree - Bachelor's	$2,000.00	All
	Investigator (CID)	$1,000.00	3
	K-9 Handler	$1,000.00	1
	Microsoft Specialty	$100.00	2
	P.O Cert - Intermediate	$600.00	All
	P.O Cert - Advanced	$1,200.00	All
	P.O Cert - Master	$1,800.00	All
	UoF - Firearms Instructor	$300.00	All
	UoF - Patrol Rifle Instructor	$300.00	All
	UoF - Taser Instructor	$300.00	All
	UoF - Baton & Handcuff Instructor	$300.00	All
	Night Shift Differential	$1,200.00	By Shift
Public Works/Utilities			
	Bilingual Pay	$600.00	All
	HVAC Certified	$300.00	1
	Microsoft Specialty	$100.00	2
	NASSCO Certified	$300.00	3
	Public Fleet Professional	$600.00	1
	Water B	$900.00	All
	Wastewater B	$1,000.00	All
	Water A	$1,400.00	All
	Wastewater A	$1,500.00	All
	Class A CDL	$2,500.00	All



Personnel Policies Updates

Consideration:

General Government and Public Safety Pay Schedule &

Certification Pay List

Joanna Merrill, PSHRA-SCP

Human Resources Director

Pay Schedule & Certification Pay Updates (CDL Program)

- Updates pay schedule and reclassifies applicable Utility and Maintenance positions to reflect CDL-designated classifications and responsibilities
- Establishes $2,500 annual certification pay for eligible non-CDL-required employees who hold a valid CDL
    - Employees receiving certification pay must maintain the license in active status and good standing in accordance with City policy
- Promotes internal equity, recruitment competitiveness, and workforce stability

Why This Update is Recommended

- The 2025 Compensation Study reflected job duties and requirements at that time.
- Since adoption, the City expanded in-house operations and use of regulated vehicles.
- These operational changes created new CDL and DOT compliance requirements.
- Related pay adjustments were not included because the requirements evolved after the study was finalized.

Recommendation/Proposed Motion

- I move to approve a resolution amending the City of Fair Oaks Ranch's General Government and Public Safety Pay Schedule and Certification Pay List.

CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC:	Consideration and possible action approving a resolution authorizing the execution of an agreement with Matrix Consulting Group for the Facilities Master Plan
DATE:	March 19, 2026
DEPARTMENT:	Public Works & Engineering
PRESENTED BY:	Jessica Relucio, ENV SP, City Planner Clayton Hoelscher, Procurement Manager

INTRODUCTION / BACKGROUND:
The FY 2025–26 Adopted Budget included $100,000 for the creation of a Facilities Master Plan (Plan). The City seeks a qualified firm to conduct a detailed evaluation of existing facilities including current operations, space utilization, and projected future needs to ensure efficient and effective use of municipal assets. The resulting Plan will provide data-driven recommendations to optimize site functionality and operational effectiveness. It will serve as a long-term planning document and implementation roadmap to guide future expansion, new construction, renovation, reconfiguration, and multi-use of existing buildings and equipment spaces. Completion of the Plan is expected in August 2026.

The facilities to be evaluated include the City Campus, comprised of City Hall, Police Department, Public Works Offices and Maintenance Barn, Public Works Parts Warehouse, Public Works Shed, Fair Oaks Ranch Homeowners' Association building, and the Old Police Department building; Fire Stations #2 and #3, located at 7899 Fair Oaks Parkway and 30955 Meadow Creek Trail; and the three-acre site designated for a future elevated storage tank.

Throughout the development of the Plan, the selected consultant will adhere to established project milestones and provide key deliverables, including Technical Memorandums for the following: Inventory and Current Condition Assessment, Outreach Analysis, Current and Projected Space Allocations, and Strategic Options. Additionally, collaboration activities will include stakeholder interviews with City staff and City Council workshops to review progress.

To support this initiative, a Request for Qualifications was issued on December 12, 2025, and five submittals were received. Three firms were selected for interviews by an evaluation team comprised of eight City staff members and Council representatives. Following the interview process, one firm was identified for negotiations; however, the parties were unable to reach a mutually acceptable agreement, and the negotiation process was subsequently terminated. Upon further evaluation and in accordance with the established ranking, the City initiated negotiations with the next highest-ranked respondent, Matrix Consulting Group. A fee proposal of $99,630 was successfully

negotiated to complete the Plan.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:

- Supports Project 3.5.2 of the Strategic Plan to Develop a City Facilities and Space Utilization Plan
- Complies with procurement requirements for professional services

LONGTERM FINANCIAL & BUDGETARY IMPACT:
Funds were allocated in the FY 2025-26 Budget in the amount of $100,000 for this project.

LEGAL ANALYSIS:
The City's standard Professional Service Agreement is being utilized for this project.

RECOMMENDATION / PROPOSED MOTION:
I move to approve a resolution authorizing the execution of an agreement with Matrix Consulting Group for the Facilities Master Plan in the amount of $99,630, expenditure of the required funds, upon execution of all applicable documents by the City Manager.

A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH FREESE AND NICHOLS, INC. FOR A FACILITIES MASTER PLAN, EXPENDITURE OF THE REQUIRED FUNDS, AND EXECUTION OF ALL APPLICABLE DOCUMENTS BY THE CITY MANAGER

WHEREAS, the City of Fair Oaks Ranch (the "City") included funds in FY 2025-26 for the creation of a Facilities Master Plan, and

WHEREAS, submittals were received in accordance with Texas Local Government Code Chapter 2254 and the City negotiated a proposal with Matrix Consulting Group, Ltd., and

WHEREAS, the cost for the Facilities Master Plan is $99,630.00, and

WHEREAS, the plan will include an assessment of the functionality and expandability of existing facilities, prioritizing capital and operational improvements, and project future growth requirements to ensure the City can continue to provide effective services in functional workspaces while maintaining efficiency, and

WHEREAS, the City Council of the City of Fair Oaks Ranch hereby finds it necessary and appropriate to authorize the execution of an agreement with Matrix Consulting Group, Ltd. **(Exhibit A).**

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

Section 1 The City Council hereby authorizes the City Manager to execute an agreement with Matrix Consulting Group, Ltd. for a Facilities Master Plan, to expend required funds up to $99,630.00 and to execute any and all applicable documents to effectuate this resolution.

Section 2. That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the Council.

Section3. If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.

Section 4. That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 5. All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the

provision of this resolution shall be and remain controlling as to the matters resolved herein.

Section 6. This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 7. This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 19th day of March 2026.

_____

Gregory C. Maxton, Mayor

ATTEST:

_____

Christina Picioccio, TRMC
City Secretary

APPROVED AS TO FORM:

_____

Denton Navarro Rodriguez Bernal Santee & Zech P.C., City Attorney

CITY OF FAIR OAKS RANCH
STANDARD PROFESSIONAL SERVICES AGREEMENT

THE STATE OF TEXAS §
§
KENDALL COUNTY §

This Professional Services Agreement ("Agreement") is made and entered by and between the City of Fair Oaks Ranch, Texas, (the "City") a Texas municipality, and Matrix Consulting Group, Ltd. ("Professional").

Section 1. Duration. This Agreement shall become effective upon execution by the City and shall remain in effect until satisfactory completion of the Scope of Work unless terminated as provided for in this Agreement.

Section 2. Scope of Work.

(A) Professional shall perform the Services as more particularly described in the Scope of Work attached hereto as Exhibit "A". The work as described in the Scope of Work constitutes the "Project". Unless otherwise provided in the Scope of Work, the anticipated submittal of all Project deliverables is immediately upon completion of the Project.

(B) The Quality of Services provided under this Agreement shall be performed with the professional skill and care ordinarily provided by competent Professionals practicing in the same or similar locality and under the same or similar circumstances and professional license, and as expeditiously as is prudent considering the ordinary professional skill and care of a competent Professional holding the same professional license.

(C) The Professional shall perform its Services for the Project in compliance with all statutory, regulatory and contractual requirements now or hereafter in effect as may be applicable to the rights and obligations set forth in the Agreement.

(D) The Professional may rely upon the accuracy of reports and surveys provided to it by the City except when defects should have been apparent to a reasonably competent professional or when it has actual notice of any defects in the reports and surveys.

Section 3. Compensation.

(A) The Professional shall be paid in the manner set forth in Exhibit "B' and as provided herein.

(B) *Billing Period:* The Professional may submit monthly, or less frequently, an invoice for payment based on the estimated completion of the described tasks and approved work schedule. Subject to Chapter 2251, Texas Government Code (the "Prompt Payment Act"), payment is due within thirty (30) days of the City's receipt of the Professional's invoice. Interest on overdue payments shall be calculated in accordance with the Prompt Payment Act.

(C) *Reimbursable Expenses*: Any and all reimbursable expenses related to the Project shall be included in the scope of services (Exhibit A) and accounted for in the total contract amount in Exhibit "B". If these items are not specifically accounted for in Exhibit A they shall be considered subsidiary to the total contract amount.

Section 4. Changes to the Project Work; Additional Work.

(A) *Changes to Work:* Professional shall make such revisions to any work that has been completed as are necessary to correct any errors or omissions as may appear in such work. If the City finds it necessary to make changes to previously satisfactorily completed work or parts thereof, the Professional shall make such revisions if requested and as directed by the City and such services will be considered as additional work and paid for as specified under following paragraph.

(B) *Additional Work:* The City retains the right to make changes to the Scope of Work at any time by a written order. Work that is clearly not within the general description of the Scope of Work and does not otherwise constitute special services under this Agreement must be approved in writing by the City by supplemental agreement before the additional work is undertaken by the Professional. If the Professional is of the opinion that any work is beyond that contemplated in this Agreement and the Scope of Work governing the project and therefore constitutes additional work, the Professional shall promptly notify the City of that opinion, in writing. If the City agrees that such work does constitute additional work, then the City and the Professional shall execute a supplemental agreement for the additional work and the City shall compensate the Professional for the additional work on the basis of the rates contained in the Scope of Work. If the changes deduct from the extent of the Scope of Work, the contract sum shall be adjusted accordingly. All such changes shall be executed under the conditions of the original Agreement. Any work undertaken by Professional not previously approved as additional work shall be at risk of the Professional.

Section 5. Time of Completion.

The prompt completion of the services under the Scope of Work is critical to the City. Unnecessary delays in providing services under a Scope of Work shall be grounds for dismissal of the Professional and termination of this Agreement without any or further liability

to the City other than a prorated payment for necessary, timely, and conforming work done by Professional prior to the time of termination. The Scope of Work shall provide, in either calendar days or by providing a final date, a time of completion prior to which the Professional shall have completed all tasks and services described in the Scope of Work. For this project the Anticipated Schedule for Completion is attached as Exhibit C.

Section 6. Insurance.

Before commencing work under this Agreement, Professional shall obtain and maintain the liability insurance provided for in attached Exhibit D throughout the term of this Agreement and thereafter as required herein.

In addition to the insurance provided for in Exhibit D, Professional shall maintain the following limits and types of insurance:

Professional Liability Insurance: professional errors and omissions liability insurance with limits of liability not less than $1,000,000 per occurrence covering all work performed by the Professional, its employees, sub-contractors, or independent contractors. If this coverage can only be obtained on a “claims made” basis, the certificate of insurance must clearly state coverage is on a “claims made” basis and coverage must remain in effect for at least two years after final payment with the Professional continuing to furnish the City certificates of insurance.

Workers Compensation Insurance: The Professional shall carry and maintain during the term of this Agreement, workers compensation and employers liability insurance meeting the requirements of the State of Texas on all the Professional’s employees carrying out the work involved in this contract.

General Liability Insurance: The Professional shall carry and maintain during the term of this Agreement, general liability insurance on a per occurrence basis with limits of liability not less than $1,000,000 for each occurrence and for fire damage. For Bodily Injury and Property Damage, coverage shall be no less than $1,000,000. As a minimum, coverage for Premises, Operations, Products and Completed Operations shall be $2,000,000. This coverage shall protect the public or any person from injury or property damages sustained by reason of the Professional or its employees carrying out the work involved in this Agreement. The general aggregate shall be no less than $2,000,000.

Automobile Liability Insurance: Professional shall carry and maintain during the term of this Agreement, automobile liability insurance with either a combined limit of at least $1,000,000 per occurrence for bodily injury and property damage or split limits of at least $1,000,000 for bodily injury per person per occurrence and $1,000,000 for property damage per occurrence.

Coverage shall include all owned, hired, and non-owned motor vehicles used in the performance of this contract by the Professional or its employees.

Subcontractor: In the case of any work sublet, the Professional shall require subcontractor and independent contractors working under the direction of either the Professional or a subcontractor to carry and maintain the same workers compensation and liability insurance required of the Professional.

Qualifying Insurance: The insurance required by this Agreement shall be written by non-assessable insurance company licensed to do business in the State of Texas and currently rated "B+" or better by the A.M. Best Companies. All policies shall be written on a “per occurrence basis” and not a “claims made” form.

Evidence of such insurance shall be attached as Exhibit “E”.

Section 7. Miscellaneous Provisions.

(A) *Subletting.* The Professional shall not sublet or transfer any portion of the work under this Agreement or any Scope of Work issued pursuant to this Agreement unless specifically approved in writing by the City, which approval shall not be unreasonably withheld. Subcontractors shall comply with all provisions of this Agreement and the applicable Scope of Work. The approval or acquiescence of the City in the subletting of any work shall not relieve the Professional of any responsibility for work done by such subcontractor.

(B) *Ownership of Documents.* Upon completion or termination of this Agreement, all documents prepared by the Professional or furnished to the Professional by the City shall be delivered to and become the property of the City. All drawings, charts, calculations, plans, specifications and other data, including electronic files and raw data, prepared under or pursuant to this Agreement shall be made available, upon request, to the City without restriction or limitation on the further use of such materials PROVIDED, HOWEVER, THAT SUCH MATERIALS ARE NOT INTENDED OR REPRESENTED TO BE SUITABLE FOR REUSE BY THE CITY OR OTHERS. ANY REUSE WITHOUT PRIOR VERIFICATION OR ADAPTATION BY THE PROFESSIONAL FOR THE SPECIFIC PURPOSE INTENDED WILL BE AT THE CITY’S SOLE RISK AND WITHOUT LIABILITY TO THE PROFESSIONAL. Where applicable, Professional shall retain all pre-existing proprietary rights in the materials provided to the City but shall grant to the City a non-exclusive, perpetual, royalty-free license to use such proprietary information solely for the purposes for which the information was provided. The Professional may, at Professional’s expense, have copies made of the documents or any other data furnished to the City under or pursuant to this Agreement.

(C) *Professional's Seal.* To the extent that the Professional has a professional seal it shall

placed on all documents and data furnished by the Professional to the City. All work and services provided under this Agreement will be performed in a good and workmanlike fashion and shall conform to the accepted standards and practices of the Professional's industry. The plans, specifications and data provided by Professional shall be adequate and sufficient to enable those performing the actual work to perform the work as and within the time contemplated by the City and Professional. The City acknowledges that Professional has no control over the methods or means of work nor the costs of labor, materials or equipment. Unless otherwise agreed in writing, any estimates of costs by the Professional are for informational purposes only and are not guarantees.

(D) *Compliance with Laws.* The Professional shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts, administrative, or regulatory bodies in any matter affecting the performance of this Agreement, including, without limitation, worker's compensation laws, minimum and maximum salary and wage statutes and regulations, and licensing laws and regulations. When required, the Professional shall furnish the City with satisfactory proof of compliance.

(E) *Independent Contractor.* Professional acknowledges that Professional is an independent contractor of the City and is not an employee, agent, official or representative of the City. Professional shall not represent, either expressly or through implication, that Professional is an employee, agent, official or representative of the City. Income taxes, self-employment taxes, social security taxes and the like are the sole responsibility of the Professional.

(F) *Non-Collusion.* Professional represents and warrants that Professional has not given, made, promised or paid, nor offered to give, make, promise or pay any gift, bonus, commission, money or other consideration to any person as an inducement to or in order to obtain the work to be provided to the City under this Agreement. Professional further agrees that Professional shall not accept any gift, bonus, commission, money, or other consideration from any person (other than from the City pursuant to this Agreement) for any of the services performed by Professional under or related to this Agreement. If any such gift, bonus, commission, money, or other consideration is received by or offered to Professional, Professional shall immediately report that fact to the City and, at the sole option of the City, the City may elect to accept the consideration for itself or to take the value of such consideration as a credit against the compensation otherwise owing to Professional under or pursuant to this Agreement.

(G) *Force Majeure.* If the performance of any covenant or obligation to be performed hereunder by any party is delayed as a result of circumstances which are beyond the reasonable control of such party (which circumstances may include, without limitation, pending litigation, acts of God, war, acts of civil disobedience, fire or other casualty, shortage of

materials, adverse weather conditions [such as, by way of illustration and not of limitation, severe rain storms or below freezing temperatures, or tornados] labor action, strikes or similar acts, moratoriums or regulations or actions by governmental authorities), the time for such performance shall be extended by the amount of time of such delay, but no longer than the amount of time reasonably occasioned by the delay. The party claiming delay of performance as a result of any of the foregoing force majeure events shall deliver written notice of the commencement of any such delay resulting from such force majeure event not later than seven (7) days after the claiming party becomes aware of the same, and if the claiming party fails to so notify the other party of the occurrence of a force majeure event causing such delay and the other party shall not otherwise be aware of such force majeure event, the claiming party shall not be entitled to avail itself of the provisions for the extension of performance contained in this subsection.

(H) In the case of any conflicts between the terms of this Agreement and wording contained within the Scope of Services, this Agreement shall govern. The Scope of Services is intended to detail the technical scope of services, fee schedule, and contract time only and shall not dictate Agreement terms.

Section 8. <u>Termination.</u>

(A) This Agreement may be terminated:

(1) By the mutual agreement and consent of both Professional and City;

(2) By either party, upon the failure of the other party to fulfill its obligations as set forth in either this Agreement or a Scope of Work issued under this Agreement;

(3) By the City, immediately upon notice in writing to the Professional, as consequence of the failure of Professional to perform the services contemplated by this Agreement in a timely or satisfactory manner;

(4) By the City, at will and without cause upon not less than thirty (30) days written notice to the Professional.

(B) If the City terminates this Agreement pursuant to Section 5 or subsection 8(A)(2) or (3), above, the Professional shall not be entitled to any fees or reimbursable expenses other than the fees and reimbursable expenses then due and payable as of the time of termination and only then for those services that have been timely and adequately performed by the Professional considering the actual costs incurred by the Professional in performing work to date of termination, the value of the work that is nonetheless usable to the City, the cost to the City of employing another Professional to complete the work required and the time required to do so, and other factors that affect the value to the City of the work performed at time of

termination. In the event of termination that is not the fault of the Professional, the Professional shall be compensated for all basic, special, and additional services actually performed prior to termination, together with any reimbursable expenses then due.

Section 9. Indemnification. Professional shall indemnify, defend and hold harmless the City of Fair Oaks Ranch, Texas and its officials, employees and agents (collectively referred to as "Indemnitees") and each of them from and against all loss, costs, penalties, fines, damages, claims, expenses (including reasonable attorney's fees) or liabilities (collectively referred to as "Liabilities") by reason of any injury to or death of any person or damage to or destruction or loss of any property arising out of, resulting from, or in connection with (i) the performance or non-performance of Services contemplated by this Agreement but only to the extent caused by the negligent acts, errors or omissions, intentional torts, intellectual property infringement, or a failure to pay a sub-contractor or supplier committed by Professional or Professional's agent, consultant under contract, or another entity over which Professional exercises control (whether active or passive) of Professional or its employees, agents or sub-contractors (collectively referred to as "Professional") (ii) the failure of Professional to comply with any of the paragraphs herein or the failure of Professional to conform to statutes, ordinances, or other regulations or requirements of any governmental authority, federal, state or local, in connection with the performance of this Agreement. Professional expressly agrees to indemnify and hold harmless the Indemnitees, or any one of them, from and against all liabilities which may be asserted by an employee or former employee of Professional, or any of its sub-contractors, as provided above, for which Professional's liability to such employee or former employee would otherwise be limited to payments under State Workers' Compensation or similar laws. Nothing herein shall require Professional to indemnify, defend, or hold harmless any Indemnitee for the Indemnitee's own negligence or willful misconduct. Any and all indemnity provided for in this Agreement shall survive the expiration of this Agreement and the discharge of all other obligations owed by the parties to each other hereunder and shall apply prospectively not only during the term of this Agreement but thereafter so long as any liability could be asserted in regard to any acts or omissions of Professional in performing Services under this Agreement.

For Professional Liability Claims, Professional shall be liable for reasonable defense costs incurred by Indemnitees but only after final adjudication and to the extent and percent that Professional or Professional's agents are found negligent or otherwise at fault. As used in this Agreement, final adjudication includes any negotiated settlement and release of claims, without limitation as to when a negotiated settlement and release of claims occurs.

Section 10. Notices. Any notice required or desired to be given from one party to the other

party to this Agreement shall be in writing and shall be given and shall be deemed to have been served and received (whether actually received or not) if (i) delivered in person to the address set forth below; (ii) deposited in an official depository under the regular care and custody of the United States Postal Service located within the confines of the United States of America and sent by certified mail, return receipt requested, and addressed to such party at the address hereinafter specified; or (iii) delivered to such party by courier receipted delivery. Either party may designate another address within the confines of the continental United States of America for notice, but until written notice of such change is actually received by the other party, the last address of such party designated for notice shall remain such party's address for notice.

Section 11. No Assignment. Neither party shall have the right to assign that party's interest in this Agreement without the prior written consent of the other party.

Section 12. Severability. If any term or provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity or enforceability of the remaining terms or provisions of this Agreement shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable term or provision, there shall be added automatically to this Agreement a legal, valid or enforceable term or provision as similar as possible to the term or provision declared illegal, invalid or unenforceable.

Section 13. Waiver. Either City or the Professional shall have the right to waive any requirement contained in this Agreement that is intended for the waiving party's benefit, but, except as otherwise provided herein, such waiver shall be effective only if in writing executed by the party for whose benefit such requirement is intended. No waiver of any breach or violation of any term of this Agreement shall be deemed or construed to constitute a waiver of any other breach or violation, whether concurrent or subsequent, and whether of the same or of a different type of breach or violation.

Section 14. Governing Law; Venue. This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. The provisions and obligations of this Agreement are performable in Kendall County, Texas such that exclusive venue for any action arising out of this Agreement shall be in Kendall County, Texas.

Section 15. Paragraph Headings; Construction. The paragraph headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof. Both parties have participated in the negotiation and preparation of this Agreement and this Agreement shall not be construed either more or less strongly against or for either party.

Section 16. Binding Effect. Except as limited herein, the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, personal and legal representatives, successors and assigns.

Section 17. Gender. Within this Agreement, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.

Section 18. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 19. Exhibits. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

Section 20. Entire Agreement. It is understood and agreed that this Agreement contains the entire agreement between the parties and supersedes any and all prior agreements, arrangements or understandings between the parties relating to the subject matter. No oral understandings, statements, promises or inducements contrary to the terms of this Agreement exist. This Agreement cannot be changed or terminated orally.

Section 21. Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever between the parties, it being expressly understood and agreed that no provision contained in this Agreement nor any act or acts of the parties hereto shall be deemed to create any relationship between the parties other than the relationship of independent parties contracting with each other solely for the purpose of effecting the provisions of this Agreement.

Section 22. Right To Audit. City shall have the right to examine and audit the books and records of Professional with regards to the work described in Exhibit A, or any subsequent changes, at any reasonable time. Such books and records will be maintained in accordance with generally accepted principles of accounting and will be adequate to enable determination of: (1) the substantiation and accuracy of any payments required to be made under this Agreement; and (2) compliance with the provisions of this Agreement.

23. Dispute Resolution. In accordance with the provisions of Subchapter I, Chapter 271, TEX. LOCAL GOV'T CODE, the parties agree that, prior to instituting any lawsuit or other proceeding arising from a dispute under this agreement, the parties will first attempt to resolve the dispute by taking the following steps: (1) A written notice substantially describing the nature of the dispute shall be delivered by the dissatisfied party to the other party, which

notice shall request a written response to be delivered to the dissatisfied party not less than 5 days after receipt of the notice of dispute. (2) If the response does not reasonably resolve the dispute, in the opinion of the dissatisfied party, the dissatisfied party shall give notice to that effect to the other party whereupon each party shall appoint a person having authority over the activities of the respective parties who shall promptly meet, in person, in an effort to resolve the dispute. (3) If those persons cannot or do not resolve the dispute, then the parties shall each appoint a person from the highest tier of managerial responsibility within each respective party, who shall then promptly meet, in person, in an effort to resolve the dispute.

24. Disclosure of Business Relationships/Affiliations; Conflict of Interest Questionnaire. Professional represents that it is in compliance with the applicable filing and disclosure requirements of Chapter 176 of the Texas Local Government Code.

25. Boycott Israel. The City may not enter into a contract with a company for goods and services unless the contract contains a written verification from the company; (i) it does not Boycott Israel; and (ii) will not Boycott Israel during the term of the contract. (Texas government code chapter 2270) by entering this agreement, Professional verifies that it does not Boycott Israel, and agrees that during the term of the agreement will not Boycott Israel as that term is defined in the Texas Government Code Section 808.001, as amended.

26. Energy Company Boycotts. Professional represents and warrants that: (1) it does not, and will not for the duration of the contract, boycott energy companies or (2) the verification required by Section 2274.002 of the Texas Government Code does not apply to the contract. If circumstances relevant to this provision change during the course of the contract, Professional shall promptly notify City.

27. Firearm Entities and Trade Association Discrimination. Professional verifies that: (1) it does not, and will not for the duration of the contract, have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association or (2) the verification required by Section 2274.002 of the Texas Government Code does not apply to the contract. If circumstances relevant to this provision change during the course of the contract, Professional shall promptly notify City.

EXECUTED, by the City on _____.

CITY:

By:_____

Name: Scott M. Huizenga

Title: City Manager

PROFESSIONAL:

By:_____

Name:

Title:_____

ADDRESS FOR NOTICE:

CITY

City of Fair Oaks Ranch
Attn: City Secretary
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015

PROFESSIONAL

Matrix Consulting Group, Ltd.
1875 S. Grant Street, Suite 960
San Mateo, CA 94402

EXHIBIT A
SCOPE OF SERVICES

PROJECT APPROACH

This section outlines our project management approach, work plan, and schedule.

PROJECT MANAGEMENT AND CLIENT INTERACTION

Project management is crucial for delivering a successful engagement. Regular communication with the City's project manager(s) regarding progress on all timeline items and milestones will take place, and we will utilize formal project management techniques, including:

- Project tasks, associated deliverables, timelines, and budgets are clearly defined and assigned to each team member.
- Project team and client expectations and results are managed through formal project schedules and reporting tools, and frequent client review meetings are held to assess interim deliverables.
- Quality control measures include a project executive review of all interim and final products before they are delivered to the client.
- Bi-weekly (or alternative schedule) meetings with the client's project manager, and/or assigned leadership or steering committee to report progress to date, problems or obstacles encountered, and planned project activities.

We suggest forming a small project committee to collaborate with us on this project. This committee would review our findings, conclusions, and recommendations by evaluating each interim deliverable.

WORK PLAN

This subsection summarizes our proposed task plan and includes a project schedule.

TASK 1 – PROJECT INITIATION AND CURRENT STATE ASSESSMENT

PROJECT INITIATION MEETING AND PROJECT MANAGEMENT

Upon contract execution, the project team will hold a formal project kickoff meeting with key City and department staff to discuss the parameters and rationale for this assessment. We will provide an agenda before the meeting and a summary of action items after the meeting. During this meeting, we will confirm the scope of work, deliverables, and project schedule, and present and discuss the Data Collection list outlining the data requirements for the analysis.

Regular project check-in times and meetings will also be established.

The deliverables for the project kick-off meeting will be a project contact list for staff and the project team, an updated project schedule, identification of the first round of staff interviews, and a preliminary data collection list.

EXISTING CONDITIONS SPACE AND FACILITIES ASSESSMENT

The purpose of this task is to develop an understanding of the current operations and facilities on site. This will include interviews with representatives from each functional team currently located on the site, as well as City leadership, to understand the long-term goals of the site and the study. The project team will conduct interviews with relevant department heads and staff to understand their respective operations. This will include an overview of current and future staffing levels, as well as operational changes that may impact facility and site needs.

Project team members will tour each facility to visually assess site conditions and determine the extent of current conditions and space allocation. During the inspection, the project team will review the facility's overall condition, assess each facility's suitability for future operations, and identify potential facility and spatial issues. The project team will also collect floor plans or take measurements of existing facilities to determine current space allocation by user group and space type (e.g., office and storage).

Following the visit, we will assess each facility's current utilization against its intended role to determine whether it is over-, under-, or appropriately utilized, considering both current operations and capacity to house employees. Note each facility's ability to serve not only its current and future needs but also its ability to accommodate the number of employees housed. An outcome of this task will include the current allocation of existing space by functional area.

Upon completion of this task, the project team will provide an assessment of the current facilities, their suitability for continued use or reuse, and the current space allocation for each user group. An overview of current and future staff allocation will be provided to establish a baseline for our understanding of staffing requirements for the site.

FACILITY CONDITION ASSESSMENT

Facilities will be assessed by ALPHA's assessment teams, comprised of qualified architects, engineers, and/or construction professionals. Their team includes professionals who assess the architectural, mechanical, electrical, and plumbing components of your facilities.

Each component of the facility will be assessed to determine the present level of deficiency and cost of remediation. A lifecycle cost analysis of the building systems will also be conducted, covering current capital investment, operating costs, and anticipated future capital replacement costs. The analysis will further include a risk evaluation of existing building systems.

Our teams will assess the facility's overall condition and estimate the remaining service life of building systems to support renewal forecasting, using the standardized Uniformat methodology.

TASK RESULT

We will create an inventory and current condition assessment of City facilities that includes space allocation by functional area and ranking of facilities based on suitability for future operations including interview responses as an appendix.

TASK 2 – ASSESSMENT OF FUTURE SPACE NEEDS AND GAP ANALYSIS

SURVEY

Our team will develop a space needs survey for Department representatives across the City to understand current constraints and future plans, and incorporate them into future needs requirements. This survey will be conducted electronically and used to collect the necessary data from all stakeholders for the Future Needs Assessment.

FUTURE NEEDS ASSESSMENT

We have developed a model for facility planning to assess the impacts of development and growth on service demand, staffing, and facility needs. To accomplish this, it is critical to understand the rates at which existing and similar developments impact operations and, consequently, staffing needs and facilities. Rather than basing projections of future needs on simple per-capita ratios, our analysis, for example, builds staffing and facility needs from how workloads change.

We will meet with the Planning and Community Development Department's staff to understand how land is currently used and the configurations and timing of anticipated developments, to accurately model how City operational needs will evolve. These projections would be used to align current and projected staffing with facility needs.

DRAFT SPACE NEEDS ASSESSMENT REPORT

Building on the existing space allocation and the application of industry space standards, the project team will develop space needs allocations for each user group. The space allocation table will identify office, support, storage, and other space types needed for effective operations. This table will also identify key operational adjacency, public spaces, and other critical needs to ensure efficient operational approaches. The draft and final Space Needs Assessment Report will identify current and projected space and adjacency needs for all City facilities, vehicles, and equipment. This draft document will be provided to the City for their review and comment.

INTERIM DELIVERABLES

The project team will provide:

- Draft and final survey and feedback analysis for the staff
- Current and projected space allocation by functional group.
- Interim Space Needs Assessment Report

TASK RESULT

The project team will provide an analysis of outreach information gathered, and current and projected space allocations by functional area, as an interim space and facility needs assessment.

TASK 3 – PRELIMINARY ASSESSMENT AND DRAFT STRATEGIC OPTIONS

In this task, the project team will develop a preliminary analysis of findings, including strategic options to address future space and site needs. In conjunction with the project steering committee, the project team will develop strategic facility and site plans to meet the current and future space needs. When developing these options, the project team will consider potential relocation of services within existing facilities or to other facilities, the need for new space, and whether new construction may be needed at any scale over the planning horizon. Options that consolidate operations into fewer buildings may also be considered.

The project team will ensure that strategic development options address current and future space needs, using existing facilities or new construction. Options may include reconfiguring the site to enhance access and security.

The project team will develop cost estimate ranges associated with each option. These order-of-magnitude cost ranges can provide the City with broad guidance on the potential construction and capital costs for each option.

At the conclusion of the strategic development options process, the project team will recommend the preferred approach to meeting future space needs. The overall result will be a strategic facility plan that addresses future space needs and the financial impacts on the City.

TASK RESULT

Development of a preliminary analysis draft deliverable including strategic options to meet future space needs and recommend a preferred option.

TASK 4 – DEVELOPMENT OF DRAFT FACILITIES MASTER PLAN

This task will include developing the Draft Facilities Master Plan for City review and feedback. This phase will be performed with the following task schedule:

PREPARE SPACE PLANNING OPTIONS

We will prepare strategic space planning options for City facilities for the City's Project Team to review, denoting whether they are short, medium, or long-term projects. The options will be based on:

1. Renovation or Expansion.
2. New construction.
3. A combination of renovation, expansion, and new construction.

Each option will summarize the proposed facility location and space allocation for each department/division, including summary tables and bubble diagrams, as appropriate, to communicate key features and distinctions between options, and the areas in square feet. The options will be provided for all City buildings and future space allocation recommendations.

IDENTIFY NEEDED PROJECTS AND COSTS

Based on the options and criteria scoring developed in Task 3, the project team will develop a recommended set of projects. Each project will be assigned a priority score used to compare the severity of deficiencies, mission, and security across potential projects, and to support the development of maintenance and capital plans. Each identified project will incorporate the City's strategic goals as a prioritization criterion.

For each recommended project, a timeline will be provided to develop a prioritized list by year for upcoming maintenance and construction projects. The project team will present conceptual-level cost estimates for recommended projects, including capital costs, potential maintenance cost impacts, phasing, and funding considerations.

PREPARE A COMPREHENSIVE FACILITIES MASTER PLAN AND IMPLEMENTATION STRATEGY

We will prepare a draft Master Plan and Implementation Strategy with the following sections:

- **Project Overview:** To include a summary of the project process, including past phases, and the methodology of analyses.
- **Evaluation and Analysis:** To include a detailed analysis of the project's evaluation, highlighting findings, derived insights, and underlying assumptions.
- **Recommendations:** To include detailed recommendations based on the analysis, including issues and challenges identified during the project lifecycle. These recommendations will be prioritized and ranked by effort required.
- **Strategic Implementation:** The strategy section will outline the short-, mid-, and long-term implementation phases, including required actions, responsible parties, and timelines.
- **Budget and Funding Strategy:** To include an analysis of budget support and funding mechanisms detailing how they will meet the City's strategic financial requirements over time. This should include a discussion of funding sources, potential financial challenges, and solutions.

These items will be documented in a draft Facilities Master Plan and a PowerPoint presentation that the project team will present to the City Council for approval.

CITY COUNCIL FACILITATED WORKSHOP

The Project Manager and Principal-in-Charge will attend a scheduled City Council Workshop to present the Draft Facilities Master Plan and associated analysis to them to receive feedback and discuss policy-level options for incorporation into the Plan. This workshop can be conducted virtually or in person, based on the City's preference.

TASK RESULT

The project team will provide a draft version of the Facilities Master Plan, along with a PowerPoint presentation to be utilized for the facilitated City Council workshop.

TASK 5 – DEVELOPMENT OF FINAL FACILITIES MASTER PLAN

This task will include developing the Final Facilities Master Plan for City review and acceptance. Feedback received from the City Council workshop will be incorporated into the Facilities Master Plan, and the finalized document will be presented to the City Council for adoption. The project team will present the final plan to the City Council at a scheduled meeting.

TASK RESULT

The project team will provide the final version of the Facilities Master Plan digitally and with two hard copies, along with a PowerPoint presentation to be utilized for the City Council meeting approval.

EXHIBIT B
COMPENSATION

MATRIX CONSULTING GROUP

March 2, 2026

Clayton Hoelscher, Procurement Manager
City of Fair Oaks Ranch
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015

Dear Mr. Hoelscher:

Matrix Consulting Group, Ltd. In conjunction with Alpha Facilities Solutions is pleased to present our fee to develop a facilities master plan for Fair Oaks Ranch. We propose to conduct this assessment for a fixed price of $99,630. Our budget by task is outlined in the following table.

Task	Aaron Baggarly	Chas Jordan	Alexis Orrick	K. Jones / R. Kramps	S. Veale / M. Koch	Cost
1a. Kickoff / Project Management	2	8	2	2	2	$3,490
1b. Existing Conditions Assessment	4	16	8	2	8	$7,860
1c. Facility Condition Assessment	2	4	2	16	64	$18,490
2a. Staff Survey / Interviews	16	16	16			$9,920
2b. Staffing Analysis	20	24	16			$12,720
2c. Draft Space Needs Assessment	24	36	16			$16,420
3. Draft Strategic Options	12	20	8	2	8	$10,760
4a. Master Plan Options	8	12	4	2	8	$7,380
4b. Draft & Final Master Plan	8	12	2	4	8	$7,590
Total Hours	96	148	74	28	98	
Hourly Rate	$250	$225	$145	$250	$200	
Total Time Cost						$94,630
Project Expenses						$5,000
Total Cost						$99,630

MATRIX CONSULTING GROUP
1875 S Grant Street, Suite 960
San Mateo, CA 94402
650-858-0507

Should you have questions or require additional information, Aaron Baggarly, a Vice President and proposed Principal-in-Charge for this project, can be reached at 803-622-9910 or via email at abaggarly@matrixcg.net.



ALAN D. PENNINGTON

President, Matrix Consulting Group, Ltd.

EXHIBIT C
SCHEDULE OF COMPLETION

To be completed within 4 months after contract execution.

EXHIBIT "D"

REQUIREMENTS FOR ALL INSURANCE DOCUMENTS

The Professional shall comply with each and every condition contained herein. The Professional shall provide and maintain the minimum insurance coverage set forth below during the term of its agreement with the City. Any Subcontractor(s) hired by the Professional shall maintain insurance coverage equal to that required of the Professional. It is the responsibility of the Professional to assure compliance with this provision. The City of Fair Oaks Ranch accepts no responsibility arising from the conduct, or lack of conduct, of the Subcontractor.

INSTRUCTIONS FOR COMPLETION OF INSURANCE DOCUMENT

With reference to the foregoing insurance requirements, Professional shall specifically endorse applicable insurance policies as follows:

1. The City of Fair Oaks Ranch shall be named as an additional insured with respect to General Liability and Automobile Liability **on a separate endorsement.**
2. A waiver of subrogation in favor of The City of Fair Oaks Ranch shall be contained in the Workers Compensation and all liability policies and must be provided **on a separate endorsement**.
3. All insurance policies shall be endorsed to the effect that The City of Fair Oaks Ranch will receive at least thirty (30) days written notice prior to cancellation or non-renewal of the insurance.
4. All insurance policies, which name The City of Fair Oaks Ranch as an additional insured, must be endorsed to read as primary and non-contributory coverage regardless of the application of other insurance.
5. **Chapter 1811 of the Texas Insurance Code, Senate Bill 425 82(R) of 2011, states that the above endorsements cannot be on the certificate of insurance. Separate endorsements must be provided for each of the above.**
6. All insurance policies shall be endorsed to require the insurer to immediately notify The City of Fair Oaks Ranch of any material change in the insurance coverage.
7. All liability policies shall contain no cross-liability exclusions or insured versus insured restrictions.
8. Required limits may be satisfied by any combination of primary and umbrella liability insurances.
9. Professional may maintain reasonable and customary deductibles, subject to approval by The City of Fair Oaks Ranch.
10. Insurance must be purchased from insurers having a minimum AmBest rating of B+.
11. All insurance must be written on forms filed with and approved by the Texas Department of Insurance. (ACORD 25 2010/05). Coverage must be written on an occurrence form.

12. Contractual Liability must be maintained covering the Professionals obligations contained in the contract. Certificates of Insurance shall be prepared and executed by the insurance company or its authorized agent and shall contain provisions representing and warranting all endorsements and insurance coverages according to requirements and instructions contained herein.
13. Upon request, Professional shall furnish The City of Fair Oaks Ranch with certified copies of all insurance policies.
14. A valid certificate of insurance verifying each of the coverages required above shall be issued directly to the City of Fair Oaks Ranch within ten (10) business days after contract award and prior to starting any work by the successful Professional's insurance agent of record or insurance company. Also, prior to the start of any work and at the same time that the Certificate of Insurance is issued and sent to the City of Fair Oaks Ranch, all required endorsements identified in sections A, B, C and D, above shall be sent to the City of Fair Oaks Ranch. The certificate of insurance and endorsements shall be sent to:

    City of Fair Oaks Ranch
    emailed to: choelscher@fairoaksranchtx.org
    Attn: Clayton Hoelscher, Procurement Manager
    7286 Dietz Elkhorn
    Fair Oaks Ranch, TX 78015

EXHIBIT “E”

EVIDENCE OF INSURANCE

Professional Services Agreement for the Facilities Master Plan

March 19, 2026

Jessica Relucio, City Planner, ENV SP
Clayton Hoelscher, Procurement Manager

Background

- FY 2025-26 budget included $100,000 for Facilities Master Plan
- Request for qualifications
  - Advertised December 12, 2025 - January 14, 2026
  - Five proposals received
  - Three firms interviewed
  - Negotiations terminated with first firm due to non-agreeable cost
  - Negotiations successfully completed with second firm
- Matrix Consulting Group fee proposal of $99,630
- Anticipated completion date: August 2026

Scope of the Plan

- Facilities include:
  - City Campus
    - City Hall
    - Police Department
    - Public Works: Offices –Maintenance and Utilities, Parts Warehouse, Shed, and Equipment and Vehicle Yard
    - FORHA building
    - Old Police Department building
  - Fire Stations #2 and #3
  - Elevated storage tank site (3 acres)

Purpose of the Plan

- Long-term guiding document for:
  - Future expansion
  - New construction
  - Renovation, reconfiguration, and potential multi-use of buildings or equipment spaces
- Ensure City facilities meet the needs of current and future residents as the City builds out

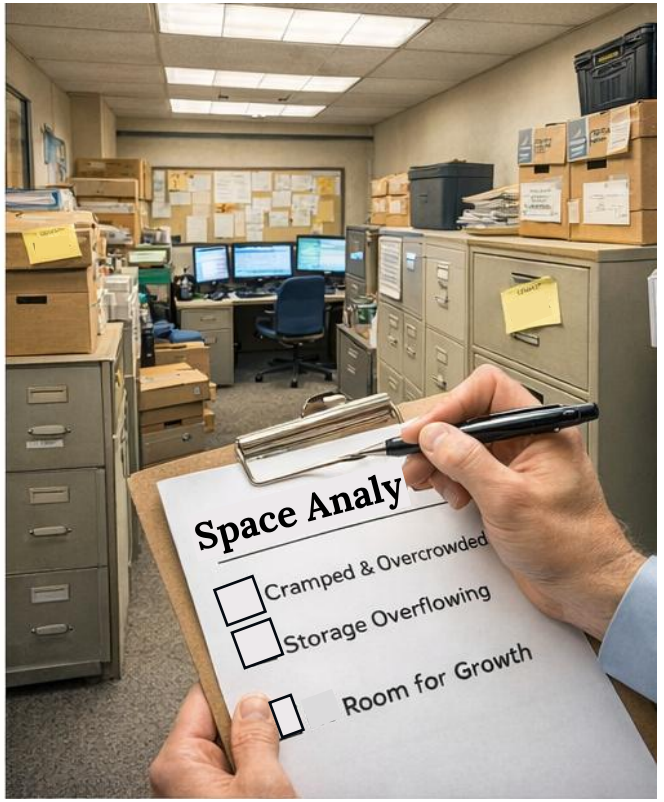
How the Plan is Created

Methods

- Evaluate conditions and assets
- Identify future requirements
- Provide recommendations to optimize

Collaboration

- Stakeholder interviews with City Staff
- City Council workshops



Project Timeline

March

6 Months

August

Phase 1 - Analyze current state of city facilities

Phase 2 - Assess future state of space and gap needs

Phase 3 - Preliminary recommendations and cost estimates and Present to City Council

Phase 4 - Draft Facilities Master Plan and Present to City Council

Phase 5 - Final Facilities Master Plan and Present to City Council

Questions?

CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC:	Consideration and possible action approving a resolution authorizing the execution of a reimbursement agreement with Guadalupe Blanco River Authority (GBRA) for engineering and construction services for a GBRA waterline relocation located at the southern curve of Ammann Road
DATE:	March 19, 2026
DEPARTMENT:	Public Works
PRESENTED BY:	Kelsey Delgado, CISEC, PMP, Project Manager

INTRODUCTION / BACKGROUND:
The Ammann Road Reconstruction Project is included in the City's 5-Year Roadway Capital Improvement Program (CIP), which was approved by voters as part of the May 2024 bond election. Reconstruction of Ammann Road is necessary to address ongoing roadway deterioration, extend the lifespan of the corridor, and reduce long-term maintenance costs associated with increased traffic volumes in the area.

As part of the roadway improvements, the project includes realignment and softening of the southern curve of Ammann Road. This improvement is a direct safety benefit to the City, as it improves sight distance, reduces turning severity, and creates a safer travel path for motorists along this segment of the corridor. The Post Oak Development Agreement requires the developer to dedicate up to 4.37 acres of right-of-way to the City for the softening of the Southern Curve and to contribute financially. During design, it was found that the proposed alignment crosses a GBRA utility easement and impacts an existing 24-inch GBRA water main located near the intersection of Ammann Road and Rolling Acres Trail. To protect the integrity of the waterline and ensure compatibility with the new roadway alignment, approximately 200 linear feet of the waterline must be lowered and encased in steel.

The proposed reimbursement agreement **(Exhibit A)** establishes the framework under which GBRA will retain design and construction services required for the waterline relocation. The City will reimburse GBRA for eligible design and construction costs associated with this effort, as the relocation is necessitated by the City's roadway project. The cost for engineering services is $85,000, and the estimated construction cost is $775,000. Once design is underway, a more accurate Opinion of Probable Construction Cost (OPCC) will be provided to the City.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:

- Supports Priority 3.4 of the Strategic Action Plan to Enhance and Ensure Continuity of Reliable Roadway Improvement Initiatives

- Improves roadway safety through softening of the southern curve, reducing the likelihood of vehicle conflicts and improving overall drivability

LONGTERM FINANCIAL & BUDGETARY IMPACT:
The Ammann Road Reconstruction Project is funded through the voter-approved General Obligation (GO) Bond that is authorized for up to $16 million. The original projected cost to reconstruct Ammann Road was $6,413,961. Estimated costs associated with the GBRA waterline relocation include $85,000 for design and $775,000 for construction. Including additional design addendums, estimated construction costs, and estimated GBRA main design and relocation, the updated projected project cost is $6,770,116. The current 5-Year Roadway CIP funding schedule includes $6,348,143 for Ammann Road, which will be adjusted in future budget cycles. The developer contribution of approximately $516,887.13 and the authorized bond amount is anticipated to cover the increased project cost.

LEGAL ANALYSIS:
The City Attorney has reviewed the resolution and reimbursement agreement and has approved as to form.

RECOMMENDATION / PROPOSED MOTION:
I move to approve a resolution authorizing the execution of a reimbursement agreement with Guadalupe Blanco River Authority (GBRA) for engineering and construction services for a GBRA waterline relocation located at the southern curve of Ammann Road, expenditure of the required funds, and execution of all applicable documents by the City Manager.

A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS AUTHORIZING THE EXECUTION OF A REIMBURSEMENT AGREEMENT WITH GUADALUPE BLANCO RIVER AUTHORITY (GBRA) FOR ENGINEERING AND CONSTRUCTION SERVICES FOR A WATERLINE RELOCATION LOCATED AT THE SOUTHERN CURVE OF AMMANN ROAD, EXPENDITURE OF THE REQUIRED FUNDS, AND EXECUTION OF ALL APPLICABLE DOCUMENTS BY THE CITY MANAGER

WHEREAS, the City Council identified the Ammann Road Reconstruction Project as a high priority in the adopted Roadway Capital Improvement Plan; and

WHEREAS, voters of the City of Fair Oaks Ranch approved the issuance of general obligation bonds in the May 2024 election for the design and construction of this project; and

WHEREAS, the current condition of the southern curve is at a 90-degree angle and the City seeks to soften it to improve sight distance, reduce turning severity, and create a safer travel path for motorists; and

WHEREAS, the Post Oak Subdivision Development Agreement requires the developer to dedicate the necessary right-of-way to the City and contribute financially to the softening of the southern curve; and

WHEREAS, GBRA has an existing utility easement and 24-inch main that intersects the proposed alignment and will be required to be lowered and encased; and

WHEREAS, to begin design, a reimbursement agreement for the total cost of design, construction and applicable expenses must be entered into by the City of Fair Oaks Ranch; and

WHEREAS, City Council recognizes the need of relocating the water main to allow for the softening of the southern curve; and

WHEREAS, the City Council deems it necessary to expend the funds for the engineering and construction services to complete the GBRA water main relocation.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

Section 1 The City Council hereby authorizes the City Manager to execute a reimbursement agreement with GBRA **(Exhibit A)** for engineering and construction costs for the relocation of a 24-inch GBRA water main located at the southern curve of Ammann Road and to execute any and all applicable documents to effectuate this resolution.

Section 2. That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the Council.

Section3. If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless

be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.

Section 4. That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 5. All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.

Section 6. This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 7. This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 19th day of March 2026.

_____

Gregory C. Maxton, Mayor

ATTEST:

_____

Christina Picioccio, TRMC
City Secretary

APPROVED AS TO FORM:

_____

Denton Navarro Rodriguez Bernal Santee & Zech P.C., City Attorney

EXHIBIT A

Reimbursement Agreement Between the Guadalupe-Blanco River Authority and The City of Fair Oaks Ranch

This Reimbursement Agreement ("Agreement") is made and entered into and effective the ____ day of _____ 2026, ("Effective Date") by and between the Guadalupe-Blanco River Authority (hereinafter referred to as "GBRA") and the City of Fair Oaks Ranch, (hereinafter referred to as the "City") (collectively, the "Parties" and individually a "Party").

WHEREAS, GBRA is the owner of certain water conveyance infrastructure, including a 24-inch treated water pipeline and related appurtenances, constituting a portion of GBRA's Western Canyon Regional Water Supply facilities, located within the City's boundaries (the "Facilities").

WHEREAS, City desires to expand a portion of Ammann Road located within the City's boundaries. Such expansion shall include increasing the turning radius at one point and constructing drainage improvements (hereinafter called "Project");

WHEREAS, to accommodate the Project, City desires GBRA to relocate the Facilities, which shall necessitate, among other tasks, the utilization of associated engineering and construction services (the "Work");

WHEREAS, GBRA, under the terms hereinafter stated, has evaluated the Project and is willing to perform the Work to its Facilities in order to accommodate the Project, provided the City reimburses GBRA for all of its associated eligible Work costs.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, the Parties agree as follows:

1. City shall have the option to inspect the Work by GBRA hereunder, at City's sole expense, to assure itself that the Work is performed in an acceptable manner. City shall insure that its inspection(s) does not interfere with the GBRA's performance of the work, in GBRA's sole discretion.

2. This Agreement is based on a proposed non-binding good faith estimate ("Estimate") of costs anticipated to be incurred for the Work, attached as **Attachment A**, which shall include, but not be limited to, costs relating to the construction and installation of the following:
    - 200 linear feet ("LF") of 24-inch diameter DI CL 150 pipe and fittings;
    - 200 LF of 42-inch diameter steel casing pipe and fittings; and
    - Air release valve and test station replacement.

3. City agrees it shall bear 100% of the Eligible Costs incurred by GBRA relating to the Work for all phases. "Eligible Costs" shall mean all costs, as solely determined by GBRA: (1) for all engineering design and services for, including, but not limited to, the completion of Plans, Specifications, and Estimates ("PS&E"), development, utility relocation, and construction of and for the Work; (2) paid by GBRA arising under any contract it enters into for design or construction related to the Work; and (3) incurred in connection with

obtaining any governmental approval, certificate, and/or permit required in connection with the construction of the Work.

4. GBRA will submit all PS&E to the City for review and comment as further provided below. City may review the documents, maps, plats, records, photographs, reports, and drawings pertaining to the Work. Any deficiencies noted by the City shall be brought to the attention of GBRA, and the deficiencies shall be promptly addressed by GBRA.

5. GBRA shall submit reports to the City describing in sufficient detail the progress of the Work. These reports shall be submitted to the City at increments agreed to by the Parties as appropriate for the various phases of the Work. Reports received by the City from contractors detailing the progress of the Work shall suffice for the requirements of this section, so long as GBRA has reviewed such reports and confirmed the accuracy of each report.

6. Design Phase.
    a. GBRA is responsible for managing the design and overseeing the completion of all phases of the Work, including the Design Phase. GBRA shall manage all aspects of the Design Phase, including consultant selection, fee negotiation, contract management, submittal review, and invoice payment. GBRA shall insure that the Work complies with applicable state and federal laws. City shall have the opportunity to review and approve preliminary PS&E before GBRA completes the plans for construction.
    b. City shall reimburse GBRA for all Eligible Costs related to the Design Phase within thirty (30) days of receipt of an invoice for such costs submitted by GBRA in the manner provided in Section 9 below.

7. Construction Phase.
    a. GBRA shall be responsible for all construction, implementation, and oversight of the Work, including, the payment of all costs related to bidding and procurement, contract management, submittal review, and inspections in accordance with the approved plans and specifications (the "Construction Plans"). Prior to GBRA's award of any contract for the Construction Phase, GBRA will provide notice to the City that GBRA plans to award the contract for the Construction Phase. City shall have the right to review all submitted bids related to the Construction Phase. The City shall provide written approval to GBRA to proceed with awarding a contract for the construction of the Work within 90 days of the bid opening.
    b. All Work shall be performed to meet the standards outlined in the Construction Plans and shall comply with applicable law and regulation. GBRA will ensure, in its sole discretion, that the necessary resources, personnel, and equipment are allocated efficiently to complete the Work in a timely and effective manner. Additionally, GBRA will handle all associated administrative tasks, including acquisition of permits.
    c. The City shall have the right to participate in the final inspection of the Work. At that time, any deficiencies noted by the City shall be promptly addressed by GBRA.

8. The total cost of the Project is estimated to be *Eight hundred and sixty thousand dollars ($860,000)*, allocated between the two phases as follows:
    a. Costs for the Design Phase are estimated to amount to *Eighty-five thousand dollars ($85,000)*; and
    b. Costs for the Construction Phase are estimated to amount to *Seven hundred and seventy-five thousand dollars ($775,000)*

    Notwithstanding the foregoing, GBRA acknowledges that the City Manager's authority to execute and administer this Agreement on behalf of the City without further action of the City Council shall be limited to an aggregate reimbursement amount of *Eight hundred and sixty thousand dollars ($860,000).* (the "Authorized Amount"). In the event that updated cost projections indicate that Eligible Costs are reasonably anticipated to exceed the Authorized Amount, GBRA shall promptly notify the City in writing. Upon such notice, the City shall determine, in its sole discretion, whether to (i) seek additional City Council authorization for funding in excess of the Authorized Amount, (ii) modify the scope of the Work, or (iii) terminate this Agreement pursuant to Section 15.

    The Parties agree that final Eligible Costs may be more or less than the Estimate, and nothing herein shall be construed as a limitation on GBRA's right to full reimbursement of Eligible Costs properly incurred in accordance with this Agreement; however, the City shall not be obligated to reimburse amounts in excess of the Authorized Amount unless and until additional authorization is approved by the City Council.

9. City recognizes that GBRA may use one or more contractors to perform the Work. GBRA shall submit monthly invoices to City, together with supporting documentation reasonably required by City and releases and waivers in forms acceptable to City, covering all Work performed under any work order by GBRA and its contractors, subcontractors, and suppliers during the preceding calendar month. GBRA shall separately itemize on each invoice:
    a. each work order for which payment is sought;
    b. the amount budgeted for each work order;
    c. the amount of payment requested pursuant to each work order;
    d. the amount previously paid pursuant to each work order;
    e. descriptions of services performed during the prior month pursuant to each such work order; and
    f. the total payment requested by such invoice. Pursuant to Texas Government Code § 2251.021, payments terms are net thirty (30) days from date of invoice. If City objects to all or any portion of an invoice, it shall notify GBRA of the same within twenty-one (21) days from the date of receipt of the invoice and will pay that portion of the invoice not in dispute, and the parties shall make every effort to settle the disputed portion of the invoice. Interest and GBRA's right to suspend performance will be governed by Texas Prompt Payment Act.

10. Upon final completion of the Work, GBRA shall make an accounting of final costs and provide City an invoice of the same. Additionally, when requested, the City will make intermediate payments at not less than monthly intervals to GBRA when properly billed.

The Parties currently anticipate that GBRA will request payment during both phases of the project, including upon design completion and construction completion.

11. City shall perform any and all of its own operations and construction activities adjacent to the Facilities in a workmanlike and safe manner and in conformance with all applicable industry and governmental standards and conditions that may be imposed by GBRA during the Work. No construction activity by City shall be performed under or across the Facilities until the Work has been completed.

12. City shall provide notice to GBRA at least 48 hours in advance of commencement of any construction activity on or adjacent to the Facilities, excepting only cases of emergency.

13. In the event City breaches any of the terms, covenants, or provisions of this Agreement and GBRA commences litigation to enforce any provision of this Agreement, the cost of reasonable attorneys' fees, interest, and the attendant expenses will be payable to GBRA by City upon demand.

14. This Agreement shall be for a term to commence upon the Effective Date and continue until the Work has been completed and GBRA has been reimbursed for all Eligible Costs, unless otherwise terminated as provided herein.

15. Should the City, after the execution of this Agreement, decide not to move forward with the Project, and GBRA has incurred costs of any kind related thereto, the City may terminate this Agreement upon 30 days' written notice to GBRA. Such City termination shall occur no later than 90 days after bid opening. In such event, City shall reimburse GBRA for all such costs and expenses incurred prior to the date of termination. Furthermore, GBRA may terminate this Agreement without cause upon the provision of written notice to City 30 days in advance of such termination.

16. The City shall not assign or transfer this Agreement.

17. GBRA shall not be liable or have any responsibility to the City for any indirect, special, consequential, or punitive damages, including, without limitation, lost earnings or profits for any reason.

18. This Agreement does not grant nor convey any ownership interest in the Facilities to the City.

19. This Agreement shall be construed and enforced in accordance with the laws of State of Texas without regard to its conflict of law provisions. Venue for any dispute related to this Agreement shall be in accordance with the laws of the State of Texas.

20. The Parties acknowledge that this Agreement is entered into for the express benefit of the City and GBRA, and no other person or entity is an intended third-party beneficiary.

21. Nothing in this Agreement is intended to waive any sovereign or governmental immunity available to GBRA, its employees, managers, officers, or directors, or waive any defenses of GBRA under Texas or federal law or regulation.

22. If force majeure prevents either Party hereto from performing any of its obligations under this Agreement, in whole or in part, then the obligations of such Party, to the extent affected by such force majeure, shall be suspended during the continuance of any inability so caused, so long as such Party is exercising due diligence to resume performance at the earliest practicable time. As soon as reasonably possible after the occurrence of the force majeure relied upon, the Party whose contractual obligations are affected thereby shall give notice and full particulars of such force majeure to the other Party. The term "force majeure," as used herein, shall include, without limitation of the generality thereof, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of government of the United States or the State of Texas or any civil or military authority, insurrections, riots, pandemics, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, restraint of government and people, civil disturbances, explosions, or and any other inabilities of either Party, whether similar to those enumerated or otherwise, which are not within the control of the Party claiming such inability, and which such Party could not have avoided by the exercise of due diligence and care.

23. No waiver of any breach or default by either Party hereto of any term, covenant, condition, or liability hereunder, or of performance by the other Party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of any subsequent breach or default of any kind, under any circumstances.

24. Any provision or part of the Agreement held to be void or unenforceable under any law or regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon the Parties. The Parties agree to modify the Agreement to replace any such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intent of the stricken provision.

25. This Agreement supersedes every antecedent or concurrent oral and/or written declaration and/or understanding pertaining to the Work by and between GBRA and City.

26. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

27. This Agreement may be delivered by first class mail, e-mail, or other electronic means. An executed copy of this Agreement delivered by e-mail or other electronic means shall for all purposes be considered an original document. An electronic signature provided in compliance with applicable federal and state law governing such practice shall have the same force and effect as a handwritten signature.

[signature page follows]

GUADALUPE-BLANCO RIVER AUTHORITY

_____
Darrell Nichols
General Manager/CEO

Address for notice:

2225 E. Common St,
New Braunfels, Texas 78130
Email: gm@gbra.org

CITY OF FAIR OAKS RANCH

_____
Scott Huizenga
City Manager

Address for notice:

7286 Dietz Elkhorn Road
Fair Oaks Ranch, Texas 78015
Email: shuizenga@fairoaksranchtx.org

ATTACHMENT A

Estimate

Attachment A

Design				
Description	**Estimated Quantity**	**Unit**	**Average Unit Price**	**Estimated Total**
"Requested a scope and fee for a 24'' waterline relocation as exhibited in the attached plans. There will be approximately 200 LF of relocated water line that will need casing and an ARV/test station relocation. This will likely be an expedited project with an immediate OPCC needed and only a 90% and 100% design submittal required." This total price is including assumed subcontracts. Please note this is based upon the Engineering Fee with SUE included in the fee total.				
			Total	**$ 85,000.00**

Construction				
The information and average unit price costs are based on previous projects and construction estimates from various contractors. Please note, this is not a construction fee; it represents a general unit price and quantity assumption derived from the best available data prior to design. Contractor overhead and profit is assumed and 30% contingency has been added.				
Description	**Estimated Quantity**	**Unit**	**Average Unit Price**	**Estimated Total**
Mobilization and Demobilization	1	LS	$40,000.00	$ 40,000.00
Traffic Control Plan	1	LS	$61,512.38	$ 61,512.38
Clearing, Grubbing and Stripping Topsoil	200	LF	$12.78	$ 2,556.00
Construction Staking	200	LF	$2.00	$ 400.00
Staging Area	1	LS	$49,175.25	$ 49,175.25
Erosion and Sedimentation Controls	1	LS	$23,076.00	$ 23,076.00
Trench Excavation and Safety Protection	200	LF	$2.90	$ 580.00
Test Stations	2	EA	$2,555.08	$ 5,110.16
4-IN Combination Air/Vacuum Relief Valve Assembly Installation with vault	1	EA	$26,103.72	$ 26,103.72
DI MJs for Buried Waterline	4	EA	$35,000.00	$ 140,000.00
Hydrostatic Testing & Pipeline Disinfection	1	LS	$20,000.00	$ 20,000.00
Pipeline Markers	1	EA	$3,500.00	$ 3,500.00
Grout to Abandon Existing	25	CY	$306.25	$ 7,656.25
Connection to Existing Pipeline	2	EA	$22,280.50	$ 44,561.00
42-IN Steel Casing Pipe	200	LF	$500.00	$ 100,000.00
24-IN Ductile Iron Pipe, Class 200	200	LF	$274.77	$ 54,954.00
Contingency (30%)	1	EA	$173,755.43	$ 173,755.43
			Total	**$ 752,940.19**

GBRA Costs			
Civil and Mechanical Inspections • Estimated Civil and Mechanical Inspection Hours: 180 hours • Estimated Mileage for Civil and Mechanical Inspector: 2,500 miles	Cost: 100$/hr	Mileage: $0.725/mi	
		Total	**$ 19,812.50**

Total Construction Phase	**$ 772,752.69**

Attachment 1

1/20/2026

Sidney Esqueda
Guadalupe-Blanco River Authority
2225 E. Common Street
New Braunfels, TX 78130

Re: Professional Services Agreement
Ammann Road Water Line Relocation

Dear Ms. Esqueda:

Kimley-Horn and Associates, Inc. ("Kimley-Horn" or "Consultant") is pleased to submit this letter agreement (the "Agreement") to the Guadalupe-Blanco River Authority ("GBRA" or "Client") for providing engineering design, permitting, bid, and construction phase services associated with the relocation of a 24" water line and related appurtenances.

Project Understanding

It is Kimley-Horn's understanding that the Client is needing engineering design, bid, and construction phase services for the relocation of approximately 200 linear feet of 24" water line that is being impacted by Ammann Road Improvements project. It is assumed that the relocation will take place within the existing GBRA waterline easement. The project could include casing installation, valve placement, air release valves, and connections to the existing water line. Due to the schedule constraint, the Consultant will exclude the preliminary engineering, 30% design, and 60% design for this project. This scope assumes the design will follow GBRA's standard details and specifications. This project is assumed to bid independently of roadway improvements.

Scope of Services

Kimley-Horn will provide the services specifically set forth below.

Task 1 Project Management

a) Project Schedule and Work Plan – the schedule will alignment with Ammann Road Improvement project schedule, but this task will refine to be water line specific for GBRA.
b) Invoicing and Progress Reports – Assume this project task will have a total duration of six (6) months; three (3) months for design and three (3) months for construction and includes monthly invoicing and progress reports.
c) Up to three (3) progress meetings – This assumes a monthly, virtual, meeting with the Client. Kimley Horn will produce meeting minutes for each progress meeting.
d) Up to two (2) meeting with City of Fair Oaks Ranch, the Utility Coordinator.
e) Up to one (1) Site Visit with the owner to review the design
f) Up to six (6) Internal Design Coordination Meetings – Bi-weekly Project Team meetings including Kimley-Horn.
g) Data collection – The Client or Utility Coordinator shall provide available GIS shapefiles, existing survey and utility files, and proposed roadway and design files. Kimley-Horn shall provide CAD files and shapefiles of the proposed water line to the Client and Utility Coordinator as needed.

Task 2 – 90% Design – Kimley-Horn will provide the following design services for the project

a. Civil Plans – prepared at Half-Size 11x17 sheets
   i. Cover Sheet – 1 sheet
   ii. General Notes – 2 sheets
   iii. Project Layout – 1 sheet
   iv. Traffic Control Plan & Details – 4 sheets
   v. Erosion and Sedimentation Plan & Details – 2 sheets
   vi. Plan and Profile – 1 sheet (1:40 scale)
   vii. Standard Details – up to 4 sheets
b. Opinion of Probable Construction Cost (OPCC) – The Consultant will update conceptual opinions of probable construction cost to reflect changes from the Conceptual Design. The Consultant has no control over the cost of labor, materials, equipment, or over the Contractor's methods of determining prices or over competitive bidding or market conditions. Opinions of probable costs provided herein are based on the information known to Consultant at this time and represent only the Consultant's judgment as a design professional familiar with the construction industry. The Consultant cannot and does not guarantee that proposals, bids, or actual construction costs will not vary from its opinions of probable costs.
c. Project Manual – Kimley-Horn will provide a project manual with front end sections provided by GBRA and technical specifications provided by Kimley-Horn.
d. QA/QC – Provide quality assurance and quality control checks prior to each milestone submittal.
e. Revisions to QA/QC – provide revisions and comments response to the QA/QC to include acceptance, corrected, and verified documentation

Task Deliverables: PDF of the 90% plans, project manual, and OPCC

Task 3 – 100% Design

a. Civil Plans – prepared at Half-Size 11x17 sheets
   i. Cover Sheet – 1 sheet
   ii. General Notes – 2 sheets
   iii. Project Layout – 1 sheet
   iv. Traffic Control Plan & Details – 4 sheets
   v. Erosion and Sedimentation Plan & Details – 2 sheets
   vi. Plan and Profile – 1 sheet (1:40 scale)
   vii. Standard Details – up to 4 sheets
b. Opinion of Probable Construction Cost (OPCC) – The Consultant will update conceptual opinions of probable construction cost to reflect changes from the Conceptual Design. The Consultant has no control over the cost of labor, materials, equipment, or over the Contractor's methods of determining prices or over competitive bidding or market conditions. Opinions of probable costs provided herein are based on the information known to Consultant at this time and represent only the Consultant's judgment as a design professional familiar with the construction industry. The Consultant cannot and does not guarantee that proposals, bids, or actual construction costs will not vary from its opinions of probable costs.
c. Project Manual - The Consultant will provide a project manual containing technical specifications for materials and installation of the proposed improvements and necessary bid documents.
d. QA/QC – Provide quality assurance and quality control checks prior to each milestone submittal.
e. Revisions to QA/QC – provide revisions and comments response to the QA/QC to include acceptance, corrected, and verified documentation

Task Deliverables: PDF of the 100% plans, project manual, CAD Files, OPCC, and Shape files of the water line.

Task 4 – Plan Processing

Kimley-Horn will coordinate with Kendall County for necessary permit requirements and prepare and submit the plans if the County permit are needed. Kimley-Horn will coordinate the services by others as required to monitor the status of the submittals, respond to "normal" comments, as defined by Kimley-Horn, and agreed to by the Client, provided by the review staff, and make "normal" revisions to complete the plans in accordance with staff comments. This task has been provided on an hourly basis due to the unknown level of effort required at this time and includes up to twenty-four (24) hours of effort. If additional effort is required, it will be considered an Additional Service. This scope does not include any other regulatory review outside of Kendall County. If additional permitting efforts are discovered through milestone submittals, then this could be additional services. The project includes submitting two (2) times to Kendall County.

Kimley-Horn has no control over the actions of jurisdictional agencies or other parties. Opinions as to the status of permits and entitlements or their suitability for any specific purpose and as to the probability and timeframe for approvals are made solely on the basis of available information and limited research conducted. Kimley-Horn does not guarantee that the outcome of permits and entitlements or their suitability will not vary from its opinions or that all issues affecting the site have been investigated.

Task 5 – Bid Phase Services

It is anticipated that this project will contain one (1) set of Construction Documents. The Consultant will perform the following professional services for the bidding phase of the project:

a) Pre-Bid Conference – The Engineer will conduct an on-site Pre-bid conference and prepare meeting notes and issue an addenda based on questions.
b) Respond to Contractor Questions – the Consultant will respond to contractor questions regarding clarifications to the plans. This assumes up to ten (10) questions.
c) Addenda –The Engineer will issue addenda as required, but this assumes 2 addenda
d) Bid Review - Review bid tabulations and assist with competitive sealed proposal scoring as needed.
e) Recommendation for Award – The Consultant will prepare a letter with a recommendation for award.
f) Final Conformed Contract Documents – Kimley-Horn will provide updated electronic plan sheets to be issued for construction to the Client and selected contractor.

Task Deliverables:

a) Bid tabulation
b) Recommendation for Award
c) Conformed Documents (marked "ISSUED FOR CONSTRUCTION") – 2 Hard Half-Size Copies to the Contractor and Inspector and electronic copies (PDF)

Task 6 – Construction Phase Services

a) Pre-Construction Conference. Consultant will conduct a Pre-Construction Conference before the start of construction.
b) Site Visits and Construction Observation. Consultant will make visits, up to one (1), to observe the progress of the work. Observations will not be exhaustive or extend to every aspect of Contractor's work, but will be limited to spot checking, and similar methods of general

observation. Based on the site visits, Consultant will evaluate whether Contractor's work is generally proceeding in accordance with the Contract Document and keep Client informed of the general progress of the work.

Consultant will not supervise, direct, or control Contractor's work, and will not have authority to stop the Work or responsibility for the means, methods, techniques, equipment choice and use, schedules, or procedures of construction selected by Contractor, for safety programs incident to Contractor's work, or for failure of Contractor to comply with laws. Consultant does not guarantee Contractor's performance and has no responsibility for Contractor's failure to perform in accordance with the Contract Documents.

Recommendations with Respect to Defective Work. Consultant will recommend to Client that Contractor's work be disapproved and rejected while it is in progress if Consultant believes that such work will not produce a completed Project that generally conforms to the Contract Documents.

c) Monthly Project Meetings: The Consultant shall attend virtual construction meetings for the duration of construction, which is anticipated to be three (3) months. The construction meetings shall be with the consultant, selected contractor, owner's representative, and inspector. The consultant shall prepare an agenda and distribute meeting minutes to all attendees.
d) Clarifications and Interpretations. Consultant will respond to reasonable and appropriate Contractor requests for information made in accordance with the Contract Documents and issue necessary clarifications and interpretations. Any orders authorizing variations from the Contract Documents will be made only by Client.
e) Change Orders. Consultant may recommend Change Orders to the Client and will review and make recommendations related to Change Orders submitted or proposed by the Contractor.
f) Shop Drawings and Samples. Consultant will review Shop Drawings and Samples and other data which Contractor is required to submit, but only for general conformance with the Contract Documents. Such review and any action taken in response will not extend to means, methods, techniques, equipment choice and usage, schedules, or procedures of construction or to related safety programs. Any action in response to a shop drawing will not constitute a change in the Contract Documents, which can be changed only through the Change Orders.
g) Substitutes and "or-equal." Evaluate and determine the acceptability of substitute or "or-equal" materials and equipment proposed by Contractor in accordance with the Contract Documents, but subject to the provisions of applicable standards of state or local government entities.
h) Disagreements between Client and Contractor. Consultant will, if requested by Client, render written decision on all claims of Client and Contractor relating to the acceptability of Contractor's work or the interpretation of the requirements of the Contract Documents pertaining to the progress of Contractor's work. In rendering such decisions, Consultant shall be fair and not show partiality to Client or Contractor and shall not be liable in connection with any decision rendered in good faith in such capacity.
i) Applications for Payment. Based on its observations and on review of applications for payment and supporting documentation, Consultant will recommend amounts that Contractor be paid. Recommendations will be based on Consultant's knowledge, information, and belief, and will state whether in Consultant's opinion Contractor's work has progressed to the point indicated, subject to any qualifications stated in the recommendation. Consultant's recommendations will

not be a representation that its observations to check Contractor's work have been exhaustive, extended to every aspect of Contractor's work, or involved detailed inspections.

j) Substantial Completion. When requested by Contractor and Client, Consultant will conduct a site visit to determine if the Work is substantially complete. Work will be considered substantially complete following satisfactory completion of all items with the exception of those identified on a final punch list.

k) Final Notice of Acceptability of the Work. Consultant will conduct a final site visit to evaluate whether the completed Work of Contractor is generally in accordance with the Contract Documents and the final punch list so that Consultant may recommend final payment to Contractor.

l) Record Drawings. Consultant will prepare record drawings based off the Client's approved redlines showing significant changes reported by the Contractor or made to the design by Consultant. Record drawings are not guaranteed to be as-built but will be based on information made available. Consultant to provide pdf of record drawings and CAD and shapefiles that meet the Client's standards.

Task Deliverables:

a) Review of up to six (6) shop drawings and submittals
b) Prepare up to one (1) site visit/ observation notes
c) Attend and distribute meeting minutes for up to three (3) virtual meetings – it is assumed that this project construction will take up to three (3) months to complete.
d) Prepare responses for up to one (1) RFI
e) Review up to one (1) Change Order.
f) Record drawings and CAD/shapefiles.

Task 7 - Expenses

a) Assumes six (6) visits throughout the duration of the project as standard IRS rates (currently $.67/mile.) This assumes 1 design site visits, 1 onsite pre-bid conference, 1 onsite pre-construction conference, 1 construction site visit, 1 substantial completion site visit, 1 final completion site visit.
b) Assumes 4 copies at $0.10/page for use in review and task execution. This assumes three copies of the project manual (~300 pages) and three copies of the plans (~15 sheets).

Total is estimated to $900

Task 8 – Subconsultants

a) Subsurface Utility Engineering (SUE) - Kimley-Horn has brought The Rios Group to provide subsurface utility engineering (SUE) services for the project. Their scope is attached to this document and includes up to two (2) QLA SUE test holes.

Kimley-Horn will submit the subconsultants deliverables as soon as received by the subconsultants. Any delays caused due to the schedule of the subconsultants shall not be the responsibility of Kimley-Horn.

Exclusions

Any other services, including but not limited to the following, are not included in this Agreement:

- Geotechnical Engineering
- Notice to bidders in the bid phase is not included.
- Storm Water Pollution Prevention Plan
- Electrical Design
- Survey
- Environmental and Cultural Resources Study
- Easement acquisition
- Right of entry
- Inspection and testing services
- Additional, unknown, and unavoidable utility relocations
- Irrigation services to repair construction disruptions
- Tree mitigation services
- Water quality and drainage detention controls
- Legal representation at hearings
- Public Meetings or City Council Meetings
- Warranty services
- Production of O&M manuals, except for those provided by the manufacturers, is not included in the scope. If additional O&M are requested, then this will be additional services.
- Special inspections and testing during construction.
- Structural and architectural services

Additional Services

Any services not specifically provided for in the above scope will be billed as additional services and performed at our then current hourly rates. Additional services we can provide include, but are not limited to, the following:

.

- If the Client engages a Consultant to perform or furnish services in regard to the project, including, but not limited to, cost estimating, project peer-review, value engineering, and constructability review, then this will be considered additional services.
- Alignment changes due to external design changes by other consultants after 90% Design shall be considered additional services.
- The survey limits provided by City of Fair Oaks Ranch appear to cover the area of the GBRA Relocations. If additional survey is needed, or the relocation plans or alignment changes, then additional field survey and boundary could be needed.

Information Provided By Client

We shall be entitled to rely on the completeness and accuracy of all information provided by the Client or the Client's Consultants or representatives.

Responsibilities of Client

In addition to other responsibilities set out in this Agreement, the Client shall:

- The Client is responsible for obtaining all design files.
- The Client is responsible for obtaining the Geotech report from the adjacent project.
- The Client shall attend pre-bid meeting, bid opening, pre-construction meeting, progress meetings, other job-related meetings, and substantial completion and final payment inspection meetings.
- The Client is responsible for paying required permit fees associated with reviews on this project.
- Provide inspection, testing, and monitoring services for the construction of the project.
- Advise Kimley-Horn of the identity and scope of services of any independent Consultants employed by the Client to perform or furnish services in regard to the project, including, but not limited to, cost estimating, project peer review, value engineering, and constructability review.

Schedule

Once given notice to proceed, Kimley-Horn will complete the services listed in the tasks above based upon a mutually agreed upon schedule.

Fee and Expenses

Kimley-Horn will perform the services in Tasks 1-6 on an hourly fee with the maximum labor fee shown below. Task 7 is the expense fee and Task 8 is the subconsultant fee.

Hourly Fee				
	Task 1	Project Management	$	12,182
	Task 2	90% Design	$	23,101
	Task 3	100% Design	$	10,631
	Task 4	Plan Processing	$	1,644
	Task 5	Bid Phase Services	$	8,467
	Task 6	Construction Phase Services	$	18,758
		Maximum Hourly Fee	**$**	**74,783**
Expense Fee				
	Task 7	Expenses	**$**	**900**
Subconsultants Fee				
	Task 8	Subsurface Utility Engineering (SUE) – The Rios Group	$	7,784
		Total Subconsultants Fee	**$**	**7,784**
		Total Fee (Maximum Hourly Fee + Expense Fee)	**$**	**83,467**

We appreciate the opportunity to provide these services to you. Please contact me if you have any questions.

Very truly yours,

KIMLEY-HORN AND ASSOCIATES, INC.

Signed: Trevor Renn

Printed Name: Trevor Renn, P.E.

Title: Project Manager

Exhibit 2 - Fee Schedule

Exhibit 2 - Fee Schedule

Project Name: GBRA Ammann Rd WT Relocation Client: GBRA Date of Fee Estimate: 1/20/2026

Calculate Cost & Rates based on: Region: TEXAS Org: Austin North

Staff (hours)

Task #	Task name	P	P1	P2	P3	P4	P5	P6	P7	P8	D7	D8	CO5	CO6	T1	Admin (N4)	Accounting (B4)	Total Hours	Labor Sub-Total
10	**Project Management**																	0.0	$ -
a	Work Plan					4		2										6.0	$ 1,329
b	Invoicing					3											6	9.0	$ 1,756
c	Progress Meetings - Client (3)		3			3		3										9.0	$ 1,858
d	Utility Coordination meeting (2)		2			2		2										6.0	$ 1,239
e	Site Visit		3			3												6.0	$ 1,081
f	Team Coordination Meeting (6)		6			3		3										12.0	$ 2,330
g	Data Collection		8			4		2										14.0	$ 2,589
20	**90% Design**																	0.0	$ -
a	Civil Plans																	0.0	$ -
i	Cover		4			2												6.0	$ 1,036
ii	Notes - 2 Sheets		6			2												8.0	$ 1,351
iii	Project Layout Sheet		4			2												6.0	$ 1,036
iv	TCP - 4 Sheets		6			2		1										9.0	$ 1,610
v	E&S - 2 Sheets		6			3		1										10.0	$ 1,813
vi	P&P - 1 Sheet		12			4		2										18.0	$ 3,219
x	Details		6			4		1										11.0	$ 2,015
b	OPCC		8			4		1										13.0	$ 2,330
c	Project Manual & Technical Specs		12			10		2										24.0	$ 4,435
d	QA/QC							6										6.0	$ 1,554
e	Revisions		12			4												16.0	$ 2,702
30	**100% Design**																	0.0	$ -
a	Civil Plans																	0.0	$ -
i	Cover		1															1.0	$ 158
ii	Notes - 2 Sheets		1			1												2.0	$ 361
iii	Project Layout Sheet		1			1												2.0	$ 361
iv	TCP - 4 Sheets		2			2		1										5.0	$ 980
v	E&S - 2 Sheets		2			1		1										4.0	$ 777
vi	P&P - 1 Sheet		8			2		2										12.0	$ 2,184
x	Details		2			1												3.0	$ 518
b	OPCC		4			2												6.0	$ 1,036
c	Project Manual & Technical Specs		8			2		2										12.0	$ 2,184
d	QA/QC							4										4.0	$ 1,036
e	Revisions		4			2												6.0	$ 1,036
40	**Plan Processing**																	0.0	$ -
a	Kendall County		2			4		2										8.0	$ 1,644
50	**Bid Phase Services**																	0.0	$ -
a	Pre-Bid Conference		4			4		2										10.0	$ 1,959
b	Respond to Questions		4			2		1										7.0	$ 1,295
c	Addenda (2)		4			4		1										9.0	$ 1,700
d	Bid Review		4			2												6.0	$ 1,036
f	Recommendation for Award		2			2												4.0	$ 721
g	Final Conformed Docs		6			4												10.0	$ 1,756
60	**Construction Phase Services**																	0.0	$ -
a	Pre-Con		4			4		4										12.0	$ 2,477
b	Site Visit and Observation - 1		4			4												8.0	$ 1,441
c	Monthly Project Meetings -3		3			3		3										9.0	$ 1,858
d	RFI - 1		2			2												4.0	$ 721
e	Change Order - 1		4			4		1										9.0	$ 1,700
f	Submittals - 6		8			8		2										18.0	$ 3,400
g	Substitutes -1		2			2												4.0	$ 721
h	Disagreements		2			2												4.0	$ 721
i	Pay Applications - 3		3			3												6.0	$ 1,081
j	Substantial Completion		4			4												8.0	$ 1,441
k	Final Completion		4			4												8.0	$ 1,441
l	Record Drawings		6			4												10.0	$ 1,756

Typical Distribution of Hours	0.5%	12.0%	14.0%	13.0%	13.0%	13.0%	12.0%	6.5%	3.0%	3.0%	2.0%	0.5%	1.5%	2.0%	2.5%	1.5%		
Total Hours =	0	203	0	0	139	0	52	0	0	0	0	0	0	0	0	6	400.0	$ 74,783
Labor																		
	$ 146.32	$ 157.57	$ 168.83	$ 180.08	$ 202.59	$ 225.10	$ 258.87	$ 270.12	$ 281.38	$ 213.85	$ 225.10	$ 191.34	$ 202.59	$ 101.30	$ 129.43	$ 191.34		

Task	Markup	Cost	Price	Notes
Reimbursable Expenses	0%	$ 900	$ 900	
Office Expense	0.0%	$ -	$ -	
SUE Rios	0%	$ 7,784	$ 7,784	

Project Fee Summary

Labor Fee:	$ 74,783
Expense Fee:	$ 900
Subconsultant Fee:	$ 7,784
Total Fee:	$ 83,467

Exhibit 3 - Subconsultant Proposals

Task 8 – SUE – The Rios Group

October 30, 2025

Trevor Renn, PE
Kimley-Horn
10814 Jollyville Road Campus IV, Suite 200
Austin, Texas 78759
Trevor.Renn@kimley-horn.com
737-263-2033

RE: Subsurface Utility Engineering
GBRA Ammann Road Waterline
Fair Oaks Ranch, Texas

Dear Trevor:

The Rios Group, Inc. (TRG) is pleased to submit a cost proposal for Subsurface Utility Engineering (SUE) for the above referenced project. This proposal is based on information provided via email on October 29, 2025.

Introduction

TRG will perform SUE services for this project in general accordance with the recommended practices and procedures described in ASCE publication ASCE/UESI/CI 38-22 "Standard Guideline for Investigating and Documenting Existing Utilities". SUE Quality Level definitions and data limitations are included in Exhibit C, attached to this proposal.

Scope of Work

Based on information provided by Kimley-Horn (Client), TRG has developed a proposed scope for SUE services on this project. This scope may be modified, with Client and TRG concurrence, during the performance of work if warranted by changing or unexpected field conditions.

The scope of this proposal includes QLA SUE services.

To Include:

This proposal includes up to two (02) QLA SUE test holes within the general limits of the Guadalupe Blanco River Authority (GBRA) Ammann Road Waterline Relocation Project in Kendall County, TX. The project is in the City of Fair Oaks Ranch. The locations of the test holes are shown in red on Exhibit B, attached to this proposal. To lay out the test holes, TRG will attempt to designate the target utility 10-feet on either side of the proposed test holes. No other

utility investigation or designation work is included in this scope of work. TRG has made the following assumptions related to test hole excavations on this project:

- Any necessary Right-Of-Entry (ROE) permits, including railroad ROE, and access to the site will be provided by the Client prior to the start of field work.
- Test holes will be excavated using vacuum excavation equipment.
- All test holes will be accessible to truck/trailer-mounted vacuum excavation equipment. Any improvements required to access test hole locations (clearing, grading, mat installation, etc.) will be provided by others at no cost to TRG.
- Right-Of-Way (ROW) permits from the City of Fair Oaks Ranch (City) will be required. TRG will obtain all required City permits and ensure that coordination and compliance with the City is provided.
- Designed traffic control plans will not be required.
- Traffic control measures will not be required.
- Pavement coring/repair will not be required.
- The following items are specifically excluded from this scope of work: full-section pavement repair (including sidewalks and driveways)
- Due to the risk of damage, TRG will not attempt to probe or excavate test holes on AC water lines unless approval is obtained from the owner in advance.
- Excavation in rock, or to a depth greater than 18 feet, is considered beyond the scope of this proposal.

The survey of SUE field markings and test hole locations is also included in this scope of work. Client will provide the necessary survey control information in close proximity to the work area.

Deliverables

TRG will provide the following as a final deliverable to the Client:

- A utility file in CAD format depicting all SUE data documented on the project. The Client will provide TRG with any necessary background files for use in completing the final deliverables.
- A summary sheet of all test hole coordinate data and depth information.
- 8.5” x 11” Test Hole Data Forms for all test hole locations completed. These forms will be signed and sealed by a Professional Engineer and delivered to the Client in electronic PDF form.
- A Utility Report containing metadata (e.g. scope of work, work limits, dates of performance, survey control, etc.), information about the Utility Investigation not otherwise conveyed in other project deliverables, and recommendations to address data deficiencies.

Schedule

TRG can mobilize within three (3) weeks of receiving Notice-To-Proceed (NTP). TRG will apply for the required ROW permits immediately following receipt of NTP. TRG estimates that the

QLA SUE work can be completed in nineteen (19) working days following approval of the City ROW permit, broken down as follows:

- Layout test holes – 1 day
- QLA field work – 1 day
- QLA survey and preparation of data – 7 days
- QLA deliverable preparation – 10 days

Estimated Fee

The total estimated cost to complete the work described herein is **Seven Thousand Seven Hundred Eighty-Three Dollars and 65/100 ($ 7,783.65)**. An itemized breakdown of cost is provided in Exhibit A. Please note that these pricings are based on estimated quantities, and that only actual quantities will be invoiced – up to the total Contract amount.

We look forward to working with you on this project. If there are any questions, please do not hesitate to call at 210.981.3050.

Respectfully,

The Rios Group, Inc.



Paul D. Brannan, P.E.
Project Manager

THE RIOS GROUP

Estimate for Subsurface Utility Engineering

GBRA Ammann Rd Water Line

City of Fair Oaks Ranch, Texas

EXHIBIT A

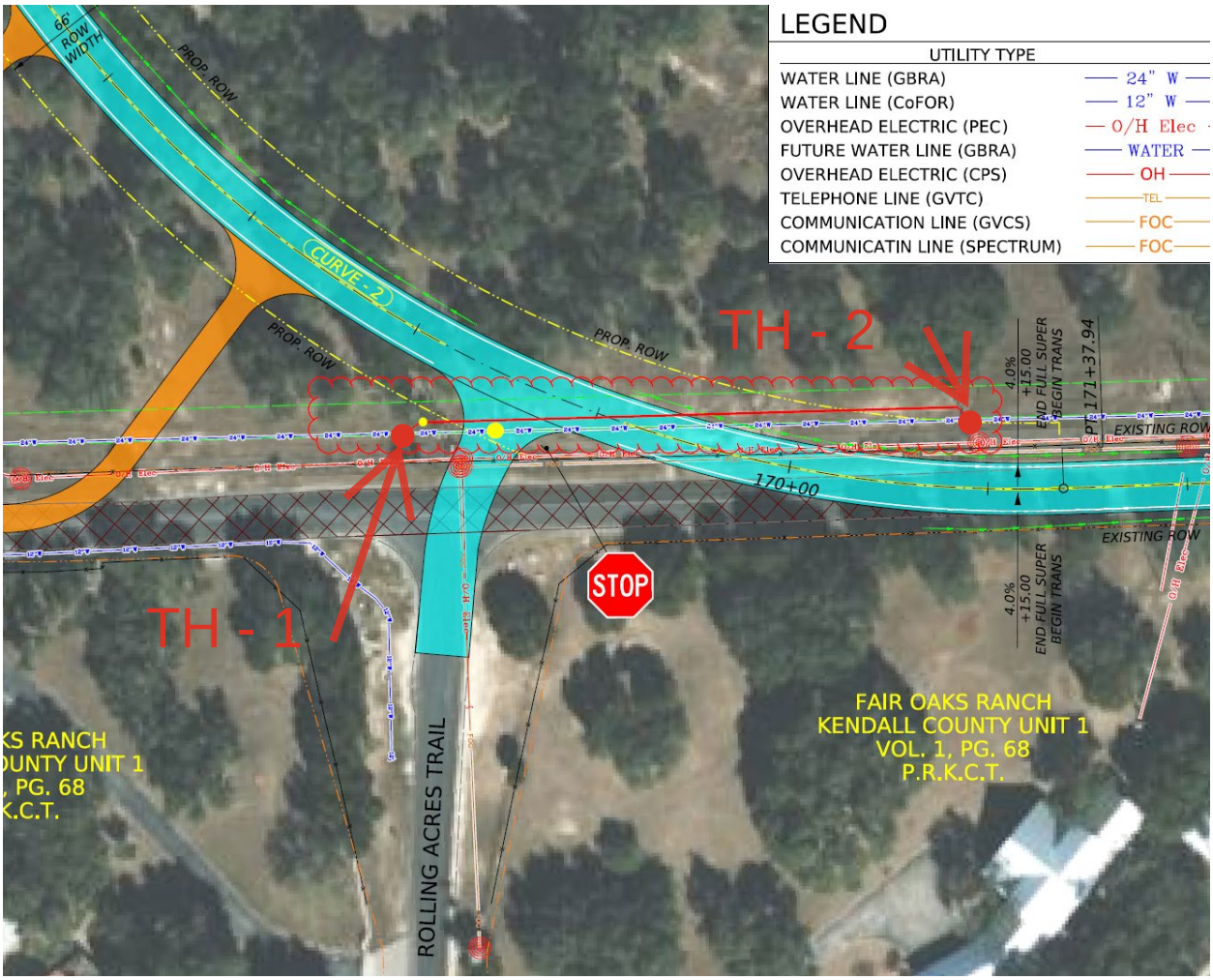
Direct Expenses		*Rate*	*Assumed Quantity*	*Unit of Measure*		*Sub-Total*
Survey (RPLS)	$	2,600.00	0.75	DAY	$	1,950.00
ROW Permits	$	270.00	1	EA	$	270.00
Sub-Total					**$**	**2,220.00**

Hourly Office Labor		*Rate*	*Assumed Quantity*	*Unit of Measure*		*Sub-Total*
Senior Project Manager	$	193.50	1	HR	$	193.50
Senior Professional Engineer	$	183.75	1	HR	$	183.75
Project Manager	$	157.50	6	HR	$	945.00
SUE Field Manager	$	110.25	4	HR	$	441.00
CADD Tech I	$	94.50	4	HR	$	378.00
Project Coordinator	$	84.00	2	HR	$	168.00
Sub-Total					**$**	**2,309.25**

QL"B" SUE Designating		*Rate*	*Assumed Quantity*	*Unit of Measure*		*Sub-Total*
1-Man Des. Crew & TH Setup	$	138.60	4	HR	$	554.40
Sub-Total					**$**	**554.40**

QL"A" SUE Test Holes						
Unit Rate - Depth		*Rate*	*Assumed Quantity*	*Unit of Measure*		*Sub-Total*
0 - 6 feet	$	1,350.00	2	EA	$	2,700.00
6.01 - 10 feet	$	1,800.00		EA	$	-
10+ feet	$	2,850.00		EA	$	-
Every 1' deeper than 20'	$	350.00		EA	$	-
Pavement Coring	$	350.00	0	EA	$	-
Test Hole Total			2			
Sub-Total					**$**	**2,700.00**
Total Estimated Cost					**$**	**7,783.65**

EXHIBIT B


LEGEND
UTILITY TYPE
WATER LINE (GBRA) 24" W
WATER LINE (CoFOR) 12" W
OVERHEAD ELECTRIC (PEC) O/H Elec
FUTURE WATER LINE (GBRA) WATER
OVERHEAD ELECTRIC (CPS) OH
TELEPHONE LINE (GVTC) TEL
COMMUNICATION LINE (GVCS) FOC
COMMUNICATIN LINE (SPECTRUM) FOC
66' ROW WIDTH
PROP. ROW
CURVE - 2
PROP. ROW
PROP. ROW
TH - 2
TH - 1
STOP
170+00
171+37.94
4.0%
+15.00
END FULL SUPER
BEGIN TRANS
EXISTING ROW
EXISTING ROW
ROLLING ACRES TRAIL
FAIR OAKS RANCH
KENDALL COUNTY UNIT 1
VOL. 1, PG. 68
P.R.K.C.T.

THE RIOS GROUP

EXHIBIT C
DEFINITIONS & DATA LIMITATIONS

Subsurface Utility Engineering (SUE) Quality Level Definitions

The Rios Group (TRG) performs SUE services in general accordance with the recommended practices and procedures described in ASCE publication ASCE/UESI/CI 38-22 "Standard Guideline for Investigating and Documenting Existing Utilities". The core aspect of this standard is affixing a professionally judged value (a Utility Quality Level) to buried and hidden Utility Segments and Utility Features that identify the reliability and nonquantifiable locational uncertainty of documented Utility infrastructure data. The four quality levels, as defined in the standard, are:

- **Utility Quality Level D (QLD)** – A value assigned to a Utility Segment or Utility Feature not visible at the ground surface whose estimated position is judged through Utility records, information from others, or from visual clues such as pavement cuts, obvious trenches, or existence of service.

  A QLD data attribute is assigned to a Utility Segment or Utility Feature after review and compilation of existing records, oral recollections, One-Call or "private-locate" markings, managed data repositories, context with other achieved Utility Quality Levels, and/or other evidence of existence. QLD data is more uncertain than QLC, QLB, and QLA. QLD data is less uncertain than utilities documented without any Utility Quality Level barring a Professional's statement of fact to the contrary.

- **Utility Quality Level C (QLC)** – A value assigned to a Utility Segment not visible at the ground surface whose estimated position is judged through correlating Utility records or similar evidence to Utility Features, visible aboveground and/or underground. The Utility Anchor Point on the Utility Features shall be tied to the Project Survey Datum with an accuracy of 0.2 ft (60 mm) horizontal.

  A QLC value judgement is assigned to a Utility Segment by using visible Utility Features to approximate the position of a Utility Segment between or in proximity to the visible Utility Features and in context with other achieved Utility Quality Levels. QLC only pertains to the underground Utility Segment(s), not the Utility Feature(s). QLC data is more certain than QLD and is more uncertain than QLB and QLA

- **Utility Quality Level B (QLB)** – A value assigned to a Utility Segment or Subsurface Utility Feature whose existence and horizontal position is based on Geophysical Methods combined with professional judgement and whose location is tied to the Project Survey Datum.

A QLB value is assigned to a Utility Segment when the following conditions are met: (1) the Utility Segment was detected through the application of appropriate Geophysical Methods; (2) the geophysical signal was judged to be reliable. (3) the interpreted position was judged based on knowledge and use of geophysical science, Utility design and installation practices, available records, visual features, and influence of site conditions; and (4) the source Designation has been tied to the Project Survey Datum with an accuracy of 0.2 ft (60mm) horizontally. QLB is more uncertain than QLA and more certain than QLC or QLD.

- **Utility Quality Level A (QLA)** – A value assigned to that portion (x-, y-, and z-geometry) of a Utility Segment or subsurface Utility Feature that is directly exposed and measured and whose location and dimensions are tied to the Project Survey Datum. The Utility Segment or subsurface Utility Feature shall be tied to Project Survey Datum with an accuracy of 0.1 ft (30 mm) vertical and to 0.2 ft (60 mm) horizontal for measurements of the outside limits of the Utility Feature or Utility Segment that is exposed.

  Other measurable, observable, and judged Utility Attributes are also recorded. If obtained by means of a Test Hole observation, a verification effort is made, and professional judgement is used to assert that the exposed infrastructure is indeed the sought target. The assignment of QLA conveys the lowest level of relative (nonquantifiable) uncertainty of measurable and judged Attributes and locations. QLA is more certain than QLB, QLC, or QLD.

Acronyms and Special Definitions

3D three-dimensional
CAD Computer-Aided Design
EOI End of Information
GIS geographic information system
GPR ground penetrating radar
ROE Right of Entry
ROW Right of Way
SAF Surface Adjustment Factor

Anchor Point: A defined point on a Utility Feature or a Utility Segment. (ASCE 38-22)

Attribute: A defined characteristic of a Utility Feature, Utility Segment, or of a singular point on a Utility Feature or Utility Segment. (ASCE 38-22)

Deliverable: The sealed results from a Subsurface Utility Engineering investigation that typically includes a Utility Report, Utility Drawings, and other relevant Utility data for inclusion in digital or paper formats, and/or within databases and/or three-dimensional models. (ASCE 38-22)

Designating: The application and interpretation of shallow earth Geophysical Methods to infer (with or without surface markings) the existence and the approximate horizontal position and,

when possible and part of the Scope of Work, Depth of a subsurface Utility Segment and/or Utility Feature. (ASCE 38-22)

Electronic Depth (ED): Depth obtained by electromagnetic receiver that has a varying level of accuracy based on many factors including soil conditions, connection type, overhead interference, etc. ED reports to the center of the induced magnetic field.

Encasement: A structure that encloses and protects utility facilities and surrounding infrastructure, environment, and the public. E.G. Concrete cap, casing pipe, tile, ducts, tunnel.

Geophysical Method: Application of an established shallow-earth Geophysical Method (such as seismic, acoustic, gravitational, magnetic, electrical, and electromagnetic) to observe the physical response of the subsurface Utility infrastructure and cultural features, as well as anomalies within those responses. (ASCE 38-22)

Locating: The process of exposing and verifying a Utility for purposes of determining its function, type, position, outside dimensions, and other observable Attributes at its exposed points. (ASCE 38-22)

Low Wire Sag: Lowest elevation on the lowest wire at a crossing overhead utility.

Overhead attachment point: Elevation where overhead line is attached to above ground structure such as a pole.

Subsurface Utility Engineering (SUE): The specialty practice of civil engineering's Utility Engineering branch that includes the investigation, analysis, judgment, and documentation of existing Utility networks. (ASCE 38-22)

Test Hole: A small, limited excavation, made to determine, measure, and record data about a buried Utility Segment or Utility Feature. (ASCE 38-22)

Utility: A privately, publicly, or cooperatively owned pipeline, cable(s), and/or conduits, facility, or system for producing, transmitting, or distributing communications, traffic control cables and structures, cable television, power, electricity, light, heat, gas, oil, crude products, water, steam, waste, stormwater, or any other similar commodity, including any fire or police signal system or street lighting system. The term Utility shall also mean the Utility owner/operator inclusive of any wholly owned or controlled subsidiary. (ASCE 38-22)

Utility Feature: A physical component of a Utility. Examples include valves, hydrants, reducers, switches, thrust blocks, vaults, and transformers. (ASCE 38-22)

Utility Investigation: Any or all of a variety of office and field activities undertaken to understand and document the existence of, location, and Attributes of existing Utility facilities within the project limits. (ASCE 38-22)

Utility Quality Level: The value, assigned by the Professional, of a Utility Segment or subsurface Utility Feature that identifies the relative (nonquantifiable) uncertainty of a Utility Segment's or subsurface Utility Feature's existence and actual location to that of its documented location. (ASCE 38-22)

Utility Report: A report or sufficient notes contained within a Utility Drawing, sealed by a Professional, that (1) contains information about the Utility Investigation that might otherwise not be conveyed, (2) assists the end user in understanding the subsurface Utility landscape and risks, (3) provides recommendations to address data deficiencies, and (4) complements the Utility Drawing Deliverables. (ASCE 38-22)

Utility Segment: A continuous portion of a Utility for which the Utility Quality Level is constant, and the Attributes, other than Depth, are substantially identical. (ASCE 38-22)

Vault: A concrete box underground that is used for utility purpose.

General Data Limitations

SUE services are performed in accordance with ASCE/UESI/CI 38-22 guideline, generally accepted engineering principles and practices at the time of service. However, a possibility exists that abandoned, forgotten, non-detectable, undocumented, or newly installed utilities may not get mapped using standard records research and surface geophysical survey procedures. While the ASCE 38-22 standard guidelines mitigate these issues, utilities possessing characteristics mentioned below can be missed while following standard Utility Designating and Locating procedures:

1. Utilities lacking apparent available records and without apparent surface features.
2. Utilities with record information which is illegible, misleading, or incomplete.
3. Utilities which are inaccurately reported or inaccurately represented by the utility owner as being a significant distance from the true position.
4. Abandoned utilities without apparent surface features.
5. Utilities buried excessively deep, beyond detection limits of standard utility designating equipment.
6. Non-conductive utilities buried in clay soil without apparent surface features.
7. Non-conductive lines buried away from the tracer wire (e.g., HDPE Gas)
8. Facilities installed after the SUE effort has been completed.

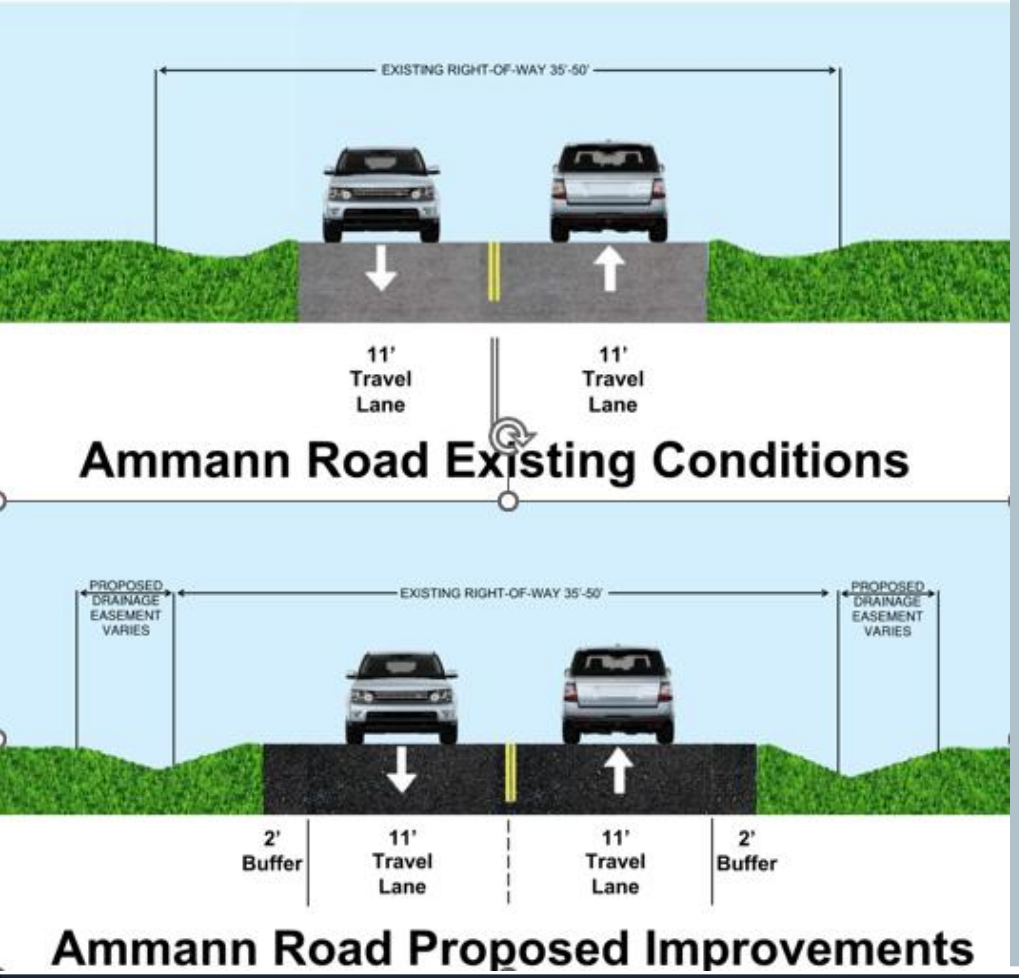
A common problem occurs when the project involves facility owners and operators with insufficient records and non-conductive buried facilities (a situation often encountered with public works installations), infrastructure for oil and natural gas wells installed prior to 1960, and irrigation systems that utilize non-conductive water mains. Facilities mapped under these circumstances are often depicted as QLD during the utility designating field effort to keep operations and budgets at a practical level. As the design project progresses, some depicted facilities may have to be upgraded to a higher quality level through more advanced geophysical prospecting and utility locating methods to properly identify and assess utility conflicts for design and construction.

Designers, utility coordinators, and contractors must realize the CI/ASCE 38-22 utility mapping effort is an iterative acquisition and interpretation process. Unless subsequent endeavors are made to upgrade designated quality levels, facilities depicted at lower quality levels, such as QLD, may be completely in error. In addition, depicted facilities and corresponding data are pertinent at the time in which field investigation operations are completed and are subject to change.

Final utility plans and data are for design purposes only and reflect utility conditions at the time surveyed. The SUE consultant cannot be held responsible for utility scenario changing after completion of field operations.

Users of this data set must understand and adhere to the limitations associated with the designated quality levels assigned to the depicted facilities. QLC and QLD depictions are based on interpolations, extrapolations, and available record data; this data can be erroneous and should not be used alone for design development and bidding purposes. Additional utility designating and locating field efforts to upgrade data to QLB and QLA are strongly recommended for areas where accurate final design and construction planning and bidding is required.

It is strongly recommended that users of this data, especially project engineers-of-record, become familiar with the ASCE 38-22 standard guidelines and the corresponding data limitations inferred by the designated quality levels prior to employing the data set for design purposes. In addition, a utility report should always accompany the existing utility CADD file to ensure proper interpretation and usage of the data set. Any questions regarding the SUE data or utility report should be directed to the SUE professional engineer-of-record.



GBRA Waterline Relocation for the Ammann Road Reconstruction Project

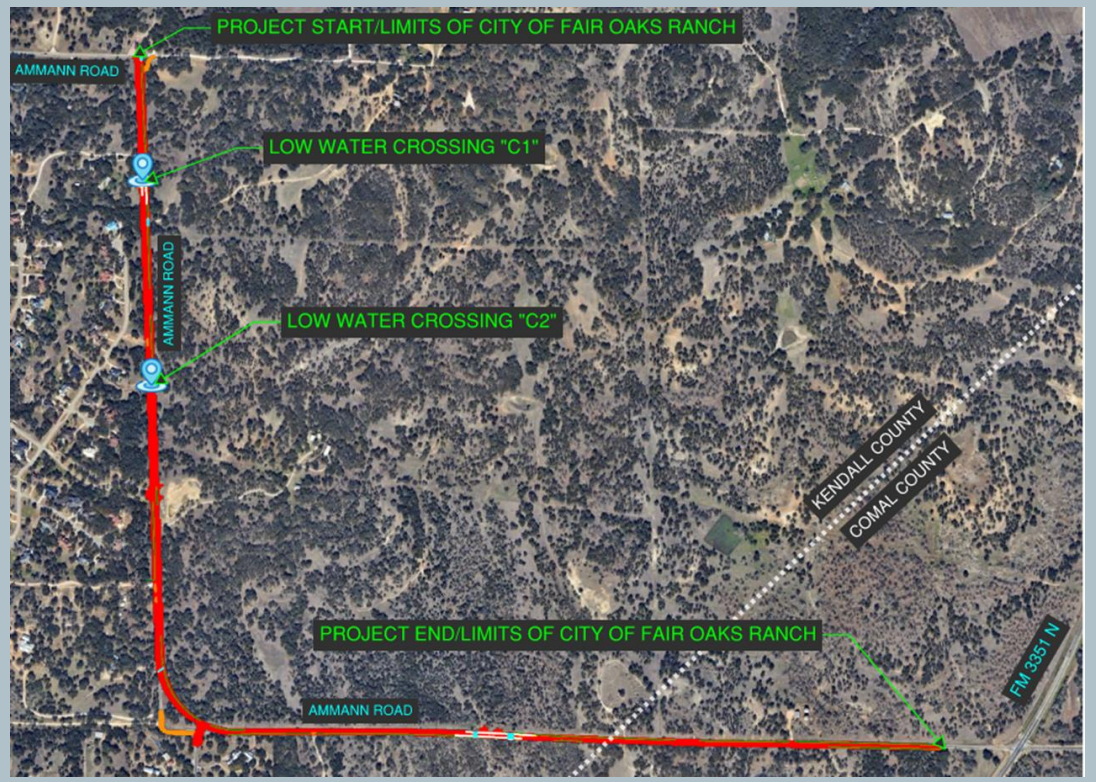
March 19, 2026

Kelsey Delgado, PMP, CISEC

Project Manager

Project Background

- Included in the 5-year Roadway CIP and approved by voters in the May 2024 bond election
- Keep the corridor from continued deterioration, increase lifespan and minimize maintenance requirements
- Improvements include a full-depth reconstruction, drainage improvements at two existing low-water crossings (LWC), and utility adjustments.



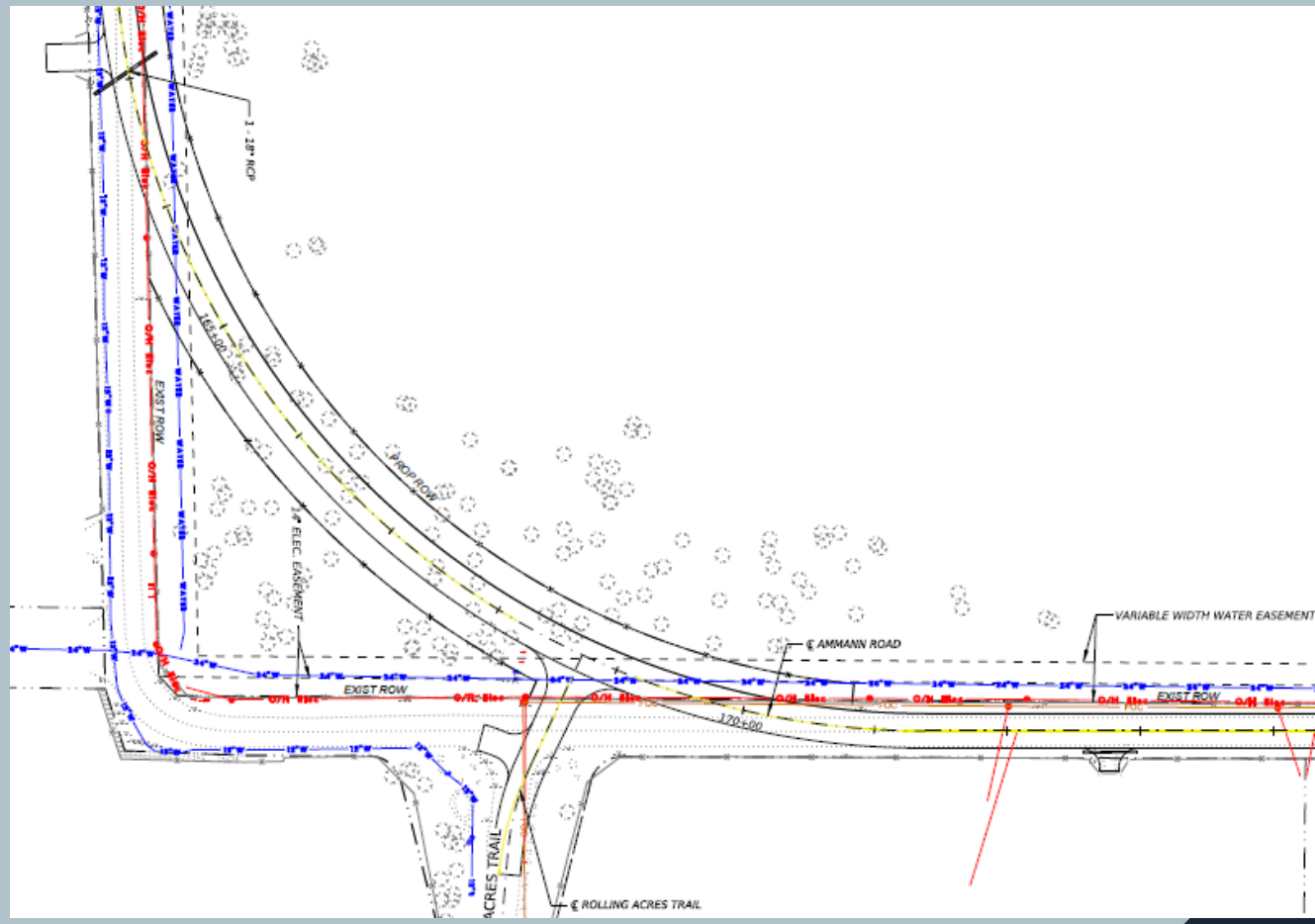
Southern Curve

- Design includes softening the Southern Curve to improve sight distance, reduce turning severity, and create a safer travel path for motorists
- Post Oak Subdivision developer to dedicate up to 4.37 acres of right-of-way and to contribute financially
- 24” GBRA Waterline will need to be lowered and encased at the expense of the City



GBRA Waterline Design Overview

- Lower and steel encase approximately 200 LF of 24” main located near the intersection of Ammann Rd and Rolling Acres Trail
- New alignment of the road at the southern curve crosses the GBRA easement and existing waterline
- Work is necessary to protect the existing infrastructure and enable future maintenance without excavating the new road



Bond Capital Fund – Roadway CIP

Project	Prior	2026	2027	2028	2029	Total
Dietz Elkhorn Roadway Reconstruction	$2,704,072	$-	$1,581,078	$625,000	$-	$4,910,150
Battle Intense near Trailside	158,861	-	-	-	-	158,861
Rolling Acres Trail Reconstruction		315,000	315,000	1,260,000	1,260,000	3,150,000
Ammann Road Reconstruction	700,838	108,555	2,769,375	2,769,375	-	6,348,143
Roadway Total	**$3,563,771**	**$423,555**	**$4,665,453**	**$4,654,375**	**$1,260,000**	**$14,567,154**

From the FY2025-26 budget presentation on September 15, 2025

General Obligation (GO) Bond was authorized for up to $16 million.

Project Budget

- **Design - $1,007,532.50 (estimate)**
  - Ammann Rd Reconstruction: $833,977.50
    - Includes addendums for additional design and easement acquisition services
  - GBRA Waterline Relocation: $85,000
  - Bid and Construction Phase Services: $88,555
- **Construction – $5,762,583.52 (estimate)**
  - Ammann Rd Reconstruction: $4,987,583.52 (90% Design Plan OPCC)
  - GBRA Waterline Relocation: $775,000 (estimate)
- **Updated Total Project Cost: $6,770,116.02**
  - Current Project Budget: $6,348,143
  - Developer Contribution for Southern Curve: $516,887.13 (estimate)

Next Steps

- Approval of the Reimbursement Agreement for the design of the GBRA watermain relocation
- GBRA consultant to begin design and is expected to be complete by late Spring 2026
- Construction to begin Summer 2026
- Ammann Road Reconstruction to begin Early 2027

CITY COUNCIL WORKSHOP
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC:	Rolling Acres Trail Drainage Project Update
DATE:	March 19, 2026
DEPARTMENT:	Engineering
PRESENTED BY:	Lee Muniz, P.E., CFM, Engineering Manager

INTRODUCTION / BACKGROUND:
In 2018, the City prepared a Master Drainage Plan (Plan) to complement the development of the City's Comprehensive Plan, an overall plan to maintain the character and attractiveness of the City. The Plan evaluated, scored and ranked stormwater capital improvement projects (CIP) to resolve existing drainage issues across the City. The Plan includes two projects on Rolling Acres Trail **(Attachment A)**.

- CIP# 2 (8472 Rolling Acres Trail): Drainage backs up in culverts that pass under a driveway with large amounts of runoff flowing across the property toward the Cibolo Creek.
- CIP# 4 (8040 Rolling Acres Trail): Drainage does not have a positive flow in one direction as it crosses Rolling Acres Trail at multiple points, causing flooding on adjacent properties.

As part of the City's Five-Year Drainage CIP, City Council allocated funding of $459,600 for these two projects in the FY 2024-25 and FY 2025-26 budgets. In parallel, staff undertook an in-house drainage maintenance project to restore channel capacity and repair culverts along portions of Rolling Acres Trail, which eventually extended past and included the CIP #2 location but not CIP #4. In November 2024, staff initiated plan development with the City's General Engineer Consultant for CIP #4. During the assessment phase, it was determined that the drainage issues extended beyond the original scope and overlapped adjacent drainage systems. To minimize consultant costs, staff performed a hydraulic and hydrology analysis, and completed design plans and cost estimates.

Project Overview and Phasing (CIP #4)
The project is located along Rolling Acres Trail between Deer Summit and Flagstone Hill Drive as shown in Attachment A. The existing system consists of earthen channels on both sides of Rolling Acres Trail, with multiple roadway crossings composed of corrugated metal culverts of varying sizes. A significant portion of the project area lies within FEMA Zone A (1% Annual Chance Flood Hazard Area) floodplain. Due to the length of the corridor and complexity of the drainage infrastructure, the project has been divided into three phases.

Phase One — Extends from upstream of Flagstone Hill Drive to the Rolling Acres Trail crossing near Deer Summit. This phase includes regrading of the existing earthen channel

adjacent to Rolling Acres Trail, right of way acquisition, a property fence relocation, and some street and driveway reconstruction. The estimated cost of this phase is $352,000.

Phase Two — Extends northwest from the end of Phase One. This phase includes regrading of the existing earthen channel adjacent to Rolling Acres Trail, right of way acquisition, a property fence relocation, and street repair. The estimated cost of this phase is $205,000.

Phase Three — Located at the intersection of Deer Summit and Rolling Acres Trail. This phase includes minor earthen channel grading, street repair, and placement of two concrete box culverts under Deer Summit. The estimated cost of this phase is $304,000.

Hydrology and Hydraulic Modeling Analysis
The project watershed is primarily residential structures located on large lots exceeding one acre and not expected to change in the future. The project's watershed is made up of four sub-watersheds ranging from 3 acres to 315 acres and produces from 15 to 940 cubic feet per second for a 10-year rain event. The 10-year rain event was used for the models as required by the City's Unified Development Code.

HEC-HMS and HEC-RAS software from the U.S. Army Corps of Engineers were used for the hydrologic and hydraulic modeling analysis. The results of the hydraulic analysis of the proposed project showed the improvements would only reduce the stormwater depth by 3.6 inches and that large amounts of stormwater, after project completion, would continue to overtop Rolling Acres Trail.

Cost Summary and Benefit-Cost Analysis (BCA)
As CIP #2 was performed in-house, the allocated funds for the project can be allocated to CIP #4. The total estimated construction cost for CIP #4 is $861,000, which includes a 20% construction contingency and an 8% inflation factor.

A BCA was conducted using FEMA's BCA toolkit. It resulted in an overall Benefit-Cost Ratio (BCR) of 0.11. The FEMA benchmark for a viable drainage project is a score of 1.0 or higher. This analysis indicates the project does not meet FEMA's cost-effectiveness threshold.

Staff Recommendation
Staff does not recommend proceeding with the Rolling Acres Trail Drainage Improvement Project at this time based on the following factors.

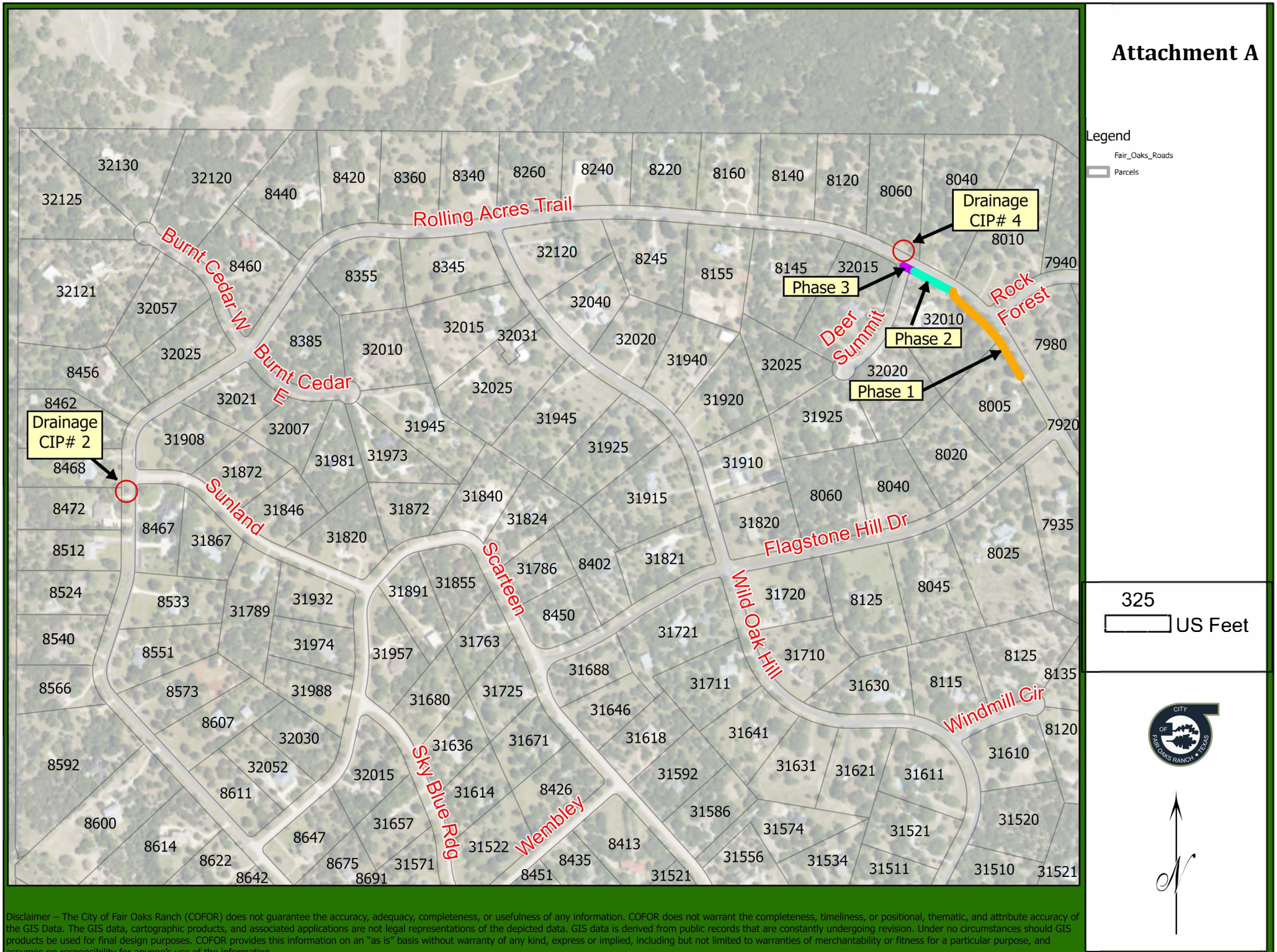
- Minimal reduction in flood depths (3.6 inches) and inundation area
- Low Benefit-Cost Ratio (0.11)
- Total project cost significantly exceeds allocated funds with little community benefit
- No structures will be removed from flooding or overtopping, even if proposed improvements are made

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:

- Supports Strategic Plan Priority 3.3 Enhance and Ensure Continuity of Reliable Drainage Improvement Initiatives

- Proposed improvements result in a slight reduction in flood depths and inundation areas on Rolling Acres Trail

LONGTERM FINANICAL AND BUDGETARY IMPACT:
A total of $459,600 from CIP #2 and #4 is available for this project. The project will require a budget increase of $401,400 if the City Council desires to proceed. If deferred or canceled, the existing funds can be reallocated to other drainage capital improvement projects.



Disclaimer – The City of Fair Oaks Ranch (COFOR) does not guarantee the accuracy, adequacy, completeness, or usefulness of any information. COFOR does not warrant the completeness, timeliness, or positional, thematic, and attribute accuracy of the GIS Data. The GIS data, cartographic products, and associated applications are not legal representations of the depicted data. GIS data is derived from public records that are constantly undergoing revision. Under no circumstances should GIS products be used for final design purposes. COFOR provides this information on an "as is" basis without warranty of any kind, express or implied, including but not limited to warranties of merchantability or fitness for a particular purpose, and assumes no responsibility for anyone's use of the information.



City Council Meeting Workshop

Rolling Acres Trail Drainage Project Update

Lee Muñiz, P.E. CFM

Manager of Engineering

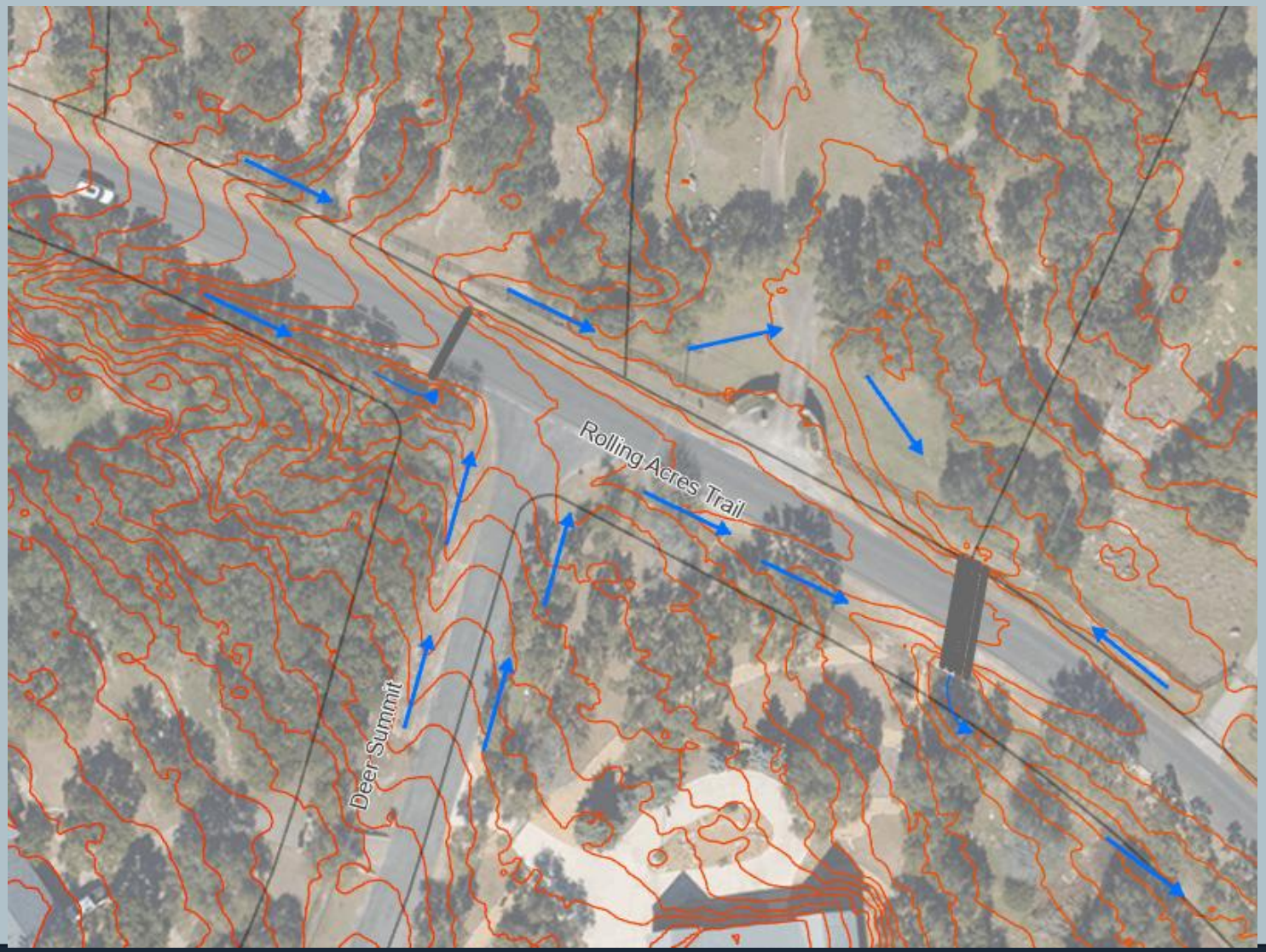
Introduction

- Project Overview
- Current Conditions
- Hydrology and Hydraulics Modeling
- Project Phases
- Modeling Results
- Project Cost and Benefit Cost Ratio (BCR)
- Staff Recommendation

Project Overview

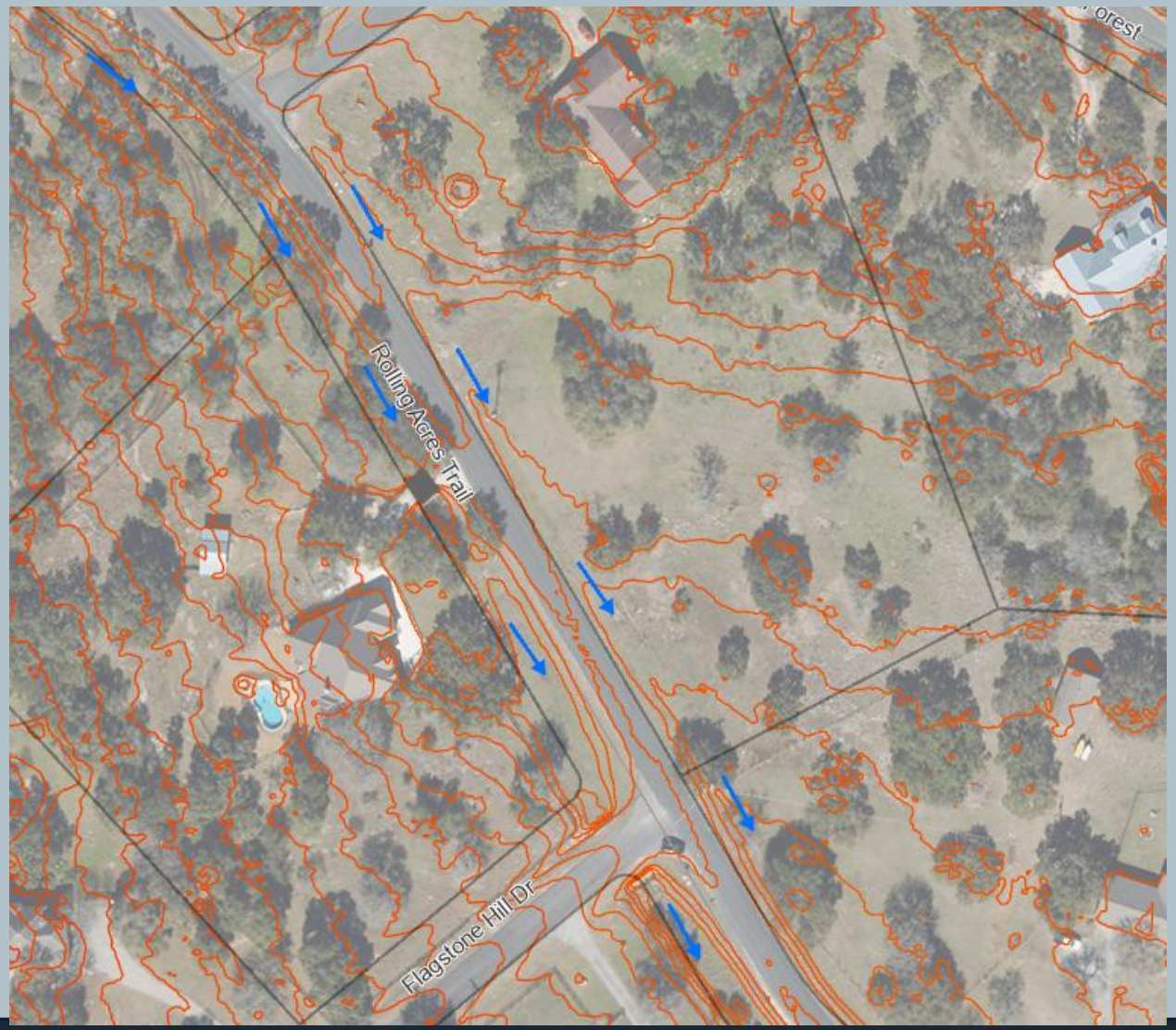
- Located between Deer Summit and Flagstone Hill
- Scope includes channel improvements and a new culvert to improve capacity
- Available budget allocation - $459,600
- Consists of three phases
- Additional ROW is required
- Project is located within FEMA floodplain

Current Conditions



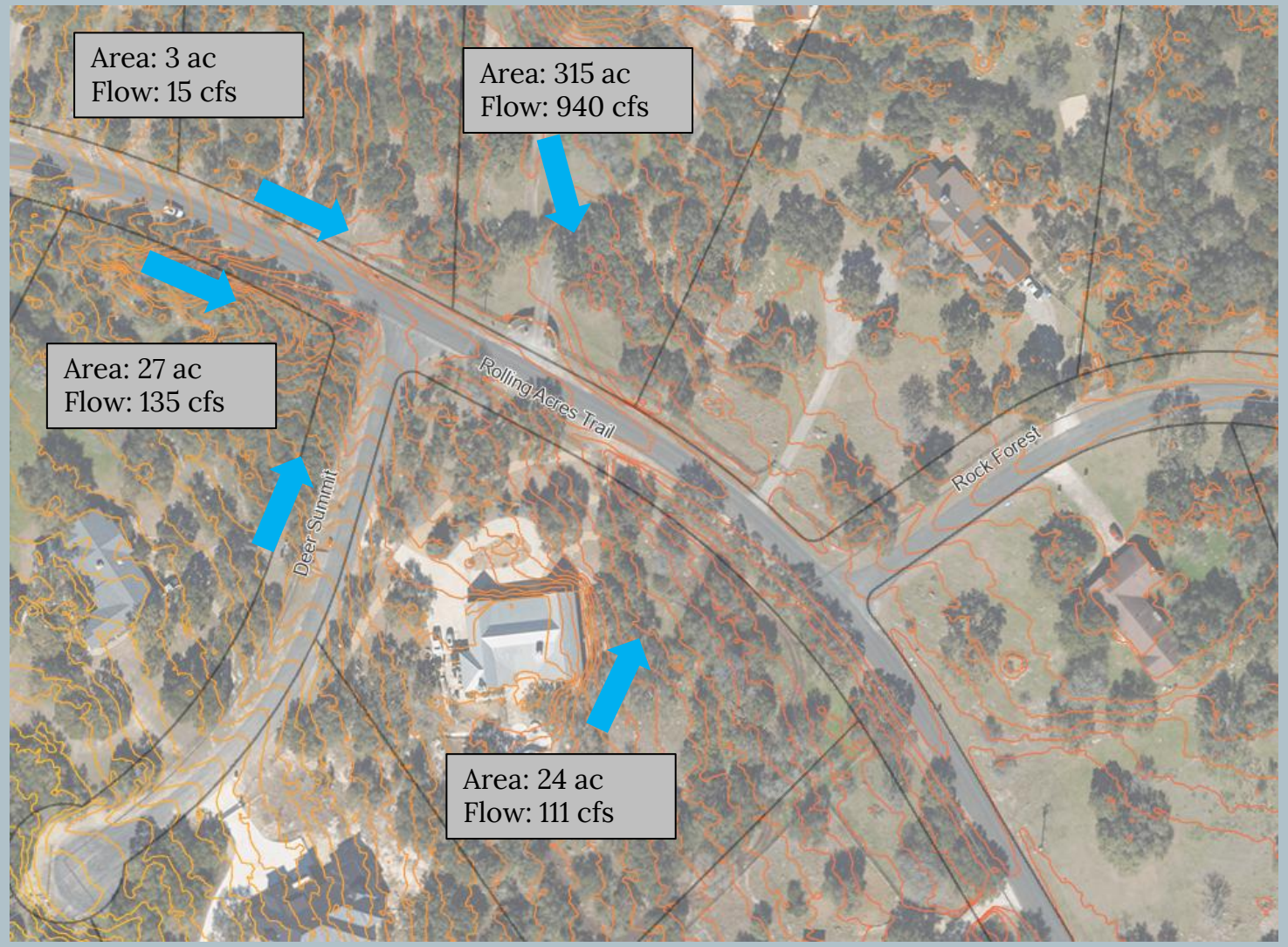
- Stormwater crosses Rolling Acres Trail twice
- Culverts are made of coregulated metal pipe (CMP)
- Large amount of stormwater crosses driveway without culverts

Current Conditions Cont'd



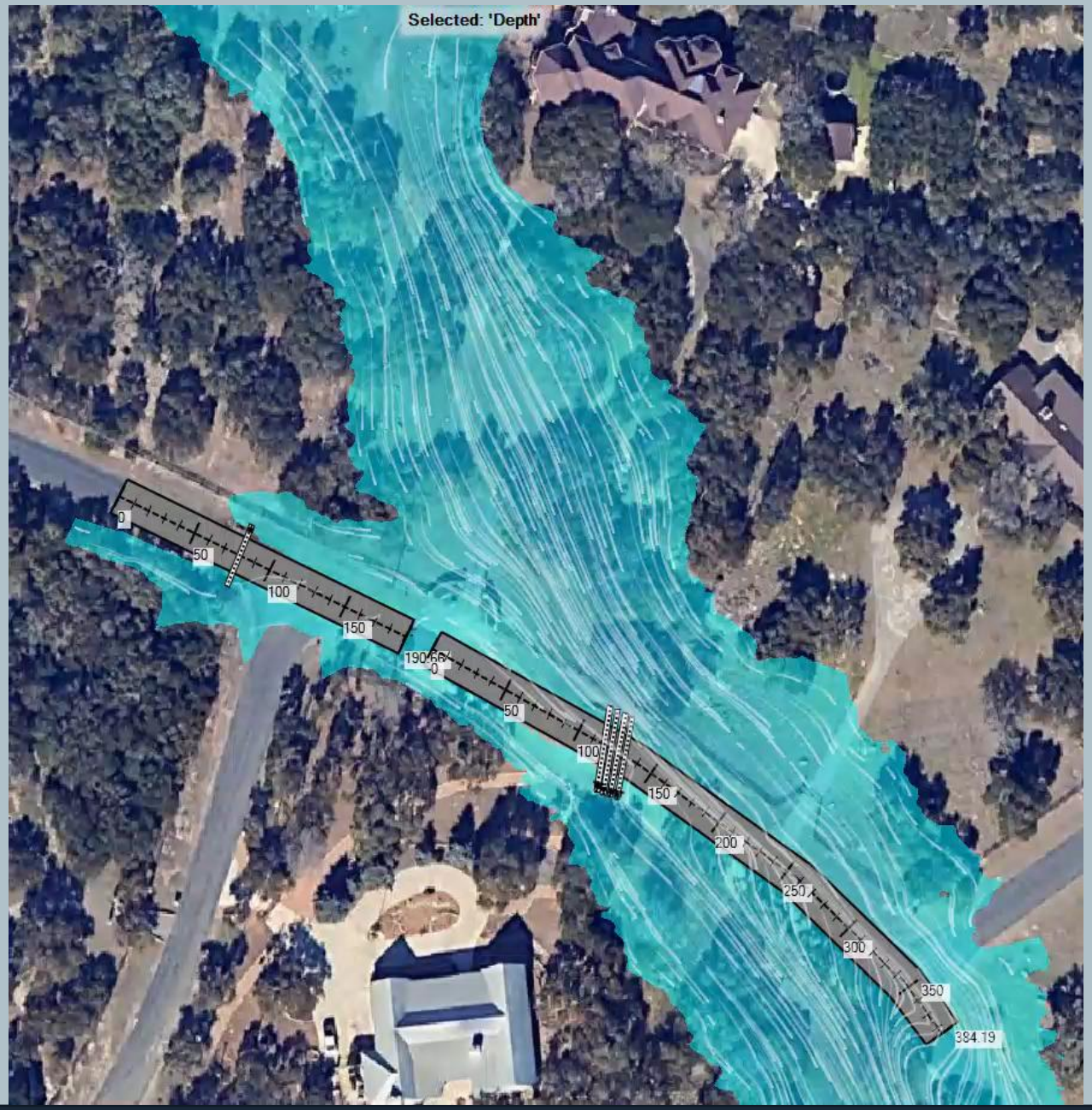
- Stormwater flows in an earthen channel
- Channel has multiple fence crossings
- Project limits end at residential driveway
- Stormwater flows on both sides of Rolling Acres Trail

Hydrology



- Size of watershed required hydrology modeling software
- A large portion of the watershed is located outside city limits
- Assumes area to be developed as large residential lots
- Proposed project does not alter existing conditions
  - Impervious cover

cfs = cubic feet per second
ac = acres

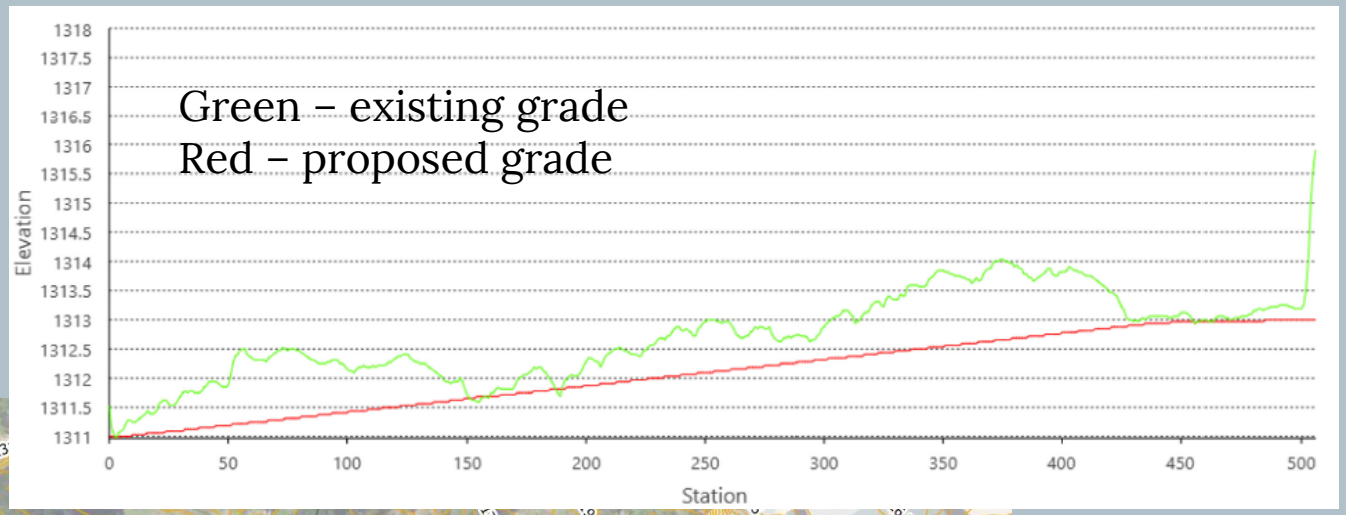


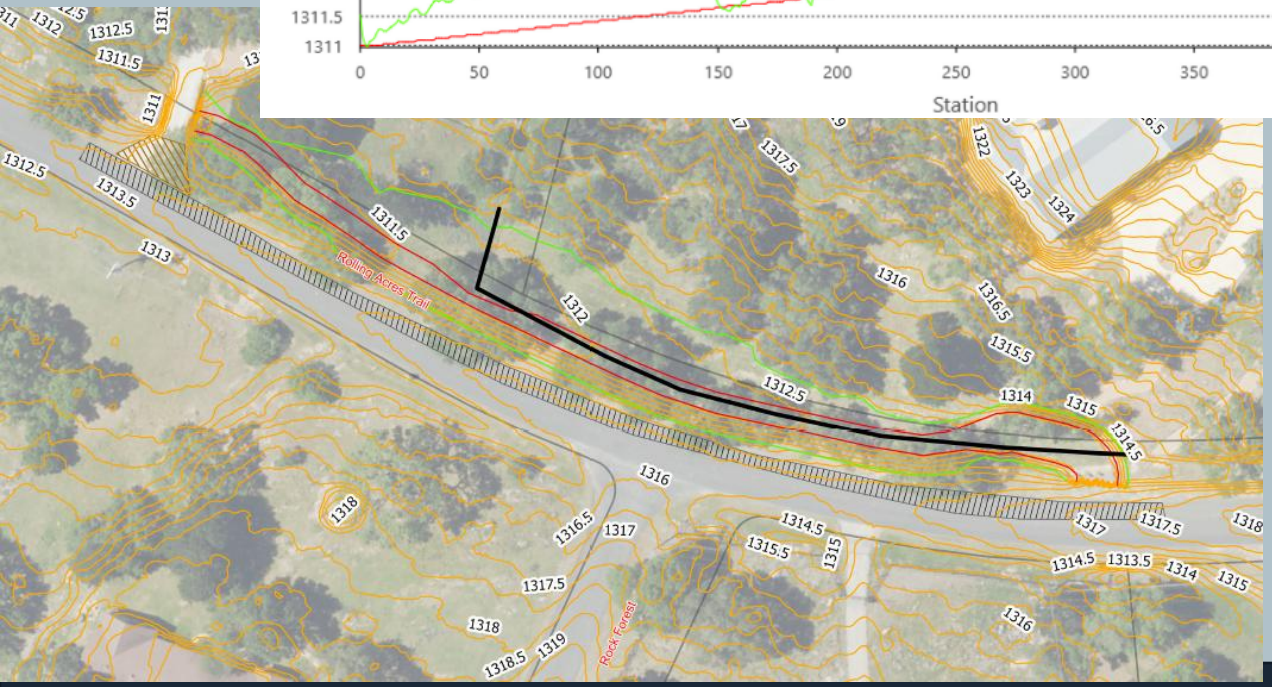
Hydraulics

- HEC-RAS 2D hydraulic modeling utilized for accuracy
- 10-year storm event shown but 2-year storm has similar results
- Infrastructure reflects existing conditions
- The amount of stormwater exceeds the capacity of culverts and overtops the street
- Depths over road are near a foot at some points
- Flooding is due to 315-acre watershed coming from the north

Proposed Project Phase One

(Limits: Flagstone Hill to 185 ft southeast of Deer Summit)

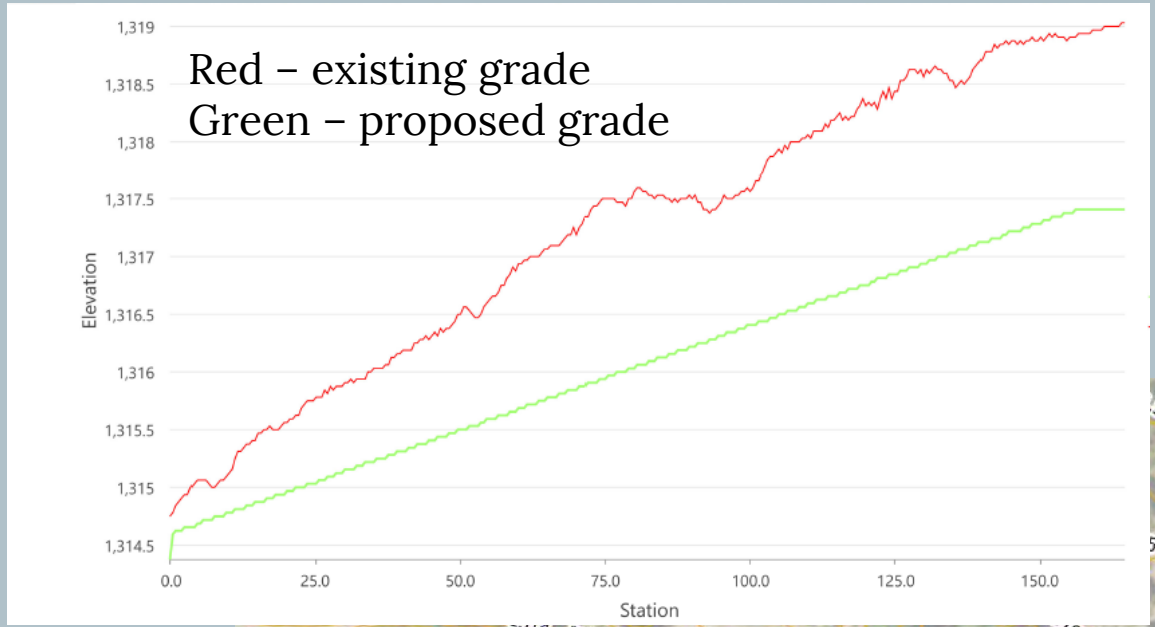


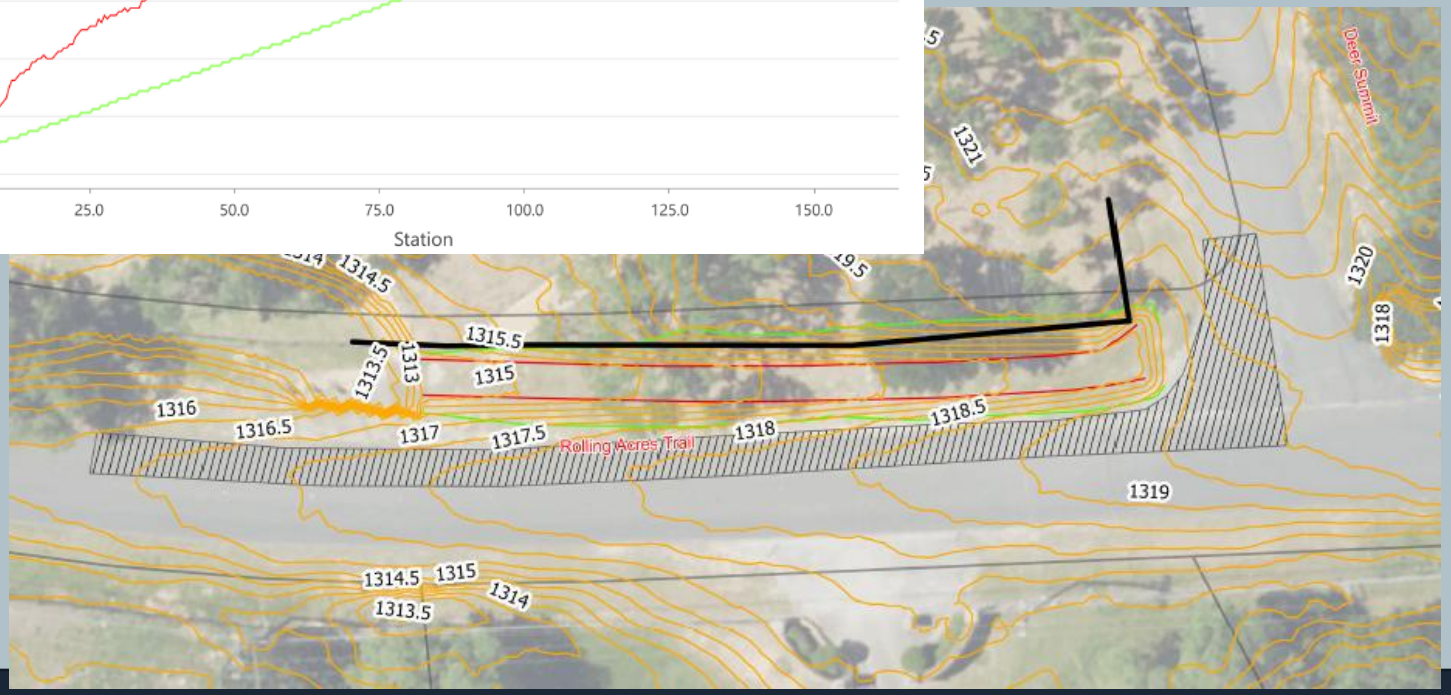


- Earthen channel will be regraded
- Property fence will be relocated
- Limits of channel grading extend beyond existing ROW
- Some street and a driveway will be reconstructed

Proposed Project Phase Two

(Limits: 185 ft southeast of Deer Summit to Deer Summit)

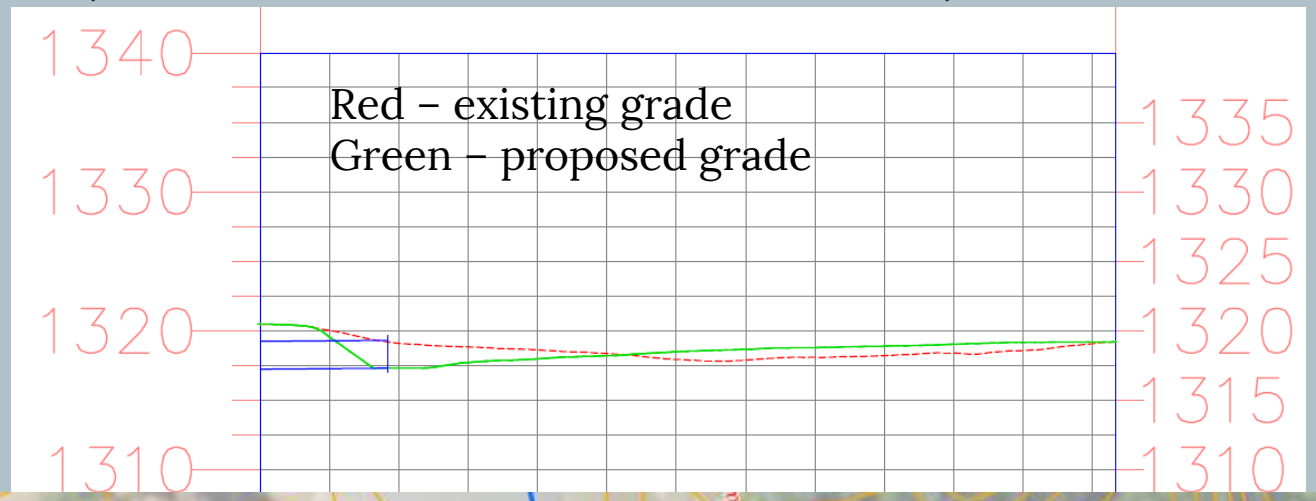


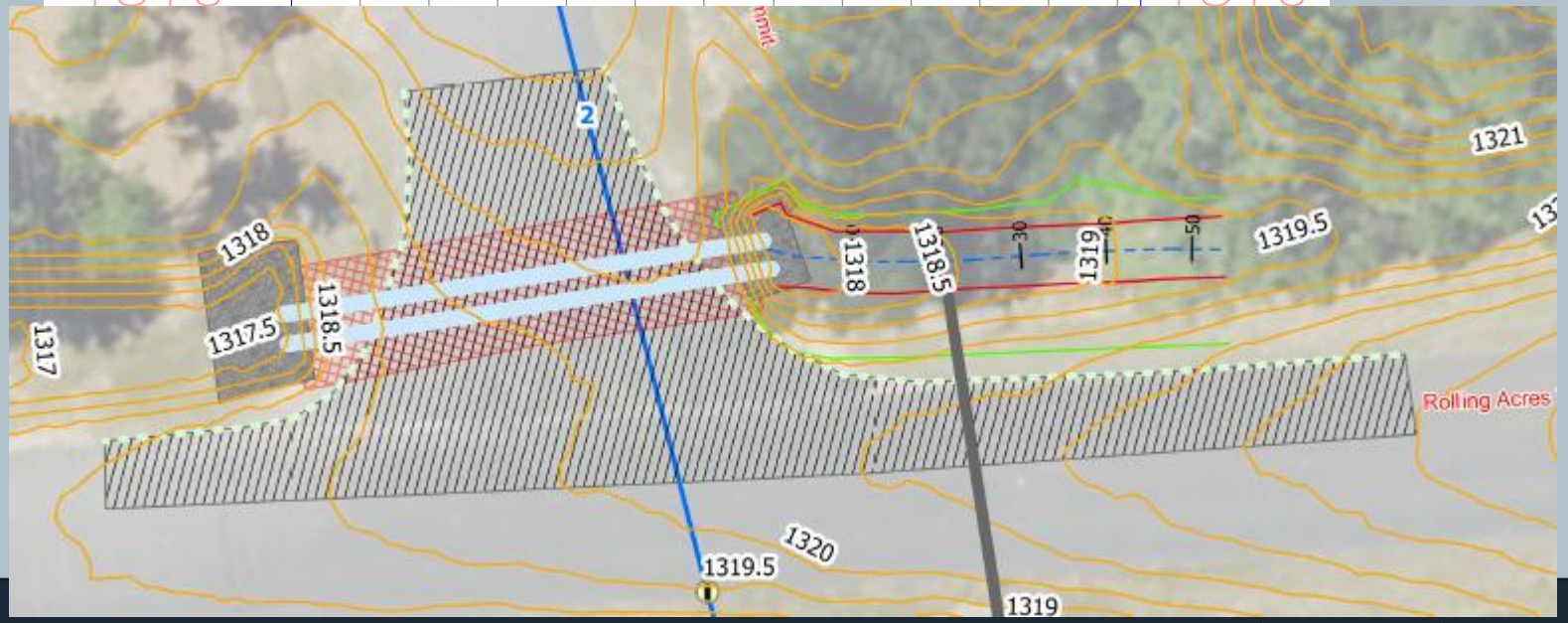


- Smaller earthen channel with steeper grades
- Property fence will be relocated
- Limited work beyond existing ROW
- Channel will be lowered about two feet
- Street repair is needed

Proposed Project Phase Three

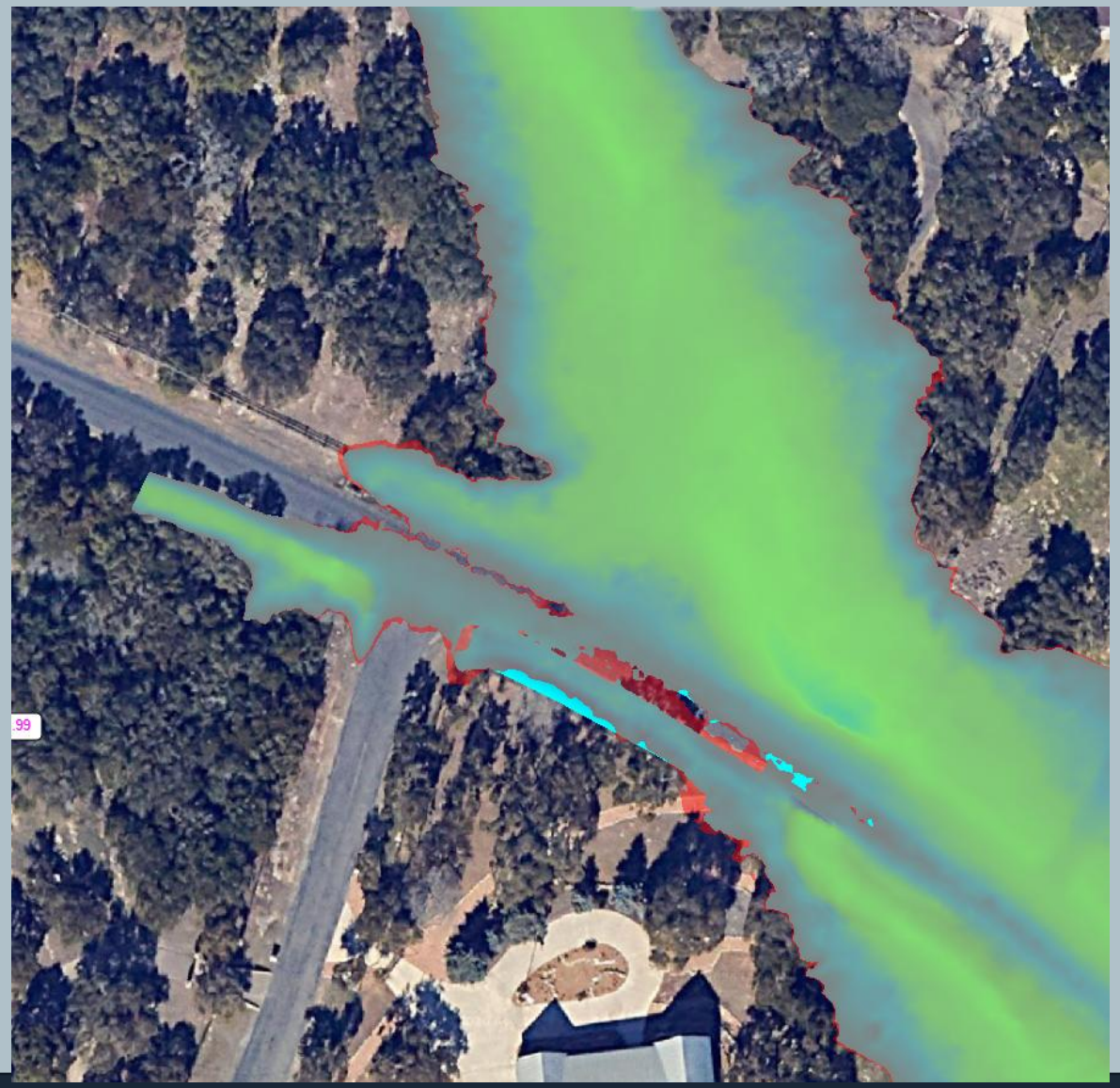
(Limits: Deer Summit Intersection)





- Minor channel grading
- Installation of two 3 ft. wide by 2 ft. high box culverts
- Concrete rip-rap pads
- Dependent on completion of Phase Two
- Full depth and mill and overlay street repair
- Existing culvert will be abandoned in place

Project Results



- Slight reduction in inundation area (red)
- Vast majority of inundation area remains (blue/green)
- A portion of Rolling Acres Trail is free of storm water
- Reduces the frequency of water flowing over driveway
- Reduction in depth overtopping road by 0.3 feet or 3.6 inches
- Channel grades are consistent

Project Cost and Benefit Cost Ratio

- Cost estimate breakdown
  - Phase One - $352,000
  - Phase Two - $205,000
  - Phase Three - $304,000
- Cost estimates include
  - 20% contingency
  - 8% inflation
  - Phase One and Two include drainage easement acquisition
- Benefit Cost Ratio (BCR)
  - Score = 0.11
  - Scores above 1.0 are good projects
  - BCR was generated using FEMA benefit cost analysis toolkit

Staff Recommendation

- Project is not recommended
  - Low BCR score
  - High project cost for overall benefit
  - Minimal reduction in stormwater inundation
  - No structures will be removed from flooding or overtopping even if proposed improvements are made
- Funds can be reallocated to other drainage projects yielding a greater benefit to the City
  - Chartwell Drainage Improvement
  - Other approved projects in 5-year Drainage CIP

2025
Annual Report







Presented by

Fair Oaks Ranch Police Department

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Letter from the Chief

To our residents, community partners, and city leadership,

It is my privilege to present the Fair Oaks Ranch Police Department's Annual Report. Each year, this report serves not only as a record of activity but as a statement of who we are, how we serve, and what we expect of ourselves. Transparency, professionalism, and results are the standards by which we measure our work—and this report reflects that commitment.

Our department's motto, "We Go First," is more than a phrase. It is the operating principle that guides how we show up every day. It means stepping forward when situations are difficult, taking responsibility when others hesitate, and setting the tone for professionalism, service, and accountability. Whether responding to emergencies, preventing crime before it occurs, or supporting residents in moments of need, our Officers continue to lead through action.

This past year, the Fair Oaks Ranch Police Department further strengthened its connection with the community we serve. Through direct engagement, neighborhood partnerships, youth outreach, and everyday interactions, we have focused on building trust that is earned, not assumed. Public safety works best when the police and the community are aligned in purpose—and we continue to invest in that partnership.

We have also continued to modernize how we communicate. Our expanded digital and social media presence allows us to share timely information, provide transparency into our operations, and highlight the people who serve behind the badge. These platforms have become an important bridge between the department and the community, helping us stay accessible, responsive, and connected.

Everything we do is anchored by our ICARE values—Integrity, Courage, Accountability, Respect, and Ethical behavior. These are not abstract ideals; they are expectations. They guide how we make decisions, how we treat people, and how we hold ourselves accountable, even when no one is watching.

I am deeply proud of the men and women of the Fair Oaks Ranch Police Department. Their professionalism, discipline, and dedication reflect the very best of modern policing. They serve with empathy, skill, and unwavering commitment to protecting this community. Together, we remain focused on one clear mission: to protect what matters most and to lead with purpose—because in Fair Oaks Ranch, we go first.



We Go First

Todd Smith
Chief of Police

Table of Organization



Department Overview

Mission

To keep you, your family, and our community safe through innovation and community engagement.

Vision

To serve people one-by-one so together, we can create a safe and secure environment where people can thrive.

Purpose

To protect the vulnerable from harm. This is our purpose, our cause, our belief.

WE GO FIRST

At the Fair Oaks Ranch Police Department, "We Go First" isn't just a saying—it's a way of life.
Going first means we lead with courage. We're the ones who run toward danger when others seek safety. But it also means we lead with heart. We make it a point to be the first to make eye contact, the first to say hello, the first to hold the door open, and the first to say thank you. These small interactions define who we are and what we stand for.

"We Go First" embodies our commitment to the ICARE values that guide us—Integrity, Courage, Accountability, Respect, and Ethical conduct.

It is this mindset that sets us apart. It is what drives us to be better, serve better, and lead by example—every call, every contact, every day.







Values: ICARE

Integrity
The cornerstone of police work; without it, public trust is lost.

Courage
To make the right professional decision.

Accountability
To the community, the department, and coworkers.

Respect
Of the community, the department, and most importantly, self.

Ethical
Professional actions and decision making.

Budget

The Fair Oaks Ranch Police Department was established in December 1992 and became operational in January 1993 with five Officers and an initial operating budget of $300,000. By 2025, the department operated with an annual budget of $5,043,194. Of this amount, $1,752,784 was allocated to professional services, including animal services, dispatch operations, emergency medical services, fire department support, and advanced training programs. These services collectively enhance the city's comprehensive approach to public safety. The department is staffed by 25 commissioned Police Officers, two civilian investigators, and three professional staff members. The organization is structured into five primary divisions: Administration, Patrol, Investigations, School Resource Officers, and Animal Services. Each division fulfills distinct responsibilities that advance the department's mission of providing exemplary service and ensuring the safety and well-being of the Fair Oaks Ranch community.



Supplies, Maintenance, and Operations $149,325

- Animal Services Equipment
- Electronic Hardware
- K-9 Maintenance
- Portable Radio Equipment
- Uniforms
- Vehicles Maintenance and Repairs



Professional Services $1,752,784

- Animal Services/Impounds
- Boerne Dispatch Services
- EMS
- Jail Housing
- AEDs
- Volunteer Fire Department



Personnel $3,047,085

- Salaries
- Retirement
- Insurance
- Workers' Comp
- Insurance
- Taxes



Capital Outlay $94,000

- Two Replacement Vehicles

Total Public Safety Budget $5,043,194

PERSONNEL & STAFFING

The Command Staff and Administrative Services section is comprised of the Chief of Police, Lieutenant, Administrative Assistant, and Administrative Clerk. Together, these roles form the operational backbone of the department, ensuring both strategic leadership and day-to-day administrative support.

Candace Robles



Lieutenant Manny Casas



Camille Bowser



Administration

Administrative staff members play a vital role in maintaining accurate records, managing public information requests, coordinating internal communications, and assisting community members with walk-in inquiries. Their work ensures the department remains transparent, organized, and responsive.

Command staff provides oversight of the department's daily operations, including scheduling, payroll, training coordination, records management, complaint review, and budget administration. They are also responsible for developing and implementing policies that guide the department toward efficiency, professionalism, and continued service excellence.

Criminal Investigation Division

The Criminal Investigation Division is responsible for conducting thorough follow-up investigations into reported crimes. Investigators gather, evaluate, and preserve evidence; interview victims, witnesses, and suspects; and collaborate with regional, state, and federal partners to ensure that cases are investigated with professionalism and accuracy.

In addition to casework, CID plays an essential role in community safety initiatives. Investigators participate in outreach efforts, provide crime-prevention education, and work closely with residents and businesses to strengthen trust and cooperation within the community. A guiding principle of CID is its commitment to a victim-centered approach. Investigators prioritize the needs, safety, and well-being of victims at every stage of an investigation.

This includes treating individuals with empathy and respect, providing timely updates, and ensuring access to available resources and support services. By maintaining this standard, CID helps foster community confidence and supports the pursuit of justice with sensitivity and care.

Sergeant

Alexander Willis



Investigator

Rodney De Bose



Investigator

Patrick Kearney



Investigator

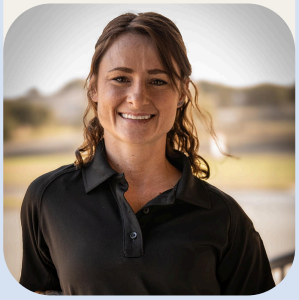
Stacy Love



Animal Services

Animal Services Officer

Sara Cleboski



The Animal Services Officer for the City of Fair Oaks Ranch is responsible for enforcing local and state animal-related laws, responding to animal-related calls for service, and ensuring the safety of both residents and animals. Duties include handling stray or dangerous animals, investigating animal bites and welfare complaints, assisting with lost or found pets, and promoting responsible pet ownership. The Officer also supports community education efforts and works closely with partnering shelters and veterinary services to provide humane and effective animal care.

Patrol Division

The Patrol Division remains the largest and most visible component of the Fair Oaks Ranch Police Department, staffed by 24 Officers who provide continuous 24/7 coverage across four rotating shifts. Each shift is comprised of one Sergeant, one Corporal, and three patrol Officers, ensuring strong supervision, consistent service delivery, and the ability to respond promptly to the needs of the community.





Patrol Officers perform a wide range of essential responsibilities, including proactive neighborhood patrols, responding to emergency and non-emergency calls, enforcing traffic laws, deterring criminal activity, and initiating arrests when appropriate. Beyond these core duties, Officers play a crucial role in maintaining community confidence by engaging with residents, offering assistance in everyday matters, and practicing the department's philosophy of one-by-one policing. This approach emphasizes being approachable, helpful, and committed to positive interactions that build trust and cooperation.





Through professionalism, visibility, and a dedication to service, the Patrol Division continues to uphold the highest standards of public safety in Fair Oaks Ranch, ensuring residents feel protected, supported, and valued.

School Resource Officers

School Resource Officer

Amanda Pina



School Resource Officer

John Esquivel



Officer Amanda Piña and Officer John Esquivel serve as School Resource Officers at Van Raub Elementary and Fair Oaks Ranch Elementary, working closely with staff to maintain safe, welcoming, and supportive school environments. Both Officers believe strongly in building meaningful relationships with students through daily interactions, encouragement, and approachability.

They engage with children throughout the day, offer guidance, and create a trusted presence on campus. Their shared commitment to safety, connection, and positive mentorship strengthens the partnership between the police department and the school communities they proudly serve.

New Team Members



Lt. Manny Casas



Ofc. Charles Starks III



Ofc. Garrett Crawford

01. Lieutenant Manny Casas joined the Fair Oaks Ranch Police Department after over 25 years of distinguished law enforcement service. A U.S. Army veteran and former Air Force Reservist, he brings extensive leadership experience and a strong commitment to public service. He is a graduate of the FBI National Academy, LEMIT Command College, and several other leadership programs, and holds a Doctor of Education, two Master's degrees, a Bachelor's degree, and Master Peace Officer Certification. Lieutenant Casas is dedicated to strengthening departmental leadership and fostering strong relationships with the community and partner organizations.

02. Before joining the Fair Oaks Ranch Police Department, Officer Starks served four years in the United States Marine Corps as a First Lieutenant during Operations Desert Shield and Desert Storm. He later earned a Bachelor of Arts in Radio/TV/Film from Wichita State University. Officer Starks previously managed the USAA Movers Advantage real estate rewards network, where he helped return more than $500 million in reward rebates to customers purchasing homes. He values the strong support he receives from his teammates and the City and appreciates the opportunity to serve a community close to home.

03. While earning his bachelor's degree in Criminal Justice at the University of Texas at San Antonio, Officer Crawford joined the Fair Oaks Ranch Police Department as an intern, where he demonstrated a strong work ethic and professionalism. His dedication led to a full-time role as the City's Animal Services Officer, and the department later sponsored him to attend the police academy. After graduating, he transitioned into the patrol division, reflecting his perseverance and commitment to serving the Fair Oaks Ranch community.

New Team Members



Ofc. Michael De Hoyos



Rodney De Bose



Patrick Kearney

04. Officer De Hoyos began his public safety career as a Corrections Officer with the Bexar County Jail, where he gained four years of experience in a high-stress environment requiring strong communication skills and effective conflict resolution. He later self-sponsored his training through the SACC Police Academy to further his law enforcement career. Since joining the Fair Oaks Ranch Police Department, Officer De Hoyos has been an active participant in community outreach efforts, regularly engaging with residents and supporting the department's community-focused mission.

05. Rodney De Bose brings extensive federal law enforcement and executive leadership experience to the department through a distinguished career with the United States Department of Justice. He previously served as the Director of Asset Forfeiture, West Region, with the Drug Enforcement Administration, where he provided strategic oversight across a broad geographic area. In his roles as a Special Agent and Senior Executive, he operated both domestically and internationally, gaining experience in complex investigations and interagency coordination. Mr. De Bose holds a Bachelor of Science from Southwest Texas State University and a Master of Arts from Johns Hopkins University.

06. Pat Kearney retired from the King County Sheriff's Office in Washington state after 25 years of service. He served as an investigator in multiple units such as Street Crimes and Robbery/Homicide, as well as a Sergeant in patrol and investigations. This also includes undercover Narcotics/Vice, Field Training, and Patrol. Mr. Kearney contributes a positive attitude, strong interpersonal skills, and effective investigative expertise to enhance the overall effectiveness of the department.

New Team Members



Sara Cleboski



Candace Robles



Camille Bowser

07. Prior to joining us, Sara served with San Antonio Animal Care Services in the Adoptions and Rescue Department and brings more than 10 years of experience as a veterinary technician. Her professional background provides valuable expertise in animal care, handling, and welfare. Sara has significantly reshaped the animal services position by implementing new policies and procedures, organizing the department's first "Puptember" event, and assisting with community events such as Trunk or Treat and Santa on the Ranch. She has achieved a high success rate in reuniting lost pets with their owners and coordinating the relocation of injured or sick animals to wildlife rehabilitation facilities to ensure they receive appropriate care.

08. Prior to joining the Fair Oaks Ranch Police Department, Candace served at San Antonio College in the Outreach and Recruitment Center, supporting students with enrollment, financial aid, and records. As an Administrative Clerk, she applies strong customer service skills and attention to detail in managing case files, personnel requests, and public information requests. She also maintains departmental records, processes reports, coordinates communications, and supports daily operations to ensure the department runs efficiently.

09. Camille brings a strong background in municipal administration and public service to the FORPD. Prior to joining the department, she served the City of Morgan's Point Resort as city secretary, coordinating council meetings, managing payroll, and assisting with various administrative tasks. Camille applies her experience and work ethic to records redaction, police blotter preparation, and maintaining golf cart and animal records. She also supports case file management, scheduling, and public information requests, ensuring the department operates efficiently and effectively while serving the community.

COMMUNITY POLICING

Junior Police Academy





The Junior Police Academy continues to serve as a cornerstone youth program that introduces students ages 9–12 to the world of public safety. Through hands-on activities, demonstrations, and interactive lessons, participants gain an inside look at police work while building confidence and teamwork skills.

Beyond learning about law enforcement, the program strengthens positive relationships between Officers and local youth, encourages responsible decision-making, and helps inspire the next generation of community-minded leaders.



Hill Country Flood Recovery Drive







In response to the devastating 2025 Hill Country Floods that significantly impacted Kerr County and surrounding communities, the Fair Oaks Ranch Police Department coordinated and led a community support drive to assist those affected. Residents and local partners generously donated much-needed supplies, which were personally delivered to Kerrville by Fair Oaks Ranch Police Officers. When the physical donation phase concluded, the department continued to encourage monetary contributions to support ongoing recovery efforts.

This initiative reflected the department's commitment to service beyond jurisdictional boundaries and its dedication to standing in solidarity with our Hill Country neighbors during times of crisis.



COMMUNITY POLICING

National Night Out

National Night Out provided a valuable opportunity for residents and public safety personnel to come together and strengthen community partnerships. This year, Officers visited 11 neighborhoods alongside three ESD 4 fire trucks and a special appearance from McGruff the Crime Dog. Families welcomed the team with conversation, hospitality, and neighborhood activities, creating a fun and relaxed atmosphere. These positive interactions help build trust, break down barriers, and reinforce our shared commitment to keeping Fair Oaks Ranch safe and connected.



Trunk or Treat

Trunk or Treat at the Fair Oaks Ranch Police Department is a family-friendly Halloween event that provides a fun and safe alternative to traditional trick-or-treating. Children walk through a lineup of decorated patrol vehicles to collect candy, enjoy face painting, play games, win prizes, and cool off with ice cream, while the always-popular dunk tank adds excitement for both kids and adults. Throughout the event, Officers share safety tips, and showcase police equipment, giving families an opportunity to learn about public safety in a relaxed, welcoming setting. Trunk or Treat continues to be one of the department's most engaging outreach events, bringing together residents, Officers, and local partners for an evening of fun, connection, and community spirit.



COMMUNITY POLICING

Puptember Protection Day

Puptember Protection Day is a community-focused event that brings residents, their pets, and the Fair Oaks Ranch Police Department together for a day dedicated to animal safety and responsible pet ownership. This event features educational demonstrations, resources on microchipping, licensing, vaccinations, and pet emergency preparedness, along with opportunities to engage directly with Animal Services and Police Staff. Local veterinarians, rescue groups, and community partners contribute services and information, creating a collaborative and welcoming atmosphere, with pet-friendly activities and informal interactions between Officers and families.

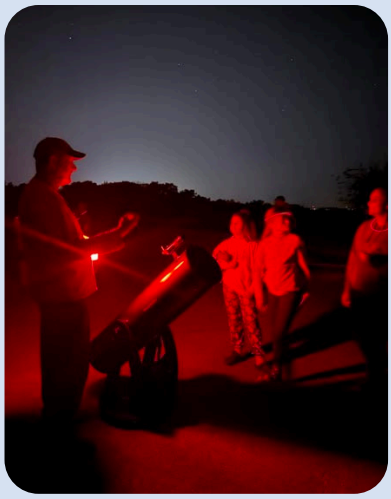


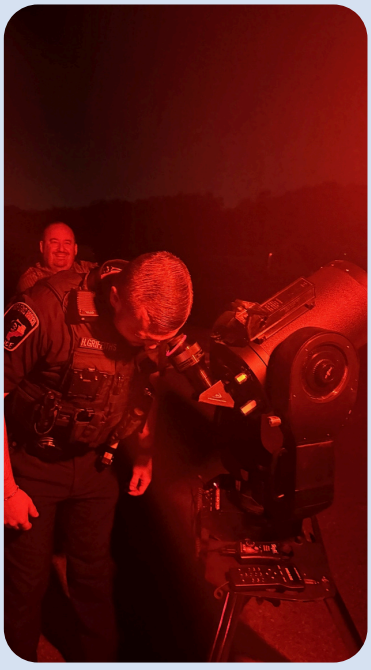




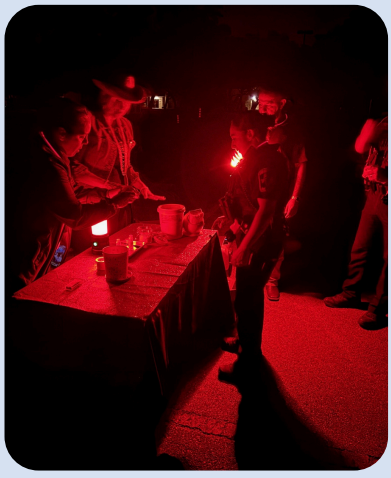
Star Viewing Party

The Fair Oaks Ranch Police Department hosted its first Star Viewing Party, a successful community engagement event that brought residents together to celebrate the City's dark sky environment. The evening featured local astronomers from Astronomy 4 You and the UTSA Astronomy Program, who generously shared their knowledge and provided high-powered telescopes for public use. To complement the educational experience, attendees enjoyed complementary ice cream while exploring the wonders of the night sky. This event highlights the department's dedication to fostering strong community ties and providing unique educational opportunities for the citizens of Fair Oaks Ranch.









COMMUNITY POLICING

Santa at the Ranch

Santa at the Ranch is one of the community's most anticipated holiday traditions, bringing families together for an afternoon of festive activities and meaningful connection at the City Hall Campus. The event features Santa's grand arrival, holiday crafts in Santa's Workshop, photo opportunities, live music, food trucks, and a Christmas market. Children enjoy writing letters to Santa, sipping cocoa, and participating in seasonal activities that create lasting holiday memories. The event continues to strengthen community bonds and reflects the city's commitment to hosting family-friendly celebrations rooted in togetherness and service.







Blue/Silver Santa

Fair Oaks Ranch Police Department proudly hosts the Blue Santa Toy Drive and supports the Silver Santa donation program, providing residents with opportunities to help make the holidays brighter for local children and senior citizens. During the most recent holiday season, the Blue Santa Toy Drive collected up to 2500 toys for children in need, while the Silver Santa Drive received over 50 donations benefiting senior residents. These initiatives were made possible through the generosity of residents and the invaluable support of local businesses, whose donations, collection efforts, and partnerships played a vital role in the success of both drives.







COMMUNITY POLICING

Doggy Fun Run



Community Reading





Polar Plunge



Chicken & Chat with a Cop







Field Day





Boy Scouts





COMMUNITY POLICING

Eagle Scout Project





Community Market Day



Country Club Tournament



Citizens Police Academy



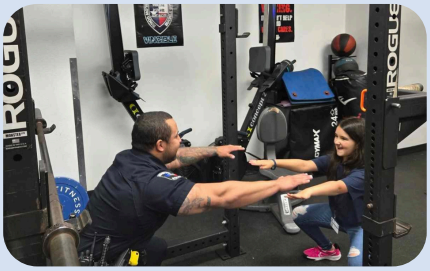


Coffee with a Cop





SRO for a Day







TOGETHER IN SERVICE
RECOGNIZING OUR PARTNERS

Our local partners were instrumental in supporting community events that strengthened public safety and fostered positive relationships between the police department and the community. Through donations of materials, food, supplies, and services, as well as valuable logistical support, these partners helped make events such as Trunk-or-Treat, animal-focused events, Santa on the Ranch, the Star Viewing Party, toy drives, and others safe, welcoming, and successful. These events created meaningful opportunities for residents to engage with Officers in a relaxed setting, helping break down barriers and build trust.

We are grateful for the continued support of our sponsors, whose partnerships enhance community engagement and safety. We look forward to future collaborations that will further strengthen these relationships and support innovative events that bring our community and department together.

FAIR OAKS ROOST
HILL COUNTRY SPORTS BAR & GRILL

CVS pharmacy

CityVet

Fair Oaks Ranch
Golf & Country Club
A Member of the ClubCorp Family

PARKER'S
ICE CREAMS™

CIBOLOCREEK
community church

TEXAS ROADHOUSE

Edgar's Operation Taco
UTSA Dept of Physics and Astronomy
Charming Pet Rescue
Eagle Scout Troop 407
Fair Oaks Ranch Homeowners Association

SPOTTED DEER
—COFFEE CO—

FAIR OAKS
EMERGENCY ROOM

FAIR OAKS
H-E-B
EST 2024

AWARDS & RECOGNITION

Employee of the Year & Promotion to Sergeant

The Fair Oaks Ranch Police Department proudly announced the promotion of Corporal Amanda Hinojosa to Police Sergeant. Since joining the department in 2019, Sergeant Hinojosa had been an integral part of the team, serving the community with pride, compassion, and professionalism. She led numerous community events — including Trunk or Treat, Santa on the Ranch, and the Junior Police Academy — strengthening the bond between the department and the residents. Her dedication and growth earned her certifications as a Field Training Officer and Mental Health Officer, and she was promoted to Corporal in 2023 before advancing to Sergeant in 2025.

Sergeant Hinojosa was also recognized as the 2024 Employee of the Year for her exceptional service. Known for fostering teamwork and a family-like environment within the department, she remained a respected role model whose leadership and compassion left a lasting impact on the Fair Oaks Ranch community.





Employee of the Quarter

Since joining the department, Animal Services Officer Sara Cleboski has demonstrated exceptional dedication, initiative, and professionalism. She successfully organized the department's first-ever Puptember event and continues to play a key role in several well-attended community events, including the Doggy Fun Run, Trunk-or-Treat, and the upcoming Santa on the Ranch celebration.

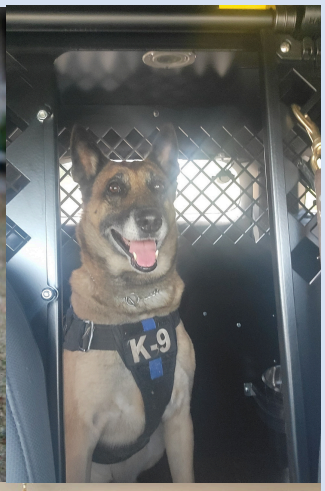
Sara takes tremendous pride in her work, managing animal-related calls with compassion and a high level of professionalism. Her strong work ethic and positive, proactive attitude have made a meaningful impact on both the department and the community she serves. The Fair Oaks Ranch Police Department is proud to have Sara as a valued member of our team.





One Veteran Retires, One Rookie Reports on Duty









K9 Buddy

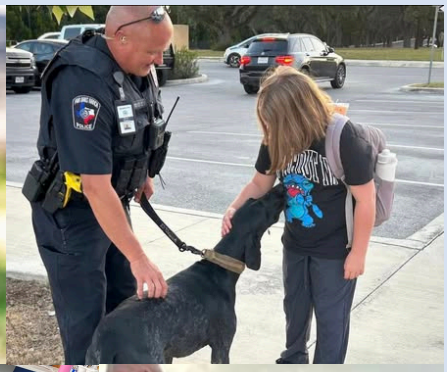
After seven years of dedicated service, Fair Oaks Ranch Police Department K9 Buddy retired from duty following a distinguished career supporting the safety and well-being of our community. Throughout his tenure, Buddy played a vital role in searches, arrests, seizures, and numerous public outreach efforts with local schools and community organizations.
Buddy concluded his service on May 15 under the leadership of Officer David Magness, who served as his handler for the entirety of his career. During this time, Buddy contributed to 134 deployments, 85 seizure incidents, and 77 arrests. He was known for his strong work ethic and unwavering loyalty.

Buddy became a trusted partner to Officers and a valued member of the department. His service exemplified courage, discipline, and a steadfast commitment to public safety. Officer Magness shared that Buddy's retirement will be filled with relaxation, play, and a well-deserved, stress-free life at home with the Magness family.

K9 Vox

K9 Vox, a three-year-old German Shorthaired Pointer, has joined the Fair Oaks Ranch Police Department and is acclimating well to his role. Paired with Officer Magness, Vox serves as the department's community engagement dog, supporting public trust, communication, and positive interactions between Officers and the community. Community engagement dogs reduce anxiety during police encounters, provide comfort in stressful situations, and serve as ambassadors at community events and schools. K9 Vox demonstrated his value during the 2025 Hill Country Flood by providing emotional support to victims at the reunification center.











In-Service Training

Our department invests in comprehensive professional development by ensuring Officers receive training in administration, tactics, and policy compliance with state mandates. By cultivating a diverse range of skills and expertise, we continue to build a well-rounded team of highly capable and professional Officers dedicated to serving the community.

ALERRT Training

All Texas Peace Officers are required to complete ALERRT (Advanced Law Enforcement Rapid Response Training) every two years, ensuring they maintain the skills needed to respond effectively to active attack situations. The training includes instruction in rapid response tactics, team movement, room entry, threat mitigation, medical aid, and scenario-based exercises designed to prepare Officers for high-risk, rapidly evolving incidents. The Fair Oaks Ranch Police Department remains fully compliant with this statewide mandate, and all Officers are currently up to date with their ALERRT training.

Specialty Certifications

- (8) Field Training Officer
- (6) Instructor
- (5) Mental Health Officer
- (3) Firearms Instructor
- (2) Asp Baton and Taser Instructor
- (3) Intoxilizer Operator

TCOLE Proficiency Certifications

5	Master Peace Officer License
7	Advanced Peace Officer License
5	Intermediate Peace Officer License
4	Basic Peace Officer License

2025 Training

- Texas Police Chiefs Accreditation
- Intoxilizer Operator
- Basic Instructor
- Firearm Instructor Course
- Narcotics/Dangerous Drug Inv.
- Anti-Bias Training for LE
- Basic CPR and Narcan
- Trauma Informed Investigations
- Servant Leadership

2025 Crime Statistics

Total Cases

399 ▼25%

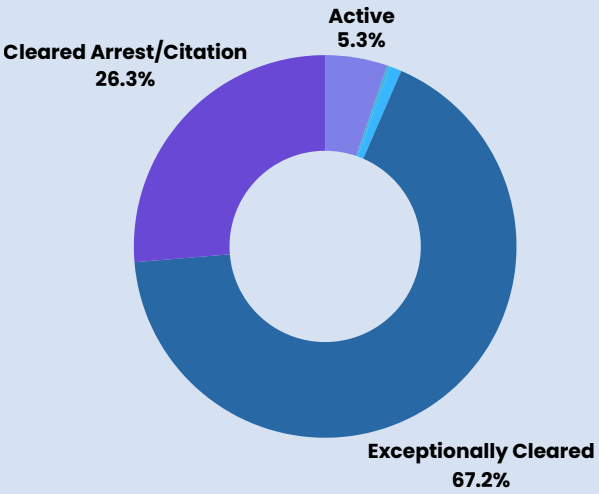
CID Data Breakdown

Exceptionally Cleared/ Closed	268	↓ 13%
Cleared by Arrest/Citation	105	↓ 58%
Active	21	↓ 5%
Referred for Prosecution	4	↓ 75%
Inactive	1	↓ 98%
Pending Further Investigation	0	↓ 100%

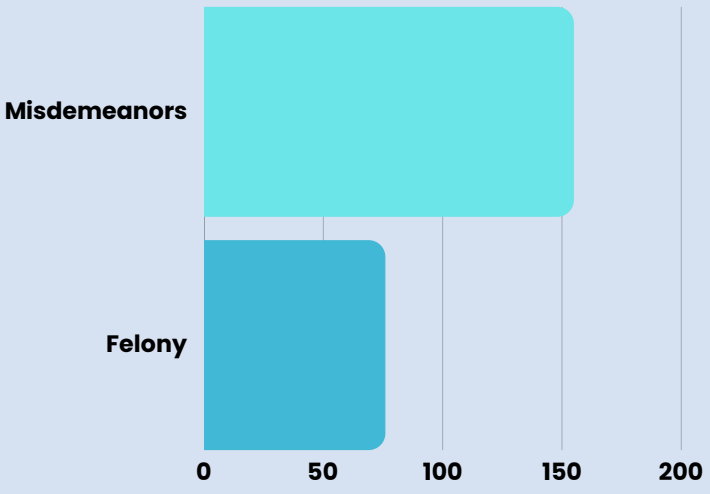
Performance by Classification of Crime

Custodial Arrests	65	▼ 4%
Larceny/Theft	34	▼ 32%
DWI	27	▲ 200%
Burglary	22	▲ 57%
Assaults	19	▼ 27%
Fraud/Credit-Debit Abuse	16	▲ 14%
Motor Vehicle Theft	10	▼ 9%
Emergency Detention	8	▼ 55%
Runaway/Missing	2	▼ 50%

CID Data Comparison



Offense Classification



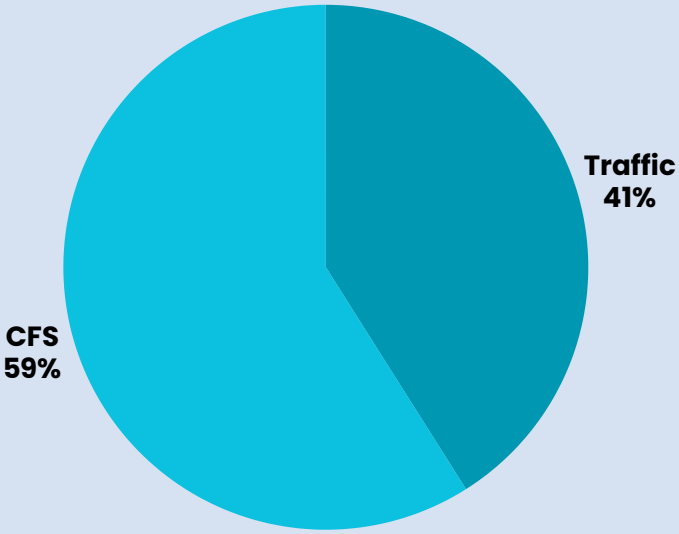
2025 Calls for Service Statistics

2025 Calls for Service

5312 ▲ 26%

2025 Average Response Time

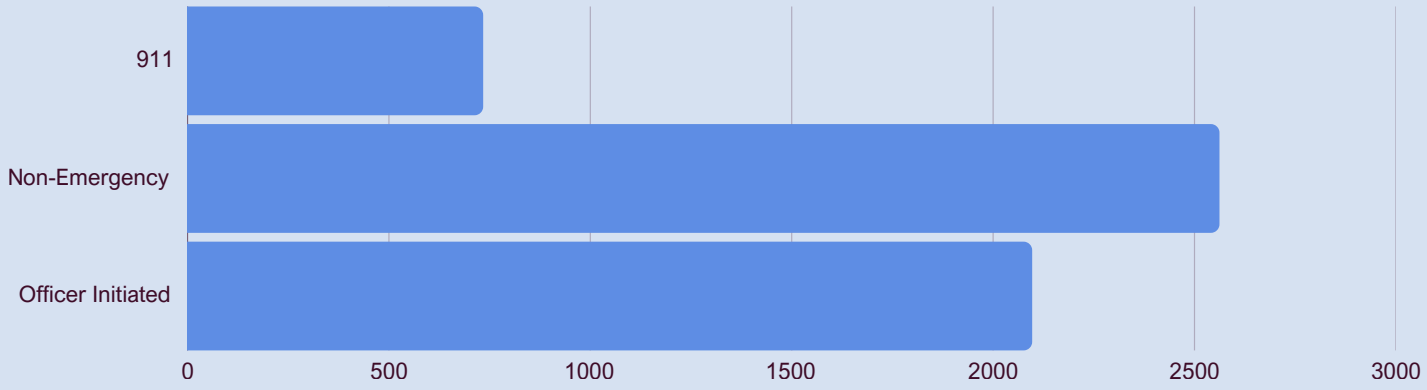
00:03:01



Performance Classification of CFS

Animal Calls	801	▲ 3%
Security Check	700	▲ 464%
Assist Public	413	▲ 18%
Assist Fire/EMS	401	▲ 32%
Community Engagement	394	
Alarms	390	▼ 1%
Suspicious Activity	378	▲ 12%
Accidents	139	▲ 11%
Disturbances	106	▼ 17%
Miscellaneous Activity	89	▼ 12%
Directed Patrol	70	
Assist other Agency	41	▲ 3%

Call Received Type



2025 Traffic Statistics

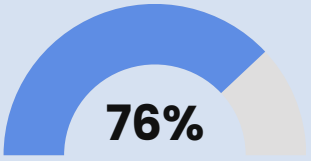
2025 Traffic Stops

3,696 ▼ 6%

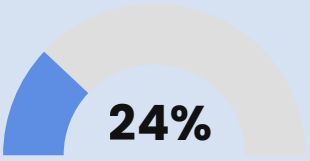
Performance Classification of CFS

Speeding	2221	▲ 4%
Driver's license Violation	362	▼ 5%
Vehicle Registration	563	▼ 28%
No Insurance	325	▲ 4%
Disregard Stop/Red Light	196	▲ 5%
Equipment Violation	372	▼ 26%
Other	886	▼ 22%

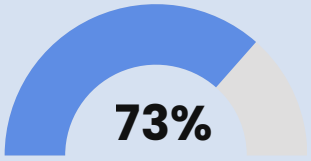
Traffic Totals: Warning/Citations



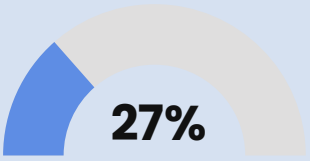
2025 Warnings



2025 Citations



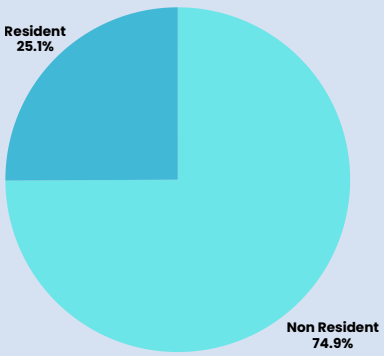
2024 Warnings



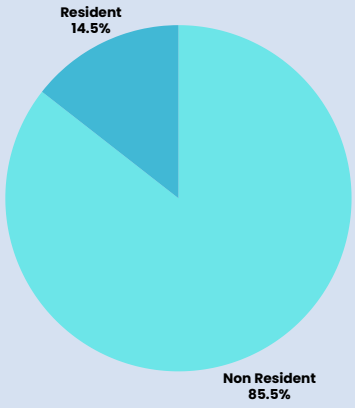
2024 Citations

Warnings	Citations	Total
3,758	1,167	4,925

Residents Receiving Warnings



Residents Receiving Citations



2025 Demographic Statistics

Traffic Stops by Gender

Male

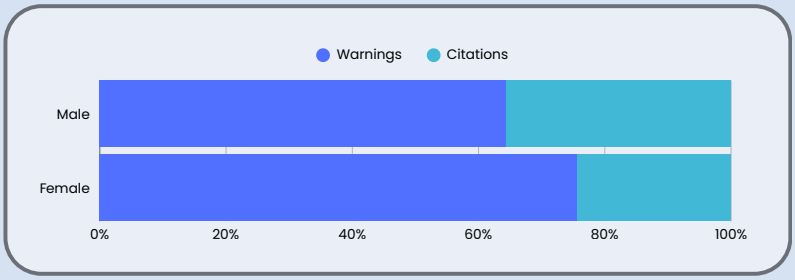
Warnings	Citations
2,075	1,143

3,218
Total

Female

Warnings	Citations
1,293	414

1,707
Total

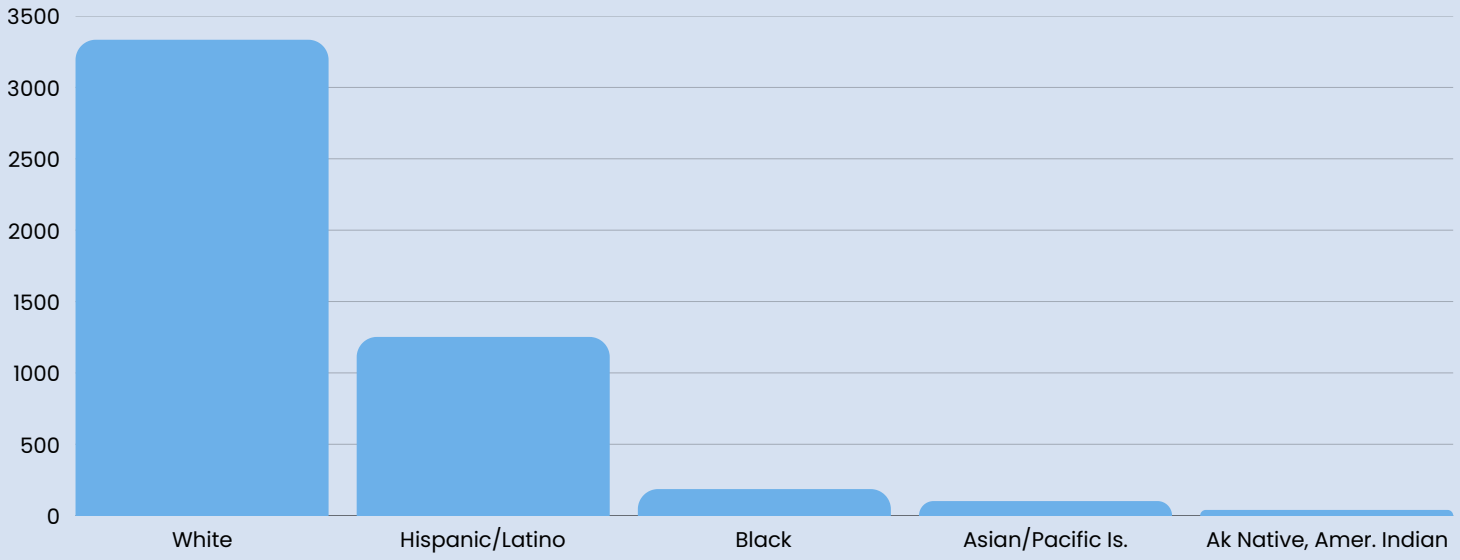


Traffic Stops Percent Totals

Warnings & Citations	♂	♀
4925	65%	35%

Age 16 -28:	29%
Age 29-44 :	34%
Age 45-59 :	19%
Age 60 +:	12%

Traffic Stops by Ethnicity



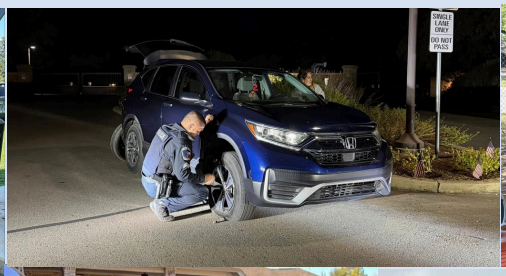
Looking Forward

- Rucking with a Cop
- StrongHer
- Touch a Truck
- Pizza with Police
- Star Party
- Wags & Wellness
- Vintage Car Show
- Scam Prevention Seminar

(210) 698-0990

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Visit Our Facebook Page
(Scan QR Code)









2025 Annual Report

Fair Oaks Ranch Police Department

Todd Smith

Chief of Police

What's Included?

- A fresh new look - easy to read and understand, and community oriented.
- Letter from the Chief
- Organizational Chart – Our Team
- Department Overview with our Mission, Vision, and Purpose

Community Focused

- We Go First

- Values: ICARE
  - Integrity
  - Courage
  - Accountability
  - Respect
  - Ethical



Community Focused

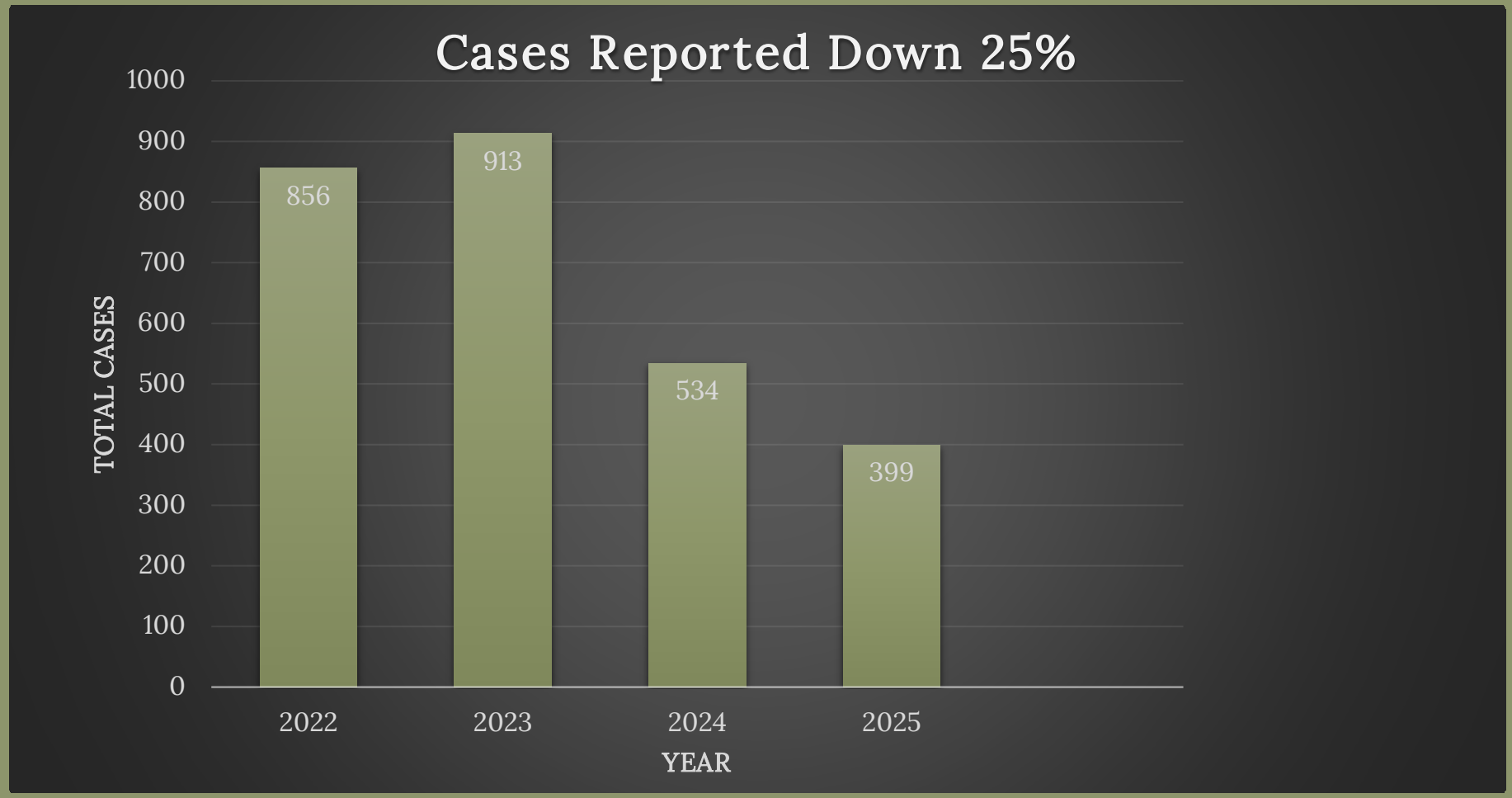
- Budget
- Personnel & Staffing
  - Fully Staffed!
- Community Policing
- Partner Recognition



In Service of Others

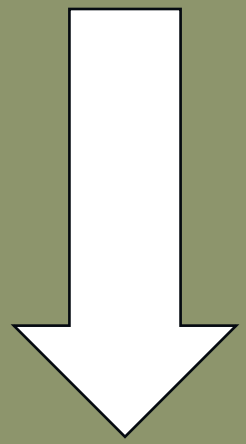
- Awards, Recognition, Retirements, and Promotions
  - Employee of the Year 2024 and Promotion to Sergeant Amanda Hinojosa
  - Employee of the Quarter – Sara Cleboski
  - K9 Buddy Retirement – K9 Vox Introduction

2025 Crime Statistics



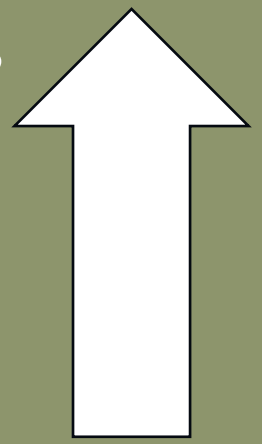
Reported Incidents – Compared to Last Year

- Emergency Detention
- Assaults
- Runaway/Missing
- Theft
- Custodial Arrests



Burglary of Vehicles
-All unlocked!

DWI – 27 Arrests



5,312 Calls for Service

Average Response Time is 3:01

*This includes all Animal Services calls

• Animal Calls	801
• Security Checks	700
• Assist Public	413
• Assist Fire/EMS	401
• Community Engagement	394

New Additions

- 394 Community Engagement Interactions
- 70 Directed Patrols

- Progressive, data driven approach is helping shape regional best practices.

3,696 Traffic Stops

Total down 6%; **but** Speeding up 4%.

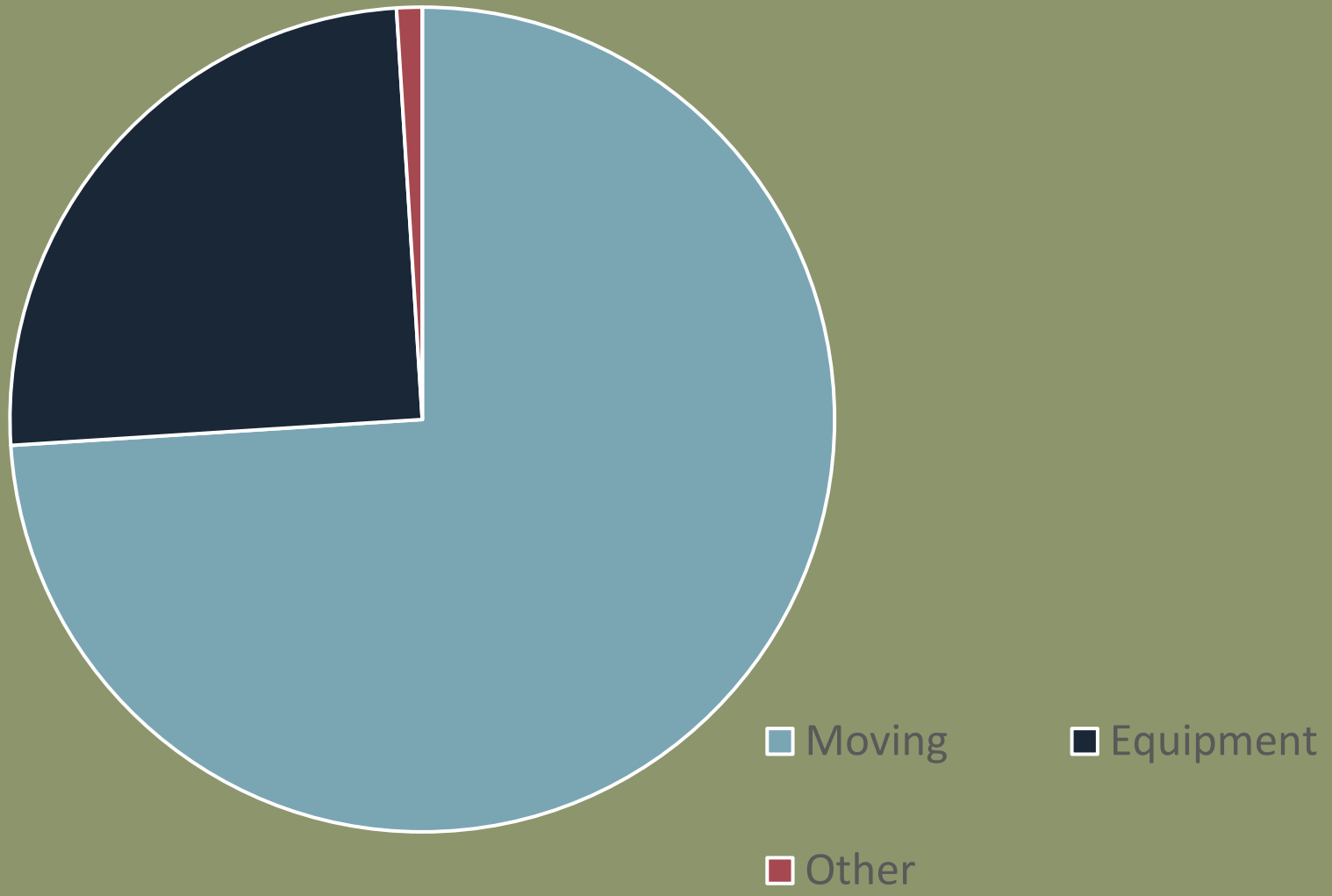
76% resulted in a warning, emphasizing education over enforcement.

80% are non-residents.

Results of the Stop

- Whites and Hispanics comprise 95% of stops
- Males comprise 65% of the stops

Types of Violations



Looking Forward

Increased Community Engagement

Scam and Crime Prevention

Questions?

