

CITY OF BELLAIRE TEXAS

MAYOR AND COUNCIL

MARCH 20, 2017

Council Chamber

Regular Session

6:00 PM

7008 S. RICE AVENUE
BELLAIRE, TX 77401



Mayor

Andrew S. Friedberg

Mayor Pro Tem

Roman F. Reed

Council Member

Gus E. Pappas

Council Member

Michael Fife

Council Member

Trisha S. Pollard

Council Member

Pat B. McLaughlan

Council Member

David R. Montague

Mission Statement:

The City of Bellaire is dedicated to outstanding quality service and facilities to ensure an open, progressive, and secure community.

REGULAR SESSION - 6:00 P.M.

A. Call to Order - Andrew S. Friedberg, Mayor.

B. Announcement of a Quorum - Andrew S. Friedberg, Mayor.

C. Inspirational Reading and/or Invocation - David R. Montague, Council Member.

D. Pledges of Allegiance - David R. Montague, Council Member.

1. U.S. Pledge of Allegiance:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

2. Pledge to the Texas Flag:

Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

E. Recognition of Proclamation:

Issuance of a proclamation by Mayor Andrew S. Friedberg proclaiming March 28, 2017, as Blinded Veterans Day in the City of Bellaire, Texas, in support of the mission of the Blinded Veterans Association and in celebration of its 72nd anniversary.

I. PUBLIC HEARING (PROPOSED AMENDMENTS TO COMPREHENSIVE PLAN - TRP DISTRICT)

A. Reading of the Notice of Public Hearing - Tracy L. Dutton, City Clerk.

B. Summary of Public Hearing Procedure - Paul A. Hofmann, City Manager.

C. Presentation:

Public Hearing on proposed amendments to the City of Bellaire's Comprehensive Plan and Future Land Use Map, with regard to the future redevelopment of the property locally known as the Chevron property. This property is identified as "Business Park" within the Comprehensive Plan, and is currently zoned as Technical Research Park District (TRPD). The property is generally located north of Fournace Place, between South Rice Avenue and the West Loop - Presented by John McDonald, Director of Development Services.

D. Public Comment.

The Mayor will recognize speakers who have completed a sign-up sheet prior to the commencement of the public hearing. Each speaker shall have a time limit of up to five (5) minutes, with no extension, and with notice after four (4) minutes that one (1) minute is left.

E. Questions from the Mayor and City Council.**F. Close of the Public Hearing.**

Oral public comment on the subject matter of the public hearing will not be received following the close of the public hearing. The public may submit written comments to the City Council prior to its final deliberation. All written comments must be received in the City Clerk's office by noon on the Thursday preceding the meeting of final deliberation for inclusion in the public record of the proceedings. It is anticipated that final deliberation will occur on Monday, April 3, 2017; therefore, written comments should be submitted by noon on Thursday, March 30, 2017.

See *Rules of Procedure of the City Council of the City of Bellaire, Texas, as of October 10, 2016.*

G. Adjourn.**II. REGULAR MEETING****A. Call to Order - Andrew S. Friedberg, Mayor.****B. Announcement of a Quorum - Andrew S. Friedberg, Mayor.****C. Personal/Audience Comments.**

In order to address the City Council, please complete a sign-up sheet (located at the entrance to the Council Chamber), and submit it to City Clerk Tracy L. Dutton prior to the time for personal/audience comments. Each speaker shall have a time limit of up to five (5) minutes, with no extension, and with notice after four (4) minutes that one (1) minute is left. In the event of pressing business before the City Council or matters requiring its immediate attention or action, the City Council may, prior to the opening of audience comments, set a different maximum time limit for each speaker by a vote of four (4) members of the City Council.

The purpose of this item is to allow the residents of Bellaire and other interested persons an opportunity to address the City Council on agenda issues and on non-agenda issues that are a matter of the jurisdiction of the City Council (i.e., City policy and legislative issues). Non-agenda issues regarding daily operational or administrative matters should be first dealt with at the administrative level by calling City Hall at (713) 662-8222 during business hours.

[Note: The Texas Open Meetings Act, Texas Government Code, Chapter 551, prohibits the City Council from fully discussing, debating, or considering subjects for which public notice has not been given on the agenda. Issues that cannot be referred to the City Staff for action may be placed on the agenda of a future City Council Session.]

D. Reports and Presentations:

1. City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation - Submitted by Paul A. Hofmann, City Manager.
2. Presentation of the FY2016 Annual Audit and Comprehensive Annual Financial Report (CAFR) by Whitley Penn, LLP, Certified Public Accountants, and consideration of and possible action on the acceptance of the FY2016 annual audit and CAFR - Submitted by Terrence Beaman, Chief Financial Officer.

E. New Business:**1. Consent Agenda:**

Items set out in the consent agenda are considered routine and are recommended for approval by the passage of a single motion, without discussion or debate, that the consent

agenda be adopted. Upon request of any member of City Council, items shall be removed from the consent agenda and considered separately.

a. Adoption of Minutes:

Consideration of and possible action on the adoption of the minutes of the Regular Session of the City Council of the City of Bellaire, Texas, held on Monday, February 20, 2017 - Submitted by Tracy L. Dutton, City Clerk.

Mayor and Council - Regular Session - Feb 20, 2017 7:00 PM

b. Bid Award:

Consideration of and possible action on a recommendation from the Public Works Department to award Bid No. 17-007, 1.5 Mil Density Polyethylene Bags, to Dyna Pak Corporation for an amount not to exceed \$70,762.50 and on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the Mayor and the City Clerk of the City of Bellaire, Texas, to execute and attest, respectively, for and on behalf of the City of Bellaire, Texas, a Standard Form of Agreement with Dyna Pak Corporation for an amount not to exceed \$70,762.50 - Submitted by Shawn Cox, Administrative Services Manager, Public Works Department.

c. Investments:

- i. Consideration of and possible action on the adoption of a resolution of the City Council of the City of Bellaire, Texas, amending the authorized representatives for the City of Bellaire, Texas, for purposes of transmitting funds for investment in the Texas Local Government Investment Pool (TexPool/TexPool Prime), withdrawing funds from TexPool, issuing letters of instruction, and taking all other actions deemed necessary or appropriate for the investment of local funds - Submitted by Terrence Beaman, Chief Financial Officer.
- ii. Consideration of and possible action on the adoption of a resolution of the City Council of the City of Bellaire, Texas, amending the authorized representatives for the City of Bellaire, Texas, for purposes of transmitting funds for investment in the TexSTAR Local Government Investment Pool (TexSTAR), withdrawing funds from TexSTAR, issuing letters of instruction, and taking all other actions deemed necessary or appropriate for the investment of local funds - Submitted by Terrence Beaman, Chief Financial Officer.
- iii. Consideration of and possible action on the adoption of a resolution of the City Council of the City of Bellaire, Texas, amending the authorized representatives for the City of Bellaire, Texas, for purposes of transmitting funds for investment in the TexasTERM Local Government Investment Pool (TexasTERM), withdrawing funds from TexasTERM, issuing letters of instruction, and taking all other actions deemed necessary or appropriate for the investment of local funds - Submitted by Terrence Beaman, Chief Financial Officer.

2. Adoption of Ordinance(s)/Resolution(s):

- a. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, verifying and acknowledging the annual review of the City's Investment Policy and Investment Strategies (City of Bellaire Code of Ordinances, Chapter 2, Administration, Article I, In General, Section 2-10, Investment Policy) - Submitted by Terrence Beaman, Chief Financial Officer.
- b. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the Mayor of the City of Bellaire, Texas, to execute a Standard Form of Agreement by and between the City of Bellaire, Texas, and 4900 Bissonnet, LLC, for the use of city property within the right-of-way generally located at the intersection of Bissonnet Street and Chestnut Street for commercial parking - Submitted by John McDonald, Director of Development Services.

3. Items for Individual Consideration:

a. Design Engineering Services:

- i. Consideration of and possible action of the City Council of the City of Bellaire, Texas, authorizing the City Manager to enter into negotiations for a contract in an amount not to exceed \$320,000 to be executed by the Mayor, with ARKK Engineers, LLC, for Design Engineering and Construction Administration Services for the Bonds for Better Bellaire 2016 Water and Wastewater Line Replacement Project Group A Phase 1 - Submitted by Paul A. Hofmann, City Manager.
- ii. Consideration of and possible action of the City Council of the City of Bellaire, Texas, authorizing the City Manager to enter into negotiations for a contract in an amount not to exceed \$65,000 to be executed by the Mayor, with HDR, Inc., for Design Engineering and Construction Administration Services for the Bonds for Better Bellaire 2016 Street and Drainage Project Group B Phase 1 - Submitted by Paul A. Hofmann, City Manager.
- iii. Consideration of and possible action of the City Council of the City of Bellaire, Texas, authorizing the City Manager to enter into negotiations for a contract in an amount not to exceed \$500,000 to be executed by the Mayor, with Costello, Inc., for Design Engineering and Construction Administration Services for the Bonds for Better Bellaire 2016 Street and Drainage Project Group C Phase 2 - Submitted by Paul A. Hofmann, City Manager.
- iv. Consideration of and possible action of the City Council of the City of Bellaire, Texas, authorizing the City Manager to enter into negotiations for a contract in an amount not to exceed \$132,000 to be executed by the Mayor, with Kelly R. Kaluza & Associates, Inc., for Design Engineering and Construction Administration Services for the Bonds for Better Bellaire 2016 Sidewalk Project Group D Phase 1 - Submitted by Paul A. Hofmann, City Manager.

b. Third Party Plan Review Services:

- i. Consideration of and possible action of the City Council of the City of Bellaire, Texas, authorizing the City Manager to enter into negotiations for a contract in an amount not to exceed \$20,000 to be executed by the Mayor, with KIT Professionals, Inc., for Third Party Plan Review Services for the Bonds for Better Bellaire 2016 Water and Wastewater Line Replacement Project Group A Phase 1 - Submitted by Paul A. Hofmann, City Manager.
- ii. Consideration of and possible action of the City Council of the City of Bellaire, Texas, authorizing the City Manager to enter into negotiations for contracts in an amount not to exceed \$62,000 to be executed by the Mayor, with ARKK Engineers, LLC, for Third Party Plan Review Services for the Bonds for Better Bellaire Street and Drainage Projects Group B Phase 1 and Group C Phase 2 and Sidewalk Project Group D Phase 1 - Submitted by Paul A. Hofmann, City Manager.

F. Community Interest Items from the Mayor and City Council.

It is the intent of this item to provide members of the City Council the opportunity to make a report about items of community interest, which may include expressions of thanks, congratulations, or condolence; information regarding holiday schedules; honorary recognition of City officials, employees, or other citizens or entities; reminders of upcoming events sponsored by the City or another entity that is scheduled to be attended by a City official or City employee; and announcements involving an imminent threat to the public health and safety of people in Bellaire that has arisen after the posting of the agenda.

No action may be taken on a reported item of community interest, and no possible action discussed except a proposal to place the subject on the agenda for a subsequent meeting.

See Texas Government Code, Chapter 551, Open Meetings Act.

G. Adjourn.

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: City Clerk
Category: Proclamation
Department Head: Tracy L. Dutton
DOC ID: 2223

**SCHEDULED
PROCLAMATION (ID #
2223)**

Item Title:

Issuance of a proclamation by Mayor Andrew S. Friedberg proclaiming March 28, 2017, as Blinded Veterans Day in the City of Bellaire, Texas, in support of the mission of the Blinded Veterans Association and in celebration of its 72nd anniversary.

Background/Summary:

Mayor Andrew S. Friedberg received a request from the Greater Houston Regional Group of the Blinded Veterans Association (BVA) for a proclamation declaring March 28th as Blinded Veterans Day in the City of Bellaire, Texas, in support of the mission of the Blinded Veterans Association and in celebration of its 72nd anniversary.

Mayor Friedberg has prepared a proclamation for inclusion in the March 20th agenda packet. As requested by the BVA, the proclamation was mailed on March 15, 2017, to their local address.

A copy of the proclamation and letter requesting the proclamation are attached to this agenda statement.

Previous Council Action Summary:

N/A

Fiscal Impact:

N/A

City Attorney Review:

N/A

Recommendation:

N/A

ATTACHMENTS:

- Blinded Veterans Day Proclamation (PDF)



Proclamation

Whereas, on March 28, 1945, approximately 100 young World War II veterans who had lost their sight in combat gathered at Avon Old Farms Army Convalescent Hospital in Connecticut for the purpose of organizing themselves to help one another; and

Whereas, from its early beginnings, the Blinded Veterans Association has encouraged the blinded veterans it serves "to take their rightful place in the community with their fellow citizens and work with them toward the creation of a peaceful world," and has continued to advocate for the war-blinded to regain independence, confidence and self-esteem through rehabilitation and training; and

Whereas, in 2010 the United States Congress recognized and observed March 28 as National Blinded Veterans Day, in appreciation of the efforts of the Blinded Veterans Association in improving the rehabilitation services, education, and benefits for blinded veterans of the United States; and

Whereas, The Greater Houston Regional Group of the Blinded Veterans Association serves this area, including the City of Bellaire, and this year joins with blinded veterans and their families across the United States in celebrating the Association's 72nd anniversary;

Now, Therefore, I, **Andrew S. Friedberg, Mayor of the City of Bellaire, Texas**, do hereby proclaim March 28, 2017, as

Blinded Veterans Day

in the City of Bellaire, Texas, in support of the mission of the Blinded Veterans Association and in celebration of its 72nd anniversary.

In Witness Whereof, I have hereunto set my hand and caused the seal of the City of Bellaire, Texas, to be affixed this 15th day of March, 2017.

Andrew S. Friedberg
Mayor
City of Bellaire, Texas



Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: Development Services
Category: Public Hearing
Department Head: John McDonald
DOC ID: 2198

**SCHEDULED
ACTION ITEM (ID # 2198)**

Item Title:

Public Hearing on proposed amendments to the City of Bellaire's Comprehensive Plan and Future Land Use Map, with regard to the future redevelopment of the property locally known as the Chevron property. This property is identified as "Business Park" within the Comprehensive Plan, and is currently zoned as Technical Research Park District (TRPD). The property is generally located north of Fournace Place, between South Rice Avenue and the West Loop - Presented by John McDonald, Director of Development Services.

Background/Summary:

A public hearing is scheduled on a proposed amendment to the 2015 update of the City of Bellaire's Comprehensive Plan. The amendment, recommended by the Planning and Zoning Commission, seeks to replace the land use designation "Business Park" detailed in Chapter 2 of the Comprehensive Plan with a new designation, "North Bellaire Special Development Area" (NBSDA). The future land use map, also included in Chapter 2, would be revised with the new designation as well. This proposal follows the news that Chevron is closing its Bellaire facility later this year, allowing the City to consider the future redevelopment of the property; moving away from technical and light industrial to a district more compatible with the character of Bellaire as a whole. The property is currently zoned Technical Research Park (TRP).

The current designation, Business Park, was drafted based on maintaining consistency with the long-term use of the property by Chevron. When the Comprehensive Plan was updated in the fall of 2015, there was no indication that Chevron might relocate. The NBSDA proposes the inclusion of a mix of residential and commercial uses to capitalize on this unique opportunity.

The City began preparing the property for redevelopment with the adoption of an ordinance in October 2016, which installed a requirement of a Specific Use Permit for any new projects in the TRP district. That same month, the Commission began working with Gary Mitchell of Kendig Keast Collaborative in an effort to review the Comprehensive Plan and prepare a recommendation for the City Council. Over the following months, the Commission came to a consensus on a draft update and a public hearing was called.

On January 10, 2017, the Commission held a public hearing on the proposal, which was well attended by neighboring residents. At their subsequent meeting held on February 14, the Commission voted 6-1 to recommend approval of the update to City Council. The Commission's Report and Recommendation is attached and details the results of the public hearing. Minutes from the public hearing are included as well.

While the proposal seeks to amend the Comprehensive Plan, no changes to the zoning ordinance are proposed. This amendment, if adopted, will serve as a policy guide to assist in the drafting of regulations to govern use and development in the area. Future zoning regulations will include safeguards and buffers similar to those included in other commercial and mixed-use districts to protect adjacent residential properties. Additionally, any proposed future regulations for the area will go through the zoning amendment process to include

public hearings before both the Commission and the City Council and

Mr. Mitchell will present at the public hearing. The Director of Development Services will be present as well to assist.

Recommendation:

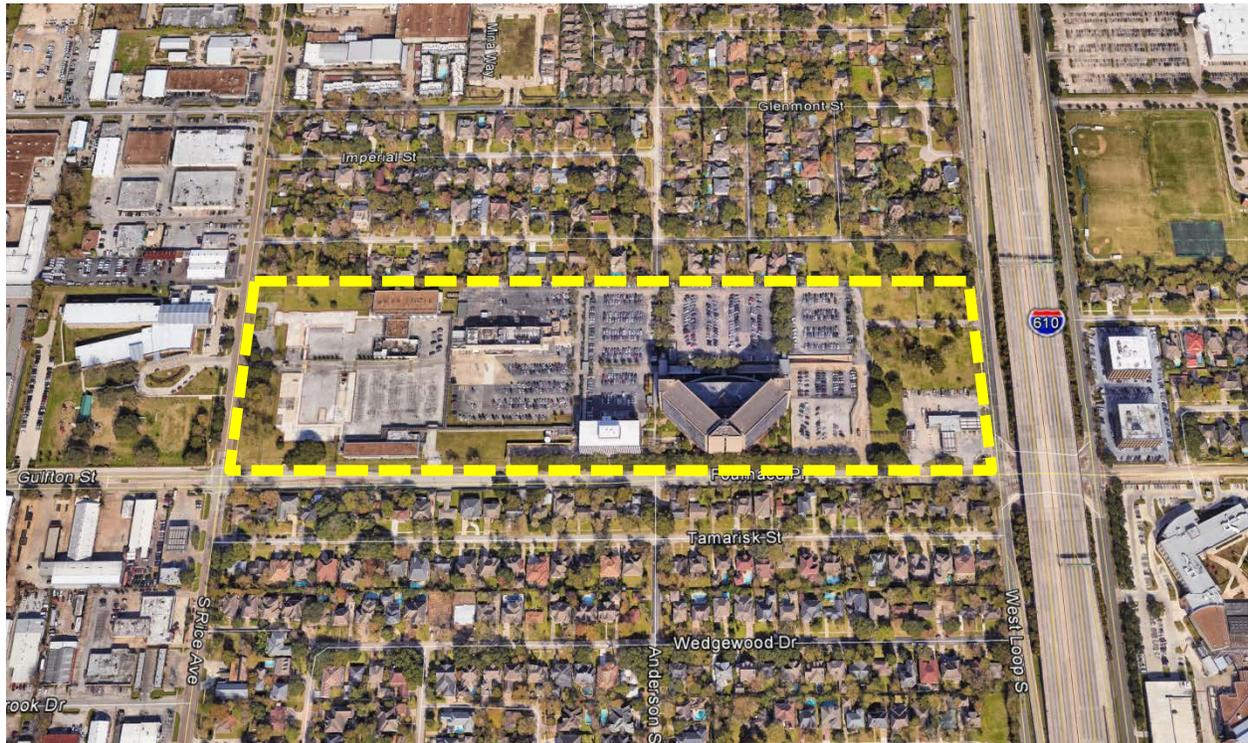
No action is scheduled for Monday, March 20. Consideration is tentatively scheduled for the following meeting on April 3.

ATTACHMENTS:

- Bellaire New Land Use Category Description DRAFT 12 28 16 (PDF)
- Proposed Future Land Use Map (PDF)
- P&Z Memo-Comp Plan-TRPD (PDF)
- P&Z PH Minutes-Comp Plan (PDF)
- Written Comments for PH on Proposed Amendments to Comprehensive Plan - TRP District (PDF)

North Bellaire Special Development Area

Since the 1940s, the area just north of Fournace Place, between the present-day West Loop 610 on the east and South Rice Avenue on the west, has been devoted to technical/research functions and other office space, first by Texaco and in recent decades by Chevron Corporation. Through its zoning ordinance, the City of Bellaire applied a Technical Research Park (TRP) classification to the area, including several adjacent properties that front on Loop 610. One of these properties has long been in use as a gas station at the northwest corner of Fournace and the Loop. The zoning classification corresponded with a Business Park designation for this area on the Future Land Use and Character map within the City’s Comprehensive Plan. This Land Use and Community Character section of the plan previously described the Business Park designation as appropriate for “areas already developed as, or envisioned for office and research and technology-related uses in a campus-like environment.”



In summer 2016, Chevron announced its plans to remove all activities from this location by 2017 and sell the property. This turn of events opened up redevelopment possibilities for a contiguous, rectangular area of some 30 acres in north Bellaire, with the corner gas station property also going on the market. This is similar to significant property sales and land use transitions seen in nearby areas of central Houston, and particularly to the north around the West Loop 610 corridor through Uptown Houston. The difference is that Bellaire uses a Comprehensive Plan and zoning regulations to set parameters for land use and clarify desired community outcomes from new development and redevelopment activity. This is essential as the North Bellaire Special Development Area is bordered not only by busy arterial streets and a major freeway. Long-established neighborhoods of single-family detached homes are immediately north of the area and also to the south across Fournace Place.

Given this context, the area is envisioned as potentially accommodating a range of uses that would capitalize on this unique redevelopment opportunity, but with such uses located and designed to provide protection to adjacent residential areas. With an eye to the City’s long-term financial outlook

and costs of public service provision, the development prospects for this area clearly must take into account the net tax base effect as the area transitions from its previous land uses. Along with creating value and quality for the community, residential options developed in the area should help to satisfy housing needs of current and prospective Bellaire residents at various stages of life (i.e., homes for young professionals and families, “downsizing” options for senior residents), to the extent that development economics allow. The predominant residential component should be single-family homes developed in a clustered fashion, on small lots and likely with a more vertical house profile (i.e., three-four stories) than seen previously in Bellaire but common in residential construction in the vicinity in recent years, including in redeveloping areas along Bellaire Boulevard in the City of Southside Place.

Multi-family development is provided for in several other areas of Bellaire, including within the Residential-Multifamily (R-MF) zoning district, as well as the more recently established Urban Village-Downtown (UV-D), Urban Village-Transit Oriented Development (UV-T) and Corridor Mixed Use (CMU) districts. For this reason, the North Bellaire Special Development Area is seen as more appropriate for other uses. However, if land costs and development economics make multi-family among the only viable residential options for the area, then limitations on the quantity and standards for the quality of such use should apply as in the UV-D, UV-T and CMU zoning districts. Likewise, any multi-family use in the Special Development Area should occur only as part of mixed-use development.

Non-residential development outcomes and amenities should contribute to residents’ quality of life through potential new retail and service uses, including restaurants. It is recognized that some portion of the area may still be attractive for office use, either as a stand-alone development or as part of a mixed-use scenario. Medical or other institutional uses are also possible, although tax-exempt uses, including public or faith-based educational campuses, are not desired given the fiscal considerations noted above.

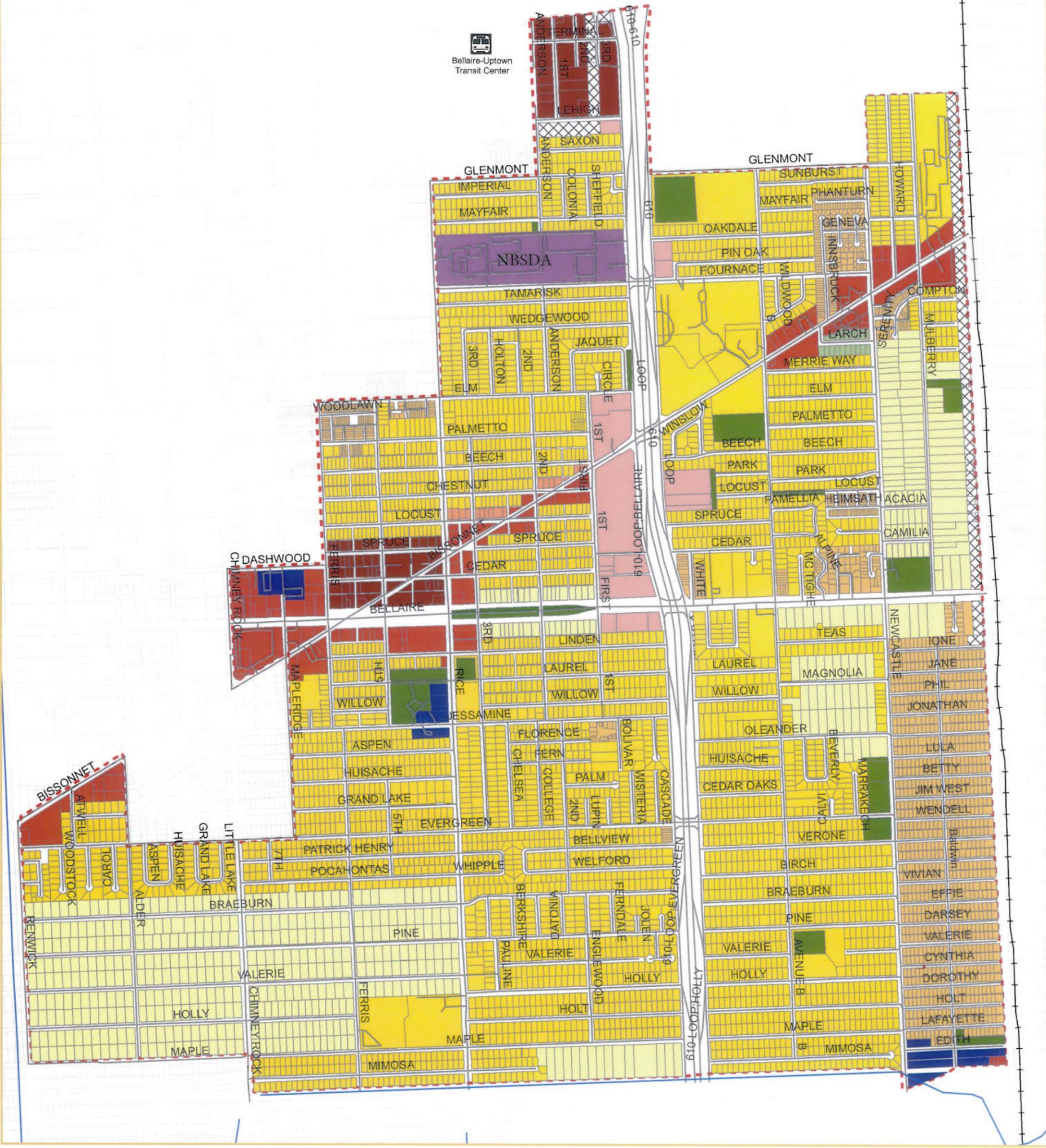
The most intensive uses in the Special Development Area, and their associated vehicular access points, should be located along or near the Loop 610 frontage. A next tier of use intensity could occur along the South Rice Avenue frontage and, secondarily, along the Fournace Place frontage. The lowest development intensities, together with adequate separation and buffering, should occur along the northern boundary of the area, closest to the single-family homes that front on Mayfair Street. The current TRP district imposes a six-story building height limitation as was typical of various Bellaire zoning districts prior to more recently established districts that provide greater height flexibility. However, the existing office building on the Chevron site, constructed in the 1970s and situated close to Fournace, long ago set a precedent of 10 stories. As in the other Bellaire zoning districts that involve the interface between low-density residential and higher-intensity land uses, a “height-setback plane” (greater setback of upper portions of buildings) should govern the allowable height of potential multi-story buildings near single-family homes to maintain openness and protect residential privacy.

Property owners and developers always have the option of pursuing a Planned Development (PD) zoning approval for proposed development of some portion or all of the North Bellaire Special Development Area. As in other areas of the community, a PD application provides the opportunity to put forward a master-planned development approach that may involve an alternate set of land uses and/or special site design elements. Any such proposal would be vetted through a site plan review process and associated public discussion and hearings as provided for in the City’s development regulations and procedures.

Whether pursued through conventional development proposals or PD applications, the “clean slate” redevelopment opportunity afforded by this significant land turnover in north Bellaire should also lead to creative site planning and design that incorporates green and open space areas into any proposed development. The tree-lined frontage and pathway along the north side of Fournace Place should also be maintained and extended all the way to South Rice Avenue. Residential areas could include orientation of homes toward landscaped mews (open space common areas), with rear garage access, to yield a true sense of neighborhood for residents living in relatively close quarters compared to many other areas of Bellaire. In non-residential and mixed-used areas, pocket parks, landscaped plazas and seating areas, and generous plantings within street rights-of-way would provide the desired green amenities and area enhancement. Additionally, landscaping plans across the entire Special Development Area should have a core objective of extending the signature urban tree canopy of Bellaire into the interior of the area—including through targeted installation of mature oaks from off-site rather than only through smaller plantings for future growth.



Proposed Future Land Use Map



Attachment: Proposed Future Land Use Map (2198 : Public Hearing - Comp Plan Amendment)

MAP 2.2: FUTURE LAND USE & CHARACTER

- Suburban Residential
- General Residential
- Small Lot Residential
- Residential-Office Mix
- Corridor Mixed Use
- Urban Village
- Suburban Office
- N. Bellaire Special Development Area (NBSDA)
- Government
- Redevelopment Area
- Parks
- City Limits

- Water
- Railroad
- Streets
- Parcels
- City Limits

Note: A comprehensive plan shall not constitute zoning regulations or establish zoning boundaries.

1 in = 1,250 ft





CITY OF BELLAIRE

Planning and Zoning Commission

February 28, 2017

To: Mayor and City Council
 From: Win Frazier, Chairman, Planning & Zoning Commission
 CC: John McDonald, Director of Community Development
 Subject: Report and Recommendation on proposed amendments to the City of Bellaire's Comprehensive Plan and Future Land Use Map, with regard to the future redevelopment of the property locally known as the Chevron property.

On January 10, 2017, the Planning & Zoning Commission held a public hearing on the proposed amendments to the City of Bellaire's Comprehensive Plan and Future Land Use Map, with regard to the future redevelopment of the property locally known as the Chevron property. The amendment was requested by the Director of Development Services, as the exit of Chevron provides the City with an opportunity to move away from the business park and office designation that is currently called out within the Comprehensive Plan, and open it up to other options that may be more compatible with the character of Bellaire.

Notifications regarding the public hearing were mailed out to all addresses within 500 feet of the property in question. Any and all persons desiring to be heard in connection with the proposed code amendments were invited to speak before the Commission. Nineteen (19) members of the public spoke during the public hearing, and two (2) submitted written comments.

In general, residents were opposed to the allowance of multi-family, retail, and restaurants at the Chevron site, and felt that single-family residential is the only allowable use that would be consistent with Bellaire's "City of Homes" branding.

The concerns voiced by most residents with regard to the allowance of multi-family, retail, and restaurants were as follows:

- An increase in vehicular and pedestrian traffic in the neighborhood, as well as on South Rice, will negatively impact residents in the area. The citizens were also opposed to the comment that was raised at a previous meeting regarding the idea of creating of a thoroughfare through the neighborhood.
- An increase in density within an otherwise single-family residential neighborhood. The citizens felt that there were already enough areas within Bellaire, as well as in surrounding Houston that are zoned to meet commercial and multi-family needs.
- An increase in noise and safety concerns, which would negatively affect Bellaire's single-family residential reputation as a quiet and safe community. The residents felt as though the character

of the neighborhood would be destroyed, and one resident urged the Commission to “think of the children.”

The following points were mentioned by the residents when explaining why they felt that single-family residential would be the most appropriate allowance:

- It is consistent with Bellaire’s “City of Homes” branding.
- A single-family residential re-development would help to reconnect the residences in this area with the other residential areas within Bellaire. The citizens felt that over the years, this area has essentially been cut-off from the rest of the City, and has not been given the same level of respect as in other residential zoning districts.
- Residents felt that Bellaire’s residential property values are competitive to that of commercial developments; therefore tax base should not be a factor. Although there was recognition of the tax base effect by some, most felt that the zoning of this property should not be based on the amount of money that a new development would bring in taxes.
- The allowance of single-family residential would offer an opportunity for life-cycle housing choices.

Other points that were raised by the public were:

- The allowance of restaurants would increase the population of feral dogs in the area.
- Townhomes could lead to a fire hazard.
- Whether elevators should be required within multi-story residential development.
- The allowance of multi-family developments would lead to the overcrowding of local schools.
- Whether any of the Commissioners had ties to the purchase or sale of the property.
- Whether certain developments would lead to a reduction in current property values in the area.
- The area contains inadequate utilities and infrastructure.
- The zoning regulations for this property should be put into place prior to receiving input from the market/developers.

Ten (10) additional written comments were received after the close of the public hearing.

RECOMMENDATION

The item was on the agenda for consideration at the Commission’s February 14, 2017 meeting. After due consideration and discussion, the Commission found that the proposed amendments to the Comprehensive Plan and Future Land Use Map were necessary to encourage future redevelopment of the site, while also applying parameters that will address sensitivities of the area, such as residential protection. Based on these findings, the Commission voted 6-1 to recommend approval of the Comprehensive Plan amendments to City Council.

VOTE OF THE COMMISSION

Members present and voting FOR this recommendation to City Council:

Mike Axelrad, Win Frazier, Jonathan Saikin, Lynne Skinner, Marc Steinberg, Dirk Stiggins

Members present and voting AGAINST this recommendation to City Council:

Bill Thorogood

Members Absent:

None.



CITY OF BELLAIRE TEXAS

PLANNING AND ZONING COMMISSION

JANUARY 10, 2017

Council Chamber

Regular Session

6:00 PM

7008 S. RICE AVENUE
BELLAIRE, TX 77401

I. CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Frazier called the meeting to order at 6:04 PM, and announced that a quorum was present, consisting of the following members:

Attendee Name	Title	Status	Arrived
Jonathan Saikin	Commissioner	Present	
Mike Axelrad	Commissioner	Absent	
Winfred Frazier	Chairman	Present	
Bill Thorogood	Commissioner	Present	
Marc Steinberg	Commissioner	Present	
Dirk Stiggins	Vice Chairman	Present	
S. Lynne Skinner	Commissioner	Present	
John McDonald	Director	Present	
Zachary Petrov	Assistant City Attorney	Present	
Ashley Parcus	Secretary	Present	
Trisha S. Pollard	Council Member	Present	

II. APPROVAL OF MINUTES FROM PAST MEETINGS

1. Planning and Zoning Commission - Regular Session - Dec 13, 2016 6:00 PM

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Marc Steinberg, Commissioner
SECONDER:	Bill Thorogood, Commissioner
AYES:	Saikin, Frazier, Thorogood, Steinberg, Stiggins, Skinner
ABSENT:	Axelrad

III. REMINDER TO CITIZENS DESIRING TO ADDRESS THE COMMISSION

Chairman Frazier reminded the public who wished to address the Commission to fill out a sign in sheet.

IV. PUBLIC HEARINGS

Public Hearing on proposed amendments to the City of Bellaire's Comprehensive Plan and Future Land Use Map, with regard to the future redevelopment of the property locally known as the Chevron property. This property is identified as "Business Park" within the Comprehensive Plan, and is currently zoned as Technical Research Park District (TRPD). The property is generally located north of Fournace Place, between South Rice Avenue and the West Loop.

Attachment: P&Z PH Minutes-Comp Plan (2198 : Public Hearing - Comp Plan Amendment)

A. Presentation of the Public Hearing Process

Mr. McDonald informed the public of the public hearing process that would be followed. He explained that the applicant in this situation is the City, and therefore, the staff findings would be included in the presentation by the applicant.

B. Presentation by the Applicant

Mr. McDonald introduced Gary Mitchell of Kendig Keast Collaborative, who has been working with the Commission on the proposed changes to the Comprehensive Plan.

Mr. Mitchell reviewed the purpose for the proposed changes, stating that with the removal of Chevron, the City has been given a great opportunity to better define what it would like to see for that area of Bellaire. He explained that on the City's current Future Land Use Map, this property is shown as Business Park. He added that the proposed action is to change that, as well as the text associated with it in an effort to open it up to some other opportunities. He also added that there are many concerns and expectations that go along with the zoning of that property, including residential protection, scale, height, maintenance of green space and the tree canopy in that area, as well as tax base. Mr. Mitchell explained that currently Chevron is bringing in a significant amount of money in taxes, and that the financial aspects also need to be taken into consideration with the zoning of this property. He added that the goal is to add some flexibility in the uses, while also applying parameters that will address the sensitivities of the area. Mr. Mitchell stated that if this text, or further revisions of it, were to be adopted, the Future Land Use Map designation would be changed to North Bellaire Special Development Area. He added that he was present to help with the discussion and answer any questions that the Commission and public might have.

C. Staff Findings

Please see "Presentation by the Applicant."

D. Public Comments

- 1. Persons at the meeting who have indicated their desire to address the Commission by submitting the form provided shall have three (3) minutes each to present comments concerning the Application. This time limit may be extended to five (5) minutes at the discretion of the Chair with the consent of the Commission.**

Richard Franke-Mr. Franke stated that residential development should be promoted and that multi-story town homes would not be a good idea. He also mentioned that Council recently had a conversation regarding the requirement of elevators within multi-story residential developments, and pointed out that it might need to be addressed. Mr. Franke then mentioned that he lives on a street with a lot of congestion and speeding, so he understands why the residents are concerned. Mr. Franke was not in favor of changing the access points to South Rice and 610, and felt that it needs to remain off of Fournace. He reiterated that he is hopeful that residential development will be promoted, and stated that he doesn't understand why it can't just be two-story single-family homes.

Catherine Lewis-Ms. Lewis stated that the idea of a multi-family development on that property is scary, and she feels as though the City is doing an experiment at the residents' expense. She stated that town homes sound really nice, but she was concerned with fire hazards in those types of developments. In her opinion, high-rises would destroy the character of the neighborhood, and she also asked that

restaurants not be allowed as it could increase the population of feral dogs in the area. She added that retail would cause a significant increase in the amount of traffic, and asked that it not be put all on South Rice.

Jim Balogh-Mr. Balogh informed the Commission that he owns a house at the corner of this property and is concerned about utilities in the area. He added that all of the electricity currently comes through the five service poles that are on his property. Mr. Balogh stated that the service poles are taking up a significant amount of his 2/10 of an acre lot, and that his trees keep getting topped out because of the utility poles. He then provided the Commissioners with a picture of his lot.

Youli Zu-Mr. Zu stated that this property is in the middle of a residential area in a City that is viewed as a safe, family-friendly neighborhood. He asked that the Commission please keep the image of the "City of Homes." He felt as though the City no longer needs a business park designation on this site due to everything that is going in within neighboring Houston. He stated that there is already a significant amount of traffic due to the Walmart, and asked that it be a single-family designation.

Pamela Wogenstahl-Ms. Wogenstahl asked if anyone on the Commission had personal ties to the purchase or sale of the property in question. She added that traffic is already awful, and that she witnessed a burglary in the area. She pointed out that creating a thoroughfare in the neighborhood is a bad idea, and just results in easier access for theft. Mrs. Wogenstahl stated that she wants to see more trees and a more family oriented community. She stated that she feels as though this part of the City is viewed as the "red-haired adopted kid."

Terisa Wilson-Ms. Wilson agreed that she felt as though this area of the City is the "red-headed step-child" that does not get the same respect as other areas of the City. She added that they have not even been able to get speed bumps on the street. Ms. Wilson stated that it used to be a quiet community and lately that has significantly changed. She added that the residents in this area have been enveloped in a situation where they had no say in the developments going in around them. Ms. Wilson mentioned that Bellaire is the City of beautiful homes and community, and to please leave it that way.

Thomas Reed-Mr. Reed informed the Commission that he is concerned with the idea of creating a thoroughfare, due to his two young children. He added that if a thoroughfare is created the neighborhood aspect would be destroyed. He asked the Commission to "think of the children." Mr. Reed added that the job of the City is to enhance the residents' quality of life and provide safety and protection to the citizens, and creating a thoroughfare would be inconsistent with that.

Jennifer Hawes-Ms. Hawes stated that she felt encouraged by the terms that Mr. Mitchell used, such as, "creative site planning," "quality development," "residential protection," and "extension of tree canopy," and hopes it is the goal of the City and future developers to maintain the character of the residential neighborhood and the "City of Homes." She asked the Commission to strike multi-family from the proposal, as it would have a very negative impact on the surrounding neighborhoods, and added that single-family residential would be a benefit and an asset to the City. Ms. Hawes also asked that the Commission impose a height restriction of no more than four stories in keeping with the residential character of the neighborhood, and not to create a connection through the neighborhood as it would increase the traffic on the north and south sides of Chevron. She mentioned that she would like to see the majority of the traffic on South Rice and 610, so as not to increase the traffic on the

residential streets. Ms. Hawes stated that she would love to see a master planned community go in, with some type of single-family residential homes.

Bryan Wogenstahl-Mr. Wogenstahl stated that he hoped as though the comments being made by the public would have an impact on the decisions made by the Commission, as the people present are the ones being impacted by these changes. He stated that he and many other residents in this area feel separated from the rest of the City by the Chevron property, and suggested that this be used as an opportunity to create more of a connection to the rest of the community with the addition of single-family residences.

Debra Sokol-Ms. Sokol agreed that the residents in the room are the ones who will be directly affected by the decisions made on this property. She added that the addition of certain developments could devastate property values in that area. Ms. Sokol felt that using Anderson Street as a thoroughfare would also be devastating to the neighborhood. She added that currently there are no speed bumps, and no policing. Ms. Sokol felt that four-story town homes are not a favorable option, and agreed that a master planned, single-family residential community would be a way to make the tax base work for the City and would be the best choice for the residents.

John Monday-Mr. Monday admitted that he does not live in this area of the City, but agreed with the idea of developing this property as residential in an effort to create residential continuity. He also suggested that this would be a great opportunity to offer alternative, smaller housing choices.

Nancy Zu-Ms. Zu asked that the Commission strike multi-family as an allowable use. She stated that Bellaire High School is already overly crowded and the addition of a multi-family development would only increase the enrollment at the local schools. Ms. Zu also mentioned that the traffic on South Rice is already bad and anything besides single-family homes would only make it worse.

Brian Taylor-Mr. Taylor asked why the proposal is such a broad classification. He stated that the Commission/City should put together a specific plan for what they would like to see for this property. Mr. Taylor mentioned that it looks as though the City is attempting to facilitate a special development to make it marketable to just about anybody. He suggested that the City put together specific zoning regulations for the property first. Mr. Taylor stated that he understands that Chevron brings in a significant amount in taxes, but that is just something that the City is going to have to deal with. He agreed that it is isolating that part of the community from the rest of Bellaire.

Lynn McBee-Ms. McBee stated that the Commissioners had a great discussion and asked really hard questions at the last meeting while reviewing the draft language prepared by Mr. Mitchell of Kendig Keast. She added that the questions asked were representative of both the developer and the homeowner's perspective. She stated that threaded throughout the conversation were comments on the tax base, and that is not the purpose of zoning. Ms. McBee stated, "if you can't make the money you need to make then you do without." She suggested that signage be put at every point along the boundaries of Bellaire stating that it is a zoned city, and that the zoning code should be put into place prior to getting input from the market.

Connor McBride-Mr. McBride stated that he currently rents in Houston, but that he is a potential Bellaire homeowner. He added that Bellaire feels like a town rather than a city and he would like to see it stay that way. Mr. McBride pointed out that

there is obviously a strong consensus that single-family would be the most beneficial.

Giles Dunn-Mr. Dunn stated that he is shocked by the proposal. He added that history is a great indicator of the future and in looking through the aerial photos from many years ago this area was mostly single-family homes. He asked that the City stick with that, as there is already enough retail in the surrounding areas to support this area of the City. Mr. Dunn mentioned that he is concerned with the safety of his two year old, as well as the rest of the residents in that area. He did acknowledge that tax neutrality would be important, as the last thing that he wants to see is an increase in his taxes.

Karen Reichel-Ms. Reichel informed the Commission that she is very opposed to the allowance of apartments within the City of Bellaire, as Bellaire is the "City of Homes." She added that it is a family community, and she wants to keep it that way. Ms. Reichel stated that single-family is the only way to go with this property, and agreed that zoning should be put into place first.

Michael Tweedy-Mr. Tweedy stated that the rest of Houston can meet the multi-family needs, and agreed that Bellaire does not have a great track record of protecting the residents in this area. He added that there should be no thoroughfare. Mr. Tweedy stated that Bellaire is the "City of homes," and is what people aspire to have. He added that single-family homes are the best option for this property, and asked that the City continue to provide a safe community for families. Mr. Tweedy agreed that zoning needs to be put in place prior to getting input from developers.

Antonio Fernandez-Mr. Fernandez felt that the concerns regarding the tax base were unwarranted. He stated that Chevron is only paying \$47 million in taxes, which is an undervalued tax base. He added that any transaction that is made will cause the City of Bellaire to come out ahead. Mr. Fernandez also asked the City/Commission not to get greedy and decide to allow for higher density or high-rise developments to try and boost revenue. He added that whatever is gained there will be lost in the neighborhoods and with the residents. He asked that the Commission please put the community in the strongest position possible.

The following residents provided written comment:

Dr. & Mrs. Stanley Hamilton-"Believe we need, as a City, a revenue generating plan for the Chevron property. The loss of the revenue from Chevron leaving could be a burden for the Bellaire tax payers, if a gated community of high priced homes could be established, the help by the tax revenue for Bellaire could be granted. We have enough green spaces, such as the Teas development. Also, traffic on Fournace and Anderson should be considered in any plans."

Seth & Andrea Boots-"I understand Chevron owns a number of residential lots on Mayfair; does the City know what they plan on doing with them?"

E. Questions from the Commission

Commissioner Steinberg mentioned the residents' concerns regarding making this area a thoroughfare and asked for confirmation that doing so is not part of the language that is currently being taken into consideration.

Mr. McDonald confirmed that infrastructure is currently not being addressed at all. He added that this is simply a revision of the language within the Comprehensive Plan,

which will then help to guide the City and the Commission in the re-zoning of the property.

Commissioner Steinberg asked if he was correct in saying that currently the land is available for a manufacturing use and not for residential housing, and that the proposed changes will open the property up for the allowance of residential development.

Mr. McDonald agreed that it is currently zoned "Technical Research Park", which allows for technical, industrial, telecommunications, etc. He confirmed that the proposed changes are opening it up to residential allowances.

Commissioner Steinberg mentioned that the buyer will also have the option to continue with the same use that is there now.

Mr. McDonald confirmed this, and stated that the buyer would also be able to expand based on the use that is currently allowed.

Commissioner Steinberg mentioned that he is not aware of anyone on the Commission that has personal ties to this property.

Commissioner Skinner asked Mr. McDonald to explain the process of how all of this will work with regard to the proposed changes being implemented and the sale of the property in question.

Mr. McDonald explained that the property should be on the market by late January, early February. He added that if the property is purchased prior to the re-zoning of the land then the only allowed-by-right use would be what is currently there today. Mr. McDonald stated that any other uses would have to go through the public hearing process before the Commission and City Council.

Commissioner Thorogood started by mentioning that each of the members on the Commission are required to take an oath of office prior to their appointment. He then asked Attorney Petrov to explain to the public what the Commissioners must do if they did have any interest in the property.

Attorney Petrov explained that any Commissioner with a conflict of interest must recuse himself/herself from the proceedings.

Commissioner Thorogood stated that he appreciated the concern, but felt that it was important for the public to understand the responsibilities of the members of the Commission and the oath that each of them took.

Commissioner Thorogood then explained that he used HCAD to calculate the valuation of the property, and felt that it would be in the neighborhood of \$128 million. He stated that tax revenues paid directly to the City of Bellaire were about \$250,000.

Mr. McDonald stated that the most recent was actually just over \$300,000. He also pointed out that he has a hard time believing that any home in Bellaire is paying \$20,000 to the City of Bellaire for their taxes.

Commissioner Thorogood agreed that the amount going directly to the City of Bellaire is less than \$20,000. He then pointed out that the City of Bellaire's tax rate is actually lower than the City of Houston's by almost 40%, however, there are higher property values within the City of Bellaire. Commissioner Thorogood mentioned that the

Commissioners' job isn't so much to support the City's tax base as it is to do the best thing for the community.

Vice Chairman Stiggins mentioned that there is some concern about the infrastructure in the area and asked if the City would work with the potential developer to determine the traffic patterns.

Mr. McDonald stated that it would depend on whether or not the installation of public streets would be necessary within the development. He added that if they are, the developer would pay, construct, and install those, and once they are finished and approved by the City then they would be dedicated to the City. He pointed out that traffic patterns would be looked at as the site is being developed, and would be adjusted as necessary. Mr. McDonald stated that any improvement to neighboring streets that would be required, based on the addition of new development, the developer would fund.

Commissioner Stiggins asked if there was any thought given to some of the comments from the beautification plan being included in this language to emphasize the use of new signage, street lights, etc. He asked if the developer would be in charge of funding those things as well.

Mr. McDonald explained that the developer would have to pay for anything interior to the project, as well as any requirement for new facilities directly associated to it.

Commissioner Thorogood mentioned the power transmission lines that are on the north side of the City. He stated that there are new poles going in there, and that they are increasing the capacity on those lines. He added that the property is owned by CenterPoint for those lines, and represents a buffer between the Urban Village Transit District and the north side of this section of the community.

Mr. McDonald also mentioned that all new utility developments within this property would have to be underground.

Commissioner Thorogood then asked if the developer or CenterPoint would provide the electricity and gas to this property.

Mr. McDonald explained that it would be provided by CenterPoint, through utility easements on the property that will be created by the developer.

Commissioner Saikin asked if the City was aware of any additional multi-family developments being built in Houston, which would be adjacent to Bellaire.

Mr. McDonald stated that the City is not aware of any future multi-family developments that would be directly adjacent to the City of Bellaire.

Chairman Frazier reiterated to the public that none of the Commissioners would be at the dais if there was a conflict of interest at hand. He then asked what would happen if a school purchased the property.

Mr. McDonald explained that the current code would allow for a school to be built on the property, however, they would have to go before the Commission and City Council for a specific use permit.

Chairman Frazier mentioned the residential lots on Mayfair that are also owned by Chevron, but are separate from the rest of the property. He asked Mr. McDonald if he knew what Chevron was planning to do with those parcels.

Mr. McDonald stated that representatives of Chevron have informed him that the goal is to sell those lots off separately from the commercial property. He added that there has never been any plan by the Commission or City staff to recommend the re-zoning of those properties, and that those lots would maintain their current R-3 designation.

Chairman Frazier also mentioned the comments regarding the infrastructure in that area of the City. He pointed out that the part of South Rice Avenue that is adjacent to the Chevron property is maintained by the City of Houston.

Mr. McDonald confirmed this and added that there has been talk with the City of Houston about widening the right-of-way, but nothing is currently set in stone.

F. Response of Applicant

Mr. Mitchell stated that he felt as though the public hearing was a microcosm of the Commission's previous discussions in trying to find a middle ground that everyone can agree on. He mentioned that ultimately it is impossible to make everyone happy, and it will be a challenge all the way up to Council. Mr. Mitchell pointed out that the starting point of these discussions goes all the way back to the 2009 Comprehensive Plan, where the Commission began asking if there was an opportunity to offer down-sized and more affordable housing within this area of the City. He stated that ultimately lines will have to be drawn, and that the Commission will need to decide at the February meeting if it would like to revisit some of the language, or if it is comfortable with the current proposed text. Mr. Mitchell stated that the attempt was to cover a lot of bases and see how the market responds, however, if it is the desire of the Commission, the property could be zoned single-family and then revisited in the future depending on the response. He added that he is concerned with the economics of the development of single-family on that site. Mr. Mitchell stated that ideally a developer would bring forward a master planned development, and that the proposed text would serve as a parameter to protect the neighbors adjacent to the property.

G. Invitation for Written Comments, if applicable

Mr. McDonald stated that written comments will be accepted through February 8th, at 5:00 PM.

H. Closure of the Public Hearing

Motion: a motion was made by Commissioner Skinner and seconded by Commissioner Steinberg to close the public hearing.

Vote: the motion was passed with a unanimous vote of 6-0.

The public hearing was closed at 7:45 PM.

The Commission then took at short recess.

V. GENERAL PUBLIC COMMENTS

Persons at the meeting who have indicated their desire to be heard on matters of general interest to the Commission by submitting the form

provided shall have three minutes to present their comments. The Commission is not permitted to fully discuss, debate, or consider items that are not on the agenda. Questions presented to the Commission may be referred to staff.

Lynn McBee-Ms. McBee stated that the Commission is not prohibited from responding to questions of a factual nature. She asked that it be corrected on the agenda. She also asked that the Commission and staff urge the City Council members to watch the video of the hearing, as they are concerned about making sure that audience participation increases. She added that she feels as though it is time for Council Members to become more involved, and hearing the public comments is much more meaningful than reading it in the minutes. Ms. McBee mentioned that there are ways, legally, for the City to implement a moratorium. She urged the Commission to ask the city attorney for a legal opinion concerning both past use and current requirements to enable a moratorium to halt development, and any activity on this tract until a zoning code amendment is adopted for it.

John Monday-Mr. Monday stated that he had put a few pages together on information that might be beneficial to the Commission regarding the Beautification Master Plan, however, he was still awaiting comments from the Mayor and Council Member Pollard. He added that he was present to help answer any questions that the Commission had.

VI. CURRENT BUSINESS (ITEMS FOR DISCUSSION, CONSIDERATION, AND/OR POSSIBLE ACTION)

1. Discussion on proposed amendments to the City of Bellaire Code of Ordinances, Chapter 24, Planning and Zoning, with regard to the regulation and allowance of pawnshops, smoke shops, credit access businesses, and sexually oriented businesses within the City.

Mr. McDonald and Attorney Petrov went through the proposed language with the Commission regarding the regulations on pawn shops, head shops (smoke shops), and sexually oriented businesses (SOBs). They explained that the term "head shop" was being used in place of "smoke shop" in an effort to ensure that certain types of businesses, i.e. gas stations that sell cigarettes, are not impacted by this ordinance. They stated that the definition of "head shop" will need to be added to the code. Mr. McDonald added that the City Attorney has, as previously discussed, recommended against any changes to the regulations regarding the governing of credit access businesses, as the state legislature will be addressing those this year. He stated that once the ruling on that is complete, the City will take another look to see if there are still areas where the regulations could be tighter.

Mr. McDonald informed the Commission that if they are comfortable with the language that has been presented then staff will call a public hearing for the February meeting to begin the process of amending the code.

Commissioner Stiggins mentioned the proposed language regarding pawnshops that states that "a pawnshop shall not be located within 100 feet of any residential structure." He then asked how many people are limited to a residential setting.

Mr. McDonald stated that the regulations only allow for two unrelated persons to live in a residence, however, that is not a factor in this situation. He added that this is simply saying that a pawnshop cannot go in at any location within the City that is within 100 feet of a property that is defined as residential.

Commissioner Saikin asked what the reasoning was behind the 100 foot limitation.

Mr. McDonald explained that it was simply a standard that the attorney and City staff had come up with that will still allow them in certain locations, but greatly restricts them in most areas of the City. Attorney Petrov and Mr. McDonald reminded the Commission that legally they cannot be prohibited.

Commissioner Saikin stated that he would be in favor of an even more restrictive distance, if possible. He also questioned the rationale behind the allowance for any type of retail establishment exception within a SOB.

Mr. McDonald explained that if that distinction was not made, then certain party shops or other types of retail businesses (e.g Spencer's) would fall into the category of a sexually oriented business. He added that the proposed language follows the City of Houston and Harris County's definition of a SOB.

Commissioner Saikin asked if a store such as Spencer's would be able to come to the City and ask for permission to open a location within Bellaire.

Mr. McDonald stated that there is currently no variance allowance for use. He added that language would have to be added to this section that would allow someone to apply for a variance in this situation. Mr. McDonald also reiterated that by law SOBs cannot be prohibited within the City.

Commissioner Saikin mentioned that he would advocate for the strictest regulations that are permitted under the law.

Commissioner Thorogood asked if it would be more appropriate to say "any property zoned for residential use."

Mr. McDonald pointed out that in saying "zoned for residential use" it would exclude certain zoning districts within the City that are not zoned as residential, but residential is allowed within them, such as the mixed-use and downtown areas.

Commissioner Thorogood mentioned that he thought that the current pawn shop on Bissonnet is within 100 feet of a residential property.

Mr. McDonald agreed. He added that it is currently non-conforming, but if it were ever to close for a period of 6 months or more it would not be allowed to reopen.

Commissioner Thorogood asked if the property owner would be notified if these regulations were passed.

Mr. McDonald stated that the City has never notified businesses of this before, but it could be done.

Chairman Frazier felt that the current language was appropriate and asked the Commission if everyone was comfortable with calling the public hearing for February.

The Commission agreed to move forward.

2. Approval of the Planning and Zoning Commission's 2016 Annual Report to City Council.

A minor change in wording was made by Vice Chairman Stiggins.

The Commission thanked Chairman Frazier for his preparation of the annual report.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Bill Thorogood, Commissioner
SECONDER:	Dirk Stiggins, Vice Chairman
AYES:	Saikin, Frazier, Thorogood, Steinberg, Stiggins, Skinner
ABSENT:	Axelrad

3. Discussion on the Commission's role in the review, consideration, and recommendation of Visioning Bellaire: Urban Design and Beautification Conceptual Master Plan, as prepared by Terrain Studios.

Mr. McDonald informed the Commission that Terrain Studios has completed the City's Urban Design and Beautification Conceptual Master Plan, and that City Council has voted to send it to the Commission for review and approval. He also mentioned that the Commission's review of the Capital Improvement Plan (CIP) is quickly approaching and that it would be appropriate for the Commission to compare the projects listed within the CIP to the projects that are suggested within the Beautification Master Plan, as well as the Comprehensive Plan, to determine if there is anything that they feel should be added. Mr. McDonald stated that Cheryl Bright, Assistant Director of Parks, Recreation, and Facilities was present to give the Commission some background information and to answer any questions that they may have.

Ms. Bright then briefly explained the process that the City has gone through to prepare this plan with the help of Terrain Studios. She mentioned that there were members of the City's boards and commissions that chose to be a part of the Community Advisory Group, however the Planning and Zoning Commission chose not to be represented during that time.

Commissioner Stiggins asked if the City had thought about implementing some of the ideas brought forward within the Beautification Plan in the new City facilities.

Mr. McDonald explained that the facilities projects have already been funded and designed.

John Monday-Mr. Monday stated that the information is extensive and somewhat challenging to follow. He suggested that the Commissioners go through the material once or twice and then do a compatibilities list, specifically to the goals and the narratives of the Comprehensive Plan, to establish the projects that would be good for Bellaire from the Commission's perspective.

Mr. McDonald mentioned that the CIP will be presented to the Commission at the February 14th meeting, and suggested that a workshop be held at some point following that presentation to provide the Commission with an opportunity to further discuss the projects related to the CIP and Beautification Master Plan. Mr. McDonald also pointed out that no business owners within the City were involved in the creation of the Beautification Master Plan and suggested that this could be a good opportunity to get their thoughts and concerns.

City Staff and the Commission decided on February 21st for the workshop.

The Commission felt that James Andrews, the City Engineer, should be involved in the process as well.

Mr. McDonald informed the Commission that he would invite Mr. Andrews to that workshop.

VII. COMMITTEE REPORTS

There were no committee reports.

VIII. CORRESPONDENCE

There was no correspondence.

IX. REQUESTS FOR NEW BUSINESS, ANNOUNCEMENTS AND COMMENTS

A. Staff liaison report on the status of projects previously addressed by the commission as well as projects for future meetings.

Mr. McDonald informed the Commission that H-E-B is looking to start demolition around the end of February. He added that City Council had held a public hearing the previous night on the proposed amendments to the R-MF Zoning District, and will be considering that item at their next meeting. Mr. McDonald mentioned that there have not been any new developments on Bellaire High School. He also stated that the Newcastle/Howard Lane property is still tied up in Supreme Court legislation, but that they are looking at selling half of the lots off to a different builder to get some diversification.

Commissioner Steinberg asked if there had been any more movement with the old church property on Bellaire Boulevard.

Mr. McDonald stated that staff has spoken with a couple people interested in developing residential on that property, but that it will need to go through several amendments, which will come before the Commission.

1. Update on the 2018-2022 Capital Improvement Plan

Mr. McDonald stated that he had already given his information on the CIP within the agenda item on the Beautification Master Plan.

B. The Chairman shall recognize any Commissioner who wishes to bring New Business to the attention of the Commission. Consideration of New Business shall be for the limited purpose of determining whether the matter is appropriate for inclusion of a future Agenda of the Commission or for the referral to staff for investigation.

No new business was brought forward.

X. ADJOURNMENT

Motion: a motion was made by Commissioner Steinberg and seconded by Commissioner Thorogood to adjourn the Regular Meeting.

Vote: the motion carried on a vote of 6-0.

The meeting was adjourned at 9:24 PM.



WRITTEN COMMENTS

Meeting: City Council Public Hearing

Meeting Date: March 20, 2017

Subject: Proposed Amendments to the City of Bellaire's Comprehensive Plan and Future Land Use Map in re Future Redevelopment of the Property Locally Known as the Chevron Property (currently zoned as Technical Research Park District or TRPD)

Tracy Dutton

From: Terisa Wilson [REDACTED]
Sent: Monday, March 13, 2017 5:08 PM
To: Tracy Dutton
Subject: P&Z Meeting March 21 re: Chevron Site Sale

I am a resident of 5007 Mayfair Street. My home backs up to the Chevron facility. I have been attending the meetings but I will be out of town on Monday. The Mayor told me to give you my comments.

The issues that I have concerns about are as follows:

1. "set back" variance e.g. how close would construction be permitted. Dense construction can cause water issues. We currently do not flood but the street does and that green space helps the entire area with flood controls.
2. flooding as listed above, flooding in general.
3. traffic ingress/egress, we are already boxed in by TXDOT, Westpark Toll Authority, Houston, and Bellaire. Whenever there is a major traffic situation, we are blockaded in our neighborhood and cannot get in or out. Cars stack up on the street for hours.
4. Commercial neighbors as we've had do leave at 5 and it's quiet in the evening. A different type of business with evening hours can impact traffic and crime, as well as the community as we know it.
5. Dense population can invite more crime, especially if it is apartment or condo type housing.

Thank you in advance. I may be reached at this email.

Terisa Wilson

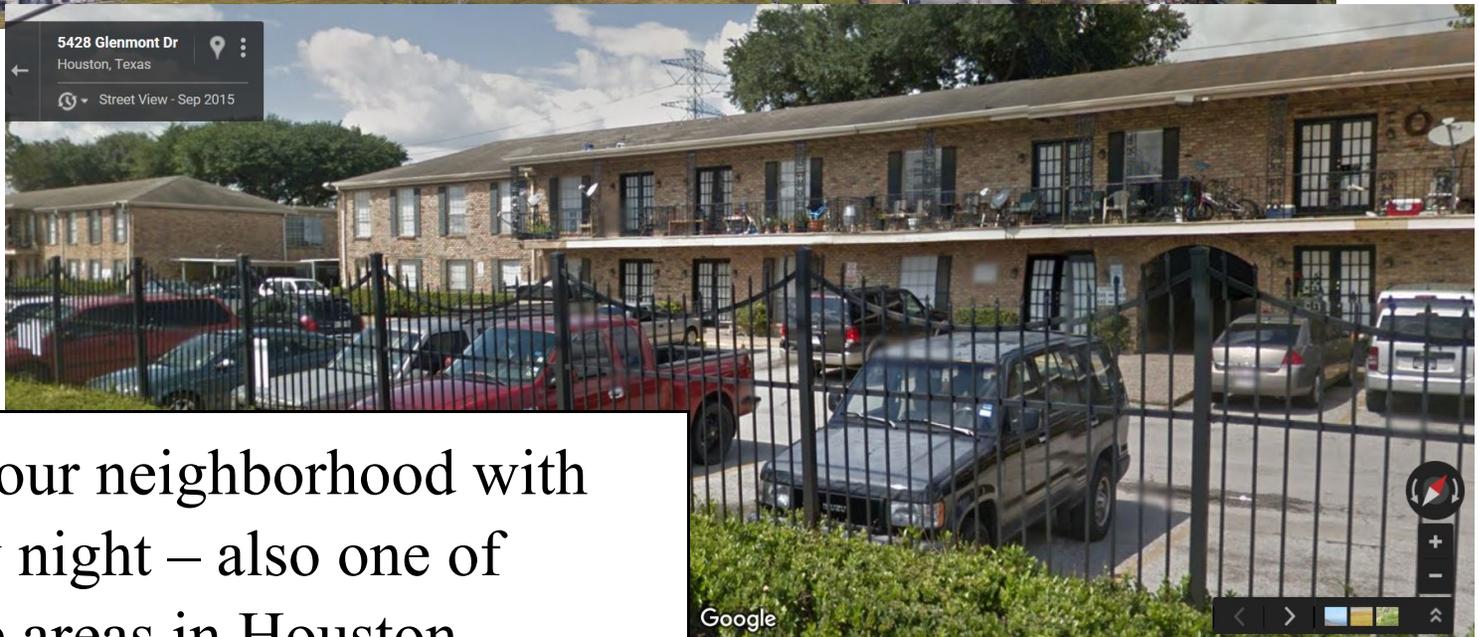
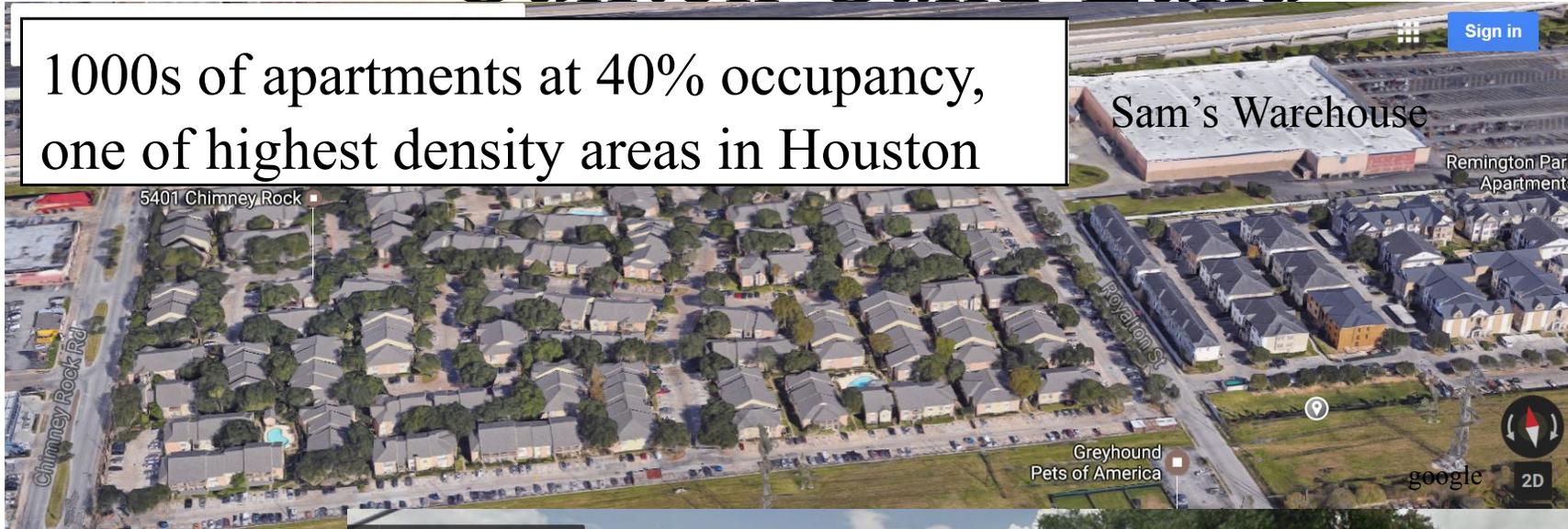
Mixed-Use Neighborhoods & Bellaire North Side

Catherine Lewis, Ph.D.
1112 Colonial St.

- North end of Bellaire is ½ mile from sea of Gulfton apartments, one of highest density and highest crime areas in Houston
- Chevron property overshadows backyards and park – retail, restaurants, noise levels, night activity affect neighbors directly
- High density development adds to traffic and flooding and increases pavement problems
- Kendig Keast and P&Z enamored with 3-4 story townhouses as model for Bellaire – not for life-cycle housing for aging population
- Kendig Keast uses unzoned ‘mixed use’ areas in Houston, surrounding Bellaire, as model for our future development – lower quality of neighborhood and destroy its character

Gulfton Gang-Land

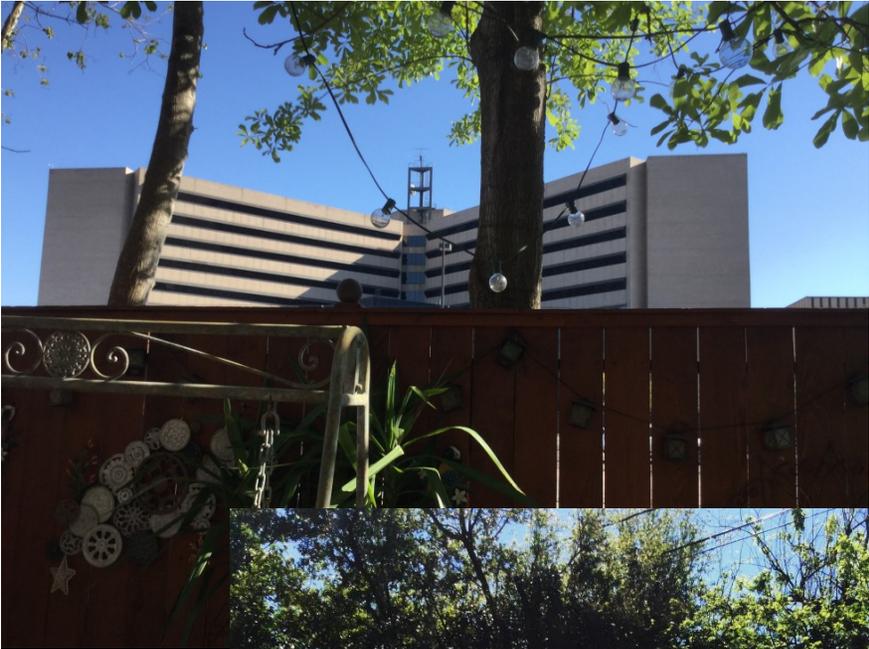
1000s of apartments at 40% occupancy,
one of highest density areas in Houston



1/2 mile from our neighborhood with
gunfire every night – also one of
highest crime areas in Houston

Attachment: Written Comments for PH on Proposed Amendments to Comprehensive Plan - TRP District

Back Yards Back Up to Chevron Property

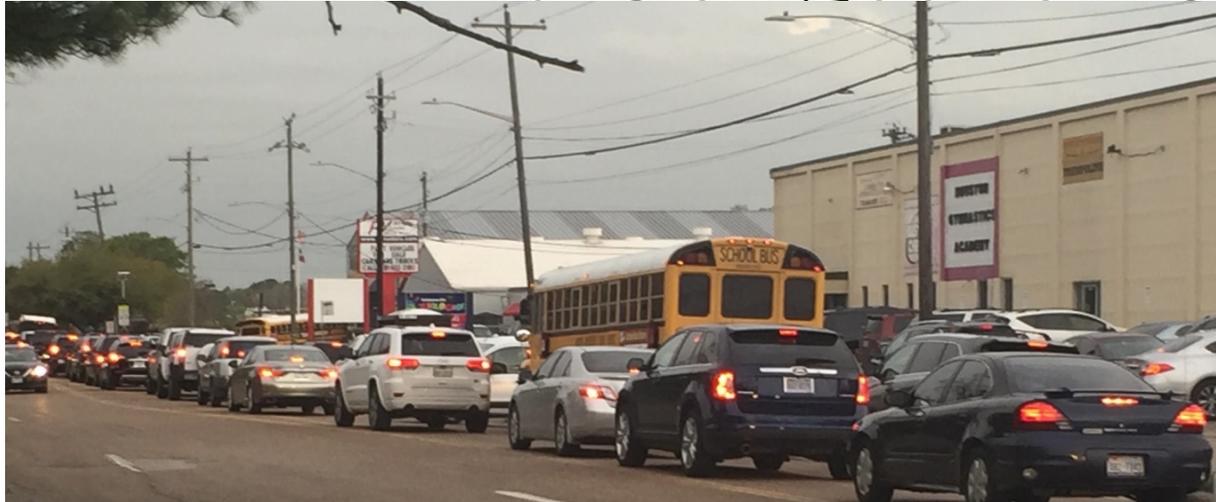


Chevron property overshadows back yards and our park – so beware of restaurant odors, pavement from dense use, noise levels, night activity

Chevron parking lot behind park

Attachment: Written Comments for PH on Proposed Amendments to Comprehensive Plan - TRP District

Traffic Congestion & Parking



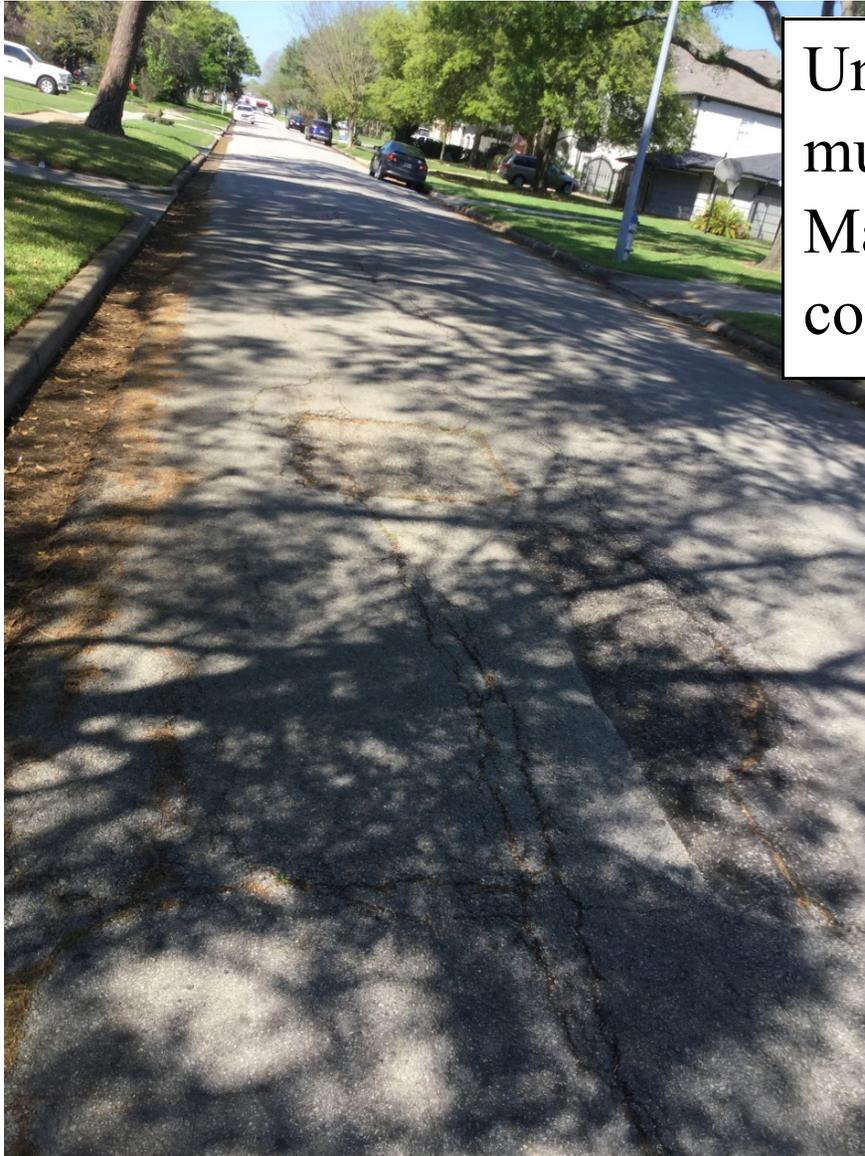
Tweedy

S. Rice frequently backed up for several light cycles – school, rush hour, and in Walmart area

- Retail adds traffic and parking can overflow residential streets -- cars pack street on Lehigh
- Merrie St had parking problem from retail



What Does Zoning Have to Do with Flooding?



Uneven pavement,
multiple patches on
Mayfair St – no
contiguous sidewalks

- Zoning controls density of development – added density means more extensive pavement – more pavement aggravates flooding
- Flooding adds subsurface instability and deteriorates pavement quality

3-4 Story Townhouses in Houston



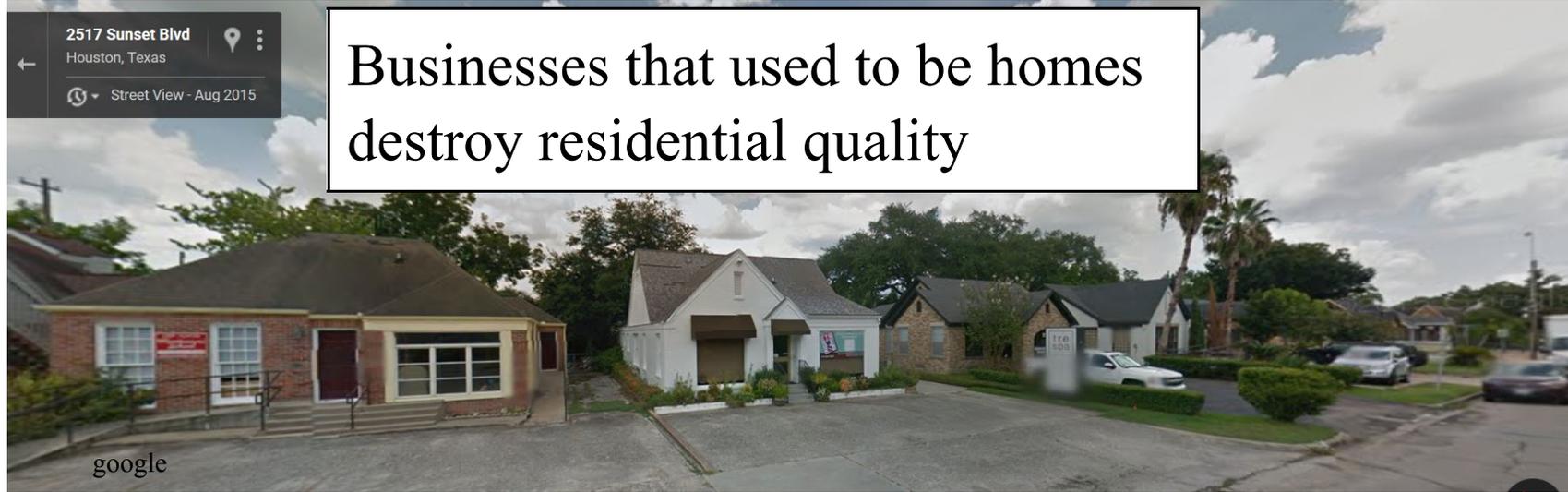
Solid pavement everywhere will increase runoff and flooding



4 stories = half height of water tower

- Shell property on Bellaire Blvd. redeveloped with 3-4 story townhouses
- Multi-story townhouses will not meet need of aging population

Rice Village Mixed-Use



Attachment: Written Comments for PH on Proposed Amendments to Comprehensive Plan - TRP District

Heights Mixed-Use Neighborhood



Businesses and apartments erode surrounding home values and tax base

Attachment: Written Comments for PH on Proposed Amendments to Comprehensive Plan - TRP District

Heights Mixed-Use Neighborhood



warehouse used as home?

Homes next to warehouses make lower quality neighborhoods

Warehouse apartments or residential on top of business, allowed in UV-T and P&Z amended for NBSDA, impact our neighborhood



Attachment: Written Comments for PH on Proposed Amendments to Comprehensive Plan - TRP District

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: City Manager's Office
Category: Presentation
Department Head: Paul A. Hofmann
DOC ID: 2132

**SCHEDULED
ACTION ITEM (ID # 2132)**

Item Title:

City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation - Submitted by Paul A. Hofmann, City Manager.

Background/Summary:

City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation.

Previous Council Action Summary:

N/A

Fiscal Impact:

N/A

Recommendation:

N/A

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: Finance Administration
Category: Presentation
Department Head: Terrence Beaman
DOC ID: 2162

**SCHEDULED
ACTION ITEM (ID # 2162)**

Item Title:

Presentation of the FY2016 Annual Audit and Comprehensive Annual Financial Report (CAFR) by Whitley Penn, LLP, Certified Public Accountants, and consideration of and possible action on the acceptance of the FY2016 annual audit and CAFR - Submitted by Terrence Beaman, Chief Financial Officer.

Background/Summary:

As required by state statute, an independent audit has been completed by the certified public accounting firm of Whitley Penn, LLP for the fiscal year ended September 30, 2016. Pursuant to Section 103.003 of the Texas Local Government Code, the annual financial statements including the auditors' opinion must be filed with the City Secretary within 180 days after the last day of the fiscal year.

In compliance with Code of Ordinances Article VII Division 3, Section 2-120 g(2) staff and the auditors met with the Audit Finance Board on March 9, 2017 to review the financial statements and Auditors' Opinion. The audited financial statements which include the Auditors' Opinion will be presented to the Mayor and City Council and to the City Clerk for filing. Members of the Audit Finance Board and Lupe Garcia a partner of Whitley Penn, LLP will present the report.

The City Clerk will give notice by publication in the official newspaper of the City of Bellaire that the annual audit is on file at City Hall for inspection. The public may also view the document on our web site at bellairetx.gov/CAFR.

Previous Council Action Summary:

N/A

Fiscal Impact:

N/A

Recommendation:

Acceptance of the 2016 Comprehensive Annual Financial Report (CAFR)

ATTACHMENTS:

- Required Auditor Disclosure Letter (PDF)
- City of Bellaire CAFR 9-30-2016 Final (PDF)



Houston Office
3411 Richmond Avenue
Suite 500
Houston, Texas 77046
713.621.1515 Main

whitleypenn.com

Required Auditor Disclosure Letter

March 20, 2017

To the Honorable Mayor and
Members of City Council
City of Bellaire, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bellaire, Texas, (the “City”) for the year ended September 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 16, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City adopted the following Governmental Accounting Standards Board (GASB) Statements in 2016:

- No. 72, *Fair Value Measurement and Application*,
- No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, and
- No. 73, *Certain External Investment Pools and Pool Participants*.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City’s financial statements were:

- Management’s estimate of depreciation expense is based on the estimated useful lives of the City’s capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of the net pension liability, pension related deferred outflows and inflows of resources, and pension expense is based on information provided by the Teacher Municipal Retirement System (TMRS). TMRS' consulting actuary, Gabriel Roeder Smith & Co. (GRS) completed an actuarial reporting valuation for the City. We evaluated the City’s application of the information provided by TMRS and GRS which appears reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

To the Honorable Mayor and
Members of City Council
Page 2

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatement detected as a result of audit procedures was corrected by management.

Beginning fund balance of the Metro Fund and beginning net position of governmental activities has been restated to record a prior period adjustment to correct the revenue recognition of intergovernmental revenues in prior years. A reconciliation of the prior period ending fund balance and net position to the current year beginning fund balance and net position is as follows:

Beginning fund balance	\$ 2,901,556
Adjustment to correct revenues	<u>299,592</u>
Beginning fund balance, as restated	<u>\$ 3,201,148</u>
Beginning net position	\$ 16,531,545
Adjustment to correct revenues	<u>299,592</u>
Beginning net position, as restated	<u>\$ 16,831,137</u>

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 20, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, general fund budgetary comparison schedule, and pension system and other post-employment benefit supplementary information, which are required supplementary information (RSI) that supplements the basic financial statements.

To the Honorable Mayor and
Members of City Council
Page 3

Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the debt service fund budgetary comparison schedule, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and statistical section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Honorable Mayor and Members of City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Whitley Penn LLP

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

CITY OF BELLAIRE, TEXAS

**For the fiscal year ended
September 30, 2016**

**Prepared by
Finance Department**

**Terrence Beaman
Chief Financial Officer**

Attachment: City of Bellaire CAFR 9-30-2016 Final (2162 : 2016 Annual Audit - CAFR)

CITY OF BELLAIRE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF BELLAIRE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section

(This section intentionally left blank.)



CITY OF
Bellaire

7008 South Rice Avenue • Bellaire, Texas 77401 • (p)713-662-8222 • (f)713-662-8212

March 20, 2017

To the Honorable Mayor, Members of the City Council,
City Manager, and Citizens of the
City of Bellaire, Texas:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Bellaire, Texas (the “City”) for the year ended September 30, 2016. This report is published to provide the citizens, City Council, City staff, bondholders, and other interested parties detailed information concerning the financial condition of the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects and that it is reported in a manner that fairly presents the financial position and results of operations of the City as measured by the financial activity of its various funds and account groups. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activities have been included.

THE REPORT

In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 34, this report includes a Management’s Discussion and Analysis (MD&A) which provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A is located immediately following the Independent Auditors’ Report. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

CITY PROFILE

Location

The City, founded in 1908 and incorporated under the laws of the State of Texas in 1918, is located in southwest Harris County. The City is entirely surrounded by the cities of West University Place and Houston. The City encompasses about 3.6 square miles and has a population of 16,855 as of the 2010 census.

Form of Government

Since 1949, the City has operated under a “Home Rule Charter” which provides for a Council-Manager form of government. The City Council is comprised of a Mayor and six council members. The Mayor is elected for a regular term of two years and is limited to four consecutive terms in that position. Council members, all of whom are elected at-large, are elected for a regular term of four years. No council member may serve more than two consecutive terms in that position. The Mayor and three council members are elected at each regular election. The City Council appoints a City Manager to be responsible for the daily management of the City.

The Reporting Entity and Services Provided

The basic financial statements of the City include police, fire and emergency medical services, parks and recreation, library services, street maintenance and repair, public improvements, water, sewer and solid waste systems, and general administrative services.

ECONOMIC CONDITION AND OUTLOOK

Economic Condition

As an enclave of Houston, the economy of the City is directly linked to the Houston metropolitan area. While a number of large employers, as well as retail and service type businesses, are located within the City, Bellaire is primarily a residential community. Many of the residents work minutes away in Houston's largest business areas, including the Houston Medical Center, regarded as one of the finest health care facilities in the world. Two major airports, William P. Hobby International Airport and George Bush Intercontinental Airport, are easily accessible to Bellaire residents and business travelers.

The Houston metropolitan area's economy is based on petrochemicals, shipping, refining, chemicals, space exploration, manufacturing, education, health care, and tourism. Beginning around April 2015, Houston has seen increased unemployment and an economic slowdown due to a decrease in oil prices. However, due to a petrochemical construction boom, health care, and a strong nationwide economy that supports the metropolitan area, Houston's economy is expected to continue its historical growth pattern but not at the pace experienced back in 2014. Most economic factors such as employment, oil prices, travel, and others are projected to either stabilize or grow as the Greater Houston area is still one of the most sought after markets to live and do business. Houston is the seat of Harris County, the most populous county in the State of Texas and the third most populous county in the nation. Houston's phenomenal growth has brought about rapid development throughout the region, but the necessary infrastructure to support such growth in the outlying areas has lagged behind. As a result, many residents of the region have sought to reduce their commute time on Houston's heavily congested transportation corridors by moving closer to the workplace. In addition to Bellaire being a safe city with high quality schools, Bellaire has become increasingly desirable due to its convenient location to Houston's downtown, uptown, and midtown business districts and Houston's medical center.

The City is a mature community that is almost fully developed residentially with a network of businesses to support its citizens. While there is little undeveloped commercial property, the commercial infrastructure is not nearly as developed or modernized as the residential sector. The City continues to focus on better utilization and growth of the central commercial district and commercial corridors within the City based on its comprehensive plan adopted in 2009 and updated in September 2015. Large mature oak trees cascade over most of the City's streets giving a "small town" feel to the area. Local government control through City Council gives Bellaire residents more influence over key government services such as police and fire protection.

Major Initiatives

In November 2005, voters approved two separate bond referenda totaling \$50.00 million to be spent over a ten-year period on infrastructure and facility improvements. With an additional obligation of \$5.00 million in pay-as-you-go funding, the City's "Rebuild Bellaire" capital improvement program totaled \$55.00 million. The program provided for \$43.50 million in funding for major street and drainage improvements throughout the City and \$11.50 million for facilities replacement and renovation. The facilities included the new Bellaire Family Aquatic Center, Bellaire Fire Station, and renovations to the Bellaire Library and City Hall. The City issued this debt in tranches including the most recent issuance of \$7.10 million in 2015 for infrastructure improvements. There remains authority of \$1.56 million for facilities, which is projected to be issued in 2017.

In November 2013, voters approved three bond referenda totaling \$16.50 million. \$11.00 million was approved for improvements to City Hall, Civic Center, Police Station, and Municipal Court facilities. An additional \$5.00 million was approved for capital improvements to Evelyn's Park and an additional \$0.50 million was approved for ground and facilities improvements to the Nature Discovery Center in Russ Pitman Park. The City issued \$5.50 million in 2014 for construction of Evelyn's Park and improvements to the Nature Discovery Center in Russ Pitman Park. The remaining authority of \$11.00 million for facilities is projected to be issued in 2017.

In November 2016, voters approved three separate bond referenda collectively referred to as “Bonds for Better Bellaire 2016”. \$24.00 million was approved for design and construction of streets and drainage systems and sidewalks. \$5.60 million was approved for new municipal buildings. These funds are in addition to the \$1.56 million approved in November 2005 but not yet issued and the \$11.00 million approved in November 2013 for a total project budget of \$18.16 million for construction of a new city hall/civic center and police/municipal court facility. \$24.38 million was approved for water and wastewater improvements, including \$11.00 million for design and construction of water lines, \$0.58 million for design and construction of wastewater lines, and \$12.80 million for new water meter installation and improvements to the wastewater treatment plant.

Evelyn's Park Conservancy Board (the “Board”) was formed in 2011 pursuant to the 2010 memorandum of understanding between the City and the Jerry and Maury Rubenstein Foundation (“Foundation”). The Board directs the planning, fundraising, and development of a park (Evelyn's Park) on land donated by the Foundation to the City. The vision for Evelyn's Park, developed through input from Bellaire residents, includes a tranquil and beautifully landscaped park plan with walking trails, a children's garden and play area, a small lake and stream, a modest food amenity, and an event lawn. The Evelyn's Park Ground Breaking Celebration took place June 18, 2015. Phase One of Evelyn's Park will include the Live Oak Entry Plaza, a great lawn, event lawn, several gardens, walking trails, a catering kitchen, and a café. Evelyn's Park is expected to open to the public in 2017.

With the support of City Council and its Planning and Zoning Commission, H-E-B has committed to re-invest in the community by building a newly designed grocery store at its current location, 5130 Cedar. The new store will be more than double the size of the current store, and shoppers will also enjoy expanded parking in the two-story garage. This project is reflective of the City's efforts over the last several years to encourage commercial redevelopment through targeted changes in the zoning code, to attract new and renewed businesses that will improve Bellaire's commercial areas and better serve the needs of residents. It is hoped the new H-E-B grocery store will be a catalyst for further redevelopment of Bellaire's commercial corridors and since the project was announced there has been some additional redevelopment activity in the vicinity.

Construction of residential homes began in a new residential subdivision, Alder Circle, which will add an estimated \$6.5 million to the tax rolls with an estimated completion date in 2017.

Bellaire High School and Condit Elementary School were included in the Houston Independent School District's (HISD) 2012 \$1.89 billion bond program approved by voters November 6, 2012. The old Condit Elementary school was torn down and a new building was erected in the summer of 2016. Bellaire High School is currently located on a 17 acre site in a residential area of Bellaire. The school has attendance in excess of 3,500 students and the building is too small for a school of its size. A new building for Bellaire High School is planned that will incorporate the recently completed science classroom and laboratory wing. Numerous delays have prevented the rebuilding from proceeding yet.

In July 2016 Chevron, the City's top employer and property tax payer, announced they would be vacating their Bellaire facility and consolidating their operations into their downtown Houston offices. Chevron has begun marketing their 28.14 acre Bellaire campus, which includes a ten story office building erected in 1977. The property is currently zoned as Technical Research Park, the only such zoning district in the City. The City Council, with resident input, has been working with the City's Development Services department to ensure future development of this property aligns with the vision for the City as described in the comprehensive plan.

Long-Term Financial Planning

The City's strategic planning process has multiple components. At the base, is the City's long-term *Comprehensive Plan* developed in 2009 and revised in 2015. It has a 20-year planning horizon focusing on land use, infrastructure, and quality of life.

Elements of the *Comprehensive Plan* feed into the development of *City Council Priorities*. *City Council Priorities* have a 5-year planning horizon focusing on safety, infrastructure and facilities, residential and recreational, budget and finance, and commercial redevelopment.

Elements of *City Council Priorities* feed into the development of the *Capital Improvement Plan*. The *Capital Improvement Plan* has a 5-year planning horizon focusing on capital improvement projects.

Elements of *City Council Priorities* and the *Capital Improvement Plan* feed into the development of the *Fiscal Forecast*. The *Fiscal Forecast* has a 5-year planning horizon focusing on major assumptions and overall forecasting of cash flows.

Elements of *City Council Priorities* and the *Fiscal Forecast* feed into the development of the department level *Service Plans*. Department level *Service Plans* have a 3-year planning horizon focusing on why the department exists, what the department is responsible for, what the department does, who the department serves, what service level the department provides, a high level analysis of the department budget and fiscal forecast, an analysis of the environment in which the department operates, consideration of available assets, identification of potential future service enhancements, and development of future strategic goals.

Elements of the *Fiscal Forecast* and the department level *Service Plans* feed into the development of the annual budget.

While the longer-term strategic planning elements generally drive the development of the shorter term strategic planning elements, there can be components of the shorter term planning elements identified which in turn are used in the updating or revising of the longer term planning elements.



Debt management is a major component of the strategic planning process that incorporates financing needs for infrastructure development that is consistent with the revenue stream, while at the same time measuring and assessing the cost and timing of each debt issuance. Debt service payments are budgeted expenditures. Simultaneous with the budget finalization, and an integral to the revenue budget process, the City is establishing the next fiscal year’s tax rate. The General rate produces revenues available in the general fund to satisfy expenditures, while the Debt Service rate produces revenues available in the debt service fund to service debt.

The City approved a decrease of \$0.0131 in the total tax rate for fiscal year 2016 facilitated by a 12.37% increase in the total taxable value for tax year 2015. The decrease was split with a decrease of \$0.0031 from the General rate and a decrease of \$0.0100 from the Debt Service rate. Tax rates for the past and most recent fiscal years were apportioned as follows:

Fund	2014	Change	2015	Change	2016
General	\$0.2563	\$(0.0031)	\$0.2532	\$(0.0031)	\$0.2501
Debt Service	0.1436	(0.0032)	0.1404	(0.0100)	0.1304
Total Tax Rate	\$0.3999	\$(0.0063)	\$0.3936	\$(0.0131)	\$0.3805

The tax rate for tax year 2016, fiscal year 2017, was increased by \$0.0069, to \$0.3874.

Property tax revenues are the main source of resources available for debt service, however, in addition, the enterprise fund annually transfers \$950,000 to cover debt service requirements on bond proceeds used for enterprise infrastructure.

Payments for bond principal and interest, which include associated fees, totaled \$6,823,026 in fiscal year 2016, and are budgeted to be approximately \$7,310,967 in fiscal year 2017.

The City's Charter contains no limit on the amount of debt the City may incur. The amount of ad valorem tax-supported debt that the City may incur is limited by the Constitution of the State of Texas (the "State"). The State Constitution provides that the ad valorem taxes levied by the City for general purposes and for paying the principal and interest on the City's indebtedness must not exceed \$2.50 for each \$100 of assessed valuation of taxable property. There is no constitutional or statutory limitation with the \$2.50 rate for debt payments; however, the Texas Attorney General has adopted an administrative policy that prohibits the issuance of debt by a municipality, such as Bellaire, if its issuance produces debt service requirements exceeding that which can be paid from \$1.50 of the foregoing \$2.50 maximum tax rate calculated at 90% collections. The City's debt service tax rate for fiscal year 2016 of \$0.1304 and for fiscal year 2017 of \$0.1323 for each \$100 of assessed value is well below the aforementioned limit of \$1.50 for each \$100 of assessed value.

In FY 2016 the debt rate was \$0.1304 for each \$100 of assessed value and the proposed debt rate for FY 2017 is \$0.1323, which equates to approximately a \$15 increase annually per Bellaire household. This is based on an average taxable valued Bellaire home of \$778,442. Forecasting future year's debt rate will increase to approximately \$65 annually for FY 2018 and \$10 annually for FY 2019. FY 2020 is projected to increase \$16 annually with FY 2021 decreasing \$26 annually as outstanding debt will mature and be paid off.

The City continues to update and monitor its five-year fiscal forecast and regularly re-visits all assumptions related to debt as economic indicators change.

Financial Information

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

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is completed to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of controls should not exceed the benefits expected to be derived and (2) the evaluation of costs and benefits require estimates and judgments by management.

We believe the City's accounting controls provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented, or would be detected within a timely period, by employees in the normal course of performing their assigned functions.

Additionally, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of each of the City's funds are included in the annual appropriated budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the total approved budget for each department. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

OTHER INFORMATION

Independent Audit

The City Charter requires an annual audit of the books of accounts, financial records, and transactions of all administrative departments of the City by an independent certified public accountant. The independent auditors' report prepared by Whitley Penn, LLP is included in the financial section of this report.

Audit Finance Board

The City Council has formally established an audit finance board (the "Board") to enhance the audit process by providing a direct link between the auditors and the City Council. The Board reviews the audit prior to submission to City Council and assists the auditors and City staff with the presentation of the audit. It also reviews and assists with the development of the City's financial policies.

Awards

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the year ended September 30, 2015. This was the seventeenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe the current CAFR continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report was accomplished with the efficient and dedicated services of the entire staff of the finance department and the cooperation of all other City departments. We would like to express our appreciation to all members of the finance department and all other City staff who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor, City Council, Audit Finance Board, and the City Manager for their continued interest and support in planning and conducting the financial operations of the City in a responsible and professional manner.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, City of Bellaire, 7008 South Rice Avenue, Bellaire, Texas 77401-4411.

Respectfully submitted,



Terrence Beaman
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Bellaire
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

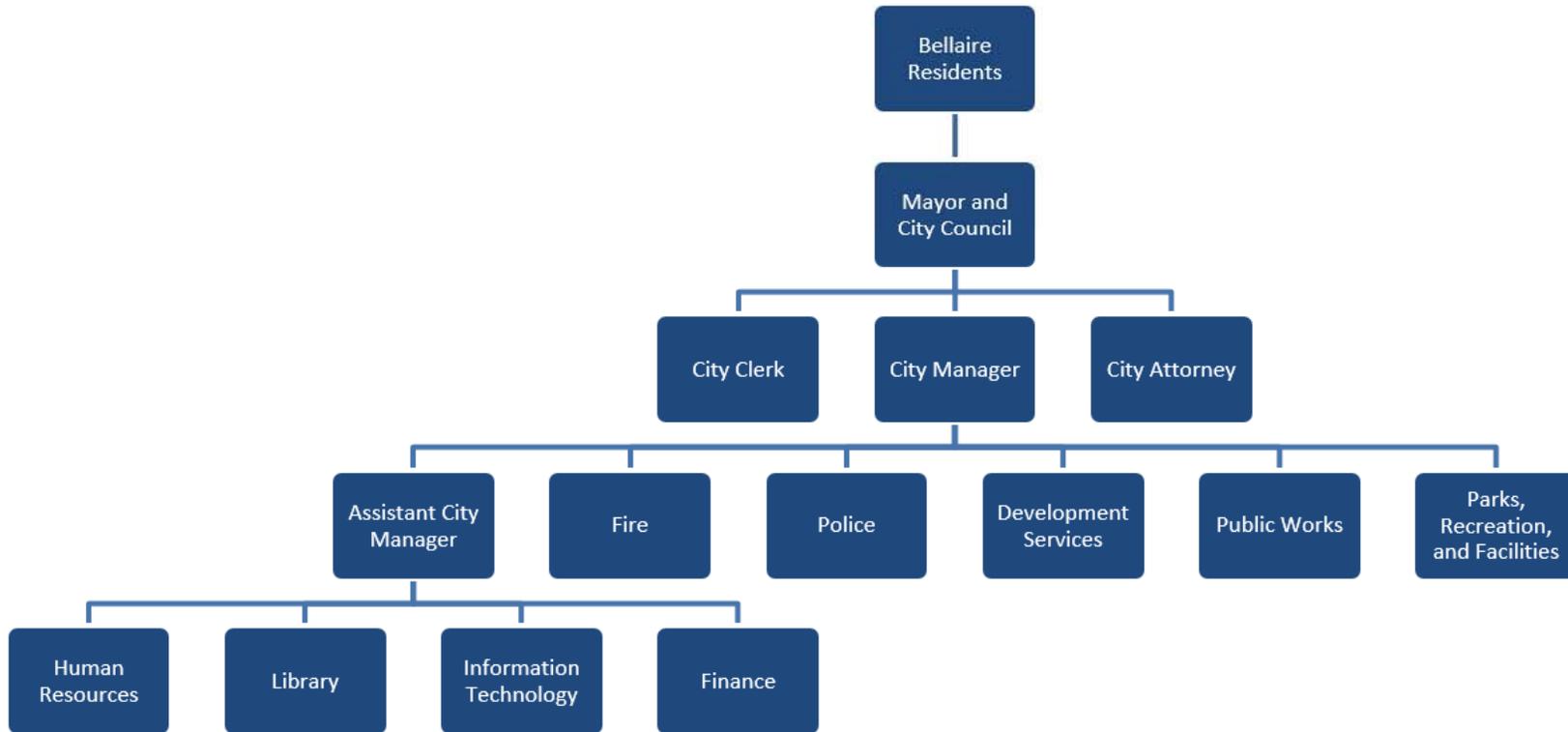
September 30, 2015

Executive Director/CEO



FY 2016

City of Bellaire Organizational Chart



CITY OF BELLAIRE, TEXAS
PRINCIPAL CITY OFFICIALS
September 30, 2016

City Officials	Elective Position	Term Expires
Andrew S. Friedberg	Mayor	01/18
Roman F. Reed	Council Member - Position No. 1	01/18
Trisha S. Pollard	Council Member - Position No. 2	01/20
Gus E. Pappas	Council Member - Position No. 3	01/18
Pat McLaughlan	Council Member - Position No. 4	01/20
Michael Fife	Council Member - Position No. 5	01/18
David E. Montague	Council Member - Position No. 6	01/20
Key Staff	Position	
Paul A. Hofmann	City Manager	
Diane K. White	Assistant City Manager	
Terrence Beaman	Chief Financial Officer	
Tracy L. Dutton	City Clerk	
Brant Gary	Director of Public Works	
Byron Holloway	Police Chief	
Darryl Anderson	Fire Chief	
Karl Miller	Director of Parks, Recreation, and Facilities	
Mary Cohrs	Library Director	
John McDonald	Director of Development Services	
Yolanda Howze	Director of Human Resources	
Larry Parks	Director of Information Technology	

Financial Section

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REPORT OF INDEPENDENT AUDITORS

To the Honorable Mayor and
 Members of the City Council
 City of Bellaire, Texas

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bellaire, Texas (the “City”) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2016, and the respective

To the Honorable Mayor and
Members of the City Council
City of Bellaire, Texas

changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, budgetary comparison information on pages 57 through 58, and pension system and other post-employment benefit supplementary information on pages 59 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, debt service fund budgetary comparison schedule and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Whitley Penn LLP

March 20, 2017
Houston, Texas

CITY OF BELLAIRE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Bellaire, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$64.4 million (*net position*). Of this amount, \$1.7 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the most recent fiscal year, the City's governmental funds reported combined ending fund balances of \$21.4 million, a decrease of \$15.3 million over the prior year. A primary driver of this decrease was \$19.6 million in capital outlay which is recorded as an expenditure in the City's governmental funds. Approximately 23% of the City's combined governmental fund balances, \$4.8 million, is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the most recent fiscal year, unassigned fund balance for the general fund was 27% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water services, sewer services, and solid waste services.

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

The government-wide financial statements can be found on pages 15 through 17 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, capital improvement fund, capital bond fund and metro fund, which are considered to be major funds for reporting purposes. The vehicle and equipment replacement fund is considered a nonmajor fund but is presented as a major fund for reporting purposes.

The City adopts an annual appropriated budget for all funds. Budgetary comparison schedules have been provided for the general fund and debt service fund to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 18 through 24 of this report.

Proprietary Funds

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains one type of proprietary fund. The City uses an enterprise fund to account for its water, sewer, and solid waste services.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and solid waste operations, and is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 25 through 27 of this report.

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 28 through 53 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees and general fund budgetary comparisons. Required supplementary information can be found on pages 57 through 61 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$64.4 million (*net position*). At the close of the most recent fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

By far, the largest portion of the City's net position (93%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (3%) may be used to meet the City's ongoing obligations to citizens and creditors.

The City has historically issued and repaid debt in its governmental activities for which the proceeds were used to purchase capital assets for the business-type activities. With business-type activities carrying the capital assets and governmental activities carrying the debt, the result is governmental activities presenting negative unrestricted net position. The City has included a reconciliation column in the Statement of Net Position adjusting the net investment in capital assets. Outstanding debt associated with governmental activities in the amount of \$7,640,602 is being used to finance capital assets reported in business-type activities. Accordingly, this amount has been added back to unrestricted net position and deducted from net investment in capital assets in total for the primary government.

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

Government-wide Financial Analysis (continued)

The City's net position increased by \$1.0 million during the most recent fiscal year, demonstrating the ability of the City's revenues to keep pace with annual expenses.

The following table summarizes the changes in net position for the City for the years ended September 30, 2016 and 2015.

CONDENSED SCHEDULE OF CHANGES IN NET POSITION

For the Years Ended September 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 3,351,864	\$ 3,152,272	\$ 7,190,218	\$ 6,878,309	\$ 10,542,082	\$ 10,030,581
Operating grants and contributions	1,678,882	2,827,088	-	63,000	1,678,882	2,890,088
Capital grants and contributions	-	-	583,618	-	583,618	-
General revenues:						
Property taxes	17,134,276	15,671,184	-	-	17,134,276	15,671,184
Other taxes	3,851,425	4,150,606	-	-	3,851,425	4,150,606
Other	116,984	184,572	67,155	173,793	184,139	358,365
Total Revenues	26,133,431	25,985,722	7,840,991	7,115,102	33,974,422	33,100,824
Expenses:						
General government	4,535,002	4,186,635	-	-	4,535,002	4,186,635
Public safety	9,099,845	7,642,560	-	-	9,099,845	7,642,560
Public works	3,458,191	3,495,508	-	-	3,458,191	3,495,508
Culture and recreation	4,934,103	4,129,555	-	-	4,934,103	4,129,555
Water system	-	-	5,607,986	4,222,422	5,607,986	4,222,422
Sewer system	-	-	1,304,575	2,140,266	1,304,575	2,140,266
Solid waste	-	-	1,322,405	1,340,844	1,322,405	1,340,844
Interest on long-term debt	2,746,662	2,802,080	-	-	2,746,662	2,802,080
Total Expenses	24,773,803	22,256,338	8,234,966	7,703,532	33,008,769	29,959,870
Change in net position before transfers	1,359,628	3,729,384	(393,975)	(588,430)	965,653	3,140,954
Transfers in (out)	2,646,000	1,476,620	(2,646,000)	(1,476,620)	-	-
Change in net position	4,005,628	5,206,004	(3,039,975)	(2,065,050)	965,653	3,140,954
Total Net Position - Beginning, as restated	16,831,137	11,625,133	46,621,034	48,686,084	63,452,171	60,311,217
Total Net Position - Ending	\$ 20,836,765	\$ 16,831,137	\$ 43,581,059	\$ 46,621,034	\$ 64,417,824	\$ 63,452,171

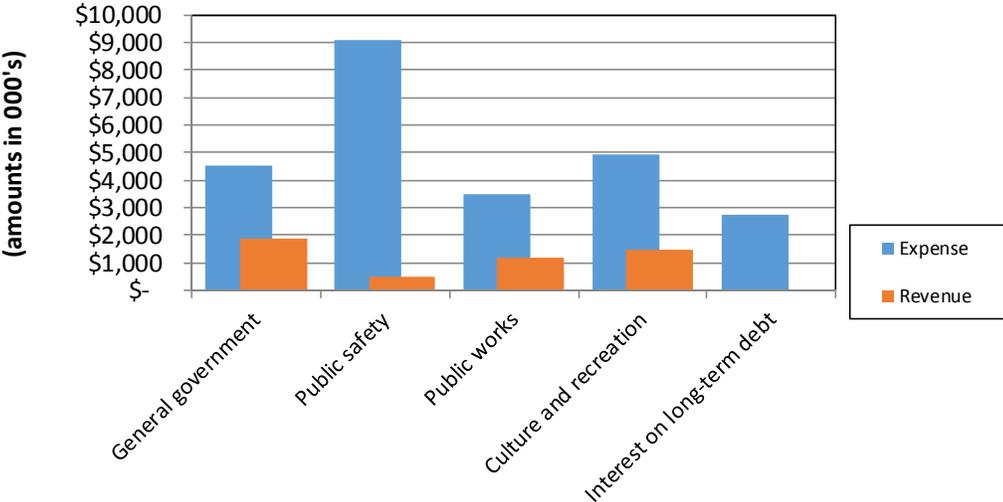
CITY OF BELLAIRE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Activities

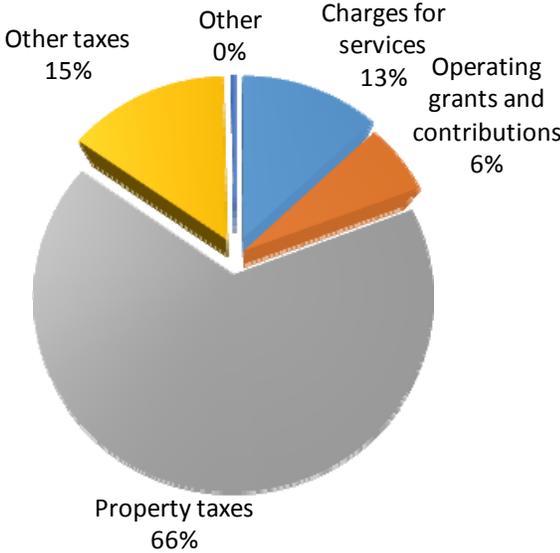
Governmental activities increased the City's net position by approximately \$4.0 million or 24% of beginning net position. The key elements of this increase are as follows:

- Property taxes of \$17.1 million experienced an increase of \$1.5 million due to an increase in taxable assessed values.
- Transfers in of \$2.6 million from business-type activities experienced an increase of \$1.2 million to help finance previously issued debt and to provide funds for future capital improvements.

A comparison of program expenses to program revenues for fiscal year 2016 follows:



Revenue sources for governmental activities were distributed as follows:

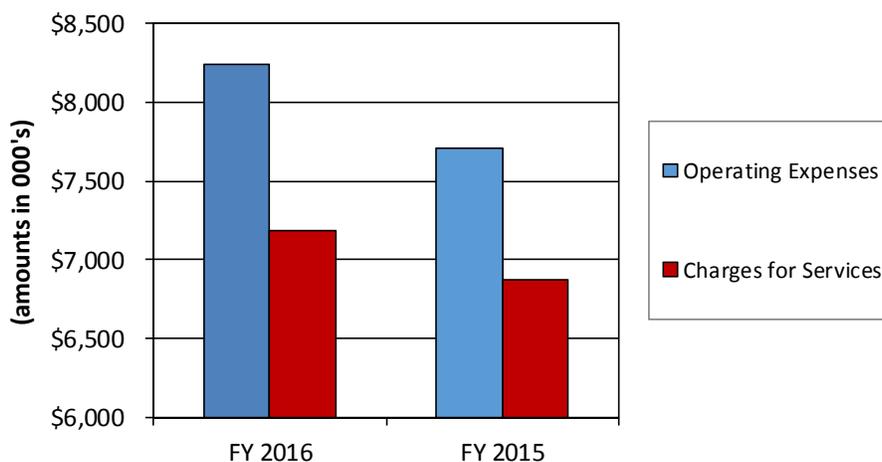


CITY OF BELLAIRE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Business-type Activities

Business-type activities decreased the City's net position by \$3.0 million. This decrease is due primarily to a transfer to the governmental funds to help finance previously issued debt and to provide funds for future capital improvements. For the year ended September 30, 2016, revenues for the water, sewer, and solid waste increased by \$0.7 million, which was an increase of 10.2% from the previous year. For the year ended September 30, 2016, expenses for water, sewer, and solid waste increased by \$0.5 million, which was an increase of 6.9% from the previous year.

A comparison between expenses relating to water, sewer, and solid waste operations and program revenues (charges for services) for fiscal years 2016 and 2015 follows:



Financial Analysis of the City's Funds

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

Governmental Funds

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

As of the end of the most recent fiscal year, the City's governmental funds reported combined ending fund balances of \$21.4 million, a decrease of 42% or \$15.3 million over the prior year. This decrease is mainly attributable to \$19.6 million in capital spending, the majority of which related to streets and drainage projects. Approximately 23% of the combined ending fund balances, \$4.8 million, is available for spending at the City's discretion (unassigned fund balance).

The general fund is the chief operating fund of the City. At the end of the most recent fiscal year, the general fund reported an ending fund balance of \$4.8 million, a decrease of \$0.8 million from the prior year. While total revenues of \$18.4 million exceeded total expenditures of \$17.5 million, the general fund transferred \$2.3 million out to other funds causing the decrease in fund balance.

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

Governmental Funds (continued)

These transfers were budgeted transfers for capital outlays, and the ending fund balance exceeded the City's budgeted ending fund balance of \$4.7 million. Unassigned fund balance of \$4.8 million represents 27% of total general fund expenditures.

The debt service fund has a total fund balance of \$0.5 million at year-end, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$24,990.

The City's capital improvement fund expended \$2.2 million on capital projects and received transfers in of \$1.8 million, resulting in an ending fund balance of \$5.6 million. The City's capital bond fund expended \$14.0 million on street, drainage, and park improvements, resulting in an ending fund balance of \$7.0 million. The City's METRO fund reported an ending fund balance of \$2.2 million, which was a decrease of \$1.0 million. This decrease is a result of the City spending more on street projects than the funds received from METRO. The City's vehicle and equipment replacement fund reported an ending fund balance of \$1.0 million, an increase of \$0.5 million. This increase is a result of a \$1.1 million transfer from the City's general fund and a \$0.5 million transfer from the City's enterprise fund offset by expending \$1.0 million on vehicles and equipment. These fund balances will be used for Council-approved improvements and projects.

Proprietary Funds

The City's proprietary fund provides the same type of information found in the government-wide financial statements.

The City's enterprise fund operating expenses exceeded operating revenues by \$1.0 million. The capital improvement fund contributed \$0.6 million in capital assets and the enterprise fund transferred \$2.6 million to the governmental funds to help finance previously issued debt and provide funds for future capital improvements. The unrestricted net position of the enterprise fund at the end of the year amounted to \$475,215 or 5.8% of operating expenses for the fund.

General Fund Budgetary Highlights

Actual general fund revenues were more than original and amended budgeted revenues by \$588. General fund expenditures were under the final budget by \$516,650 primarily due to less than expected expenditures in general government, public safety, and culture and recreation. The general fund net decrease in fund balance was \$788,520, \$507,467 less than budgeted, with an ending fund balance of \$4.8 million.

The fund balance of \$4.8 million represents 27% of total general fund expenditures. The City's fund balance policy is to strive to maintain a minimum general fund balance equal to sixty (60) days of normal operating expenditures, which would equate to the fund balance representing approximately 16.5% of total expenditures. The City's fiscal year 2016 general fund budget was structurally balanced with budgeted recurring revenues slightly exceeding budgeted recurring expenses. As the general fund was carrying a fund balance well exceeding the sixty (60) day minimum at the end of fiscal year 2015, the fiscal year 2016 budget planned to use some of that fund balance as a resource to fund transfers to other funds for capital outlays. The actual ending fund balance at September 30, 2016 is \$507,467 more than budgeted.

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

Capital Asset and Debt Administration

The City's capital assets for its governmental and business-type activities as of September 30, 2016, amounted to \$130.5 million (net of accumulated depreciation). This investment in capital assets includes a variety of capital assets and infrastructure. Capital asset balances increased by approximately \$14.0 million from the prior year due to contributions and construction of infrastructure.

Major capital asset events during the most recent fiscal year included drainage projects, design work for new city hall/police/court facilities, new vehicles, Evelyn's Park, street and sidewalk improvements, Nature Discovery Center, and water and wastewater projects.

The following table shows the balances at September 30, 2016 and 2015 (in \$000's):

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Capital assets not being depreciated:						
Land and intangibles	\$ 5,668	\$ 5,668	\$ 256	\$ 256	\$ 5,925	\$ 5,925
Construction in progress	17,122	455	162	21	17,284	475
Capital assets, net of depreciation:						
Infrastructure	57,284	58,045	34,609	36,285	91,894	94,330
Buildings and improvements	5,303	5,626	4,769	5,155	10,071	10,781
Vehicles and equipment	1,975	1,676	3,310	3,292	5,285	4,967
	<u>\$ 87,353</u>	<u>\$ 71,470</u>	<u>\$ 43,106</u>	<u>\$ 45,008</u>	<u>\$ 130,459</u>	<u>\$ 116,478</u>

Additional information on the City's capital assets can be found in Note 4 to the basic financial statements.

Long-term Liabilities

At the end of the most recent fiscal year, the City had total bonded debt outstanding of \$77.3 million, all of which is general obligation debt. This is a decrease from the prior year of \$4.1 million, due to scheduled principal payments made during the year. The entire amount of bonded debt is backed by the full faith and credit of the City.

A schedule of long-term liabilities at September 30, 2016 and 2015 follows (in \$000's):

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bonds and notes payable:						
General obligation bonds	\$ 77,310	\$ 81,365	\$ -	\$ -	\$ 77,310	\$ 81,365
Other long-term liabilities:						
Net OPEB obligation	237	224	27	26	264	250
Net pension liability	13,245	9,584	1,576	1,118	14,820	10,702
Premiums	2,228	2,359	-	-	2,228	2,359
Compensated absences	689	448	36	52	725	500
	<u>\$ 93,709</u>	<u>\$ 93,980</u>	<u>\$ 1,639</u>	<u>\$ 1,197</u>	<u>\$ 95,348</u>	<u>\$ 95,176</u>

The City maintains a "AAA" rating from Standard & Poor's Ratings Services for general obligation debt.

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

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

Economic Factors and Next Year's Budget and Rates

As an enclave of Houston, the economy of the City is directly linked to the greater Houston area. The unemployment rate for the greater Houston area at December 31, 2016 was 5.3% as compared to the United States' average unemployment rate of 4.5% per the U.S. Bureau of Labor Statistics. This represents an increase over the greater Houston area's December 31, 2015 unemployment rate of 4.6%, while the national unemployment rate decreased during 2016 from 4.8% at December 31, 2015. The rising unemployment in the Houston area, which is contradictory to the national trend, is due to a sustained period of depressed oil and natural gas prices.

Each year the budget is prepared on key objectives and assumptions. The annual budget process is part of a broader long-term strategic planning process that includes at its foundation a comprehensive plan for the City and priorities established by City Council.

The property tax rate for fiscal year 2016 (tax year 2015) was reduced by approximately 2.8% to \$0.3805 per \$100 of assessed value. The property tax rate increased by 0.7% to \$0.3874 per \$100 of assessed value for fiscal year 2017 (tax year 2016).

The enterprise fund rates for solid waste services increased by 19.5% from fiscal year 2015 to fiscal year 2016 and water rates increased in fiscal year 2017. These increases are necessary to catch up to increased costs of providing services.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information should be addressed to the Chief Financial Officer, City of Bellaire, 7008 South Rice Avenue, Bellaire, Texas 77401.

Basic Financial Statements

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CITY OF BELLAIRE, TEXAS
STATEMENT OF NET POSITION
September 30, 2016

	Primary Government			Total
	Governmental Activities	Business-type Activities	Reconciliation	
Assets				
Cash and cash equivalents	\$ 24,693,569	\$ 436,037	\$ -	\$ 25,129,606
Receivables, net of allowance	841,749	941,736	-	1,783,485
Prepaid items	1,151	663,719	-	664,870
Other assets	-	2,500	-	2,500
Nondepreciable capital assets	22,790,189	418,175	-	23,208,364
Depreciable capital assets, net of depreciation	64,562,554	42,687,669	-	107,250,223
Total Capital Assets	87,352,743	43,105,844	-	130,458,587
Total Assets	112,889,212	45,149,836	-	158,039,048
Deferred Outflows of Resources				
Deferred charge on refunding	1,832,485	-	-	1,832,485
Deferred outflows - pension	4,853,277	601,956	-	5,455,233
Total Deferred Outflows of Resources	6,685,762	601,956	-	7,287,718
Liabilities				
Accounts payable and accrued expenses	3,908,639	349,106	-	4,257,745
Customer deposits	-	94,649	-	94,649
Accrued interest payable	342,172	-	-	342,172
Long-term liabilities due within one year	4,710,917	34,004	-	4,744,921
Long-term liabilities due in more than one year	75,753,265	29,028	-	75,782,293
Net pension liability	13,244,602	1,575,811	-	14,820,413
Total Liabilities	97,959,595	2,082,598	-	100,042,193
Deferred Inflows of Resources				
Deferred inflows - pension	778,614	88,135	-	866,749
Total Deferred Inflows of Resources	778,614	88,135	-	866,749
Net Position				
Net investment in capital assets	24,283,701	43,105,844	(7,640,602)	59,748,943
Restricted for:				
Special revenue				
Communications from public education government fees	224,421	-	-	224,421
Police and fire department vehicles and equipment	26,504	-	-	26,504
Library supplies and equipment	13,299	-	-	13,299
Municipal court technology	85,699	-	-	85,699
Parks and recreation equipment	6,388	-	-	6,388
Debt service	207,464	-	-	207,464
Capital projects				
Metropolitan streets or METRO	2,172,194	-	-	2,172,194
Evelyn's Park improvement	190,148	-	-	190,148
Unrestricted	(6,373,053)	475,215	7,640,602	1,742,764
Total Net Position	\$ 20,836,765	\$ 43,581,059	\$ -	\$ 64,417,824

See Notes To Basic Financial Statements.

Attachment: City of Bellaire CAFR 9-30-2016 Final (2162 : 2016 Annual Audit - CAFR)

CITY OF BELLAIRE, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
General government	\$ 4,535,002	\$ 1,865,093	\$ -	\$ -
Public safety	9,099,845	464,951	5,569	-
Public works	3,458,191	-	1,202,007	-
Culture and recreation	4,934,103	1,021,820	471,306	-
Interest on long-term debt	2,746,662	-	-	-
Total Governmental Activities	<u>24,773,803</u>	<u>3,351,864</u>	<u>1,678,882</u>	<u>-</u>
Business-type Activities:				
Water system	5,607,986	3,334,192	-	583,111
Sewer system	1,304,575	2,177,649	-	-
Solid waste	1,322,405	1,678,377	-	-
Total business-type activities	<u>8,234,966</u>	<u>7,190,218</u>	<u>-</u>	<u>583,111</u>
Total Primary Government	<u>\$ 33,008,769</u>	<u>\$ 10,542,082</u>	<u>\$ 1,678,882</u>	<u>\$ 583,111</u>

General Revenues:
Taxes:
Property taxes
Sales and use taxes
Franchise taxes
Investment income
Miscellaneous
Transfers
Total General Revenues
Change in net position
Net Position - Beginning, as restated
Net Position - Ending

See Notes to Basic Financial Statements.

Attachment: City of Bellaire CAFR 9-30-2016 Final (2162 : 2016 Annual Audit - CAFR)

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (2,669,909)	\$ -	\$ (2,669,909)
(8,629,325)	-	(8,629,325)
(2,256,184)	-	(2,256,184)
(3,440,977)	-	(3,440,977)
(2,746,662)	-	(2,746,662)
<u>(19,743,057)</u>	<u>-</u>	<u>(19,743,057)</u>
-	(1,690,176)	(1,690,176)
-	873,074	873,074
-	355,972	355,972
<u>-</u>	<u>(461,130)</u>	<u>(461,130)</u>
<u>(19,743,057)</u>	<u>(461,130)</u>	<u>(20,204,187)</u>
17,134,276	-	17,134,276
2,420,809	-	2,420,809
1,430,616	-	1,430,616
107,929	1,112	109,041
9,055	66,043	75,098
2,646,000	(2,646,000)	-
<u>23,748,685</u>	<u>(2,578,845)</u>	<u>21,169,840</u>
4,005,628	(3,039,975)	965,653
16,831,137	46,621,034	63,452,171
<u>\$ 20,836,765</u>	<u>\$ 43,581,059</u>	<u>\$ 64,417,824</u>

CITY OF BELLAIRE, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>
Assets			
Cash and cash equivalents	\$ 5,276,691	\$ 489,135	\$ 5,775,648
Receivables, net of allowance	596,602	60,501	-
Prepaid items	1,151	-	-
Total Assets	<u>\$ 5,874,444</u>	<u>\$ 549,636</u>	<u>\$ 5,775,648</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 874,173	\$ -	\$ 175,121
Total Liabilities	<u>874,173</u>	<u>-</u>	<u>175,121</u>
Deferred Inflows of Resources			
Unavailable revenues - other	68,707	-	-
Unavailable revenues - property taxes	116,037	60,501	-
Total Deferred Inflows of Resources	<u>184,744</u>	<u>60,501</u>	<u>-</u>
Fund Balances			
Nonspendable	1,151	-	-
Restricted:			
Public, educational, and governmental programming fees	-	-	-
Police and fire department vehicles and equipment	-	-	-
Library supplies and equipment	-	-	-
Municipal court technology	-	-	-
Parks and recreation equipment	-	-	-
Debt service	-	489,135	-
Metropolitan streets or METRO	-	-	-
Drainage and city facilities	-	-	-
Evelyn's Park improvement	-	-	190,148
Committed:			
City facilities and equipment	-	-	5,410,379
Unassigned	4,814,376	-	-
Total Fund Balances	<u>4,815,527</u>	<u>489,135</u>	<u>5,600,527</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 5,874,444</u>	<u>\$ 549,636</u>	<u>\$ 5,775,648</u>

See Notes to Basic Financial Statements.

<u>Capital Bond</u>	<u>Metro</u>	<u>Vehicle and Equipment Replacement</u>	<u>Non-Major Special Revenue</u>	<u>Total</u>
\$ 9,179,523	\$ 2,301,707	\$ 1,330,629	\$ 340,236	\$ 24,693,569
-	166,490	-	18,156	841,749
-	-	-	-	1,151
<u>\$ 9,179,523</u>	<u>\$ 2,468,197</u>	<u>\$ 1,330,629</u>	<u>\$ 358,392</u>	<u>\$ 25,536,469</u>
<u>\$ 2,183,336</u>	<u>\$ 296,003</u>	<u>\$ 377,925</u>	<u>\$ 2,081</u>	<u>\$ 3,908,639</u>
<u>2,183,336</u>	<u>296,003</u>	<u>377,925</u>	<u>2,081</u>	<u>3,908,639</u>
-	-	-	-	68,707
-	-	-	-	176,538
-	-	-	-	245,245
-	-	-	-	1,151
-	-	-	224,421	224,421
-	-	-	26,504	26,504
-	-	-	13,299	13,299
-	-	-	85,699	85,699
-	-	-	6,388	6,388
-	-	-	-	489,135
-	2,172,194	-	-	2,172,194
6,996,187	-	-	-	6,996,187
-	-	-	-	190,148
-	-	952,704	-	6,363,083
-	-	-	-	4,814,376
<u>6,996,187</u>	<u>2,172,194</u>	<u>952,704</u>	<u>356,311</u>	<u>21,382,585</u>
<u>\$ 9,179,523</u>	<u>\$ 2,468,197</u>	<u>\$ 1,330,629</u>	<u>\$ 358,392</u>	<u>\$ 25,536,469</u>

Attachment: City of Bellaire CAFR 9-30-2016 Final (2162 : 2016 Annual Audit - CAFR)

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CITY OF BELLAIRE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2016

Total fund balance of governmental funds in the Governmental Funds Balance Sheet \$ 21,382,585

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 87,352,743

Certain other unavailable assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

 Unavailable revenue 245,245

Long-term liabilities are not due in the current period and, therefore, are not reported as liabilities in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.

Bonds payable, at maturity	(77,310,000)
Premium/discount on bonds payable	(2,228,316)
Other post-employment benefits (OPEB)	(237,085)
Accrued long-term interest	(342,172)
Compensated absences	(688,781)
Net pension liability	(13,244,602)

Deferred charge on refunding	1,832,485
Deferred outflows of resources relating to pension activities	4,853,277
Deferred inflows of resources relating to pension activities	(778,614)

Net position of governmental activities in the Statement of Net Position \$ 20,836,765

See Notes to Basic Financial Statements.

CITY OF BELLAIRE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2016

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Improvement</u>
Revenues			
Taxes:			
Property taxes	\$ 11,274,387	\$ 5,846,605	\$ -
Sales and use taxes	2,420,809	-	-
Franchise taxes	1,363,860	-	-
Fines and forfeitures	717,852	-	-
Licenses and permits	1,158,422	-	-
Charges for services	1,394,739	-	-
Investment earnings	46,454	6,081	-
Intergovernmental	2,325	-	-
Other	34,847	-	405,636
Total Revenues	<u>18,413,695</u>	<u>5,852,686</u>	<u>405,636</u>
Expenditures			
Current:			
General government	4,420,300	-	-
Public safety	8,014,114	-	-
Public works	1,056,541	-	-
Culture and recreation	4,030,077	-	-
Capital outlay	-	-	2,243,735
Debt service:			
Principal	-	4,055,000	-
Interest and other charges	-	2,772,676	-
Total Expenditures	<u>17,521,032</u>	<u>6,827,676</u>	<u>2,243,735</u>
Revenues over (under) expenditures	<u>892,663</u>	<u>(974,990)</u>	<u>(1,838,099)</u>
Other Financing Sources (Uses)			
Transfers in	624,000	950,000	1,770,000
Transfers out	(2,306,000)	-	-
Sale of capital assets	817	-	-
Total Other Financing Sources (Uses)	<u>(1,681,183)</u>	<u>950,000</u>	<u>1,770,000</u>
Net changes in fund balances	(788,520)	(24,990)	(68,099)
Fund Balances - Beginning, as Restated	<u>5,604,047</u>	<u>514,125</u>	<u>5,668,626</u>
Fund Balances - Ending	<u>\$ 4,815,527</u>	<u>\$ 489,135</u>	<u>\$ 5,600,527</u>

See Notes to Basic Financial Statements.

<u>Capital Bond</u>	<u>Metro</u>	<u>Vehicle and Equipment Replacement</u>	<u>Non-Major Special Revenue</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 17,120,992
-	-	-	-	2,420,809
-	-	-	66,756	1,430,616
-	-	-	40,270	758,122
-	-	-	-	1,158,422
-	-	-	-	1,394,739
47,591	7,803	-	-	107,929
-	1,199,682	-	-	1,202,007
-	-	-	71,239	511,722
<u>47,591</u>	<u>1,207,485</u>	<u>-</u>	<u>178,265</u>	<u>26,105,358</u>
-	-	-	42,298	4,462,598
-	-	-	294	8,014,408
-	-	-	-	1,056,541
-	-	-	107,697	4,137,774
14,047,331	2,236,439	1,075,271	-	19,602,776
-	-	-	-	4,055,000
-	-	-	-	2,772,676
<u>14,047,331</u>	<u>2,236,439</u>	<u>1,075,271</u>	<u>150,289</u>	<u>44,101,773</u>
<u>(13,999,740)</u>	<u>(1,028,954)</u>	<u>(1,075,271)</u>	<u>27,976</u>	<u>(17,996,415)</u>
-	-	1,608,000	-	4,952,000
-	-	-	-	(2,306,000)
-	-	-	-	817
<u>-</u>	<u>-</u>	<u>1,608,000</u>	<u>-</u>	<u>2,646,817</u>
(13,999,740)	(1,028,954)	532,729	27,976	(15,349,598)
20,995,927	3,201,148	419,975	328,335	36,732,183
<u>\$ 6,996,187</u>	<u>\$ 2,172,194</u>	<u>\$ 952,704</u>	<u>\$ 356,311</u>	<u>\$ 21,382,585</u>

CITY OF BELLAIRE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

Net changes in governmental fund balances in the Statement of Revenues, Expenditures and Changes in Fund Balances \$ (15,349,598)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The capital asset expenditures are allocated over the assets' estimated useful lives as depreciation expense for the period. 15,882,854

Changes in the other post-employment benefit (OPEB) obligation are not due and payable in the current period and therefore, are not reported in the governmental funds. (12,977)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 27,256

Governmental funds report repayment of bond principal and capital leases as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of payments made on long-term debt. 4,055,000

Deferred charges on bond refunding, and other debt charges which are treated as expenditures or other sources/uses in the fund basis financial statements are set up as assets and amortized in the Statement of Net Position. The net change for each represents an increase/(decrease) in net position.

Bond premiums/discounts 130,485
Gain/loss on refunding (111,809)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Changes in accrued interest 7,339
Changes in accrued compensated absences (240,905)
Pension expense for the pension plan measurement year (382,017)

Change in net position of governmental activities in the Statement of Activities \$ 4,005,628

See Notes to Basic Financial Statements.

CITY OF BELLAIRE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2016

	Business-type Activities
	Enterprise
Assets	
Current assets:	
Cash and cash equivalents	\$ 436,037
Accounts receivable, net	941,736
Prepaid items	663,719
Other current assets	2,500
Total Current Assets	2,043,992
Non-current assets:	
Capital assets not being depreciated:	
Land	256,148
Construction in progress	162,027
Other capital assets, net of depreciation:	
Buildings and improvements	12,039,531
Infrastructure	81,421,597
Vehicles and equipment	5,521,234
Less: accumulated depreciation	(56,294,693)
Total Non-current Assets	43,105,844
Total Assets	45,149,836
Deferred Outflows of Resources	
Deferred outflows related to pension activities	601,956
Total Deferred Outflows of Resources	601,956
Liabilities	
Current liabilities:	
Accounts payable	349,106
Deposits	94,649
Long-term liabilities due in less than one year	34,004
Total Current Liabilities	477,759
Non-current liabilities:	
Long-term liabilities due in more than one year	1,604,839
Total Non-current Liabilities	1,604,839
Total Liabilities	2,082,598
Deferred Inflows of Resources	
Deferred inflows related to pension activities	88,135
Total Deferred Inflows of Resources	88,135
Net Position	
Investment in capital assets	43,105,844
Unrestricted	475,215
Total Net Position	\$ 43,581,059

See Notes to Basic Financial Statements.

CITY OF BELLAIRE, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended September 30, 2016

	Business-type Activities
	Enterprise
Operating Revenues	
Water services	\$ 3,334,192
Sewer services	2,177,649
Solid waste services	1,678,377
Miscellaneous	66,043
Total Operating Revenues	7,256,261
Operating Expenses	
Water production	487,036
Water distribution	532,118
Wastewater collection	427,405
Wastewater treatment	877,170
Solid waste	1,322,405
Surface water conversion	1,766,117
Utility billing and meter reading	337,025
Depreciation	2,485,690
Total Operating Expenses	8,234,966
Operating Loss	(978,705)
Non-operating Revenues	
Gain on investments	1,112
Total Non-operating Revenues	1,112
Loss Before Transfers	(977,593)
Capital contributions	583,618
Transfers out	(2,646,000)
Change in net position	(3,039,975)
Total Net Position - Beginning	46,621,034
Total Net Position - Ending	\$ 43,581,059

See Notes to Basic Financial Statements.

CITY OF BELLAIRE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2016

	<u>Business-type Activities</u>
	<u>Enterprise</u>
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 7,419,439
Payments to suppliers	(4,042,108)
Payments to employees	(2,010,787)
Net Cash Provided By Operating Activities	<u>1,366,544</u>
Net decrease in cash and cash equivalents	(631,822)
Cash and Cash Equivalents - Beginning	<u>1,067,859</u>
Cash and Cash Equivalents - Ending	<u>\$ 436,037</u>
Reconciliation of Operating Loss to Net Cash Provided By Operating Activities	
Operating loss	\$ (978,705)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	2,485,690
Decrease in accounts receivable	165,019
Increase in prepaid expenses	(2,500)
Increase in deferred outflows relating to pension activities	(379,441)
Increase in accounts payable	119,826
Decrease in customer deposits	(1,841)
Decrease in deferred inflows relating to pension activities	(41,504)
Net Cash Provided By Operating Activities	<u>\$ 1,366,544</u>
Non-cash Transactions	
Capital assets contributed to City	<u>\$ 583,618</u>

See Notes to Basic Financial Statements.

CITY OF BELLAIRE, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Bellaire, Texas (the "City") was incorporated under the laws of the State of Texas on June 24, 1918. The City operates under a "Home Rule Charter" which provides for a "Council-Manager" form of government.

The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the Council for the administration of all the affairs of the City. The City Manager is responsible for appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: public safety to include police, fire, and emergency medical services; streets; sanitation; water and sewer services; recreation; public improvements; planning and zoning; and general administration.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared after considering the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

B. Government Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the City as a whole. These statements include all activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

C. Basis of Presentation – Government-Wide Financial Statements

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

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 1 - Summary of Significant Accounting Policies (continued)****C. Basis of Presentation – Government-Wide Financial Statements (continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation - Fund Financial Statements

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

The City reports the following governmental funds:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, and culture and recreation. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for the payment of interest and principal on all long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *capital projects funds* are used to account for the expenditures of resources accumulated from the sale of bonds and related interest earnings for capital improvement projects. The capital projects funds include the capital improvement fund, which accounts for those projects funded by tax revenue; the capital bond fund, which includes those projects funded with bond proceeds; the metro fund; and the vehicle and equipment replacement fund, which includes those projects funded with revenue from other governmental sources. The capital improvement fund, the capital bond fund, and the metro fund are considered major funds for reporting purposes. The vehicle and equipment replacement fund is considered a nonmajor fund but is presented as a major fund for reporting purposes.

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue fund is considered nonmajor for reporting purposes.

The City reports the following proprietary funds:

The *enterprise fund* is used to account for the operations that provide water and wastewater collection and wastewater treatment, as well as solid waste services. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The enterprise fund is considered a major fund for reporting purposes.

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 1 - Summary of Significant Accounting Policies (continued)****D. Basis of Presentation - Fund Financial Statements (continued)**

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

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

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 1 - Summary of Significant Accounting Policies (continued)****F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance****1. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in privately managed public funds investment pools ("TexPool" and "TexSTAR") and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturities of three months or less when purchased to be cash equivalents.

Cash balances from all funds are combined and invested in money market accounts, investment pools, and U.S. Government securities. Earnings from these investments are allocated to each fund based on month end equity balances in the investment pool.

The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

2. Investments

The City reports all investments at fair value based on quoted market prices at year-end date. The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit
- Mutual funds of specific type
- Statewide investment pools

3. Inventories and Prepaid Items

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

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 1 - Summary of Significant Accounting Policies (continued)****F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)****4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of a significant portion of the capital assets in the infrastructure category has been estimated based on management's estimated historical cost.

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

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

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Infrastructure	10 to 40 years
Building and improvements	5 to 40 years
Vehicles and Equipment	4 to 10 years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category.

- Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 1 - Summary of Significant Accounting Policies (continued)****F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)****5. Deferred Outflows/Inflows of Resources (continued)**

- Deferred outflows of resources for pension activities - Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; and 3) differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category.

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes, paving assessments and ambulance fees arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension activities - Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

6. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay benefits and compensatory time, subject to certain limitations and caps. Amounts accumulated may be paid to employees upon termination of employment or during employment in accordance with the City's personnel policy. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 1 - Summary of Significant Accounting Policies (continued)****F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)****7. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund. Although a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 1 - Summary of Significant Accounting Policies (continued)****F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)****10. Fund Balance Policies**

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Limitations that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

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

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

11. Other Post-Employment Benefits

The City allows retirees to continue participation in the City's health care plan through an opt-in provision. Employees separating employment with the City who have had at least five years of service with the City and who are eligible for Texas Municipal Retirement System retirement benefits at the date of separation may purchase retiree health insurance through the City. Other terminating employees may be eligible for continued medical coverage under applicable federal laws.

12. Estimates

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

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 1 - Summary of Significant Accounting Policies (continued)****F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)****13. Pensions**

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

G. Revenues and Expenditures/Expenses**1. Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied during September of each year, are due upon receipt of the City's tax bill, and become delinquent on February 1 of the following year. The City's tax lien exists from January 1 (the assessment date) each year until the taxes are paid. The penalties and interest accumulate on the unpaid accounts until July 1, at which time the delinquent accounts are turned over to the tax attorney for legal action. A penalty of six percent and interest of one percent are added to delinquent taxes on February 1. The penalty amount increases to a maximum of 12 percent on July 1 of each year, with interest continuing to increase at one percent per month until the account is paid. An additional penalty of 15 percent is added in July for attorney costs. There are no discounts allowed on taxes.

3. Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF BELLAIRE, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

H. Stewardship, Compliance, and Accountability

Annual budgets are adopted for all funds. The general fund, enterprise fund, and debt service fund are primarily funded through tax revenues and charges for services. Annual appropriations for these funds lapse at fiscal year-end.

The remaining five funds (special revenue fund, vehicle and equipment replacement fund, capital improvement fund, capital bond fund, and METRO fund) are primarily funded by (1) annually appropriated transfers from the general fund and enterprise fund, (2) proceeds from voter approved bond issuances, and (3) restricted revenue sources such as donations, grants, METRO Mobility funds, and municipal court fees. Appropriations for these funds do not lapse at fiscal year-end. Appropriations for the capital project funds are project-length while appropriations for the special revenue fund are based on the available restricted revenue sources mentioned above.

I. New Accounting Standards

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

- GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, clarifies the application of certain provisions of Statement No. 68 with regard to information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures include information about any limitations or restrictions on participant withdrawals.

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 2 - Deposits (Cash) and Investments**

As of September 30, 2016, the City reported the following deposits (cash) and investments:

	<u>Fair Value</u>	<u>Weighted Average Maturities (Days)</u>	<u>Credit Rating</u>
Cash	\$ 4,362,601	1	
U.S. agencies:			
Federal National Mortgage Association	999,795	910	AA+
Federal Farm Credit Bank	999,956	1095	AA+
External investment pools:			
TexPool	16,441,802	44	AAAm
TexSTAR	<u>2,325,452</u>	41	AAAm
Total Fair Value	<u>\$ 25,129,606</u>		
Portfolio weighted average maturity (days)		113	

Investments' fair value measurements are as follows as of September 30, 2016:

<u>Investments</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
U.S. agencies:				
Federal National Mortgage Association	\$ 999,795	\$ -	\$ 999,795	\$ -
Federal Farm Credit Bank	<u>999,956</u>	<u>-</u>	<u>999,956</u>	<u>-</u>
	<u>\$ 1,999,751</u>	<u>\$ -</u>	<u>\$ 1,999,751</u>	<u>\$ -</u>

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in short-term securities.

Credit risk. State law and the City's investment policy limit investments to obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent. Further, commercial paper must be rated not less than "A-1" or "P-1" or an equivalent rating by at least two nationally recognized credit rating agencies. As of September 30, 2016, the City's investments in TexPool and TexSTAR were rated "AAAm" by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency.

Custodial credit risk- deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities and FDIC insurance. As of September 30, 2016, fair values of pledged securities and FDIC insurance exceeded bank balances.

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

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 2 - Deposits (Cash) and Investments (continued)****Local Government Investment Pools**

As of September 30, 2016, the City's investments included TexPool and TexSTAR Investment Pools. The investment pool's investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

TexPool policies require that local government deposits be used to purchase investments authorized by the Public Funds Investment Act (PFIA) of 1987, as amended. The Texas State Comptroller of Public Accounts has oversight responsibility for TexPool. TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool operates in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the City's investments in TexPool are stated at cost, which approximates fair value. TexPool is currently rated AAAM by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

TexSTAR is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. TexSTAR is a local government investment cooperative created under the Interlocal Cooperation Act specifically tailored to meet state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The fund maintains a maturity of 60 days or less, with a maximum of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of Texas PFIA for local government investment pools.

TexSTAR is overseen by a five member governing board made up of three participants and one of each of the program's professional administrators. The responsibility of the board includes the ability to influence operations, designation of management, and accountability for fiscal matters. In addition, the pool has a Participant Advisory Board which provides input and feedback on the operations and direction of the program and Standard and Poor's reviews the pool on a weekly basis to ensure the pool's compliance with its rating requirements. Although TexSTAR is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB Statement No. 79 allows external investment pools to use amortized cost (which excludes unrealized gains and losses) rather than fair value to report net assets to compute share price. The fair value of the City's position in TexSTAR is the same as the value of TexSTAR shares.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

CITY OF BELLAIRE, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 3 - Receivables

The following comprise receivable balances at year-end:

	General	Debt Service	Metro	Non-Major Special Revenue	Enterprise	Total
Property taxes	\$ 116,037	\$ 60,501	\$ -	\$ -	\$ -	\$ 176,538
Other taxes	460,414	-	-	18,156	-	478,570
Accounts	20,119	-	-	-	953,226	973,345
Assessments	-	-	-	-	2,790	2,790
Due from other governments	-	-	166,490	-	1,875	168,365
Other	32	-	-	-	1	33
Less allowance	-	-	-	-	(16,156)	(16,156)
	<u>\$ 596,602</u>	<u>\$ 60,501</u>	<u>\$ 166,490</u>	<u>\$ 18,156</u>	<u>\$ 941,736</u>	<u>\$ 1,783,485</u>

Note 4 - Capital Assets

A summary of changes in capital assets at year-end is as follows:

	Balance 9/30/2015	Additions	Deletions	Balance 9/30/2016
Governmental Activities				
Capital assets, not being depreciated:				
Land and intangibles	\$ 5,668,439	\$ -	\$ -	\$ 5,668,439
Construction in progress	454,710	16,700,028	(32,988)	17,121,750
Total capital assets, not being depreciated	6,123,149	16,700,028	(32,988)	22,790,189
Capital assets being depreciated:				
Infrastructure	99,979,267	1,927,737	(206,500)	101,700,504
Buildings and improvements	15,592,986	-	-	15,592,986
Vehicles and equipment	5,502,841	629,541	(143,934)	5,988,448
Total capital assets being depreciated	121,075,094	2,557,278	(350,434)	123,281,938
Less accumulated depreciation for:				
Infrastructure	(41,934,640)	(2,687,902)	206,500	(44,416,042)
Buildings and improvements	(9,966,523)	(323,766)	-	(10,290,289)
Vehicles and equipment	(3,827,191)	(310,408)	124,546	(4,013,053)
Total accumulated depreciation	(55,728,354)	(3,322,076)	331,046	(58,719,384)
Total capital assets being depreciated, net	65,346,740	(764,798)	(19,388)	64,562,554
Governmental Activities				
Capital Assets, Net	\$ 71,469,889	\$ 15,935,230	\$ (52,376)	\$ 87,352,743
			Plus unspent proceeds	6,996,187
			Plus deferred charge on refunding	1,832,485
			Less associated debt and premiums	(71,897,714)
			Net investment in capital assets	\$ 24,283,701

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

Note 4 - Capital Assets (continued)

Depreciation was charged to governmental functions as follows:

Governmental Activities	
General	\$ 79,410
Public safety	376,800
Public works	2,561,894
Culture and recreation	303,972
Total Governmental Activities	<u>3,222,076</u>
Depreciation Expense	<u>\$ 3,322,076</u>

Construction in progress and remaining commitments under related construction for general government construction projects at September 30, 2016, are as follows:

Project Description	Authorized Contract	Total in Progress	Remaining Commitment
Drainage Phase 5	\$ 7,462,025	\$ 6,753,688	\$ 708,337
Drainage Phase 5B	7,910,187	2,887,379	5,022,808
New City Hall/Police/Court	921,375	489,452	431,923
Evelyn's Park Improvement	6,678,846	4,864,293	1,814,553
Street Striping	74,354	59,840	14,514
Street Condition Management Program	3,096,620	1,611,447	1,485,173
Sidewalk Projects	456,212	270,929	185,283
Nature Discovery Center	500,000	184,722	315,278
	<u>\$ 27,099,619</u>	<u>\$ 17,121,750</u>	<u>\$ 9,977,869</u>

The following is a summary of changes in capital assets for business-type activities at fiscal year-end:

	Balance 9/30/2015	Additions	Deletions	Balance 9/30/2016
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 256,148	\$ -	\$ -	\$ 256,148
Construction in progress	20,500	141,527	-	162,027
Total capital assets, not being depreciated	<u>276,648</u>	<u>141,527</u>	<u>-</u>	<u>418,175</u>
Capital assets being depreciated:				
Infrastructure	81,421,597	-	-	81,421,597
Buildings and improvements	12,039,531	-	-	12,039,531
Vehicles and equipment	5,079,142	442,092	-	5,521,234
Total capital assets being depreciated	<u>98,540,270</u>	<u>442,092</u>	<u>-</u>	<u>98,982,362</u>
Less accumulated depreciation for:				
Infrastructure	(45,136,489)	(1,675,919)	-	(46,812,408)
Buildings and improvements	(6,885,029)	(385,914)	-	(7,270,943)
Vehicles and equipment	(1,787,487)	(423,855)	-	(2,211,342)
Total accumulated depreciation	<u>(53,809,005)</u>	<u>(2,485,688)</u>	<u>-</u>	<u>(56,294,693)</u>
Total capital assets being depreciated, net	<u>44,731,265</u>	<u>(2,043,596)</u>	<u>-</u>	<u>42,687,669</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 45,007,913</u>	<u>\$ (1,902,069)</u>	<u>\$ -</u>	<u>43,105,844</u>

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 4 - Capital Assets (continued)**

Depreciation was charged to business-type functions as follows:

Business-type Activities	
Water system	\$ 1,357,796
Sewer system	993,137
Solid waste disposal	<u>134,755</u>
Total Business-type Activities	
Depreciation Expense	<u>\$ 2,485,688</u>

Construction in progress and remaining commitments under related construction contracts for enterprise fund construction projects at September 30, 2016, are as follows:

Project Description	Authorized Contract	Total in Progress	Remaining Commitment
City-wide scada system	\$ 111,450	\$ 62,500	\$ 48,950
Wastewater system upgrades	<u>105,021</u>	<u>99,527</u>	<u>5,494</u>
	<u>\$ 216,471</u>	<u>\$ 162,027</u>	<u>\$ 54,444</u>

Note 5 - Long-term Liabilities

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities of compensated absences, net pension obligation, and other post-employment benefit obligations are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2016. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

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

Note 5 - Long-term Liabilities (continued)

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended September 30, 2016.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation bonds	\$ 81,365,000	\$ -	\$ (4,055,000)	\$ 77,310,000 *	\$ 4,340,000
Other liabilities:					
Net OPEB obligation	224,108	12,977	-	237,085	-
Net pension liability	9,583,744	3,660,858	-	13,244,602	-
Premiums	2,358,801	-	(130,485)	2,228,316	-
Compensated absences	447,876	643,993	(403,088)	688,781	370,917
Total Governmental Activities	<u>\$ 93,979,529</u>	<u>\$ 4,317,828</u>	<u>\$ (4,588,573)</u>	<u>\$ 93,708,784</u>	<u>\$ 4,710,917</u>
			Long-term liabilities due in more than one year	<u>\$ 88,997,867</u>	
Business-type Activities					
Other liabilities:					
Compensated absences	\$ 52,265	\$ 30,644	\$ (47,039)	\$ 35,870	\$ 34,004
Net OPEB obligation	26,154	1,008	-	27,162	-
Net pension liability	1,118,464	457,347	-	1,575,811	-
Total Business-type Activities	<u>\$ 1,196,883</u>	<u>\$ 488,999</u>	<u>\$ (47,039)</u>	<u>\$ 1,638,843</u>	<u>\$ 34,004</u>
			Long-term liabilities due in more than one year	<u>\$ 1,604,839</u>	
			Debt associated with governmental capital assets	\$ 69,669,398	
			Debt associated with business-type capital assets	7,640,602	
			Total long-term debt associated with capital assets	<u>\$ 77,310,000 *</u>	

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

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
General Obligation Bonds		
Series 2009	3.00-4.80%	\$ 5,810,000
Series 2009-A	2.00-4.20%	4,100,000
Series 2010	2.00-4.00%	12,770,000
Series 2010-A	3.25-4.25%	5,225,000
Series 2011	2.00-4.00%	5,915,000
Series 2011-A Ref	2.00-4.00%	5,410,000
Series 2011-B Ref	2.00-4.00%	7,165,000
Series 2012 Ref	1.00-3.00%	8,820,000
Series 2013	3.00-4.25%	5,140,000
Series 2014	3.00-5.00%	9,745,000
Series 2015	2.50-4.00%	7,210,000
Total Long-term Debt		<u>\$ 77,310,000</u>

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

Note 5 - Long-term Liabilities (continued)

The annual requirements to amortize general obligation bonds outstanding are as follows:

Years Ending September 30,	General Obligation Bonds		
	Principal	Interest	Total
2017	\$ 4,340,000	\$ 2,673,429	\$ 7,013,429
2018	4,060,000	2,548,498	6,608,498
2019	3,885,000	2,424,210	6,309,210
2020	4,035,000	2,293,466	6,328,466
2021	4,165,000	2,156,249	6,321,249
2022-2026	23,305,000	8,414,658	31,719,658
2027-2031	18,995,000	4,330,949	23,325,949
2032-2036	10,610,000	1,726,808	12,336,808
2037-2040	3,915,000	250,019	4,165,019
	<u>\$ 77,310,000</u>	<u>\$ 26,818,286</u>	<u>\$ 104,128,286</u>

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets. General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds is from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

Federal Arbitrage

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

Attachment: City of Bellaire CAFR 9-30-2016 Final (2162 : 2016 Annual Audit - CAFR)

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

Note 6 - Interfund Transactions

Transfers between funds during the year were as follows:

	<u>Transfers in</u>	<u>Transfers Out</u>
Governmental Funds:		
Individual major governmental funds:		
General	\$ 624,000	\$ 2,306,000
Debt service	950,000	-
Capital improvement	1,608,000	-
Vehicle and equipment replacement	1,770,000	-
Total Governmental Funds	<u>4,952,000</u>	<u>2,306,000</u>
Enterprise Funds:		
Individual major enterprise funds:		
Water, sewer, and solid waste	-	2,646,000
Total Enterprise Funds	<u>-</u>	<u>2,646,000</u>
Total Transfers	<u>\$ 4,952,000</u>	<u>\$ 4,952,000</u>

The enterprise fund transferred funds to the debt service fund to pay a portion of the principal and interest on general obligation debt used to finance capital improvements used in the enterprise activities. The enterprise fund transferred funds to the general fund to cover administrative costs performed for the enterprise fund by the general fund. The general fund and the enterprise fund transferred funds to the vehicle and equipment replacement fund for vehicle and equipment replacements. The general fund and the enterprise fund transferred funds to the capital improvement fund to fund capital improvement projects.

Note 7 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with several other entities in the Texas Municipal League's Intergovernmental Risk Pool (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three fiscal years.

Note 8 - Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

Attachment: City of Bellaire CAFR 9-30-2016 Final (2162 : 2016 Annual Audit - CAFR)

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 9 - Employee Retirement System*****Texas Municipal Retirement System*****Plan Description and Provisions**

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

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

Benefits Provided

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. A summary of plan provisions for the City are as follows:

Employee deposit rate:	7%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5
Service retirement eligibility:	20 years at any age, 5 years at age 60 and above
Updated service credit:	100% repeating transfers
Annuity increase to retirees:	70% of CPI repeating
Supplemental death benefit – active employees and retirees	Yes

At the December 31, 2015 valuation and measurement date (the most current available), the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	122
Inactive employees entitled to but not receiving benefits	89
Active employees	<u>148</u>
	<u>359</u>

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 9 - Employee Retirement System (continued)****Contributions**

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2016, the City made contributions of 22.29% for the months in 2015 and 21.20% for the months in 2016.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation:	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	6.75% per year

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

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

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

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 9 - Employee Retirement System (continued)****Actuarial Assumptions (continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. equities	17.5%
International equities	17.5%
Core fixed income	10.0%
Non-core fixed income	20.0%
Real estate	10.0%
Real return	10.0%
Absolute return	10.0%
Private equity	5.0%
Total	<u>100.0%</u>

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 9 - Employee Retirement System (continued)****Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the plan year:			
Service cost	\$ 1,741,147	\$ -	\$ 1,741,147
Interest	4,884,753	-	4,884,753
Difference between expected and actual experience	6,060	-	6,060
Changes of assumptions	297,433	-	297,433
Contributions - employer	-	2,114,994	(2,114,994)
Contributions - employee	-	664,198	(664,198)
Net investment income	-	88,677	(88,677)
Benefit payments, including refunds of employee contributions	(3,777,366)	(3,777,366)	-
Administrative expense	-	(54,014)	54,014
Other changes	-	(2,668)	2,668
Net Changes	3,152,027	(966,179)	4,118,206
Balance at December 31, 2014	70,800,297	60,098,090	10,702,207
Balance at December 31, 2015	\$ 73,952,324	\$ 59,131,911	\$ 14,820,413

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease to 5.75%	Current Single Rate Assumption 6.75%	1% Increase to 7.75%
City's net pension liability	<u>\$ 24,619,681</u>	<u>\$ 14,820,413</u>	<u>\$ 6,744,374</u>

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$418,420.

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 9 - Employee Retirement System (continued)****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in expected and actual experience	\$ 4,545	\$ 866,749
Difference in projected and actual earnings on pension plan investments	3,738,278	-
Difference in assumption changes	223,075	-
Contributions subsequent to the measurement date	1,489,335	-
Total	<u>\$ 5,455,233</u>	<u>\$ 866,749</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,489,335 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2016 (i.e. recognized in the City's fiscal year 2017 financial statements). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Plan Year</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2016	\$ 673,693
2017	673,693
2018	928,126
2019	823,637
	<u>\$ 3,099,149</u>

Note 10 - Other Post-Employment Benefits**A. City of Bellaire Retiree Health Care Plan****Plan Description**

In order to recognize and reward long-term employees, as well as to provide an incentive for those remaining in the City's employment, the City administers a single-employer defined benefit other post-employment benefits (OPEB) plan that will allow the retiree to pay their premium for continuation of the medical and dental insurance coverage. Retirees pay 100% of the premium, afforded a lower rate by participating in the City's plan as opposed to individual purchased insurance; the plan is known as the City Retiree Health Care Plan (the "Plan").

In order to be eligible for this benefit, the retiree must separate from service with at least five years of service with the City and be a current recipient of retirement benefits from Texas Municipal Retirement System (TMRS). The health care benefit of the Plan is available to the spouse and any dependent(s) if they were on the Plan at the beginning of the Plan year in which the employee retires. Furthermore, a dependent is eligible for coverage if they have not reached age 25. Eligibility for coverage for the spouse ends when Medicare coverage begins.

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 10 - Other Post-Employment Benefits (continued)****A. City of Bellaire Retiree Health Care Plan (continued)****Funding Policy**

The City has elected to subsidize premiums for the Plan and funding is provided on a pay-as-you-go basis.

Annual OPEB Cost

The City's OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of accrual that is projected to cover normal costs each year and to amortize any annual unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The City's annual OPEB cost for the fiscal year ending September 30, 2016 is as follows:

Annual Required Contribution (ARC)	\$ 67,671
Interest on OPEB obligation	11,262
Adjustment to ARC	(10,434)
End of year annual OPEB cost	<u>68,499</u>
Net estimated employer contributions	<u>(54,514)</u>
Increase in net OPEB obligation	13,985
Beginning of year net OPEB obligation	<u>250,262</u>
End of year net OPEB obligation	<u>\$ 264,247</u>

A separately audited post-employment benefit plan report is not available.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed on the Plan, and the net OPEB obligation for 2013 and the two preceding years are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	
				<u>Beginning</u>	<u>Ending</u>
2014	\$ 64,450	\$ 35,393	54.90%	\$ 200,725	\$ 229,782
2015	66,460	45,980	69.18%	229,782	250,262
2016	68,499	54,514	79.58%	250,262	264,247

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was 0% funded. Funding is provided on a pay-as-you-go basis. The actuarial accrued liability for benefits was \$691,207, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$691,207. The annual covered payroll used for the December 31, 2013 actuarial valuation was \$8,603,608 and the UAAL as a percentage of covered payroll was 8%.

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 10 - Other Post-Employment Benefits (continued)****A. City of Bellaire Retiree Health Care Plan (continued)****Funded Status and Funding Progress (continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

The projected unit credit actuarial cost method is used to calculate the GASB ARC for the Plan. Using the Plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. Projections of health benefits are based on the Plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The following is a summary of the actuarial assumptions:

Inflation rate	3.00% per annum
Investment rate of return	4.50% per annum, net of expenses
Actuarial cost method	Projected unit credit cost method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Payroll growth	3.00% per annum
Medical trend	Initial rate of 7.5% declining to an ultimate rate of 4.50% after 12 years

B. TMRS Supplemental Death Benefit Fund**Description**

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death); retired employees are insured for \$7,500 each; this coverage is an OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the TMRS Pension Trust Fund.

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

Note 10 - Other Post-Employment Benefits (continued)

B. TMRS Supplemental Death Benefit Fund (continued)

Contributions

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

The City's contributions to the TMRS SDBF for the years ended September 30 2016, 2015, and 2014 were \$22,635, \$22,302, and \$21,078, respectively, which equaled the required contributions each year.

The City's contribution rates for the retiree portion for the past three years are shown below:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual required contribution (rate)	0.06%	0.06%	0.06%
Actual contribution made	0.06%	0.06%	0.06%
Percentage of ARC contributed	100.00%	100.00%	100.00%

Note 11 – Restatement of Fund Balance and Net Position

The beginning fund balance of the Metro Fund and beginning net position of governmental activities have been restated to record a prior period adjustment to correct intergovernmental revenues recorded in prior years. A reconciliation of the prior period ending fund balance and net position to the current year beginning fund balance and net position is as follows:

Beginning fund balance	\$ 2,901,556
Adjustment to correct revenues	<u>299,592</u>
Beginning fund balance, as restated	<u>\$ 3,201,148</u>
Beginning net position	\$ 16,531,545
Adjustment to correct revenues	<u>299,592</u>
Beginning net position, as restated	<u>\$ 16,831,137</u>

Note 12 – Subsequent Events

The City issued \$9,960,000 of General Obligation Refunding bonds dated December 1, 2016. Proceeds from the sale of the bonds will be used to refund a portion of the City's outstanding obligations in order to achieve savings and to pay the costs of issuing the bonds.

The City issued \$33,315,000 of General Obligation bonds dated February 1, 2017. Proceeds from the sale of the bonds will be used for improvements to streets, drainage and sidewalks; construction and improvements of City buildings; water and wastewater improvements; and to pay the costs of issuing the bonds.

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Required Supplementary Information

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended September 30, 2016
with comparative actual totals for the year ended September 30, 2015

	2016			2015	
	Original Budget	Final Budget	Actual	Variance from Final Budget	Actual
Revenues					
Taxes:					
Property taxes	\$ 11,359,339	\$ 11,359,339	\$ 11,274,387	\$ (84,952)	\$ 10,120,107
Sales and use taxes	2,454,118	2,454,118	2,420,809	(33,309)	2,391,335
Franchise taxes	1,397,000	1,397,000	1,363,860	(33,140)	1,393,224
Fines and forfeitures	740,000	740,000	717,852	(22,148)	677,856
Licenses and permits	1,160,850	1,160,850	1,158,422	(2,428)	1,007,468
Charges for services	1,239,200	1,239,200	1,394,739	155,539	1,424,243
Investment earnings	28,000	28,000	46,454	18,454	37,373
Intergovernmental	2,800	2,800	2,325	(475)	99,511
Miscellaneous	31,800	31,800	34,847	3,047	64,838
Total Revenues	<u>18,413,107</u>	<u>18,413,107</u>	<u>18,413,695</u>	<u>588</u>	<u>17,215,955</u>
Expenditures					
Current:					
General government:					
Administration and finance	3,623,469	3,623,469	3,560,246	63,223	3,136,027
Legal	100,000	100,000	96,176	3,824	124,278
Development services	895,092	895,092	763,878	131,214	844,985
Total General Government	<u>4,618,561</u>	<u>4,618,561</u>	<u>4,420,300</u>	<u>198,261</u>	<u>4,105,290</u>
Public safety:					
Police	5,398,444	5,398,444	5,348,932	49,512	5,103,539
Fire	2,727,051	2,727,051	2,665,182	61,869	2,576,792
Total Public Safety	<u>8,125,495</u>	<u>8,125,495</u>	<u>8,014,114</u>	<u>111,381</u>	<u>7,680,331</u>
Public works:	<u>1,126,345</u>	<u>1,126,345</u>	<u>1,056,541</u>	<u>69,804</u>	<u>1,100,198</u>
Culture and recreation:					
Library	676,833	676,833	619,632	57,201	654,337
Parks, recreation, and facilities	3,489,860	3,489,860	3,410,445	79,415	3,046,004
Total Culture and Recreation	<u>4,166,693</u>	<u>4,166,693</u>	<u>4,030,077</u>	<u>136,616</u>	<u>3,700,341</u>
Total Expenditures	<u>18,037,094</u>	<u>18,037,094</u>	<u>17,521,032</u>	<u>516,062</u>	<u>16,586,160</u>
Excess of Revenues Over Expenditures	<u>376,013</u>	<u>376,013</u>	<u>892,663</u>	<u>516,650</u>	<u>629,795</u>
Other Financing Sources (Uses)					
Transfers in	624,000	624,000	624,000	-	500,000
Transfers out	(2,306,000)	(2,306,000)	(2,306,000)	-	(150,000)
Sale of capital assets	10,000	10,000	817	(9,183)	1,000
Total Other Financing Sources (Uses)	<u>(1,672,000)</u>	<u>(1,672,000)</u>	<u>(1,681,183)</u>	<u>(9,183)</u>	<u>351,000</u>
Changes in fund balance	(1,295,987)	(1,295,987)	(788,520)	507,467	980,795
Fund Balances - Beginning	<u>5,604,047</u>	<u>5,604,047</u>	<u>5,604,047</u>	<u>-</u>	<u>4,623,252</u>
Fund Balances - Ending	<u>\$ 4,308,060</u>	<u>\$ 4,308,060</u>	<u>\$ 4,815,527</u>	<u>\$ 507,467</u>	<u>\$ 5,604,047</u>

CITY OF BELLAIRE, TEXAS**NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION***Year ended September 30, 2016***Budgetary Compliance**

The annual budget must specify appropriations for capital expenditures and for expenditures directed by Council for services and for the operation of city departments, offices and agencies. It must comply with fund requirements of bond covenants.

The City Manager shall submit a proposed annual budget to the Council in sufficient time to permit Council to review and revise it. Said budget shall be prepared by the City Manager and filed with the City Clerk not less than thirty (30) days prior to the time the City Council adopts said budget.

A public hearing shall be held not less than fifteen (15) days subsequent to the time the budget is filed, but prior to the time the City Council adopts said budget and sets the tax levy. Notice of the date, time and place of such public hearing shall be published in a newspaper of general circulation not less than fifteen (15) days prior to the date of the hearing.

Before taxes are levied, but after a public hearing or hearings, Council shall adopt the annual budget. Council may amend the proposed budget but shall not delete or decrease appropriations required for debt service, or by law, and shall not authorize expenditures in excess of the total of estimated income plus funds available from earlier years.

The budget, at the fund level, can be amended at any time with the approval of the City Manager and City Council action. The City Manager can approve department requests for reallocation of funding, within a departmental budget of a respective fund as long as the net difference of the respective fund is zero (\$0). Council can authorize all changes to the budget at departmental and/or fund level.

All appropriations shall lapse at the end of the budget year to the extent that they shall not have been expended or lawfully encumbered, except appropriations in the special revenue fund and the capital project funds which have project/program length appropriations which do not lapse at fiscal year-end.

The City has complied with all material budget requirements for the year ended September 30, 2016.

CITY OF BELLAIRE, TEXAS
REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
September 30, 2016

TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)
Schedule of Changes in Net Pension Liability and Related Ratios

	Measurement Year 2015	Measurement Year 2014
Total Pension Liability:		
Service cost	\$ 1,741,147	\$ 1,503,890
Interest (on the total pension liability)	4,884,753	4,804,124
Changes of benefit terms		
Difference between expected and actual experience	6,060	(1,614,204)
Change in assumptions	297,433	-
Benefit payments, including refunds of employee contributions	<u>(3,777,366)</u>	<u>(3,543,818)</u>
Net change in total pension liability	3,152,027	1,149,992
Total pension liability - beginning	<u>70,800,297</u>	<u>69,650,305</u>
Total pension liability - ending (a)	<u>\$ 73,952,324</u>	<u>\$ 70,800,297</u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 2,114,994	\$ 1,962,762
Contributions - employee	664,198	615,837
Net investment income	88,677	3,306,075
Benefit payments, including refunds of employee contributions	(3,777,366)	(3,543,818)
Administrative expense	(54,014)	(34,518)
Other	<u>(2,668)</u>	<u>(2,838)</u>
Net change in plan fiduciary net position	(966,179)	2,303,500
Plan fiduciary net position - beginning	<u>60,098,090</u>	<u>57,794,590</u>
Plan fiduciary net position - ending (b)	<u>59,131,911</u>	<u>60,098,090</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 14,820,413</u>	<u>\$ 10,702,207</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.96%	84.88%
Covered Employee Payroll	\$ 9,488,542	\$ 8,797,669
Net Pension Liability as a Percentage of Covered Employee Payroll	156.19%	121.65%

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68. Ten years of data should be presented in this schedule but data was unavailable prior to 2014.

CITY OF BELLAIRE, TEXAS
REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
September 30, 2016

TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)

Schedule of Contributions

Last Two Fiscal Years

	<u>2016*</u>	<u>2015*</u>
Actuarially determined contribution	\$ 2,066,791	\$ 2,007,691
Contribution in relation of the actuarially determined contribution	2,066,791	2,007,691
Contribution deficiency (excess)	-	-
Covered employee payroll	9,615,818	9,005,248
Contributions as a percentage of covered employee payroll	21.49%	22.29%

* Only two years of information are currently available. The City will build this schedule over the next eight-year period.

Notes to Required Supplementary Information:

Valuation Date: Actuarial determined contribution rates are calculated as of December 31 and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	30 years
Asset Valuation Method:	10 Year smoothed market; 15% soft corridor
Inflation:	2.75%
Salary Increases:	3.50% to 10.5% including inflation
Investment Rate of Return:	6.75%
Retirement Age:	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.
Mortality:	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other Information:	There were no benefit changes during the year.

CITY OF BELLAIRE, TEXAS**REQUIRED OTHER POST-EMPLOYMENT BENEFITS SUPPLEMENTARY INFORMATION**

September 30, 2016

*Other Post Employment Benefits***Schedule of Funding Progress (Unaudited)**

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2008	\$ -	\$ 530,101	\$ 530,101	0.0%	\$ 8,421,545	6.3%
2010	-	606,586	606,586	0.0%	8,573,923	7.1%
2013	-	691,207	691,207	0.0%	8,603,608	8.0%

Attachment: City of Bellaire CAFR 9-30-2016 Final (2162 : 2016 Annual Audit - CAFR)

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Other Schedules

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CITY OF BELLAIRE, TEXAS**DEBT SERVICE FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL (BUDGETARY BASIS)**

For the Year Ended September 30, 2016

with comparative actual totals for the year ended September 30, 2015

	2016		Variance Positive (Negative)	2015
	Final Budget	Actual		Actual
Revenues				
Taxes:				
Property taxes	\$ 5,883,026	\$ 5,846,605	\$ (36,421)	\$ 5,576,528
Investment earnings	3,000	6,081	3,081	3,591
Total Revenues	<u>5,886,026</u>	<u>5,852,686</u>	<u>(33,340)</u>	<u>5,580,119</u>
Expenditures				
Debt Service:				
Principal	4,055,000	4,055,000	-	3,955,000
Interest and other charges	2,781,026	2,772,676	8,350	2,623,526
Total Expenditures	<u>6,836,026</u>	<u>6,827,676</u>	<u>8,350</u>	<u>6,578,526</u>
Revenues under expenditures	(950,000)	(974,990)	(24,990)	(998,407)
Other Financing Sources				
Transfers in	950,000	950,000	-	950,000
Total Other Financing Sources	<u>950,000</u>	<u>950,000</u>	<u>-</u>	<u>950,000</u>
Net changes in fund balances		(24,990)	(24,990)	(48,407)
Fund Balances - Beginning	<u>514,125</u>	<u>514,125</u>	<u>-</u>	<u>562,532</u>
Fund Balances - Ending	<u>\$ 514,125</u>	<u>\$ 489,135</u>	<u>\$ (24,990)</u>	<u>\$ 514,125</u>

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UNAUDITED STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information, both current and historical, as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. To assist financial statement users, the section is categorized as follows:

Contents	Page
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the City's financial performance and "well-being" have changed over time.</p>	68
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</p>	78
<p>Debt Capacity</p> <p>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</p>	86
<p>Demographic and Economic Information</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	92
<p>Operating Information</p> <p>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</p>	96

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in the fiscal year ending September 30, 2004. Schedules presenting government-wide information include information beginning in that year.

CITY OF BELLAIRE, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities					
Net investment in capital					
assets					
Restricted	\$14,988,313	\$17,192,431	\$ 20,142,375	\$ 20,142,375	\$ 12,017,357
Unrestricted	1,502,410	1,320,445	6,030,817	5,774,390	6,242,189
	<u>(15,976,691)</u>	<u>(16,788,928)</u>	<u>(18,317,743)</u>	<u>(15,571,685)</u>	<u>(3,491,035)</u>
Total Governmental Activities					
Net Position	<u>\$ 514,032</u>	<u>\$ 1,723,948</u>	<u>\$ 7,855,449</u>	<u>\$ 10,345,080</u>	<u>\$ 14,768,511</u>
Business-type Activities					
Net investment in capital					
assets					
Unrestricted	\$27,649,362	\$27,214,828	\$ 48,235,925	\$ 47,928,473	\$ 46,796,314
	<u>26,750,066</u>	<u>26,841,244</u>	<u>6,546,670</u>	<u>4,621,733</u>	<u>3,827,399</u>
Total Business-type Activities					
Net Position	<u>\$54,399,428</u>	<u>\$54,056,072</u>	<u>\$ 54,782,595</u>	<u>\$ 52,550,206</u>	<u>\$ 50,623,713</u>
Primary Government					
Net investment in capital					
assets					
Restricted	\$42,637,675	\$44,407,259	\$ 44,884,711	\$ 44,577,259	\$ 46,354,009
Unrestricted	1,502,410	1,320,445	6,030,817	5,774,390	6,242,189
	<u>10,773,375</u>	<u>10,052,316</u>	<u>11,722,516</u>	<u>12,543,637</u>	<u>12,796,026</u>
Total Primary Government					
Net Position	<u>\$54,913,460</u>	<u>\$55,780,020</u>	<u>\$ 62,638,044</u>	<u>\$ 62,895,286</u>	<u>\$ 65,392,224</u>

Note: Net position was restated starting fiscal year end 2014 for GASB 68.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 15,390,597	\$ 18,182,933	\$ 19,904,368	\$ 22,459,271	\$ 24,283,701
4,380,414	4,864,690	4,833,458	5,532,306	2,926,117
<u>(3,786,554)</u>	<u>(6,235,197)</u>	<u>(13,112,693)</u>	<u>(11,160,440)</u>	<u>(6,373,053)</u>
<u>\$ 15,984,457</u>	<u>\$ 16,812,426</u>	<u>\$ 11,625,133</u>	<u>\$ 16,831,137</u>	<u>\$ 20,836,765</u>
\$ 47,305,409	\$ 46,170,650	\$ 46,450,275	\$ 45,007,913	\$ 43,105,844
5,231,898	5,870,772	2,235,809	1,613,121	475,215
<u>\$ 52,537,307</u>	<u>\$ 52,041,422</u>	<u>\$ 48,686,084</u>	<u>\$ 46,621,034</u>	<u>\$ 43,581,059</u>
\$ 51,430,068	\$ 54,219,309	\$ 57,031,939	\$ 58,974,777	\$ 59,748,943
4,380,414	4,864,690	4,833,459	5,532,306	2,926,117
12,711,282	9,769,849	(1,554,180)	(1,054,912)	1,742,764
<u>\$ 68,521,764</u>	<u>\$ 68,853,848</u>	<u>\$ 60,311,218</u>	<u>\$ 63,452,171</u>	<u>\$ 64,417,824</u>

CITY OF BELLAIRE, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses				
Governmental activities:				
General government	\$ 3,962,970	\$ 4,266,030	\$ 4,256,797	\$ 4,533,506
Public safety	6,725,362	7,264,380	7,518,726	7,475,162
Public works	2,402,687	3,188,126	2,507,596	3,615,172
Culture and recreation	2,305,374	2,616,748	2,616,119	3,112,650
Interest on long-term debt	2,890,737	2,780,294	2,449,684	2,684,722
Total governmental activities expenses	<u>18,287,130</u>	<u>20,115,578</u>	<u>19,348,922</u>	<u>21,421,212</u>
Business-type activities:				
Water	2,978,425	3,800,826	4,313,110	3,123,730
Sewer	2,635,638	2,593,515	2,494,960	2,426,615
Solid waste	1,202,965	1,347,097	1,400,760	1,409,533
Total business-type activities expenses	<u>6,817,028</u>	<u>7,741,438</u>	<u>8,208,830</u>	<u>6,959,878</u>
Total Primary Government Expenses	<u>\$ 25,104,158</u>	<u>\$ 27,857,016</u>	<u>\$ 27,557,752</u>	<u>\$ 28,381,090</u>
Program Revenue				
Governmental activities:				
Charges for services:				
General government	\$ 640,307	\$ 804,642	\$ 473,699	\$ 730,258
Public safety	971,266	1,252,020	1,150,259	1,129,500
Culture and recreation	1,184,398	1,155,874	845,041	735,064
Operating grants and contributions	1,982,373	1,305,291	1,031,926	955,326
Capital grants and contributions	-	-	7,278,443	-
Total governmental activities program revenues	<u>4,778,344</u>	<u>4,517,827</u>	<u>10,779,368</u>	<u>3,550,148</u>
Business-type activities:				
Charges for services:				
Water	2,670,344	3,281,193	3,563,310	3,070,758
Sewer	2,000,688	2,149,613	2,212,164	2,102,466
Solid waste	1,420,222	1,429,631	1,445,379	1,440,818
Operating grants and contributions	-	568,265	7,278,443	34,466
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>6,091,254</u>	<u>7,428,702</u>	<u>14,499,296</u>	<u>6,648,508</u>
Total Primary Government Program Revenues	<u>\$ 10,869,598</u>	<u>\$ 11,946,529</u>	<u>\$ 25,278,664</u>	<u>\$ 10,198,656</u>
Net (Expense)/Revenue				
Governmental activities	\$ (13,508,786)	\$ (15,597,751)	\$ (8,569,554)	\$ (17,871,064)
Business-type activities	(725,774)	(312,736)	6,290,466	(311,370)
Total Primary Government Net Expense	<u>\$ (14,234,560)</u>	<u>\$ (15,910,487)</u>	<u>\$ (2,279,088)</u>	<u>\$ (18,182,434)</u>

Attachment: City of Bellaire CAFR 9-30-2016 Final (2162 : 2016 Annual Audit - CAFR)

2011	2012	2013	2014	2015	2016
\$ 5,175,769	\$ 4,208,790	\$ 4,666,521	\$ 4,650,382	\$ 4,186,635	\$ 4,535,002
7,120,797	7,411,656	7,408,510	7,688,067	7,642,560	9,099,845
3,632,379	3,047,245	3,195,605	1,732,778	3,495,508	3,458,191
2,793,350	3,007,000	3,129,411	4,744,672	4,129,555	4,934,103
2,741,626	2,748,024	2,401,586	2,600,345	2,802,080	2,746,662
<u>21,463,921</u>	<u>20,422,715</u>	<u>20,801,633</u>	<u>21,416,244</u>	<u>22,256,338</u>	<u>24,773,803</u>
4,849,850	3,665,318	3,591,660	4,099,061	4,222,422	5,607,986
2,149,214	2,085,949	2,208,464	2,551,872	2,140,266	1,304,575
1,386,037	1,321,797	1,347,342	1,422,924	1,340,844	1,322,405
<u>8,385,101</u>	<u>7,073,064</u>	<u>7,147,466</u>	<u>8,073,857</u>	<u>7,703,532</u>	<u>8,234,966</u>
<u>\$ 29,849,022</u>	<u>\$ 27,495,779</u>	<u>\$ 27,949,099</u>	<u>\$ 29,490,101</u>	<u>\$ 29,959,870</u>	<u>\$ 33,008,769</u>
\$ 1,678,644	\$ 1,706,544	\$ 1,742,547	\$ 1,870,963	\$ 1,623,777	\$ 1,865,093
413,414	444,703	414,322	445,708	484,435	464,951
914,892	946,739	951,689	943,294	1,044,060	1,021,820
4,926,010	2,964,856	891,362	864,874	2,827,088	1,678,882
-	-	-	-	-	-
<u>7,932,960</u>	<u>6,062,842</u>	<u>3,999,920</u>	<u>4,124,839</u>	<u>5,979,360</u>	<u>5,030,746</u>
4,163,534	3,913,934	4,065,706	3,399,947	3,263,193	3,334,192
2,222,214	2,458,792	2,433,842	2,306,693	2,184,372	2,177,649
1,447,792	1,450,003	1,436,194	1,429,484	1,430,744	1,678,377
5,210	3,644	-	-	63,000	-
-	-	-	-	-	583,618
<u>7,838,750</u>	<u>7,826,373</u>	<u>7,935,742</u>	<u>7,136,124</u>	<u>6,941,309</u>	<u>7,773,836</u>
<u>\$ 15,771,710</u>	<u>\$ 13,889,215</u>	<u>\$ 11,935,662</u>	<u>\$ 11,260,963</u>	<u>\$ 12,920,669</u>	<u>\$ 12,804,582</u>
\$ (13,530,961)	\$ (14,359,873)	\$ (16,801,713)	\$ (17,291,405)	\$ (16,276,978)	\$ (19,743,057)
(546,351)	753,309	788,276	(937,733)	(762,223)	(461,130)
<u>\$ (14,077,312)</u>	<u>\$ (13,606,564)</u>	<u>\$ (16,013,437)</u>	<u>\$ (18,229,138)</u>	<u>\$ (17,039,201)</u>	<u>\$ (20,204,187)</u>

CITY OF BELLAIRE, TEXAS
CHANGES IN NET POSITION (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Revenues and Other				
Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 11,558,741	\$ 11,708,770	\$ 12,102,311	\$ 12,453,577
Sales and use taxes	2,168,633	2,266,254	2,269,080	2,242,145
Franchise taxes	1,276,569	1,314,420	1,336,587	1,370,522
Investment earnings	1,568,691	891,011	243,367	105,393
Miscellaneous	169,722	388,022	649,507	2,134,344
Gain on sale of capital assets	-	-	-	-
Transfers	76,872	239,190	(46,353)	2,054,714
Total Governmental Activities	<u>16,819,228</u>	<u>16,807,667</u>	<u>16,554,499</u>	<u>20,360,695</u>
Business-type activities:				
Investment earnings	158,358	118,767	68,955	39,267
Other revenues	95,212	89,803	216,316	94,428
Gain on sale of capital assets	-	-	-	-
Transfers	(76,872)	(239,190)	46,353	(2,054,714)
Total Business-type Activities	<u>176,698</u>	<u>(30,620)</u>	<u>331,624</u>	<u>(1,921,019)</u>
Total Primary Government	<u>\$ 16,995,926</u>	<u>\$ 16,777,047</u>	<u>\$ 16,886,123</u>	<u>\$ 18,439,676</u>
Change in Net Position				
Governmental activities	\$ 3,310,442	\$ 1,209,916	\$ 7,984,945	\$ 2,489,631
Business-type activities	(549,076)	(343,356)	6,622,090	(2,232,389)
Total Primary Government	<u>\$ 2,761,366</u>	<u>\$ 866,560</u>	<u>\$ 14,607,035</u>	<u>\$ 257,242</u>

Attachment: City of Bellaire CAFR 9-30-2016 Final (2162 : 2016 Annual Audit - CAFR)

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 12,917,306	\$ 12,954,402	\$ 13,449,313	\$ 14,356,415	\$ 15,671,184	\$ 17,134,276
2,053,538	2,156,893	2,590,958	2,310,083	2,391,335	2,420,809
1,325,746	1,398,657	1,441,398	1,474,701	1,459,679	1,430,616
82,226	53,804	29,757	29,293	51,596	107,929
76,530	46,728	252,622	59,242	132,976	9,055
-	-	-	13,298	-	-
<u>1,499,046</u>	<u>(1,034,665)</u>	<u>1,317,913</u>	<u>1,601,327</u>	<u>1,476,620</u>	<u>2,646,000</u>
<u>17,954,392</u>	<u>15,575,819</u>	<u>19,081,961</u>	<u>19,844,359</u>	<u>21,183,390</u>	<u>23,748,685</u>
21,806	(10,686)	6,075	5,914	3,982	1,112
97,098	114,556	92,712	86,560	144,517	66,043
-	21,750	2,115	10,115	25,294	-
<u>(1,499,046)</u>	<u>1,034,665</u>	<u>(1,317,913)</u>	<u>(1,601,327)</u>	<u>(1,476,620)</u>	<u>(2,646,000)</u>
<u>(1,380,142)</u>	<u>1,160,285</u>	<u>(1,217,011)</u>	<u>(1,498,738)</u>	<u>(1,302,827)</u>	<u>(2,578,845)</u>
<u>\$ 16,574,250</u>	<u>\$ 16,736,104</u>	<u>\$ 17,864,950</u>	<u>\$ 18,345,621</u>	<u>\$ 19,880,563</u>	<u>\$ 21,169,840</u>
\$ 4,423,431	\$ 1,215,946	\$ 2,280,248	\$ 2,552,954	\$ 4,906,412	\$ 4,005,628
<u>(1,926,493)</u>	<u>1,913,594</u>	<u>(428,735)</u>	<u>(2,436,471)</u>	<u>(2,065,050)</u>	<u>(3,039,975)</u>
<u>\$ 2,496,938</u>	<u>\$ 3,129,540</u>	<u>\$ 1,851,513</u>	<u>\$ 116,483</u>	<u>\$ 2,841,362</u>	<u>\$ 965,653</u>

CITY OF BELLAIRE, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	370,362	113,780	107,263	102,163
Assigned	-	-	-	-
Unassigned	<u>10,785,641</u>	<u>4,590,995</u>	<u>3,753,460</u>	<u>3,631,618</u>
Total General Fund	<u>\$ 11,156,003</u>	<u>\$ 4,704,775</u>	<u>\$ 3,860,723</u>	<u>\$ 3,733,781</u>
All other governmental funds				
Restricted	\$ 1,502,410	\$ 1,320,445	\$ 6,049,456	\$ 5,783,733
Committed	12,042,168	11,989,533	13,916,578	14,469,240
Unassigned	<u>1,530,811</u>	<u>1,855,831</u>	-	-
Total All Other Governmental Funds	<u>\$ 15,075,389</u>	<u>\$ 15,165,809</u>	<u>\$ 19,966,034</u>	<u>\$ 20,252,973</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 97,987	\$ 92,942	\$ 1,107	\$ 1,269	\$ 7,243	\$ 1,151
201,200	181,314	-	-	-	-
21,988	22,595	-	-	-	-
<u>4,141,757</u>	<u>3,529,097</u>	<u>4,211,936</u>	<u>4,621,983</u>	<u>5,596,804</u>	<u>4,814,376</u>
<u>\$ 4,462,932</u>	<u>\$ 3,825,948</u>	<u>\$ 4,213,043</u>	<u>\$ 4,623,252</u>	<u>\$ 5,604,047</u>	<u>\$ 4,815,527</u>
\$ 17,926,249	\$ 13,858,353	\$ 17,373,785	\$ 22,366,030	\$ 26,258,593	\$ 10,203,975
5,147,115	5,056,709	4,451,200	4,460,179	4,599,903	6,363,083
-	-	-	-	-	-
<u>\$ 23,073,364</u>	<u>\$ 18,915,062</u>	<u>\$ 21,824,985</u>	<u>\$ 26,826,209</u>	<u>\$ 30,858,496</u>	<u>\$ 16,567,058</u>

CITY OF BELLAIRE, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues				
Taxes	\$ 15,024,557	\$ 15,323,114	\$ 15,692,225	\$ 16,095,298
Fines and forfeitures	1,184,398	1,155,874	845,041	735,064
Licenses and permits	640,307	804,642	473,699	730,258
Charges for services	971,266	1,252,020	1,150,259	1,129,500
Investment earnings	1,568,691	891,011	243,367	105,393
Intergovernmental	1,982,373	1,305,291	8,310,369	955,326
Miscellaneous	169,722	379,631	679,258	187,656
Total Revenues	<u>21,541,314</u>	<u>21,111,583</u>	<u>27,394,218</u>	<u>19,938,495</u>
Expenditures				
General government	3,755,714	5,188,969	4,043,408	4,119,403
Public safety	6,362,213	6,979,965	7,299,264	6,973,262
Public works	1,178,271	1,176,934	1,097,403	1,039,404
Culture and recreation	2,088,696	2,331,453	2,396,656	2,466,966
Capital outlay	13,982,917	8,027,812	11,669,794	8,434,018
Debt service:				
Principal	2,090,000	2,140,000	2,115,000	2,450,000
Interest	2,618,970	2,842,892	2,789,399	3,063,954
Refunding bond issuance costs	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Total Expenditures	<u>32,076,781</u>	<u>28,688,025</u>	<u>31,410,924</u>	<u>28,547,007</u>
Excess of revenues over (under) expenditures	(10,535,467)	(7,576,442)	(4,016,706)	(8,608,512)
Other Financing Sources (Uses)				
Transfers in	7,432,718	4,025,421	2,487,533	4,770,629
Transfers out	(6,482,718)	(3,075,421)	(1,537,533)	(2,715,915)
Issuance of debt	18,195,000	5,000,000	18,195,000	22,930,000
Payment to bond escrow agent	-	-	(11,328,829)	(17,214,283)
Premium on debt issued	-	1,105	139,375	529,253
Sale of capital assets	14,933	8,391	14,333	468,825
Total Other Financing Sources (Uses)	<u>19,159,933</u>	<u>5,959,496</u>	<u>7,969,879</u>	<u>8,768,509</u>
Net Change in Fund Balances	<u>\$ 8,624,466</u>	<u>\$ (1,616,946)</u>	<u>\$ 3,953,173</u>	<u>\$ 159,997</u>
Debt service as a percentage of noncapital expenditures	25.92%	24.12%	23.83%	27.06%

Attachment: City of Bellaire CAFR 9-30-2016 Final (2162 : 2016 Annual Audit - CAFR)

2011	2012	2013	2014	2015	2016
\$ 16,284,334	\$ 16,524,526	\$ 17,501,331	\$ 18,155,641	\$ 19,547,649	\$ 20,972,417
862,810	758,614	719,150	803,218	715,861	758,122
844,802	1,007,125	1,142,927	1,183,493	1,007,468	1,158,422
1,299,338	1,332,247	1,246,481	1,230,436	1,424,243	1,394,739
82,226	53,804	29,787	29,293	51,596	107,929
854,072	2,964,856	891,362	808,455	983,633	1,202,007
395,145	46,728	252,622	115,661	1,975,431	511,722
<u>20,622,727</u>	<u>22,687,900</u>	<u>21,783,660</u>	<u>22,326,197</u>	<u>25,705,881</u>	<u>26,105,358</u>
4,058,470	4,051,141	4,272,157	4,568,131	4,167,618	4,462,598
7,000,186	7,029,280	6,960,344	7,046,063	7,739,572	8,014,408
930,165	901,608	1,038,170	1,048,380	1,100,198	1,056,541
2,444,683	2,498,057	2,586,501	2,723,263	3,763,840	4,137,774
4,931,251	8,631,091	6,015,152	10,339,645	7,468,997	19,602,776
3,075,000	3,465,000	3,500,000	3,690,000	3,955,000	4,055,000
2,694,934	2,381,610	2,256,878	2,341,311	2,623,526	2,772,676
-	613,258	131,304	215,249	164,458	-
-	15,943,348	-	-	-	-
<u>25,134,689</u>	<u>45,514,393</u>	<u>26,760,506</u>	<u>31,972,042</u>	<u>30,983,209</u>	<u>44,101,773</u>
(4,511,962)	(22,826,493)	(4,976,846)	(9,645,845)	(5,277,328)	(17,996,415)
3,229,000	2,584,697	3,144,600	5,224,485	2,460,000	4,952,000
(1,729,954)	(1,134,697)	(950,000)	(1,027,485)	(275,000)	(2,306,000)
6,500,000	24,915,000	6,000,000	10,425,000	7,710,000	-
(21,343)	(9,548,460)	-	-	-	-
70,949	1,206,254	162,712	291,398	364,458	-
12,852	8,413	21,174	39,258	1,000	817
<u>8,061,504</u>	<u>18,031,207</u>	<u>8,378,486</u>	<u>14,952,656</u>	<u>10,260,458</u>	<u>2,646,817</u>
<u>\$ 3,549,542</u>	<u>\$ (4,795,286)</u>	<u>\$ 3,401,640</u>	<u>\$ 5,306,811</u>	<u>\$ 4,983,130</u>	<u>\$ (15,349,598)</u>
27.38%	56.52%	26.47%	26.47%	27.27%	27.42%

CITY OF BELLAIRE, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Real Property	\$ 2,449,469,760	\$ 2,768,166,389	\$ 3,056,644,555	\$ 3,173,006,018
Personal Property	164,853,672	179,056,143	153,004,450	139,274,844
Total Taxable Assessed Value (1)	<u>\$ 2,614,323,432</u>	<u>\$ 2,947,222,532</u>	<u>\$ 3,209,649,005</u>	<u>\$ 3,312,280,862</u>
Total Direct Tax Rate (2)	\$ 0.44000	\$ 0.40000	\$ 0.37750	\$ 0.37590

Source: Harris County Certified/Uncertified Tax Roll

(1) Property is assessed at actual value, therefore, the assessed values are equal to actual value.

(2) Tax rates are per \$100 of assessed value.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 3,091,605,353	\$ 3,113,840,746	\$ 3,233,587,984	\$ 3,490,155,153	\$ 3,905,688,782	\$ 4,393,494,108
138,836,286	126,312,156	134,275,543	139,263,254	117,174,780	98,941,686
<u>\$ 3,230,441,639</u>	<u>\$ 3,240,152,902</u>	<u>\$ 3,367,863,527</u>	<u>\$ 3,629,418,407</u>	<u>\$ 4,022,863,562</u>	<u>\$ 4,492,435,794</u>
\$ 0.39990	\$ 0.39990	\$ 0.39990	\$ 0.39990	\$ 0.39360	\$ 0.38050

CITY OF BELLAIRE, TEXAS
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

<u>City of Bellaire</u>							
<u>Fiscal Year</u>	<u>Operating Tax Rate</u>	<u>Debt Service Tax Rate</u>	<u>Total Tax Rate</u>	<u>Houston Independent School District</u>	<u>Harris County</u>	<u>Harris County Flood Control District</u>	<u>Port of Houston Authority</u>
2007	\$ 0.29000	\$0.15000	\$0.44000	\$ 1.47570	\$0.40239	\$0.03241	\$0.01302
2008	0.27500	0.12500	0.40000	1.15670	0.39239	0.03106	0.01467
2009	0.26500	0.11250	0.37750	1.15670	0.38923	0.03086	0.01773
2010	0.26390	0.11200	0.37590	1.15670	0.39224	0.02922	0.01636
2011	0.26390	0.13600	0.39990	1.15670	0.38805	0.02930	0.02054
2012	0.24750	0.15240	0.39990	1.15670	0.39117	0.02809	0.01856
2013	0.25540	0.14450	0.39990	1.18670	0.40021	0.02809	0.01952
2014	0.25630	0.14360	0.39990	1.19670	0.41455	0.02827	0.01716
2015	0.25320	0.14040	0.39360	1.19670	0.41731	0.02736	0.01531
2016	0.25010	0.13040	0.38050	1.19670	0.41923	0.02733	0.01342

Source: Harris County Appraisal District

Note: Overlapping rates are those of local and county governments that apply within the City of Bellaire.
Tax rates are per \$100 of assessed value.

Harris County Hospital District	Harris County Dept. of Education	Houston Community College
\$0.19216	\$ 0.00629	\$ 0.09518
0.19216	0.00585	0.09243
0.19216	0.00584	0.09243
0.19216	0.00605	0.09222
0.19216	0.00658	0.09222
0.19216	0.00658	0.09722
0.18216	0.00662	0.09717
0.17000	0.00636	0.09717
0.17000	0.00599	0.10689
0.17000	0.00542	0.10194

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CITY OF BELLAIRE, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	% of Total Assessed Valuation	Taxable Assessed Value	Rank	% of Total Assessed Valuation
Chevron Chemical	\$ 81,889,532	1	1.8%	\$ 67,463,875	1	2.6%
Pin Oak North Parcel	51,885,622	2	1.2%			
KBS SOR 6565 6575 West Loop	39,173,621	3	0.9%			
BRI 1833 6330 LLC	37,836,000	4	0.8%			
Centerpoint Energy, Inc.	31,186,932	5	0.7%	31,701,244	3	1.2%
SBC	28,497,360	6	0.6%	37,209,451	2	1.4%
CHP Houston Tx MOB Owner LLC	27,000,000	7	0.6%			
CHP Houston TX Hospital Land	24,441,321	8	0.5%			
Pine Oak South Parcell LL LLC	19,781,055	9	0.4%			
5909-5959 Realty LTD	13,461,202	10	0.3%			
FRM West Loop Assoc #6				30,308,810	4	1.2%
6330 WLS, STD				16,500,000	5	0.6%
Texas SC One Corp				15,266,900	6	0.6%
Bellaire Atrium I & II LP				8,907,110	7	0.3%
SPTMRT Properties Trust				6,544,680	8	0.3%
Teas Nursery Co Inc.				6,009,942	9	0.2%
Center America Capital				5,480,020	10	0.2%
	355,152,645		7.9%	225,392,032		8.4%
Other taxpayers	4,137,283,149		92.1%	2,388,931,400		91.6%
Total Assessed Valuation	\$4,492,435,794		100.0%	\$2,614,323,432		100.0%

Source: Municipal Advisory Council of Texas

Source: Harris County Appraisal District

CITY OF BELLAIRE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
				Amount	Percentage of Levy	Amount
2007	2006	\$ 0.44000	\$ 11,503,023	\$ 11,397,100	99.08%	\$ 92,278
2008	2007	0.40000	11,610,889	11,530,140	99.30%	68,316
2009	2008	0.37750	12,011,140	11,927,983	99.31%	72,253
2010	2009	0.37590	12,385,668	12,319,214	99.46%	54,742
2011	2010	0.39900	12,820,648	12,750,093	99.45%	54,733
2012	2011	0.39900	12,909,927	12,857,279	99.59%	35,910
2013	2012	0.39900	13,382,086	13,338,111	99.67%	(1,273)
2014	2013	0.39900	14,364,926	14,319,678	99.69%	-
2015	2014	0.39360	15,743,170	15,695,886	99.70%	(58,762)
2016	2015	0.38050	17,137,875	17,078,390	99.65%	(17,292)

Source: Harris County Tax Assessor-Collector

Note: Tax rates are per \$100 of assessed value.

Total Collections to Date

Amount	Percentage of Levy
\$ 11,489,378	99.88%
11,598,456	99.89%
12,000,236	99.91%
12,373,956	99.91%
12,804,826	99.88%
12,893,189	99.87%
13,336,838	99.66%
14,319,678	99.69%
15,637,124	99.33%
17,061,098	99.55%

CITY OF BELLAIRE, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Primary Government				
Governmental Activities:				
General obligation bonds (2)	\$ 55,127,086	\$ 57,916,125	\$ 63,618,526	\$ 67,424,141
Total Primary Government	<u>\$ 55,127,086</u>	<u>\$ 57,916,125</u>	<u>\$ 63,618,526</u>	<u>\$ 67,424,141</u>
Personal Income (1)	\$ -	\$ -	\$ -	\$ -
Debt as a Percentage of Personal Income	-	-	-	-
Population	15,642	15,642	15,642	15,642
Debt Per Capita	\$ 3,703	\$ 3,570	\$ 3,752	\$ 4,355

(1) Personal income data is not available.

(2) Presented net of related premiums, discounts, and deferred charge on refunding.

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 70,966,183	\$ 67,952,550	\$ 70,629,797	\$ 79,514,950	\$ 81,779,507	\$ 77,705,831
<u>\$ 70,966,183</u>	<u>\$ 67,952,550</u>	<u>\$ 70,629,797</u>	<u>\$ 79,514,950</u>	<u>\$ 81,779,507</u>	<u>\$ 77,705,831</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
15,642	16,855	16,855	16,855	16,855	16,855
\$ 4,574	\$ 4,057	\$ 4,205	\$ 4,605	\$ 4,827	\$ 4,610

CITY OF BELLAIRE, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net Taxable Assessed Value				
All property	\$ 2,614,323,432	\$ 2,947,222,532	\$ 3,209,649,005	\$ 3,312,280,862
Net Bonded Debt				
General obligation bonds (1)	\$ 55,127,086	\$ 57,916,125	\$ 63,618,526	\$ 67,424,141
Less debt service funds	<u>1,502,410</u>	<u>1,320,445</u>	<u>1,125,195</u>	<u>638,825</u>
Net Bonded Debt	<u>\$ 53,624,676</u>	<u>\$ 56,595,680</u>	<u>\$ 62,493,331</u>	<u>\$ 66,785,316</u>
Percentage of Estimated Actual				
Taxable Value of Property	2.05%	1.95%	1.96%	2.04%
Population	15,642	15,642	15,642	15,642
Net Bonded Debt Per Capita	\$ 3,431	\$ 3,668	\$ 4,020	\$ 4,314

(1) Presented net of related premiums, discounts, and deferred charge on refunding.

Attachment: City of Bellaire CAFR 9-30-2016 Final (2162 : 2016 Annual Audit - CAFR)

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 3,206,212,748	\$ 3,240,152,902	\$ 3,367,863,527	\$ 3,629,418,407	\$ 4,022,863,562	\$ 4,492,435,7
\$ 70,966,183	\$ 67,952,550	\$ 70,629,797	\$ 79,514,950	\$ 81,779,507	\$ 77,705,8
400,621	469,433	504,450	562,532	514,125	489,1
<u>\$ 70,565,562</u>	<u>\$ 67,483,117</u>	<u>\$ 70,125,347</u>	<u>\$ 78,952,418</u>	<u>\$ 81,265,382</u>	<u>\$ 77,216,6</u>
2.22%	2.10%	2.09%	2.12%	2.01%	1.7
15,642	16,855	16,855	16,855	16,855	16,8
\$ 4,548	\$ 4,029	\$ 4,175	\$ 4,571	\$ 4,797	\$ 4,5

CITY OF BELLAIRE TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
As of September 30, 2016

Name of Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Overlapping Debt
Houston Independent School District	\$ 2,811,170,000	2.88%	\$ 80,961,696
Harris County (3)	2,421,235,464	1.19%	28,812,702
Port of Houston Authority	674,269,397	1.19%	8,023,806
Houston Community College District	618,155,000	2.67%	16,504,739
Harris County Hospital District	62,815,000	1.21%	760,062
Harris County Flood Control District	83,075,000	1.15%	955,363
Harris County Department of Education	7,000,000	1.15%	80,500
Subtotal, overlapping debt	6,677,719,861		136,098,866
City direct debt (4)	77,705,831	100.00%	77,705,831
Total Direct and Overlapping Debt			\$ 213,804,697

Source: Harris County Appraisal District

- (1) Debt outstanding as of September 30, 2016.
- (2) Estimated Percentage Applicable obtained from Municipal Advisory Council of Texas.
- (3) Excludes Unlimited Tax and Revenue Toll Road Tax Bonds. The County's policy and practice has been to provide payment of debt service on the outstanding Toll Road Tax Bonds from toll revenues and certain other funds. To date no tax has been collected to provide for such debt service.
- (4) Presented net of related premiums, discounts, and deferred charge on refunding.

CITY OF BELLAIRE, TEXAS
LEGAL DEBT MARGIN INFORMATION

Last Ten Years

Fiscal Year	Assessed Taxable Value	Debt Service Limit (1)	Amount Expended for General Obligation Debt Service (2)	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2007	\$2,614,323,432	\$ 35,293,366	\$ 4,708,970	\$ 30,584,396	13.34%
2008	2,947,222,532	39,787,504	4,982,892	34,804,612	12.52%
2009	3,209,649,005	43,330,262	4,904,399	38,425,863	11.32%
2010	3,312,280,862	44,715,792	5,513,954	39,201,838	12.33%
2011	3,230,441,639	43,610,962	5,769,934	37,841,028	13.23%
2012	3,240,152,902	43,742,064	5,846,610	37,895,454	13.37%
2013	3,367,863,527	45,466,158	5,756,878	39,709,280	12.66%
2014	3,629,418,407	48,997,148	6,031,311	42,965,837	12.31%
2015	4,022,863,562	54,308,658	6,578,526	47,730,132	12.11%
2016	4,492,435,794	60,647,883	6,827,676	53,820,207	11.26%

Note: General obligation debt is limited by the State of Texas. The State limit is established by Article XI, Section 5 of the Texas Constitution. Article XI, Section 5 limits the maximum ad valorem tax rate to \$2.50 per \$100 of assessed valuation (for all City purposes). Administratively, the Attorney General of the State of Texas prohibits the issuance of debt by a municipality if its issuance produces debt service requirements exceeding that which can be paid from \$1.50 of the foregoing \$2.50 maximum tax rate calculated at 90% of collections.

- (1) Debt service limited to \$1.50 per \$100 of assessed valuation calculated at 90% of collections.
- (2) Total principal and interest payments made on general obligation debt.

CITY OF BELLAIRE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)
2007	15,642	N/A	N/A	N/A	6,078	4.3%
2008	15,642	N/A	N/A	N/A	5,988	4.4%
2009	15,642	N/A	N/A	N/A	6,106	6.3%
2010	15,642	N/A	N/A	N/A	7,341	*8.6%
2011	16,855	N/A	N/A	N/A	7,470	*8.6%
2012	16,855	N/A	N/A	N/A	7,570	*6.3%
2013	16,855	N/A	N/A	N/A	7,518	6.2%
2014	16,855	N/A	N/A	N/A	7,667	5.6%
2015	16,855	N/A	N/A	N/A	8,002	4.3%
2016	16,855	N/A	N/A	N/A	7,548	5.1%

* Houston MSA, Unemployment calculated only for cities with a population of 25,000 or more.

Data Sources:

- (1) United States Census Bureau
- (2) Data to compute not available
- (3) Data to compute not available
- (4) Data to compute not available
- (5) Houston Independent School District and private schools
- (6) Bureau of Labor Statistics - Houston Seasonally Adjusted

CITY OF BELLAIRE, TEXAS**PRINCIPAL EMPLOYERS***Current Year (1)*

<u>Employer</u>	<u>Total Employees</u>
Worley Parsons Ltd	500-999
Bellaire High School	100-499
Chevron Oronite Co. LLC	100-499
Chevron Pipeline Co.	100-499
First Street Hospital	100-499
First Surgical Partners Inc	100-499
Gardens of Bellaire	100-499
PFM, LLC	100-499
Pin Oak Middle School	100-499
Randall's Food Market	100-499

- (1) The requirement is the ten largest employers, the number of employees for each of the ten largest employers, and each employer's percentage of total employment. However, this data for the current year, along with ten years ago, is not available.

CITY OF BELLAIRE, TEXAS***FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION******Last Ten Fiscal Years***

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund:				
Administrative	7.0	7.0	7.0	7.0
Facilities	3.0	3.0	3.0	3.0
Finance	9.0	9.0	9.0	9.0
Development services	10.5	10.5	10.5	8.0
Fire department	25.0	25.0	25.0	25.0
Police department	57.5	57.5	57.5	57.5
Library	8.0	8.0	8.0	8.0
Public works	11.0	11.0	11.0	10.0
Parks and recreation	11.0	11.0	11.0	10.0
Parks, recreation, and facilities	-	-	-	-
General Fund Total	<u>142.0</u>	<u>142.0</u>	<u>142.0</u>	<u>137.5</u>
Enterprise Fund:				
Administration	2.0	2.0	2.0	2.0
Water	7.0	7.0	7.0	4.0
Sewer	11.0	11.0	11.0	9.0
Solid waste	13.0	13.0	11.0	10.0
Enterprise Fund Total	<u>33.0</u>	<u>33.0</u>	<u>31.0</u>	<u>25.0</u>
Total City Positions	<u>175.0</u>	<u>175.0</u>	<u>173.0</u>	<u>162.5</u>

Source: City of Bellaire adopted budget

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
7.0	7.0	7.0	8.0	8.5	10.0
3.0	3.0	3.0	3.0	-	-
9.0	9.0	9.0	9.0	8.5	9.0
8.0	8.0	10.0	11.0	9.0	8.0
24.0	24.0	24.0	24.0	24.0	24.0
57.5	57.5	57.5	57.5	59.0	59.5
7.0	7.0	8.0	8.0	7.5	7.5
10.0	10.0	10.0	10.0	9.0	9.0
10.0	13.5	13.5	13.5	-	-
-	-	-	-	25.5	22.5
<u>135.5</u>	<u>139.0</u>	<u>142.0</u>	<u>144.0</u>	<u>151.0</u>	<u>149.5</u>
2.0	2.0	2.0	2.0	2.0	2.0
4.0	6.0	6.0	6.0	6.0	6.0
9.0	11.0	11.0	11.0	11.0	11.0
10.0	11.0	11.0	11.0	11.0	13.0
<u>25.0</u>	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>	<u>32.0</u>
<u>160.5</u>	<u>169.0</u>	<u>172.0</u>	<u>174.0</u>	<u>181.0</u>	<u>181.5</u>

CITY OF BELLAIRE, TEXAS
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	2007	2008	2009	2010
Police				
Arrests	2,222	1,641	1,630	1,080
Accident reports	740	647	716	614
Citations	8,090	8,636	4,707	5,078
Offense reports	1,450	1,388	1,149	989
Calls for service	35,946	38,994	30,618	29,903
Fire				
Emergency responses	2,053	2,042	1,915	1,782
Fire incidents	11	38	47	52
Average response time	3:55	3:47	3:45	1:40
Water				
New accounts	944	802	671	747
Source:				
Surface water	58%	57%	50%	52%
Well water	42%	43%	50%	48%
Average daily consumption (millions of gallons)	2.730	2.944	3.170	3.022
Surface water pumped (millions of gallons)	612.550	612.640	575.799	561.480
Well water pumped (millions of gallons)	476.361	460.038	566.334	519.013
Total consumption (millions of gallons)	1,078.911	1,072.678	1,142.433	1,080.493
Peak daily consumption (millions of gallons)	6.643	6.563	6.228	5.504
Sewer				
Average daily sewage treatment (millions of gallons)	1.347	1.222	1.445	1.760
Total (millions of gallons)	491.650	446.356	527.352	642.400
Peak daily treatment (millions of gallons)	5.122	6.599	3.965	6.600

Source: Various City Departments

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1,147	1,114	908	1,042	1,026	1,066
663	636	556	628	786	771
6,854	4,974	4,796	4,443	3,953	5,833
1,011	627	841	1,110	1,021	973
33,815	33,133	28,713	31,570	29,793	31,815
1,962	1,948	1,905	2,057	2,019	2,184
45	40	49	39	29	26
4:11	4:06	4:05	4:06	4:13	6:00
763	701	769	668	639	611
58%	56%	47%	58%	48%	52%
42%	44%	53%	42%	52%	48%
3.577	3.131	3.227	2.777	2.842	3.035
755.293	767.591	549.190	586.787	502.745	537.111
547.500	485.734	628.581	426.920	534.453	505.696
1,302.250	1,253.250	1,177.771	1,101.371	1,037.198	1,042.81
7.210	5.862	6.214	7.809	8.654	2.980
1.620	1.624	1.440	1.572	1.451	1.464
591.475	592.760	525.907	568.334	529.434	534.432
5.600	5.800	3.800	2.200	4.600	4.400

CITY OF BELLAIRE, TEXAS
CAPITAL ASSETS STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function	2007	2008	2009	2010
Police				
Stations	1	1	1	1
Patrol units	8	8	8	8
Fire				
Stations	1	1	1	1
Highways and streets				
Streets (miles - centerlines)	67	67	67	67
Streetlights	918	918	918	925
Culture and recreation				
Parks	12	12	12	12
Park acreage in City limits	31.4	31.4	31.4	31.4
Aquatics facilities	2	2	2	2
Baseball/softball diamonds	3	3	3	3
Tennis courts	7	7	7	7
Recreation centers	1	1	1	1
Houston ISD licensed fields	4	4	4	4
Houston ISD acreage	15	15	15	15
Water				
Water mains (miles)	73	73	73	73
Fire hydrants	760	760	760	760
Storage capacity (millions of gallons)	4.23	4.23	4.23	4.23
Sewer				
Sanitary sewers (miles)	70	70	70	70
Storm sewers (miles)	49	49	49	49
Open ditch/creek/canal drainage (miles)	1.32	1.32	1.32	1.32
Treatment capacity (millions of gallons)	4.5	4.5	4.5	4.5

Source: Various City Departments

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1	1	1	1	1	1
8	8	8	8	8	8
1	1	1	1	1	1
67	67	67	67	67	67
925	925	925	1,017	1,061	1,061
12	12	12	14	15	15
31.4	36.4	36.4	46.4	51.0	51.0
2	2	2	2	2	2
3	3	3	3	3	3
7	7	7	7	7	7
1	1	1	1	1	1
4	4	4	4	4	4
15	15	15	15	15	15
73	73	73	73	73	73
760	760	760	760	760	760
4.23	3.23	3.23	3.23	3.23	3.23
70	70	70	70	70	70
49	49	49	49	49	49
1.32	1.32	1.32	1.32	1.32	1.32
4.5	4.5	4.5	4.5	4.5	4.5

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CITY OF BELLAIRE TEXAS

MAYOR AND COUNCIL

FEBRUARY 20, 2017

Council Chamber Regular Session 7:00 PM

7008 S. RICE AVENUE
BELLAIRE, TX 77401

REGULAR SESSION - 7:00 P.M.

I. REGULAR MEETING

A. Call to Order - Andrew S. Friedberg, Mayor.

Andrew S. Friedberg, Mayor, called the Regular Session of the City Council of the City of Bellaire, Texas, to order at 7:00 p.m. on Monday, February 20, 2017. The Regular Session was held in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas 77401-4411.

B. Announcement of a Quorum - Andrew S. Friedberg, Mayor.

Mayor Friedberg announced that a quorum of the members of City Council was present as set forth in the table below.

Table with 3 columns: Name, Title, Status. Rows include Andrew S. Friedberg (Mayor, Present), Roman F. Reed (Mayor Pro Tem, Present*), Trisha S. Pollard (Council Member, Present), Gus E. Pappas (Council Member, Present), Pat B. McLaughlan (Council Member, Present), Michael Fife (Council Member, Present), David R. Montague (Council Member, Present).

Other officials present were Paul A. Hofmann, City Manager; Alan P. Petrov, City Attorney; and Tracy L. Dutton, City Clerk.

*Mayor Pro Tem Roman F. Reed arrived shortly after the meeting was called to order.

C. Inspirational Reading and/or Invocation - Pat B. McLaughlan, Council Member.

Pat B. McLaughlan, Council Member, provided the inspirational reading for the evening.

D. Pledges of Allegiance - Pat B. McLaughlan, Council Member.

Council Member McLaughlan led the members of the City Council and audience in the U.S. Pledge of Allegiance and the Pledge to the Texas Flag.

Minutes Acceptance: Minutes of Feb 20, 2017 7:00 PM (Adoption of Minutes:)

E. Personal/Audience Comments.

Mayor Friedberg announced that the City Clerk had not received any speaker forms this evening and asked if there was anyone present who would like to speak. Hearing none, Mayor Friedberg continued to the next agenda item.

F. Reports and Presentations:

1. City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation - Submitted by Paul A. Hofmann, City Manager.

Paul A. Hofmann, City Manager, presented the City Manager's Report dated February 20, 2017, to members of City Council.

At the conclusion of the City Manager's Report, **Mayor Friedberg** opened the floor for questions from City Council. Following questions, Mayor Friedberg announced that the City Manager's Report was concluded and continued to the next report on the agenda.

2. Presentation of the FY 2017 First Quarter Report for the City of Bellaire, Texas - Submitted by Diane K. White, Assistant City Manager.

Diane K. White, Assistant City Manager, presented the Quarterly Financial Report for the City of Bellaire, Texas, for the first quarter beginning October 1, 2016, and ending December 31, 2016, to members of City Council.

At the conclusion of the presentation, **Mayor Friedberg** opened the floor for questions from City Council. Following questions, Mayor Friedberg advised that the Quarterly Financial Report was concluded and moved to the next presentation on the agenda.

3. Presentation, discussion and feedback on Bonds for Better Bellaire 2016 Project Selection - Submitted by Paul A. Hofmann, City Manager.

Paul A. Hofmann, City Manager, gave a presentation on the Bonds for Better Bellaire 2016 Program to members of City Council.

The presentation outlined recommended locations for many of the projects funded with the Bonds for Better Bellaire 2016 program, as well as a master project schedule and project selection criteria. The projects, organized by groups, included water and wastewater line replacements, street and drainage improvements, and new sidewalk construction.

Following the presentation, **Mayor Friedberg** opened the floor for questions and feedback from City Council. Following questions and feedback from City Council, Mayor Friedberg announced that the presentation was concluded and continued to the Consent Agenda.

G. New Business:**1. Consent Agenda:****a. Adoption of Minutes:**

Consideration of and possible action on the adoption of the minutes of the Regular Session of the City Council of the City of Bellaire, Texas, held on

Monday, January 9, 2017 - Submitted by Tracy L. Dutton, City Clerk.

Mayor and Council - Regular Session - Jan 9, 2017 5:30 PM

b. Approval of Temporary Code Suspension:

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, temporarily suspending the application of Chapter 3, Alcoholic Beverages, Article I, In General, Section 3-3, Use prohibited in public parks and other public places, of the Code of Ordinances of the City of Bellaire, Texas, for the purpose of allowing the Bellaire Little League to host a special fundraising event, a crawfish boil, in Mulberry Park, 700 Mulberry Lane, Bellaire, Texas 77401, on Saturday, March 25, 2017 - Submitted by Cheryl Bright, Assistant Director of Parks, Recreation, and Facilities.

c. Municipal Court Appointments:

- i. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, appointing Lisa A. Wesely as Presiding Judge of the Municipal Court of the City of Bellaire, Texas, for a two-year term commencing on the 5th day of March, 2017, and ending on the 4th day of March, 2019 - Submitted by Tracy L. Dutton, City Clerk.
- ii. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, appointing Robert C. Richter, Jr., as Assistant City Attorney for the City of Bellaire, Texas, for a two-year term commencing on the 6th day of March, 2017, and ending on the 5th day of March, 2019, for the purpose of serving as Prosecutor in the Municipal Court of the City of Bellaire, Texas - Submitted by Tracy L. Dutton, City Clerk.
- iii. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, appointing E. Stanley Topek as Deputy Assistant City Attorney for the City of Bellaire, Texas, for a two-year term commencing on the 7th day of March, 2017, and ending on the 6th day of March, 2019, for the purpose of serving as Deputy Prosecutor in the Municipal Court of the City of Bellaire, Texas - Submitted by Tracy L. Dutton, City Clerk.

Mayor Friedberg read the captions of the items listed on the Consent Agenda. He indicated that packet page 66 (minutes) had been revised to correct highlighted date references. He indicated that a new, revised page 66 was provided at the dais. Mayor Friedberg next asked if any member of the City Council wished to remove an item or items for separate consideration. Noting none, Mayor Friedberg called for a motion to adopt the Consent Agenda.

Motion:

To adopt the Consent Agenda dated February 20, 2017.

{Moved by Trisha S. Pollard, Council Member, and seconded by David R. Montague, Council Member}

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Trisha S. Pollard, Council Member
SECONDER:	David R. Montague, Council Member
AYES:	Friedberg, Reed, Pollard, Pappas, McLaughlan, Fife, Montague

2. Adoption of Ordinance:

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing a change order to the FY 2016 Pavement Management Project Contract with Main Lane Industries for an amount not to exceed \$275,000.00 for the purpose of addressing additional street and sidewalk point repairs and curb and gutter repairs identified in the block inspection program - Submitted by Paul A. Hofmann, City Manager.

Mayor Friedberg directed City Council's attention to a memorandum from the Public Works Department located on packet pages 124-128, which detailed the proposed change order.

Motion:

To adopt the ordinance as presented authorizing a change order to the FY 2016 Pavement Management Project contract with Main Lane Industries for an amount not to exceed \$275,000.00.

{Moved by David R. Montague, Council Member, and seconded by Gus E. Pappas, Council Member}

Mayor Friedberg opened the floor for questions and discussion related to the motion. Following questions and discussion, action was taken on the motion.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	David R. Montague, Council Member
SECONDER:	Gus E. Pappas, Council Member
AYES:	Friedberg, Reed, Pollard, Pappas, McLaughlan, Fife, Montague

3. Item for Individual Consideration:

Consideration of and action to direct City Staff to coordinate with the Houston Police Department and Harris County Officials regarding a safety problem needing corrective action on a major freeway - Submitted by Roman F. Reed, Mayor Pro Tem.

Roman F. Reed, Mayor Pro Tem, advised that he had requested the agenda item before City Council to discuss a safety problem needing corrective action along Loop 610. Mayor Pro Tem Reed summarized the safety problem, which he identified as motorcyclists speeding along Loop 610 through Bellaire with little or no regard for other motorists. In order to address the problem, Mayor Pro Tem Reed requested City Council to direct City Staff to coordinate with the Houston Police Department and Harris County officials, as well as any other authorities at the City's disposal, to

Minutes Acceptance: Minutes of Feb 20, 2017 7:00 PM (Adoption of Minutes:)

determine appropriate corrective actions to implement to confront this criminal activity.

Mayor Pro Tem Reed indicated further that he was interested to hear what solutions City Staff might have for the problem and who they might be working with to resolve it.

Byron Holloway, Chief of Police, addressed City Council and advised that the motorcyclists coming through Bellaire were operating smaller sports motorcycles, which were built for speed and for stunts. Chief Holloway provided statistics related to an increase in the number of citations the Bellaire Police Department issued over the last year for traffic safety violations, and cautioned City Council to be careful regarding directing police services. He indicated that the City should ensure that an issue existed that would justify a diversion of resources and tactics to the freeway.

Chief Holloway identified various types of pursuit technology, such as freezing the drive shaft, deflating tires, or shooting a GPS tracking device on the back of a vehicle. However, none of that technology could be used on a motorcycle. In 2016, the City of Bellaire was involved in 19 pursuits, seven of which were motorcycles. With respect to motorcycle pursuits, Chief Holloway stated that 57% ended in arrest, 14% were terminated by officers for safety reasons, and 42% ended in an accident. Officers for the City of Bellaire were not required to pursue fleeing vehicles or motorcycles.

Pursuit videos involving Bellaire police officers and fleeing motorcyclists were shown to members of City Council. Chief Holloway indicated that he wanted to show the pursuit videos so that City Council and residents had an understanding of the dangers involved for the police officer and innocent bystanders.

Chief Holloway asked for questions from members of City Council. Following questions, a motion was offered by Mayor Pro Tem Reed.

Motion:

To direct City Staff to prepare a report to City Council outlining procedures and solutions in place and additional resources required, such as coordinating with the Houston Police Department and Harris County officials regarding a safety problem needing corrective action on a major freeway.

{Moved by Roman F. Reed, Mayor Pro Tem, and seconded for discussion purposes only by Pat B. McLaughlan, Council Member}

Discussion ensued among members of City Council regarding the motion. Following discussion, Mayor Friedberg called for action on the motion.

RESULT:	FAILED [1 TO 6]
MOVER:	Roman F. Reed, Mayor Pro Tem
SECONDER:	Pat B. McLaughlan, Council Member
AYES:	Reed
NAYS:	Friedberg, Pollard, Pappas, McLaughlan, Fife, Montague

H. Community Interest Items from the Mayor and Council.

Community interest items from the Mayor and City Council included expressions of thanks to Chief Byron Holloway for his presentation, to Judge Lisa A. Wesely and other court personnel for their service to the City, and to Representative Sarah Davis for her recent visit with the Mayor and City Manager; expressions of congratulations to Cristin Emshoff on the birth of her baby and to Terri Mote on her retirement; and reminders to attend the Police Winter Community Meeting on March 2, 2017, and the Town Hall Meeting on March 6, 2017.

Mayor Pro Tem Reed requested a future agenda item to consider an increase in the compensation for the Municipal Court judges and prosecutor, and Council Member Pollard requested a future conversation regarding a possible change in the width requirement for new sidewalks.

I. Adjourn.

Mayor Friedberg announced that the Regular Session of the City Council of the City of Bellaire, Texas, was adjourned at 10:13 p.m. on Monday, February 20, 2017.

II. CLOSED MEETING

A. Call to Order - Andrew S. Friedberg, Mayor.

Mayor Friedberg called the Closed Meeting of the City Council of the City of Bellaire, Texas, to order at 10:13 p.m. on Monday, February 20, 2017. The open portions of the Closed Meeting were held in the Council Chamber and the closed portions were held in the Council Conference Room (located directly behind the Council Chamber).

B. Announcement of a Quorum - Andrew S. Friedberg, Mayor.

Mayor Friedberg announced that a quorum of the members of the City Council was present as set forth in the table below.

Name	Title	Status
Andrew S. Friedberg	Mayor	Present
Roman F. Reed	Mayor Pro Tem	Present
Trisha S. Pollard	Council Member	Present
Gus E. Pappas	Council Member	Present
Pat B. McLaughlan	Council Member	Present
Michael Fife	Council Member	Present
David R. Montague	Council Member	Present

Other officials present were Paul A. Hofmann, City Manager, and Tracy L. Dutton, City Clerk. City Clerk Dutton did not participate in the closed portions of the meeting.

Minutes Acceptance: Minutes of Feb 20, 2017 7:00 PM (Adoption of Minutes:)

C. Retire into Closed Meeting in the Council Conference Room:

Retire into closed meeting pursuant to the *Texas Government Code, Chapter 551, Open Meetings Act, Section 551.074, Personnel Matters*, to deliberate the evaluation of the City Manager of the City of Bellaire, Texas.

The City Council retired into closed meeting in the Council Conference Room at 10:13 p.m. on Monday, Friday, February 20, 2017.

D. Reconvene in Open Meeting in the Council Chamber:

Reconvene in open meeting and take action, if any, on items discussed in the closed meeting.

The City Council reconvened in the Council Chamber at 11:41 p.m. on Monday, February 20, 2017.

Motion:

That the City Attorney be directed to prepare an addendum to the City Manager's employment agreement, providing that the City shall, for the benefit of the City Manager, contribute annually to the International City Managers Association Retirement Program a sum equal to five percent of the City Manager's gross pay each year, and further, that the Mayor and the City Clerk be authorized, to execute and attest, respectively, such addendum.

{Moved by Trisha S. Pollard, Council Member, and seconded jointly by Gus E. Pappas and Pat B. McLaughlan, Council Members}

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Trisha S. Pollard, Council Member
SECONDER:	Gus E. Pappas and Pat B. McLaughlan, Council Members
AYES:	Friedberg, Reed, Pollard, Pappas, McLaughlan, Fife, Montague
NAYS:	None
ABSENT:	None

Following action on the motion, members of City Council thanked the City Manager for his service and expressed their congratulations and appreciation of City Manager Hofmann for a job well done.

E. Adjourn.

Mayor Friedberg announced that the Closed Meeting of the City Council of the City of Bellaire, Texas, was adjourned at 11:43 p.m. on Monday, February 20, 2017.

Minutes Acceptance: Minutes of Feb 20, 2017 7:00 PM (Adoption of Minutes:)

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: Public Works
Category: Contract
Department Head: Brant Gary
DOC ID: 2192

**SCHEDULED
ACTION ITEM (ID # 2192)**

Item Title:

Consideration of and possible action on a recommendation from the Public Works Department to award Bid No. 17-007, 1.5 Mil Density Polyethylene Bags, to Dyna Pak Corporation for an amount not to exceed \$70,762.50 and on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the Mayor and the City Clerk of the City of Bellaire, Texas, to execute and attest, respectively, for and on behalf of the City of Bellaire, Texas, a Standard Form of Agreement with Dyna Pak Corporation for an amount not to exceed \$70,762.50 - Submitted by Shawn Cox, Administrative Services Manager, Public Works Department.

Background/Summary:

On February 14, 2017 the City posted Bid No. 17-006, "1.5 Mil Density Polyethylene Bags (Garbage Bags)". The bid packet was posted to the City website, and official notices were posted in the Southwest News newspaper on February 14th and 21st. Additionally, the bid packet was emailed to seven (7) different companies.

Bid No. 17-006 was closed on March 1, 2017 at 10:00 AM, at which point five (5) sealed bid packages were opened and read into the record. Pricing for the purchase of 8,500 rolls (with 35 bags per roll) to be delivered three times per year (spring, summer, and winter) ranged from \$70,762.50 to \$92,820.00.

Dyna Pak Corporation provided the lowest bid at \$70,762.50. Dyna Pak Corporation has been our supplier of garbage bags since 2011. Under our previous contract the City paid \$73,185.00 annually for bags. Due to their pricing remaining the same, we were able to renew the contract annually up to four (4) times. If Dyna Pak holds their pricing of \$70,762.50 we will be able to renew this contract annually as well. If pricing changes, we would go back out for bids.

Each year (three times a year) the Public Works crews deliver bags door to door to over 6,500 households in Bellaire. The Public Works Department budgets annually for the purchase of garbage bags. For FY 2017, \$100,000.00 was budgeted. Bag deliveries have operated like this for the last 20 years. Public Works will order bags three times a year and have them delivered to our facilities to be distributed. While we do keep a supply of bags on hand, each order is placed to fill the delivery requirements.

As we update the Solid Waste Division service plan (originally developed in FY 2015), we will continue to evaluate this operation and look for opportunities to make improvements.

Previous Council Action Summary:

On October 3, 2011, the Council approved Ordinance No. 11-073, awarding bid No. 11-012, "1.5 Mil Polyethylene Density Bags (Garbage Bags)" to Dyna Pak Corporation for an amount not to exceed \$73,185.00

Fiscal Impact:

Funding for the purchase of garbage bags was included in the FY 2017 Budget adopted by Council on September 19, 2016.

City Attorney Review:

Pending

Recommendation:

Shawn Cox, Administrative Service Manager for the Department of Public Works recommends approval of this item.

ATTACHMENTS:

- Garbage Bag Purchase - SFA - Ordinance (DOCX)
- Standard Form of Agreement - Garbage Bags (DOC)
- Completed General Specification - Dyna Pak - Bid No. 17-006 (PDF)



ORDINANCE NO. 17-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, AUTHORIZING THE MAYOR AND THE CITY CLERK OF THE CITY OF BELLAIRE, TEXAS, TO EXECUTE AND ATTEST, RESPECTIVELY, FOR AND ON BEHALF OF THE CITY OF BELLAIRE, TEXAS, A STANDARD FORM OF AGREEMENT WITH DYNA PAK CORPORATION, IN A FORM AS ATTACHED HERETO AND MARKED EXHIBIT "A," FOR THE FOR THE PURCHASE AND DELIVERY OF 1.5 MIL DENSITY POLYETHYLENE BAGS (GARBAGE BAGS) TO THE CITY OF BELLAIRE, TEXAS, IN AN AMOUNT NOT TO EXCEED \$70,762.50.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS:

THAT the Mayor and the City Clerk of the City of Bellaire, Texas are each herby authorized to execute and attest, respectively, for and on behalf of the City of Bellaire, Texas, a Standard Form of Agreement with Dyna Pak Corporation, in a form as attached hereto and marked Exhibit "A," for the purchase and delivery of 1.5 mil density polyethylene bags (garbage bags) to the city of Bellaire, Texas, for a one-year period of time, commencing upon the issuance f a purchase order, in an amount not to exceed \$70,762.50

THAT the City of Bellaire, Texas, retains the option to extend the purchasing period and renew the Standard Form of Agreement for the purchase and delivery of 1.5 mil density polyethylene bags (garbage bags) for up to four (4) years, one (1) year at a time, subject to price increases, service, and mutual agreement of the City Manager, acting on behalf of the City of Bellaire, Texas, and Dyna Pak Corporation.

PASSED and **APPROVED** this 23rd day of January, 2017.

(SEAL)

ATTEST:

SIGNED:

Tracy L. Dutton, TRMC
City Clerk
Ord. No. 17-_____

Andrew S. Friedberg
Mayor

APPROVED AS TO FORM:

Alan P. Petrov
City Attorney

Attachment: Garbage Bag Purchase - SFA - Ordinance (2192 : Award Trash Bag Bid)

STANDARD FORM OF AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This **AGREEMENT** is made and entered into this 20th day of March 2017, by and between the **CITY OF BELLAIRE, TEXAS**, of the County of Harris and State of Texas, duly incorporated and existing under and by virtue of the Constitute and laws of the State of Texas, acting by and through the undersigned Mayor, as attested to by the City Clerk of the **CITY OF BELLAIRE, TEXAS**, thereunto duly authorized to do so, hereinafter referred to as "**CITY**," and **DYNA PAK CORPORATION**, hereinafter referred to as "**CONTRACTOR**."

WITNESSETH:

SECTION 1. That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the **CITY**, the **CONTRACTOR** hereby agrees with the **CITY** to commence and complete the project described as provision of "1.5 Mil Density Polyethylene Bags (Garbage Bags)," said project involves the purchase and delivery of 1.5 mil density polyethylene bags (garbage bags) for use by the City of Bellaire; for a one (1) year period under the terms as stated in the **CITY'S** "Specifications for Purchase and Delivery of 1.5 Mil Density Polyethylene Bags (Garbage Bags) for the City of Bellaire.," as attached hereto and marked Attachment "1," and as stated in the **CONTRACTOR'S PROPOSAL**, as attached hereto and marked Attachment "2," all of which are made a part hereof, collectively evidence and constitute the entire **CONTRACT**.

SECTION 2. That the **CITY** may, upon mutual agreement of the **CONTRACTOR** regarding price increase(s) and service, extend and renew the terms of this **CONTRACT** for an additional four (4) years, one (1) year at a time.

SECTION 3. That the **CITY** agrees to pay the **CONTRACTOR** in current funds for the performance of the **CONTRACT** in accordance with the terms stated in said **CONTRACT** within thirty (30) days of receipt of an approved invoice from **CONTRACTOR**.

SECTION 4. That the undersigned person executing this **CONTRACT** and all other documents executed simultaneously herewith, does certify and attest that he or she is executing the same in his or her capacity as an officer or employee of **CONTRACTOR** and has the authority to do so.

IN WITNESS WHEREOF, the Mayor of the **CITY**, as attested by the City Clerk of the **CITY** hereunto, have executed this **AGREEMENT** in the year and date first above written, under the authority granted to them under the provisions of Ordinance No. _____, an Ordinance duly enacted by the City Council of the **CITY**.

CITY OF BELLAIRE, TEXAS

Andrew S. Friedberg
Mayor

ATTEST:

Tracy L. Dutton
City Clerk

IN WITNESS WHEREOF, the **CONTRACTOR**, whose name is hereinafter set out, does certify and attest that he or she has executed this **AGREEMENT** in his or her capacity as herein stated, for and on behalf of said **CONTRACTOR** and that he or she has the authority to do so.

Printed Name:
Title:
Name of Contractor:

Attachment: Standard Form of Agreement - Garbage Bags (2192 : Award Trash Bag Bid)

CITY OF BELLAIRE, TEXAS
7008 SOUTH RICE AVENUE
BELLAIRE, TEXAS 77401
(713) 662-8222

ORIGINAL

BID INVITATION

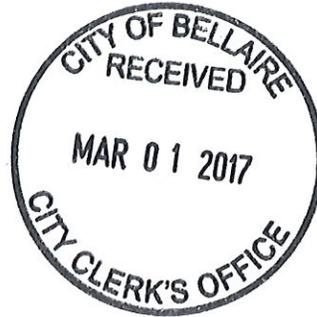
BID TITLE: 1.5 MIL DENSITY POLYETHYLENE BAGS (GARBAGE BAGS)

BID CLOSING TIME: 10:00 (a.m./p.m.) local time.

(By City Clerk Time Stamp) (Strike one)

BID NUMBER: 17-006

BID CLOSING DATE: Wednesday, March 1, 2017



This bid invitation includes:

- Bid Invitation
- Instructions to bidders
- Bidder's certification form *
- Bid proposal form *
- Specifications

* Requires bidder's signature, and must be returned with bid.

BID (To be completed by bidder)

The undersigned agrees to fully comply in strict accordance with the bid invitation, specifications and provisions attached thereto for the amounts shown on the bid proposal form. Bids will be accepted within 120 days unless otherwise specified.

Bidder Name: Sarah Hayden, Dyna Pak

Address: 112 Helton Drive Lawrenceburg, TN 38464

Telephone: 931-762-4016

Signature of Individual Authorized to sign bid:

Date  2-26-17

Signer's Name and Title: Sarah Hayden, Vice President

(Please print or type)

BIDDER'S CERTIFICATION

The 1985 Texas Legislature passed HB 620 relating to bids by nonresident contractors. The pertinent portion of the Act has been extracted and is as follows:

Section 1. (a).

(2) "Nonresident bidder" means a bidder whose principal place of business is not in this state, but excludes a contractor whose ultimate parent company or majority owner has its principal place of business in this state.

(3) "Texas resident bidder" means a bidder whose principal place of business is in this state, and includes a contractor whose ultimate parent company or majority owner has its principal place of business in this state.

(b) The state or a governmental agency of the state may not award a contract for general construction, improvements, services, or public works projects or purchases of supplies, materials, or equipment to a nonresident bidder unless the nonresident's bid is lower than the lowest bid submitted by a responsible Texas resident bidder by the same amount that a Texas bidder would be required to underbid a nonresident bidder to obtain a comparable contract in the state in which the nonresident's principal place of business is located.

I certify that Dyna Pak is
(company name)

a Resident bidder of Texas as defined in HB 620.

Signature _____

Print Name _____

I certify that Dyna Pak is
(company name)

a Nonresident bidder of Texas as defined in HB 620 and our principal place of business is:

Lawrenceburg, TN
(City and State)

Signature Sarah Hayden

Print Name Sarah Hayden

BID PROPOSAL FORM

The undersigned proposes, in accordance with the terms of the bid documents of which this proposal is a part, to furnish to the City the following bid, as described in the bid invitation and specifications, and in accordance with instructions to bidders, which are a part of this proposal.

The undersigned hereby acknowledges having received a full set of bid documents and Addenda Numbers (none unless indicated here) None

Further, the undersigned being duly sworn deposes and says an oath that said undersigned has not entered into any agreement with any other bidder or prospective bidder or with any other person, firm or corporation relating to the price named in said proposal or any other proposal, nor any agreement or arrangement under which any person, firm or corporation is to refrain from bidding, nor any agreement or arrangement for any act or omission in restraint of free competition among bidders and has not disclosed to any person, firm, or corporation the terms of said bid or the price herein.

Please print (in ink) or type: (photocopies of this form are acceptable)

Item Number/ <u>Quantity</u>	<u>Description</u>	<u>Price</u>	<u>Extension</u>	Unit
---------------------------------	--------------------	--------------	------------------	------

(NOTE: BID FORM ATTACHED HEREWITH)

Sanat Singh 2-27-17

CITY OF BELLAIRE

1.5 MIL DENSITY POLYETHYLENE BAGS (GARBAGE BAGS)
GENERAL SPECIFICATIONS

It is the intent of this specification to describe the purchase and delivery of 1.5 mil density polyethylene bags (garbage bags) for the City of Bellaire.

GENERAL:

Please sign/initial that you have read and understand these specifications.

892,500 Polyethylene bags.
(25,500 rolls, 35 bags per roll)

SH _____

1,326,000 Polyethylene bags.
(25,500 rolls, 52 bags per roll)

SH _____

Maximum roll length, 20"

SH _____

BAG SIZE: Not less than 30" X 37"
0.0015 Mil minimum, 39 gallon,
flat construction.

SH _____

Bags shall be capable of completely lining the interior of a standard 32 gallon garbage container with adequate height to fold over the lip of the container by 2".

SH _____

Bags rolled on cardboard core.

SH _____

COLOR: Dark Opaque - Color to be specified by Bidder.

SH _____

Each roll to be incased in clear Polyethylene outer bag with a thickness Of .0020, with 35 or 52, 5" Twist ties added to each roll.

SH _____

Individually boxed rolls will not be an acceptable alternative to packaging.

SH _____

TESTING AND STANDARDS:

Bags shall meet or exceed the following tests:

FILM STRENGTH - Dart impact strength at Fold and seals shall not be less than 60 grams when tested in accordance with ASTM-D1709, method A.

SH _____

CITY OF BELLAIRE

1.5 MIL DENSITY POLYETHYLENE BAGS (GARBAGE BAGS)

SLIP COEFFICIENT - ASTM D1894, coefficient
Between .1 and .25

SH

HEAT SEAL - any seal shall withstand a
10 minute tensile of one pound per square
inch (0.5 KG per 25.4MM) of seal without
failure in accordance with ASTM standard
F88-68, method A.

SH

WEIGHT OF 1,000 BAGS - 1.5 MIL LLDPE or
equivalent bags shall have an average
weight of 111#/M.

SH

DROP RESISTANCE - Bags shall withstand a
drop of five (5) feet onto smooth concrete
when filled to a total weight of forty-five
(45) pounds, with a material having a
density of fifteen (15) pounds per cubic
foot according to national sanitation
foundation standards.

SH

BAG HANG TEST - The sample bags must remain
Intact for two minutes after being loaded
with 45 pounds of concrete sand and hung by
the neck.

SH

SAMPLE REQUIRED WITH BID:

One (1) sample roll of bags shall be
submitted to the City of Bellaire on
or before the date for opening bids.
Send **Attention: Darold Bailey**

SH

DELIVERY AND INVOICE(S):

The bags shall be bid and invoiced on
a price per pound basis.

SH

The delivery ticket and invoice shall
state the number of rolls delivered
with weight of shipment.

SH

The shipment shall be palletized and
delivered F.O.B. City of Bellaire.

SH

CITY OF BELLAIRE

1.5 MIL DENSITY POLYETHYLENE BAGS (GARBAGE BAGS)

Master cartons should contain no more than fifty (50) rolls of bags.

SH

ADDITIONAL SPECIFICATIONS:

Crushed boxes will not be accepted. All bags must be packed in such a manner as to prevent crushing and unrolling of bags.

SH

Bags which are delivered in an unusable condition will not be accepted.

SH

Twenty-four hours notice must be given prior to arrival of all shipments.

SH

Deliveries shall be scheduled in accordance with the attached Bid Form.

SH

Orders will range as dictated by the City of Bellaire from a minimum of delivery of 8,500 rolls of 35 or 52 bags each to a maximum delivery of 25,500 rolls of 35 or 52 bags each.

SH

NO PARTIAL DELIVERIES PER ORDER

DELIVERY OF MATERIALS TO BE MADE WITHIN THIRTY (30) DAYS OF ORDER PLACEMENT.

SH

Bidder shall comply with all Federal and State laws and City Ordinances and Codes applicable to the Bidder's operation under this contract. These Specifications and the contract resulting herefrom shall be fully governed by the laws of the State of Texas, and shall be fully performable in Harris County, Texas, where venue for any proceeding arising hereunder will lie.

For additional information, please contact Ms. Velvia Whiting at 713/662-8150 or vwhiting@bellairetx.gov with "1.5 MIL DENSITY POLYETHYLENE BAGS (GARBAGE BAGS)" in the Subject line. Please allow twenty-four (24) hours for a response.

CITY OF BELLAIRE

1.5 MIL DENSITY POLYETHYLENE BAGS (GARBAGE BAGS)

BID FORM (Page 1 of 2)

The undersigned agrees to furnish the City of Bellaire polyethylene bags which meet the attached specifications and which will be delivered in accordance with the indicated delivery schedule. Twenty-four (24) hours notice will be given the City prior to the arrival of each shipment. All prices are F.O.B. Bellaire, Texas 77401.

PURCHASE PERIOD: The effective dates of purchase for this bid shall commence on the day of award to the successful bidder and last for one year from the date of awarding. The City of Bellaire retains the option to extend to the bidder awarded this bid, an extension at the end of the above purchasing period, for the purpose of purchasing 1.5 Mil Density Polyethylene Bags (Garbage Bags) specified in this bid proposal, upon agreement with the bidder and the City of Bellaire, said optional extension and renewal of contract up to four years, one year at a time subject to price increases, service and mutual agreement between the City Manager on behalf of the City of Bellaire and the successful bidder.

BASE BID 1.5 MIL DESITY POLYETHYLENE BAGS

Bid for 35 Bags per Roll:

Three (3) Deliveries, Total 25,500 Rolls, Each Delivery = 8,500 Rolls of 35 bags each

DELIVERY TIME	PRICE/LB.	PRICE/ROLL	TOTAL/DELIVERY
SPRING	\$ <u>.71</u>	\$ <u>2.78</u>	\$ <u>23,587.50</u>
SUMMER	\$ <u>.71</u>	\$ <u>2.78</u>	\$ <u>23,587.50</u>
WINTER	\$ <u>.71</u>	\$ <u>2.78</u>	\$ <u>23,587.50</u>
TOTAL BID FOR <u>892,500 BAGS</u>			\$ <u>70,762.50</u>

Bid for 52 Bags per Roll:

Three (3) Deliveries, Total 25,500 Rolls, Each Delivery = 8,500 Rolls of 52 bags each

DELIVERY TIME	PRICE/LB.	PRICE/ROLL	TOTAL/DELIVERY
SPRING	\$ <u>.71</u>	\$ <u>3.96</u>	\$ <u>33,660-</u>
SUMMER	\$ <u>.71</u>	\$ <u>3.96</u>	\$ <u>33,660-</u>
WINTER	\$ <u>.71</u>	\$ <u>3.96</u>	\$ <u>33,660-</u>
TOTAL BID FOR <u>1,326,000 BAGS</u>			\$ <u>100,980.00</u>

CITY OF BELLAIRE

1.5 MIL DENSITY POLYETHYLENE BAGS (GARBAGE BAGS)
BID FORM (Page 2 of 2)

- THE CITY OF BELLAIRE WILL CHOOSE EITHER 35 BAGS PER ROLL OR 52 BAGS PER ROLL WHEN AWARDING THE BID.
- THE CITY OF BELLAIRE RESERVES THE RIGHT TO INCREASE THE QUANTITY OF BAGS PER ORDER AS WELL AS TO ADJUST THE NUMBER OF ORDERS TO MEET THEIR NEEDS.
- PRICES 7008 S. RICE AVE., BELLAIRE, TEXAS 77401
- TWENTY-FOUR (24) HOURS NOTICE MUST BE GIVEN PRIOR TO ARRIVAL OF ALL SHIPMENTS BY CALLING (713) 662-8150.
- If you have any questions, please contact Ms. Velvia Whiting at 713/662-8150 or vwhiting@bellairetx.gov with "1.5 Mil Density Polyethylene Bags (Garbage Bags)" in the Subject line. Please allow twenty-four (24) hours for a response.

COMPANY NAME Dyna Pak

ADDRESS 112 Helton Drive

CITY, STATE, ZIP CODE Lawrenceburg, TN 38464

BIDDER'S NAME Sarah Hayden
(Please print or type)

SIGNATURE OF BIDDER 

TITLE Vice President

TELEPHONE 931-762-4016 / 248-506-5199

EMAIL ADDRESS Sarah@dynamak.com

COMPANY WEBSITE: www.dynamak.com

DATE 2-27-17

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: Finance Administration
Category: Amendment
Department Head: Terrence Beaman
DOC ID: 2205

**SCHEDULED
ACTION ITEM (ID # 2205)**

Item Title:

Consideration of and possible action on the adoption of a resolution of the City Council of the City of Bellaire, Texas, amending the authorized representatives for the City of Bellaire, Texas, for purposes of transmitting funds for investment in the Texas Local Government Investment Pool (TexPool/TexPool Prime), withdrawing funds from TexPool, issuing letters of instruction, and taking all other actions deemed necessary or appropriate for the investment of local funds - Submitted by Terrence Beaman, Chief Financial Officer.

Background/Summary:

The City of Bellaire is a participant in TexPool and investments in the pool are in compliance with the City's Investment Policy. The most recent Authorization Resolution 16-05 dated May 2, 2016, designates Paul Hofmann, City Manager, Terrence Beaman, CFO, and William Mize, Finance Manager as authorized representatives.

The approval of this resolution will remove William Mize due to his retirement, and add James H. Harrison as Senior Accountant in their place along with Paul Hofmann, City Manager and Terrence Beaman, CFO as the City's Authorized Representatives.

Source of Funding:

N/A

Recommendation:

Approval of Resolution Amending Authorized Representatives

ATTACHMENTS:

- Amending Representatives for TexPool - 2017 (DOC)



RESOLUTION NO. 17-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, AMENDING THE AUTHORIZED REPRESENTATIVES FOR THE CITY OF BELLAIRE, TEXAS, FOR PURPOSES OF TRANSMITTING FUNDS FOR INVESTMENT IN THE TEXAS LOCAL GOVERNMENT INVESTMENT POOL (TEXPOOL/TEXPOOL PRIME), WITHDRAWING FUNDS FROM TEXPOOL, ISSUING LETTERS OF INSTRUCTION, AND TAKING ALL OTHER ACTIONS DEEMED NECESSARY OR APPROPRIATE FOR THE INVESTMENT OF LOCAL FUNDS.

WHEREAS, the City of Bellaire, Texas ("Participant"), Location Number 78443, is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

WHEREAS, it is in the best interests of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the *Public Funds Investment Act*; and

WHEREAS, the Texas Local Government Investment Pool (TexPool/TexPool Prime), a public funds investment pool, were created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the *Public Funds Investment Act*; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY BELLAIRE, TEXAS:

A. THAT effective on March 20, 2017, the individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in TexPool/TexPool *Prime* and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.

B. THAT an Authorized Representative of the Participant may be deleted by a written instrument signed by all remaining Authorized Representatives provided that the deleted Authorized Representative (1) is assigned job duties that no longer require access to the Participant’s TexPool/TexPool *Prime* account or (2) is no longer employed by the Participant.

C. THAT the Participant may by Amending Resolution signed by the Participant add an Authorized Representative provided the additional Authorized Representative is an officer, employee, or agent of the Participant.

D. THAT the list of Authorized Representatives of the Participant, each of which will be issued personal identification numbers to transact business with TexPool Participant Services, are as follows:

1.	Name:	Paul A. Hofmann
	Title:	City Manager
	Signature:	_____
	Phone Number:	(713) 662-8228

2.	Name:	Terrence Beaman
	Title:	Chief Financial Officer
	Signature:	_____
	Phone Number:	(713) 662-8251

3. Name: James H. Harrison
Title: Senior Accountant

Signature: _____

Phone Number: (713) 662-8266

E. THAT the Authorized Representative listed above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements under the Participation Agreement is:

Name: Terrence Beaman
Email Address: tbeaman@bellairetx.gov
Fax Number: (713) 662-8264

F. THAT this Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until TexPool Participant Services receives a copy of any such amendment or revocation.

PASSED, APPROVED, and ADOPTED by the Participant at its Regular Session held on March 20, 2017.

(SEAL)

ATTEST:

SIGNED:

Tracy L. Dutton, TRMC
City Clerk

Andrew S. Friedberg
Mayor

APPROVED AS TO FORM:

Alan P. Petrov
City Attorney

Attachment: Amending Representatives for TexPool - 2017 (2205 : Amend TexPool Authorized Representatives)

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: Finance Administration
Category: Amendment
Department Head: Terrence Beaman
DOC ID: 2206

**SCHEDULED
ACTION ITEM (ID # 2206)**

Item Title:

Consideration of and possible action on the adoption of a resolution of the City Council of the City of Bellaire, Texas, amending the authorized representatives for the City of Bellaire, Texas, for purposes of transmitting funds for investment in the TexSTAR Local Government Investment Pool (TexSTAR), withdrawing funds from TexSTAR, issuing letters of instruction, and taking all other actions deemed necessary or appropriate for the investment of local funds - Submitted by Terrence Beaman, Chief Financial Officer.

Background/Summary:

The City of Bellaire is a participant in TexSTAR and investments in the pool are in compliance with the City's Investment Policy. The most recent Authorization Resolution 16-06 dated May 2, 2016, designates Paul Hofmann, City Manager, Terrence Beaman, CFO, and William Mize, Finance Manager as authorized representatives.

The approval of this resolution will remove William Mize due to his retirement, and add James H. Harrison as Senior Accountant in his place along with Paul Hofmann, City Manager and Terrence Beaman, CFO as the City's Authorized Representatives.

Source of Funding:

N/A

Recommendation:

Approval of Resolution Amending Authorized Representatives

ATTACHMENTS:

- Amending Representatives for TexStar - 2017 (DOC)



RESOLUTION NO. 17-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, AMENDING THE AUTHORIZED REPRESENTATIVES FOR THE CITY OF BELLAIRE, TEXAS, FOR PURPOSES OF TRANSMITTING FUNDS FOR INVESTMENT IN THE TEXAS SHORT TERM ASSET RESERVE PROGRAM (TexSTAR), WITHDRAWING FUNDS FROM TexSTAR, ISSUING LETTERS OF INSTRUCTION, AND TAKING ALL OTHER ACTIONS DEEMED NECESSARY OR APPROPRIATE FOR THE INVESTMENT OF LOCAL FUNDS.

WHEREAS, the City of Bellaire, Texas ("Participant"), Location Number 78443, is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

WHEREAS, it is in the best interests of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the *Public Funds Investment Act*; and

WHEREAS, the Texas Short Term Asset Reserve Program (TexSTAR), a public funds investment pool, was created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the *Public Funds Investment Act*; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS:

A. THAT effective March 20, 2017, the individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in

TexSTAR, to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.

B. THAT the Participant may, by Amending Resolution signed by an Authorized Representative of the Participant, add or remove an Authorized Representative provided the additional Authorized Representative is an officer, employee, or agent of the Participant.

C. THAT the list of Authorized Representatives of the Participant, each of which will be issued a personal identification number to transact business with TexSTAR, is as follows:

1. Name: Paul A. Hofmann
Title: City Manager

Signature: _____
Phone Number: (713) 662-8228

2. Name: Terrence Beaman
Title: Chief Financial Officer

Signature: _____
Phone Number: (713) 662-8251

3. Name: James H. Harrison
Title: Senior Accountant

Signature: _____
Phone Number: (713) 662-8266

Attachment: Amending Representatives for TexStar - 2017 (2206 : Amend TexSTAR Authorized Representatives)

D. THAT the Authorized Representative listed above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements is:

Name: Terrence Beaman
Email Address: tbeaman@bellairetx.gov
Fax Number: (713) 662-8264

E. THAT this Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until TexSTAR receives a copy of any such amendment or revocation.

PASSED, APPROVED, and ADOPTED by the Participant at its Regular Session held on March 20, 2017.

(SEAL)

ATTEST:

SIGNED:

Tracy L. Dutton, TRMC
City Clerk

Andrew S. Friedberg
Mayor

APPROVED AS TO FORM:

Alan P. Petrov
City Attorney

Attachment: Amending Representatives for TexStar - 2017 (2206 : Amend TexSTAR Authorized Representatives)

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: Finance Administration
Category: Amendment
Department Head: Terrence Beaman
DOC ID: 2207

**SCHEDULED
ACTION ITEM (ID # 2207)**

Item Title:

Consideration of and possible action on the adoption of a resolution of the City Council of the City of Bellaire, Texas, amending the authorized representatives for the City of Bellaire, Texas, for purposes of transmitting funds for investment in the TexasTERM Local Government Investment Pool (TexasTERM), withdrawing funds from TexasTERM, issuing letters of instruction, and taking all other actions deemed necessary or appropriate for the investment of local funds - Submitted by Terrence Beaman, Chief Financial Officer.

Background/Summary:

The City of Bellaire is a participant in TexTERM and investments in the pool are in compliance with the City's Investment Policy. The most recent Authorization Resolution 16-07 dated May 2, 2016, designates Paul Hofmann, City Manager, Terrence Beaman, CFO, and William Mize, Finance Manager as authorized representatives.

The approval of this resolution will remove William Mize due to his retirement, and add James H. Harrison as Senior Accountant in his place along with Paul Hofmann, City Manager and Terrence Beaman, CFO as the City's Authorized Representatives.

Source of Funding:

N/A

Recommendation:

Approval of Resolution Amending Authorized Representatives

ATTACHMENTS:

- Amending Representatives for TexTerm - 2017 (DOC)



RESOLUTION NO. 17-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, AMENDING THE AUTHORIZED REPRESENTATIVES FOR THE CITY OF BELLAIRE, TEXAS, FOR PURPOSES OF TRANSMITTING FUNDS FOR INVESTMENT IN THE TEXASTERM LOCAL GOVERNMENT INVESTMENT POOL (TEXASTERM), WITHDRAWING FUNDS FROM TEXASTERM, ISSUING LETTERS OF INSTRUCTION, AND TAKING ALL OTHER ACTIONS DEEMED NECESSARY OR APPROPRIATE FOR THE INVESTMENT OF LOCAL FUNDS.

WHEREAS, the City of Bellaire, Texas ("Participant"), is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

WHEREAS, it is in the best interests of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the *Public Funds Investment Act*; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY BELLAIRE, TEXAS:

A. THAT effective March 20, 2017, the individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in TexasTERM and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.

B. THAT the Participant may by Amending Resolution signed by the Participant add or remove an Authorized Representative provided the additional Authorized Representative is an officer, employee, or agent of the Participant.

C. THAT the list of Authorized Representatives of the Participant, each of which will be issued personal identification numbers to transact business with TexasTERM, are as follows:

1. Name: Paul A. Hofmann
Title: City Manager

Signature: _____
Phone Number: (713) 662-8228

2. Name: Terrence Beaman
Title: Chief Financial Officer

Signature: _____
Phone Number: (713) 662-8251

3. Name: James H. Harrison
Title: Senior Accountant

Signature: _____
Phone Number: (713) 662-8266

D. THAT the Authorized Representative listed above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements is:

Name: Terrence Beaman
Email Address: tbeaman@bellairetx.gov
Fax Number: (713) 662-8264

Attachment: Amending Representatives for TexTerm - 2017 (2207 : Amend TexasTERM Authorized Representatives)

E. THAT this Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until TexasTERM receives a copy of any such amendment or revocation.

PASSED, APPROVED, and ADOPTED by the Participant at its Regular Session held on March 20, 2017.

(SEAL)

ATTEST:

SIGNED:

Tracy L. Dutton, TRMC
City Clerk

Andrew S. Friedberg
Mayor

APPROVED AS TO FORM:

Alan P. Petrov
City Attorney

Attachment: Amending Representatives for TexTerm - 2017 (2207 : Amend TexasTERM Authorized Representatives)

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: Finance Administration
Category: Ordinance
Department Head: Terrence Beaman
DOC ID: 2197

**SCHEDULED
ACTION ITEM (ID # 2197)**

Item Title:

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, verifying and acknowledging the annual review of the City's Investment Policy and Investment Strategies (City of Bellaire Code of Ordinances, Chapter 2, Administration, Article I, In General, Section 2-10, Investment Policy) - Submitted by Terrence Beaman, Chief Financial Officer.

Background/Summary:

Chapter 2, Administration, Section 2-10, Investment Policy, of the Code of Ordinances of the City of Bellaire, Texas, requires the governing body to annually review the City of Bellaire Investment Policy and Investment Strategies in compliance with the Texas Public Funds Investment Act, V.T.C.A., Government Code Ch. 2256 as amended (the "Act").

The Audit Finance Board met on Thursday, March 9, 2017 to review and receive an update on the City's Investment Policy as well as consider any recommended changes. There are no changes being recommended at this time.

Previous Council Action Summary:

Policy was reviewed and approved on March 7, 2016 with no changes.

Fiscal Impact:

N/A

Recommendation:

Approval of attached ordinance as presented.

ATTACHMENTS:

- Ordinance with no changes (DOC)
- Investment Policy 2017



ORDINANCE NO. 17-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, VERIFYING AND ACKNOWLEDGING THAT THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, HAS PERFORMED ITS ANNUAL REVIEW OF THE CITY OF BELLAIRE INVESTMENT POLICY AND INVESTMENT STRATEGIES.

WHEREAS, the City of Bellaire, Texas, has previously adopted *Chapter 2, Administration, Article I, In General, Section 2-10, Investment Policy*, of the Code of Ordinances of the City of Bellaire, Texas (*the "Code"*), in order to comply with the requirements of the Texas Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (*the "Act"*); and

WHEREAS, pursuant to *Section 2256.005* of the Act and *Chapter 2, Administration, Article I, In General, Section 2-10(b), Investment Policy* of the *Bellaire City Code of Ordinances*, the City Council is required to annually review its Investment Policy and Investment Strategies and to adopt a written instrument by ordinance or resolution stating that such policies have been reviewed and recording any changes thereto; **NOW, THEREFORE**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS:

1. **THAT** the recitals contained herein above are found to be true and correct.
2. **THAT** the City Council of the City of Bellaire, Texas, has hereby reviewed its Investment Policy and Investment Strategies found in *Chapter 2*,

Administration, Article I, In General, Section 2-10(b), Investment Policy of the Bellaire City Code of Ordinances

3. THAT the City Council of the City of Bellaire, Texas, finds that no changes to its Investment Policy and Investment Strategies are necessary at this time.

4. THAT this Ordinance shall be effective immediately upon its adoption.

PASSED, APPROVED, and ADOPTED this 20th day of March, 2017.

(SEAL)

ATTEST:

Tracy L. Dutton, TRMC, City Clerk
City of Bellaire, Texas

SIGNED:

Andrew S. Friedberg, Mayor
City of Bellaire, Texas

APPROVED AS TO FORM:

Alan P. Petrov, City Attorney
City of Bellaire, Texas

Attachment: Ordinance with no changes (2197 : Investment Policy and Strategies Annual Review and Approval)

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: Development Services
Category: Agreement
Department Head: John McDonald
DOC ID: 2186

**SCHEDULED
ACTION ITEM (ID # 2186)**

Item Title:

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the Mayor of the City of Bellaire, Texas, to execute a Standard Form of Agreement by and between the City of Bellaire, Texas, and 4900 Bissonnet, LLC, for the use of city property within the right-of-way generally located at the intersection of Bissonnet Street and Chestnut Street for commercial parking - Submitted by John McDonald, Director of Development Services.

Background/Summary:

The ordinance under consideration would grant 4900 Bissonnet, LLC, the right to redevelop an approximately 5,000 square foot portion of the right-of-way generally located on the north side of Bissonnet Street where it intersects with Chestnut Street as a parking lot to support the commercial building located at 4900 Bissonnet. The additional parking would afford them added flexibility finding tenants to meet local service needs. This center is currently undergoing a soon to be completed renovation.

The agreement gives 4900 Bissonnet, LLC, exclusive use of the property and allows them to develop and maintain a parking lot for an initial period of 15 years with an option of an additional 15 years. Included in the agreement is their responsibility for maintenance of the landscaping for the area as well as the barrier that closes off the adjacent streets from the residential neighborhood to the north. No fee for this use is proposed. A representative of 4900 Bissonnet, LLC, will be present to discuss this request.

Comprehensive Plan

This ordinance addresses one of the guiding principals of Goal 5.3: *Pursue strategic opportunities for City government to take a more direct role in spurring commercial development and reinvestment to balance the local tax base, provided the proposed activity meets the fundamental criterion of advancing residents' quality of life.*

Previous Council Action Summary:

None

Fiscal Impact:

None

City Attorney Review:

The City Attorney has reviewed the proposed Ordinance

Recommendation:

Due to the underutilization of the property, the associated maintenance costs, and the

ability of the reuse of this right-of-way to benefit the revitalization of the commercial corridor, the Director of Development Services recommends approval of this ordinance.

ATTACHMENTS:

- ORD ROW 4900 Bissonnet 2017 March (DOCX)
- Attachment A 4900 Bissonnet ROW Agreement (DOCX)
- 4900 Bissonnet Map (DOCX)



ORDINANCE NO. 17-____

AN ORDINANCE AUTHORIZING THE MAYOR OF THE CITY OF BELLAIRE, TEXAS, TO EXECUTE, FOR AND ON BEHALF OF THE CITY OF BELLAIRE, TEXAS, A STANDARD FORM OF AGREEMENT BY AND BETWEEN AND THE CITY OF BELLAIRE, TEXAS, AND 4900 BISSONNET, LLC, FOR THE USE OF CITY PROPERTY IN THE RIGHT OF WAY GENERALLY LOCATED AT THE INTERSECTION OF BISSONNET STREET AND CHESTNUT STREET FOR COMMERCIAL PARKING.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS:

THAT the Mayor of the City of Bellaire, Texas, is hereby authorized to execute for and on behalf of the City of Bellaire, Texas, a Standard Form of Agreement by and the City of Bellaire, Texas, and 4900 Bissonnet, LLC, in a form as attached hereto and marked "Attachment A," for the use of city property within the right of way generally located at the intersection of Bissonnet Street and Chestnut Street for commercial parking.

PASSED and **APPROVED** this 20th day of March, 2017.

(SEAL)

ATTEST:

SIGNED:

Tracy L. Dutton, TRMC
City Clerk

Andrew S. Friedberg
Mayor

APPROVED AS TO FORM:

Alan P. Petrov
City Attorney

Attachment: ORD ROW 4900 Bissonnet 2017 March (2186 : United Equities ROW Agreement)

ORDINANCE 17 - _____

ATTACHMENT A

LICENSE, USE AND DEVELOPMENT AGREEMENT

This License, Use and Development Agreement (this “*Agreement*”) is made and entered into on _____, 2017, by and between the CITY OF BELLAIRE (“*Bellaire*”), and 4900 BISSONNET, LLC, a Texas limited liability company (“*4900 Bissonnet*”).

RECITALS

A. Bellaire is the owner of that certain roughly triangular tract of land depicted on the attached Exhibit A (the “*Property*”), located across 2nd Street and immediately east of that certain tract of land owned by 4900 Bissonnet (and being described on Exhibit B attached hereto) (the “*4900 Bissonnet Tract*”), commonly known as 4900 Bissonnet, Bellaire, Texas.

B. 4900 Bissonnet desires to obtain from Bellaire an agreement and right to develop, landscape and use the Property for additional parking spaces servicing the 4900 Bissonnet Tract.

C. Bellaire is willing to grant a license to 4900 Bissonnet for use of the Property upon the terms, covenants and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, for and in consideration of good and valuable consideration paid by 4900 Bissonnet, and the mutual covenants and agreements herein contained, Bellaire and 4900 Bissonnet hereby agree as follows:

1. Grant of Rights. Bellaire hereby grants a license to 4900 Bissonnet upon and subject to the terms, covenants and conditions hereinafter set forth, to the Property and the exclusive right to develop, improve and use the Property as provided herein and for no other use. Bellaire hereby consents and approves the development and improvement of the Property in substantial accordance with either of the alternative site plans for the Property attached as Exhibit C hereto, provided such improvements are effected (i) in accordance with all applicable federal, state, county or local laws, statutes, ordinances, codes, regulations and/or orders, including compliance with all permitting requirements of Bellaire (collectively the “*Laws*”), (ii) at 4900 Bissonnet’s sole cost and expense, and (iii) within one (1) year of the date of this Agreement.

2. Landscaping/Signage. Bellaire additionally grants 4900 Bissonnet the right to landscape and/or otherwise decorate the Property as 4900 Bissonnet may determine, as well as install signage on the Property relating to the 4900 Bissonnet Tract or any business thereon, provided the same comply with all applicable Laws and will not materially, negatively affect the drainage on the Property or any improvements located therein.

3. No Obligation of Bellaire. 4900 Bissonnet expressly acknowledges and agrees that Bellaire shall have no obligation or any duty to monitor or enforce in any way 4900 Bissonnet’s rights to use the Property or the parking thereon on behalf of 4900 Bissonnet or for the benefit of the 4900 Bissonnet Tract. Bellaire hereby allows and consents to 4900 Bissonnet to mark, designate or otherwise install signage indicating the use of such parking spaces for the 4900 Bissonnet Tract or any tenants or occupants thereon.

4. Term. The Term of this Agreement shall commence on the date first written above and end on the last day of the one hundred eightieth (180th) full calendar month hereafter (the “*Initial Term*”), after which time this Agreement shall be automatically extended for one (1) additional period of fifteen (15) years, provided, however, that either party may terminate this Agreement at the end of the Initial Term by providing written notification of such termination to the other party at least one (1) year in advance of such termination.

5. Consideration. As consideration to Bellaire for entering into this Agreement, 4900 Bissonnet agrees to improve, operate, maintain, insure, and repair the Property in accordance with the specific terms contained herein.

6. Property Condition, Maintenance and Repair. 4900 BISSONNET ACKNOWLEDGES THAT BELLAIRE HAS NOT MADE, AND DOES NOT MAKE, ANY REPRESENTATIONS OR WARRANTIES CONCERNING THE CONDITION OR STATE OF REPAIR OF THE PROPERTY, AND THAT 4900 BISSONNET HAS MADE ITSELF FAMILIAR WITH THE PROPERTY AND ITS CONDITION. 4900 BISSONNET ACCEPTS POSSESSION OF THE SPACES AND THE PROPERTY IN THEIR AS IS, WHERE IS CONDITION AND WITH ALL FAULTS. Except for those improvements shown or that can be inferred from the site plans attached hereto as Exhibit C, and except for the landscaping and decorations referred to in Par. 2 above, 4900 Bissonnet shall make no other alterations, improvements, or modifications to the Property, or any part thereof without the consent of Bellaire, not to be unreasonably withheld, delayed or conditioned. Notwithstanding the foregoing, however, 4900 Bissonnet's improvements must comply with Bellaire's permitting requirements.

4900 Bissonnet agrees to keep the Property in a good, attractive condition, and shall periodically remove all trash and debris therefrom in accordance with reasonable and prudent commercial property management practices and shall maintain (in accordance with applicable Bellaire ordinances) the landscape barrier within the right-of-way to the north of the 4900 Bissonnet Tract.

7. Liability. 4900 Bissonnet RELEASES AND WAIVES all liabilities, claims, damages, and causes of action against Bellaire or any of Bellaire's employees, representatives or agents (with Bellaire collectively, the "*Bellaire Parties*") for damage to property and for injuries or death to persons, from any cause arising, at any time, out of, or in connection with, the use and exercise by 4900 Bissonnet of the rights granted herein, INCLUDING, WITHOUT LIMITATION, ANY LIABILITIES, CLAIMS, DAMAGES OR CAUSES OF ACTION THAT MAY ARISE IN WHOLE OR IN PART FROM THE NEGLIGENT ACTS OR OMISSIONS OF BELLAIRE OR ANY OF THE BELLAIRE PARTIES.

Further, 4900 Bissonnet hereby agrees to INDEMNIFY, DEFEND AND HOLD the Bellaire Parties, and each of them, harmless from and against any and all liabilities, claims, demands, damages, causes of action, fines, costs and expenses, including reasonable attorneys' fees and court costs, which may be asserted against or suffered by the Bellaire Parties or any of them, and arising out of or in connection with, directly or indirectly, the exercise of the rights granted herein by 4900 Bissonnet or any other person or entity using the Property, or from any act or occurrence pertaining to the exercise of this Agreement granted herein that occurs on or about the Property, INCLUDING, WITHOUT LIMITATION ANY LIABILITIES, CLAIMS, DEMANDS, DAMAGES, CAUSES OF ACTION, FINES, COSTS AND EXPENSES THAT MAY ARISE IN WHOLE OR IN PART FROM THE NEGLIGENT ACTS OR OMISSIONS OF THE BELLAIRE PARTIES, OR ANY OF THEM.

The terms of this Paragraph 7 shall survive the expiration or termination of this Agreement.

8. Insurance. During the entire term of this Agreement, 4900 Bissonnet shall, at its sole cost and expense, but for the mutual benefit of Bellaire and 4900 Bissonnet, maintain commercial general public liability insurance with a combined single limit of not less than \$2,000,000.00. Such insurance policy or policies shall expressly cover 4900 Bissonnet's indemnity obligations under this Agreement. All such policies of insurance shall be carried with companies reasonably satisfactory to Bellaire and shall name Bellaire as an additional insured. Copies of such policies, and certificates of insurance, shall be delivered to Bellaire upon request.

In addition, 4900 Bissonnet agrees that it, and not the Bellaire, shall be responsible for the repair or restoration any damage or destruction to the parking surface of the Property, whether or not caused or in any

way arising because of the 4900 Bissonnet, 4900 Bissonnet's guests or invitees, or any tenants of the 4900 Bissonnet or their respective guests of invitees.

9. Assignment. 4900 Bissonnet shall have no right to assign this Agreement, or sublet or license all or any portion of the Property.

10. No Public Dedication. Nothing herein contained shall be deemed to be a gift or dedication of any portion of the Property to the general public or to any governmental body or agency, or for the general public or for any public use or purpose whatsoever; it being the intention and understanding of the parties hereto that this Agreement shall be strictly limited to and for the purposes herein expressed solely for the private benefit of the parties hereto.

11. 4900 Bissonnet's Default/Remedies. The occurrence of the following event shall constitute a default and breach of this Agreement by 4900 Bissonnet:

(a) The failure by 4900 Bissonnet to observe or perform any of the covenants, conditions or provisions of this Agreement to be observed or performed by 4900 Bissonnet, where such failure shall continue for a period of thirty (30) days after written notice thereof by Bellaire to 4900 Bissonnet, provided, however, that in the event that such failure cannot be reasonably cured within such 30-day period, 4900 Bissonnet shall not be in default hereunder and shall have a reasonable period of time thereafter to cure the same exercising due diligence.

Upon an uncured event of default hereunder, Bellaire shall have the right, but not the obligation, to cure such default, and 4900 Bissonnet shall promptly reimburse Bellaire for all sums reasonably expended in connection therewith, together with interest thereon at the rate (herein referred to as the "Default Rate") equal to the lesser of (i) the maximum non-usurious rate allowed by applicable law, or (ii) eighteen percent (18%) per annum, from the date of demand by Bellaire for reimbursement until paid. Further, Bellaire pursue any and all rights and remedies at law or in equity to recover all of such sums. Further, if 4900 Bissonnet fails to cure a default after notice as provided in this paragraph, Bellaire may enforce the terms of this Agreement by restraining order and by temporary and permanent injunction prohibiting such breach and commanding 4900 Bissonnet to comply with all of the terms hereof, however, that the act of obtaining an injunction or restraining order shall not be deemed to be an election of remedies or a waiver of any other rights or remedies available at law or in equity.

Notwithstanding anything to the contrary contained herein, no breach of this Agreement shall entitle any party to cancel, rescind, or otherwise terminate the same, but such limitation shall not affect, in any manner, any other rights or remedies which the parties may have hereunder by reason of any breach of this Agreement.

12. Right to Purchase. Bellaire hereby grants 4900 Bissonnet the sole and exclusive right to purchase the Property in accordance with the procedures set forth in Chapter 27 of Bellaire's City Code. 4900 Bissonnet may exercise its right to purchase hereunder by giving Bellaire written notice of its election to purchase at any time during the term hereof. For purposes of such purchase it is agreed that the value of the Property shall be calculated as of the date of this Agreement before any improvement by 4900 Bissonnet.

13. Limitation of Liability. Under no circumstances whatsoever shall any party hereunder ever be liable hereunder for consequential, speculative, punitive, or any other special damages, all of which are hereby deemed waived by the parties. Further, the liability of either party hereto shall be limited to the time period(s) during which any party owned in fee simple all or any portion of the Property and/or the 4900 Bissonnet Tract, and upon the conveyance of such fee simple interest such party shall have no liability or obligations hereunder arising or accruing on or after the date of such conveyance.

14. Notice. Any written notice or communication permitted hereunder shall be delivered to the address of the intended recipient set forth below. Any such notice is deemed delivered and received by the intended recipient (i) three (3) days after being deposited in the United States mail properly addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested; (ii) upon delivery of the same in person to such party; (iii) when sent by telecopy transmission, on the date of transmission if prior to 5:00 p.m. local time of the recipient, otherwise the next business day, or (iv) when sent by nationally recognized overnight express delivery service, upon actual receipt as indicated on the signed receipt. For purposes of notice, the addresses of the parties are as follows:

If to Bellaire: City of Bellaire
7008 S. Rice Avenue
Bellaire, TX 77401
Attn: Director of Community Development

If to 4900 Bissonnet: 4900 Bissonnet, LLC
4545 Bissonnet, Suite 100
Bellaire, TX 77401
Attn: President

15. Attorneys' Fees. In the event it becomes necessary for either party hereto to file suit to enforce this Agreement or any provision contained herein, the party prevailing in such suit shall be entitled to recover, in addition to all other damages, as provided herein, reasonable attorneys' fees incurred in such suit.

16. Estoppel Certificates. 4900 Bissonnet and Bellaire agree at any time and from time to time (but not more than two times in any consecutive 12 month period), upon not less than ten (10) business days' prior written request from the other party, to execute, acknowledge and deliver to the requesting party a statement in writing, in form and content reasonably acceptable to both parties, an estoppel certificate certifying that this Agreement is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), certifying that it is not in default (or if a default is alleged, stating the nature of the alleged default), and further certifying such other reasonable matters as the requesting party shall require. It is intended that any such statement delivered pursuant to this paragraph may be relied upon by any prospective purchaser, lender, subtenant, assignee or any entity which is a party to a potential merger, consolidation with or to the acquisition of substantially all of the assets or stock of Bellaire or 4900 Bissonnet. In the event either party shall fail to execute and deliver any such instrument within the foregoing time period as requested, the requesting party may send a completed estoppel certificate, along with a second request, which request shall state in bold, capitalized letters that the completed estoppel shall be deemed accurate if the party to whom it is sent does not respond to address any inaccuracies within five (5) business days after receipt of the second request.

17. Entire Agreement. This Agreement embodies the entire agreement between the parties relative to the subject matter hereof, and there are no oral or written agreements between the parties, nor any representations made by either party relative to the subject matter hereof, which are not expressly set forth herein.

18. Amendments. This Agreement may be amended only by a written instrument executed by the party or parties to be bound thereby.

19. Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. EACH PARTY HEREBY DESIGNATES THE COURTS OF TEXAS AS THE COURT OF PROPER JURISDICTION AND VENUE OF AND FOR ANY AND ALL LAWSUITS OR OTHER LEGAL**

PROCEEDINGS RELATING TO THIS AGREEMENT AND IRREVOCABLY CONSENTS TO SUCH DESIGNATION, JURISDICTION, AND VENUE. THIS AGREEMENT IS PERFORMABLE IN HARRIS COUNTY, TEXAS.

20. Memorandum of Agreement. At the request of either party hereto, Bellaire and 4900 Bissonnet agree to execute and record a written Memorandum of Agreement in a form reasonably acceptable to both parties.

21. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such illegal, invalid or unenforceable provision or by its severance from this Agreement.

22. Time of the Essence. Time is of the essence in connection with 4900 Bissonnet's performance of its obligations under this Agreement.

23. Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all signatory parties had signed the same document. All counterparts will be construed together and will constitute one and the same instrument. A signature sent by telecopy, PDF or similar format will have the same effect as an original signature.

THE NEXT PAGE IS THE SIGNATURE PAGE

Attachment: Attachment A 4900 Bissonnet ROW Agreement (2186 : United Equities ROW Agreement)

EXECUTED as of the date first above written.

BELLAIRE:

CITY OF BELLAIRE, TEXAS

By: _____
Andrew S. Friedberg, Mayor

4900 BISSONNET:

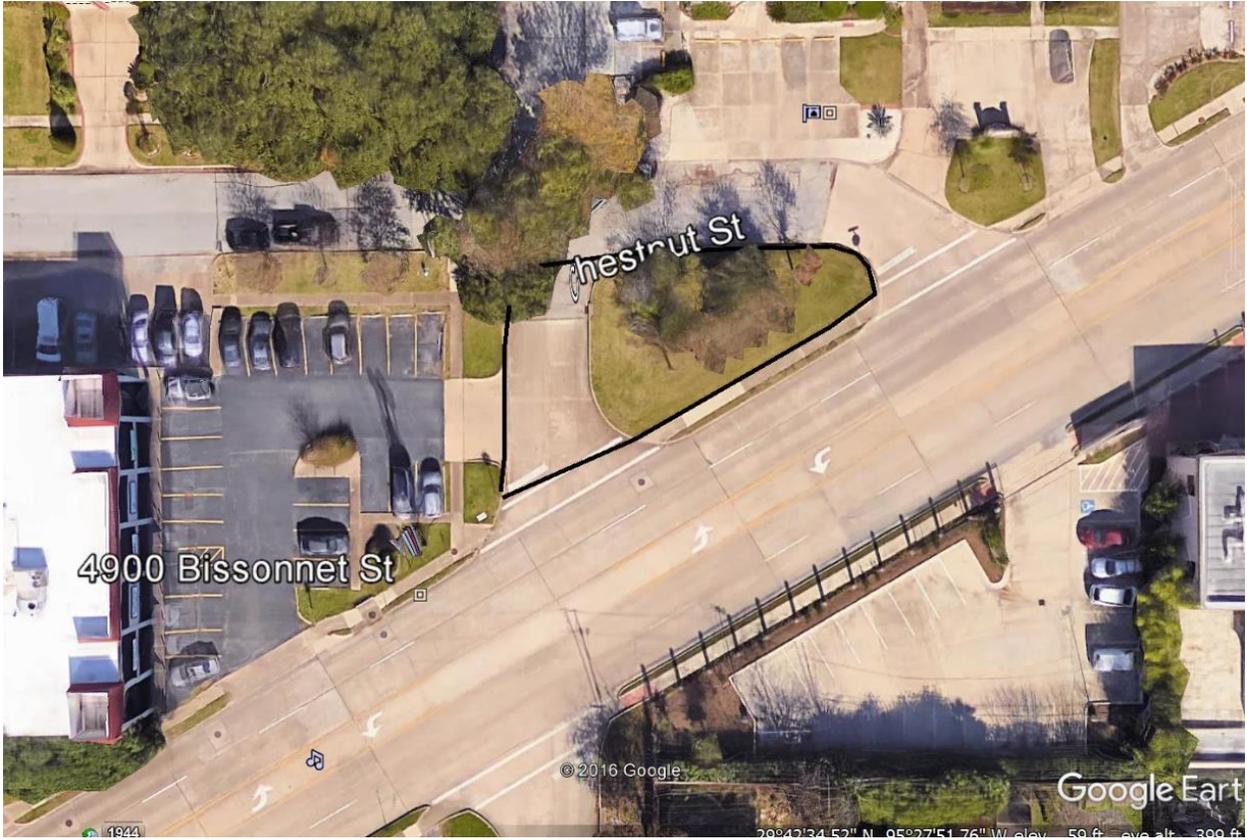
4900 BISSONNET, LLC,
a Texas limited liability company

By: _____
Edwin Freedman, President

Attachment: Attachment A 4900 Bissonnet ROW Agreement (2186 : United Equities ROW Agreement)

EXHIBIT A

**Depiction of the Property
(outlined in black)**



Attachment: Attachment A 4900 Bissonnet ROW Agreement (2186 : United Equities ROW Agreement)

EXHIBIT B**Legal Description of 4900 Bissonnet Tract**

Being a tract or parcel of land containing 0.3846 acre of land or 16,756 square feet, located in the James Blessing Survey, Abstract 162, Harris County, Texas. Said 0.3846 acre tract being all of Lots 1, 2, and 3, Block 18 Town of Bellaire, a subdivision duly of record on Volume 3, Page 59 in the Map Records of Harris County (H.C.M.R.), Texas, save and except a 619.2 square feet tract of record in the name of Harris County in Volume 1007, Page 677 in the Deed Records of Harris County, Texas (H.C.D.R.), and being the north one-half of the 10 foot alley of record per said subdivision, being relinquished back to the adjoining property owners per Harris County Clerk's File (H.C.C.F.) Number R309009, said remainder of Lots 1, 2, and 3, Block 18 of record in the name of Pearse-Chase Company in H.C.C.F. Number U581103; Said 0.3846 acre tract being more particularly described as follows (bearings based on said subdivision):

BEGINNING at a 1/2 inch iron rod found at the intersection of the south Right-of-Way (R.O.W.) line of Chestnut Street (60 feet wide) and the west R.O.W. line of 2nd Street (60 feet wide), being the northeast corner of both aforesaid Lot 1 and Block 18;

THENCE, coincident the west R.O.W. line of 2nd Street, South 00 Degrees 22 Minutes 00 Seconds West, a distance of 70.95 feet to a 5/8 inch iron rod found for the southeast corner of the herein described tract, for the northeast corner of aforesaid 619.2 square feet tract, and being on the northwest R.O.W. line of Bissonnet Street (70 feet wide);

THENCE, coincident the northwest R.O.W. line of aforesaid Bissonnet Street and the northwest line of aforesaid 619.2 square feet tract, South 60 Degrees 27 Minutes 50 Seconds West, a distance of 140.25 feet to a 5/8 inch iron rod found for the most southerly southeast corner of the herein described tract, being on the centerline of aforesaid 10 feet wide alley;

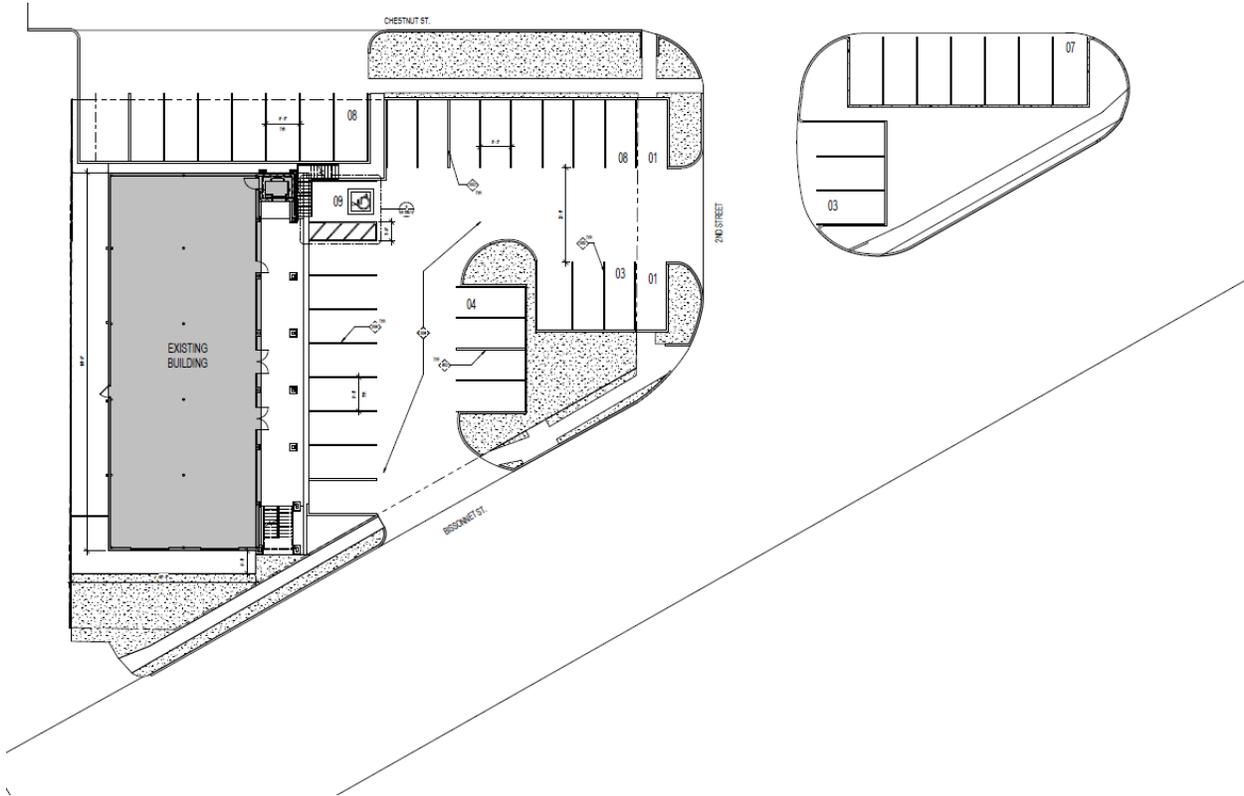
THENCE, coincident the centerline of aforesaid 10 feet wide alley, North 88 Degrees 56 Minutes 20 Seconds West, a distance of 27.85 feet to a 5/8 inch iron rod with (Gruller) cap set for the southwest corner of the herein described tract, on an extension of the west line of aforesaid Lot 3;

THENCE, through and across aforesaid alley and coincident aforesaid Lot 3, respectively, North 00 Degrees 10 Minutes 25 Seconds East, at a distance of 5.00 feet pass a 1/2 inch iron rod found for the southwest corner of said Lot 3, and continue for an overall distance of 139.57 feet to a 5/8 inch iron rod with (Gruller) cap set for both the northwest corner of Lot 3 and the herein described tract, being on the south R.O.W. line of aforesaid Chestnut Street;

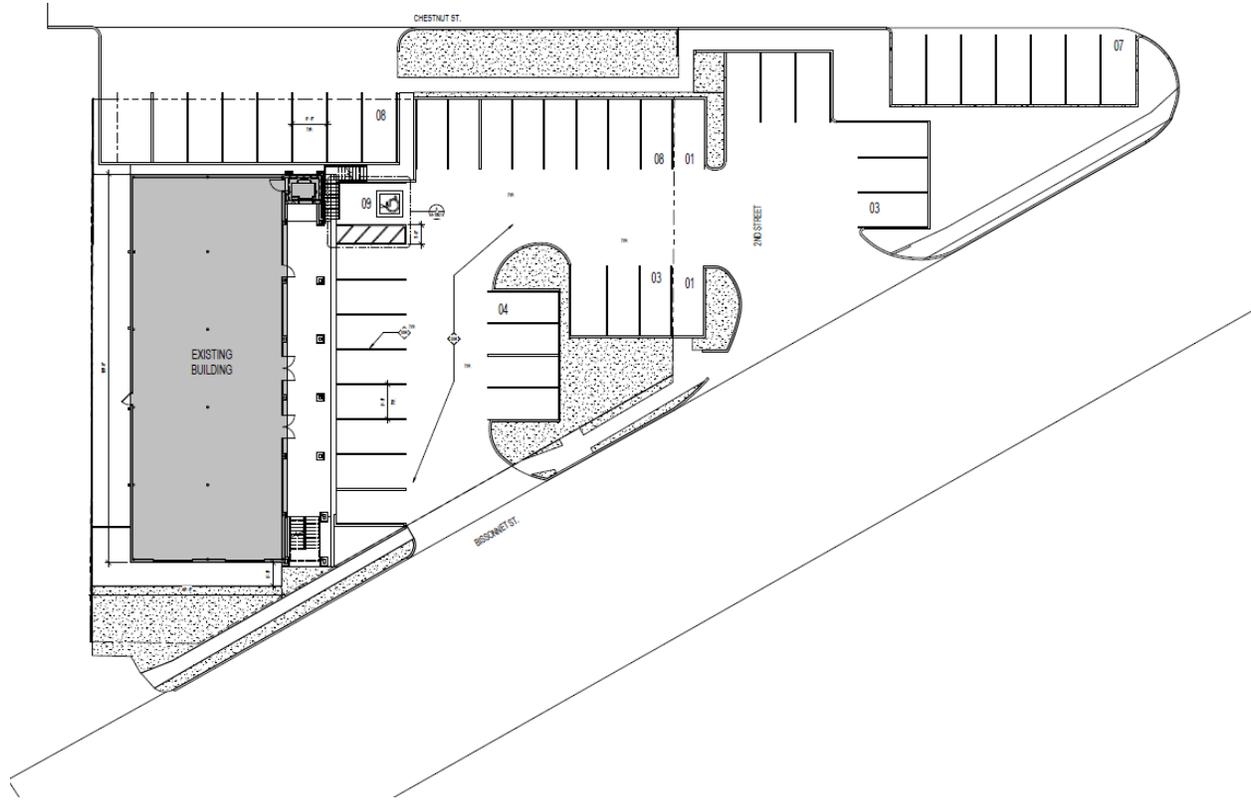
THENCE, coincident the south R.O.W. line of aforesaid Chestnut Street, North 90 Degrees 00 Minutes 00 Seconds East, a distance of 149.90 feet to the POINT OF BEGINNING and containing 0.3846 acre of land.

EXHIBIT C

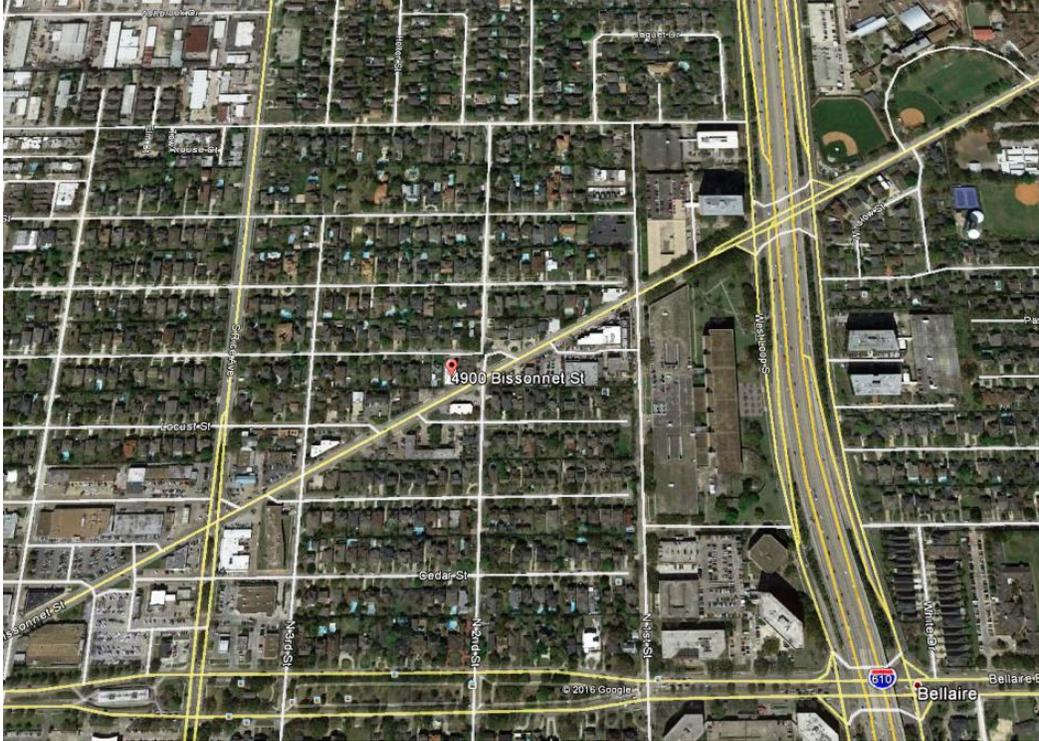
Approved Site Plans for the Property



Attachment: Attachment A 4900 Bissonnet ROW Agreement (2186 : United Equities ROW Agreement)



Attachment: Attachment A 4900 Bissonnet ROW Agreement (2186 : United Equities ROW Agreement)



Attachment: 4900 Bissonnet Map (2186 : United Equities ROW Agreement)

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: City Manager's Office
Category: Contract
Department Head: Paul A. Hofmann
DOC ID: 2095

**SCHEDULED
INFORMATION ITEM (ID
2095)**

Item Title:

Consideration of and possible action of the City Council of the City of Bellaire, Texas, authorizing the City Manager to enter into negotiations for a contract in an amount not to exceed \$320,000 to be executed by the Mayor, with ARKK Engineers, LLC, for Design Engineering and Construction Administration Services for the Bonds for Better Bellaire 2016 Water and Wastewater Line Replacement Project Group A Phase 1 - Submitted by Paul A. Hofmann, City Manager.

Background/Summary:

On November 8, 2016, the City of Bellaire held a bond election (Bonds for Better Bellaire 2016) and Proposition 3 - Water and Wastewater Improvements Program was approved. Of the \$24.38 million in bonds that were approved, an allocation of \$11.00 million is for water lines, and \$580,000 for wastewater lines.

ARKK Engineers, LLC (ARKK) was selected for Design Engineering and Construction Administration Services of the Water and Wastewater Line Replacement Projects. ARKK was selected because of their extensive knowledge of the City's water distribution and wastewater collection systems. They very successfully completed the FY 2015 replacement project and can efficiently and expeditiously meet the aggressive schedule for line replacement under the Better Bellaire 2016 program while minimizing inconvenience to Bellaire residents. While line replacement work is typical of City Engineering projects, the City plans to utilize the professional services of KIT Professionals, Inc. to review the plans for possible additional efficiencies and provide checks and balances in the process.

With Council's approval, the City Manager will enter into negotiations with ARKK and prepare a contract for the Mayor to sign. The Not-To-Exceed Amount for Design Engineering and Construction Administration Services contract will be \$320,000. This Not-To-Exceed Amount includes field survey, base mapping, tree protection, utility conflict resolution, storm water pollution prevention plan (SWPPP), traffic control and construction administration services.

Group A Phase 1 locations are:

- 4900 - 5000 Blocks of Beech Street
- 5300 - 5400 Blocks of Braeburn Drive
- 5300 Block of Grand Lake Street
- 5100 - 5300 Blocks of Huisache Street
- 4800 - 4900 Blocks of Locust Street
- 4500 Block of Mayfair Street
- 4800 - 5000 Blocks of Palmetto Street
- 5100 - 5200 Blocks of Patrick Henry Street

- 5400 Block of Pine Street
- 5400 Block of Valerie Street
- 4900 - 5000 Blocks of Imperial Street (To be constructed with Project Group B)
- 6800 Block of Mapleridge Street (Wastewater)

Previous Council Action Summary:

At the December 19, 2016 Council Meeting, the City Council approved issuing \$33,460,000 General Obligation Bonds. An allocation of this issuance will begin funding the Water and Wastewater Line Replacement Projects.

At the January 23, 2017 Council Meeting, the City Council approved the sale of the \$33,460,000 General Obligation Bonds.

A master project schedule was presented to City Council on February 20, 2017.

Fiscal Impact:

The January 23, 2017 bond sale included \$500,000 for the Water and Wastewater Line Replacement Project design engineering, construction administration, third party plan review and construction management. These funds have also been included in the FY 2017 Capital Improvement Program Budget. The Not-To-Exceed Amount represents approximately 9% of the anticipated construction costs.

City Attorney Review:

Yes

Recommendation:

It is requested that the City Council of the City of Bellaire, Texas authorize the City Manager to enter into negotiations for a contract in the amount not exceed \$320,000 to be executed by the Mayor with ARKK Engineers, LLC for Design Engineering and Construction Administration Services for the Bonds for Better Bellaire 2016 Water and Wastewater Line Replacement Project Group A Phase 1.

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: City Manager's Office
Category: Contract
Department Head: Paul A. Hofmann
DOC ID: 2218

**SCHEDULED
INFORMATION ITEM (ID
2218)**

Item Title:

Consideration of and possible action of the City Council of the City of Bellaire, Texas, authorizing the City Manager to enter into negotiations for a contract in an amount not to exceed \$65,000 to be executed by the Mayor, with HDR, Inc., for Design Engineering and Construction Administration Services for the Bonds for Better Bellaire 2016 Street and Drainage Project Group B Phase 1 - Submitted by Paul A. Hofmann, City Manager.

Background/Summary:

On November 8, 2016, the City of Bellaire held a bond election (Bonds for Better Bellaire 2016) and Proposition 1 - Streets, Drainage and Sidewalks was approved. Of the \$24.00 million in bonds that were approved, an allocation of \$20.00 million is for streets and drainage.

HDR, Inc. (HDR) was selected for Design Engineering and Construction Administration Services of the Street and Drainage Projects. The design work for this project was completed by HDR in Rebuild Bellaire Phase 5. HDR will check for any topographical changes such as new driveways and revise the plans as necessary. They will also incorporate any third party review comments and provide bid-ready contract documents.

With Council's approval, the City Manager will enter into negotiations with HDR and prepare a contract for the Mayor to sign. The Not-To-Exceed Amount for Design Engineering and Construction Administration Services contract will be \$65,000.

Group B Phase 1 locations are:

- 4900 - 5000 Blocks of Imperial Street (Including Water)
- 4700 Block of Linden Street
- 4900 - 5000 Block of Mayfair Street
- 4700 Block of Willow Street

Previous Council Action Summary:

At the December 19, 2016 Council Meeting, the City Council approved issuing \$33,460,000 General Obligation Bonds. An allocation of this issuance will begin funding the Street and Drainage Projects.

At the January 23, 2017 Council Meeting, the City Council approved the sale of the \$33,460,000 General Obligation Bonds.

A master project schedule was presented to City Council on February 20, 2017.

Fiscal Impact:

The January 23, 2017 bond sale included \$1,000,000 for the Street and Drainage Project Group B Phase 1 and Group C Phase 2 design engineering, construction administration, third party plan review and construction management. These funds have also been included in the FY 2017 Capital Improvement Program Budget.

City Attorney Review:

Yes

Recommendation:

It is requested that the City Council of the City of Bellaire, Texas authorize the City Manager to enter into negotiations for a contract, which the Mayor will sign, with HDR, Inc. For Design Engineering and Construction Administration Services for the Bonds for Better Bellaire 2016 Street and Drainage Project Group B Phase 1.

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: City Manager's Office
Category: Contract
Department Head: Paul A. Hofmann
DOC ID: 2219

**SCHEDULED
INFORMATION ITEM (ID
2219)**

Item Title:

Consideration of and possible action of the City Council of the City of Bellaire, Texas, authorizing the City Manager to enter into negotiations for a contract in an amount not to exceed \$500,000 to be executed by the Mayor, with Costello, Inc., for Design Engineering and Construction Administration Services for the Bonds for Better Bellaire 2016 Street and Drainage Project Group C Phase 2 - Submitted by Paul A. Hofmann, City Manager.

Background/Summary:

On November 8, 2016, the City of Bellaire held a bond election (Bonds for Better Bellaire 2016) and Proposition 1 - Streets, Drainage and Sidewalks was approved. Of the \$24.00 million in bonds that were approved, an allocation of \$20.00 million is for streets and drainage.

On December 20, 2016, a Request for Qualifications (RFQ) was issued for RFQ No. 17-004: Design Engineering Services, Construction Management Services, Construction Administration Services, and Third Party Plan Review. Statements of Qualifications (SOQs) were due by January 13, 2017 at 11:00 am. The City received 35 SOQs.

A Review Team was formed and consisted of John McDonald, Director of Development Services, James Andrews, City Engineer, and Todd Gross, the Purchasing/Contract Coordinator. They reviewed the SOQs and scored them on the following criteria in order to create a shortlist of firms to interview:

- Experience with Local Municipal Infrastructure Projects
- Firm Resources & Staff
- Overall Approach & Methodology
- Responsiveness to the RFQ

For the Street and Drainage Projects, the Review Team was tasked to select a firm for Design Engineering and Construction Administration Services. Firms selected for interviews were Costello, Inc., Kelly R. Kaluza & Associates, Inc. and Schaumburg & Polk, Inc. On March 9, 2017, interviews with the shortlist of firms were held. The firms were given 10 minutes to make a presentation. This was followed by 10 minutes of questions-and-answers with the Review Team.

Based on the results of the interviews, the Review Team recommends Costello, Inc. (Costello) for Design Engineering and Construction Administration Services of the Street and Drainage Projects. Costello provides strong drainage system design capabilities including detention

systems and backflow prevention systems.

With Council's approval, the City Manager will enter into negotiations with Costello and prepare a contract for the Mayor to sign. The Not-To-Exceed Amount for Design Engineering and Construction Administration Services contract will be \$500,000. This Not-To-Exceed Amount includes field survey, base mapping, tree protection, utility conflict resolution, storm water pollution prevention plan (SWPPP), traffic control and construction administration services. Design is anticipated to be completed in time for construction to begin in June 2018.

Group C Phase 2 locations are:

- 500 Block of Bolivar
- 4500 Block of Maple
- 5100 - 5200 Blocks of Spruce
- 700 Block of N Fifth Street

Previous Council Action Summary:

At the December 19, 2016 Council Meeting, the City Council approved issuing \$33,460,000 General Obligation Bonds. An allocation of this issuance will begin funding the Street and Drainage Projects.

At the January 23, 2017 Council Meeting, the City Council approved the sale of the \$33,460,000 General Obligation Bonds.

A master project schedule was presented to City Council on February 20, 2017.

Fiscal Impact:

The January 2017 bond sale included \$1,000,000 for the Street and Drainage Project Group B Phase 1 and Group C Phase 2 design engineering, construction administration, third party plan review and construction management. These funds have also been included in the FY 2017 Capital Improvement Program Budget. The Not-To-Exceed Amount represents approximately 8% of the anticipated construction costs.

City Attorney Review:

Yes

Recommendation:

It is requested that the City Council of the City of Bellaire, Texas authorize the City Manager to enter into negotiations for a contract in the amount not to exceed \$500,000 to be executed by the Mayor with Costello, Inc. for Design Engineering and Construction Administration Services

for the Bonds for Better Bellaire 2016 Street and Drainage Project Group C Phase 2.

ATTACHMENTS:

- Scoring Matrix - S&D (PDF)

**RFQ Scoring Matrix - Street & Drainage Projects and Sidewalk Projects
Design Engineering and Construction Administration Services**

Company	Experience with Local Municipal Infrastructure Projects	Firm Resources & Staff	Overall Approach & Methodology	Responsiveness to the RFQ	Total Score
	40%	25%	25%	10%	
Costello, Inc.	40	25	25	10	100
Kelly R. Kaluza & Associates, Inc.	40	25	25	10	100
Schaumburg & Polk, Inc.	39	24	24	10	97

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: City Manager's Office
Category: Contract
Department Head: Paul A. Hofmann
DOC ID: 2220

**SCHEDULED
INFORMATION ITEM (ID
2220)**

Item Title:

Consideration of and possible action of the City Council of the City of Bellaire, Texas, authorizing the City Manager to enter into negotiations for a contract in an amount not to exceed \$132,000 to be executed by the Mayor, with Kelly R. Kaluza & Associates, Inc., for Design Engineering and Construction Administration Services for the Bonds for Better Bellaire 2016 Sidewalk Project Group D Phase 1 - Submitted by Paul A. Hofmann, City Manager.

Background/Summary:

On November 8, 2016, the City of Bellaire held a bond election (Bonds for Better Bellaire 2016) and Proposition 1 - Streets, Drainage and Sidewalks was approved. Of the \$24.00 million in bonds that were approved, an allocation of \$4.00 million is for sidewalks.

On December 20, 2016, a Request for Qualifications (RFQ) was issued for RFQ No. 17-004: Design Engineering Services, Construction Management Services, Construction Administration Services, and Third Party Plan Review. Statements of Qualifications (SOQs) were due by January 13, 2017 at 11:00 am. The City received 35 SOQs.

A Review Team was formed and consisted of John McDonald, Director of Development Services, James Andrews, City Engineer, and Todd Gross, the Purchasing/Contract Coordinator. They reviewed the SOQs and scored them on the following criteria in order to create a shortlist of firms to interview:

- Experience with Local Municipal Infrastructure Projects
- Firm Resources & Staff
- Overall Approach & Methodology
- Responsiveness to the RFQ

For the Sidewalk Projects, the Review Team was tasked to select a firm for Design Engineering and Construction Administration Services. Firms selected for interviews were Costello, Inc., Kelly R. Kaluza & Associates, Inc. and Schaumburg & Polk, Inc. On March 9, 2017, interviews with the shortlist of firms were held. The firms were given 10 minutes to make a presentation. This was followed by 10 minutes of questions-and-answers with the Review Team.

Based on the results of the interviews, the Review Team recommends Kelly R. Kaluza & Associates, Inc. (Kaluza) for Design Engineering and Construction Administration Services of the Sidewalk Projects. Kaluza has promoted their attention to detail and in-house survey crews as a

strong attribute to sidewalk design.

With Council's approval, the City Manager will enter into negotiations with Kaluza and prepare a contract for the Mayor to sign. The Not-To-Exceed Amount for Design Engineering and Construction Administration Services contract will be \$132,000. This Not-To-Exceed Amount includes field survey, base mapping, tree protection, utility conflict resolution, storm water pollution prevention plan (SWPPP), traffic control and construction administration services. Design is anticipated to be complete in time for construction to begin in October 2017.

Group D Phase 1 locations are:

- 4700 - 5000 Blocks of Braeburn Drive
- 4500 - 4600 Blocks of Holly Street
- 4600 Block of Laurel Street
- 4600 Block of Oleander Street
- 1000 Block of Pauline Avenue
- 5000 - 5100 Blocks of Pine Street
- 5300 Block of Pine Street
- 4500 Block of Teas Street
- 4800 - 4900 Blocks of Valerie Street
- 4500 Block of Verone Street

Previous Council Action Summary:

At the December 19, 2016 Council Meeting, the City Council approved issuing \$33,460,000 General Obligation Bonds. An allocation of this issuance will begin funding the Sidewalk Projects.

At the January 23, 2017 Council Meeting, the City Council approved the sale of the \$33,460,000 General Obligation Bonds.

A master project schedule was presented to City Council on February 20, 2017.

Fiscal Impact:

The January 23, 2017 bond sale included \$1,000,000 for the Sidewalk Project Group D Phase 1 design engineering, construction administration, third party plan review, construction management and construction. These funds have also been included in the FY 2017 Capital Improvement Program Budget. The Not-To-Exceed Amount represents approximately 11% of the anticipated construction costs.

City Attorney Review:

Yes

Recommendation:

It is requested that the City Council of the City of Bellaire, Texas authorize the City Manager to enter into negotiations for a contract in the amount not to exceed \$132,000 to be executed by the Mayor with Kelly R. Kaluza & Associates, Inc. for Design Engineering and Construction Administration Services for Bonds for Better Bellaire 2016 Sidewalk Project Group D Phase 1.

ATTACHMENTS:

- Scoring Matrix - S&D (PDF)

**RFQ Scoring Matrix - Street & Drainage Projects and Sidewalk Projects
Design Engineering and Construction Administration Services**

Company	Experience with Local Municipal Infrastructure Projects	Firm Resources & Staff	Overall Approach & Methodology	Responsiveness to the RFQ	Total Score
	40%	25%	25%	10%	
Costello, Inc.	40	25	25	10	100
Kelly R. Kaluza & Associates, Inc.	40	25	25	10	100
Schaumburg & Polk, Inc.	39	24	24	10	97

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: City Manager's Office
Category: Contract
Department Head: Paul A. Hofmann
DOC ID: 2221

**SCHEDULED
INFORMATION ITEM (ID
2221)**

Item Title:

Consideration of and possible action of the City Council of the City of Bellaire, Texas, authorizing the City Manager to enter into negotiations for a contract in an amount not to exceed \$20,000 to be executed by the Mayor, with KIT Professionals, Inc., for Third Party Plan Review Services for the Bonds for Better Bellaire 2016 Water and Wastewater Line Replacement Project Group A Phase 1 - Submitted by Paul A. Hofmann, City Manager.

Background/Summary:

On November 8, 2016, the City of Bellaire held a bond election (Bonds for Better Bellaire 2016) and Proposition 3 - Water and Wastewater Improvements Program was approved. Of the \$24.38 million in bonds that were approved, an allocation of \$11.00 million is for water lines, and \$580,000 for wastewater lines.

On December 20, 2016, a Request for Qualifications (RFQ) was issued for RFQ No. 17-004: Design Engineering Services, Construction Management Services, Construction Administration Services, and Third Party Plan Review. Statements of Qualifications (SOQs) were due by January 13, 2017 at 11:00 am. The City received 35 SOQs.

A Review Team was formed and consisted of John McDonald, Director of Development Services, James Andrew, City Engineer, and Todd Gross, the Purchasing/Contract Coordinator. They reviewed the SOQs and scored them on the following criteria in order to create a shortlist of firms to interview:

- Experience with Local Municipal Infrastructure Projects
- Firm Resources & Staff
- Overall Approach & Methodology
- Responsiveness to the RFQ

For the Water and Wastewater Line Replacement Projects, the Review Team was tasked to select a firm for Third Party Plan Review Services. Firms selected for interviews were KIT Professionals, Inc. and MBCO Engineering, LLC. On March 9, 2017, interviews with the shortlist of firms were held. The firms were given 10 minutes to make a presentation. This was followed by 10 minutes of questions-and-answers with the Review Team.

Based on the results of the interviews, the Review Team recommends KIT Professionals, Inc. (KIT) for Third Party Plan Review Services of the Water and Wastewater Line Replacement Projects. KIT specializes in third party review, quality assessment/quality control (QA/QC) and

inspection of water and sanitary sewer construction projects in neighborhood settings.

With Council's approval, the City Manager will enter into negotiations with KIT and prepare a contract for the Mayor to sign. The Not-To-Exceed Amount for Third Party Plan Review Services for the Phase 1 contract will be \$20,000.

Group A Phase 1 locations are:

- 4900 - 5000 Blocks of Beech Street
- 5300 - 5400 Blocks of Braeburn Drive
- 5300 Block of Grand Lake Street
- 5100 - 5300 Blocks of Huisache Street
- 4800 - 4900 Blocks of Locust Street
- 4500 Block of Mayfair Street
- 4800 - 5000 Blocks of Palmetto Street
- 5100 - 5200 Blocks of Patrick Henry Street
- 5400 Block of Pine Street
- 5400 Block of Valerie Street
- 4900 - 5000 Blocks of Imperial Street (To be constructed with Project Group B)
- 6800 Block of Mapleridge Street (Wastewater)

Previous Council Action Summary:

At the December 19, 2016 Council Meeting, the City Council approved issuing \$33,460,000 General Obligation Bonds. An allocation of this issuance will begin funding the Water and Wastewater Line Replacement Projects.

At the January 23, 2017 Council Meeting, the City Council approved the sale of the \$33,460,000 General Obligation Bonds.

A master project schedule was presented to City Council on February 20, 2017.

Fiscal Impact:

The January 23, 2017 bond sale included \$500,000 for the Water and Wastewater Line Replacement Project design engineering, construction administration, third party plan review and construction management. These funds have also been included in the FY 2017 Capital Improvement Program Budget.

City Attorney Review:

Yes

Recommendation:

It is requested that the City Council of the City of Bellaire, Texas authorize the City Manager to enter into negotiations for a contract in the amount not to exceed \$20,000 to be executed by the Mayor with KIT Professionals, Inc. for Third Party Plan Review Services for the Bonds for Better Bellaire 2016 Water and Wastewater Line Replacement Project Group A Phase 1.

ATTACHMENTS:

- Scoring Matrix - W-WW (PDF)

RFQ Scoring Matrix - Water & Wastewater Line Replacement Projects Third Party Plan Review Services

Company	Experience with Local Municipal Infrastructure Projects 40%	Firm Resources & Staff 25%	Overall Approach & Methodology 25%	Responsiveness to the RFQ 10%	Total Score
KIT Professionals, Inc.	40	25	25	10	100
MBCO Engineering, LLC	38	23	23	9	93

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 03/20/17 06:00 PM
Department: City Manager's Office
Category: Contract
Department Head: Paul A. Hofmann
DOC ID: 2222

**SCHEDULED
INFORMATION ITEM (ID
2222)**

Item Title:

Consideration of and possible action of the City Council of the City of Bellaire, Texas, authorizing the City Manager to enter into negotiations for contracts in an amount not to exceed \$62,000 to be executed by the Mayor, with ARKK Engineers, LLC, for Third Party Plan Review Services for the Bonds for Better Bellaire Street and Drainage Projects Group B Phase 1 and Group C Phase 2 and Sidewalk Project Group D Phase 1 - Submitted by Paul A. Hofmann, City Manager.

Background/Summary:

On November 8, 2016, the City of Bellaire held a bond election (Bonds for Better Bellaire 2016) and Proposition 1 - Streets, Drainage and Sidewalks was approved. Of the \$24.00 million in bonds that were approved, an allocation of \$20.00 million is for streets and drainage and \$4.00 million is for sidewalks.

ARKK Engineers, LLC (ARKK) was selected for Third Party Plan Review Services of the Street and Drainage Projects and Sidewalk Projects. The City plans to utilize one firm for Design Engineering and Construction Administration Services and a different one for Third Party Plan Review and Construction Management Services. This will allow for possible additional efficiencies and provide checks and balances in the process. ARKK will provide Third Party Plan Review Services on the projects being designed by other firms.

With Council's approval, the City Manager will enter into negotiations with ARKK and prepare a contract for the Mayor to sign. The Not-To-Exceed Amount for Third Party Plan Review Services for the contracts for each set of projects will be:

- Street and Drainage Project Group B Phase 1: \$9,000
- Street and Drainage Project Group C Phase 2: \$43,000
- Sidewalk Project Group D Phase 1: \$10,000

Group B Phase 1 locations are:

- 4900 - 5000 Blocks of Imperial Street (Including Water)
- 4700 Block of Linden Street
- 4900 - 5000 Block of Mayfair Street
- 4700 Block of Willow Street

Group C Phase 2 locations are:

- 500 Block of Bolivar
- 4500 Block of Maple
- 5100 - 5200 Blocks of Spruce

- 700 Block of N Fifth Street

Group D Phase 1 locations are:

- 4700 - 5000 Blocks of Braeburn Drive
- 4500 - 4600 Blocks of Holly Street
- 4600 Block of Laurel Street
- 4600 Block of Oleander Street
- 1000 Block of Pauline Avenue
- 5000 - 5100 Blocks of Pine Street
- 5300 Block of Pine Street
- 4500 Block of Teas Street
- 4800 - 4900 Blocks of Valerie Street
- 4500 Block of Verone Street

Previous Council Action Summary:

At the December 19, 2016 Council Meeting, the City Council approved issuing \$33,460,000 General Obligation Bonds. An allocation of this issuance will begin funding the Street and Drainage Projects and Sidewalk Projects.

At the January 23, 2017 Council Meeting, the City Council approved the sale of the \$33,460,000 General Obligation Bonds.

A master project schedule was presented to City Council on February 20, 2017.

Fiscal Impact:

The January 23, 2017 bond sale included \$1,000,000 for the Street and Drainage Project Group B Phase 1 and Group C Phase 2 design engineering, construction administration, third party plan review and construction management and \$1,000,000 for the Sidewalk Project Group D Phase 1 design engineering, construction administration, third party plan review, construction management and construction. These funds have also been included in the FY 2017 Capital Improvement Program Budget.

City Attorney Review:

Yes

Recommendation:

It is requested that the City Council of the City of Bellaire, Texas authorize the City Manager to enter into negotiations for contracts in the amounts not to exceed \$62,000 to be executed by

the Mayor with ARKK Engineers, LLC for Third Party Plan Review Services for the Bonds for Better Bellaire Street and Drainage Projects Group B Phase 1 and Group C Phase 2 and Sidewalk Project Group D Phase 1.