

**CITY OF FAIR OAKS RANCH
AGENDA – CITY COUNCIL REGULAR MEETING**

March 5, 2020 9:30 AM
City Hall Council Chambers
7286 Dietz Elkhorn, Fair Oaks Ranch

I. OPEN MEETING

- A. Roll Call – Declaration of a Quorum.
- B. Pledge of Allegiance.

II. CITIZENS and GUEST FORUM / PRESENTATIONS

To address the Council, please sign the Attendance Roster located on the table at the entrance of the Council Chamber. In accordance with the Open Meetings Act, Council may not discuss or take action on any item which has not been posted on the agenda.

- A. Citizens to be heard.
- B. Introduction of city new hire: Jennifer Hudson, Human Resources & Communications Specialist.
- C. Wildlife Education Committee presentation of wildlife education materials to Fair Oaks Ranch Elementary School and Van Raub Elementary School.

WEC Committee Members

III. 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 Member by making such request prior to a motion and vote.

- A. Approval of the February 20, 2020 Regular City Council Meeting Minutes. Pgs. 3-5
- B. Approval of the February 25, 2020 Town Hall Meeting Minutes. Pg. 6
- C. Approval of the second reading of an Ordinance amending the Water and Wastewater Impact Fees, Division 2 and 3 Land Use Assumptions Plan, and Water and Wastewater Improvements Plan. Pgs. 7-15
- D. Approval of Mayor Pro Tem Elizondo's absence from the March 5, 2020 City Council Meeting. Pg. 16

IV. CONSIDERATION/DISCUSSION ITEMS

- A. Consideration and possible action authorizing the City Manager to sign a Professional Services Agreement to complete a Compensation and Benefits Study.

Joanna Merrill, Director of Human Resources & Communications Pgs. 17-46

V. REPORTS FROM STAFF/COMMITTEES/COUNCIL

- A. Senate Bill 2 Update and Proposed Budget Calendar.

Sarah Buckelew, Director of Finance Pgs. 47-61

- B. Backflow Program Update.

Melissa Castro, Environmental Compliance Manager Pgs. 62-64

VI. CONVENE INTO EXECUTIVE SESSION

Pursuant to Section 551.101 of the Open Meetings Act, Texas Gov't Code, a quorum of the governing body hereby convenes into closed session:

- A. 551.071 (Consultation with Attorney) - Cause No. 2018-CI-00202; the City of Fair Oaks Ranch, Texas vs Edward I. Hill, Robert E. Heckendorn, Craig M. Luitjen, Roger Fuentes, Wesley A. Pieper, Esther W. Hicks, William A. McDowell, Yolanda D. Ayala, PG Pfeiffer Ranches LLC, Maureen Pfeiffer Stevenson Family Trust.
- B. 551.071 (Consultation with Attorney) - to receive legal advice regarding claims made on behalf of a real property owner against the City's operation of the K-3 Trinity Glen Rose Water Well.
- C. 551.071 (Consultation with Attorney) - to receive legal advice from Special Counsel and the City Attorney regarding the City's ground water rights.
- D. 551.071 (Consultation with Attorney) and 551.072 (Deliberation Regarding Real Property)- to seek the advice of its attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter and to deliberate the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person, to wit: Water, utility and development issues associated with the approximately 344 acre property commonly known as the Pfeiffer Tract.

VII. RECONVENE INTO OPEN SESSION

Discussion and possible action on items discussed in Executive Session.

VIII. ADJOURNMENT

Requests for City topic needing additional information/research; or, potential consideration for a future agenda.

Signature of Agenda Approval: _____



I, Christina Picioccio, 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 city's website www.fairoaksranchtx.org, both places being convenient and readily accessible to the general public at all times. Said Notice was posted by 5:00 PM March 2, 2020 and remained so posted continuously for at least 72 hours before said meeting was convened.

The Fair Oaks Ranch City Hall is wheelchair accessible at the side 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).

**CITY OF FAIR OAKS RANCH
CITY COUNCIL MEETING MINUTES
February 20, 2020
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015**

I. OPEN MEETING

A. Roll Call – Declaration of a Quorum

Present: Mayor Manitzas and Mayor Pro Tem Elizondo
Council Members: Hartpence, Havard, Koerner, Maxton, and Patel

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

B. The Pledge of Allegiance was led by Mr. Robert Wilson “R.W.” Pratt.

II. CITIZENS and GUEST FORUM / PRESENTATIONS

A. There were no citizens to be heard.

B. Mayor Manitzas read a Proclamation honoring the life of former City Mayor, Dan Kasprovicz.

C. Mayor Manitzas read a Proclamation honoring the 70th Wedding Anniversary of Robert Wilson “R.W.” and Fran Pratt.

D. The City Manager, Tobin Maples and Consultant, Holly Sanchez of Studio S Architekts presented Council with an updated concept of renovating the former police building to create a Civic Center inclusive of Council Chambers, meeting rooms and kitchen. The new concept also includes renovation of current council chamber into office space. The City Manager recommended proceeding using the Construction Manager At-Risk versus Traditional Design/Bid/Build as the delivery method. There was a general consensus amongst council to move forward with this plan.

III. CONSENT AGENDA

A. **Approval of February 6, 2020 Regular City Council Meeting Minutes.**

B. **Approval of the second reading of an Ordinance granting a transmission and distribution electric utility franchise to Pedernales Electric Cooperative, Inc. (PEC).**

C. **Approval authorizing the City Manager to sign an Agreement with Strategic Government Resources (SGR) for Executive Recruitment Services for the position of Chief of Police.**

D. **Approval of the final plat that establishes Front Gate Unit 5.**

The Mayor presented the Consent Agenda and with no discussion the Consent Agenda was approved by unanimous consent.

IV. PUBLIC HEARING

A. The City Council conducted a Public Hearing to receive public testimony on the proposed amendments to the Water and Wastewater Impact Fees, Land Use Assumptions and Capital Improvements Plan.

1. Mayor Manitzas opened the Public Hearing at 7:15 PM and provided opening comments.

2. Ron Emmons, P.E., Director of Public Works and Consultant, Jessica Vassar of Freese & Nichols provided a presentation on the proposed updates to the Water and Wastewater Impact Fees.
3. The City Council received citizen testimony for/against the Proposed Budget and Tax Rate:
 - a. Mr. Tim Corley, resident, asked if the presentation would be made available on the city website.
4. The Mayor closed the Public Hearing at 7:25 PM.
5. There was no discussion between Council and staff.

V. CONSIDERATION/DISCUSSION ITEMS

A. Consideration and possible action approving the first reading of an Ordinance amending the Water and Wastewater Impact Fees, Division 2 and 3 Land Use Assumptions Plan, and Water and Wastewater Improvements Plan.

MOTION: Made by Council Member Patel, seconded by Mayor Pro Tem Elizondo to approve the first reading of the Ordinance that updates the Impact Fees.

VOTE: 7-0; Motion Passed.

Mayor Manitzas presented Item V C prior to Item V B.

C. Consideration and possible action approving an agreement with Ortiz Game Management and Wildlife Development for feral hog trapping and removal services in the City of Fair Oaks Ranch and authorizing the City Manager to sign said Agreement.

MOTION: Made by Mayor Pro Tem Elizondo, seconded by Council Member Maxton to approve an agreement with Ortiz Game Management and Wildlife Development for feral hog trapping and removal services in the City of Fair

VOTE: 7-0; Motion Passed.

B. Consideration and possible action accepting private monetary donations for the City's feral hog removal project.

MOTION: Made by Council Member Havard, seconded by Council Member Hartpence to accept private monetary donations for the purpose of supplementing the City's feral hog removal project.

VOTE: 7-0; Motion Passed.

D. Discussion regarding the structure of a Stormwater Utility.

Kimley Horn Consultant Steve Galloway reviewed the results of the City's evaluation of creating a utility structure based on three evaluation methods: area, rational and impervious. A description of each method was detailed and comparisons reviewed on 11 distinctly different properties in the City. The impervious method was recommended based on the analysis of the results. Staff received general consensus to proceed and will update Council throughout the process. A Town Hall "Stormwater Utility 101" is scheduled at 6:30 PM, February 25, 2020 at the Cibolo Creek Community Church.

E. Discussion regarding Boards and Commission appointments

City Secretary, Christina Picioccio provided Council with a summary of the results of the review of the appointment process for members of various city boards and commissions. Council Member Koerner led the discussion. Staff was given the following direction: to move forward with a common application form that will be posted on the city website (applications will be accepted year round), to interview applicants for open positions (process will be tailored based on board or commission), to post summary of board/committee on city website, to inquire about interest in current board/commission members in maintaining their seats, to advertise open positions, to provide for consistency amongst boards and commission and report back to Council, and to move forward with seeking applicants for the vacant MDD seat.

V. REPORTS FROM STAFF/COMMITTEES/COUNCIL

A. Police Chief, Tim Moring, provided the annual Police Department report.

VI. CONVENE INTO EXECUTIVE SESSION

City Council did not convene into Executive Session regarding:

- A. 551.071 (Consultation with Attorney) - Cause No. 2018-CI-00202; the City of Fair Oaks Ranch, Texas vs Edward I. Hill, Robert E. Heckendorn, Craig M. Luitjen, Roger Fuentes, Wesley A. Pieper, Esther W. Hicks, William A. McDowell, Yolanda D. Ayala, PG Pfeiffer Ranches LLC, Maureen Pfeiffer Stevenson Family Trust.
- B. 551.071 (Consultation with Attorney) - to receive legal advice regarding claims made on behalf of a real property owner against the City's operation of the K-3 Trinity Glen Rose Water Well.
- C. 551.071 (Consultation with Attorney) – to receive legal advice from Special Counsel and the City Attorney regarding the City's ground water rights.

VII. RECONVENE INTO OPEN SESSION

N/A.

VIII. ADJOURNMENT

Council Member Koerner requested a TxDot Stakeholder Meeting Update.

Mayor Manitzas adjourned the meeting at 9:38 PM.

Garry Manitzas, Mayor

ATTEST:

Christina Picioccio, City Secretary

**CITY OF FAIR OAKS RANCH
TOWN HALL MINUTES
February 25, 2020 6:30 PM
Cibolo Creek Community Church
30395 Ralph Fair Road
Fair Oaks Ranch, TX 78015**

A Town Hall Meeting regarding the Fair Oaks Ranch Stormwater Utility 101 was held at the Cibolo Creek Community Church on February 25, 2020. At 6:35 PM the Mayor provided the opening statement and introduced Tobin Maples, City Manager and the consultants: Kate Ploetzner of Kimley Horn and Mathew Darren of New Gen Strategies.

City Manager Maples spoke regarding the history of the city's stormwater maintenance program noting that stormwater had not been addressed comprehensively nor had received significant funding for the past 40 years. He stated that due to funding challenges and state mandates that the city is pursuing various methods to fund this new service including a fee based system.

Kate X, Kimley Horn Consultant, noted that the 2019 Master Drainage Plan identified 46 projects within the City that require drainage improvements. She also elaborated on the basics of the Impervious Method Rate Structure that the City intends to utilize moving forward (as approved by City Council at the February 20th Council meeting).

Mathew Darren, New Gen Strategies, discussed the process of how billing will be determined.

Citizens were given the opportunity to question the panel directly.

The following residents asked general questions: Seth Mitchell, Debra Doyle, and Wes Pieper.

The following resident spoke in support of the Stormwater Utility: Joe duMenil.

The following residents spoke in opposition of the Stormwater Utility: Dean Gaubatz and Alan Trimble.

The following Council Members were present: Mayor Manitzas, Mayor Pro Tem Elizondo and Council Members: Hartpence, Havard, Koerner, and Maxton. No discussion or action occurred.

Future Town Hall Meetings were announced:

- Cost of Service – Anticipated in March or April, 2020
- Filling Fee Structure – Anticipated to be 1-2 months after the Cost of Service Town Hall

The Town Hall adjourned at 7:36 PM.

Garry Manitzas, Mayor

ATTEST:

Christina Picioccio, City Secretary



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

March 5, 2020

AGENDA TOPIC: Approval of the second reading of an Ordinance amending the Water and Wastewater Impact Fees, Division 2 and 3 Land Use Assumptions Plan, and Water and Wastewater Improvements Plan

DATE: March 5, 2020

DEPARTMENT: Public Works

PRESENTED BY: Ron Emmons, P.E., Director of Public Works

INTRODUCTION/BACKGROUND:

Chapter 395 of the Texas Local Government Code requires an impact fee analysis before impact fees can be created and assessed. Chapter 395 defines an impact fee as “a charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development.” In September 2001, Senate bill 243 amended Chapter 395 thus creating the current procedure for implementing impact fees.

Chapter 395 identifies the following items as impact fee eligible costs:

- Construction contract price
- Surveying and engineering fees
- Land acquisition costs
- Fees paid to the consultant preparing or updating the Capital Improvements Plan (CIP)
- Projected interest charges and other finance costs for projects identified in the CIP

Chapter 395 also identifies items that impact fees cannot be used to pay for, such as:

- Construction, acquisition, or expansion of public facilities or assets other than those identified on the capital improvements plan
- Repair, operation, or maintenance of existing or new capital improvements
- Upgrading, updating, expanding, or replacing existing capital improvements to serve existing development in order to meet stricter safety, efficiency, environmental, or regulatory standards
- Upgrading, updating, expanding, or replacing existing capital improvements to provide better service to existing development
- Administrative and operating costs of the political subdivision
- Principal payments and interest or other finance charges on bonds or other indebtedness, except as allowed above

On August 1, 2019, City Council authorized and approved a Professional Services Agreement with Freese and Nichols, Inc. (FNI) for engineering and consulting services for a Water and Wastewater System Capital Improvement Plan and Maximum Impact Fee Update. Over the remaining months in 2019, FNI met with the Capital Improvements Advisory Committee (CIAC) to review land use assumptions, capital improvement projects, and ultimately the calculated proposed impact fee update.

On January 16, 2020, John Merritt, CIAC President, presented the CIAC recommendation for the updated water and wastewater impact fee as follows:

CIAC Findings and Recommendations

1. The CIAC finds that the City's recently adopted Land Use Assumptions and Capital Improvement Plan are based on sound assumptions and engineering practices and recommends no changes.
2. The CIAC finds that Freese & Nichols used sound assumptions and engineering practices and complied with the requirements under the Code in their calculation of the Maximum Allowable Impact Fees.
3. The CAIC recommends to Council that the Council adopt the proposed Maximum Allowable Impact Fees as calculated by Freese & Nichols. Accordingly, the following Impact Fees changes are recommended:
Water Impact Fee per LUE increases from the current \$5,400 to \$8,670, and
Wastewater Impact Fee per LUE increases from the current \$1,550 to \$6,069.

The City Council approved the first reading of this Ordinance at the February 20, 2020 City Council meeting.

BENEFIT(S) TO CITIZENS/POLICY ANALYST:

Existing customer does not pay for all of future growth as impact fees help defray the cost of the infrastructure required to expand the system.

Future customer base will be provided the infrastructure and adequate facilities it requires. LGC §365.020 – Entitlement To Services – Any new development for which an impact fee has been paid is entitled to the permanent use and benefit of the services for which the fee was exacted and is entitled to receive immediate service from any existing facilities with actual capacity to serve the new service units, subject to compliance with other valid regulations.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

Future impact fees can be assessed up to a maximum of \$8,670.33 water and \$6,068.64 wastewater. The ability to collect these fees assists the utility to prepare for growth in a fair manner. However, note that the utility is unable to expect a 100% return on its infrastructure expansion investment. There are many variables as to how the final product will be installed and financed, and cannot be fully vetted or determined at this time.

LEGAL ANALYSIS:

LGC §395.052(a) states A political subdivision imposing an impact fee shall update the land use assumptions and capital improvements plan at least every five years. The initial five-year period begins on the day the capital improvements plan is adopted. LGC §395.052(b) states The political subdivision shall review and evaluate its current land use assumptions and shall cause an update of the capital improvements plan to be prepared in accordance with Subchapter B.

RECOMMENDATION:

The LGC §395 addresses Financing Capital Improvements required by New Development in Municipalities, Counties and certain other Local Governments. The code defines a "Political Subdivision" as a municipality, a district or authority created under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution, or for the purposes set forth by Section 395.079, certain counties described by that section. Section 395.052 addresses the required periodic update of

LUAs and CIP stating a Political Subdivision imposing an impact fee shall update the LUAs and CIP at least every five years. Section 395.057 addresses the approval of amendments required where a Political Subdivision, within 30 days after the date of the public hearing on the amendments, shall approve or disapprove the amendments of the LUAs and the CIP and modification of an impact fee. The governing body of a Political Subdivision is the final determination in adopting updates to the LUAs, CIPs, and modifications to the impact fee, which can be set anywhere from \$0 to the maximum allowable as determined by a qualified professional engineer.

Staff recommends that Impact Fees be assessed to the maximum allowed by law. Therefore, staff agrees with FNI final calculated maximum fee per Living Unit Equivalent (LUE) of \$8,670.33 for water service and \$6,068.64 for wastewater service. As a reminder, Fair Oaks Ranch City Council is the governing authority of this Political Subdivision and can set the Impact Fee at any figure between \$0 and the maximum calculated proposed fee.

PROPOSED MOTION:

Consent (I move to approve the second reading of the Ordinance that updates the Impact Fees.)

AN ORDINANCE

AN ORDINANCE OF THE CITY OF FAIR OAKS RANCH, TEXAS, AMENDING THE FAIR OAKS RANCH CODE OF ORDINANCES CHAPTER 13 UTILITIES, ARTICLE 13.08 WATER AND WASTEWATER IMPACT FEES, DIVISION 1, SECTIONS 13.08.004 DEFINITIONS AND 13.08.008 FEES PER SERVICE UNIT; DIVISION 2, SECTIONS 13.08.042 LAND USE ASSUMPTIONS PLAN AND 13.08.043 (a) WATER IMPROVEMENTS PLAN; DIVISION 3. SECTIONS 13.08.072 LAND USE ASSUMPTIONS PLAN AND 13.08.073(a) WASTEWATER IMPROVEMENTS PLAN; AND APPENDIX A FEE SCHEDULE, ARTICLES A7.000(c) WASTEWATER IMPACT FEE AND A9.000(w) WATER IMPACT FEE

WHEREAS, the City of Fair Oaks Ranch, Texas, is responsible for and committed to the provision of public facilities and services (including water and wastewater service) at levels necessary to cure any existing public service deficiencies in already developed areas; and

WHEREAS, such facilities and service levels shall be provided by the City of Fair Oaks Ranch utilizing funds allocated in the capital budget and capital improvements programming processes and relying upon the funding sources indicated therein; and

WHEREAS, new residential and nonresidential development causes and imposes increased and excessive demands upon Fair Oaks Ranch Water and Wastewater Utilities public facilities and services that would not otherwise occur; and

WHEREAS, to the extent that such new development places demands upon the public facility infrastructure, those demands should be satisfied by shifting the responsibility for financing the provision of such facilities from the public at large to the developments actually creating the demands for them; and

WHEREAS, the amount of the impact fee to be imposed shall be determined by the cost of the additional public facilities needed to support such development, which public facilities shall be identified in a Capital Improvements Plan, and

WHEREAS, in accordance to Texas Local Government Code Chapter 395, Ordinance No. 2014-18, adopted on December 18, 2014 established Impact Fees for water and wastewater; and,

WHEREAS, the City Council, after careful consideration of the matter, hereby finds and declares amending the water and wastewater impact fees imposed upon residential and nonresidential development to finance specified major public facilities, the demand for which is created by such development, is in the best interests of the general welfare of the City and its residents, is equitable, and does not impose an unfair burden on such development; and,

WHEREAS, the City has completed a review and update of the Land Use Assumptions Plan, the Capital Improvements Plan for water and wastewater facilities, and the Impact Fees in accordance with the procedures set forth in Texas Local Government Code Chapter 395; and,

WHEREAS, on January 16, 2020 the CIAC presented its recommendation to City Council to adopt the maximum recommended Impact Fees and on February 20, 2020 a Public Hearing was held as set forth in LGC 395, Chapter 395.054; and,

WHEREAS, the City Council finds that in all things the City has complied with said statute in the notice, adoption of, promulgation, and methodology necessary to amend Impact Fees.

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

Part 1. The Code of Ordinances of the City of Fair Oaks Ranch shall be amended as set forth in the attached Exhibit A.

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

PART 3. It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs, and sections of this ordinance be severable, and, if any phrase, clause, sentence, paragraph, or section of this ordinance shall be declared invalid by judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs, or sections of this ordinance and the remainder of this ordinance shall be enforced as written.

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

PART 5. This ordinance shall take effect immediately from and after its second reading, passage and publication as may be required by governing law.

PART 6. The repeal or amendment of any ordinance or part of ordinances effectuated by the enactment of this ordinance shall not be construed as abandoning any action now pending under or by virtue of such ordinance or as discontinuing, abating, modifying, or altering any penalty accruing or to accrue or as affecting any rights of the City of Fair Oaks Ranch under any section or provisions of any ordinances in effect at the time of passage of this ordinance.

PART 7. The provisions of this ordinance shall be cumulative of all ordinances not repealed by this ordinance and ordinances governing or regulating the same subject matter as that covered herein.

PASSED on first reading this 20th day of February, 2020.

PASSED, APPROVED and ADOPTED on the second reading this 5th day of March, 2020.

Garry Manitzas, Mayor

ATTEST:

APPROVED AS TO FORM:

Christina Picioccio, City Secretary

Denton Navarro Rocha Bernal & Zech, P.C.,
City Attorney

Exhibit A

A. Chapter 13; Article 13.08; Division 1 of the Code of Ordinances of the City of Fair Oaks Ranch is hereby amended as follows:

Sec. 13.08.004 Definitions

Living unit equivalent (LUE). Basis for establishing equivalency among and within various customer classes based upon the relationship of the continuous duty maximum flow rate in gallons per minute for a water meter of a given size and type compared to the continuous duty maximum flow rate in gallons per minute for a 3/4" diameter simple water meter, using American Water Works Association ~~C700-C703~~ *Manual M6 (November 2018)* standards. ~~For purposes of this article, 5/8" water meters are considered to equal one (1) LUE.~~ LUEs for various water meter sizes are shown on table 1 in section 13.08.008.

Sec. 13.08.008 Fees per service unit

~~Unless changed by subsequent ordinance~~ The Impact Fees per Living Unit Equivalent (LUE) for water and wastewater shall be *assessed according to the following tables: six thousand, nine hundred and fifty dollars (\$6,950.00) broken down as follows: five thousand, four hundred dollars (\$5,400.00) for water facilities, and one thousand, five hundred fifty dollars (\$1,550.00) for wastewater facilities.* All subsequent Impact Fees are as follows:

Ordinance 2020-XX Impact Fees Effective March 5, 2020				
Meter Size	LUE Equivalent	Maximum Water Impact Fee	Maximum Wastewater Impact Fee	Combined Maximum Impact Fee
3/4" Displacement	1.0	\$8,670.33	\$6,068.64	\$14,738.97
1" Displacement	1.6	\$13,872.53	\$9,709.82	\$23,582.35
1 1/2" Displacement	2.0	\$17,340.66	\$12,137.28	\$29,477.94
2" Compound	6.4	\$55,490.11	\$38,839.30	\$94,329.41
3" Compound	12.8	\$110,980.22	\$77,678.59	\$188,658.82
4" Compound	20.0	\$173,406.60	\$121,372.80	\$294,779.40
6" Compound	40.0	\$346,813.20	\$242,745.60	\$589,558.80
8" Compound	64.0	\$554,901.12	\$388,392.96	\$943,294.08
Safe maximum operation capacity is based on AWWA Manual M6 (November 2018)				

Ordinance 2014-18 Impact Fees Effective December 19, 2014				
Meter Size	LUE Equivalent	Maximum Water Impact Fee	Maximum Wastewater Impact Fee	Combined Maximum Impact Fee
3/4" Displacement	1.00	\$5,400.00	\$1,550.00	\$6,950.00
1" Displacement	1.67	\$9,018.00	\$2,588.50	\$11,606.50
1 1/2" Displacement	3.33	\$17,982.00	\$5,161.50	\$23,143.50
2"	5.33	\$28,782.00	\$8,261.50	\$37,043.50
3" Compound	10.70	\$57,780.00	\$16,585.00	\$74,365.00
3" Turbine	11.70	\$63,180.00	\$18,135.00	\$81,315.00
4" Compound	16.70	\$90,180.00	\$25,885.00	\$116,065.00
4" Turbine	20.00	\$108,000.00	\$31,000.00	\$139,000.00
6" Compound	33.30	\$179,820.00	\$51,615.00	\$231,435.00
6" Turbine	41.70	\$225,180.00	\$64,635.00	\$289,815.00
8" Compound	53.30	\$287,820.00	\$82,615.00	\$370,435.00
8" Turbine	60.00	\$324,000.00	\$93,000.00	\$417,000.00
Safe maximum operating capacity is based on AWWA Standards C700 and C702				

Ordinance 145.0 Impact Fees Effective January 15, 2004				
Meter Size	LUE Equivalent	Maximum Water Impact Fee	Maximum Wastewater Impact Fee	Combined Maximum Impact Fee
3/4" Displacement	1	\$1,669.58	\$1,006.95	\$2,676.53
1" Displacement	1.67	\$2,788.20	\$1,681.61	\$4,469.81
1 1/2" Displacement	3.33	\$5,559.70	\$3,353.14	\$8,912.84
2" Displacement	5.42	\$9,049.12	\$5,457.67	\$14,506.79
2" Compound	5.42	\$9,049.12	\$5,457.67	\$14,506.79
3" Compound	10.63	\$17,747.64	\$10,703.88	\$28,451.51
3" Turbine	11.67	\$19,484.00	\$11,751.11	\$31,235.11
4" Compound	16.67	\$27,831.90	\$16,785.86	\$44,617.76
4" Turbine	17.50	\$29,217.65	\$17,621.63	\$46,839.28
6" Compound	33.33	\$55,647.10	\$33,561.64	\$89,208.74
6" Turbine	45.83	\$76,516.85	\$46,148.52	\$122,665.37
8" Compound	54.17	\$90,441.15	\$54,546.48	\$144,987.63
8" Turbine	66.67	\$111,310.90	\$67,133.36	\$178,444.26
Safe maximum operating capacity is based on AWWA Manual M22 (1975 T-5.6,5.7,5.8)				

Ordinance 131.0 Wastewater Impact Fees Effective June 1, 1999 Ordinance 134.0 Water Impact Fees Effective December 7, 1999				
Meter Size	LUE Equivalent	Maximum Water Impact Fee	Maximum Wastewater Impact Fee	Combined Maximum Impact Fee
3/4"	1	\$960.00	\$1,028.00	\$1,988.00
1"	2.5	\$2,399.00	\$1,028.00	\$3,427.00
1 1/2"	4.998	\$4,798.00	\$1,028.00	\$5,826.00
2"	7.996	\$7,676.00	\$1,028.00	\$8,704.00
3"	17.4906	\$16,791.00	\$1,028.00	\$17,819.00
Safe maximum operating capacity recommended by AWWA				

B. Chapter 13; Article 13.08; Division 2; of the Code of Ordinances of the City of Fair Oaks Ranch is hereby amended as follows:

Sec. 13.08.042 Land Use Assumptions Plan

The land use assumptions plan for the city for water facilities ~~prepared by the city utility board and approved by the utility board~~ *City Council on October 14, 2003 June 21, 2018*, is hereby adopted and incorporated herein by reference.

Sec. 13.08.043 Water improvements plan

(a) The water improvements plan for the city for impact fee calculation purposes, prepared by Freese and Nichols, Inc. and dated ~~August 2014~~ *January 2020* is hereby adopted, incorporated herein by reference and filed in the ~~Public Works Director's office~~ *City Secretary's office*.

C. Chapter 13; Article 13.08; Division 3; of the Code of Ordinances of the City of Fair Oaks Ranch is hereby amended as follows:

Sec. 13.08.072 Land Use Assumptions Plan

The land use assumptions plan for the city for wastewater facilities ~~prepared by the city utility board and approved by the utility board~~ *City Council on October 14, 2003 June 21, 2018*, is hereby adopted and incorporated herein by reference.

Sec. 13.08.073 Wastewater improvements plan

(a) The wastewater improvements plan for the city for impact fee calculation purposes, prepared by Freese and Nichols, Inc. and dated ~~August 2014~~ *January 2020* is hereby adopted, incorporated herein by reference and filed in the ~~Public Works Director's office~~ *City Secretary's office*.

D. Appendix A Fee Schedule; Article A7.000(c) Wastewater Impact Fees is hereby amended as follows:

~~(1) Final plat approval between Dec 7, 1999 Jan 15, 2004: \$1,028.00.~~

~~(2) Final plat approval between Jan 16, 2004 Dec 13, 2014: \$1,006.95.~~

~~(3) Plat recordation between Dec 14, 2014-current: \$1,550.00.~~

Assessed in accordance to applicable ordinances as found in the Fair Oaks Ranch Code of Ordinances Chapter 13; Article 13.08; Division 1; Section 13.08.008, Fees Per Service Unit.

E. Appendix A Fee Schedule; Article A9.000 (w) Water Impact Fees is hereby amended as follows:

~~{1} Final plat approval between Dec 7, 1999 Jan 15, 2004: \$960.00.~~

~~{2} Final plat approval between Jan 16, 2004 Dec 13, 2014: \$1,668.58.~~

~~{3} Plat recordation between Dec 14, 2014-current: \$5,400.00.~~

Assessed in accordance to applicable ordinances as found in the Fair Oaks Ranch Code of Ordinances Chapter 13; Article 13.08; Division 1; Section 13.08.008, Fees Per Service Unit.



CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS
March 5, 2020

AGENDA TOPIC: Approval of Mayor Pro Tem Elizondo's absence from the March 5, 2020 City Council Meeting.

DATE: March 5, 2020

DEPARTMENT: City Council

PRESENTED BY: Christina Picioccio, City Secretary

INTRODUCTION/BACKGROUND:

Mayor Pro Tem Elizondo is attending the Elected Officials' Conference.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Complies with Section 3.09 of the Home Rule Charter

LONGTERM FINANCIAL & BUDGETARY IMPACT:

N/A

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

Consent Agenda (I move to approve the Mayor Pro Tem's absence from the March 5, 2020 City Council Meeting.)



CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS
March 5, 2020

AGENDA TOPIC: Consideration and possible action authorizing the City Manager to sign a Professional Services Agreement with Ray Associates, Inc. for Compensation and Benefits Study Consulting Services.

DATE: March 5, 2020

DEPARTMENT: Human Resources & Communications

PRESENTED BY: Joanna Merrill, Director of Human Resources & Communications

INTRODUCTION/BACKGROUND:

During the 2018 & 2019 fiscal year, staff diligently created, and Council adopted a Comprehensive Strategic Action Plan to ensure proper planning for future growth. As a part of this plan, Operational Excellence was identified as one pillar that provided mile markers for evaluating and updating the current compensation and benefit plans. A small study was last conducted in 2015, but the last extensive and comprehensive study of this nature has not been conducted since 2010.

As a result, staff received approval from Council on January 16, 2020 to proceed with publishing and sending a request for proposals (RFP) to consultants selected by staff. After much consideration, staff has selected Ray Associates, Inc. to provide consulting services for the City of Fair Oaks Ranch to conduct a comprehensive compensation and benefits study. Ray Associates, Inc. has over 40 years of experience providing consulting services for public sector management and policy issues. They are located in Austin, Texas and have extensive experience working with Texas municipalities, Counties and State agencies.

Ray Associates, Inc. will provide a highly personalized scope of service while utilizing the City's Strategic Action Plan pillars and milestones per staff's direction. The deliverables of this study include Council involvement regarding approval of selected benchmark cities to utilize during the study. It will also include a complete compensation report detailing the methodology utilized, the analytical data findings, recommendations for action, and a transition cost schedule detailing the fiscal impact of the proposed recommendations which will be presented to City Council.

This study will clearly demonstrate the City's current competitive position within the surveyed market, for every job along with a detailed benefits table comparing benefit components with those of other cities.

During the course of this study the City will also receive recommendations regarding pay schedules for the current fiscal year and adjustment pay schedules that are properly aged for the upcoming year to prepare us for the future.

In conjunction with the above, 2 members of staff will be provided methodology training regarding administration and successful maintenance of the proposed plan for long term sustainability in the years to come.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Meets Strategic Action Plan item 5.1.1 – Evaluate and Update Compensation and Benefit Plans inclusive of Exempt/Non-Exempt status
- Will address opportunities to align our current compensation and benefit structures with the market with consideration to outside factors and future growth.
- Meets procurement guidelines.

LONG-TERM FINANCIAL & BUDGETARY IMPACT:

Monies were allocated in the 2019/20 FY Budget in the amount of \$50,000 to accomplish this Strategic Action Plan item. The proposed contract is for \$48,000, which is under budget by \$2,000.00.

LEGAL ANALYSIS:

None needed at this time.

RECOMMENDATION/PROPOSED MOTION:

I move to authorize the City Manager to sign a Professional Services Agreement with Ray Associates, Inc. for Compensation and Benefits Study consulting services.

CITY OF FAIR OAKS RANCH
STANDARD PROFESSIONAL SERVICES AGREEMENT

THE STATE OF TEXAS §
 §
BEXAR 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 Ray Associates, Inc. (“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 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). 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.

Section 6. Insurance.

Before commencing work under this Agreement, Professional shall obtain and maintain the liability insurance provided for in attached Exhibit B throughout the term of this Agreement and thereafter as required herein.

In addition to the insurance provided for in Exhibit B, Professional shall maintain the following limits and types 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 "B".

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 be 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. Termination.

(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 Bexar County, Texas such that exclusive venue for any action arising out of this Agreement shall be in Bexar 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.

EXECUTED, by the City on this the _____ day of _____, 2020.

CITY:

RAY ASSOCIATES, INC.:

By: _____
Name: Tobin Maples, AICP
Title: City Manager

By: _____
Name: Katherine B. Ray
Title: President/CEO

ADDRESS FOR NOTICE:

CITY

Ray Associates, Inc.

City of Fair Oaks Ranch
Attn: City Secretary
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015

Ray Associates, Inc.
Attn: Katherine Ray
1304 Guadalupe Street
Austin, TX 78701

EXHIBIT A
SCOPE OF SERVICES

Ongoing Services

For over 40 years, Ray Associates, Inc. has been available to its clients for telephone consultations without charge to answer questions regarding implementation of the firm's work. Our goal is not only to provide each client with an outstanding final product, but also to facilitate the successful implementation and updates of our recommendations.

Scope of Services: Classification Process, Job Description Assistance, and Compensation Survey

A good compensation plan needs **consistency**, or a sense of orderliness and fairness in determining pay, **options** for management to reward employees and make hiring decisions, and a **shelf-life** that allows a city or any other organization to plan for its future and continue to make equitable compensation decisions.

Ray Associates' familiarity and experience with other Texas cities uniquely qualifies the firm to create a comprehensive classification and compensation plan for the City of Fair Oaks Ranch, ensuring that the City can attract and retain talented, competent employees.

In our compensation work with clients, we include custom market surveys to ensure accurate job matches and up-to-date salary data, rather than relying on secondary source data. Our firm is noted among our clients for its custom products, tailored to each individual client's needs and preferences, and for the personal attention we give to each client.

The City of Fair Oaks Ranch desires a review and update to its compensation plan that accurately reflects the value it places on jobs, both internally (compared to other jobs within the city) and externally (compared with other organizations in the job market).

1. Preliminary Preparation and Initial Planning Conference Call.

Katherine Ray will participate in a conference call with key city executive staff on a mutually agreeable date to initiate this project and prepare for the study. To begin the project, Ray Associates will gather information on compensation issues, including organizational structure and hierarchy of positions, concerns about turnover and challenges in recruitment, and other issues in this conference call with the City Manager, the Human Resources Manager, and any other manager the City Manager desires to include in the call. This call will also involve discussion of cities to which the City of Fair Oaks Ranch has lost employees and cities with whom the City considers that it must compete for competent employees. Consensus will also be reached or confirmed between key city management and the consulting firm on the schedule for the project.

2. Select Labor Market and Benchmark Job Titles.

Selection of Survey Cities. In our experience with compensation studies, sufficient market data can be obtained from a custom survey of 10-12 employers. In custom surveys, we have more assurances that the jobs are matched "apples to apples" and that the data obtained are current. Ray Associates will work with the city to determine the 10-12 employers to be included in the salary survey. Our criteria for selecting

cities are meant to determine which might be “similarly situated,” meaning not only those cities with similar populations, but also those with similar services and with similar expectations for growth and development.

When undertaking a compensation study for a city, it is important to involve the City Council early in the project to select the market cities to use in the survey. Since the selection of the market cities to use in the survey can have an impact on the level of salaries derived from the study, and thus on the city’s budget, it is critical that the Council be actively involved in this selection process. In addition, Ray Associates will consult with the City Council to identify the city’s desired level of compensation competitiveness in the selected market (leading the market, and if so, by how much; trailing the market, and if so by how much; or meeting the market at the 50th percentile, or median). In the 2010 study for Fair Oaks Ranch conducted by Ray Associates, the City chose to compete at the 75th percentile in the market.

To ensure that the Council has the information it needs to make an informed decision as to the appropriate market for the City of Fair Oaks Ranch, Ray Associates will prepare a detailed matrix that includes several comparative factors for approximately 15 cities (such factors as population, operating budget size, number of employees, ad valorem taxable value, ad valorem tax rate, growth rate, median housing value, and similar comparative factors), and will recommend the 10-12 cities that are most comparable to the City of Fair Oaks Ranch using these factors. However, the City Council of Fair Oaks Ranch will make the final decision as to the 10-12 cities to use in the salary survey.

Selection of Benchmark Jobs. Ray Associates will include up to 40 of the city's current jobs as benchmarks in the custom salary survey.

3. Employee Briefings and Interviews.

Employee Briefings. Ray Associates will conduct three employee briefings over one day on-site at the City's main office (one and one-half hour sessions, with a half hour break between sessions) to explain to employees the project, the process that will be followed, the products that will result, and each employee’s role in the process. During the briefings, copies of the Job Analysis Questionnaires (JAQs) will be distributed to all employees, and Katherine Ray will review the information requested in the questionnaire thoroughly with the employee groups. These employee briefings go a long way toward quieting the rumor mill, which can run rampant when a compensation study is being conducted. Please see Attachment 1 for a sample Job Analysis Questionnaire.

The cost included in this proposal assumes that the employee briefings and the meeting with the City Council to determine market employers and desired level of competitiveness will be scheduled for the same two-day period and that **the City of Fair Oaks Ranch will be responsible for scheduling the briefing sessions and notifying all employees of the need for them to attend one of the sessions. The city will also print at least 75 copies of Ray Associates’ Job Analysis Questionnaire (JAQ) for the briefing sessions.** Each briefing session requires approximately one and one-half hours; we will conduct three briefing sessions, all on the same day, following the City Council’s approval of the employers in the survey.

Employee Interviews. Katherine Ray will provide the city with a scheduling format and time frames needed for each category of employees and will work with a designated contact on getting employees scheduled for interviews. Mrs. Ray will conduct interviews of all department directors, mid-level supervisors, and a sample of non-supervisory employees at the city's offices after employees have completed the Job Analysis Questionnaires. Mrs. Ray will be on-site for one and one-half days conducting employee interviews.

Once the questionnaires and the employee interviews are complete, the city can use the questionnaires to prepare the job summaries for the survey, as a complete and thorough understanding of each job will be clear.

4. External Equity and Competitiveness/Salary Survey.

Ray Associates will provide the city with sample job summaries, and **the city will draft the job summaries for the salary survey.** Ray Associates will edit the job summaries for consistency and format and upload them to the firm's online salary survey center. The job summaries will include the duties, responsibilities, and education and experience requirements of each job. These job summaries will form the basis of our online market salary survey, making it possible for the survey respondents, the selected market employers, to reply to more than simply a job title, which ensures more accurate "apples to apples" comparisons.

In the survey, we will request the actual low and actual high salary, as well as the surveyed employers' established salary range, for each comparable position. We will also request any clarifying information about or differences between the jobs the surveyed employers are comparing to the City of Fair Oaks Ranch job summaries. Using the survey instrument as the main tool for gathering data will help ensure accuracy of comparisons and of data received. The online survey process results in more timely responses from the surveyed employers than accomplished through hard copy surveys. This process also helps to ensure accuracy, as employers' representatives directly enter the data themselves. In addition, we request each employer provide us a copy of their pay schedule(s).

Ray Associates will work with the city to call each employer in advance of the survey to obtain their agreement to participate and obtain current contact information for the person to whom to send the survey (name, email address, and telephone number). Ray Associates will then contact each employer via email with their assigned login and password for the online survey, as well as instructions for completing the instrument. As an incentive for their participation, we agree to provide each respondent with the survey data at the conclusion of the study. The survey respondents receive only the survey data in chart form, with no narrative or analysis. Ray Associates also will follow up with the selected survey cities to ensure that their responses are timely, as well as any calls to respondent cities to clarify any information submitted by them. We may ask the City's assistance in following up with survey employers if we are encountering difficulty in receiving timely responses.

The City of Fair Oaks Ranch will provide Ray Associates with payroll information for all City employees in an Excel spreadsheet that includes each employee's name,

official job title, current base salary, and any incentives currently paid (separate from the current base salary).

Ray Associates' analysis and compilation of the resulting data from the market survey will include generating charts that calculate and demonstrate how the city's salaries compare with the market average and market median salaries of the surveyed market, for both actual salaries and salary ranges. If the City Council chooses a compensation philosophy to pay above or below mid-market, the charts will also indicate the City of Fair Oaks Ranch's position relative to the preferred target market position.

5. Internal Equity/Point Factor Job Analysis (PFJA) of All City Jobs.

Ray Associates uses its own Point Factor Job Analysis System©, which is industry standard. For this contract, we **will train one or two of the city's key staff to do job analysis using the PFJA system. This will require these one or two key city staff to travel to Austin to spend one-half day in training with Katherine Ray.** Several of the city's jobs will be scored during the training. The remainder of the scoring will be done by the person(s) who received the training after returning to Fair Oaks Ranch.

Together with the market data, the Point Factor Job Analysis© scores provide an integrated compensation system that takes into account both internal equity and market competitiveness for each job. With this system, it is possible to review the duties and responsibilities of each job and rank jobs relative to one another in terms of their overall levels of responsibility and job demands.

This analysis ensures an objective review of the job itself, not the individual employee's performance. Without a tool such as the point factor job analysis system, it would be difficult, if not impossible, to compare, for example, an executive assistant job to that of a maintenance foreman.

The Point Factor Job Analysis System© allows for comparisons to be made through scoring each job according to the following 10 factors:

- required knowledge, skills, and abilities;
- education and training;
- independence and judgment;
- initiative and ingenuity;
- supervisory responsibility;
- financial responsibility;
- level and frequency of outside contacts;
- physical and mental demands;
- responsibility for equipment and property; and
- working conditions.

The point factor process results in a numeric score for each City job. The 11th factor is the Labor Market, and points can be added to or subtracted from the total score based on market data for the specific job or data for a job in the same job family. Ray

Associates' system is very market driven in determining how to pay City jobs, but the internal equity scores are important for those positions for which adequate market data is not obtained and for initial placement of future new or changed positions on the pay schedule when market data is not readily available.

Since we plan to survey up to 40 City of Fair Oaks Ranch jobs, it is possible that not all City jobs will be included in the survey. It is also possible that we may not find a sufficient number of matches for one or more of the jobs selected as benchmarks. This is not unusual in a small city, where job duties for two or more jobs are often combined into a single job. Even when comparing to other small cities, each city may combine different groupings of responsibilities into the same job.

If no market data or insufficient data is obtained for a particular job, then other jobs in the same job family are reviewed to see whether it was necessary to add points to or subtract points from their total scores to bring those jobs into line with the market. If market points were added to or subtracted from other jobs in the same job family, then a proportionate number of points are also added to the job for which adequate data was not available. As a result, all city jobs are tied to the market, either because sufficient market data was obtained in the survey, or because the job is in the same job family with at least one of the jobs for which adequate market data was obtained.

6. Classification Process / Assistance with Job Descriptions / FLSA Designations

The process of interviewing city employees and carefully reviewing the Job Analysis Questionnaires (JAQs) ensure sufficient information to make judgments about whether each job is properly classified to be consistent with best municipal governmental practices. If a different job title would be more consistent with titles used in other cities for a similar combination of duties and responsibilities, then we will recommend a job title change.

This is also the best time to ensure that the city's job descriptions are accurate and up to date. Ray Associates will identify which job descriptions need to be updated, will provide the City of Fair Oaks Ranch with a job description template and several sample job descriptions, and will be available to respond to questions as a City employee is updating the job descriptions. Each job description will clearly identify the essential functions and the physical demands and work environment of the job as required by the Americans with Disabilities Act (ADA and ADAAA), as well as the Fair Labor Standards Act (FLSA) categorization.

We will also provide the city with an FLSA checklist for each job that we determine to be exempt from overtime compensation. This checklist will clearly identify under which category of exemption we found the job to be exempt and why. The checklist will be very useful for the city in the future as jobs are added or jobs change and are revised and need to be reviewed for possible reclassification. The City can use the FLSA checklist to review future positions and document the City's decision to either designate the position as exempt or non-exempt under FLSA.

7. Creation of Updated Pay Plans.

Ray Associates will use the results of the market salary survey to assist the City in selecting the best pay schedule format(s) for the City, as well as whether there is a need or desire to establish separate pay plans for Public Safety personnel. Ray

Associates will then consult with the city management team to achieve consensus on the appropriate pay plan(s).

Following these discussions, **the same city representative(s) who travelled to Austin for the Point Factor Job analysis©** will return to Austin for training in how to place the jobs on the pay schedule(s). In the course of one day, Mrs. Ray will work with the city representative(s) in placing each city job on the new pay schedules for the City of Fair Oaks Ranch, taking into consideration both internal equity and external market competitiveness, as determined by the city's current pay relationships and market survey results, as well as the city's desired level of competitiveness in the surveyed market. After placing the benchmark jobs that were included in the survey, we will together place the remaining city jobs appropriately on the new pay schedule(s), taking into account both internal equity and market competitiveness.

8. Implementation of the New Compensation Plan.

After the selected jobs have been appropriately placed on the pay schedule(s), Ray Associates will prepare a transition cost schedule, showing the following information for each city employee:

- Name;
- Current job title;
- Recommended new job title, if appropriate;
- Current salary;
- Recommended pay grade; and
- Recommended salary on the pay schedule, including step if using a step pay schedule.

The transition cost schedule also will reflect the resulting cost, if any, for each employee, each department, and for the city overall, to implement the job placement recommendations (i.e., the difference between the total recommended salaries and the total current salaries).

For ease of reference, we will prepare inventories of all city job titles in three formats: sorted by department, by recommended pay grade, and alphabetically by job title. While the city's staff is small at the present time, this will provide a foundation for the city's future growth.

Ray Associates will submit preliminary recommendations from our findings to city management staff for review and questions prior to finalizing the recommendations. This will allow for clarification of any findings before making the recommendations public. Ray Associates also will discuss with the city various strategies for implementation of the plan and calculate alternative transition costs as needed. Such strategies could include either phasing in the plan over time or delaying implementation for several months in order to make the cost of implementation consistent with the city's budget, while ensuring equitable treatment of all city employees.

9. Final Report and Recommendations.

Ray Associates will prepare a Report on the Compensation Study that details the methodology, findings, and recommendations. Katherine Ray will present the results

of the study to city management and to the City Council at the conclusion of the project.

As an appendix to the report, we will include and recommend updates to the city's procedures for administering and maintaining the Classification and Compensation Plans. These procedures will include information such as how employees progress through the pay grade, the type(s) of pay plan(s) the city uses, as well as definitions of key terms and an explanation of the process to be followed to keep the plans current.

On-Site Services:

This proposal assumes three trips for on-site visits to the city's offices by Katherine Ray:

1. Trip #1: An initial trip to meet with the City Council and present the matrix of potential cities to use in the salary survey, obtaining the Council's consensus on the choice of market cities, as well as the Council's preferred compensation philosophy. *(This trip is combined with number 2, below.)*
2. Trip #1, Continued: One day to conduct employee briefing sessions and distribute and review the Job Analysis Questionnaires (JAQs) to employees (three sessions of 1.5 hours each with a half hour break between). This proposal assumes the employee briefing sessions will be conducted the day following the City Council meeting at which the Council adopts the market cities and level of competitiveness desired by the city. *(This trip is combined with number 1, above.)*
3. Trip #2: One and one-half days to conduct department head, supervisor, and selected employee interviews;
4. Trip #3: A final trip to present the findings and recommendations to the City Council.

Ray Associates assumes that much of the coordination of work between our firm and the City of Fair Oaks Ranch staff will be conducted by telephone and e-mail.

Proposed Timeline:

The following timeline summarizes the approximate time frames associated with each activity of the project. Time frames may be adjusted depending on the date of acceptance of this proposal and the timeliness of survey responses.

Project Component	March	April	May	June
Initial Telephone Meeting with City Management; Select Benchmark Employers for Survey (with City Council); Determine Compensation Philosophy (with City Council). Conduct Employee Briefing Sessions.				
Provide City with Ray Associates' Standard Benefits Survey for Any Customized Changes; Conduct Interviews with City Staff				
City Completes Job Summaries for Salary Survey and Any Edits of Benefits Survey; Ray Associates Reviews and Finalizes.				
Ray Associates Uploads Salary Survey to Website and Emails Selected Cities with Login Info. And Emails Benefits Survey.				
City Does PFJA Analysis; Ray Associates Receives Salary and Benefits Data from Survey Cities & Follows Up for Verifications; Generates Salary Charts, Benefits Tables, and Analyzes Results.				
Place City Jobs on Pay Schedule(s); Calculate Transition Cost; Conduct Telephone "Red Flag" Review with City Management.				
Present Findings, Conclusions, and Recommendations to Management and Council, Including FLSA Designation Checklists.				

Products of the Engagement

The physical products of the work detailed in the previous sections of this proposal will include the following items:

- Detailed Matrix for City Council to select cities for salary survey; a Memo from Ray Associates explaining the materials in the matrix and recommending 10-12 cities to use in the salary survey; and a PowerPoint presentation explaining the project, the process, and the time frame for the project.

- A *Report on the Compensation Study*, detailing our methodology, findings and recommendations, and including:
 - Both actual salary and salary range charts for each job included in the salary survey, clearly demonstrating the city's current competitive position in the surveyed market;
 - Detailed Benefits Tables comparing Fair Oaks Ranch's benefits components with those of the other cities;
 - Recommended Pay Schedule(s) for Fiscal Year 2020-2021 and adjusted pay schedules for FY 2021-2022, properly aging the data to the following fiscal year.
 - Inventories of job titles (listing of the city's job titles, pay grades, and other relevant information), in three configurations: sorted by department, sorted by pay group, and sorted alphabetically by job title.
 - Procedures for administering and maintaining the Compensation Plan.
 - FLSA completed checklists covering each job determined to be exempt from FLSA, the category of exemption, and the reason(s) the job qualifies for exemption.
- A recommended template for Job Descriptions for the City and several sample job descriptions that Ray Associates has prepared for other cities.
- A Final PowerPoint presentation for the City Council outlining methodology, findings, recommendations, and results of implementation of our recommendations for the City Council; and
- Transition cost schedule(s) workpapers in Excel format detailing the fiscal impact of implementing our recommendations, shown at the employee, departmental, and City levels.

Final Report, Compensation Plan (Pay Schedule(s), Transition Cost Schedule(s), procedures for administering and maintaining the Compensation Plan, Job Descriptions Template, and any supporting schedules will be submitted only in electronic format. Katherine Ray, SPHR, President/CEO of the firm, will make the initial and final presentations of our findings and recommendations to the City Council.

Detailed Costs

Ray Associates will complete the proposed project for \$45,000. This is the cost for professional service hours to complete all components of the project, and does not include an estimated not-to-exceed \$3,000 in reimbursable expenses for actual, reasonable, and documented costs for such items as travel; printed copies of reports, if requested (proposal includes only electronic copies); or other project-related direct expenses, if authorized by the City, which shall be included in each invoice, listed separately from the contract amount.

The cost estimate provided in this proposal is based on the proposed scope of services. If a different scope of services is negotiated, the cost would be decreased or increased accordingly. This proposal includes the professional service hours cost for three round trips from Austin to Fair Oaks Ranch and return. If additional trips are necessary, there will be an additional charge, over and above the cost outlined in this proposal, comprised of the time

and expenses required to make the additional trip(s). This cost estimates that the “red flag” review will be conducted by telephone conference call, as will the initial meeting with key city staff. Below is detail of the cost estimate:

Comprehensive Classification and Compensation Study, FLSA Designations, and Assistance with Job Descriptions (<i>City Responsibilities in Bold Italics</i>) for the City of Fair Oaks Ranch	Cost
Initial Consultation with City Management and City Council – Includes: Telephone conference with city management to finalize schedule and agree on potential 15 cities to include in matrix for City Council; Prepare matrix of possible employers to use in study and present recommendations to City Council; Assist City with selecting Benchmark Market Employers. Matrix of possible comparison cities will include: population, operating budget size (excluding CIP, since capital budgets can vary significantly from year to year), sales tax revenue, staff size, ad valorem taxable value, ad valorem tax rate, growth rate over the most recent 10-year period, median household income, average new home construction cost, and geographic proximity to Fair Oaks Ranch. Factors will be weighted according to which are considered the highest priorities for the City of Fair Oaks Ranch. Each city’s comparability is scored, and we will recommend those cities that score the most comparable points.	\$ 3,655
Employee Briefing Sessions / Job Classifications – Includes: Travel Time to Fair Oaks Ranch and Return to Austin; Present Recommended Market Cities to City Council and Obtain Council Decision on Cities and on Desired Level of Competitiveness; Next Day Conduct 3 Employee Briefing Sessions to Ensure That all Employees Hear the Same Information on the Same Day (Cuts Down on the Rumor Mill). Distribution, Explanation, and Review of Job Analysis Questionnaires (JAQs) to All Employees at Briefing Sessions (JAQs to be Completed by All Employees About Their Jobs). Review JAQs in Preparation for Interviews; Conduct Interviews of Department Heads and Representative Sample of Supervisors and Employees to Ensure Thorough Understanding of Jobs and How Each Department Functions, Including Preparing for the Interviews and Working with City’s Designated Representative to Schedule Them. (<i>Assumes Principal of Ray Associates On-Site for 1.5 days</i>) Preparing Materials for and Conducting <i>One-Half Day of Training in Austin for 1-2 Key City Staff on Scoring All City Jobs</i> (74 Employees) Using Ray Associates’ Copyrighted Point Factor Job Analysis System© to Determine Internal Equity of Positions in the City, Both Within Each Department and Between and Among Departments. Several Jobs Scored During Training; City Staff Scores Remaining Jobs with Guidance from Katherine Ray; Ray Reviews Completed Scores.	\$ 2,300 \$ 3,725 \$ 2,950

Comprehensive Classification and Compensation Study, FLSA Designations, and Assistance with Job Descriptions (<i>City Responsibilities in Bold Italics</i>) for the City of Fair Oaks Ranch	Cost
Assistance with Job Descriptions / FLSA Designations – Includes: Identify which City Job Descriptions Need Revisions by Comparing Current Job Descriptions Against JAQs, Providing City with Job Description Template and a Few Sample Job Descriptions, Ensuring Inclusion of FLSA Category Designations on Job Descriptions and Essential Functions and Physical Demands and Work Environment (ADA and ADAAA). Also, Completing FLSA Checklist for Each Job Determined to be Exempt from FLSA.	\$ 3,235
Detailed Custom Benefits Survey – Includes: Providing City with Standard Detailed Benefits Survey Instrument to Allow for Customization to City of Fair Oaks Ranch; Make Any Necessary Changes to Benefits Survey; Email Benefits Survey Instrument to Respondents; Receive and Analyze Responses; Prepare Detailed Comparative Benefits Tables for Appendix to Final Report; Prepare Narrative Summary Analysis of Benefits Comparisons for Final Report.	\$ 4,830
Custom Compensation Survey – Includes: Preparation of On-Line Salary Survey Document, <i>Using Job Summaries Prepared by the City</i>, for up to 40 Jobs From Job Analysis Questionnaires Completed by Employees and Reviewed and Commented on by Two Levels of Supervision, as well as Interview Notes. <i>Working with the City to Pre-Contact Each Selected Market Employer</i> to Obtain Their Agreement to Participate in Survey and Get the Appropriate Person's Name, Email Address, and Phone Number; Create Contacts Sheet. Conducting Labor Market Salary Survey (Up to 12 Employers, up to 40 Job Titles) by Distributing Login Information and Passwords to Each Respondent; Following Up with Respondents to Get Data in on Schedule. <i>(May Involve the City's Assistance with Follow-Up Calls to Survey Respondents, in Consultation with Ray Associates, to Get Data in on Schedule.)</i> Preparation of Charts Displaying Data (Two Charts Per Job Title—one for Actual Salary Data and One for Salary Range Data, Each Showing Calculations for Average, Median, and Target Market Position, if Different from Median, As Well As the City's Position Relative to each Market Position; and Analysis of Salary Data.)	\$ 9,300

Comprehensive Classification and Compensation Study, FLSA Designations, and Assistance with Job Descriptions (<i>City Responsibilities in Bold Italics</i>) for the City of Fair Oaks Ranch	Cost
Creation of Updated Pay Plan and Placing all Jobs on Pay Plan – Includes: Consultation with City Management on type(s) of Pay Schedule(s) and Practices in Other Cities and Effectiveness of Current Pay Schedules; Creation of New Pay Schedule(s); Incorporating Market into the Analysis, Using Market Data and Internal Equity (the Point Factor Score Relationships of Non-Benchmark Jobs); <i>Teach 1-2 Key City Staff (Requires They Spend 1 Day in Austin Working with Katherine Ray to Place All City Jobs on New Pay Schedule(s)).</i> Also Includes Adjustments to Point Factor Scores to Incorporate Market.	\$ 3,675
Implementation of the New Compensation Plan –Includes: Transition Cost Schedule Showing Migration of Each City Employee from Current Compensation Plan to New Compensation Plan, and Preparation of Inventories of Job Titles by Department, Pay Group, and Alphabetically. “Red Flag” Review - Meeting with City Management by Phone to Review and Discuss Consultants’ Recommendations, Preliminary Transition Cost Schedule, and to Resolve Any Questions About the Recommendations Prior to Presentation to City Council; Adjustments if Necessary.	\$ 3,252
Review and Update of Procedures for Administration of the Classification and Compensation System	\$ 2,918
Preparation and Presentation of Study Results to Management and to Council – Includes: Preparation of Report on the Study, Detailing Methodology, Findings and Conclusions, and Consultants’ Recommendations Regarding the City’s Job Titles (Classifications) and Compensation Plan, Assistance with Job Descriptions, and FLSA Designations with Checklists for Backup. The Report will Include Appendices (Salary Survey Charts, Recommended Pay Schedules, Inventories of Job Titles in Three Formats, and Any Other Necessary Back-Up Information for the Report). Also, Preparation and Presentation of PowerPoint Presentation Summarizing the Information Contained in the Report.	\$ 5,160
Professional Services Costs – Compensation and Benefits Study (<i>Does not include reasonable and documented expenses, such as travel, printed copies of reports, if requested, and other directly related expenses. Expenses are estimated at not to exceed \$3,000. The cost does include the time necessary to oversee the project from beginning to end and ensure quality control.</i>)	\$ 45,000

The preceding costs are based on the following:

- ◆ 74 Full-Time Equivalent City Employees
- ◆ Up to 40 City Job Titles Included in the Salary Survey
- ◆ Not More Than 12 Employers Surveyed for Salaries
- ◆ The Same Employers Used for Salaries for General Government Employees as well as Public Safety Employees

Should the above numbers increase significantly (more than 10 percent), the costs for the project will increase accordingly, and a change order will be processed.

Invoices and Progress Reports

Ray Associates, Inc. will submit monthly invoices on the following schedule, and the City of Fair Oaks Ranch agrees to pay the invoices within 30 days. Each invoice will include a detailed progress report of the work done to date, and the final invoice amount is due only upon satisfactory completion of the project.

<u>Invoice Date</u>	<u>Amount</u>
March 31, 2020	\$11,250.00 plus any reimbursable expenses
April 30, 2020	\$11,250.00 plus any reimbursable expenses
May 31, 2020	\$11,250.00 plus any reimbursable expenses
June 30, 2020	<u>\$11,250.00</u> plus any reimbursable expenses
Total, Professionals Services	<u>\$45,000.00</u> plus any reimbursable expenses

EXHIBIT B
EVIDENCE OF INSURANCE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
11/19/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
FROST INSURANCE AGENCY INC/PHS
65812422
The Hartford Business Service Center
3600 Wiseman Blvd
San Antonio, TX 78265

CONTACT
NAME:
PHONE (866) 467-8730 FAX (888) 443-6112
(A/C, No, Ext): (A/C, No):

E-MAIL
ADDRESS:

INSURER(S) AFFORDING COVERAGE

NAIC#

INSURER A: Sentinel Insurance Company Ltd.

11000

INSURER B:

INSURER C:

INSURER D:

INSURER E:

INSURER F:

INSURED
RAY ASSOCIATES, INC.
1304 GUADALUPE ST
AUSTIN TX 78701-1629

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/Y YY)	LIMITS
A	COMMERCIAL GENERAL LIABILITY	X		65 SBA TS4721	12/18/2019	12/18/2020	EACH OCCURRENCE \$1,000,000
	☐ CLAIMS-MADE ☒ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000
	☒ General Liability						MED EXP (Any one person) \$10,000
	GEN'L AGGREGATE LIMIT APPLIES PER. POLICY ☐ PRO-JECT ☒ LOC						PERSONAL & ADV INJURY \$1,000,000
	OTHER:						GENERAL AGGREGATE \$2,000,000
	PRODUCTS - COMP/OP AGG						\$2,000,000
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)
	ANY AUTO						BODILY INJURY (Per person)
	ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☐						BODILY INJURY (Per accident)
	HIRED AUTOS ☐ NON-OWNED AUTOS ☐						PROPERTY DAMAGE (Per accident)
	UMBRELLA LIAB EXCESS LIAB						EACH OCCURRENCE
	☐ OCCUR ☐ CLAIMS-MADE						AGGREGATE
	DED RETENTION \$						
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	Y/N	N/A	65 SBA TS4721	12/18/2019	12/18/2020	PER STATUTE
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						OTH-ER
							E.L. EACH ACCIDENT
							E.L. DISEASE -EA EMPLOYEE
			E.L. DISEASE - POLICY LIMIT				
	EMPLOYMENT PRACTICES LIABILITY						Each Claim Limit \$10,000
							Aggregate Limit \$10,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Those usual to the Insured's Operations Certificate Holder is a loss payee as their interest may appear. Re: Copier Model# MX3501Ls#24836599.

CERTIFICATE HOLDER

De Lage Landen
Attn: Insurance Department
1111 OLD EAGLE SCHOOL RD
WAYNE PA 19087

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Susan L. Castaneda

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Workers' Compensation and Employer's Liability Policy

Information Page

NCCI Carrier Code: 29939

Insured copy

Item 1 Insured name and address	<table border="0"> <tr> <td data-bbox="211 390 1023 514"> RAY ASSOCIATES INC 1304 GUADALUPE ST AUSTIN TX 78701-1629 </td> <td data-bbox="1023 390 1534 514" style="text-align: right;"> Policy number 0001287904 </td> </tr> <tr> <td data-bbox="211 514 1023 829"> Other workplaces not shown above See Schedule of Operations attached. </td> <td data-bbox="1023 514 1534 829"> <table border="0"> <tr> <td data-bbox="1023 514 1266 640"> Federal tax ID 742213986 Interim adjustment Annual </td> <td data-bbox="1266 514 1534 640"> Entity Corporation </td> </tr> <tr> <td colspan="2" data-bbox="1023 640 1534 829"> <table border="0"> <tr> <td data-bbox="1023 640 1266 829"> Branch Austin Renewal of 0001287904 </td> <td data-bbox="1266 640 1534 829"></td> </tr> </table> </td> </tr> </table> </td> </tr> </table>	RAY ASSOCIATES INC 1304 GUADALUPE ST AUSTIN TX 78701-1629	Policy number 0001287904	Other workplaces not shown above See Schedule of Operations attached.	<table border="0"> <tr> <td data-bbox="1023 514 1266 640"> Federal tax ID 742213986 Interim adjustment Annual </td> <td data-bbox="1266 514 1534 640"> Entity Corporation </td> </tr> <tr> <td colspan="2" data-bbox="1023 640 1534 829"> <table border="0"> <tr> <td data-bbox="1023 640 1266 829"> Branch Austin Renewal of 0001287904 </td> <td data-bbox="1266 640 1534 829"></td> </tr> </table> </td> </tr> </table>	Federal tax ID 742213986 Interim adjustment Annual	Entity Corporation	<table border="0"> <tr> <td data-bbox="1023 640 1266 829"> Branch Austin Renewal of 0001287904 </td> <td data-bbox="1266 640 1534 829"></td> </tr> </table>		Branch Austin Renewal of 0001287904															
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Item 2	The policy period is from: 5/14/19 To: 5/14/20 12:01 a.m. standard time at the insured's mailing address																								
Item 3	A. Workers' Compensation Insurance: Part One of the policy applies to the Workers' Compensation Law of the states listed here: Texas B. Employers Liability Insurance: Part Two of the policy applies to work in each state listed in item 3A. The Limits of our Liability under Part Two are: <table border="0"> <tr> <td style="text-align: right;">Bodily Injury by Accident</td> <td style="text-align: right;">\$100,000.00</td> <td style="text-align: right;">Each Accident</td> </tr> <tr> <td style="text-align: right;">Bodily Injury by Disease</td> <td style="text-align: right;">\$500,000.00</td> <td style="text-align: right;">Policy Limit</td> </tr> <tr> <td style="text-align: right;">Bodily Injury by Disease</td> <td style="text-align: right;">\$100,000.00</td> <td style="text-align: right;">Each Employee</td> </tr> </table> C. Other States Insurance: Part Three of the policy applies to the states, if any, listed here: None D. This policy includes these endorsements and schedules: see Schedule of Endorsements attached.	Bodily Injury by Accident	\$100,000.00	Each Accident	Bodily Injury by Disease	\$500,000.00	Policy Limit	Bodily Injury by Disease	\$100,000.00	Each Employee															
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Item 4	The premium for this policy will be determined by our manuals of Rules, Classifications, Rates and Rating Plans. All information required below is subject to verification and change by audit. <table border="0"> <tr> <td></td> <td style="text-align: right;">Payroll</td> <td style="text-align: right;">Premium</td> </tr> <tr> <td>Total payroll and estimated manual premium</td> <td style="text-align: right;">\$100,274.00</td> <td style="text-align: right;">\$361.00</td> </tr> </table> <table border="0"> <tr> <td style="text-align: right;">Description</td> <td style="text-align: right;">Factor</td> <td style="text-align: right;">Amount</td> </tr> <tr> <td>Waiver of Subrogation</td> <td></td> <td style="text-align: right;">7.00</td> </tr> <tr> <td>Premium Incentive For Small Employer Modifier</td> <td style="text-align: right;">0.850</td> <td style="text-align: right;">(55.00)</td> </tr> <tr> <td>Schedule Modifier</td> <td style="text-align: right;">0.960</td> <td style="text-align: right;">(13.00)</td> </tr> <tr> <td>Expense Constant</td> <td></td> <td style="text-align: right;">150.00</td> </tr> <tr> <td>Total estimated annual premium</td> <td></td> <td style="text-align: right;">\$450.00</td> </tr> </table> Minimum premium \$163.00 Issue date: 4/27/19 Countersigned by  Includes copyright material of the National Council on Compensation Insurance, Inc. used with its permission ©Copyright 2019 National Council of Compensation Insurance, Inc. All rights reserved.		Payroll	Premium	Total payroll and estimated manual premium	\$100,274.00	\$361.00	Description	Factor	Amount	Waiver of Subrogation		7.00	Premium Incentive For Small Employer Modifier	0.850	(55.00)	Schedule Modifier	0.960	(13.00)	Expense Constant		150.00	Total estimated annual premium		\$450.00
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HOW TO REPORT A CLAIM

Thank you for choosing CNA!

With your CNA Connect® Businessowners Insurance Policy, you have insurance coverage tailored to meet the needs of your business. The international network of insurance professionals and the financial strength of CNA, rated "A" by A.M. Best, provide resources to help you manage the daily risks of your organization so you may focus on what's most important to you.

Claim Services

Claims are reported through a single point of entry available 24/7, connecting you to individuals and information to help you resume your business when you need it most.

- To report a loss go to www.FNOLCNA.com or send an email to ReportClaim@FNOLCNA.com, or call 833-FNOL-CNA (833-366-5262)
- To request loss runs send an email to fsrmail@cnacentral.com
- For additional questions call CNA Customer Service at (877)-574-0540, or contact your independent CNA Insurance Agent.

Policy Information

CNA representatives may ask you for some of the following information:

Insured Name:

Ray Associates
1304 GUADALUPE ST

AUSTIN, TX 78701

Producer Information:

CS&S/FROST INSURANCE AGENCY, INC
401 CONGRESS AVE STE 1400

AUSTIN, TX 78701

Policy Number:

6020693349

Producer Processing Code:

068988

Policy Period:

09/01/2019 to 09/01/2020

Renewal

CNA Branch:

AUSTIN BRANCH
9500 ARBORETUM BLVD. STE 140

AUSTIN, TX 78759

000028

1102006998763030225334781787





CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS
March 5, 2020

AGENDA TOPIC: Senate Bill 2 Update and Proposed Budget Calendar
DATE: March 5, 2020
DEPARTMENT: Finance
PRESENTED BY: Sarah Buckelew, Finance Director

INTRODUCTION/BACKGROUND:

Senate Bill 2, also known as the Texas Property Tax Reform and Transparency Act of 2019, was passed by the Texas Legislature in 2019. At its most fundamental level, S.B. 2 reforms the system of property taxation in three primary ways by: (1) lowering the tax rate a taxing unit can adopt without voter approval and requiring a mandatory election to go above the lowered rate; (2) making numerous changes to the procedure by which a city adopts a tax rate; and (3) making several changes to the property tax appraisal process. Administratively, the bill also has the impact of greatly expediting the calendar by which cities must adopt their tax rates and budgets.

The vast majority of the bill, including the new tax rate calculations, took effect on January 1, 2020.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

This overview of the effects of S.B. 2 on the City of Fair Oaks' budget and tax rate adoption processes is important for staff, elected officials, as well as citizens to understand as the next budget year is kicking off.

LONG-TERM FINANCIAL & BUDGETARY IMPACT:

The purpose of this overview is to review the operational and administrative effects of S.B. 2, not the financial impacts. The financial impacts will be discussed during scheduled budget workshops and meetings.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

No formal action, this item is for education and informational purposes only.

Tax Rate Flow Chart - SB 2

Scenarios					Adoption Date
Proposed	<	<u>Lower of:</u> No New Revenue Voter Approval		Hearings, petitions, elections not applicable (Tax Code Section 26.061)	Tax rate adoption date on or before Sept 30th
No New Revenue	<	Proposed	<	<u>Greater of:</u> Voter Approval < De Minimis 8% increase Rate	Must have hearings. Petitions and elections not applicable. Tax rate adoption date on or before Sept 30th
No New Revenue	<	<u>Greater of:</u> Voter Approval	<	Proposed <= De Minimis 8% increase Rate	Voter Petition Option Available <i>Tax Code Sec 26.075</i> Tax Rate Adoption required on or before August 24, 2020 (Tax Code Sec 26.05a)
No New Revenue	<	Voter Approval	<	De Minimis < Proposed	Automatic Election Tax Rate Adoption required on or before August 24, 2020 (Tax Code Sec 26.05a)

Proposed Rate	The Rate that City Council is proposing to Adopt
No New Revenue Rate	"Effective Rate" - not possible to estimate this before July 26th.
Voter Approval Rate	"Rollback Rate" = (No new revenue rate x 1.035) + Debt Service Rate + Unused Increment Rate It's not possible to estimate this before July 26th. A rate above this would trigger early adoption under Tax Code Section 26.05a (only applicable for Tax Code Sec 26.075) - "Voter-approval tax rate calculated as if the taxing unit were a special taxing unit".
8% Increase Rate	Equivalent to the former 8% rollback rate
De Minimis Rate	Newly created rate = No new revenue Rate + (rate that equals \$500k) + Debt Service Rate Exceeding this rate triggers an automatic election.

"If a city adopts a rate exceeding the voter-approval rate, it must do so no later than the 71st day before the November uniform election date, which is the first Tuesday following the first Monday in November" (Tax Code Sec. 26.05(a), (Tex Elec Code Sec.41.001(a)(3). [August 24, 2020].

Senate Bill 2 Passed. What Now?

Bennett Sandlin
TML Executive Director



How Did We Get Here?

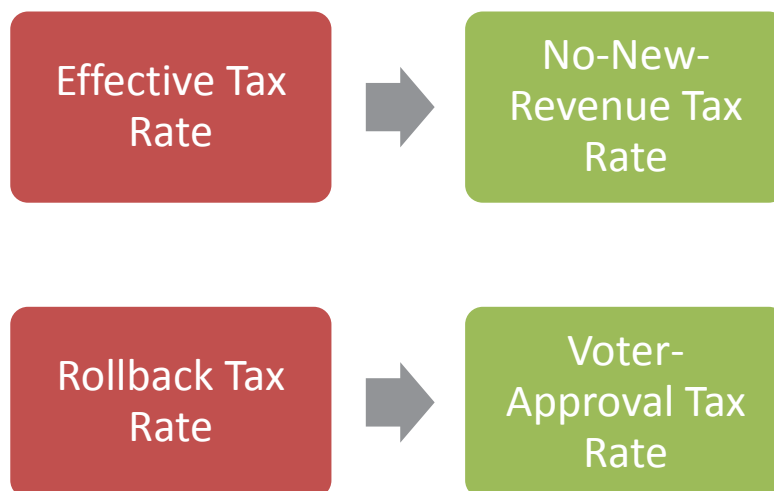


Major Components of S.B. 2

- Lowers the tax rate a city can adopt without voter approval and requires mandatory election to go above the lowered rate
- Enhanced transparency and “Truth-in-Taxation” modifications
- Appraisal reforms



New Terminology



In a Nutshell...

Pre S.B. 2

- If city adopted a tax rate exceeding the rollback rate (8 percent M&O growth), voters could petition for a rollback election.
- Rollback election not held on uniform election date.

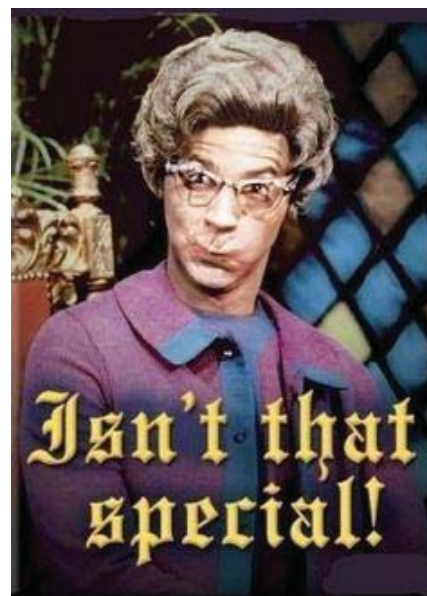
Post S.B. 2

- If city adopts a tax rate exceeding the voter-approval rate (3.5 percent M&O growth, plus “unused increment rate”), city must hold an automatic election.
- Tax rate approval election held on November uniform election date.

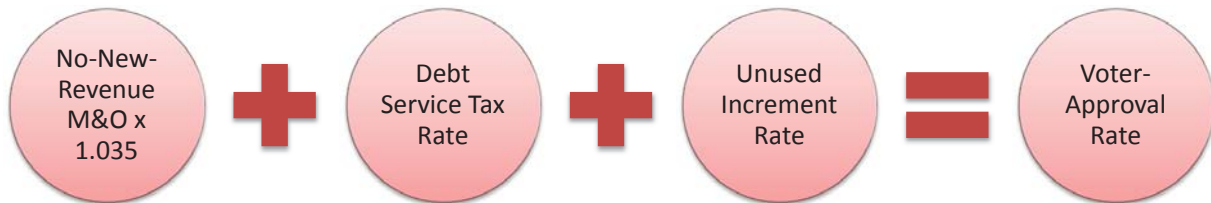


Special Taxing Units

- Hospital Districts
- Junior College Districts
- Any taxing unit, other than a school, with a tax rate less than 2.5 cents per \$100
- Special taxing unit keeps an 8 percent voter-approval rate



Voter-Approval Rate Calculation (non-special taxing units)



Unused Increment Rate

- A new component in the voter-approval rate formula
- The 3-year rolling sum of the difference between the adopted tax rate and the voter-approval tax rate
- The city can “bank” unused amounts for up to three years



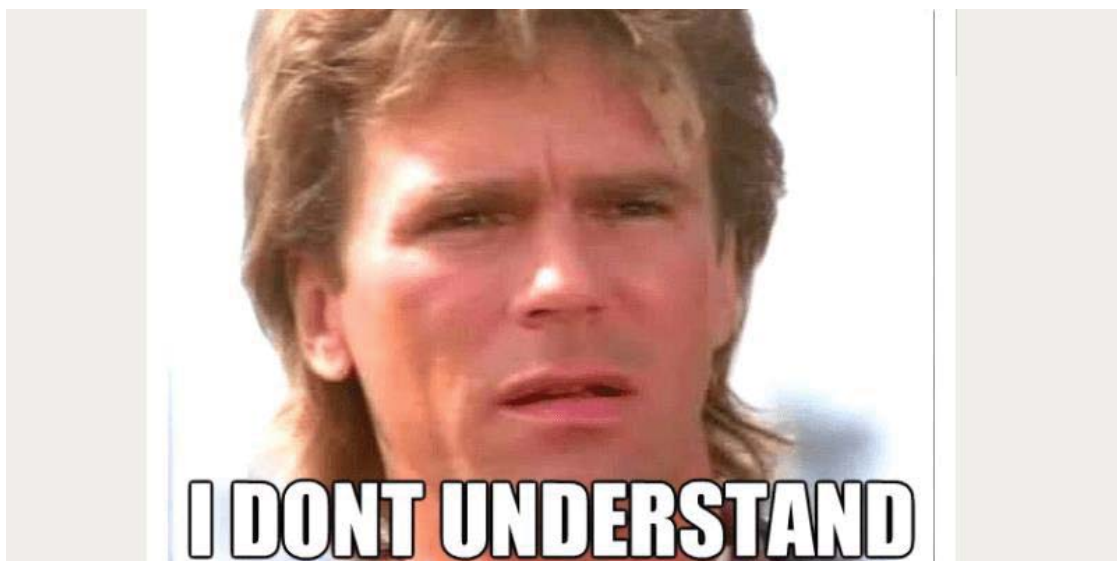
Unused Increment Example

Year	Voter-Approval Rate	Adopted Rate	Difference
2020	.50000	.50000	0
2021	.50250	.50000	.00250
2022	.51000	.50000	.01000

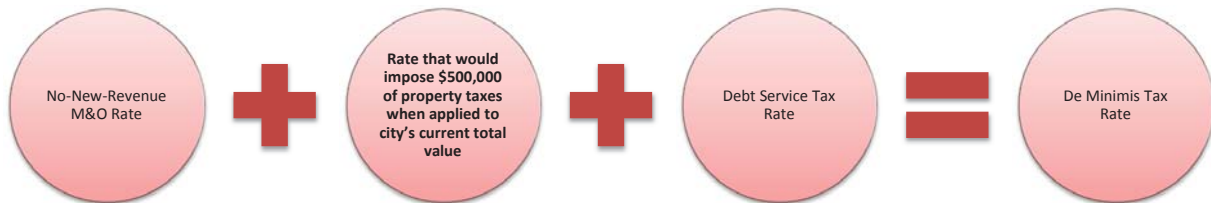
In 2023, the city would have an unused increment rate of .01250, which would be factored into the voter-approval tax rate formula



De Minimis Rate



De Minimis Rate, defined



Application of De Minimis Rate

- Cities over 30,000 population don't calculate de minimis rate; don't receive flexibility it provides.
- For cities under 30,000 population, if the de minimis rate exceeds the voter-approval rate, automatic election is triggered only if city's adopted rate exceeds the de minimis rate.



Unexpected Results

	Total Taxable Value	No-New-Revenue M&O Tax Rate	Rate necessary to generate \$500,000	Debt Service Tax Rate	De minimis Rate	Voter-Approval Rate (Assuming Unused Increment Rate of zero)
Small City	\$35,000,000	.3456	1.4285	0	1.7741	.3577

Under this scenario, a small city could increase its tax rate by 313 percent over the no-new-revenue rate without holding an automatic election.



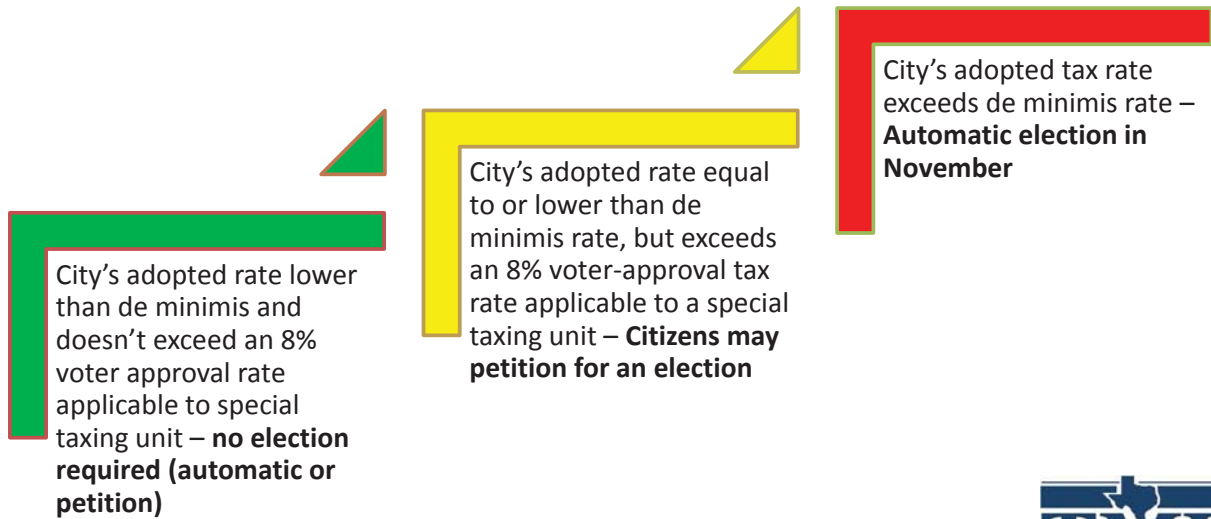
Legislative Reaction

- If a city's adopted tax rate is equal to or lower than the de minimis rate, but higher than an 8 percent voter-approval rate (calculated as if city were special taxing unit), the voters can petition for an election.



De Minimis Rate, Illustrated

The following assumes the de minimis rate exceeds the 3.5 percent voter-approval rate:

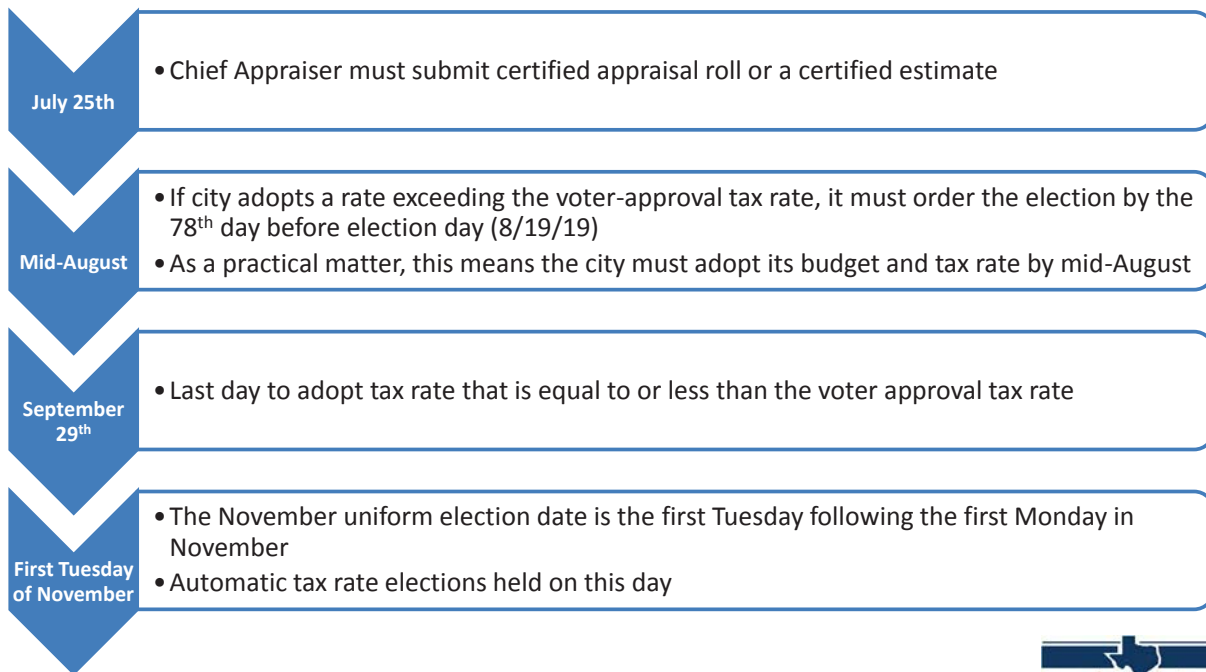


Disaster Flexibility

- City may calculate the voter-approval tax rate in the manner provided for a special taxing unit (8 percent) in disaster area for up to 3 years after tax year in which disaster occurred.
- No tax election when city adopts a tax rate for the year following the year in which a disaster occurs.



Timeline



Compressed Schedule

- Concessions made to expedite tax rate adoption process include:
 - Only one required tax rate hearing if city proposes a rate exceeding the no-new-revenue rate
 - Tax rate hearing can be held as early as the fifth day after the date notice is given (Can't be held until fifth day after chief appraiser delivers mandatory notice – must do so by August 7th)
 - Tax rate can be adopted at the public hearing on the tax rate



Transparency Changes

- 2015-2019 rate calculation worksheets must be sent to assessor-collector by 9/25/19
- Comptroller to create new calculation worksheets; must be attached as appendix to the budget (beginning 2021)
- Simplified notice in LGC Sec. 140.010 repealed
- Website notice by August 7th, then new notice given in advance of tax rate hearing or meeting to adopt tax rate



Property Tax Database

- Chief appraiser must create and maintain a property tax database that contains tax information from all taxing units, is accessible to the public, and searchable by property address and owner
- City's designated officer or employee required to submit rate information and details on hearing and meeting to adopt as information becomes available



Website Posting Requirements

- City Council members
- Contact info for city and councilmembers
- Budget for previous two years
- Proposed or adopted budget for current year
- Change in budget from last year to this year
- M&O property tax revenue and rate for current year and previous two years
- Debt service rate for current year and previous two years
- Most recent financial audit



First Responder Expenditures

S.B. No. 2

SECTION 119. (a) In this section:

(1) "Compensation" includes a salary, wage, insurance benefit, retirement benefit, or similar benefit an employee receives as a condition of employment.

(2) "First responder" has the meaning assigned by Section 504.019, Labor Code.

(3) "Taxing unit" has the meaning assigned by Section 1.04, Tax Code.

(b) This section applies only to the fiscal year of a taxing unit that begins in 2020.

(c) The governing body of a taxing unit may not adopt a budget for a fiscal year or take any other action that has the effect of decreasing the total compensation to which a first responder employed by the taxing unit was entitled in the preceding fiscal year of the taxing unit.



The Future of Municipal Finance



Draft FY 2020-21 BUDGET CALENDAR		
Budget Planning	January	Staff SAP Scheduling for FY 2019-20
	January	Staff Planning training and Project Planning for FY 2020-21
Strategic Action Plan (SAP) Development	Feb 21st	Objective Statements for FY 20-21 Projects due to City Manager
	Feb 24-28	City Manager reviews FY 20-21 Project Objective Statements
	Deadline: Mar 6	Deadline for City Manager to finalize Objective Statements with Project Owners
	Mar 16th	Staff Workshop: Strategic Action Plan
Budget Development	Apr 1-10	Preliminary General Fund Operating Budget meetings with Finance
	Apr 13 - 17	Preliminary Utility Fund Operating Budget meetings with Finance
	Deadline: 4/24	SAP Project Execution Plans and Budget requests submitted to Finance
	May 4 - 13	Operating and SAP Budget review sessions with City Manager
	Deadline: 5/19	Finance Delivers Preliminary Draft Budget to City Manager
	May 22 or 27	Staff Workshop with Preliminary Budget
	June 4	SAP and General Fund Budget work session with Council and Staff (Tax impacting)
	June 11	SAP and Enterprise Funds Budget work session with Council (Fee impacting)
	June 18	SAP and Budget Work session with Council (Debt, Stormwater Utility)
	June 25	SAP and Budget Work session with Council (Optional if necessary)
	July 15	Draft Budget is finalized (pending tax rates from Bexar Tax Assessor/Collector) and Delivered to City Manager.
Budget Presentation, Consideration, and Adoption	July 25 (Saturday)	Deadline for Chief Appraisers to deliver certify rolls or certified estimates to taxing units and certification of anticipated collection rate by tax collector. (Tax Code Sec. 26.01 a-1)
	July 27 (Monday)	Calculation of No new revenue, Voter Approval, 8% Increase and De Minimis Rates.
	July 28	Finance Director delivers proposed budget City Manager EOB
	July 29	City Manager delivers proposed budget to Council EOB
	July 30	Final Budget workshop with Council
	August 6 (Regularly Scheduled Council Meeting)	Finance Director submits the Proposed, No-New Revenue, Voter Approval, 8% Increase and De Minimis Rates tax rates to the City Council. (Tax Code Sec 26.04(e)). City Council confirms proposed tax rate. If the proposed rate exceeds the voter approval rate or the No-New Revenue Rate (whichever is lower), Council takes a record vote. (Tax Code Sec 26.06 (b-1 and b-3)). City Council schedules one public hearing on the budget (LGC 102.006a-b) and one public hearing on the tax rate (Tax Code Sec. 26.05(d); (Tax Code Sec 26.06)).
	August 7	City Manager files budget with City Secretary (LGC 102.005a). City Secretary ensures the proposed budget is available on the website and available for inspection at City Hall (LGC 102.005c)
	August 11	Finance Director publishes <i>Notice of Tax Public Hearing</i> in the Tuesday August 11th edition of Boerne Star and posts on the City's website (Tax Code Sec. 26.06(c)) Finance Director publishes <i>Notice of Public Hearing on the Proposed Budget</i> in the Tuesday, August 11th edition of Boerne Star and posts the budget on city's website. (LGC 102.005c) Finance Director/Communications posts the Tax Notice (Tax Code Sec 26.04(e)), Notice of Tax Hearing (Tax Code Sec. 26.065), and Notice of Budget Hearing (LGC 102.006c) on the City's Website.
	August 17 (Special Meeting)	Special Council Meeting for the First Reading of Budget and Tax Rate ordinances is held. Final Day to order an election if the proposed tax rate exceeds the voter-approval rate.
	August 24 (Special Meeting)	Public Hearing of the Proposed Budget and Public Hearing on the Proposed Tax Rate Second Reading and adoption of the Budget and Tax Rate ordinances
	August 25	Finance Director/Communications posts the Adopted Tax Notice on the City's website. (Tax Code Sec 26.05(b2)). Finance Director communicates adopted tax rate to appraisal districts and tax assessor-collector.



Backflow Prevention Program Update

Presented by Environmental Compliance Manager M. Castro | March 5, 2020



805 out of 1,896 Connections Tested (42%)

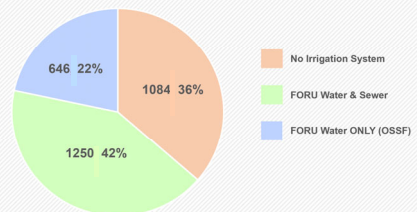
Last System Report: February 25, 2020

5.7% Failure Rate

Calculated from test reports submitted October 1, 2019 through February 25, 2020



Irrigation System Estimate by Customer Type



Continuing to get the word out...

Postcard Mailout Date:
March 25, 2020

JUST A
FRIENDLY REMINDER

FOR FAIR OAKS RANCH UTILITY CUSTOMERS

**BACKFLOW PREVENTION ASSEMBLY TESTING
REQUIRED BY SEPTEMBER 30, 2020**

Postcard Mailout Date:
March 25, 2020

Did you know common hazards in and around your house can contaminate your drinking water as well as your neighbors'?

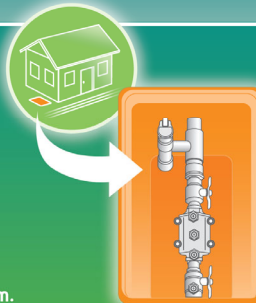
These hazards are known as cross-connections and can result in contaminated water backflowing into your home's drinking supply without you even knowing.



Your in-ground irrigation system is a **cross-connection** and requires your attention. In-ground landscape irrigation systems are the most common cross-connections found in the Fair Oaks Ranch Utility water system.

If your property has an in-ground irrigation system, it is your responsibility to make sure these steps are followed:

- 1 Confirm that your irrigation system has an approved backflow prevention assembly.
- 2 Have the assembly tested by a certified tester no later than 09/30/2020.
- 3 Certified tester submits the test report to Vepo's Online Backflow Management System.





TCEQ Proposes Amendments to Landscape Irrigation Rules

Proposed Rule Revisions to 30 Texas Administrative Code (TAC) Chapter 344

The rulemaking would amend Chapter 344 in order to:

- Classify irrigation systems as health hazards;
- Update the acceptable backflow assemblies for irrigation systems; and
- Amend the terminology used to refer to a backflow prevention assemblies.

Public Hearing: February 27, 2020 | Anticipated Adoption Date: July 1, 2020



How will the proposed rule revision affect the City's program?

Program Effective Date: October 1, 2019

- All irrigation systems would require annual testing;
- Double check assemblies would no longer be installed; and
- The term *device* would be replaced with *assembly*.