

CITY OF BELLAIRE TEXAS

MAYOR AND COUNCIL

MARCH 19, 2018

Council Chamber	Regular Session	6:00 PM
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7008 S. RICE AVENUE
BELLAIRE, TX 77401



Mayor

Andrew S. Friedberg

Council Member

Neil Verma

Mayor Pro Tem

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 - Trisha S. Pollard, Council Member.

D. Pledges to the Flags - Trisha S. Pollard, 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.

I. PUBLIC HEARING (SPECIFIC USE PERMIT FOR PLAY-CARE CENTER)

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 of Proposal:

Public hearing on an application filed by Stone & Stone, LLC, on behalf of Mindy Roberts Rosenthal d/b/a Let Us Play, applicant, for a Specific Use Permit as required by Chapter 24, Planning and Zoning, Section 24-605, Application for Specific Use Permit, Section 24-537 B.2.b.3, of the Code of Ordinances of the City of Bellaire, Texas, for the purpose of operating an hourly drop-off play-care center located at 5202 Cedar Street, Bellaire, Texas, in the UV-D Zoning District - Submitted by ChaVonne Sampson, 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.

As the City Council's final deliberation of the proposal is scheduled for the same date following the Public Hearing, public comment on the proposal, whether oral or written, will not be received following the close of the Public Hearing.

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.**

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 FY2017 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 FY2017 annual audit and CAFR - Submitted by Terrence Beaman, Chief Financial Officer.
3. Presentation of Spruce and Fifth Street Design Considerations - Submitted by Michael Leech, Director of Public Works.

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. Approval of Minutes:

Consideration of and possible action on the approval of the minutes of the

Regular Session of the City Council of the City of Bellaire, Texas, held on Monday, February 19, 2018 - Submitted by Tracy L. Dutton, City Clerk.

Mayor and Council - Regular Session - Feb 19, 2018 7:00 PM

b. Adoption of Ordinances:

- i. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, appointing Jerel S. Twyman as Associate Judge of the Municipal Court of the City of Bellaire, Texas, for a two-year term commencing on the 1st day of April, 2018, and expiring on the 31st day of March, 2020 - Submitted by Tracy L. Dutton, City Clerk, on behalf of the City Council.
- ii. Consideration of and possible action on a recommendation from the Public Works Department to reject Competitive Sealed Proposal (CSP) No. 18-004, On-Call Water and Wastewater Utility Repair Services, and to rebid the project - Submitted by Michael Leech, Director of Public Works.

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, granting Specific Use Permit S-90 to Mindy Roberts Rosenthal d/b/a Let Us Play, for the purpose of operating an hourly drop-off play-care center located at 5202 Cedar Street, Bellaire, Texas, in the UV-D Zoning District - Submitted by ChaVonne Sampson, Director of Development Services.
- c. Consideration of and possible action on the adoption of a resolution of the City Council of the City of Bellaire, Texas, adopting the City's Flood Hazard Mitigation Plan - Submitted by ChaVonne Sampson, Director of Development Services.
- d. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the City Manager and City Clerk of the City of Bellaire, Texas, to execute and attest, respectively, a Standard Form of Agreement with DATABANK IMX, LLC, for scanning services for Development Services and Human Resources paper documents in the amount of \$78,284.80 - Submitted by ChaVonne Sampson, Director of Development Services.

- e. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the City Manager and the City Clerk of the City of Bellaire, Texas, to execute and attest, respectively, a Standard Form of Agreement with Ally General Solutions, LLC, for the provision of any and all services to include labor, material, transportation, tools, supplies, equipment and appurtenances necessary for the On-Call Paving and Storm Sewer Repair Services in an amount not to exceed \$750,000.00 - Submitted by Michael Leech, Director of Public Works.
- f. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, amending Chapter 9, Buildings, Article II, Building Codes, Section 9-17, Amendment to Building Code, of the Code of Ordinances of the City of Bellaire, Texas, by amending Section 105.1.b for the purpose of providing for the denial, revocation or suspension of a Building Contractor's License - Submitted by Alan P. Petrov, City Attorney.

F. Community Interest Items from the Mayor and 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, Section 551.0415.

G. Adjourn.

Mayor and Council

Council Chamber, First Floor of City
Hall
Bellaire, TX 77401-4411



Meeting: 03/19/18 06:00 PM
Department: Development Services
Category: Public Hearing
Department Head: ChaVonne
Sampson
DOC ID: 2448

SCHEDULED**ACTION ITEM (ID # 2448)**

Item Title:

Public hearing on an application filed by Stone & Stone, LLC, on behalf of Mindy Roberts Rosenthal d/b/a Let Us Play, applicant, for a Specific Use Permit as required by Chapter 24, Planning and Zoning, Section 24-605, Application for Specific Use Permit, Section 24-537 B.2.b.3, of the Code of Ordinances of the City of Bellaire, Texas, for the purpose of operating an hourly drop-off play-care center located at 5202 Cedar Street, Bellaire, Texas, in the UV-D Zoning District - Submitted by ChaVonne Sampson, Director of Development Services.

Background/Summary:

A public hearing is scheduled to request a Specific Use Permit (SUP) for the operation of a day care center as required under Sec.24-537, Urban Village Downtown (UV-D) Zoning District. The facility is relocating from its previous location at 5202 Bissonnet, for which the applicant received a specific use permit via Ordinance No. 13-009 in February of 2013.

Let Us Play intends to lease 1,402 square feet of an existing shopping center owned by Sagstex Investments, LP. Minimum build out will be done to meet the applicant's needs, which will only consist of converting one of the two restrooms for wheelchair accessibility.

Site Details

Property Owner: Sagstex Investments, LP
Applicant: Mindy Rosenthal
DBA: Let Us Play

Legal Description: Lot 23, in Block 45, of the Town of Bellaire, Harris County, Texas, recorded in Volume 3, Page 59, of the Map Records of Harris County, Texas and the adjoining South five (5) feet of the abandoned alley, as conveyed by the City of Bellaire, by instruments recorded under Clerk's File No(s). R309009 and S228250 of the real property records of Harris County, Texas.

Current Zoning: UVD, Urban Village, Downtown

Adjacent Base Zoning and Land Uses

Direction: North

Current Base Zoning: UVD

Current Land Use: Commercial

Direction: East

Current Base Zoning: UVD

Current Land Use: Commercial

Direction: South

Current Base Zoning: UVD

Current Land Use: Commercial

Direction: West

Current Base Zoning: UVD

Current Land Use: Commercial

Transportation

Thoroughfare: Cedar Street

Existing Character: Local Street; one lane in each direction; no sidewalks

Proposed Changes: No proposed improvements.

Traffic Impact: No Traffic Impact Analysis was requested or supplied.

Parking: The applicant meets the parking requirements set forth in Table 24-514a.A. of the City of Bellaire Code of Ordinances.

The City Clerk has met all notice requirements for this public hearing.

Recommendation:

No action required during the public hearing. This item is scheduled for consideration during tonight's regular meeting.

ATTACHMENTS:

- 5202 Cedar SUP Application-Let us Play (PDF)
- P&Z Materials-5202 Cedar-Let Us Play (PDF)

**STONE & STONE, LLC
ATTORNEYS AT LAW**

5212 Linden Street, Suite 202
Bellaire, Texas 77401 3929

713 666 7501

lonestone@att.net

CITY OF BELLAIRE
RECEIVED
DEC 08 2017
DEVELOPMENT SERVICES

December 8, 2017

Chairman, Planning and Zoning Commission
City of Bellaire
7008 South Rice Avenue
Bellaire, Texas 77401

HAND DELIVERED

Re: Application for Specific Use by
Mindy Roberts Rosenthal, d/b/a
Let Us Play

Dear Mr. Chairman,

On behalf of Let us Play, here is our Application for a Specific Use Permit, Certificate of Title Insurance from ~~Stewart Title~~, and Sagstex Investment's check for \$1055 to cover the application fee

Please let this letter serve as our request for a hearing before Bellaire's Planning and Zoning Commission at the earliest possible date.

Thank you,

Yours truly,

William E. Stone III

Cc: Mindy Rosenthal (Applicant), Sion Saghian

Attachment: 5202 Cedar SUP Application-Let us Play (2448 : Public Hearing-5202 Cedar SUP)

APPLICATION FOR SPECIFIC USE PERMIT
PURSUANT TO SECTION 24-605

December 8, 2017

- (1) Name: Mindy Roberts Rosenthal d/b/a Let Us Play, Owner
Address: 5303 Yarwell Drive, Houston, Texas 77096 5118
- (2) Applicable Bellaire City Ordinance: Section 24-605
- (3) Legal Description and Street Address: 5202 Cedar Street, Bellaire, Texas 77401. Lot 23, Block 45 & Adj S 5 Ft of abandoned alley, Bellaire
- (4) Statement of Ownership: The subject property was purchased by Sagstex Investments in 2017. Innovative Title's Certificate is attached.
- (5) Proposed Specific Use: Applicant has an ongoing business under the name of Let Us Play. It is currently located at 5202 Bissonnet Street, Bellaire, Texas 77401, and before that, the business was located at 4813 Bissonnet Street, Bellaire, Texas. Applicant desires to move to the new location listed in number 3 above. Applicant's business is an hourly drop-off play-care center that provides a safe, caring & fun environment for children while parents are busy. Let Us Play allows Parents to leave their children, ages 18 months to 12 years, on an hourly basis for a maximum of 4 hours per visit. The facility has educational and recreational toys, play areas, etc. The business is not a daycare, nursery, or 'Mother's Day Out' facility.
- (6) Environmental Assessment Statement: Applicant intends to lease 1402 square feet of an existing shopping center owned by Lessor Sagstex Investments. There will not be any environmental impact as the building is in place, has met all city codes, and the work required to build it out to Applicant's needs will be minimal (conversion of one of the two bathrooms to wheelchair accessible), and will be done by the Lessor.
- (7) Other Information and Documentation: Applicant's current business location at 5202 Bissonnet Street has been operating under a Specific Use Permit from Bellaire's Planning and Zoning Commission that was granted to this business under a prior Applicant. The current request being made is to continue with Applicant's current business at a different location nearby.

Attachment: 5202 Cedar SUP Application-Let us Play (2448 : Public Hearing-5202 Cedar SUP)



CITY OF BELLAIRE
RECEIVED

DEC 08 2017

DEVELOPMENT SERVICES

CITY PLANNING LETTER

Effective Date: December 4, 2017

December 8, 2017

TO WHOM IT MAY CONCERN:

Record Title In:

SAGSTEX INVESTMENTS, L.P.

Property Description for 5202 Cedar, Bellaire, Texas 77401:

Tract 1:

Lots Twenty-two (22), Twenty-three (23) and Twenty-four (24), in Block Forty-Five (45), of the TOWN OF BELLAIRE, Harris County, Texas, recorded in Volume 3, Page 59, of the Map Records of Harris County, Texas and the adjoining South five (5) feet of the abandoned alley, as conveyed by the City of Bellaire, by instruments recorded under Clerk's File No(s). R309009 and S228250 of the Real Property Records of HARRIS County, Texas; SAVE AND EXCEPT a portion of Lot 24, Block 45, being more particularly described by metes and bounds as follows:

BEGINNING at a 3/8 inch iron rod in the West line of North 5th Street for the Southeast corner, said point being North 62.5 feet from the Northwest corner of the North 5th Street and Cedar Street and also the southeast corner of Lot 24, Block 45, of Town of Bellaire,

Attachment: 5202 Cedar SUP Application-Let us Play (2448 : Public Hearing-5202 Cedar SUP)

Page 2

Harris County, Texas; THENCE West 50.00 feet to a 3/8 inch iron rod for the Southwest corner; THENCE North 52.50 feet to a 3/8 inch iron pipe in the South line of a 10 foot alley for the Northwest corner; THENCE East, along the South line of a 10 foot alley, 50.00 feet to a 3/8 inch rod in the West line of the North 5th Street for the Northeast corner; THENCE South, along the West line of North 5th Street, 52.50 feet to the PLACE OF BEGINNING.

Tract 2:

Part of Lot Twenty-four (24), in Block Forty-five (45), of the TOWN OF BELLAIRE, an Addition in Harris County, Texas, according to the map or plat thereof, recorded in Volume 3, Page 59, of the Map Records of Harris County, Texas and being more fully described by metes and bounds as follows:

BEGINNING at a 3/8 inch iron rod in the west line of North 5th Street for the southeast corner, said point being North 62.5 feet from the northwest corner of the North 5th Street and Cedar Street and also the southeast corner of Lot 24, Block 45, of Town of Bellaire, Harris County, Texas; THENCE West 50.0 feet to a 3/8ths inch iron rod for the southwest corner; THENCE North 52.50 feet to a 3/8ths inch iron pipe in the south line of a 10 foot alley for the northwest corner; THENCE East, along the south line of a 10 foot alley, 50 feet to a 3/8ths inch iron rod in the west line of North 5th Street for the northeast corner; THENCE South, along the west line of North 5th Street, 52.50 feet to the PLACE OF BEGINNING.

Restrictive Covenants:

Covenants, conditions and restrictions recorded in Volume 557, Page 618 (As to Lot 23), of the Deed Records of HARRIS County, Texas; but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law.

Attachment: 5202 Cedar SUP Application-Let us Play (2448 : Public Hearing-5202 Cedar SUP)

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Easements:

Building set-back line(s) 20 feet in width along the front property line(s), as set forth by instrument recorded in Volume 557, Page 618, of the Deed Records of HARRIS County, Texas. (As to Lot 23)

An easement 5 feet wide located south of and adjoining the north property line, together with an unobstructed aerial easement 5 feet wide from a plane 20 feet above the ground upward, recorded under Clerk's File No. B430626 of the Real Property Records of HARRIS County, Texas.

An easement for distribution lines granted to Houston Lighting & Power Company, as set forth and defined in instrument recorded under Clerk's File No. B468491 of the Real Property Records of HARRIS County, Texas. (As to Lot 22)

Subject to any existing public utility easements and dedication of the surface for public use in alley along the North property line, as set forth in instrument filed under Clerk's File No. R309009 of the Real Property Records of HARRIS County, Texas.

Liens:

Vendor's Lien retained in Special Warranty Deed from MARK C. FRNKA, Joined By Wife, Jacquelyn Frnka, ProForma to SAGSTEX INVESTMENTS, L.P. dated July 5, 2017, filed for record on July 06, 2017, under Clerk's File No. RP-2017-300455, in the Real Property Records of Harris County, Texas, securing the payment of a Note of even date in the amount of \$800, 000.00, payable to Mark C. Frnka, Kevin S. Steinberg, Trustee, secured by a Deed of Trust dated July 5, 2017, filed for record on July 06, 2017, under Clerk's File No. RP-2017-300456, in the Real Property Records of Harris County, Texas.

Page 4

This letter is issued with the express understanding, evidenced by the acceptance thereof, that Title Company does not undertake to give or express any opinion as to the validity or effect of the instruments listed, and this letter is neither a guaranty or warranty of title.

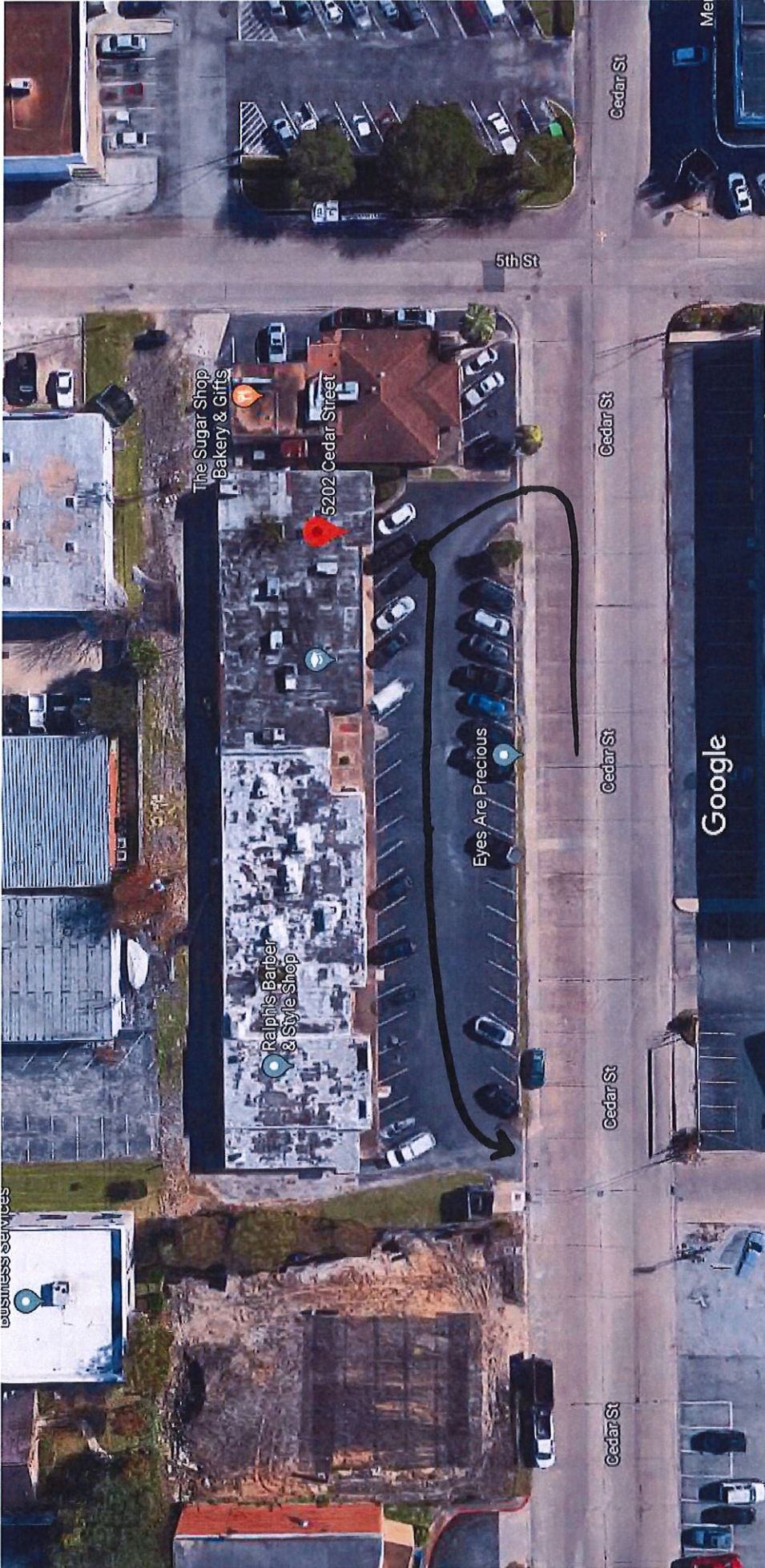
Liability hereunder is limited to the amount paid for same. This report is furnished solely as an accommodation to the party requesting name and should not be relied upon, as a warranty or representation as to the title to the property described herein, and may not be given to or used by any third party. Title Company assumes no liability whatsoever for the accuracy of this report, nor for any omission or error with respect hereto. YOU AGREE TO RELEASE, INDEMNIFY AND HOLD HARMLESS TITLE COMPANY BECAUSE OF ANY NEGLIGENCE BY TITLE COMPANY (WHETHER SOLE, JOINT OR OTHERWISE) FOR ANY CLAIM, LOSS, LIABILITY OR DAMAGES ARISING OUT OF THIS REPORT. This report is not title insurance. If a policy of title insurance is purchased, any liability thereunder shall be determined solely by the terms of such policy.

INNOVATIVE TITLE COMPANY

BY 
Kevin Steinberg, Manager

Attachment: 5202 Cedar SUP Application-Let us Play (2448 : Public Hearing-5202 Cedar SUP)

43 parking spaces total



Imagery ©2018 Google, Map data ©2018 Google 20 ft

Google Maps 5211 Cedar St



Image capture: Dec 2016 © 2018 Google

Bellaire, Texas



Street View - Dec 2016



Attachment: 5202 Cedar SUP Application-Let us Play (2448 : Public Hearing-5202 Cedar SUP)

Sagstex Investments LP

Sion Saghian

713-398-0049

5212 Cedar

Bellaire TX.77401

To Ashley (City of Bellaire),

Below is the information you requested from our offices.

Information for 5200 Cedar Center:

5202 Cedar Proposed child care- 1,402 sqft.

5204 Cedar Vacant 1080 sqft

5206 Cedar Dentist 750 sqft.

5208 Cedar Wellness Center 750 sqft.

5210 Cedar Music School 750 sqft.

5212 Cedar Sagtex Investments office 860 sqft.

5214 Cedar Ronda Bell 672 Sqft.

5218 Cedar Crawford wellness center 1450 Sqft.

5218 C Cedar City Homes 400 sqft.

5220 D Cedar TFI Construction 100 sqft.

5220 B Cedar Rock Eagle Ranch 600 sQFT

5222 Cedar Ralphs s Barber Shop 400 sqft.

5224 Cedar Micro Ovens of Houston 900 sqft.

5226 Cedar Rock Eagle Ranch (Storage room) 600 sqft.

Please let us know if you have any additional questions or concerns.

Sincerely,

Sion Saghian

Attachment: 5202 Cedar SUP Application-Let us Play (2448 : Public Hearing-5202 Cedar SUP)



CITY OF BELLAIRE

Planning and Zoning Commission

February 14, 2018

To: Mayor and City Council
 From: Dirk Stiggins, Chairman, Planning & Zoning Commission
 CC: ChaVonne Sampson, Director of Community Development
 Subject: Report and Recommendation on an application for a Specific Use Permit for "Let Us Play" at 5202 Cedar Street.

On Thursday, January 11, 2018, the Planning & Zoning Commission held a public hearing for the purpose of reviewing an application on a request for a Specific Use Permit (SUP) to allow for the operation of a day care center at 5202 Cedar Street, located within the Urban Village Downtown (UV-D) Zoning District.

Notifications regarding the public hearing were mailed out to all addresses within 500 feet of the property. Any and all persons desiring to be heard in connection with the Specific Use Permit Application were invited to speak before the Commission.

Two (2) members of the public spoke against the application with the following concern:

- The granting of the Specific Use Permit would negatively impact the ability for the commercial tenant at 5213 Cedar Street to obtain a liquor license in the future.

Concerns/questions from the Commission included:

- How will the granting of the specific use permit impact the surrounding commercial properties' ability to obtain a liquor license?
- What is the official distance from 5202 Cedar Street to 5213 Cedar Street?
- What is the daily occupancy?

Staff informed the Commission that the code regulation with regard to the sale of alcoholic beverages makes reference to any business that is within 300 feet of a church, public school, or public hospital and does not specifically call out "daycare." Therefore, based on the current regulations, commercial tenants' ability to obtain a liquor license would not be negatively impacted with the granting of the Specific Use Permit, and the City will be providing the property owner at 5213 Cedar with documentation stating such. Staff also advised the Commission that the official measurement of distance from 5202 Cedar Street to 5213 Cedar would be provided to them during consideration of the item. Mindy Rosenthal, owner of Let Us Play, informed the Commission that the daily occupancy of the facility varies. She added that the maximum occupancy, based on state regulations, is 35 children; however, she will never take more than 25 at one time.

Attachment: P&Z Materials-5202 Cedar-Let Us Play (2448 : Public Hearing-5202 Cedar SUP)

No additional comments were received after closure of the public hearing.

CONSIDERATION

The Commission asked for an update on the letter that is to be submitted to the property owner at 5213 Cedar Street, with regard to their ability to obtain a liquor license in the future. City staff informed the Commission that the official measurement from the property line of 5202 Cedar to the property line of 5213 Cedar was 470 feet, and assured the Commission that a draft of that letter had been prepared by the City Attorney and was sent to the property owner for review. Commissioner Weldon mentioned that a Development Review Committee (DRC) meeting was held on the agenda item and asked if any concerns were voiced from any other City department. Ms. Sampson informed the Commission that there were no concerns that came out of the DRC meeting.

RECOMMENDATION

On February 8, 2018, after due consideration and discussion, the Commission found that the application was consistent with the criteria and standards set forth in Section 24-615 of the City of Bellaire Code of Ordinances, and voted 7-0 to recommend approval of the Specific Use Permit at 5202 Cedar Street to City Council, with the following conditions:

- That the applicant files with the City, on an annual basis, a copy of any approved certification which demonstrates that "Let Us Play" is in compliance with the regulations set forth by any and all state agencies.

VOTE OF THE COMMISSION

Members present and voting FOR this recommendation to City Council:

Mike Axelrad, Ross Gordon, Jonathan Saikin, Lynne Skinner, Marc Steinberg, Dirk Stiggins, Weldon Taylor

Members present and voting AGAINST this recommendation to City Council:

None.

Members absent:

None.

A. Docket # SU-2018-01-Public hearing on a request filed by Stone & Stone, LLC, on behalf of "Let Us Play," as applicant, for a Specific Use Permit as required by the City of Bellaire Code of Ordinances, Chapter 24, Planning and Zoning, Section 24-605, Application for Specific Use Permit, to allow for the use of 1,402 square feet of existing building located at 5202 Cedar Street, as a kindergarten, nursery, and/or daycare center, as provided for in section 24-537 B.(2)b)2) of the City of Bellaire Zoning Code. The property is located within the Urban Village Downtown (UV-D) Zoning District.

A. Presentation of the Public Hearing Process

Ms. Sampson explained the public hearing process.

B. Presentation by the Applicant

Bill Stone-Mr. Stone stated that he is an attorney representing the applicant, Mindy Roberts Rosenthal, in her request for a Specific Use Permit. He added that the application was submitted to the City on or about December 8th, and that he believes that the application is in order and addresses each of the requirements listed in the City's Code of Ordinances. Mr. Stone indicated that any environmental impact will be minimum, and that the build out of the proposed location will include a wheelchair accessible bathroom. He added that Ms. Rosenthal has been an educator for 24 years, and prior to her current business she worked at a private school in Meyerland for 9 years, as well as served as the preschool and elementary school principal for 5 years. Mr. Stone explained that Let Us Play is an hourly childcare service, and is believed to be the only hourly care service in Bellaire and the surrounding communities. He stated that children between the ages of 6 months and 12 years make up the youth that are served at the facility, and families from Bellaire, Meyerland, West U, Westbury, Sugar Land, Richmond, and even Katy bring their children there when they need temporary child care. Let Us Play has a clientele of around 500 families, and children that are brought there stay no more than 4 hours. Mr. Stone mentioned that currently, there are 5 employees, plus 1 volunteer, and Ms. Rosenthal, bringing the total to 7, and that background checks are performed on all potential employees. He stated that there are no outside activities that the children engage in at the facility. The program has been and will continue to be inside recreation with toys, educational, and other child development enhancing activities, all closely supervised by adults. Mr. Stone explained that Ms. Rosenthal must be licensed by the state, and the facility is licensed and monitored by the Texas Dept of Family and Protective Services. The person of contact that the applicant has been working with is Andrea Bridges and Mr. Stone stated that he had her contact information if anyone needs it. He added that the facility is current on all of its yearly renewal fees with the state, and with the new application and potential new location, Ms. Rosenthal was required to pay a renewal fee, which she has done. In addition, the state of Texas has done new background checks on all employees. Mr. Stone stated that Ms. Rosenthal had received word that day that the new application is in order and everything looks fine. He mentioned that the business has been in 2 previous locations in the last 10 years, first at 4813 Bissonnet Street, and then at 5202 Bissonnet Street, where it has been located for the last 5 years. The Specific Use Permit for 5202 Bissonnet was granted in 2013, and Commissioners Dirk Stiggins, Marc Steinberg, and Lynne Skinner were members of the Commission at that time as well. Mr. Stone stated that the concerns that were brought up during the previous public hearing were whether the property owner supported the SUP request, whether it would negatively impact the sale of alcoholic beverages in surrounding areas, and the definition of daycare. He stated that no complaints, as far as he is aware, have been made to the city or the applicant with the regard to the current business at 5202 Bissonnet, and he is also not aware of any requests to the City with regard to any

restrictions being put on the business through the application process. He added that the business is asking to move a block away to the new location at 5202 Cedar Street, which is currently being refurbished and renovated. Mr. Stone pointed out that both the current and the proposed locations are within the City's Urban Village Downtown (UVD) Zoning District, and that the biggest impact in the area will be the opening of the new H-E-B grocery store. He stated that the new location will remove Let us Play from the busy food restaurants that currently surround it, and that the traffic should be less of an issue on Cedar Street because the adjacent and surrounding tenants are primarily professional business and not retail establishments. Mr. Stone mentioned that the current location is 1,460 square feet and the proposed location is 1,402, so it is a little smaller. He stated that he is hoping that parking will not be an issue due to the fact that parents will be parked for a very short amount of time while dropping their children off. He added that there are currently over 40 parking spaces located on site and that all 7 employees will be parking at the back of the building in an alleyway north of the business. Mr. Stone then thanked the Commission for consideration and asked that the application be granted as it was 5 years ago, with no restrictions on the permit.

C. Staff Findings

Ms. Sampson explained that the applicant is requesting a Specific Use Permit (SUP) for the operation of a day care center as required under Sec.24-537, Urban Village Downtown (UV-D) Zoning District. The facility is relocating from its previous location at 5202 Bissonnet, for which the applicant received a specific use permit via Ordinance No. 13-009 in February of 2013. She stated that no conditions were placed on the previous SUP. Ms. Sampson informed the Commission that Let Us Play intends to lease 1,402 square feet of an existing shopping center owned by Sagstex Investments, LP, and that minimum build out will be done to meet the applicant's needs, which will only consist of converting one of the two restrooms for wheelchair accessibility. Parking is based off of how many staff personnel are present, and the City will work with the applicant to ensure that the facility has an adequate number of parking spaces. Ms. Sampson stated that the fact that there are currently 42 spaces in the shopping center and the shared parking table can be taken into consideration, she doesn't feel that parking will be an issue for this tenant. No TIA was required to be submitted, and there are no public transit stops in the immediate vicinity of the proposed location. She mentioned that this application would be a topic in the upcoming Development Review Committee meeting, which consists of representatives from the City's fire, police, public works and Engineering departments, which is scheduled for January 29th. Ms. Sampson stated that staff will inform the Commission of any comments/concerns that were voiced by those departments during staff's recommendation of the application at the next meeting.

D. Public Comments

- i. **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.**

Don Mafrige-Owns the property at 5213 Cedar Street. objection to the specific use permit. the property was developed in 1965 and was converted to a restaurant in the 80s. has always had a full liquor license. may or may not be within the restricted boundary prohibiting liquor licenses. even with the grandfathering of the current tenant, it would not carry forward to any future tenants and would have a negative impact on the future of the property. detrimental impact is clear if the tenants are unable to operated with a full liquor license.

Sophia Mafrige, Attorney of Mr. Mafrige, there is a history with this property. has been operating for more than 30 years as a restaurant and wants to continue as such. Mr. Mafrige has no issues with daycares and loves children, but there is a provision in the City's code stating that any negative impacts from the granting of a specific use permit should be considered. If there is a negative impact then it would be required that the SUP be denied. Current tenant is grandfathered, but any future tenants, or even a change in use by the current tenant would have to reapply with TABC, if within the 300 feet that the City requires or the 1,000 feet requirement for the TABC then they would not be permitted to obtain a liquor license. Asked the Commission to take into consideration the distance between Mr. Mafrige's property and the 5202 Cedar street as well as the history of the property. Wants to have the ability to lease the property to future tenants with restaurants and bars.

Ms. Sampson informed the Commission that City staff, with help from Attorney Petrov, had done some research regarding the regulations on obtaining a liquor license. She added that the City will be providing Mr. Mafrige with documentation explaining that based on the current regulations, which only calls out churches, public schools, and public hospitals, the City of Bellaire would approve a future liquor license for the property at 5213 Cedar Street.

E. Response of Applicant

Mr. Stone asked if the City has measured the distance between Mr. Mafrige's restaurant and the proposed location of Let Us Play.

Ms. Sampson stated that she did do a preliminary measurement of the shortest distance between the two, which came out to be a little less than 300 feet, however, when done correctly it would be more.

Mr. Stone mentioned that he feels as though the current location of Let Us Play is closer to Mr. Mafrige's property than the proposed location is, and asked how the official measurement must be done.

Ms. Sampson confirmed that is correct. She added that it must be measured based on the pedestrian route, from door to door.

Sion Saghian, Owner of Sagstex Investments and Lessor of the property at 5202 Cedar Street, -Mr. Saghian stated that he had done a measurement, based on the route that Ms. Sampson suggested, and it was over 400 feet.

F. Questions from the Commission

Commissioner Taylor asked for a clarification on the City of Bellaire's regulations versus the TABC regulations with regard to obtaining a liquor license.

Attorney Petrov explained that there is no TABC requirement or state statute that has a minimum distance requirement, TABC simply allows a city to enact a minimum distance requirement if the city wishes. He stated that if the City does not enact one, then there is none at all.

Commissioner Taylor asked for confirmation that this use does fall under the definition of a daycare.

Ms. Sampson confirmed this.

Commissioner Taylor asked how many children the facility would be seeing on a daily basis.

Mindy Rosenthal, owner of Let Us Play-Ms. Rosenthal stated that it really just depends on what day it is. She explained that on a normal school day, more preschool age will be there early in the day with the older children coming in after school. Ms. Rosenthal pointed out that they never arrive at the same time or leave at the same time. She added that there are normally more children that attend on school holidays. Ms. Rosenthal stated that she is licensed to have 35, but she never takes more than 25 students at a time, for safety reasons.

Commissioner Skinner asked who makes the final call on the distance between Mr. Mafrige's property and 5202 Cedar Street.

Ms. Sampson stated that it would be the City of Bellaire.

Commissioner Skinner asked Ms. Sampson to provide the Commission with the official measurement for the consideration of the application, and also questioned whether TABC could overrule the City's determination to approve a liquor license.

Attorney Petrov confirmed that TABC could not overrule the City's determination, based on the regulations that are in place now.

Commissioner Saikin felt that it was a good use for the shopping center and did not have any questions.

Chairman Stiggins asked if there was a yearly inspection required by the state on this type of facility, and if so, could the Commission put a condition on the permit that would require that the applicant provide a copy of that to the City.

Ms. Sampson confirmed that there is a yearly inspection required, and that the Commission could put a condition of that nature on the SUP. She added that she would include that as part of staff's recommendation for the consideration of the item.

G. Invitation for Written Comments, if applicable

City staff informed the public that written comments on the application would be accepted until 5:00 PM on January 31st for the February 8th meeting.

H. Closure of the Public Hearing

The public hearing was closed at 6:45 pm.

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

1. Docket # AR-2017-09-Amending plat of Lots Thirty-Two (32), Thirty-Three (33), and Thirty-Four (34), of Banner Place, and addition in Harris County, Texas, according to the map or plat thereof recoded in Volume 27, Page 62 of the Map Records of Harris County, Texas. The properties are addressed as 110,112, and 114 Beverly Lane, and are located within the R-3 Zoning District.

Ms. Sampson explained that this is an amending plat application to combine three lots. She added that the applicant is asking for a 10 foot side yard setback on the south property line per Section 24-532C.(1)a)6)b., which deals with the regulations for a corner lot. Ms. Sampson explained that the amending plat was coming before

Commissioner Gordon asked if any improvements would be necessary to facilitate the new operations, or if the infrastructure is already present.

Mr. Stone explained that the only improvement that will be made is the replacement of one window at the drive-through with a drop-off chute.

Commissioner Skinner asked how many queued cars can fit in the drive-through.

Ms. Sampson stated that a measurement was conducted by City staff, which determined that there is enough space for the queuing of five cars.

Chairman Stiggins asked if any comments were received by staff regarding the notices that were mailed out.

Ms. Sampson stated that there were no comments received.

G. Invitation for Written Comments, if applicable

City staff informed the public that written comments on the application will be accepted until February 28th, at 5:00 PM.

H. Closure of the Public Hearing

Chairman Stiggins closed the public hearing at 6:24 PM.

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

- A. Docket #SU-2018-01-Consideration of a request filed by Stone & Stone, LLC, on behalf of "Let Us Play," as applicant, for a Specific Use Permit as required by the City of Bellaire Code of Ordinances, Chapter 24, Planning and Zoning, Section 24-605, Application for Specific Use Permit, to allow for the use of 1,402 square feet of existing building located at 5202 Cedar Street, as a kindergarten, nursery, and/or daycare center, as provided for in section 24-537 B.(2)b)2) of the City of Bellaire Zoning Code. The property is located within the Urban Village Downtown (UV-D) Zoning District.

Ms. Sampson reviewed the application that was brought before the Commission for a public hearing at their last meeting. She reminded the Commission that the request is for a specific use permit for "Let Us Play," simply due to a change in location of the business. Ms. Sampson mentioned that the issue that was voiced during the public hearing was by Mr. Mafrige, owner of the property at 5213 Cedar Street, regarding the ability of his commercial tenant to obtain a liquor license in the future. She reiterated that the City's Code of Ordinances states that the sale of alcoholic beverages where the place of business of any such dealer is within 300 feet of any church, public school, or public hospital is prohibited; however, it does not call out "daycare" and therefore would not impact the property in question under the current regulations. Ms. Sampson explained that in addition, an official measurement was conducted by City staff and it was found that the two properties in question are 470 feet apart. She stated that the City will still be providing Mr. Mafrige with documentation stating such. Ms. Sampson added that based on conversations that the Commission had during the last meeting, staff added a recommended condition to the approval of the application to say that "the applicant files with the City, on an annual basis, certification that "Let Us Play" is in compliance with the regulations set forth by any and all state agencies."

Commissioner Taylor mentioned the Development Review Committee meeting that Ms. Sampson informed the Commission about last month. He asked if any important feedback or concerns had come out of that meeting.

Ms. Sampson explained that there was no negative feedback or any concerns voiced during that meeting.

Commissioner Taylor asked if the requested documentation had been provided to Mr. Mafrige.

Ms. Sampson stated that the letter has already been drafted by the City's Attorney and the draft was sent over to Mr. Mafrige for approval, prior to the final issuance of the letter.

Commissioner Taylor then asked if this business would be licensed as a daycare or a school.

Ms. Rosenthal, owner of "Let Us Play," explained that she is licensed as a childcare or daycare center, not a school.

Commissioner Taylor stated that he supports staff's recommendation on the application, subject to any other comments that may be made by other Commissioners.

Commissioner Skinner asked what happens if Mr. Mafrige doesn't approve of the draft letter.

Ms. Sampson and Attorney Petrov explained that the City will work with him to ensure that the letter adequately explains that under the current regulations his tenant would not be denied a liquor license. Attorney Petrov stated that the City cannot make promises on what the future holds with regard to a potential change in the City's regulations.

Commissioners Skinner and Gordon asked for clarification that the City currently has no regulations regarding the sale of alcoholic beverages within a certain distance of daycares.

Attorney Petrov confirmed that there is nothing within the City regulations with regard to daycares, only public schools, public hospitals, and churches.

Commissioner Gordon asked if there is a separate TABC guidance that relates to facilities beyond those three classifications that could be imposed.

Attorney Petrov explained that state statute allows for cities to impose a distance requirement of 300 feet for private schools and daycares if it wishes to do so. He reiterated that the City of Bellaire has not done this.

Commissioner Steinberg asked if the current location of "Let Us Play" is closer to the property at 5213 Cedar than the proposed location will be.

Ms. Sampson confirmed this.

Commissioner Steinberg asked what the difference in the distance of the new location is to 5213 Cedar Street versus the current location.

Ms. Sampson stated that she would guess that the proposed location is at least 60 feet greater, if not more.

Commissioner Steinberg asked for clarification that the current location of the daycare did not negatively impact Mr. Mafrige's tenant from being able to obtain a liquor license.

Ms. Sampson confirmed that it did not.

Commissioner Skinner asked if Ms. Rosenthal would have to obtain a new specific use permit if she decided to get certified to open a private school.

Ms. Sampson stated that she would, due to the fact that she would be changing uses from a daycare to a private school.

Chairman Stiggins stated that he would like to re-word the condition recommended by staff to say "the applicant files with the City, on an annual basis, a copy of any approved certification which demonstrates that "Let Us Play" is in compliance with the regulations set forth by any and all state agencies."

The Commission agreed, and voted 7-0 to recommend approval of the application to City Council, with the condition listed above.

RESULT:	ADOPTED AS AMENDED [UNANIMOUS]
MOVER:	Marc Steinberg, Vice Chairman
SECONDER:	Mike Axelrad, Commissioner
AYES:	Saikin, Axelrad, Gordon, Taylor, Steinberg, Stiggins, Skinner

- B. Approval of the Commission's Report and Recommendation to City Council regarding the request for a Specific Use Permit at 5202 Cedar Street.

City staff ensured the Commission that the Report and Recommendation will be revised to correctly reflect the condition that was voted on by the Commission. Staff also informed the Commission that a paragraph will be added under "Consideration" which will detail the Commission's discussion on the application.

RESULT:	ADOPTED AS AMENDED [UNANIMOUS]
MOVER:	Weldon Taylor, Commissioner
SECONDER:	Marc Steinberg, Vice Chairman
AYES:	Saikin, Axelrad, Gordon, Taylor, Steinberg, Stiggins, Skinner

- C. Preliminary presentation of the City of Bellaire's Draft Five Year Capital Improvement Plan (CIP), presented by Michelle Jordan, Project Manager.

Michelle Jordan, Project Manager-Ms. Jordan reviewed the draft Capital Improvement Plan (CIP) with the Commission, and gave a summary of the changes that have taken place within the document since last year. To view a draft of the CIP, please visit <https://www.bellairetx.gov/DocumentCenter/View/21014>. Please note that this is a working document and is being updated on a regular basis. To see a summary of the changes, visit <https://www.bellairetx.gov/DocumentCenter/View/21015>.

Mayor and Council

Council Chamber, First Floor of City
Hall
Bellaire, TX 77401-4411



Meeting: 03/19/18 06:00 PM
Department: City Manager's Office
Category: Presentation
Department Head: Paul A. Hofmann
DOC ID: 2409

**SCHEDULED
ACTION ITEM (ID # 2409)**

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

Council Chamber, First Floor of City
Hall
Bellaire, TX 77401-4411



Meeting: 03/19/18 06:00 PM
Department: Finance Administration
Category: Presentation
Department Head: Terrence Beaman
DOC ID: 2501

**SCHEDULED
ACTION ITEM (ID # 2501)**

Item Title:

Presentation of the FY2017 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 FY2017 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, 2017. 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 8, 2018 to review the financial statements and Auditors' Opinions. 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. Lupe Garcia a partner of Whitley Penn, LLP will present the report.

During the Audit Finance Board meeting, members asked very detailed and specific questions regarding key areas of reporting for the City, including the following:

1. If an employee contributes 7% and the City match is 2:1, then why is the City's contribution rate greater than 14%?

- The "short" answer is the City's annual TMRS contribution rate is an actuarially determined rate that takes into account the Total Liabilities in the plan and systematically pays down the unfunded liabilities over a fixed period of time. This method assures that the City advance funds its future liabilities and that the plan will have the appropriate assets on hand to cover the promised benefits as they come due. To get to fully funded status over this fixed period results in a contribution rate that is higher than 14%.

TMRS takes an annual look at Bellaire's plan design and based on economic factors coupled with workforce/retiree demographics, they account for liabilities of the plan each year relative to the amortization schedule (annual payment plan to reach fully funded status). Over time, the City will become 100% funded as the City pays its contribution rate over the amortization schedule.

2. What are the mitigating factors the City employs regarding internal controls comment?

- Mitigating control on Payroll segregation of Duties Issue: The Assistant Director

of Finance reviews each payroll on Paycom and submits it. It is a detailed review that includes a review of each employee.

- Mitigating control on A/P segregation of Duties Issue: the Senior Accountant reviews every warrant issued by the City. This is a detailed review that includes matching the payment to the invoice, receiving ticket, and signed purchase order, as well as reviewing the expenditure code.

3. What was the estimated revenue loss and which permits caused the revenue loss in Development Services?

- Estimated revenue loss was approximately \$65,000 annually over a two-year period.
- Several Development Service permit revenues were approved by Council in October 2015 to be changed. During the update of the fee changes, two permit revenue accounts for new construction greater than \$1 million related to commercial and residential permits were not changed although all remaining fee changes were made and saved in the Incode permit module.

Overall the Audit Finance Board reviewed the CAFR in detail and participated attentively during the board meeting by asking very specific questions that required the auditors and staff to respond accordingly.

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:

CFO Terrence Beaman recommends Council's acceptance of the 2017 Comprehensive Annual Financial Report (CAFR).

ATTACHMENTS:

- Required Auditor Disclosure Letter (PDF)
- City of Bellaire 9-30-2017 CAFR (PDF)



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 Houston, Texas 77098
 713.621.1515 Main
 whitleypenn.com

March 19, 2018

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") as of and for the year ended September 30, 2017, and have issued our report thereon dated March 19, 2018. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 30, 2017, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm, including its employees, have complied with all relevant ethical requirements regarding independence.

Attachment: Required Auditor Disclosure Letter (2501 : 2017 Annual Audit - CAFR)

To the Honorable Mayor and
Members of City Council
City of Bellaire, Texas
Page 2

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2017. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of depreciation expense is based on the useful lives of its 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 allowance for uncollectible accounts is based on historical collection data. We evaluated the key factors and assumptions used to develop the allowance for uncollectible accounts estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net other post-employment benefit (OPEB) obligation is based upon an actuarial valuation. We evaluated the key factors and assumptions used to develop the net OPEB obligation 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 Texas Municipal Retirement System (TMRS). We evaluated the City's application of the information provided by TMRS in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

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

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

To the Honorable Mayor and
Members of City Council
City of Bellaire, Texas
Page 3

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We did not identify any such misstatements.

In addition, professional standards require us to communicate to you all material, journal entries that were brought to the attention of management as a result of our audit procedures. The attached list of journal entries that we proposed as a result of our audit procedures were brought to the attention of, and approved by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management in a letter dated March 19, 2018.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City's, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Whitley Penn LLP

Houston, Texas
March 19, 2018

Attachment: Required Auditor Disclosure Letter (2501 : 2017 Annual Audit - CAFR)

Client: **651174 - City of Bellaire, Texas**
Engagement: **651174 - City of Bellaire, Texas**
Period Ending: **9/30/2017**
Trial Balance: **TB**
Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 10				
To record current year pension activity				
500-2110	PAYABLE - NET PENSION - TMRS		39,133.00	
500-2400	DEFERRED OUTFLOWS - PENSIONS		170,611.00	
500-2450	DEFERRED INFLOWS - PENSIONS		31,044.00	
500-5-2060-780	NET PENSION OBLIGATION - TMRS		70,214.00	
900-2526	Net Pension Liability		336,339.00	
900-2561	DEFERRED OUTFLOW		1,466,359.00	
900-2562	DEFERRED INFLOW		266,811.00	
900-5-1000-240	GENGOV - PENSION ADJUSTMENT		124,553.00	
900-5-4000-240	PUBSAF - PENSION ADJUSTMENT		375,559.00	
900-5-6000-240	CULREC - PENSION ADJUSTMENT		76,597.00	
900-5-8000-240	PUBWKS - PENSION ADJUSTMENT		26,769.00	
500-2400	DEFERRED OUTFLOWS - PENSIONS			165,398.00
500-2400	DEFERRED OUTFLOWS - PENSIONS			29,124.00
500-2400	DEFERRED OUTFLOWS - PENSIONS			275.00
500-2400	DEFERRED OUTFLOWS - PENSIONS			101,258.00
500-5-2060-780	NET PENSION OBLIGATION - TMRS			14,947.00
900-2561	DEFERRED OUTFLOW			1,323,937.00
900-2561	DEFERRED OUTFLOW			250,317.00
900-2561	DEFERRED OUTFLOW			2,364.00
900-2561	DEFERRED OUTFLOW			870,289.00
900-5-1000-240	GENGOV - PENSION ADJUSTMENT			46,661.00
900-5-4000-240	PUBSAF - PENSION ADJUSTMENT			140,695.00
900-5-6000-240	CULREC - PENSION ADJUSTMENT			28,695.00
900-5-8000-240	PUBWKS - PENSION ADJUSTMENT			10,029.00
Total			2,983,989.00	2,983,989.00
Adjusting Journal Entries JE # 32				
To record CY premium amortization				
900-2527	BOND PREMIUMS		135,145.00	
900-5-0000-810	Bond Interest Adjustment			135,145.00
Total			135,145.00	135,145.00
Adjusting Journal Entries JE # 33				
To record CY deferred charge on refunding amortization				
900-5-0000-810	Bond Interest Adjustment		124,951.00	
900-2524	DEFERRED CHARGE ON REFUNDING			124,951.00
Total			124,951.00	124,951.00
Adjusting Journal Entries JE # 35				
To adjust pension DIR/DOR to agree to TMRS report				
500-2400	DEFERRED OUTFLOWS - PENSIONS		23,400.00	
900-2561	DEFERRED OUTFLOW		180,168.00	
500-2450	DEFERRED INFLOWS - PENSIONS			23,400.00
900-2562	DEFERRED INFLOW			180,168.00
Total			203,568.00	203,568.00
Adjusting Journal Entries JE # 37				
To record OPEB activity				
500-5-2060-785	OPEB		2,996.00	
900-5-1000-200	GENGOV - OPEB/COMPABS		5,317.00	
900-5-4000-200	PUBSAF - OPEB/COMPABS		16,031.00	
900-5-6000-200	CULREC - OPEB/COMPABS		3,269.00	
900-5-8000-200	PUBWKS - OPEB/COMPABS		1,144.00	
500-2150	OPEB			2,996.00
900-2525	NET OPEB			25,761.00
Total			28,757.00	28,757.00

Attachment: Required Auditor Disclosure Letter (2501 : 2017 Annual Audit - CAFR)

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

CITY OF BELLAIRE, TEXAS

**For the fiscal year ended
September 30, 2017**

**Prepared by
Finance Department**

**Terrence Beaman
Chief Financial Officer**

Attachment: City of Bellaire 9-30-2017 CAFR (2501 : 2017 Annual Audit - CAFR)

CITY OF BELLAIRE, TEXAS
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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 19, 2018

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, 2017. 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 City of Houston. The City encompasses about 3.6 square miles and has a population of 18,593 as of 2016 per the US Census Bureau estimate.

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 stages including the final issuance of \$1.56 million in 2017 for facilities.

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 was issued in 2017.

In November 2016, voters approved three separate bond propositions collectively referred to as “Bonds for Better Bellaire 2016” totaling \$53.98 million. Proposition 1 provides \$24.00 million for design and construction of streets and drainage systems and sidewalks. Proposition 2 provides \$5.60 million for new municipal buildings. These funds are in addition to the \$1.56 million approved in November 2005 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. Proposition 3 provides \$24.38 million 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. The City is issuing this debt in stages, including two issuances totaling totaling \$32.48 million in 2017 for (a) streets, drainage, and sidewalks (\$10.00 million), (b) municipal facilities (\$5.60 million), and (c) water and wastewater improvements (\$16.88 million). There remains authority of \$14.00 million for streets, drainage, and sidewalks, and \$7.50 million for water and wastewater improvements, which is projected to be issued in fiscal year 2018 and fiscal year 2019.

Evelyn's Park opened on Earth Day, April 22, 2017. The 5-acre property broke ground in June 2015. Evelyn's Park is a tranquil and beautifully landscaped park plan with walking trails, a children's garden and play area, a butterfly garden, an all-day café with banquet room, and an event lawn.

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. City Council approved a release of right of way and easement to facilitate the replacement of the current H-E-B grocery store with a store that will more than double in size. Shoppers will 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. The original store opened in 1994. Construction began in 2017 with a grand opening of the new store expected in 2018.

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 2018.

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. A new building for Bellaire High School is planned that will incorporate the recently completed science classroom and laboratory wing and add a parking garage. 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 parking is inadequate for a school of its size. As noted earlier, voters approved bonds in 2012 for HISD to rebuild the school and add a parking garage, but numerous delays have prevented the rebuilding. In September 2017, the Bellaire City Council approved a special use permit for HISD paving the way for the rebuilding in the near future.

In July 2016 Chevron, the City's top employer and property tax payer, announced it would be vacating its Bellaire facility and consolidating its operations into its downtown Houston offices. This opened up redevelopment possibilities for a contiguous, rectangular area of approximately 30 acres in the City. Long-established neighborhoods of single-family detached homes border the site to the North and South, and Interstate 610 borders the site to the East. The site presents a unique redevelopment opportunity that could accommodate a range of desirable potential uses. Since the 1940's the site has been zoned as a Technical Research Park, which corresponded to use as a business park in the Land Use and Character Map within the City's *Comprehensive Plan*. The *Comprehensive Plan* serves as a framework for guiding future development, redevelopment, and community enhancement. Sensing the opportunity for redevelopment of the Chevron property into something with more community benefit than a business park, the City amended its *Comprehensive Plan* in April 2017 identifying the area as the North Bellaire Special Development Area on the Future Land Use and Character Map within the *Comprehensive Plan*. This re-designation within the *Comprehensive Plan* indicates the City's openness to alternative uses for the site such as traditional single family homes, lifecycle housing, and non-residential and mixed-use development.

Long-Term Financial Planning

The City's strategic planning process has multiple components. At the base, is the City's long-term *Comprehensive Plan* adopted in 2009, updated in 2015, and most recently revised in 2017. 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.

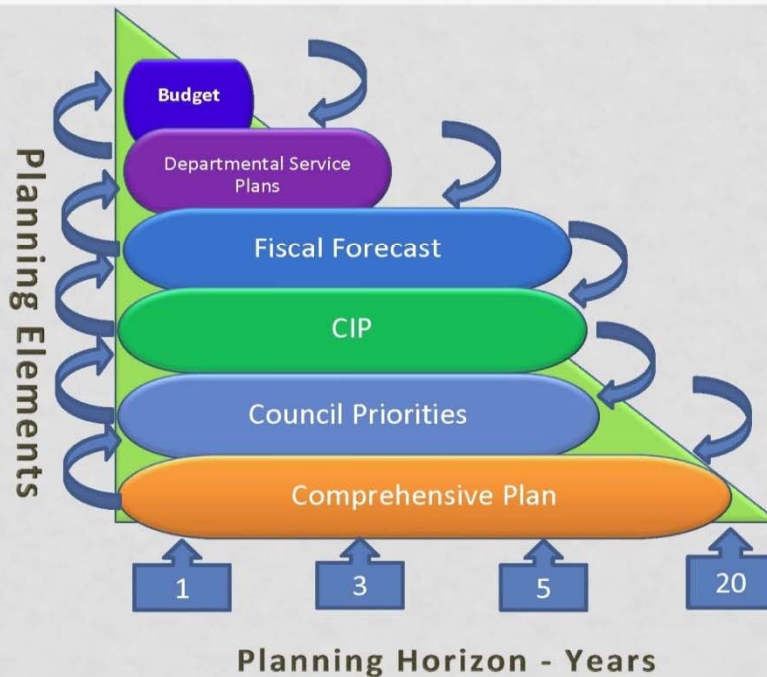
Elements of *City Council Priorities* and the *Capital Improvement Plan* feed into the development of the *Fiscal Forecast*. The *Fiscal Forecast* has a 5-year planning horizon focusing on major assumptions and overall forecasting of cash flows.

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, making the development a two-way street.

CITY OF BELLAIRE STRATEGIC PLANNING MODEL



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. Moreover, during the annual budget adoption process, the City adopts a property tax rate via Truth and Taxation laws necessary to fund voter approved debt. 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 an increase of \$0.0285 in the total property tax rate for tax year 2017, fiscal year 2018. The increase was split with an increase of \$0.0127 from the General rate and an increase of \$0.0158 from the Debt Service rate. Tax rates for the past and most recent fiscal years were apportioned as follows:

Fund	2015	Change	2016	Change	2017
General	\$0.2532	\$(0.0031)	\$0.2501	\$0.0050	\$0.2551
Debt service	0.1404	(0.0100)	0.1304	0.0019	0.1323
Total Tax Rate	\$0.3936	\$(0.0131)	\$0.3805	\$0.0069	\$0.3874

The tax rate for tax year 2017, fiscal year 2018, was increased by \$0.0285, to \$0.4159.

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 \$17,496,550 in fiscal year 2017, including \$9,942,234 for refunding bonds issued to achieve savings on interest costs. Payments for bond principal and interest are budgeted to be approximately \$8,730,841 in fiscal year 2018.

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 2017 of \$0.1323 and for fiscal year 2018 of \$0.1481 for each \$100 of assessed value is well below the aforementioned limit of \$1.50 for each \$100 of assessed value.

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, 2016. This was the eighteenth 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, 2016

Christopher P. Morill

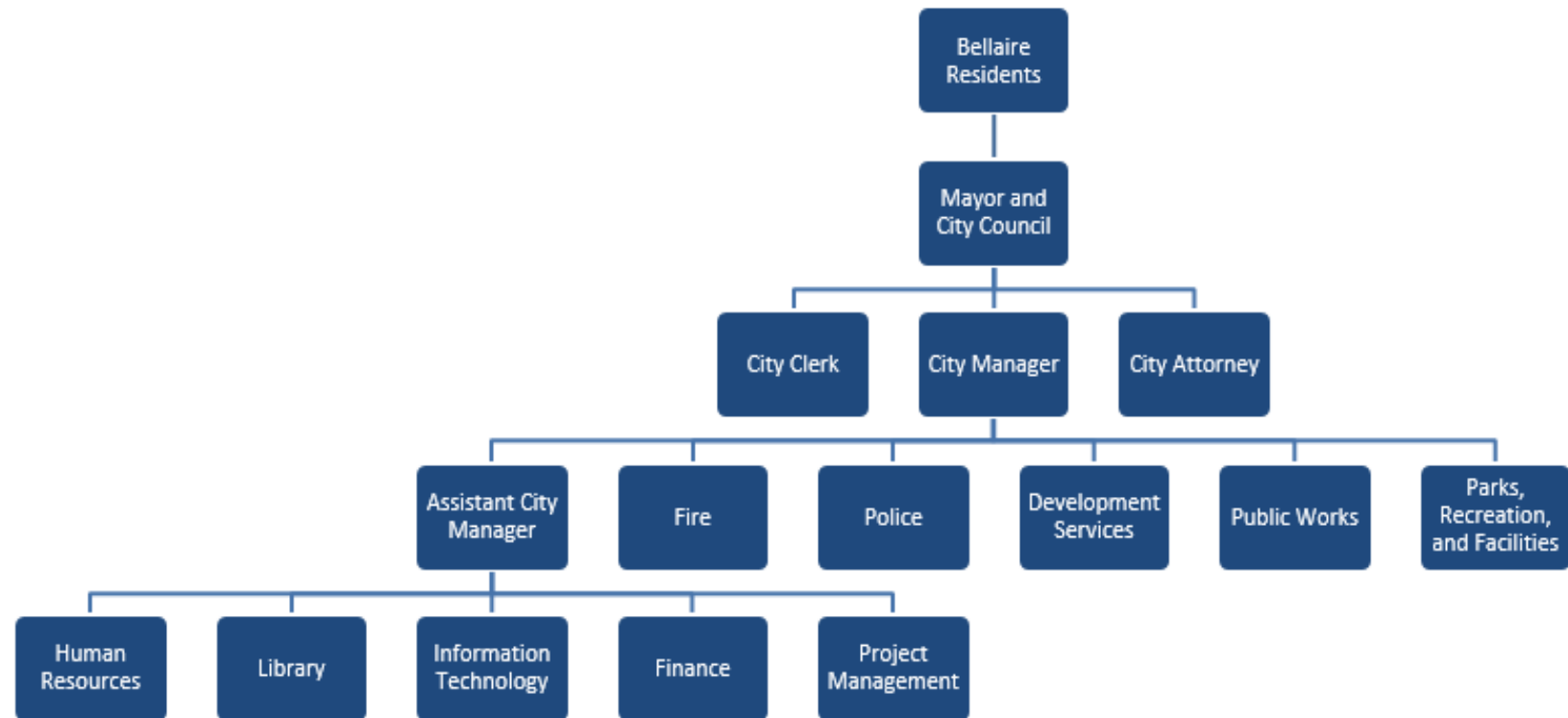
Executive Director/CEO

Attachment: City of Bellaire 9-30-2017 CAFR (2501 : 2017 Annual Audit - CAFR)



FY 2017

City of Bellaire Organizational Chart



CITY OF BELLAIRE, TEXAS**PRINCIPAL CITY OFFICIALS***September 30, 2017*

City Officials	Elective Position	Term Expires
Andrew S. Friedberg	Mayor	01/20
Neil Verma	Council Member - Position No. 1	01/22
Trisha S. Pollard	Council Member - Position No. 2	01/20
Gus E. Pappas	Council Member - Position No. 3	01/22
Pat McLaughlan	Council Member - Position No. 4	01/20
Michael Fife	Council Member - Position No. 5	01/22
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
Michael Leech	Director of Public Works
Byron Holloway	Police Chief
Darryl Anderson	Fire Chief
Karl Miller	Director of Parks, Recreation, and Facilities
Mary Cohrs	Library Director
ChaVonne Sampson	Director of Development Services
Yolanda Howze	Director of Human Resources
Patrice Baltuskonis	Director of Information Technology

Attachment: City of Bellaire 9-30-2017 CAFR (2501 : 2017 Annual Audit - CAFR)

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, 2017, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, 2017, 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 combining fund statements and debt service fund budgetary comparison schedule is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements and debt service fund budgetary comparison schedule are 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 19, 2018
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, 2017.

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 \$64.5 million (*net position*). Of this amount, \$0.6 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 \$49.5 million, an increase of \$28.1 million over the prior year. A primary driver of this increase was due to the proceeds received from the issuance of capital-related debt. Approximately 7% of the City's combined governmental fund balances, \$3.7 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 20% 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, and capital bond fund, all of which are considered to be major funds for reporting purposes. Data from the non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found on pages 64 through 67 of this report.

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 54 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 \$64.5 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 (96%) 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 (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (1%) 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 \$23,621,897 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 following table summarizes the financial position of the City as of September 30, 2017 and 2016.

	September 30, 2017			
	Governmental Activities	Business-type Activities	Reconciliation	Total Primary Government
Current and other assets	\$ 55,023,663	\$ 1,975,841	\$ -	\$ 56,999,504
Capital assets	96,643,061	48,987,489	-	145,630,550
Total Assets	151,666,724	50,963,330	-	202,630,054
Deferred charge on refunding	2,456,752	-	-	2,456,752
Deferred outflows - pensions	4,052,897	499,912	-	4,552,809
Total Deferred Outflows of Resources	6,509,649	499,912	-	7,009,561
Long-term liabilities	136,717,200	1,605,622	-	138,322,822
Other liabilities	5,482,314	570,728	-	6,053,042
Total Liabilities	142,199,514	2,176,350	-	144,375,864
Deferred Inflows of Resources - Pensions	691,971	80,491	-	772,462
Net investment in capital assets	36,737,254	48,987,489	(23,621,897)	62,102,846
Restricted	1,816,603	-	-	1,816,603
Unrestricted	(23,268,969)	218,912	23,621,897	571,840
Total Net Position	\$ 15,284,888	\$ 49,206,401	\$ -	\$ 64,491,289

	September 30, 2016			
	Governmental Activities	Business-type Activities	Reconciliation	Total Primary Government
Current and other assets	\$ 25,536,469	\$ 2,043,992	\$ -	\$ 27,580,461
Capital assets	87,352,743	43,105,844	-	130,458,587
Total Assets	112,889,212	45,149,836	-	158,039,048
Deferred charge on refunding	1,832,485	-	-	1,832,485
Deferred outflows - pensions	4,853,277	601,956	-	5,455,233
Total Deferred Outflows of Resources	6,685,762	601,956	-	7,287,718
Long-term liabilities	93,708,784	1,638,843	-	95,347,627
Other liabilities	4,250,811	443,755	-	4,694,566
Total Liabilities	97,959,595	2,082,598	-	100,042,193
Total Deferred Inflows of Resources	778,614	88,135	-	866,749
Net investment in capital assets	24,283,701	43,105,844	(7,640,602)	59,748,943
Restricted	2,926,117	-	-	2,926,117
Unrestricted	(6,373,053)	475,215	7,640,602	1,742,764
Total Net Position	\$ 20,836,765	\$ 43,581,059	\$ -	\$ 64,417,824

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

Government-wide Financial Analysis (continued)

The City's net position increased by \$0.1 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, 2017 and 2016.

CONDENSED SCHEDULE OF CHANGES IN NET POSITION

For the Years Ended September 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 3,397,063	\$ 3,351,864	\$ 8,052,201	\$ 7,190,218	\$ 11,449,264	\$ 10,542,082
Operating grants and contributions	1,600,306	1,678,882	102,310	-	1,702,616	1,678,882
Capital grants and contributions	-	-	-	583,618	-	583,618
General revenues:						
Property taxes	18,524,717	17,134,276	-	-	18,524,717	17,134,276
Other taxes	3,680,685	3,851,425	-	-	3,680,685	3,851,425
Other	461,603	116,984	59,792	67,155	521,395	184,139
Total Revenues	27,664,374	26,133,431	8,214,303	7,840,991	35,878,677	33,974,422
Expenses:						
General government	4,863,991	4,535,002	-	-	4,863,991	4,535,002
Public safety	9,717,944	9,099,845	-	-	9,717,944	9,099,845
Public works	1,568,448	3,458,191	-	-	1,568,448	3,458,191
Culture and recreation	6,957,959	4,934,103	-	-	6,957,959	4,934,103
Water system	-	-	5,779,152	5,607,986	5,779,152	5,607,986
Sewer system	-	-	1,193,801	1,304,575	1,193,801	1,304,575
Solid waste	-	-	1,342,498	1,322,405	1,342,498	1,322,405
Interest on long-term debt	4,323,982	2,746,662	-	-	4,323,982	2,746,662
Total Expenses	27,432,324	24,773,803	8,315,451	8,234,966	35,747,775	33,008,769
Change in net position before transfers	232,050	1,359,628	(101,148)	(393,975)	130,902	965,653
Transfers in (out)	(5,783,927)	2,646,000	5,726,490	(2,646,000)	(57,437.00)	-
Change in net position	(5,551,877)	4,005,628	5,625,342	(3,039,975)	73,465	965,653
Total Net Position - Beginning	20,836,765	16,831,137	43,581,059	46,621,034	64,417,824	63,452,171
Total Net Position - Ending	\$ 15,284,888	\$ 20,836,765	\$ 49,206,401	\$ 43,581,059	\$ 64,491,289	\$ 64,417,824

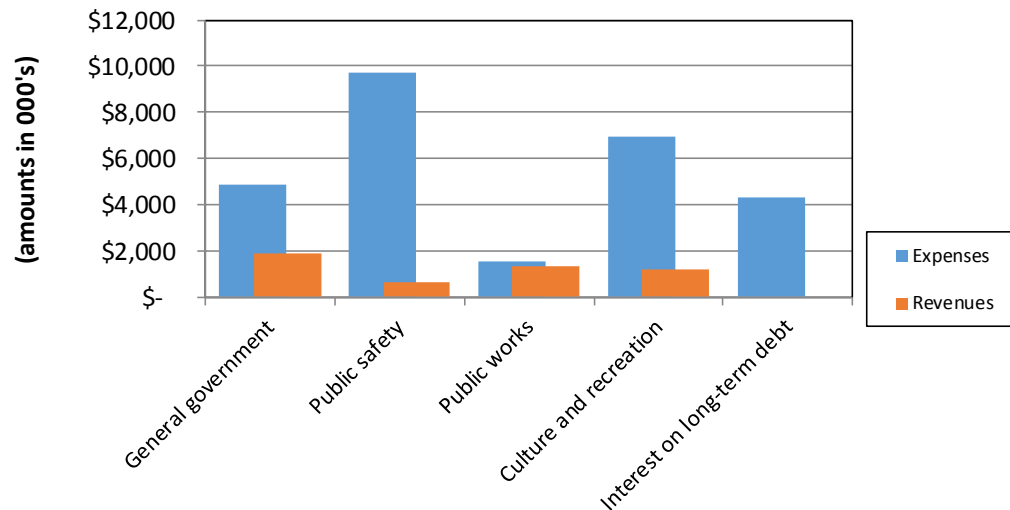
CITY OF BELLAIRE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Activities

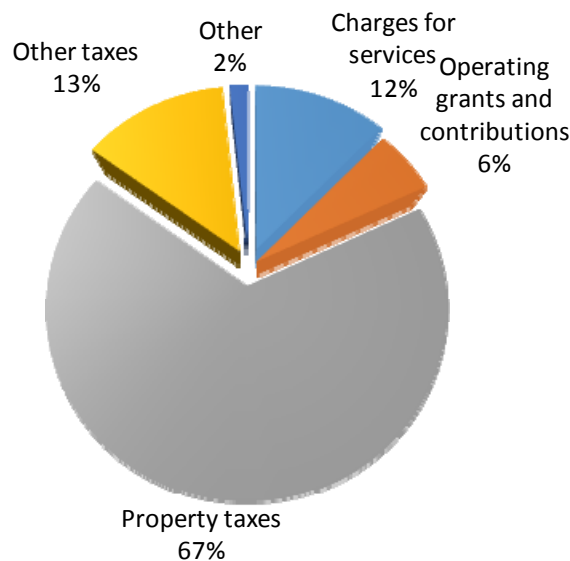
Governmental activities decreased the City's net position by approximately \$5.6 million or 27% of beginning net position. The key element of this decrease is as follows:

- \$8.5 million in capital improvements were financed by governmental activities and transferred to and capitalized by business-type activities.

A comparison of program expenses to program revenues for fiscal year 2017 follows:



Revenue sources for governmental activities were distributed as follows:

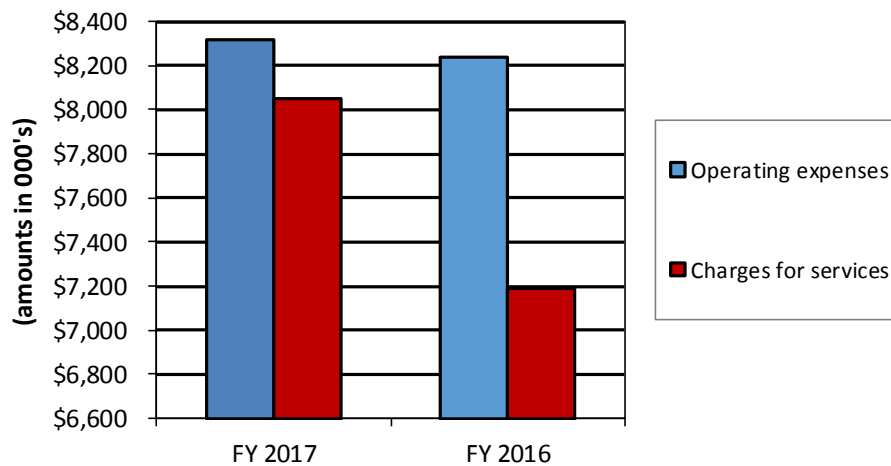


CITY OF BELLAIRE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Business-type Activities

Business-type activities increased the City's net position by \$5.6 million or 13% of beginning net position. For the year ended September 30, 2017, revenues for the water, sewer, and solid waste increased by \$0.4 million, an increase of 4.8% from the previous year. For the year ended September 30, 2017, expenses for water, sewer, and solid waste increased by \$80,485, an increase of 1.0% 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 2017 and 2016 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 \$49.5 million, an increase of 131% or \$28.1 million over the prior year. This increase is mainly attributable to \$28.8 million increase in fund balance in the Capital Bond Fund due to the issuance of capital-related debt. Approximately 7% of the combined ending fund balances, \$3.7 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 \$3.7 million, a decrease of \$1.1 million from the prior year. While total revenues of \$19.2 million exceeded total expenditures of \$18.9 million, the general fund transferred \$2.1 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 \$3.6 million. Unassigned fund balance of \$3.7 million represents 20% 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 \$18,369.

The City's capital improvement fund expended \$2.3 million on capital projects and received transfers in of \$1.7 million, resulting in an ending fund balance of \$5.0 million. The City's capital bond fund expended \$16.4 million on street, drainage, and park improvements, resulting in an ending fund balance of \$35.8 million. The City's METRO fund reported an ending fund balance of \$1.3 million, which was a decrease of \$0.9 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 \$2.7 million, an increase of \$1.7 million. This increase is a result of a \$1.5 million transfers in offset by expending \$0.8 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 \$0.2 million. Governmental funds contributed \$8.5 million in capital assets and the enterprise fund transferred \$2.7 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 \$0.2 million or 2.6% of operating expenses for the fund.

General Fund Budgetary Highlights

Actual general fund revenues were less than original and amended budgeted revenues by \$0.5 million. General fund expenditures were less than the final budget by \$0.6 million primarily due to less than expected expenditures in public safety, public works, and culture and recreation. The general fund net decrease in fund balance was \$1.1 million, \$0.1 million less than budgeted, with an ending fund balance of \$3.7 million. The fund balance of \$3.7 million represents 20% 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 2017 general fund budget was structurally balanced with budgeted recurring revenues slightly exceeding budgeted recurring expenses. As the general fund was carrying a fund balance exceeding the sixty (60) day minimum at the end of fiscal year 2017, the fiscal year 2018 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, 2017 is \$0.1 million greater 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, 2017, amounted to \$145.6 million (net of accumulated depreciation). This investment in capital assets includes a variety of capital assets and infrastructure. Capital asset balances increased by approximately \$15.2 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 and construction of 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, 2017 and 2016 (in \$000's):

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Capital assets not being depreciated:						
Land and intangibles	\$ 5,668	\$ 5,668	\$ 256	\$ 256	\$ 5,925	\$ 5,925
Construnciton in progress	11,806	17,122	7,272	162	19,078	17,284
Capital assets, net of depreciation:						
Infrastructure	71,535	57,284	34,165	34,609	105,700	91,894
Buildings and improvements	5,525	5,303	4,392	4,769	9,918	10,071
Vehicles and equipment	2,109	1,975	2,902	3,310	5,011	5,285
	<u>\$ 96,643</u>	<u>\$ 87,353</u>	<u>\$ 48,987</u>	<u>\$ 43,106</u>	<u>\$ 145,631</u>	<u>\$ 130,459</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 \$118.3 million, all of which is general obligation debt. This is an increase from the prior year of \$41.0 million, due to the issuance of capital-related debt offset by 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, 2017 and 2016 follows (in \$000's):

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Bonds payable:						
General obligation bonds	\$ 118,295	\$ 77,310	\$ -	\$ -	\$ 118,295	\$ 77,310
Premiums	3,828	2,228	-	-	3,828	2,228
Other long-term liabilities:						
Capital lease	723	-	-	-	723	-
Compensated absences	700	689	39	36	739	725
Net OPEB obligation	263	237	30	27	293	264
Net pension liability	12,908	13,245	1,537	1,576	14,445	14,820
	<u>\$ 136,717</u>	<u>\$ 93,709</u>	<u>\$ 1,606</u>	<u>\$ 1,639</u>	<u>\$ 138,323</u>	<u>\$ 95,348</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 4.3% as compared to the United States' average unemployment rate of 4.1% per the U.S. Bureau of Labor Statistics. This represents a decrease over the greater Houston area's December 31, 2016 unemployment rate of 5.3%, while the national unemployment rate decreased during 2017 from 4.5% at December 31, 2016. The rising unemployment in the Houston area experienced in 2016 as a result of depressed oil and natural gas prices has abated during 2017 and the greater Houston area's unemployment rate has trended back toward the national average.

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.

Hurricane Harvey, a category 4 major hurricane made landfall on August 26, 2017 in Rockport, Texas, approximately 150 miles southwest of the City. After landfall, its speed slowed dramatically to a crawl. For about two days, the storm stalled just inland, dropping very heavy rainfall and causing widespread flash flooding in the Houston area, including in Bellaire. Initial assessments indicate approximately 2,400 of the approximately 6,300 homes in Bellaire, or approximately 38%, had some level of water damage. The City had exceptionally large amounts of debris to remove from public right-of-ways, and the City suffered substantial damage to its wastewater treatment plant. The City will incur significant unbudgeted costs associated with recovery and repair. It is expected that most of our costs will be reimbursable through the City's flood insurance and the Federal Emergency Management Agency, however, not all costs will be reimbursed. Total expenditures to the City as a result of Hurricane Harvey are approximately \$3.24 million. As of January 31, 2018, the City has received \$601,499 in reimbursement; \$301,588 from Texas Municipal League's Intergovernmental Risk Pool, the City's insurance provider. Although the Federal Emergency Management Agency (FEMA) has reimbursed the City \$299,911, the City still anticipates over \$2 million of additional reimbursements once the debris removal project is completed and emergency protective measure expenditures are approved by FEMA.

The original draft of the fiscal year 2018 budget included a transfer of \$500,000 from the general fund to the capital improvement fund for the City's pavement management program. Due in part to the anticipated expenditures associated with Hurricane Harvey, the \$500,000 transfer was eliminated in the final budget approved by City Council and will remain as a contingency reserve with any unspent amounts added to fund balance.

The property tax rate for fiscal year 2017 (tax year 2016) increased by approximately 1.8% to \$0.3874 per \$100 of assessed value. The property tax rate increased by 7.4% to \$0.4159 per \$100 of assessed value for fiscal year 2018 (tax year 2017).

The enterprise fund water rates increased in fiscal year 2017 by approximately 13.5% and by approximately 17.5% in fiscal year 2018. 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, 2017

	Primary Government			
	Governmental Activities	Business-type Activities	Reconciliation	Total
Assets				
Cash and cash equivalents	\$ 53,281,260	\$ 75,651	\$ -	\$ 53,356,911
Receivables, net of allowance	1,733,657	1,173,330	-	2,906,987
Interest receivable	7,115	45	-	7,160
Prepaid items	1,631	726,815	-	728,446
Nondepreciable capital assets	17,474,349	7,528,034	-	25,002,383
Depreciable capital assets, net of depreciation	79,168,712	41,459,455	-	120,628,167
Total Capital Assets	96,643,061	48,987,489	-	145,630,550
Total Assets	151,666,724	50,963,330	-	202,630,054
Deferred Outflows of Resources				
Deferred charge on refunding	2,456,752	-	-	2,456,752
Deferred outflows - pension	4,052,897	499,912	-	4,552,809
Total Deferred Outflows of Resources	6,509,649	499,912	-	7,009,561
Liabilities				
Accounts payable and accrued expenses	4,978,769	480,673	-	5,459,442
Customer deposits	-	90,055	-	90,055
Accrued interest payable	503,545	-	-	503,545
Long-term liabilities due within one year	5,359,248	32,664	-	5,391,912
Long-term liabilities due in more than one year	118,449,689	36,280	-	118,485,969
Net pension liability	12,908,263	1,536,678	-	14,444,941
Total Liabilities	142,199,514	2,176,350	-	144,375,864
Deferred Inflows of Resources				
Deferred inflows - pension	691,971	80,491	-	772,462
Total Deferred Inflows of Resources	691,971	80,491	-	772,462
Net Position				
Net investment in capital assets	36,737,254	48,987,489	(23,621,897)	62,102,846
Restricted for:				
Special revenue				
Communications from public education government fees	288,333	-	-	288,333
Police and fire department vehicles and equipment	30,802	-	-	30,802
Library supplies and equipment	14,357	-	-	14,357
Municipal court technology	103,813	-	-	103,813
Parks and recreation equipment	12,253	-	-	12,253
Debt service	59,629	-	-	59,629
Capital projects				
Metropolitan streets or METRO	1,293,130	-	-	1,293,130
Evelyn's Park improvement	14,286	-	-	14,286
Unrestricted	(23,268,969)	218,912	23,621,897	571,840
Total Net Position	\$ 15,284,888	\$ 49,206,401	\$ -	\$ 64,491,289

See Notes To Basic Financial Statements.

Attachment: City of Bellaire 9-30-2017 CAFR (2501 : 2017 Annual Audit - CAFR)

CITY OF BELLAIRE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities:			
General government	\$ 4,863,991	\$ 1,874,666	\$ -
Public safety	9,717,944	591,717	30,508
Public works	1,568,448	-	1,313,098
Culture and recreation	6,957,959	930,680	256,700
Interest on long-term debt	4,323,982	-	-
Total Governmental Activities	27,432,324	3,397,063	1,600,306
Business-type Activities:			
Water system	5,779,152	4,009,291	102,310
Sewer system	1,193,801	2,355,069	-
Solid waste	1,342,498	1,687,841	-
Total business-type activities	8,315,451	8,052,201	102,310
Total Primary Government	\$ 35,747,775	\$ 11,449,264	\$ 1,702,616

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**Net Position - Ending***See Notes to Basic Financial Statements.*

Attachment: City of Bellaire 9-30-2017 CAFR (2501 : 2017 Annual Audit - CAFR)

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,989,325)	\$ -	\$ (2,989,325)
(9,095,719)	-	(9,095,719)
(255,350)	-	(255,350)
(5,770,579)	-	(5,770,579)
(4,323,982)	-	(4,323,982)
(22,434,955)	-	(22,434,955)
-	(1,667,551)	(1,667,551)
-	1,161,268	1,161,268
-	345,343	345,343
-	(160,940)	(160,940)
(22,434,955)	(160,940)	(22,595,895)
18,524,717	-	18,524,717
2,241,860	-	2,241,860
1,438,825	-	1,438,825
288,552	936	289,488
173,051	58,856	231,907
(5,783,927)	5,726,490	(57,437.00)
16,883,078	5,786,282	22,669,360
(5,551,877)	5,625,342	73,465
20,836,765	43,581,059	64,417,824
\$ 15,284,888	\$ 49,206,401	\$ 64,491,289

CITY OF BELLAIRE, TEXAS**BALANCE SHEET****GOVERNMENTAL FUNDS***September 30, 2017*

	<u>General</u>	<u>Debt Service</u>	<u>Capital Bond</u>
Assets			
Cash and cash equivalents	\$ 3,966,954	\$ 470,499	\$ 39,133,289
Receivables, net of allowance	1,158,779	92,408	-
Interest receivable	6,848	267	-
Prepaid items	1,631	-	-
Total Assets	<u>\$ 5,134,212</u>	<u>\$ 563,174</u>	<u>\$ 39,133,289</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 965,546	\$ -	\$ 3,294,647
Total Liabilities	<u>965,546</u>	<u>-</u>	<u>3,294,647</u>
Deferred Inflows of Resources			
Unavailable revenues - other	289,551	-	-
Unavailable revenues - property taxes	178,180	92,408	-
Total Deferred Inflows of Resources	<u>467,731</u>	<u>92,408</u>	<u>-</u>
Fund Balances			
Nonspendable	1,631	-	-
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	-	470,766	-
Metropolitan streets or METRO	-	-	-
Drainage and city facilities	-	-	35,838,642
Evelyn's Park improvement	-	-	-
Committed:			
City facilities and equipment	-	-	-
Unassigned	3,699,304	-	-
Total Fund Balances	<u>3,700,935</u>	<u>470,766</u>	<u>35,838,642</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 5,134,212</u>	<u>\$ 563,174</u>	<u>\$ 39,133,289</u>

See Notes to Basic Financial Statements.

Non-Major Governmental Funds	Total
\$ 9,710,518	\$ 53,281,260
482,470	1,733,657
-	7,115
-	1,631
<u>\$ 10,192,988</u>	<u>\$ 55,023,663</u>
<u>\$ 718,574</u>	<u>\$ 4,978,767</u>
<u>718,574</u>	<u>4,978,767</u>
-	289,551
-	270,588
-	560,139
-	1,631
288,333	288,333
30,802	30,802
14,357	14,357
103,813	103,813
12,253	12,253
-	470,766
1,293,130	1,293,130
-	35,838,642
14,286	14,286
7,717,440	7,717,440
-	3,699,304
<u>9,474,414</u>	<u>49,484,757</u>
<u>\$ 10,192,988</u>	<u>\$ 55,023,663</u>

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CITY OF BELLAIRE, TEXAS**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION***September 30, 2017*

Total fund balance of governmental funds in the Governmental Funds Balance Sheet \$ 49,484,757

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. 96,643,061

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 560,139

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	(118,295,000)
Premium/discount on bonds payable	(3,828,098)
Capital lease obligation	(722,889)
Other post-employment benefits (OPEB)	(262,848)
Accrued long-term interest	(503,545)
Compensated absences	(700,104)
Net pension liability	(12,908,263)

Deferred charge on refunding 2,456,752

Deferred outflows of resources relating to pension activities 4,052,897

Deferred inflows of resources relating to pension activities (691,971)

Net position of governmental activities in the Statement of Net Position \$ 15,284,888

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, 2017*

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Bond</u>
Revenues			
Taxes:			
Property taxes	\$ 12,161,757	\$ 6,268,910	\$ -
Sales and use taxes	2,241,860	-	-
Franchise taxes	1,374,918	-	-
Fines and forfeitures	679,883	-	-
Licenses and permits	1,199,500	-	-
Charges for services	1,229,988	-	-
Investment earnings	47,017	4,164	219,843
Intergovernmental	202,324	-	-
Other	37,786	-	-
Total Revenues	<u>19,175,033</u>	<u>6,273,074</u>	<u>219,843</u>
Expenditures			
Current:			
General government	4,654,894	-	-
Public safety	8,967,042	-	-
Public works	1,054,450	-	-
Culture and recreation	4,217,423	-	-
Capital outlay	-	-	16,416,737
Debt service:			
Principal	-	4,510,000	-
Interest and other charges	-	3,059,476	-
Bond issuance costs and fees	-	-	935,310
Total Expenditures	<u>18,893,809</u>	<u>7,569,476</u>	<u>17,352,047</u>
Revenues over (under) expenditures	<u>281,224</u>	<u>(1,296,402)</u>	<u>(17,132,204)</u>
Other Financing Sources (Uses)			
Proceeds from issuance of general obligation refunding bonds	-	9,690,000	-
Proceeds from issuance of capital related debt	-	-	44,820,000
Proceeds from capital leases	-	-	-
Premium on issuance of bonds	-	265,613	1,469,314
Payment to bond refunding escrow agent	-	(9,942,235)	-
Transfers in	624,000	1,264,655	-
Transfers out	(2,057,000)	-	(314,655)
Sale of capital assets	37,184	-	-
Total Other Financing Sources (Uses)	<u>(1,395,816)</u>	<u>1,278,033</u>	<u>45,974,659</u>
Net changes in fund balances	(1,114,592)	(18,369)	28,842,455
Fund Balances - Beginning	<u>4,815,527</u>	<u>489,135</u>	<u>6,996,187</u>
Fund Balances - Ending	<u>\$ 3,700,935</u>	<u>\$ 470,766</u>	<u>\$35,838,642</u>

See Notes to Basic Financial Statements.

Attachment: City of Bellaire 9-30-2017 CAFR (2501 : 2017 Annual Audit - CAFR)

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 18,430,667
-	2,241,860
63,907	1,438,825
43,416	723,299
-	1,199,500
-	1,229,988
17,528	288,552
1,110,774	1,313,098
408,721	446,507
<u>1,644,346</u>	<u>27,312,296</u>
21,614	4,676,508
94,881	9,061,923
-	1,054,450
76,660	4,294,083
5,075,179	21,491,916
-	4,510,000
-	3,059,476
-	935,310
<u>5,268,334</u>	<u>49,083,666</u>
<u>(3,623,988)</u>	<u>(21,771,370)</u>
-	9,690,000
-	-
-	44,820,000
787,666	787,666
-	1,734,927
-	(9,942,235)
3,229,000	5,117,655
-	(2,371,655)
-	37,184
<u>4,016,666</u>	<u>49,873,542</u>
392,678	28,102,172
9,081,736	21,382,585
<u>\$ 9,474,414</u>	<u>\$ 49,484,757</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, 2017

Net changes in governmental fund balances in the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 28,102,172
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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 outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which depreciation (\$3,469,813) is exceeded by capital outlays (\$21,878,014) in the current period.	17,820,243
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Capital improvements transferred to and capitalized by business-type activities but reported in the governmental funds as expenditures.	(8,529,927)
---	-------------

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.	(25,761)
---	----------

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.	314,894
---	---------

Pension contributions made after the net pension liability date are reported as expenditures in the governmental funds and are reported as deferred outflows on the face of the statement of net position.	1,466,359
--	-----------

Governmental funds report the proceeds of bond sales as another financial source or an increase to fund balance. In contrast, the Statement of Activities treats such proceeds as an increase in long-term liabilities.	(54,510,000)
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Governmental funds report the proceeds from capital leases as another financial source or an increase to fund balance. In contrast, the Statement of Activities treats such proceeds as an increase in long-term liabilities.	(787,666)
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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.	13,589,777
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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	(1,599,782)
Gain/loss on refunding	624,267

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	(161,373)
Changes in accrued compensated absences	(11,323)
Pension expense for the pension plan measurement year	(1,843,757)

Change in net position of governmental activities in the Statement of Activities	<u>\$ (5,551,877)</u>
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See Notes to Basic Financial Statements.

CITY OF BELLAIRE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2017

	Business-type Activities Enterprise
Assets	
Current assets:	
Cash and cash equivalents	\$ 75,651
Accounts receivable, net	1,173,330
Interest receivable	45
Prepaid items	726,815
Total Current Assets	1,975,841
Non-current assets:	
Capital assets not being depreciated:	
Land	256,148
Construction in progress	7,271,886
Other capital assets, net of depreciation:	
Buildings and improvements	12,039,531
Infrastructure	82,627,490
Vehicles and equipment	4,909,163
Less: accumulated depreciation	(58,116,729)
Total Non-current Assets	48,987,489
Total Assets	50,963,330
Deferred Outflows of Resources	
Deferred outflows related to pension activities	499,912
Total Deferred Outflows of Resources	499,912
Liabilities	
Current liabilities:	
Accounts payable	480,673
Deposits	90,055
Long-term liabilities due in less than one year	32,664
Total Current Liabilities	603,392
Non-current liabilities:	
Net pension liability	1,536,678
Long-term liabilities due in more than one year	36,280
Total Non-current Liabilities	1,572,958
Total Liabilities	2,176,350
Deferred Inflows of Resources	
Deferred inflows related to pension activities	80,491
Total Deferred Inflows of Resources	80,491
Net Position	
Investment in capital assets	48,987,489
Unrestricted	218,912
Total Net Position	\$ 49,206,401

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, 2017

	Business-type Activities
	Enterprise
Operating Revenues	
Water services	\$ 4,009,291
Sewer services	2,355,069
Solid waste services	1,687,841
Miscellaneous	58,856
Total Operating Revenues	8,111,057
Operating Expenses	
Personnel services	1,674,453
Supplies and materials	2,207,706
Contractual services	1,344,094
Repairs and maintenance	567,303
Depreciation	2,493,630
Total Operating Expenses	8,287,186
Operating Loss	(176,129)
Non-operating Revenues (Expenses)	
Interest income	936
Loss on disposal of capital assets	(28,265)
Intergovernmental revenue	102,310
Total Non-operating Revenues	74,981
Loss Before Capital Contributions and Transfers	(101,148)
Capital contributions	8,472,490
Transfers out	(2,746,000)
Change in net position	5,625,342
Total Net Position - Beginning	43,581,059
Total Net Position - Ending	\$ 49,206,401

See Notes to Basic Financial Statements.

CITY OF BELLAIRE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2017

	Business-type Activities Enterprise
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 7,877,369
Payments to suppliers	(3,981,682)
Payments to employees	(1,613,274)
Net Cash Provided By Operating Activities	2,282,413
Cash Flows From Noncapital Financing Activities	
Intergovernmental revenue	102,310
Transfers to other funds	(2,746,000)
Net Cash Used By Noncapital Financing Activities	(2,643,690)
Cash Flows From Investing Activities	
Interest income	891
Net Cash Used By Investing Activities	891
Net decrease in cash and cash equivalents	(360,386)
Cash and Cash Equivalents - Beginning	436,037
Cash and Cash Equivalents - Ending	\$ 75,651
Reconciliation of Operating Loss to Net Cash Provided By Operating Activities	
Operating loss	\$ (176,129)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	2,493,630
(Increase) decrease in accounts receivable	(231,594)
(Increase) decrease in prepaid expenses	5,854
(Increase) decrease in other assets	2,500
(Increase) decrease in deferred outflows relating to pension activities	102,044
(Increase) decrease in accounts payable	131,567
Increase (decrease) in accrued compensated absences	2,916
Increase (decrease) in other post-employment benefit liability	2,996
Increase (decrease) in customer deposits	(4,594)
Increase (decrease) in net pension liability	(39,133)
Increase (decrease) in deferred inflows relating to pension activities	(7,644)
Net Cash Provided By Operating Activities	\$ 2,282,413
Non-cash Transactions	
Capital assets transferred to enterprise fund from governmental activities	\$ 8,472,490

See Notes to Basic Financial Statements.

CITY OF BELLAIRE, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS

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 governing 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 non-major 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 bond fund is considered a major governmental fund for reporting purposes. The capital improvement fund, the metro fund, and vehicle and equipment replacement fund are considered non-major funds 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 a non-major fund 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", "TexPool Prime", 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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. 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.

Note 2 - Deposits (Cash) and Investments

As of September 30, 2017, the City reported the following deposits (cash) and investments:

	<u>Fair Value</u>	<u>Weighted Average Maturities (Days)</u>	<u>Credit Rating</u>
Cash	\$ 4,889,507	1	
U.S. agencies:			
Federal National Mortgage Association	990,533	730	AA+
Federal Farm Credit Bank	995,193	729	AA+
Federal Home Loan Mortgage Corporation	997,315	545	AA+
External investment pools:			
TexPool	10,836,601	37	AAAm
TexPool Prime	32,305,912	51	AAAm
TexSTAR	2,341,850	27	AAAm
Total Fair Value	<u>\$ 53,356,911</u>		
Portfolio weighted average maturity (days)		77	

Investments' fair value measurements are as follows as of September 30, 2017:

<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	\$ 990,533	\$ -	\$ 990,533	\$ -
Federal Farm Credit Bank	995,193	-	995,193	-
Federal Home Loan Mortgage Corporation	997,315	-	997,315	-
	<u>\$ 2,983,041</u>	<u>\$ -</u>	<u>\$ 2,983,041</u>	<u>\$ -</u>

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

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, 2017, the City's investments in TexPool, TexPool Prime, 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, 2017, 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.

Local Government Investment Pools

As of September 30, 2017, the City's investments included TexPool, TexPool Prime, and TexSTAR Investment Pools. The investment pools' investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

The TexPool portfolios are comprised of two investment alternatives: TexPool and TexPool Prime.

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 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.

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

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.

Note 3 - Receivables

The following comprise receivable balances at year-end:

	General	Debt Service	Non-Major Governmental Funds	Enterprise	Total
Property taxes	\$ 178,180	\$ 92,408	\$ -	\$ -	\$ 270,588
Other taxes	518,837	-	15,154	-	533,991
Accounts	4,900,033	-	290,723	1,084,386	6,275,142
Assessments	-	-	-	2,790	2,790
Due from other governments	197,601	-	176,593	102,310	476,504
Less allowance	(4,635,872)	-	-	(16,156)	(4,652,028)
	<u>\$ 1,158,779</u>	<u>\$ 92,408</u>	<u>\$ 482,470</u>	<u>\$ 1,173,330</u>	<u>\$ 2,906,987</u>

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

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

	Balance 9/30/2016	Additions	Deletions	Balance 9/30/2017
Governmental Activities				
Capital assets, not being depreciated:				
Land and intangibles	\$ 5,668,439	\$ -	\$ -	\$ 5,668,439
Construction in progress	17,121,750	13,274,614	(18,590,454)	11,805,910
Total capital assets, not being depreciated	22,790,189	13,274,614	(18,590,454)	17,474,349
Capital assets being depreciated:				
Infrastructure	101,700,504	17,090,252	(6,453,950)	112,336,806
Buildings and improvements	15,592,986	500,000	-	16,092,986
Vehicles and equipment	5,988,448	625,920	(795,523)	5,818,845
Total capital assets being depreciated	123,281,938	18,216,172	(7,249,473)	134,248,637
Less accumulated depreciation for:				
Infrastructure	(44,416,042)	(2,839,802)	6,453,950	(40,801,894)
Buildings and improvements	(10,290,289)	(277,398)	-	(10,567,687)
Vehicles and equipment	(4,013,053)	(352,611)	655,320	(3,710,344)
Total accumulated depreciation	(58,719,384)	(3,469,811)	7,109,270	(55,079,925)
Total capital assets being depreciated, net	64,562,554	14,746,361	(140,203)	79,168,712
Governmental Activities				
Capital Assets, Net	<u>\$ 87,352,743</u>	<u>\$ 28,020,975</u>	<u>\$ (18,730,657)</u>	<u>\$ 96,643,061</u>
			Plus unspent proceeds	35,838,642
			Plus deferred charge on refunding	2,456,752
			Less associated debt and premiums	(98,201,201)
			Net investment in capital assets	<u>\$ 36,737,254</u>

Depreciation was charged to governmental functions as follows:

Governmental Activities	
General	\$ 57,251
Public safety	412,730
Public works	2,736,423
Culture and recreation	263,407
Total Governmental Activities	
Depreciation Expense	<u>\$ 3,469,811</u>

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

Construction in progress and remaining commitments under related construction for general government construction projects at September 30, 2017, are as follows:

Project Description	Authorized Contract	Total in Progress	Remaining Commitment
New city hall/police/court	\$ 17,136,607	\$ 3,068,224	\$ 14,068,383
Evelyn's Park improvement	6,759,836	6,694,163	65,673
Street striping	74,354	59,840	14,514
Street condition management program	1,558,038	1,381,522	176,516
Sidewalk projects	456,212	270,929	185,283
BBB2016 streets/drainage	1,747,250	163,966	1,583,284
Sidewalks	331,304	92,320	238,984
New fire truck	74,946	74,946	-
	<u>\$ 28,138,547</u>	<u>\$ 11,805,910</u>	<u>\$ 16,332,637</u>

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

	Balance 9/30/2016	Additions	Deletions	Balance 9/30/2017
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 256,148	\$ -	\$ -	\$ 256,148
Construction in progress	162,027	7,109,859	-	7,271,886
Total capital assets, not being depreciated	<u>418,175</u>	<u>7,109,859</u>	<u>-</u>	<u>7,528,034</u>
Capital assets being depreciated:				
Infrastructure	81,421,597	1,230,893	(25,000)	82,627,490
Buildings and improvements	12,039,531	-	-	12,039,531
Vehicles and equipment	5,521,234	131,737	(743,808)	4,909,163
Total capital assets being depreciated	<u>98,982,362</u>	<u>1,362,630</u>	<u>(768,808)</u>	<u>99,576,184</u>
Less accumulated depreciation for:				
Infrastructure	(46,812,408)	(1,675,288)	25,000	(48,462,696)
Buildings and improvements	(7,270,943)	(376,271)	-	(7,647,214)
Vehicles and equipment	(2,211,342)	(442,071)	646,594	(2,006,819)
Total accumulated depreciation	<u>(56,294,693)</u>	<u>(2,493,630)</u>	<u>671,594</u>	<u>(58,116,729)</u>
Total capital assets being depreciated, net	<u>42,687,669</u>	<u>(1,131,000)</u>	<u>(97,214)</u>	<u>41,459,455</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 43,105,844</u>	<u>\$ 5,978,859</u>	<u>\$ (97,214)</u>	<u>\$ 48,987,489</u>

Depreciation was charged to business-type functions as follows:

Business-type Activities	
Water system	\$ 1,108,949
Sewer system	1,246,273
Solid waste disposal	138,408
Total Business-type Activities	
Depreciation Expense	<u>\$ 2,493,630</u>

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

Construction in progress and remaining commitments under related construction contracts for enterprise fund construction projects at September 30, 2017, are as follows:

Project Description	Authorized Contract	Total in Progress	Remaining Commitment
City-wide scada system	\$ 121,840	\$ 121,840	\$ -
Wastewater system upgrades	123,193	120,875	2,318
Renwick tank rehabilitation	330,265	312,665	17,600
Water line improvements	340,000	241,884	98,116
Automated water meter installation	4,817,461	4,475,564	341,897
Waste water treatment plant upgrades	7,964,344	1,999,058	5,965,286
	<u>\$ 13,697,103</u>	<u>\$ 7,271,886</u>	<u>\$ 6,425,217</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, capital lease obligations, 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.

On December 6, 2016, the City issued \$9,690,000 of General Obligation Refunding Bonds, Series 2016. The City used the proceeds to refund the following three bonds: (1) \$1,730,000 of General Obligation Bonds Series 2009, (2) \$3,145,000 of General Obligation Refunding Bonds Series 2010, and (3) \$4,140,000 of General Obligation Bonds Series 2010A. The City deposited a sufficient amount of the proceeds in escrow, when combined with future investment earning thereon, to fully repay the refunded obligations according to their payment terms. The transaction constituted defeasance of the refunded obligations pursuant to the terms of Chapter 1207, Texas Government Code. Because of such defeasance, the refunded obligations are outstanding only for the purpose of receiving payments from the escrow account and are no longer deemed outstanding obligations of the City. Interest rates range from 2.0% to 2.3%. The refunding generated a gross savings of \$1.49 million and a net present value savings of \$1.26 million. Annual savings of approximately \$66,828 is seen over 19 years.

On February 1, 2017, the City issued \$33,315,000 of General Obligation Bonds, Series 2017. Proceeds from the sale of bonds are used for improvements to streets, drainage and sidewalks, construction and improvement of City buildings, water and wastewater improvements, and paying the costs of issuing the bonds. Interest is payable on each February 15 and August 15 thereafter until the earlier of redemption or maturity. Interest rates range from 3% to 5%.

On September 1, 2017, the City issued \$11,505,000 of General Obligation Bonds, Series 2017A. Proceeds from the sale of bonds are used for improvements to streets, drainage, sidewalks, water and wastewater improvements, and for paying the costs of issuing the bonds. Interest is also payable on each February 15 and August 15 thereafter until the earlier of redemption or maturity. Interest rates range from 2% to 4%.

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 long-term liabilities for the year ended September 30, 2017. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended September 30, 2017.

	Beginning Balance	Issued and Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 77,310,000	\$ 54,510,000	\$ (13,525,000)	\$ 118,295,000 *	\$ 4,920,000
Premiums	2,228,316	1,734,927	(135,145)	3,828,098	-
Other liabilities:					
Capital lease	-	787,666	(64,777)	722,889	56,707
Compensated absences	688,781	382,240	(370,917)	700,104	382,541
Net OPEB obligation	237,085	25,761	-	262,846	-
Total Governmental Activities	<u>\$ 80,464,182</u>	<u>\$ 57,440,594</u>	<u>\$ (14,095,839)</u>	<u>\$ 123,808,937</u>	<u>\$ 5,359,248</u>
Long-term liabilities due in more than one year				<u>\$ 118,449,689</u>	
Business-type Activities					
Other liabilities:					
Compensated absences	\$ 35,870	\$ 36,920	\$ (34,004)	\$ 38,786	\$ 32,664
Net OPEB obligation	27,162	2,996	-	30,158	-
Total Business-type Activities	<u>\$ 63,032</u>	<u>\$ 39,916</u>	<u>\$ (34,004)</u>	<u>\$ 68,944</u>	<u>\$ 32,664</u>
Long-term liabilities due in more than one year				<u>\$ 36,280</u>	
Bonds payable associated with governmental capital assets				\$ 94,373,103	
Bonds payable associated with business-type capital assets				23,921,897	
Total long-term bonds payable associated with capital assets				<u>\$ 118,295,000 *</u>	

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 5 - Long-term Liabilities (continued)****Bonds Payable**

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

Description	Interest Rates	Balance
General Obligation Bonds		
Series 2009	3.00-4.80%	\$ 3,855,000
Series 2009-A Ref	2.00-4.20%	3,195,000
Series 2010-Ref	2.00-4.00%	8,705,000
Series 2010-A	3.25-4.25%	905,000
Series 2011	2.00-4.00%	5,720,000
Series 2011-A Ref	2.00-4.00%	5,095,000
Series 2011-B Ref	2.00-4.00%	6,800,000
Series 2012-Ref	1.00-3.00%	8,510,000
Series 2013	3.00-4.25%	4,980,000
Series 2014	3.00-5.00%	9,480,000
Series 2015	2.50-4.00%	6,710,000
Series 2016-Ref	2.00-2.30%	9,520,000
Series 2017	3.00-5.00%	33,315,000
Series 2017A	2.00-4.00%	11,505,000
Total Long-term Bonds Payable		\$ 118,295,000

Annual Debt Service Requirements

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

Years Ending September 30,	General Obligation Bonds		
	Principal	Interest	Total
2018	\$ 4,920,000	\$ 3,965,265	\$ 8,885,265
2019	5,085,000	3,825,530	8,910,530
2020	5,290,000	3,639,461	8,929,461
2021	5,470,000	3,444,394	8,914,394
2022	5,715,000	3,244,942	8,959,942
2023-2027	31,540,000	12,940,561	44,480,561
2028-2032	25,465,000	7,916,649	33,381,649
2033-2037	19,730,000	4,292,669	24,022,669
2038-2042	15,080,000	1,213,194	16,293,194
	\$ 118,295,000	\$ 44,482,665	\$ 162,777,665

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.

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 5 - Long-term Liabilities (continued)****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.

Capital Lease Obligation

On January 3, 2017, the City (lessee) entered into a capital lease agreement with ZB, N.A. (lessor). The City will lease a Cinder Custom Pumper Fire Truck. The lease term is 12 years and upon completion of the lease, the fire truck becomes the property of the City. Semi-annual lease payments of \$38,802 are due each March 1 and September 1, beginning March 1, 2017 and ending September 1, 2028. The principal amount of the lease was \$787,667. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. The new fire truck will be placed in operation in fiscal year 2018.

The future minimum lease obligations and net present value of these minimum lease payments as of September 30, 2017, were as follows:

Year Ending September 30	Governmental Activities
2018	\$ 77,604
2019	77,604
2020	77,604
2021	77,604
2022	77,604
2023-2027	388,019
2028	75,635
Total minimum lease payments	851,674
Less: amount representing interest	(128,785)
Present value of minimum lease payments	<u>\$ 722,889</u>

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	\$ 2,057,000
Debt service	1,264,655	-
Capital bond	-	314,655
Individual non-major governmental funds:		
Capital improvement	1,529,000	-
Vehicle and equipment replacement	1,700,000	-
Total Governmental Funds	<u>5,117,655</u>	<u>2,371,655</u>
Enterprise Fund:		
Individual major enterprise fund:		
Water, sewer, and solid waste	-	2,746,000
Total Enterprise Fund	<u>-</u>	<u>2,746,000</u>
Total Transfers	<u>\$ 5,117,655</u>	<u>\$ 5,117,655</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 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. The capital bond fund transferred the capitalized interest portion of bond proceeds to the debt service fund.

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.

CITY OF BELLAIRE, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 8 - Contingent Liabilities (continued)**

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.

Note 9 - Employee Retirement System***Texas Municipal Retirement System*****Plan Description and Provisions**

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of 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

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

At the December 31, 2016 valuation and measurement date (the most current available), the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	125
Inactive employees entitled to but not receiving benefits	98
Active employees	<u>156</u>
	<u>379</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. 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 2017, the City made contributions of 21.20% for the months in 2016 and 20.87% for the months in 2017.

Net Pension Liability

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

Actuarial Assumptions

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

Inflation:	2.75%
Overall payroll growth	3.50% to 10.50% including inflation
Investment rate of return	6.75%

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.

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

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 2016 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.

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:

Asset Class	Target Allocation
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	100.0%

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee 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	\$ 1,811,004	\$ -	\$ 1,811,004
Interest	4,929,569	-	4,929,569
Difference between expected and actual experience	(378,183)	-	(378,183)
Changes of assumptions	-	-	-
Contributions - employer	-	2,097,990	(2,097,990)
Contributions - employee	-	692,734	(692,734)
Net investment income	-	3,994,703	(3,994,703)
Benefit payments, including refunds of employee contributions	(3,654,340)	(3,654,340)	-
Administrative expense	-	(45,133)	45,133
Other changes	-	(2,432)	2,432
Net Changes	2,708,050	3,083,522	(375,472)
Balance at December 31, 2015	73,952,324	59,131,911	14,820,413
Balance at December 31, 2016	\$ 76,660,374	\$ 62,215,433	\$ 14,444,941

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>\$ 24,655,923</u>	<u>\$ 14,444,941</u>	<u>\$ 6,030,314</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, 2017, the City recognized pension expense of \$1,843,757.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 3,030	\$ 772,462
Difference in projected and actual earnings on pension plan investments	2,764,092	-
Difference in assumption changes	148,717	-
Contributions subsequent to the measurement date	1,636,970	-
Total	\$ 4,552,809	\$ 772,462

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,636,970 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2017 (i.e. recognized in the City's fiscal year 2018 financial statements). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year	Net Deferred Outflows (Inflows) of Resources
2017	\$ 574,290
2018	828,728
2019	741,020
2020	(661)
	\$ 2,143,377

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 annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years.

The City's annual OPEB cost for the fiscal year ending September 30, 2017 is as follows:

Annual Required Contribution (ARC)	\$ 84,569
Interest on OPEB obligation	10,570
Adjustment to ARC	(10,297)
End of year annual OPEB cost	84,842
Net estimated employer contributions	(56,085)
Increase in net OPEB obligation	28,757
Beginning of year net OPEB obligation	264,247
End of year net OPEB obligation	<u>\$ 293,004</u>

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

The City's annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2017 and the preceding two fiscal years were 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>
2015	\$ 66,460	\$ 45,980	69.18%	\$ 229,782	\$ 250,262
2016	68,499	54,514	79.58%	250,262	264,247
2017	84,842	56,085	66.11%	264,247	293,004

Funded Status and Funding Progress

As of December 31, 2016, 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 \$1,004,711, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,004,711. The annual covered payroll used for the December 31, 2016 actuarial valuation was \$9,896,194 and the UAAL as a percentage of covered payroll was 10.2%.

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)*

Actuarial Methods and Assumptions

The Individual Entry Age Normal Cost Method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost 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.

Significant methods and assumptions were as follows:

Inflation rate	2.50% per annum
Investment rate of return	4.00% per annum, net of expenses
Actuarial cost method	Individual entry age normal 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 7.30% declining to an ultimate rate of 4.25% after 14 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 2017, 2016, and 2015 were \$23,075, \$22,635, and \$22,302, 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:

	2017	2016	2015
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 – Subsequent Event

On August 25, 2017, Hurricane Harvey, characterized as a Category 4 hurricane at its peak, made landfall on the Texas coast before stalling over Houston-Galveston region (the “Region”) and producing significant flooding. Many residences and commercial properties in the Region sustained damage.

As a result of Hurricane Harvey, the City closed City Hall for a week to assess damage citywide and respond to Bellaire residents in need of assistance.

Total expenditures of the City as a result of Hurricane Harvey are approximately \$3.24 million. Debris removal in the amount of approximately \$1.8 million is the largest expenditure as a result of the hurricane. The remaining cost related to the hurricane were damage to the waste water treatment plant, capital losses to flooded vehicles, emergency protective measures to respond to the event as it occurred, and personnel costs for staff time in responding to the disaster.

As of January 31, 2018, the City has received \$601,499 in reimbursement; \$301,588 from Texas Municipal League's Intergovernmental Risk Pool, the City's insurance provider. Although the Federal Emergency Management Agency (FEMA) has reimbursed the City \$299,911, the City still anticipates over \$2 million of additional reimbursements once the debris removal project is completed and emergency protective measure expenditures are approved by FEMA.

Required Supplementary Information

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CITY OF BELLAIRE, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL (BUDGETARY BASIS)

For the Year Ended September 30, 2017

with comparative actual totals for the year ended September 30, 2016

	2017			2016	
	Original Budget	Final Budget	Actual	Variance from Final Budget	Actual
Revenues					
Taxes:					
Property taxes	\$ 12,331,714	\$ 12,331,714	\$ 12,161,757	\$ (169,957)	\$ 11,274,387
Sales and use taxes	2,545,300	2,545,300	2,241,860	(303,440)	2,420,809
Franchise taxes	1,410,000	1,410,000	1,374,918	(35,082)	1,363,860
Fines and forfeitures	739,200	739,200	679,883	(59,317)	717,852
Licenses and permits	1,338,432	1,338,432	1,199,500	(138,932)	1,158,422
Charges for services	1,238,200	1,238,200	1,229,988	(8,212)	1,394,739
Investment earnings	35,000	35,000	47,017	12,017	46,454
Intergovernmental	2,800	2,800	202,324	199,524	2,325
Miscellaneous	31,800	31,800	37,786	5,986	34,847
Total Revenues	<u>19,672,446</u>	<u>19,672,446</u>	<u>19,175,033</u>	<u>(497,413)</u>	<u>18,413,695</u>
Expenditures					
Current:					
General government:					
Administration and finance	3,751,476	3,751,476	3,653,267	98,209	3,398,693
Legal	100,000	100,000	107,664	(7,664)	96,176
Development services	892,834	892,834	784,466	108,368	763,878
Total General Government	<u>4,744,310</u>	<u>4,744,310</u>	<u>4,545,397</u>	<u>198,913</u>	<u>4,258,747</u>
Public safety:					
Police	6,167,369	6,167,369	5,983,928	183,441	5,348,932
Fire	3,041,250	3,041,250	2,983,114	58,136	2,665,182
Total Public Safety	<u>9,208,619</u>	<u>9,208,619</u>	<u>8,967,042</u>	<u>241,577</u>	<u>8,014,114</u>
Public works:	<u>1,199,142</u>	<u>1,199,142</u>	<u>1,054,450</u>	<u>144,692</u>	<u>1,056,541</u>
Culture and recreation:					
Library	696,822	696,822	654,090	42,732	619,632
Parks, recreation, and facilities	3,717,857	3,717,857	3,563,333	154,524	3,410,445
Total Culture and Recreation	<u>4,414,679</u>	<u>4,414,679</u>	<u>4,217,423</u>	<u>197,256</u>	<u>4,030,077</u>
Non-departmental:	<u>(100,000)</u>	<u>(100,000)</u>	<u>109,497</u>	<u>(209,497)</u>	<u>161,553</u>
Total Expenditures	<u>19,466,750</u>	<u>19,466,750</u>	<u>18,893,809</u>	<u>572,941</u>	<u>17,521,032</u>
Excess of Revenues Over Expenditures	<u>205,696</u>	<u>205,696</u>	<u>281,224</u>	<u>75,528</u>	<u>892,663</u>
Other Financing Sources (Uses)					
Transfers in	624,000	624,000	624,000	-	624,000
Transfers out	(2,057,000)	(2,057,000)	(2,057,000)	-	(2,306,000)
Sale of capital assets	10,000	10,000	37,184	27,184	817
Total Other Financing Sources (Uses)	<u>(1,423,000)</u>	<u>(1,423,000)</u>	<u>(1,395,816)</u>	<u>27,184</u>	<u>(1,681,183)</u>
Changes in fund balance	(1,217,304)	(1,217,304)	(1,114,592)	102,712	(788,520)
Fund Balances - Beginning	<u>4,815,527</u>	<u>4,815,527</u>	<u>4,815,527</u>	<u>-</u>	<u>5,604,047</u>
Fund Balances - Ending	<u>\$ 3,598,223</u>	<u>\$ 3,598,223</u>	<u>\$ 3,700,935</u>	<u>\$ 102,712</u>	<u>\$ 4,815,527</u>

CITY OF BELLAIRE, TEXAS**NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION***Year ended September 30, 2017***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.

Excess of Expenditures Over Appropriations

For the year ended September 30, 2017, expenditures exceeded appropriations in the legal department (the legal level of budgetary control) within the general government function of the general fund by \$7,664.

CITY OF BELLAIRE, TEXAS
REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
September 30, 2017

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

	Measurement Year 2016	Measurement Year 2015
Total Pension Liability:		
Service cost	\$ 1,811,004	\$ 1,741,147
Interest (on the total pension liability)	4,929,569	4,884,753
Changes of benefit terms		
Difference between expected and actual experience	(378,183)	6,060
Change in assumptions	-	297,433
Benefit payments, including refunds of employee contributions	(3,654,340)	(3,777,366)
Net change in total pension liability	2,708,050	3,152,027
Total pension liability - beginning	73,952,324	70,800,297
Total pension liability - ending (a)	<u>\$ 76,660,374</u>	<u>\$ 73,952,324</u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 2,097,990	\$ 2,114,994
Contributions - employee	692,734	664,198
Net investment income	3,994,703	88,677
Benefit payments, including refunds of employee contributions	(3,654,340)	(3,777,366)
Administrative expense	(45,133)	(54,014)
Other	(2,432)	(2,668)
Net change in plan fiduciary net position	3,083,522	(966,179)
Plan fiduciary net position - beginning	59,131,911	60,098,090
Plan fiduciary net position - ending (b)	<u>62,215,433</u>	<u>59,131,911</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 14,444,941</u>	<u>\$ 14,820,413</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.16%	79.96%
Covered Employee Payroll	\$ 9,896,194	\$ 9,488,542
Net Pension Liability as a Percentage of Covered Employee Payroll	145.96%	156.19%

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, 2017***TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)****Schedule of Contributions***Last Three Fiscal Years*

	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
Actuarially determined contribution	\$ 2,245,626	\$ 2,066,791	\$ 2,007,691
Contribution in relation of the actuarially determined contribution	2,245,626	2,066,791	2,007,691
Contribution deficiency (excess)	-	-	-
Covered employee payroll	10,726,161	9,615,818	9,005,248
Contributions as a percentage of covered employee payroll	20.94%	21.49%	22.29%

* Only three years of information are currently available. The City will build this schedule over the next seven-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:	29 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, 2017**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%
2016	-	1,004,711	1,004,711	0.0%	9,896,194	10.2%

Attachment: City of Bellaire 9-30-2017 CAFR (2501 : 2017 Annual Audit - CAFR)

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Other Supplementary Information

CITY OF BELLAIRE, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2017

	Capital Improvement	Metro	Vehicle and Equipment Replacement
Assets			
Cash and cash equivalents	\$ 5,230,058	\$ 1,625,960	\$ 2,417,872
Receivables, net of allowance	-	176,593	290,723
Total Assets	\$ 5,230,058	\$ 1,802,553	\$ 2,708,595
Liabilities			
Accounts payable and accrued liabilities	\$ 195,827	\$ 509,423	\$ 11,100
Total Liabilities	195,827	509,423	11,100
Fund Balances			
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	-	-	-
Metropolitan streets or METRO	-	1,293,130	-
Evelyn's Park improvement	14,286	-	-
Committed:			
City facilities and equipment	5,019,945	-	2,697,495
Total Fund Balances	5,034,231	1,293,130	2,697,495
Total Liabilities and Fund Balances	\$ 5,230,058	\$ 1,802,553	\$ 2,708,595

<u>Special Revenue</u>	<u>Total</u>
\$ 436,628	\$ 9,710,518
15,154	482,470
<u>\$ 451,782</u>	<u>\$ 10,192,988</u>

<u>\$ 2,224</u>	<u>\$ 718,574</u>
<u>2,224</u>	<u>718,574</u>

288,333	288,333
30,802	30,802
14,357	14,357
103,813	103,813
12,253	12,253
-	1,293,130
-	14,286
-	7,717,440
<u>449,558</u>	<u>9,474,414</u>
<u>\$ 451,782</u>	<u>\$ 10,192,988</u>

CITY OF BELLAIRE, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2017

	Capital Improvement	Metro	Vehicle and Equipment Replacement
Revenues			
Taxes:			
Franchise taxes	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-
Investment earnings	-	17,528	-
Intergovernmental	-	1,110,774	-
Other	14,592	-	290,724
Total Revenues	<u>14,592</u>	<u>1,128,302</u>	<u>290,724</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	75,674
Culture and recreation	-	-	-
Capital outlay	2,280,888	2,007,366	786,925
Total Expenditures	<u>2,280,888</u>	<u>2,007,366</u>	<u>862,599</u>
Revenues over (under) expenditures	<u>(2,266,296)</u>	<u>(879,064)</u>	<u>(571,875)</u>
Other Financing Sources (Uses)			
Proceeds from capital leases	-	-	787,666
Transfers in	1,700,000	-	1,529,000
Total Other Financing Sources (Uses)	<u>1,700,000</u>	<u>-</u>	<u>2,316,666</u>
Net changes in fund balances	(566,296)	(879,064)	1,744,791
Fund Balances - Beginning	<u>5,600,527</u>	<u>2,172,194</u>	<u>952,704</u>
Fund Balances - Ending	<u>\$ 5,034,231</u>	<u>\$ 1,293,130</u>	<u>\$ 2,697,495</u>

Attachment: City of Bellaire 9-30-2017 CAFR (2501 : 2017 Annual Audit - CAFR)

<u>Special Revenue</u>	<u>Total</u>
\$ 63,907	\$ 63,907
43,416	43,416
-	17,528
-	1,110,774
103,405	408,721
<u>210,728</u>	<u>1,644,346</u>
21,614	21,614
19,207	94,881
76,660	76,660
-	5,075,179
<u>117,481</u>	<u>5,268,334</u>
<u>93,247</u>	<u>(3,623,988)</u>
-	787,666
-	3,229,000
-	4,016,666
93,247	392,678
356,311	9,081,736
<u>\$ 449,558</u>	<u>\$ 9,474,414</u>

DEBT SERVICE FUND**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)***For the Year Ended September 30, 2017**with comparative actual totals for the year ended September 30, 2016*

	2017			2016
	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Taxes:				
Property taxes	\$ 6,355,967	\$ 6,268,910	\$ (87,057)	\$ 5,846,605
Investment earnings	5,000	4,164	(836)	6,081
Total Revenues	<u>6,360,967</u>	<u>6,273,074</u>	<u>(87,893)</u>	<u>5,852,686</u>
Expenditures				
Debt Service:				
Principal	4,340,000	4,510,000	170,000	4,055,000
Interest and other charges	<u>2,970,967</u>	<u>3,059,476</u>	<u>(88,509)</u>	<u>2,772,676</u>
Total Expenditures	<u>7,310,967</u>	<u>7,569,476</u>	<u>(258,509)</u>	<u>6,827,676</u>
Revenues under expenditures	(950,000)	(1,296,402)	(346,402)	(974,990)
Other Financing Sources				
Proceeds from issuance of general obligation refunding bonds	-	9,690,000	9,690,000	-
Premium on issuance of bonds	-	265,613	265,613	-
Payment to bond refunding escrow agent	-	(9,942,235)	(9,942,235)	-
Transfers in	<u>950,000</u>	<u>1,264,655</u>	<u>314,655</u>	<u>950,000</u>
Total Other Financing Sources	<u>950,000</u>	<u>1,278,033</u>	<u>328,033</u>	<u>950,000</u>
Net changes in fund balances		(18,369)	(18,369)	(24,990)
Fund Balances - Beginning	<u>489,135</u>	<u>489,135</u>	<u>-</u>	<u>514,125</u>
Fund Balances - Ending	<u>\$ 489,135</u>	<u>\$ 470,766</u>	<u>\$ (18,369)</u>	<u>\$ 489,135</u>

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
Financial Trends	70
These schedules contain trend information to help the reader understand how the City's financial performance and "well-being" have changed over time.	
Revenue Capacity	80
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	88
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	94
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	98
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.	

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities				
Net investment in capital assets	\$17,192,431	\$20,142,375	\$ 20,142,375	\$ 12,017,357
Restricted	1,320,445	6,030,817	5,774,390	6,242,189
Unrestricted	<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>\$ 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	\$27,214,828	\$48,235,925	\$ 47,928,473	\$ 46,796,314
Unrestricted	<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>\$54,056,072</u>	<u>\$54,782,595</u>	<u>\$ 52,550,206</u>	<u>\$ 50,623,713</u>
Primary Government				
Net investment in capital assets	\$44,407,259	\$44,884,711	\$ 44,577,259	\$ 46,354,009
Restricted	1,320,445	6,030,817	5,774,390	6,242,189
Unrestricted	<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>\$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>	<u>2017</u>
\$ 15,390,597	\$ 18,182,933	\$ 19,904,368	\$ 22,459,271	\$ 24,283,701	\$ 36,737,254
4,380,414	4,864,690	4,833,458	5,532,306	2,926,117	1,816,603
<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>(23,268,969)</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>	<u>\$ 15,284,888</u>
\$ 47,305,409	\$ 46,170,650	\$ 46,450,275	\$ 45,007,913	\$ 43,105,844	\$ 48,987,489
5,231,898	5,870,772	2,235,809	1,613,121	475,215	218,912
<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>	<u>\$ 49,206,401</u>
\$ 51,430,068	\$ 54,219,309	\$ 57,031,939	\$ 58,974,777	\$ 59,748,943	\$ 62,102,846
4,380,414	4,864,690	4,833,459	5,532,306	2,926,117	1,816,603
12,711,282	9,769,849	(1,554,180)	(1,054,912)	1,742,761	571,840
<u>\$ 68,521,764</u>	<u>\$ 68,853,848</u>	<u>\$ 60,311,218</u>	<u>\$ 63,452,171</u>	<u>\$ 64,417,821</u>	<u>\$ 64,491,289</u>

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

	2008	2009	2010	2011
Expenses				
Governmental activities:				
General government	\$ 4,266,030	\$ 4,256,797	\$ 4,533,506	\$ 5,175,769
Public safety	7,264,380	7,518,726	7,475,162	7,120,797
Public works	3,188,126	2,507,596	3,615,172	3,632,379
Culture and recreation	2,616,748	2,616,119	3,112,650	2,793,350
Interest on long-term debt	2,780,294	2,449,684	2,684,722	2,741,626
Total governmental activities expenses	20,115,578	19,348,922	21,421,212	21,463,921
Business-type activities:				
Water	3,800,826	4,313,110	3,123,730	4,849,850
Sewer	2,593,515	2,494,960	2,426,615	2,149,214
Solid waste	1,347,097	1,400,760	1,409,533	1,386,037
Total business-type activities expenses	7,741,438	8,208,830	6,959,878	8,385,101
Total Primary Government Expenses	\$ 27,857,016	\$ 27,557,752	\$ 28,381,090	\$ 29,849,022
Program Revenue				
Governmental activities:				
Charges for services:				
General government	\$ 804,642	\$ 473,699	\$ 730,258	\$ 1,678,644
Public safety	1,252,020	1,150,259	1,129,500	413,414
Culture and recreation	1,155,874	845,041	735,064	914,892
Operating grants and contributions	1,305,291	1,031,926	955,326	4,926,010
Capital grants and contributions	-	7,278,443	-	-
Total governmental activities program revenues	4,517,827	10,779,368	3,550,148	7,932,960
Business-type activities:				
Charges for services:				
Water	3,281,193	3,563,310	3,070,758	4,163,534
Sewer	2,149,613	2,212,164	2,102,466	2,222,214
Solid waste	1,429,631	1,445,379	1,440,818	1,447,792
Operating grants and contributions	568,265	7,278,443	34,466	5,210
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	7,428,702	14,499,296	6,648,508	7,838,750
Total Primary Government Program Revenues	\$ 11,946,529	\$ 25,278,664	\$ 10,198,656	\$ 15,771,710
Net (Expense)/Revenue				
Governmental activities	\$ (15,597,751)	\$ (8,569,554)	\$ (17,871,064)	\$ (13,530,961)
Business-type activities	(312,736)	6,290,466	(311,370)	(546,351)
Total Primary Government Net Expense	\$ (15,910,487)	\$ (2,279,088)	\$ (18,182,434)	\$ (14,077,312)

2012	2013	2014	2015	2016	2017
\$ 4,208,790	\$ 4,666,521	\$ 4,650,382	\$ 4,186,635	\$ 4,535,002	\$ 4,863,991
7,411,656	7,408,510	7,688,067	7,642,560	9,099,845	9,717,944
3,047,245	3,195,605	1,732,778	3,495,508	3,458,191	1,568,448
3,007,000	3,129,411	4,744,672	4,129,555	4,934,103	6,957,959
2,748,024	2,401,586	2,600,345	2,802,080	2,746,662	4,323,982
20,422,715	20,801,633	21,416,244	22,256,338	24,773,803	27,432,324
3,665,318	3,591,660	4,099,061	4,222,422	5,607,986	5,779,152
2,085,949	2,208,464	2,551,872	2,140,266	1,304,575	1,193,801
1,321,797	1,347,342	1,422,924	1,340,844	1,322,405	1,342,498
7,073,064	7,147,466	8,073,857	7,703,532	8,234,966	8,315,451
\$ 27,495,779	\$ 27,949,099	\$ 29,490,101	\$ 29,959,870	\$ 33,008,769	\$ 35,747,775
\$ 1,706,544	\$ 1,742,547	\$ 1,870,963	\$ 1,623,777	\$ 1,865,093	\$ 1,874,666
444,703	414,322	445,708	484,435	464,951	591,717
946,739	951,689	943,294	1,044,060	1,021,820	930,680
2,964,856	891,362	864,874	2,827,088	1,678,882	1,600,306
-	-	-	-	-	-
6,062,842	3,999,920	4,124,839	5,979,360	5,030,746	4,997,369
3,913,934	4,065,706	3,399,947	3,263,193	3,334,192	4,009,291
2,458,792	2,433,842	2,306,693	2,184,372	2,177,649	2,355,069
1,450,003	1,436,194	1,429,484	1,430,744	1,678,377	1,687,841
3,644	-	-	63,000	-	102,310
-	-	-	-	583,618	-
7,826,373	7,935,742	7,136,124	6,941,309	7,773,836	8,154,511
\$ 13,889,215	\$ 11,935,662	\$ 11,260,963	\$ 12,920,669	\$ 12,804,582	\$ 13,151,880
\$ (14,359,873)	\$ (16,801,713)	\$ (17,291,405)	\$ (16,276,978)	\$ (19,743,057)	\$ (22,434,955)
753,309	788,276	(937,733)	(762,223)	(461,130)	(160,940)
\$ (13,606,564)	\$ (16,013,437)	\$ (18,229,138)	\$ (17,039,201)	\$ (20,204,187)	\$ (22,595,895)

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

	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 11,708,770	\$ 12,102,311	\$ 12,453,577	\$ 12,917,306
Sales and use taxes	2,266,254	2,269,080	2,242,145	2,053,538
Franchise taxes	1,314,420	1,336,587	1,370,522	1,325,746
Investment earnings	891,011	243,367	105,393	82,226
Miscellaneous	388,022	649,507	2,134,344	76,530
Gain on sale of capital assets	-	-	-	-
Transfers	239,190	(46,353)	2,054,714	1,499,046
Total Governmental Activities	16,807,667	16,554,499	20,360,695	17,954,392
Business-type activities:				
Investment earnings	118,767	68,955	39,267	21,806
Other revenues	89,803	216,316	94,428	97,098
Gain on sale of capital assets	-	-	-	-
Transfers	(239,190)	46,353	(2,054,714)	(1,499,046)
Total Business-type Activities	(30,620)	331,624	(1,921,019)	(1,380,142)
Total Primary Government	\$ 16,777,047	\$ 16,886,123	\$ 18,439,676	\$ 16,574,250
Change in Net Position				
Governmental activities	\$ 1,209,916	\$ 7,984,945	\$ 2,489,631	\$ 4,423,431
Business-type activities	(343,356)	6,622,090	(2,232,389)	(1,926,493)
Total Primary Government	\$ 866,560	\$ 14,607,035	\$ 257,242	\$ 2,496,938

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 12,954,402	\$ 13,449,313	\$ 14,356,415	\$ 15,671,184	\$ 17,134,276	\$ 18,524,717
2,156,893	2,590,958	2,310,083	2,391,335	2,420,809	2,241,860
1,398,657	1,441,398	1,474,701	1,459,679	1,430,616	1,438,825
53,804	29,757	29,293	51,596	107,929	288,552
46,728	252,622	59,242	132,976	9,055	173,051
-	-	13,298	-	-	-
<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>(5,783,927)</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>	<u>16,883,078</u>
(10,686)	6,075	5,914	3,982	1,112	936
114,556	92,712	86,560	144,517	66,043	58,856
21,750	2,115	10,115	25,294	-	-
<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>5,726,490</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>5,786,282</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>	<u>\$ 22,669,360</u>
\$ 1,215,946	\$ 2,280,248	\$ 2,552,954	\$ 4,906,412	\$ 4,005,628	\$ (5,551,877)
<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>5,625,342</u>
<u>\$ 3,129,540</u>	<u>\$ 1,851,513</u>	<u>\$ 116,483</u>	<u>\$ 2,841,362</u>	<u>\$ 965,653</u>	<u>\$ 73,465</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund				
Nonspendable	\$ -	\$ -	\$ -	\$ 97,987
Restricted	113,780	107,263	102,163	201,200
Assigned	-	-	-	21,988
Unassigned	4,590,995	3,753,460	3,631,618	4,141,757
Total General Fund	<u>\$ 4,704,775</u>	<u>\$ 3,860,723</u>	<u>\$ 3,733,781</u>	<u>\$ 4,462,932</u>
All other governmental funds				
Restricted	\$ 1,320,445	\$ 6,049,456	\$ 5,783,733	\$ 17,926,249
Committed	11,989,533	13,916,578	14,469,240	5,147,115
Unassigned	1,855,831	-	-	-
Total All Other Governmental Funds	<u>\$ 15,165,809</u>	<u>\$ 19,966,034</u>	<u>\$ 20,252,973</u>	<u>\$ 23,073,364</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 92,942	\$ 1,107	\$ 1,269	\$ 7,243	\$ 1,151	\$ 1,631
181,314	-	-	-	-	-
22,595	-	-	-	-	-
3,529,097	4,211,936	4,621,983	5,596,804	4,814,376	3,699,304
<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>	<u>\$ 3,700,935</u>
\$ 13,858,353	\$ 17,373,785	\$ 22,366,030	\$ 26,258,593	\$ 10,203,975	\$ 38,066,382
5,056,709	4,451,200	4,460,179	4,599,903	6,363,083	7,717,440
-	-	-	-	-	-
<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>	<u>\$ 45,783,822</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues				
Taxes:				
Property taxes	\$ 11,742,440	\$ 12,086,558	\$ 12,482,631	\$ 12,905,050
Sales and use taxes	2,266,254	2,269,080	2,242,145	2,053,538
Franchise taxes	1,314,420	1,336,587	1,370,522	1,325,746
Fines and forfeitures	1,155,874	845,041	735,064	862,810
Licenses and permits	804,642	473,699	730,258	844,802
Charges for services	1,252,020	1,150,259	1,129,500	1,299,338
Investment earnings	891,011	243,367	105,393	82,226
Intergovernmental	1,305,291	8,310,369	955,326	854,072
Other	379,631	679,258	187,656	395,145
Total Revenues	<u>21,111,583</u>	<u>27,394,218</u>	<u>19,938,495</u>	<u>20,622,727</u>
Expenditures				
General government	5,188,969	4,043,408	4,119,403	4,058,470
Public safety	6,979,965	7,299,264	6,973,262	7,000,186
Public works	1,176,934	1,097,403	1,039,404	930,165
Culture and recreation	2,331,453	2,396,656	2,466,966	2,444,683
Capital outlay	8,027,812	11,669,794	8,434,018	4,931,251
Debt service:				
Principal	2,140,000	2,115,000	2,450,000	3,075,000
Interest	2,842,892	2,789,399	3,063,954	2,694,934
Bond issuance costs and fees	-	-	-	-
Payment to bond refunding escrow agent (current refunding)	-	-	-	-
Total Expenditures	<u>28,688,025</u>	<u>31,410,924</u>	<u>28,547,007</u>	<u>25,134,689</u>
Excess of revenues over (under) expenditures	(7,576,442)	(4,016,706)	(8,608,512)	(4,511,962)
Other Financing Sources (Uses)				
Proceeds from issuance of general obligation refunding bonds	-	11,195,000	16,930,000	-
Proceeds from issuance of capital related debt	5,000,000	7,000,000	6,000,000	6,500,000
Proceeds from capital leases				
Premium on issuance of bonds	1,105	139,375	529,253	70,949
Payment to bond refunding escrow agent (advance refunding)	-	(11,325,829)	(17,214,283)	(21,343)
Transfers in	4,025,421	2,487,533	4,770,629	3,229,000
Transfers out	(3,075,421)	(1,537,533)	(2,715,915)	(1,729,954)
Sale of capital assets	8,391	14,333	468,825	12,852
Total Other Financing Sources (Uses)	<u>5,959,496</u>	<u>7,972,879</u>	<u>8,768,509</u>	<u>8,061,504</u>
Net Change in Fund Balances	<u>\$ (1,616,946)</u>	<u>\$ 3,956,173</u>	<u>\$ 159,997</u>	<u>\$ 3,549,542</u>
Debt service as a percentage of noncapital expenditures	24.12%	23.83%	27.06%	27.38%

Attachment: City of Bellaire 9-30-2017 CAFR (2501 : 2017 Annual Audit - CAFR)

2012	2013	2014	2015	2016	2017
\$ 12,968,976	\$ 13,468,975	\$ 14,370,857	\$ 15,696,635	\$ 17,120,992	\$ 18,430,667
2,156,893	2,590,958	2,310,083	2,391,335	2,420,809	2,241,860
1,398,657	1,441,398	1,474,701	1,459,679	1,430,616	1,438,825
758,614	719,150	803,218	715,861	758,122	723,299
1,007,125	1,142,927	1,183,493	1,007,468	1,158,422	1,199,500
1,332,247	1,246,481	1,230,436	1,424,243	1,391,739	1,229,988
53,804	29,787	29,293	51,596	107,929	288,552
2,964,856	891,362	808,455	983,633	1,202,007	1,313,098
46,728	252,622	115,661	1,975,431	511,722	446,507
22,687,900	21,783,660	22,326,197	25,705,881	26,102,358	27,312,296
4,051,141	4,272,157	4,568,131	4,167,618	4,462,598	4,676,508
7,029,280	6,960,344	7,046,063	7,739,572	8,014,408	9,061,923
901,608	1,038,170	1,048,380	1,100,198	1,056,541	1,054,450
2,498,057	2,586,501	2,723,263	3,763,840	4,137,774	4,294,083
8,631,091	6,015,152	10,339,645	7,468,997	19,602,776	21,491,916
3,465,000	3,500,000	3,690,000	3,955,000	4,055,000	4,510,000
2,381,610	2,256,878	2,341,311	2,623,526	2,772,676	3,059,476
613,258	131,304	215,249	164,458	-	935,310
15,943,348	-	-	-	-	-
45,514,393	26,760,506	31,972,042	30,983,209	44,101,773	49,083,666
(22,826,493)	(4,976,846)	(9,645,845)	(5,277,328)	(17,999,415)	(21,771,370)
24,915,000	-	-	-	-	9,690,000
-	6,000,000	10,425,000	7,710,000	-	44,820,000
1,206,254	162,712	291,398	364,458	-	787,666
(9,548,460)	-	-	-	-	1,734,927
2,584,697	3,144,600	5,224,485	2,460,000	4,952,000	(9,942,235)
(1,134,697)	(950,000)	(1,027,485)	(275,000)	(2,306,000)	5,117,655
8,413	21,174	39,258	1,000	817	(2,371,655)
18,031,207	8,378,486	14,952,656	10,260,458	2,646,817	37,184
\$ (4,795,286)	\$ 3,401,640	\$ 5,306,811	\$ 4,983,130	\$ (15,352,598)	\$ 49,873,542
56.52%	26.47%	26.47%	27.27%	27.42%	30.60%

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

	2008	2009	2010	2011
Real Property	\$ 2,768,166,389	\$ 3,056,644,555	\$ 3,173,006,018	\$ 3,091,605,353
Personal Property	179,056,143	153,004,450	139,274,844	138,836,286
Total Taxable Assessed Value (1)	<u>\$ 2,947,222,532</u>	<u>\$ 3,209,649,005</u>	<u>\$ 3,312,280,862</u>	<u>\$ 3,230,441,639</u>
Total Direct Tax Rate (2)	\$ 0.40000	\$ 0.37750	\$ 0.37590	\$ 0.39990

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.

2012	2013	2014	2015	2016	2017
\$ 3,113,840,746	\$ 3,233,587,984	\$ 3,490,155,153	\$ 3,905,688,782	\$ 4,393,494,108	\$ 4,716,891,547
126,312,156	134,275,543	139,263,254	117,174,780	98,941,686	105,576,256
\$ 3,240,152,902	\$ 3,367,863,527	\$ 3,629,418,407	\$ 4,022,863,562	\$ 4,492,435,794	\$ 4,822,467,803
\$ 0.39990	\$ 0.39990	\$ 0.39990	\$ 0.39360	\$ 0.38050	\$ 0.38740

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

<u>City of Bellaire</u>							
Fiscal Year	Operating Tax Rate	Debt Service Tax Rate	Total Tax Rate	Houston Independent School District	Harris County	Harris County Flood Control District	Port of Houston Authority
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
2017	0.25510	0.13230	0.38740	1.20670	0.41656	0.02829	0.01334

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	\$ 0.00585	\$ 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
0.17179	0.00520	0.10026

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

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	% of Total Assessed Valuation	Taxable Assessed Value	Rank	% of Total Assessed Valuation
Chevron Chemical	\$ 81,900,770	1	1.7%	\$ 97,761,104	1	3.3%
Pin Oak North Parcel II LLC	52,838,215	2	1.1%			
KBS SOR 6565 6575 West Loop	36,988,682	3	0.8%			
BRI 1833 6330 LLC	36,200,573	4	0.8%			
Centerpoint Energy, Inc.	32,789,970	5	0.7%	35,361,586	5	1.2%
SBC Communications	28,283,940	6	0.6%	38,280,062	4	1.3%
CHP Houston Tx MOB Owner LLC	27,880,000	7	0.6%			
CHP Houston TX Hospital Land	23,197,526	8	0.5%			
Pin Oak South Parcell LL LLC	21,606,958	9	0.4%			
SLS Properties	13,176,820	10	0.3%			
FRM West Loop Assoc #6				47,500,000	2	1.6%
WMPT Bellaire HP LP				39,742,348	3	1.3%
Chase Merritt West Loop LLC				32,350,000	6	1.1%
6330 WLS, LTD				30,243,360	7	1.0%
Bellaire Atrium I & II LP				11,269,394	8	0.4%
SPTMRT Properties Trust				8,010,609	9	0.3%
FKM Partnership LTD 3-05				6,831,598	10	0.2%
	354,863,454		7.4%	347,350,061		11.5%
Other taxpayers	4,467,604,349		92.6%	2,599,872,471		88.5%
Total Assessed Valuation	\$4,822,467,803		100.0%	\$2,947,222,532		100.0%

Source: Harris County Tax Assessor-Collector

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	
				Amount	Percentage of Levy
2008	2007	\$ 0.40000	\$ 11,610,889	\$ 11,530,140	99.30%
2009	2008	0.37750	12,011,140	11,927,983	99.31%
2010	2009	0.37590	12,385,668	12,319,214	99.46%
2011	2010	0.39900	12,820,648	12,750,093	99.45%
2012	2011	0.39900	12,909,927	12,857,279	99.59%
2013	2012	0.39900	13,382,086	13,338,111	99.67%
2014	2013	0.39900	14,364,926	14,319,678	99.69%
2015	2014	0.39360	15,743,170	15,695,886	99.70%
2016	2015	0.38050	17,137,875	17,078,390	99.65%
2017	2016	0.38740	18,682,240	18,375,281	98.36%

Source: Harris County Tax Assessor-Collector

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

Collections in Subsequent Years		Total Collections to Date	
Amount	Amount	Percentage of Levy	
\$ 68,626	\$ 11,598,766	99.90%	
72,377	12,000,360	99.91%	
54,902	12,374,116	99.91%	
54,900	12,804,993	99.88%	
36,991	12,894,270	99.88%	
560	13,338,671	99.68%	
2,247	14,321,925	99.70%	
(60,618)	15,635,268	99.31%	
(42,906)	17,035,484	99.40%	
n/a	18,375,281	98.36%	

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Primary Government				
Governmental Activities:				
General obligation bonds (2)	\$ 57,916,125	\$ 63,618,526	\$ 67,424,141	\$ 70,966,183
Total Primary Government	<u>\$ 57,916,125</u>	<u>\$ 63,618,526</u>	<u>\$ 67,424,141</u>	<u>\$ 70,966,183</u>
 Personal Income (1)	 \$ -	 \$ -	 \$ -	 \$ -
 Debt as a Percentage of Personal Income	 -	 -	 -	 -
 Population	 15,642	 15,642	 16,855	 16,855
 Debt Per Capita	 \$ 3,570	 \$ 3,752	 \$ 4,355	 \$ 4,574

(1) Personal income data is not available.

(2) Presented net of related premiums and discounts

(3) Source: United States Census Bureau

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

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</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>	<u>\$ 122,123,098</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>	<u>\$ 122,123,098</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
16,855	16,855	16,855	16,855	18,953	18,953
\$ 4,057	\$ 4,205	\$ 4,605	\$ 4,827	\$ 4,100	\$ 6,443

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Net Taxable Assessed Value				
All property	\$ 2,947,222,532	\$ 3,209,649,005	\$ 3,312,280,862	\$ 3,206,212,748
Net Bonded Debt				
General obligation bonds (1)	\$ 57,916,125	\$ 63,618,526	\$ 67,424,141	\$ 70,966,183
Less debt service funds	<u>1,320,445</u>	<u>1,125,195</u>	<u>638,825</u>	<u>400,621</u>
Net Bonded Debt	<u>\$ 56,595,680</u>	<u>\$ 62,493,331</u>	<u>\$ 66,785,316</u>	<u>\$ 70,565,562</u>
Percentage of Estimated Actual				
Taxable Value of Property	1.95%	1.96%	2.04%	2.22%
Population	15,642	15,642	16,855	16,855
Net Bonded Debt Per Capita	\$ 3,668	\$ 4,020	\$ 4,314	\$ 4,548

(1) Presented net of related premiums and discounts

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 3,240,152,902	\$ 3,367,863,527	\$ 3,629,418,407	\$ 4,022,863,562	\$ 4,492,435,794	\$ 4,822,467,803
\$ 67,952,550	\$ 70,629,797	\$ 79,514,950	\$ 81,779,507	\$ 77,705,831	\$ 122,123,098
469,433	504,450	562,532	514,125	489,135	470,766
<u>\$ 67,483,117</u>	<u>\$ 70,125,347</u>	<u>\$ 78,952,418</u>	<u>\$ 81,265,382</u>	<u>\$ 77,216,696</u>	<u>\$ 121,652,332</u>
2.10%	2.09%	2.12%	2.01%	1.72%	2.52%
16,855	16,855	16,855	16,855	18,593	18,593
\$ 4,029	\$ 4,175	\$ 4,571	\$ 4,797	\$ 4,153	\$ 6,543

CITY OF BELLAIRE TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
As of September 30, 2017

Name of Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Houston Independent School District	\$ 3,058,240,000	2.98%	\$ 91,135,552
Harris County (2)	2,295,044,505	1.19%	27,311,030
Port of Houston Authority	657,994,397	1.19%	7,830,133
Houston Community College District	599,540,000	2.48%	14,868,592
Harris County Hospital District	61,595,000	1.19%	732,981
Harris County Flood Control District	83,075,000	1.19%	988,593
Harris County Department of Education	6,780,000	1.19%	80,682
Subtotal, overlapping debt	6,762,268,902		142,947,562
City direct debt (3)	122,123,098	100.00%	122,123,098
Total Direct and Overlapping Debt			<u>\$ 265,070,660</u>
Ratio of Direct and Overlapping Debt to 2016 Taxable Valuation			5.50%
Direct and Overlapping Debt per Capita			\$ 13,986

Source: Municipal Advisory Council of Texas

(1) Debt outstanding as of September 30, 2017.

(2) 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.

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
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%
2017	4,822,467,803	65,103,315	7,554,315	57,549,000	11.60%

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)
2008	15,642	N/A	N/A	N/A	5,988	5.0%
2009	15,642	N/A	\$ 144,438	40.5	6,106	8.5%
2010	16,855	N/A	\$ 150,519	41.5	7,341	8.1%
2011	16,855	N/A	\$ 155,423	41.6	7,470	7.9%
2012	16,855	N/A	\$ 154,424	41.7	7,570	6.2%
2013	16,855	N/A	\$ 161,288	42.4	7,518	5.9%
2014	16,855	N/A	\$ 169,663	41.6	7,667	4.8%
2015	16,855	N/A	\$ 175,369	42.3	8,002	4.8%
2016	18,953	N/A	\$ 187,805	43.0	7,548	5.7%
2017	18,593	N/A	N/A	N/A	7,805	4.8%

Data Sources:

- (1) United States Census Bureau
- (2) Data to compute not available
- (3) United States Census Bureau, some data not available (median household income)
- (4) United States Census Bureau, some data not available
- (5) Houston Independent School District and private schools
- (6) Bureau of Labor Statistics (Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area)

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

Employer	Total Employees
Worley Parsons Ltd	500-999
Bellaire High School	100-499
Brighton Gardens of Bellaire	100-499
Chevron Oronite Co. LLC	100-499
Chevron Pipe Line Co.	100-499
First Street Hospital	100-499
First Surgical Partners	100-499
PFM, LLC	100-499
Pin Oak Middle School	100-499
Randall's	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.

Source: Municipal Advisory Council of Texas

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</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	8.0	8.0
Fire department	25.0	25.0	25.0	24.0
Police department	57.5	57.5	57.5	57.5
Library	8.0	8.0	8.0	7.0
Public works	11.0	11.0	10.0	10.0
Parks and recreation	11.0	11.0	10.0	10.0
Parks, recreation, and facilities	-	-	-	-
General Fund Total	<u>142.0</u>	<u>142.0</u>	<u>137.5</u>	<u>135.5</u>
Enterprise Fund:				
Administration	2.0	2.0	2.0	2.0
Water	7.0	7.0	4.0	4.0
Sewer	11.0	11.0	9.0	9.0
Solid waste	13.0	11.0	10.0	10.0
Enterprise Fund Total	<u>33.0</u>	<u>31.0</u>	<u>25.0</u>	<u>25.0</u>
Total City Positions	<u>175.0</u>	<u>173.0</u>	<u>162.5</u>	<u>160.5</u>

Source: City of Bellaire adopted budget

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
7.0	7.0	8.0	8.5	10.0	10.0
3.0	3.0	3.0	-	-	-
9.0	9.0	9.0	8.5	9.0	10.0
8.0	10.0	11.0	9.0	8.0	8.0
24.0	24.0	24.0	24.0	24.0	24.0
57.5	57.5	57.5	59.0	59.5	59.5
7.0	8.0	8.0	7.5	7.5	7.5
10.0	10.0	10.0	9.0	9.0	9.0
13.5	13.5	13.5	-	-	-
-	-	-	25.5	24.5	24.5
<u>139.0</u>	<u>142.0</u>	<u>144.0</u>	<u>151.0</u>	<u>151.5</u>	<u>152.5</u>
2.0	2.0	2.0	2.0	2.0	2.0
6.0	6.0	6.0	6.0	6.0	6.0
11.0	11.0	11.0	11.0	11.0	10.0
<u>11.0</u>	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>	<u>13.0</u>	<u>13.0</u>
<u>30.0</u>	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>	<u>32.0</u>	<u>31.0</u>
<u>169.0</u>	<u>172.0</u>	<u>174.0</u>	<u>181.0</u>	<u>183.5</u>	<u>183.5</u>

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

Function	2008	2009	2010	2011
Police				
Arrests	1,641	1,630	1,080	1,147
Accident reports	647	716	614	663
Citations	8,636	4,707	5,078	6,854
Offense reports	1,388	1,149	989	1,011
Calls for service	38,994	30,618	29,903	33,815
Fire				
Emergency responses	2,042	1,915	1,782	1,962
Fire incidents	38	47	52	45
Average response time	3:47	3:45	1:40	4:11
Water				
New accounts	802	671	747	763
Source:				
Surface water	57%	50%	52%	58%
Well water	43%	50%	48%	42%
Average daily consumption (millions of gallons)	2.944	3.170	3.022	3.577
Surface water pumped (millions of gallons)	612.640	575.799	561.480	755.293
Well water pumped (millions of gallons)	460.038	566.334	519.013	547.500
Total consumption (millions of gallons)	1,072.678	1,142.433	1,080.493	1,302.250
Peak daily consumption (millions of gallons)	6.563	6.228	5.504	7.210
Sewer				
Average daily sewage treatment (millions of gallons)	1.222	1.445	1.760	1.620
Total (millions of gallons)	446.356	527.352	642.400	591.475
Peak daily treatment (millions of gallons)	6.599	3.965	6.600	5.600

Source: Various City Departments

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1,114	908	1,042	1,026	1,066	1,125
636	556	628	786	771	717
4,974	4,796	4,443	3,953	5,833	4,508
627	841	1,110	1,021	973	1,080
33,133	28,713	31,570	29,793	31,815	32,732
1,948	1,905	2,057	2,019	2,184	2,266
40	49	39	29	26	29
4:06	4:05	4:06	4:13	6:00	4:50
701	769	668	639	611	691
56%	47%	58%	48%	52%	52%
44%	53%	42%	52%	48%	48%
3.131	3.227	2.777	2.842	3.035	3.033
767.591	549.190	586.787	502.745	537.111	573.869
485.734	628.581	426.920	534.453	505.696	533.468
1,253.250	1,177.771	1,101.371	1,037.198	1,042.81	1,107.34
5.862	6.214	7.809	8.654	2.980	2.960
1.624	1.440	1.572	1.451	1.464	1.345
592.760	525.907	568.334	529.434	534.432	490.925
5.800	3.800	2.200	4.600	4.400	3.200

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

Function	2008	2009	2010	2011
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	925	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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</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	1,017	1,061	1,061	1,026
12	12	14	15	15	14
36.4	36.4	46.4	51.0	51.0	121.3
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	744
3.23	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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Mayor and Council

Council Chamber, First Floor of City
Hall
Bellaire, TX 77401-4411



Meeting: 03/19/18 06:00 PM
Department: Public Works
Category: Report
Department Head: Michael Leech
DOC ID: 2479

**SCHEDULED
ORDINANCE (ID # 2479)**

Item Title:

Presentation of Spruce and Fifth Street Design Considerations - Submitted by Michael Leech, Director of Public Works.

Background/Summary:

The purpose of this presentation is to update City Council on the design considerations for the Spruce Street and Fifth Street roadway reconstruction project. Topics to be covered include:

- Prior planning efforts
- Aesthetic treatments
- Integration with HEB project

Previous Council Action Summary:

At the December 4, 2017 City Council meeting, the Public Works Department presented the Bonds for Better Bellaire 2016 program and this project was briefly discussed. The discussion centered around the aesthetic treatments for the streets and the integration of those treatments with the HEB development.

Fiscal Impact:

There are not any fiscal impacts to this item.

City Attorney Approval:

N/A

Recommendation:

The recommendation is to review and discuss the presentation.

ATTACHMENTS:

- ___Spruce and Fifth Update_Design Considerations (PDF)

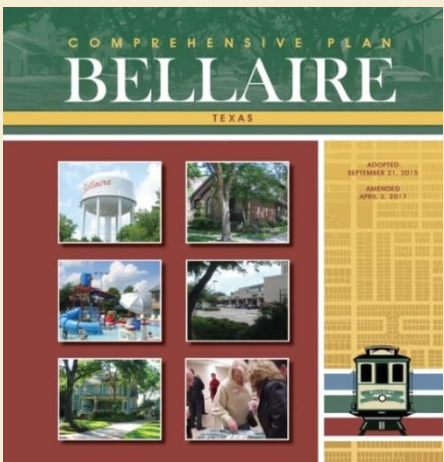
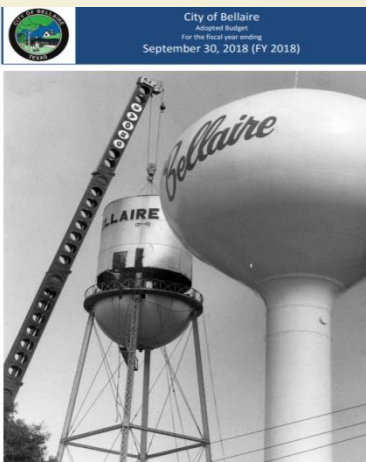
Spruce and Fifth Street Design Considerations

Cristin Emshoff, Special Projects Manager

March 19, 2018 City Council Meeting

Project Influences

- Verbal Identity
- City Council Priorities
- Comprehensive Plan
- Visioning Bellaire – Terrain Studios Report
- Bonds for Better Bellaire 2016
- HEB Redevelopment



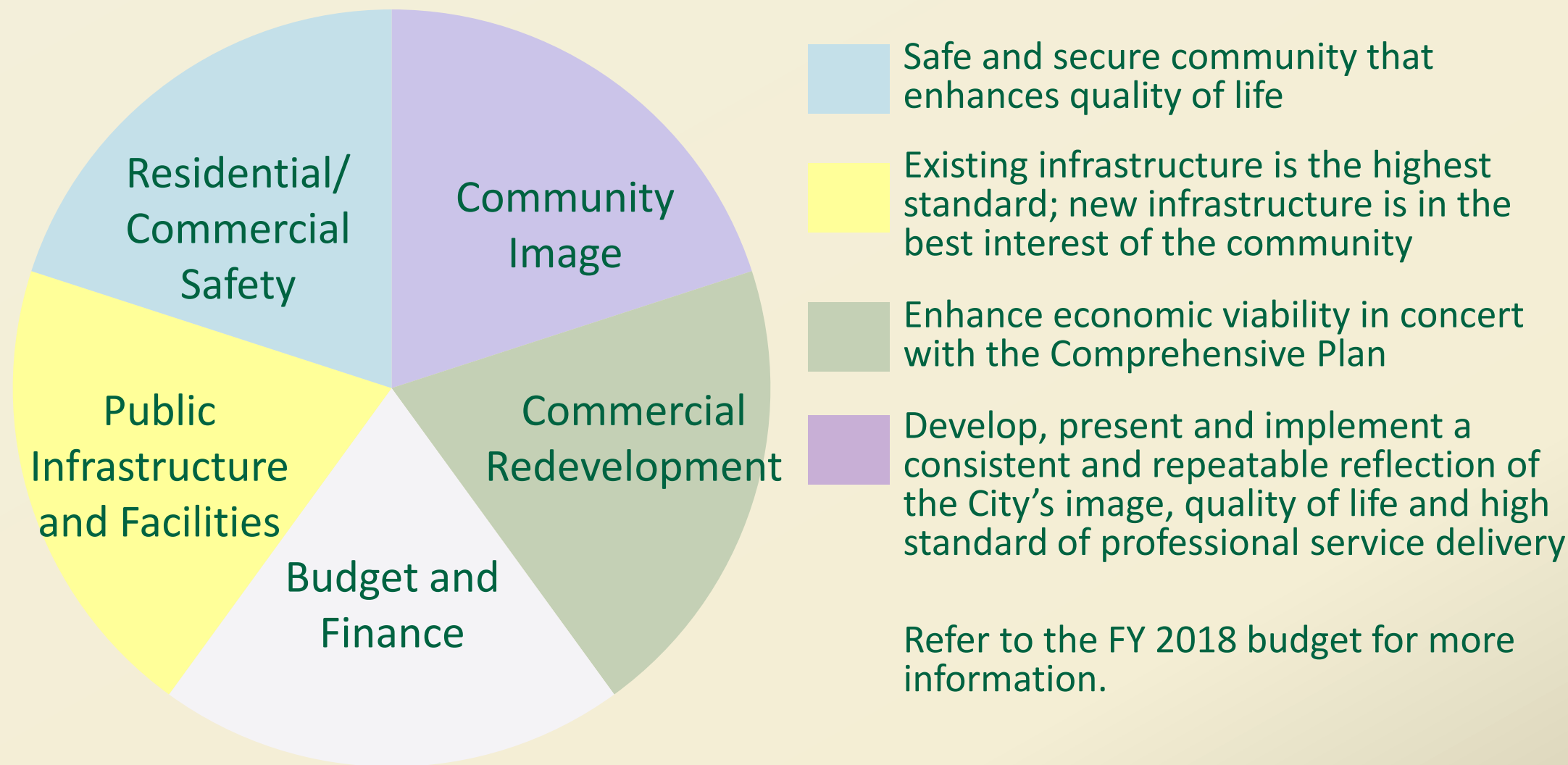
Verbal Identity: “Look and Feel”

What is Verbal identity –
What Bellaire is in words

How to accomplish “Look and
Feel” - For this project, it is
through design and
construction

<p>A safe place. ASSURANCE</p> <p>REAL RESPONSIVENESS <i>(WELL-PROTECTED)</i></p> <p>LONG-TERM STABILITY <i>(WELL-PLANNED)</i></p> <p>EVERYDAY EASE <i>(ATTENTIVE)</i></p> <p>A SMART INVESTMENT <i>(SOUND)</i></p>	<p>A warm home. COMMUNITY</p> <p>SMALL-TOWN SPIRIT <i>(FRIENDLY)</i></p> <p>CIVIC PRIDE & PARTICIPATION <i>(CONNECTED)</i></p> <p>ENGAGING PEOPLE & PROGRAMS <i>(VIBRANT)</i></p> <p>HARDWORKING HERITAGE <i>(WHOLESOME)</i></p>
<p>A stone’s throw. ACCESS</p> <p>PROXIMITY TO HEART OF HOUSTON <i>(CLOSE)</i></p> <p>AROUND-THE-CORNER CONVENIENCE <i>(SIMPLE)</i></p> <p>ADMIN APPROACHABILITY <i>(RECEPTIVE)</i></p> <p>DISCERNING DEVELOPMENT <i>(MINDFUL)</i></p>	<p>A lush grove. BEAUTY</p> <p>A LEAFY LEGACY <i>(GREEN)</i></p> <p>TIDY TRANQUILITY <i>(CHARMING)</i></p> <p>IDYLIC BUT NOT IDENTICAL HOMES <i>(DIVERSE)</i></p> <p>PARKS, TRAILS & GREEN SPACE <i>(FRESH)</i></p>

4/5 City Council Priorities Addressed with Project

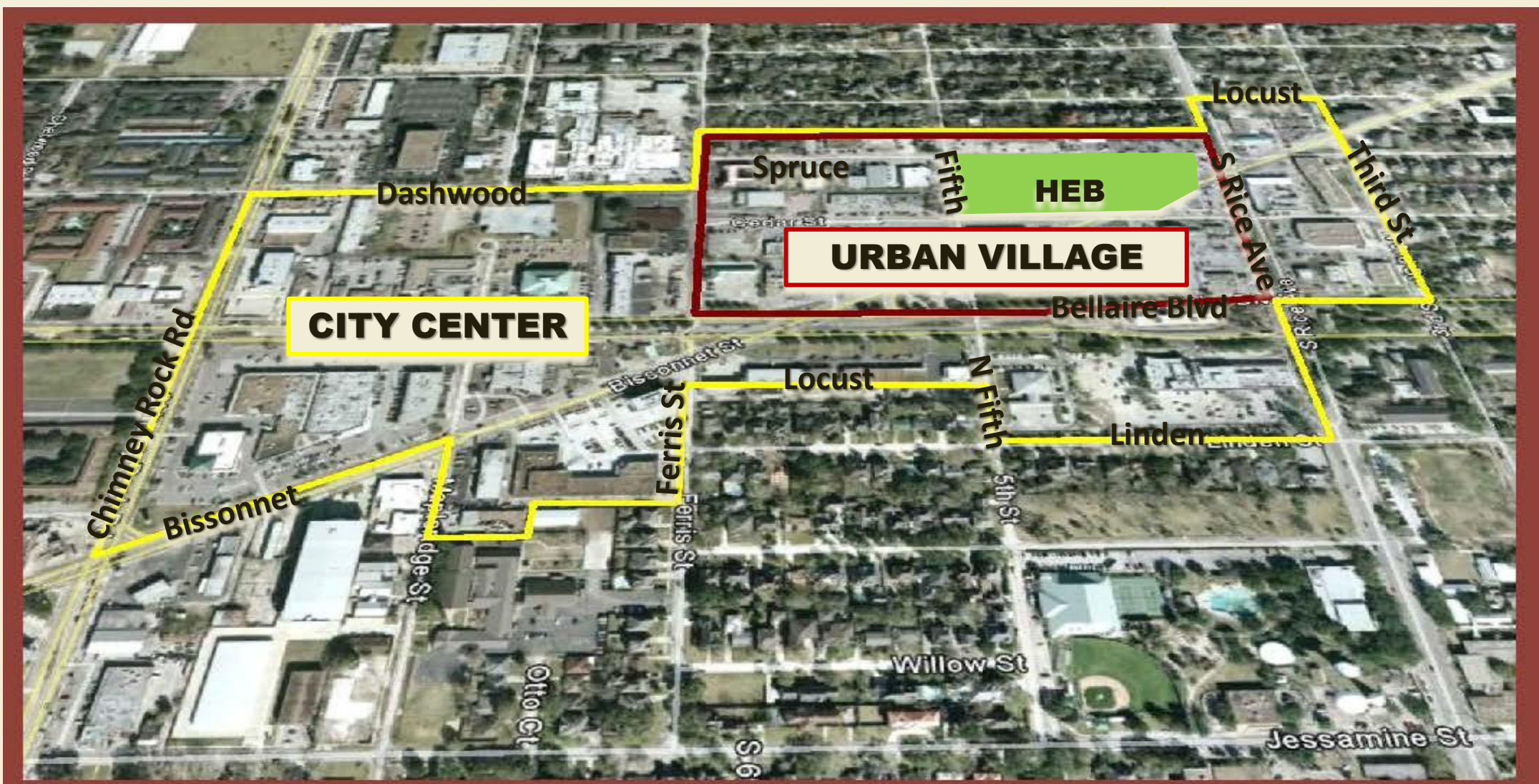


The Comprehensive Plan is

“A guidance document for City officials and staff who must make decisions on a daily basis that will determine the future direction, financial health, and “look and feel” of the community. ... it is a framework for guiding future development, redevelopment, and community enhancement in the City over the next 20 years and beyond.”

Quotes from Comprehensive Plan

Comprehensive Plan Vision for City Center Area



Bellaire City Center area, in yellow (as defined by the previous zoning districts CCD-1 and CCD-2), and the “Urban Village” area, in dark red (now the Urban Village-Downtown zoning district), to be a prime focus of ongoing revitalization effort.

Comprehensive Plan - Urban Village for Revitalization



Should encourage reinvestment with:

- Quality commercial and infrastructure
- Safe pedestrian, bicycle and vehicular mobility to and from area
- Add on-street and structural parking
- Attractive streetscapes (landscaping, trees, sidewalks, signage, awnings, etc) with green space
- Explore public/private opportunities

Spruce and Fifth Street Layout

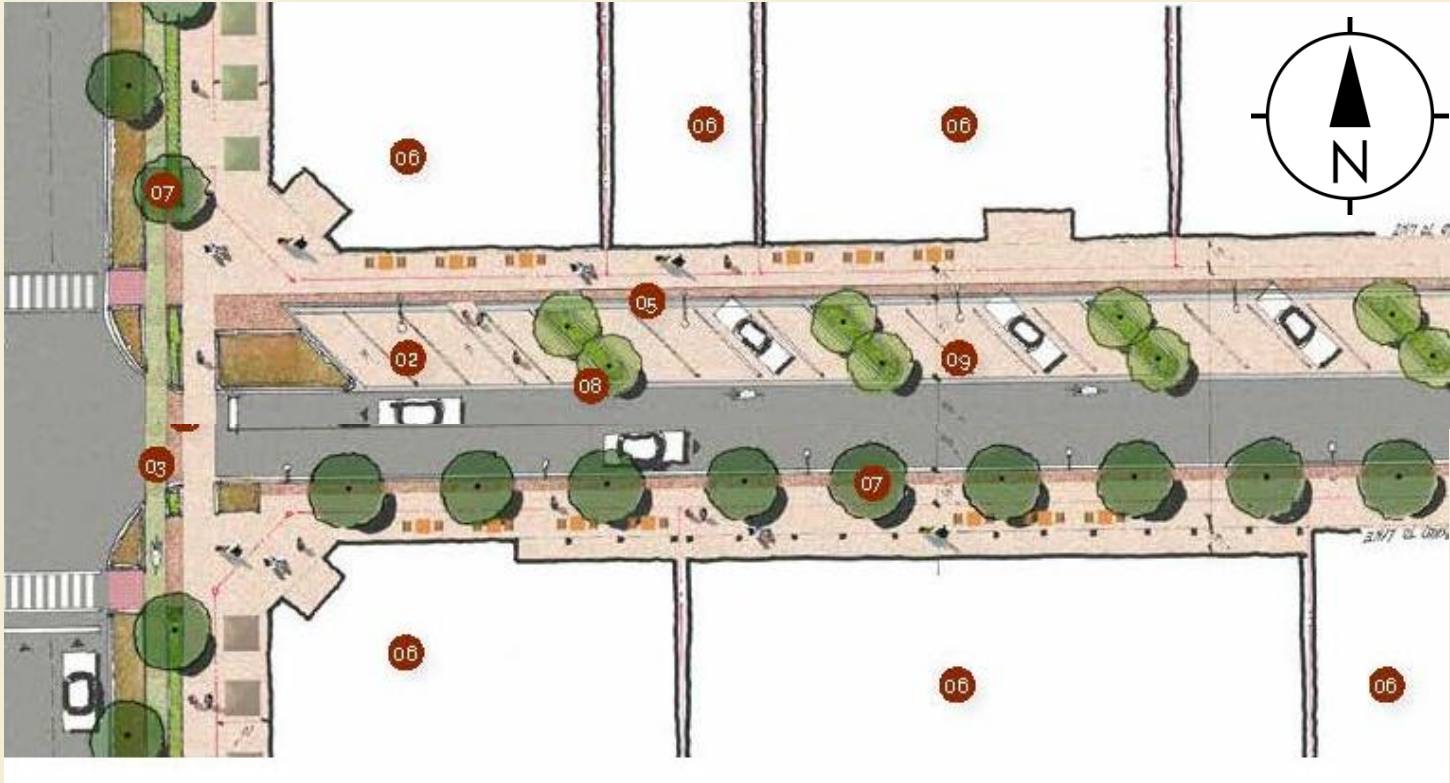


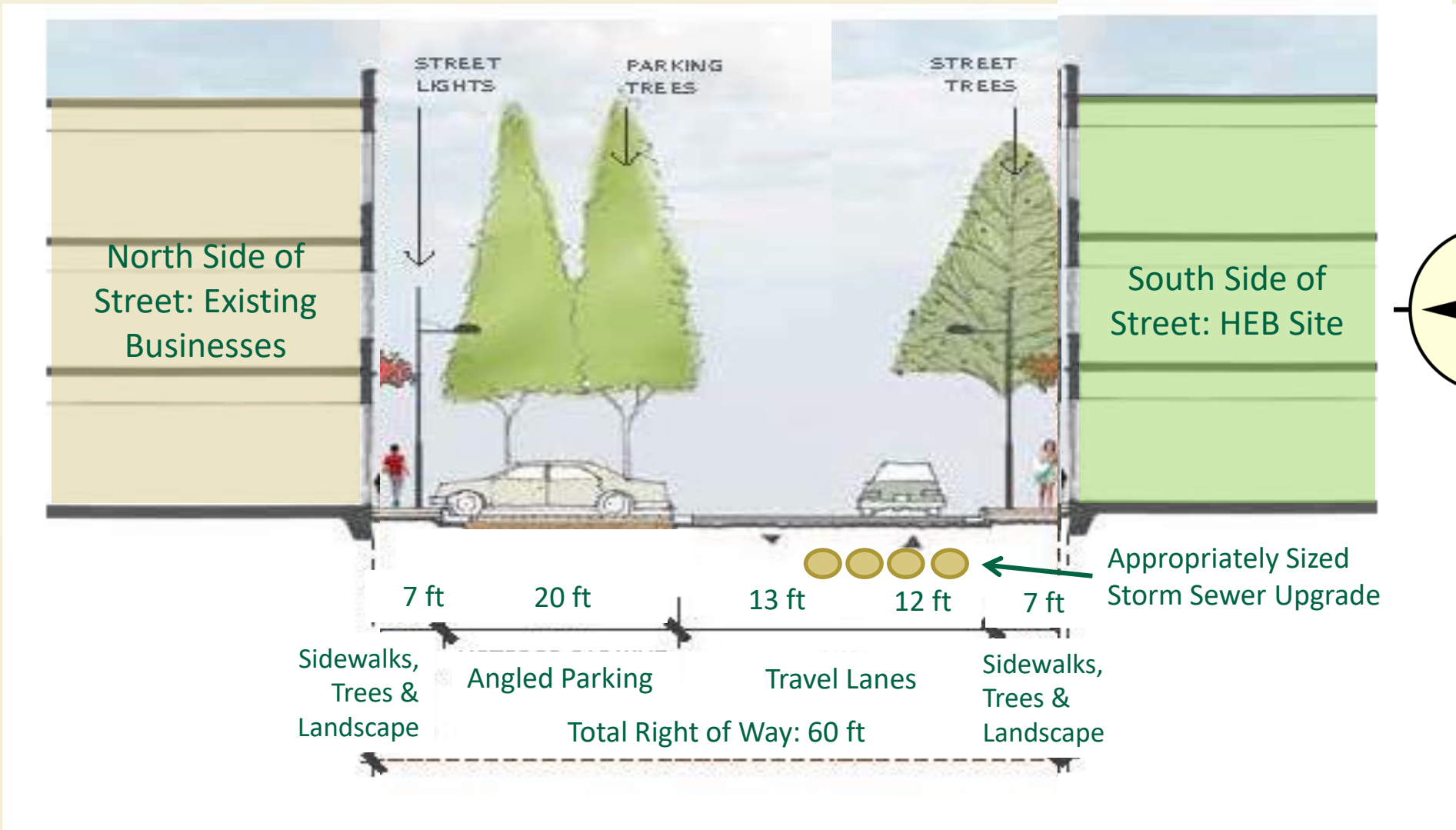
Photo has been altered from the Visioning Bellaire - Terrain Studios Report.
Due to limited ROW, project will have 2 travel lanes instead of 3, and there is not room for a bicycle lane. Are not considering metered parking or pervious parking with this project.

LEGEND

- 1. Travel Lanes
- 2. Metered Parking
- 3. Bicycle Lane
- 4. Walkways
- 5. Street Lights
- 6. Future Mixed Use Development
- 7. Street Trees
- 8. Parking Trees
- 9. Pervious Parking

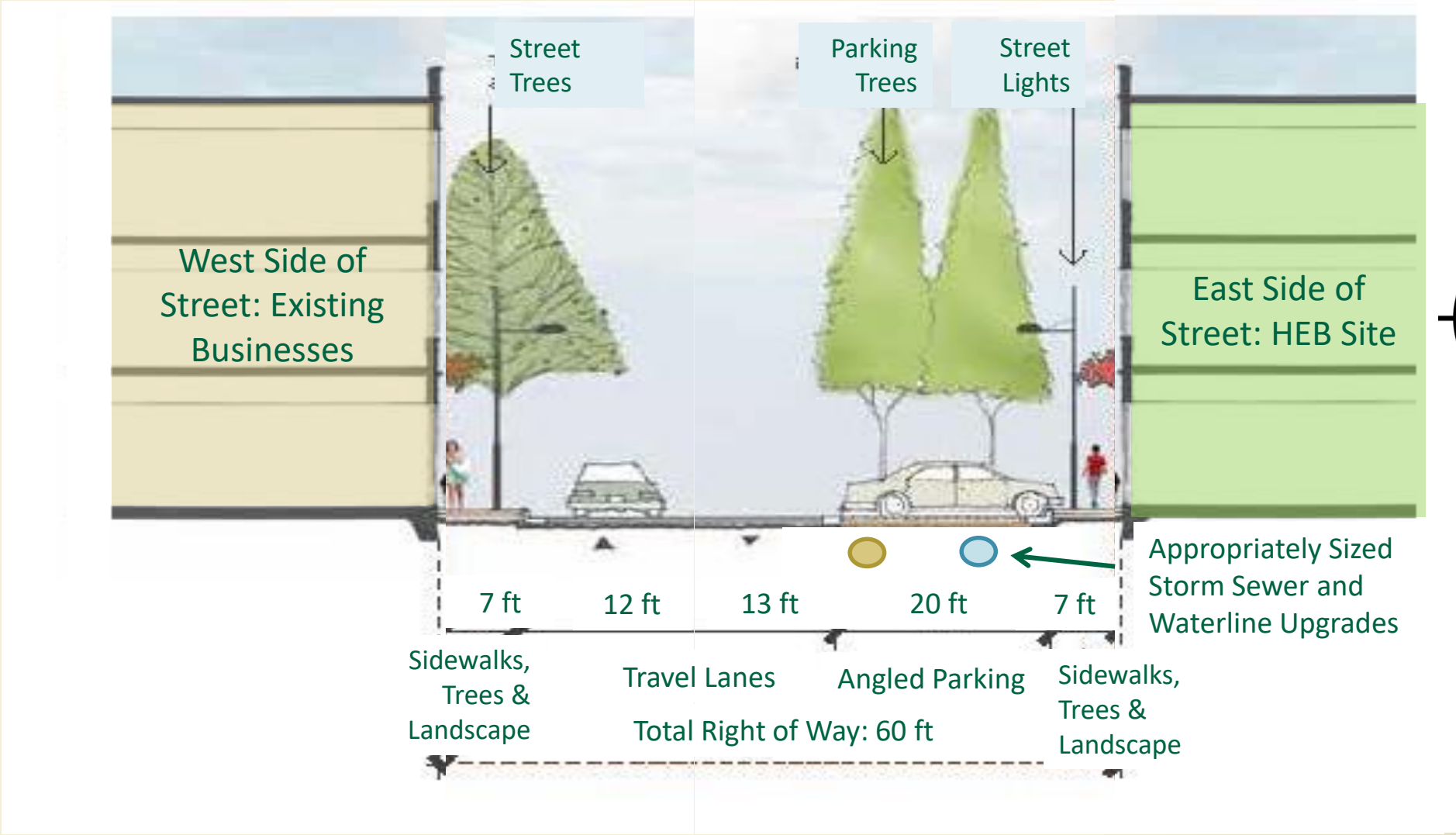
** Storm Sewer Upgrade
** Waterline (Fifth)
** Items identified in the Bonds for Better Bellaire 2016 program

Spruce Street: S Rice to Ferris



Lane dimensions have been altered from the Visioning Bellaire - Terrain Studios Report

Fifth Street: Spruce to Bissonnet



Lane dimensions have been altered from the Visioning Bellaire - Terrain Studios Report

Bonds for Better Bellaire 2016

Approved November 8, 2016 for a total of \$53.98 million

Proposition 1:

\$20 million for Streets, Drainage and Sidewalks

\$4 million for Sidewalks

Proposition 2:

\$5.6 million for Municipal Facilities

Proposition 3:

\$11 million for Waterline Replacement

\$580,000 for Wastewater Line Replacement

\$12,800,000 for New Water Meters and Wastewater

Treatment Plant Upgrades

Bond Election 2016

Bonds for Better Bellaire 2016

On November 8, 2016, the City of Bellaire will hold a bond election to allow residents to vote on the funding mechanism for three separate propositions.

Proposition 1 – Streets, Drainage and Sidewalks **\$24.00 million**

- This program will continue the work of the Bellaire Millennium Renewal (2000) and Rebuild Bellaire (2005) bond programs to design and construct streets and drainage systems with sidewalks on at least one side of the street
- Projects will address replacement of streets and drainage systems in order to reduce the occurrence of flooding and improve street conditions
- Streets and drainage systems to be replaced are identified based upon relative priority as determined by condition

Proposition 2 - New Municipal Buildings **\$5.60 million**

- Includes new city hall/civic center and police/municipal court building
- Maintains campus approach to Bellaire Town Square (Bellaire Zindler Park)
- Allows for long range plans for a new library to be incorporated
- Supports desires expressed by citizens in multiple public meetings, including building locations and overall site planning
- Developed with guidance from two citizens' ad hoc advisory committees which address layout, adjacencies, and design aesthetics
- Allows larger and improved police work and training spaces and accommodates construction cost escalation

Proposition 3 - Water and Wastewater Improvements Program **\$24.38 million**

- The advanced age and deterioration of water lines, meters, and facilities has led to a decrease in the overall efficiency of the system and rising maintenance costs
- Over 40% of utility lines are between 40 and 70 years old, 67% of water meters are over 15 years old, and the wastewater treatment plant is over 40 years old
- Water lines scheduled for upgrade are those identified as the most critically in need of replacement
- System and financial efficiency will be improved with upgrades to the wastewater treatment plant and the replacement of water meters and aging water and wastewater lines

English Visit our website for translation
 Español Visite nuestro sitio web para su traducción
 中文 访问我们的网站翻译
 Tiếng Việt Ghé thăm trang web của chúng tôi để dịch

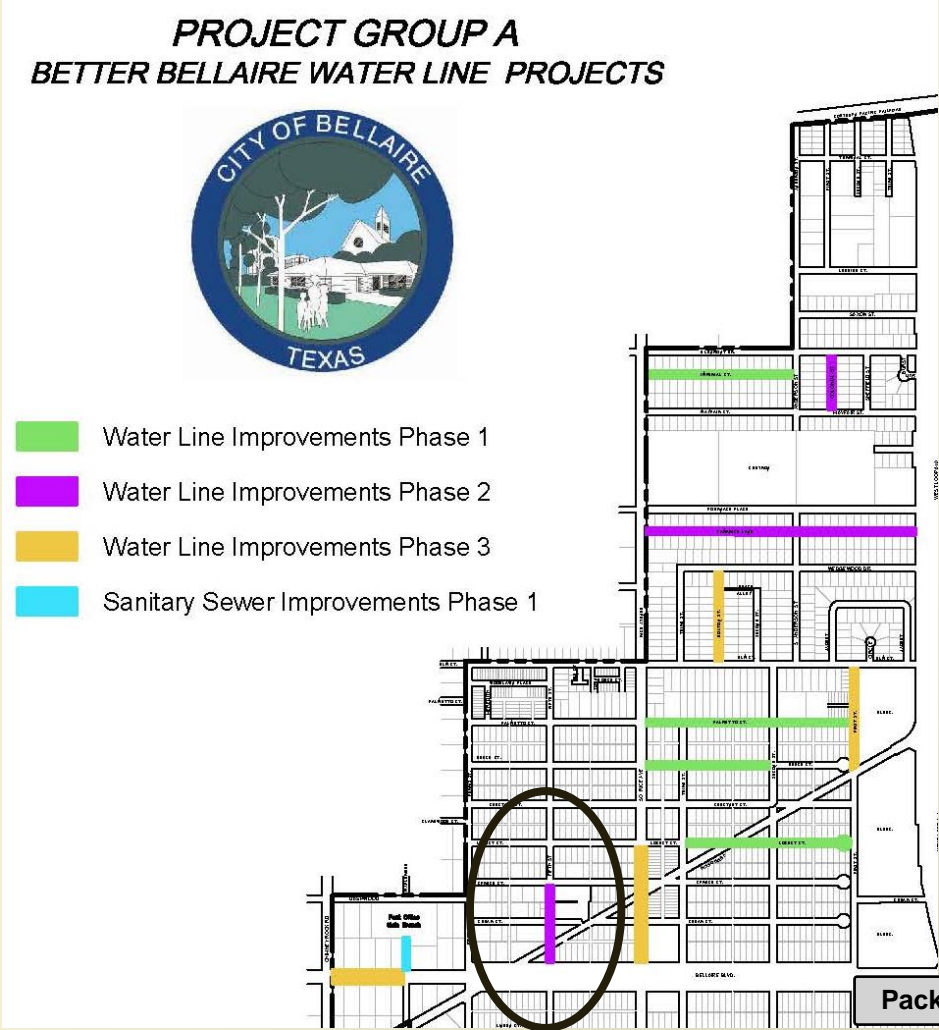
www.bellairetx.gov/bonds2016

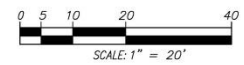
Bonds for Better Bellaire 2016

Group C Phase II project: Street replacement with storm sewer upgrade, and sidewalks on at least one side of the street.

- Spruce St from S Rice Ave to Ferris
- Fifth St from Spruce to Bissonnet – waterline upgrade
- 500 block of Bolivar and 4500 Maple

Bonds For a Better Bellaire Street Ranking List						
Rank	Street		Bond Phase	Drainage Score	Paving Score	Cumulative Score <small>This is a weighted score of (drainage x .60)+(paving x .40)</small>
1	4700	WILLOW ST	Group B Phase I - 2017	68	23	50
2	4900-5000	MAYFAIR ST	Group B Phase I - 2017	43	55	48
3	500	BOLIVAR ST	Group C Phase II - 2018	33	69	47
4	4700	LINDEN ST	Group B Phase I - 2017	45	23	36
5	4900-5000	IMPERIAL ST	Group B Phase I - 2017	43	24	35
6	4500	MAPLE ST	Group C Phase II - 2018	42	22	34
7	4600	CEDAR ST	Group C Phase III - 2019	25	45	33
8	5100	SPRUCE ST	Group C Phase II - 2018	12	61	32
9	4300	CYNTHIA ST	Group C Phase III - 2019	34	24	30
10	4500	LARCH LN	Group C Phase III - 2019	30	30	30
11	4300	EDITH ST		7	63	29
12	6700	N 5TH	Group C Phase II - 2018	8	57	28
13	500	CHELSEA ST	Group C Phase III - 2019	0	64	26
14	4500	MIMOSA DR	Group C Phase III - 2019	30	20	26
15	5200	SPRUCE ST	Group C Phase II - 2018	0	65	26





LIGHT POLE IMAGERY



Fifth Street Sidewalk Cross Section



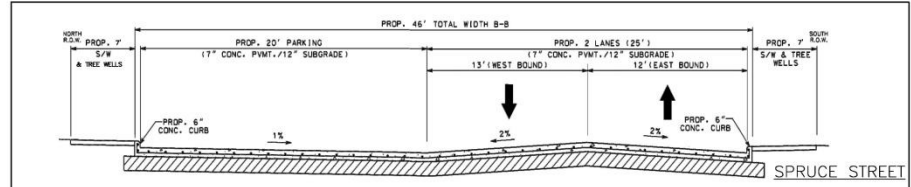
SLENDER SILHOUTTE SWEETGUM



NATIVE ORNAMENTAL GRASS: GULF MUHLY



ORNAMENTAL GROUND COVER:



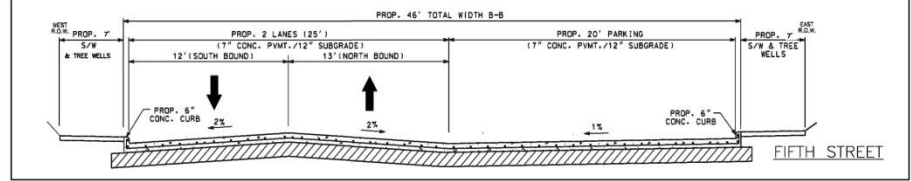
SPRUCE STREET



Spruce Street View



Fifth Street View



FIFTH STREET

HEB “Look and Feel”



Cedar Street View



Spruce Street View



Decorative Streetlight

Included in the scope of this project

“Look and Feel” of streetlight is traditional

CenterPoint owns and maintains the streetlight

City pays for installation and electricity

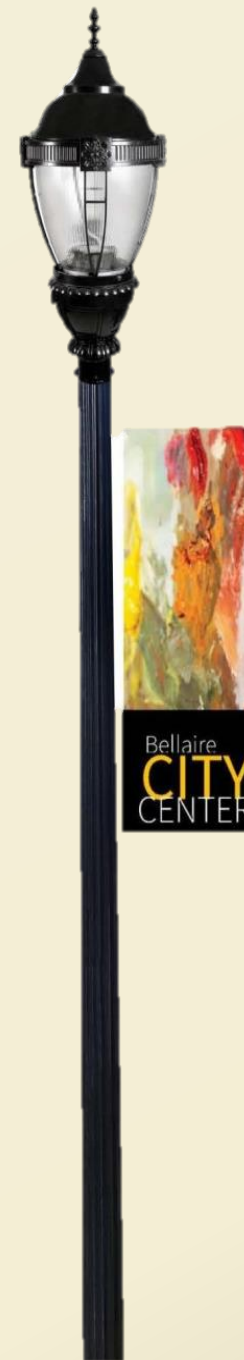
Requires a maintenance agreement

Black, powder coated

Streetlight will have brackets for a banner.

Here is an example banner

Credit is given for existing CenterPoint streetlights



Working with HEB

City Project is at 50%. Are working through some issues:

Timing

- HEB wants to open doors in a few months
- City does not anticipate awarding a construction contract until this fall

HEB Maintenance Agreement

- Needed for HEB to have landscaping and trees in our ROW
- Will not affect HEB occupying their building

S Rice and Spruce - Need small ROW clip and to relocate a power pole

Utility Conflict for HEB Gas line

Future Meetings will be scheduled with businesses and neighborhoods



CITY OF BELLAIRE TEXAS

MAYOR AND COUNCIL

FEBRUARY 19, 2018

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 19, 2018. 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 all members of the City Council was present as set forth in the table below.

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

Also present were Paul A. Hofmann, City Manager; Zachary Petrov, Assistant City Attorney; and Tracy L. Dutton, City Clerk.

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

David R. Montague, Council Member, provided the inspirational reading for the evening.

D. Pledges to The Flags - David R. Montague, Council Member.

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

E. Recognition of Proclamation:

Issuance of a proclamation by Mayor Andrew S. Friedberg proclaiming February 21, 2018, as "Friends of Down Syndrome Day" in the City of Bellaire, Texas.

Mayor Friedberg read the proclamation he issued proclaiming February 21, 2018, as "Friends of Down Syndrome Day" in the City of Bellaire, Texas. J. J.

Minutes Acceptance: Minutes of Feb 19, 2018 7:00 PM (Approval of Minutes:)

Moore, a Bellaire resident of more than 40 years and a student in the inaugural class of the Down Syndrome Academy accepted the proclamation. Friends and family joined J. J. Moore as he received the proclamation.

F. Approval of Minutes.

Consideration of and possible action on the adoption of the minutes of the Regular Sessions of the City Council of the City of Bellaire, Texas, held on Monday, January 8, 2018, and on Monday, January 22, 2018 - Submitted by Tracy L. Dutton, City Clerk.

1. Mayor and Council - Council Installation - Jan 8, 2018 7:00 PM

Mayor Friedberg read the agenda caption and asked members of the City Council if there were any corrections to the minutes dated January 8, 2018. Hearing none, he advised that the minutes dated January 8, 2018, were approved as presented.

2. Mayor and Council - Regular Session - Jan 22, 2018 5:30 PM

Mayor Friedberg read the agenda caption and asked members of the City Council if there were any corrections to the minutes dated January 22, 2018. Hearing none, he advised that the minutes dated January 22, 2018, were approved as presented.

G. Personal/Audience Comments.

Kristi Coffey:

Ms. Coffey addressed City Council regarding the proposed City rebranding. She advised that she believed that a rebranding was needed, not just in the context of the graphic sense, but also in the summarization of common themes that emerged from the research undertaken by the branding consultant, Principle.

The research allowed for a spot on summarization of the brand personality of the City that was accompanied by a verbal identity that might be used in communications for years to come in her opinion. Principle captured the essence of Bellaire in their work. Ms. Coffey advised that she was one of the people included on phone interviews during the rebranding process and appreciated the inclusion of citizens in the process.

While Ms. Coffey believed that the verbal expression of the research was a wonderful representation of Bellaire, she did not find the graphical expression to be of the same caliber of work. She provided the following reasons why she did not find the logo to be a successful representation: 1) from a graphic design quality perspective, the logo was too similar to stock photos that could be downloaded and edited slightly in a design program; 2) the logo failed to visually illustrate elements that were at the core of Bellaire; 3) there were no elements included in the logo that people affiliated with Bellaire; and 4) there was no illustration of what was the heart of Bellaire--its people.

Ms. Coffey provided several concept logos to City Council, noting that she had used the research done by Principle to design the concepts.

Johnnie Frazier:

Dr. Frazier addressed City Council regarding the Bellaire brand identity. She stated that two of the major tenets of brand identity were visual recognition and

identification in her opinion. She provided two visuals that were instantly recognizable and identifiable as the brands for the Houston Rockets and the Houston Astros. It was her belief that the new logo or image for the City of Bellaire was not instantly recognizable nor identifiable or pleasing to the eye.

A city of homes and parks and a small city atmosphere was what the culture and brand of Bellaire stood for in Dr. Frazier's opinion. She stated that the fundamental idea and core concept behind having a city image was that everything a city did, owned, and produced should reflect the values and aims of the City of Bellaire as a whole. The proposed new image did not achieve the goals of Bellaire in Dr. Frazier's opinion.

In closing, Dr. Frazier implored the City Council and staffers to reject the new image and consider further discussion and changes before casting acceptance. She felt the citizens of Bellaire deserved that consideration for such a long-term decision that would have a major impact on the community they lived in. More time for thoughtful review and more time at the drawing board was warranted in Dr. Frazier's opinion.

Johanna Moran:

Ms. Moran addressed City Council and indicated that the proposed brand took away what Ms. Moran had been working for over the years--the oak tree, blue sky, and green verdancy. The tree was needed in the City's seal in Ms. Moran's opinion. She expressed concern that the new brand seemed to be change for the sake of change, which she felt was neither essential or beneficial.

The proposed logo lacked projection or image of the biological and human diversity that Bellaire had in abundance in Ms. Moran's opinion. She expressed concern that the focus group was not large enough to replicate the diverse population of Bellaire, and she understood that the proposed logo was universally not the favorite of the focus group.

In closing, Ms. Moran asked City Council to shelve the ideas presented and to ask the population of Bellaire for their ideas.

Joe Tedore

Mr. Tedore passed, expressing his agreement with the comments made by Ms. Moran.

Jane McNeel:

Ms. McNeel addressed City Council and stated that most communities celebrated their past. She stated that it seemed that recent Bellaire City Councils had decided that Bellaire's history was not a priority and chose to promote a new Bellaire.

As Ms. McNeel understood the premise of branding, research was slanted toward businesses and not cities. It was about people's perception of a company's customer service, reputation, advertising and logo. The unique character of Bellaire was what made it different from the rest of the world in Ms. McNeel's opinion. The city already has a brand defined by the city seal and motto. The seal included green space enclosing residents, a house, a steeple, and a distant office building and reflected a pleasant environment that invited one to live, work, play, and worship in Bellaire, in her opinion.

In Ms. McNeel's experience, people moved to Bellaire for the location, city services, small town feel, and the sense of security. She felt the proposed brand was bland and meaningless with a stylized design that was open to numerous interpretations.

Reference was made to the Harvey flood and fear of the next one. Retaining the City's current seal would enable the City to save a great deal of money in Ms. McNeel's opinion. She urged City Council to spend money on the true necessities, such as aid for needy residents and speedier solutions for the City's drainage problems.

Rachel Crochet:

Ms. Crochet addressed City Council and stated that she did not like the proposed logo, indicating that it was difficult to tell if the logo was a "B" or a "P." She also inquired as to where the money was coming from to pay for the branding effort.

Ms. Crochet stated that she, too, was trying to recover from Harvey. She did not mind change if it was needed and did not cost a great deal of money. The City's existing logo was bright, crisp, and showed homes and oak trees. In Ms. Crochet's opinion, the logo represented Bellaire--a city of homes and a sense of community.

Charlene O'Shea:

Ms. O'Shea addressed City Council and indicated that she was an original member of the Bellaire Arts Commission that was founded in 2004. While on the Commission, members spoke about defining the City's entrances and having a new logo. She agreed that the entrances to Bellaire needed to be defined and the City's identity needed to be promoted better, in her opinion.

Ms. O'Shea stated that she did not believe the proposed logo said who the City was. She urged City Council to finish existing projects before moving on to a new logo. She also urged City Council to look to its residents, some of which were landscapers and designers, that could assist the City with the brand process.

Danny Spencer:

Mr. Spencer addressed City Council regarding the proposed logo. The City's current logo was very traditional and very Bellaire in Mr. Spencer's opinion.

He stated that to even be discussing the logo now was almost humorous considering all of the issues the City had going on, such as cost overruns and drainage and infrastructure needs. He urged the City to keep the existing logo.

Marybeth Flaherty:

Ms. Flaherty addressed City Council and thanked them for allowing the residents to have the opportunity to address them. She agreed with the verbal identity that had been expressed in the branding exercise. The logo, however, did not express Bellaire, in her opinion. She understood that the original logo files were no longer supported and that it was expensive to reproduce the logo due to the variation of colors.

Ms. Flaherty stated that it would be wonderful to think that one thing might work for Bellaire, but Bellaire was a lot of different things. Trees, families, and homes were still Bellaire, in Ms. Flaherty's opinion. She suggested that the existing logo be

retained.

Laura Zito:

Ms. Zito advised that she was still concerned about the proposed logo. The existing City logo meant something to her, as well as to other residents of Bellaire, and even outside of Bellaire. She knew this project was in the works before Harvey, but the timing was not good.

She continued and advised that she was not a fan of any of the suggested logos, and stated that she believed the residents felt that the proposed logo was a done deal.

Ms. Zito suggested using the silhouette of the logo and printing it in one color with a white background if the cost of the existing logo was too expensive.

In closing, Ms. Zito stated that monies did not need to be spent on this right now as there were other issues facing Bellaire. She expressed concerns with the cost to implement the logo change, and urged City Council to continue receiving comments on this matter before making a decision.

Lynn McBee:

Ms. McBee addressed City Council regarding the brand identity. Reference was made to the leaf, which Ms. McBee believed was a fig leaf. She read several definitions and examples of the use of a fig leaf.

Ms. McBee stated that whoever participated in the focus group did not know the history of Bellaire or pretended that it did not exist, in her opinion. She felt the proposed logo did not reflect the history of Bellaire. She urged City Council to put off the proposed logo.

At the conclusion of Personal/Audience Comments, Pat B. McLaughlan, Council Member, asked if the logo concepts presented to City Council by Ms. Coffey could be made available to all of the citizens.

Mayor Friedberg suggested that Ms. Coffey's concept handout be attached to the written comments she had already provided. He noted that all of the comments on the branding exercise were made accessible to the public on the website.

Paul A. Hofmann, City Manager, advised that the information could be placed on the website on Tuesday morning.

Mayor Friedberg asked members of the City Council if there was any objection to suspending the Rules of Procedure in order to address agenda item I. at this point in the meeting. **Hearing no objection, the Rules of Procedure were suspended by general consent, and agenda item I. was considered next.**

H. Reports and Presentations:

Note: reports and presentations were heard by the City Council following discussion of agenda item I., which concerned the process for upcoming decision making related to the City's brand identity exercise to guide signage and design standards for the Municipal Facilities Project.

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 19, 2018, to members of the City Council. Topics addressed in the City Manager's Report included communication updates; a brief report on a meeting with City of Houston representatives regarding flood control projects, building standards and the base flood elevation; a Harvey update regarding a possible funding release from the State of Texas (for items such as elevation grants); notice of an upcoming report from the Flood Hazard Mitigation Task Force; a review of upcoming events; kudos to employee Shawn Cox on his selection as City Administrator for the City of Wimberley; and a summary of future City Council meetings and agenda items.

Mayor Friedberg opened the floor for questions from members of the 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 on Staffing Update - Submitted by Paul A. Hofmann, City Manager.

City Manager Hofmann provided a staffing update to members of City Council and noted that he would welcome their feedback.

References were made to vacancies in the Police and Fire Departments due to the upcoming retirements of Assistant Chief of Police Michael Leal and Fire Chief Darryl Anderson. City Manager Hofmann provided an overview of the process staff intended to follow in finding replacements for the positions. The timeframes for replacing the Fire Chief and Assistant Chief of Police were noted as August 2018 and December 2018, respectively. Candidate profiles for the positions were currently being prepared.

Updated assignments for the Assistant City Manager, Diane K. White, included oversight of department service plans, management and performance reporting, improved fleet management, Bellaire Citizens Academy and follow-up, management of citizen survey, drafting of a legislative policy and agenda, management of operations in the new City Hall (such as customer service presence), and intergovernmental communication.

City Manager Hofmann referred to former employee Shawn Cox who had served as Administrative Services Manager in the City Manager's Office and had recently left to take a position as City Administrator for the City of Wimberley. City Manager Hofmann indicated that he was moving Cheryl Bright (currently Assistant Director of Parks, Recreation and Facilities) to the position to handle public and neighborhood communications and engagement, community partner relationships, fleet management, as well as continuing to work on the City's Harvey recovery and to work with the Flood Hazard Mitigation Task Force.

With respect to the Development Services Department, City Manager Hofmann advised that he had named ChaVonne Sampson as Director of the department (after noting that ChaVonne had been serving as Interim Director of the department for a period of time and had done a great job). Other changes included a reclassification of the Development Services Manager

position to Assistant Director. He advised that the Assistant Director would be responsible for implementation of the City's Comprehensive Plan, have responsibility for the Capital Improvements Plan development and communication, and implementation of the Flood Hazard Mitigation Task Force recommendations (as approved by City Council). Additional restructuring would allow more efficient use of the City's Code Enforcement Officer by freeing up some of the administrative paperwork and passing it along to another employee.

City Manager Hofmann next described changes to the Public Works Department. He noted that Darold Bailey, Solid Waste and Street and Drainage Superintendent, was recently hired by the Bellaire Police Department to be a patrol officer. Darold had essentially been handling two jobs in the Public Works Department. This position would be restructured into two positions--Solid Waste Superintendent and Street and Drainage Superintendent. Additionally, an Assistant Director position would be reinstated.

In closing, City Manager Hofmann advised that no new positions and no new costs would result from the restructuring changes.

Mayor Friedberg opened the floor for questions or feedback from the City Council. He appreciated the City Manager for sharing the restructuring changes with the City Council and the public.

Following questions and feedback, Mayor Friedberg announced that the staffing update was concluded and continued to the next report on the agenda.

3. Presentation of the FY 2018 First Quarter Report for the City of Bellaire, Texas - Submitted by Terrence Beaman, Chief Financial Officer.

Terrence Beaman, Chief Financial Officer (CFO), presented the FY2018 First Quarter Report (October 2017 - December 2017) for the City of Bellaire to members of the City Council.

With the quarterly report, CFO Beaman advised that there were areas of emphasis other than numbers, such as a personnel analysis, an estimated financial impact due to Hurricane Harvey, management projects, capital improvement program project updates, and trends (such as development, crime and warrant statistics). The last items included in the report as supplemental items related to investments and donations.

CFO Beaman briefly summarized the areas of emphasis referenced above, and provided an overview of revenues and expenditures in the General, Enterprise, and Debt Service Funds for the first quarter.

Mayor Friedberg opened the floor for questions of CFO Beaman from the City Council, noting that CFO Beaman had fielded questions during his presentation. Mayor Friedberg asked if there were any further questions for CFO Beaman regarding his report. Hearing none, Mayor Friedberg announced that the FY2018 First Quarter Report was concluded.

Note: earlier in the evening, City Council discussed agenda item I., which concerned the process for upcoming decision making relating to the City's brand identity exercise to guide signage and design standards for the

Municipal Facilities Project. City Council moved to agenda item J. at this point in the meeting.

I. New Business:

Item for Individual Consideration:

Discussion concerning the process for upcoming decision making relating to, and recent public input on, the brand identity exercise to guide signage and design standards for the Municipal Facilities Project; this is a discussion item only and no action will be taken - Submitted by Andrew S. Friedberg, Mayor.

Mayor Friedberg read the caption, noting that the agenda item called for discussion only and that no action would be taken. He introduced the agenda item and advised that the branding exercise was about so much more than just a logo. The branding exercise answered the much bigger question of the look and feel that the City was going for in a much broader array of projects now and into the future. The exercise was funded the prior year out of the beautification line item, and was an important missing piece in the beautification initiative. Once adopted, there would be no implementation costs associated with the rebranding because it would only be gradually phased-in as branded items were replaced in the ordinary course of business and as new projects were undertaken in the future.

Mayor Friedberg continued and noted that in his opinion it was obvious from the public input received that the City Council could not adopt the logo component that had been proposed. However, the public input received also made clear that, overall, 1) people understood why the City was doing this and were supportive of a rebranding even if they were not enamored with the proposed logo piece; and 2) the verbal identity that had been produced really resonated with people.

In conclusion, Mayor Friedberg suggested that City Council defer consideration of the recommended logo until a later time and proceed on March 5, 2018, with consideration of the other aspects of the brand identity exercise findings and recommendation. Specifically, Mayor Friedberg suggested that on March 5, 2018, the City Council take up and consider for adoption (1) a typography system and (2) the verbal identity that had come out of the branding exercise. As for the logo piece, Mayor Friedberg suggested that the City Council not take any action on it for the time being.

Mayor Friedberg opened the floor for Council discussion. Each member of City Council took an opportunity to provide their thoughts and thanked residents for their suggestions and comments.

After the discussion, **Mayor Friedberg** confirmed with members of City Council that there was a consensus to stay on the current timeline for the municipal facilities typography selection at the next meeting in two weeks, as well as to consider a formal vote on the verbal identity. Otherwise, the proposed logo would not be brought up for a vote at that time.

The City Council returned to agenda item H. 1. and considered the remainder of the agenda in the order in which it was written.

J. Community Interest Items from the Mayor and Council.

Community interest items from the Mayor and Council included expressions of congratulations to City Manager Paul A. Hofmann on his award as a "2018 Public Official of the Year" from the University of Houston Masters of Public Administration Program; commendations to the Parks, Recreation and Facilities Department employees for their assistance during the Environmental and Sustainability Board's recycling event; commendations to the Public Works Department for their quick responsiveness to a problem that occurred on the weekend; expressions of congratulations to employees whose job positions had changed; expressions of congratulations to City Manager Hofmann on his informative City Manager's Report, ChaVonne Sampson on her new assignment as Director of Development Services, and to former Administrative Services Manager Shawn Cox on his new position as City Administrator for the City of Wimberley; a reminder to attend a public meeting on Thursday at 7:00 p.m. at Bellaire High School regarding taxes and the 2018-2019 budget for HISD; and an invitation to join the Southwestern Trail Riders as they stopped for lunch around noon at the corner of Newcastle Drive and Bissonnet Street.

K. Adjourn.**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 9:37 p.m. on Monday, February 19, 2018.

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

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

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

Also present were Paul A. Hofmann, City Manager, and Tracy L. Dutton, City Clerk.

Note: City Clerk Dutton did not participate in the closed portions of this meeting.

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.

Mayor Friedberg announced that City Council would retire into the closed portion of the meeting in the Council Conference Room at 9:37 p.m. on Monday, February 19, 2018, 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. He noted that there would be no action taken during

the closed portion of the meeting. Any action that might be taken would be done during the open portion of the meeting.

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.

Members of the City Council reconvened in open meeting in the Council Chamber at 10:45 p.m. on Monday, February 19, 2018.

Mayor Friedberg advised that he was pleased to report City Council's consensus on the deliberation of the City Manager, which was unanimously positive. Mayor Friedberg made special mention of the intervening hurricane (Harvey) the City experienced. He stated that the City's response to Harvey under City Manager Hofmann's leadership featured prominently during City Council's discussion, noting how proud the City Council was and is of the City, its staff and, City Manager Hofmann's leadership in helping usher the community through its most trying time. Mayor Friedberg thanked City Manager Hofmann for his excellent work and opened the floor for any comments other members of City Council wished to add.

Each member of City Council provided positive, glowing comments related to City Manager Hofmann and his performance.

Mayor Friedberg closed by advising that this evening was City Council's annual opportunity to make a public reaffirmation that the City Council stands behind the City Manager and that he continued to have their support and appreciation for all that he had done and continued to do.

E. Adjourn.

Mayor Friedberg announced that the closed meeting of the City Council of the City of Bellaire, Texas, was adjourned at 10:53 p.m. on Monday, February 19, 2018.

Mayor and Council

Council Chamber, First Floor of City
Hall
Bellaire, TX 77401-4411



Meeting: 03/19/18 06:00 PM
Department: City Clerk
Category: Appointment
Department Head: Tracy L. Dutton
DOC ID: 2472

**SCHEDULED
ORDINANCE (ID # 2472)**

Item Title:

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, appointing Jerel S. Twyman as Associate Judge of the Municipal Court of the City of Bellaire, Texas, for a two-year term commencing on the 1st day of April, 2018, and expiring on the 31st day of March, 2020 - Submitted by Tracy L. Dutton, City Clerk, on behalf of the City Council.

Background/Summary:

The term of office for Associate Judge Jerel S. Twyman of the Bellaire Municipal Court will expire on March 31, 2018.

In accordance with Article II, The Council, Section 14, Municipal Court, of the Charter of the City of Bellaire, Texas, as amended in November of 2017, "The City Council shall appoint a Municipal Court Judge to serve a term of office of two (2) years. A Municipal Court Judge who is not reappointed by the 91st day following the expiration of a term of office shall, absent action by the City Council, continue to serve for another term of office beginning on the date the previous term of office expired. The City Council shall appoint such other associate judge or judges as it shall determine to be necessary and appropriate, for such terms as it shall provide."

Also with respect to the term of appointment, state law sets a definite term of office for judges of a municipal court of record as two or four years (Texas Government Code, Title 2, Judicial Branch, Subtitle A, Courts, Chapter 30, Municipal Courts of Record, Subchapter A, General Law for Municipal Courts of Record, Section 30.00006, Judge).

An ordinance has been prepared for City Council consideration and action to appoint Jerel S. Twyman as Associate Judge of the Bellaire Municipal Court for a two-year term commencing on the 1st day of April, 2018, and expiring on the 31st day of March, 2020.

Previous Council Action Summary:

Associate Judge Twyman was most recently appointed by Ordinance No. 16-018, dated the 21st day of March, 2016. Judge Twyman has served as an Associate Judge of the Bellaire Municipal Court since April 1, 2008.

Fiscal Impact:

General Fund - the latest compensation for the Associate Judge of the Bellaire Municipal Court was set by ordinance on April 1, 2013 (Ordinance No. 13-022), at \$625 per month and \$200 per docket.

Recommendation:

Action as City Council deems appropriate.

Ordinance (ID # 2472)

Meeting of March 19, 2018

ATTACHMENTS:

- Appt - Twyman as Associate Judge of Municipal Court - 2018 (DOC)



ORDINANCE NO. 18-____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, APPOINTING JEREL S. TWYMAN AS ASSOCIATE JUDGE OF THE MUNICIPAL COURT OF THE CITY OF BELLAIRE, TEXAS, FOR A TWO-YEAR TERM COMMENCING ON THE 1ST DAY OF APRIL, 2018, AND EXPIRING ON THE 31ST DAY OF MARCH, 2020.

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

1. THAT Jerel S. Twyman is hereby appointed as Associate Judge of the Municipal Court of the City of Bellaire, Texas, in accordance with *Article II, entitled The Council, Section 14, entitled Municipal Court, of the Charter of the City of Bellaire, Texas*, for a two-year term commencing on the 1st day of April, 2016, and expiring on the 31st day of March, 2018, in accordance with the *Texas Government Code, Title 2, Judicial Branch, Subtitle A, Courts, Chapter 30, Municipal Courts of Record, Section 30.00006, Judge.*

2. THAT the compensation for the Associate Judge herein appointed shall be \$625.00 per month and \$200.00 per docket during the term of this appointment in accordance with Ordinance No. 13-022, duly passed, approved, and adopted by the City Council of the City of Bellaire, Texas, on April 1, 2013.

PASSED and APPROVED this 19th day of March, 2018.

(SEAL)

ATTEST:

Tracy L. Dutton, TRMC
City Clerk

SIGNED:

Andrew S. Friedberg
Mayor

APPROVED AS TO FORM:

Alan P. Petrov
City Attorney

Mayor and Council
 Council Chamber, First Floor of City
 Hall
 Bellaire, TX 77401-4411



Meeting: 03/19/18 06:00 PM
 Department: Public Works
 Category: Contract
 Department Head: Michael Leech
 DOC ID: 2397

**SCHEDULED
 ORDINANCE (ID # 2397)**

Item Title:

Consideration of and possible action on a recommendation from the Public Works Department to reject Competitive Sealed Proposal (CSP) No. 18-004, On-Call Water and Wastewater Utility Repair Services, and to rebid the project - Submitted by Michael Leech, Director of Public Works.

Background/Summary:

On February 8, 2018 one proposal was received for the CSP No. 18-004, On-Call Water and Wastewater Utility Repair Services. This purpose of soliciting for proposals in a competitive sealed format is to review proposals for the best value to the Public Works Department operations. Each proposal is reviewed and ranked on the selection criterion established in the CSP. Criterion such as the approach to the scope of work, references, qualifications, schedule and prices are all evaluated during review.

Multiple proposals are necessary to determine the best value. Since one proposal was received, an objective process could not be undertaken.

As an effort to receive more proposals, the documents can be loaded to CIVCAST when it is rebid. CIVCAST is a common online service design engineers and municipalities use to post projects that are open for bid. This service reaches construction contractors that are looking to view open bids with multiple agencies. The CSP 18-005, On-Call Paving and Storm Sewer Repair Services used this method and received seven proposals.

Previous Council Action Summary:

There has not been any previous council action for this item.

Fiscal Impact:

There is no fiscal impact for this item.

City Attorney Approval:

Yes

Recommendation:

The Public Works Department recommends rejecting this proposal for CSP No. 18-004, On-Call Water and Wastewater Utility Repair Services and rebid the project.

ATTACHMENTS:

- Bid_ 18-004 (CSP) - On-Call Water and Wastewater Utility Repair Services (PDF)

City of Bellaire

Preliminary Proposal Tabulation Sheet

CSP No: 18-004
CSP Title: On-Call Water and Wastewater Utility Repair Services
Department: Public Works
Deadline for Receipt: February 8, 2018 @ 10:00 a.m.

Bidder/Address	Date/Time Delivery Method	Normal Business Hr. Rate	Outside Business Hr. Rate	Response Time Service Calls Normal Hrs.	Response Time Emergency Normal Hrs.	Response Time Emergency O/S Bus. Hrs.	% Markup for Equipment and Materials	Maximum % Increase per Renewal Yr.
Reliance Construction 4302 Alameda-Genoa Road Houston, TX 77048	2/8/2018 9:41A By Hand	S: \$57.00 EO: \$30.00 L: \$22.00	S: \$71.00 EO: \$43.00 L: \$32.00	1	1	4	14%	4%

Mayor and Council

Council Chamber, First Floor of City
Hall
Bellaire, TX 77401-4411



Meeting: 03/19/18 06:00 PM
Department: Finance Administration
Category: Ordinance
Department Head: Terrence Beaman
DOC ID: 2502

**SCHEDULED
ACTION ITEM (ID # 2502)**

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(t), 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 8, 2018 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 9, 2017 with no changes.

Fiscal Impact:

N/A

Recommendation:

Approval of attached ordinance as presented.

ATTACHMENTS:

- Ordinance with no changes (DOC)
- Investment Policy 2018 (DOCX)



ORDINANCE NO. 18-_____

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 19th day of March, 2018.

(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 (2502 : Investment Policy and Strategies Annual Review and Approval)

CITY OF BELLAIRE INVESTMENT POLICY | 2018

Sec. 2-10. Investment policy:

(a) **Policy statement.** It is the policy of the city to invest public funds in a manner that will ensure the preservation of capital, meet the daily cash flow needs of the city, conform to all applicable state statutes and city ordinances governing the investment of public funds, and provide reasonable investment returns.

The Texas Public Funds Investment Act, V.T.C.A., Government Code Ch. 2256 as amended (the "Act") prescribes that each city shall adopt rules to govern its investment practices and to define the authority of the investment officers. This policy addresses the methods, procedures, and practices established to ensure effective and judicious fiscal management of the city's funds worthy of the public trust.

(b) **Scope.** This investment policy shall apply to all financial assets and funds under control of the city, other than those expressly excluded herein or by applicable law or valid agreement. The city commingles its funds into one pooled investment fund for efficiency and maximum investment opportunity, except for monies held in demand and time deposits as provided under Chapter 105 of the Local Government Code or as stipulated by applicable laws, bond covenants or contracts. The funds are defined in the city's Comprehensive Annual Financial Report ("CAFR") and include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, and any new funds created by the city unless specifically exempted by the city council and this policy.

This Policy shall not supersede the restrictions on investment and use applicable to any specific fund and, in the event of any conflict between this policy and the requirements of any fund subject hereto, the specific requirement applicable to such fund shall be followed as well as all other provisions of this policy other than those in conflict.

The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The investment officers and city staff shall recognize that the investment activities of the city are a matter of public record.

(c) **Objectives and strategy.** The city strives to invest funds in a manner where the rate of return is secondary to safety and liquidity. To accomplish this, the city's principal investment objectives in order of priority are as follows: 1) suitability, 2) preservation and safety of principal, 3) liquidity, 4) marketability, 5) diversification, and 6) yield.

(1) *Suitability.* Each investment must be in conformance with all federal regulations, state statutes, and other legal requirements-including the city charter, city ordinances, and this investment policy.

(2) *Preservation and safety of principal.* Investments shall be handled in a manner that seeks to ensure the preservation of capital and the protection of investment

CITY OF BELLAIRE INVESTMENT POLICY | 2018

principal in the overall portfolio. All participants, in the investment process shall act responsibly as custodians of the public trust.

(3) *Liquidity.* The city's investment portfolio will remain sufficiently liquid to enable the city to meet operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets.

(4) *Marketability.* The city's policy is to buy and hold investments until maturity; however, marketability is of great importance should the need arise to liquidate an investment before maturity.

(5) *Diversification.* Investments shall be diversified by type and maturity to eliminate the risk of loss resulting from the concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Portfolio maturities should be laddered in a way that protects interest income from the volatility of market and avoids the concentration of assets in a specific maturity sector. The majority of the city's funds will be invested in maturities of 12 months or less targeted to the projected cash flow needs of the city. Investments with maturities in excess of 12 months can be made to match specific cash flow requirements (e.g., funds held for future capital projects may be invested to meet anticipated cash flow requirements). The stated maturity of any investment in the city's portfolio will not exceed 36 months and the weighted average maturity of the city's portfolio will not exceed 365 days.

(6) *Yield.* The city's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the city's risk constraints and the cash flow characteristics of the portfolio. Given this strategy, the basis used to determine whether reasonable yields are being achieved shall be the average yield of the current three-month U.S. Treasury Bill or such other index that most closely matches the average maturity of the portfolio.

(d) **Authorization.** Authority to manage the investment program is derived from the Act, specifically; section 2256.005(±)-(h). Management responsibility 'for the investment program is hereby delegated to the chief financial officer including responsibility for all investment transactions and the related system of controls to regulate the activities of subordinate officials. The chief financial officer and the assistant director of finance shall serve as the investment officers of the city and shall invest city funds in legally authorized and adequately secured investments in accordance with this policy and the Act. In the event the position of chief financial officer becomes vacant, the city manager shall serve as an investment officer during such vacancy. The city investment officers shall be bonded.

CITY OF BELLAIRE INVESTMENT POLICY **2018**

(e) **Responsibility and control.** Investments shall be made with judgment and care, under prevailing circumstances that a person of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of capital and the income to be derived.

In determining whether investment decisions were made exercising prudence, consideration shall be given to the following: the investment of all funds, or funds under the city's control, taken as a whole, rather than the prudence of a single investment; and whether the investment decision is consistent with the written investment policy of the city at that time. The chief financial officer shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures shall address safekeeping, repurchase agreements, wire transfer agreements, collateral/depository agreements, banking services contracts, and explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the chief financial officer.

(f) **Ethics and conflicts of interest.** In addition to any other requirements of law, investment officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. An investment officer who has a personal business relationship with a business organization offering to engage in an investment transaction with the city or who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the city shall file a statement disclosing that relationship with the city and the Texas Ethics Commission. An investment officer has a personal business relationship with a business organization if the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization, the investment officer receives funds from the business organization exceeding 10 percent of the investment officer's gross income for the previous year, or the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

(g) **Investment training.** The City shall provide periodic training in investments for the investment officers through courses and seminars offered by professional organizations and associations in order to insure the quality and capability of the City's investment officers making investments decisions in compliance with the Act. The investment officers shall attend at least one training session relating to the investment officer's responsibilities under the Act within 12 months after taking office or assuming the duties of investment officer. Further, the investment officers shall attend an investment training session not less than once in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after

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that date, and receive not less than 10 hours of instruction relating to investment responsibilities under the Act from an independent source approved by the governing body of the city. The designated training may be sponsored by the Government Finance Officers Association of Texas, the Government Treasurer's Organization of Texas, the Texas Municipal League, or the University of North Texas. Training must include education in investment controls, security risks, strategy risks, market risks, diversification of the investment portfolio, and compliance with the Act.

(h) **Authorized investments.** Authorized investments include the following:

- (1) Obligations of the United States or its agencies and instrumentalities;
- (2) Direct obligations of the state or its agencies and instrumentalities;
- (3) Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;
- (4) Certificates of deposit issued by a depository institution that has its main office or branch office in the state that are for the full amount of the principal and accrued interest that are guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor or the National Credit Union Share Insurance Fund or its successor, secured by an obligation issued directly by a federal agency or instrumentality, including any mortgage backed securities not disallowed by the Act, having a market value of not less than the principal and accrued interest of the certificates, or secured in any other manner and amount provided by the Act;
- 5) Fully collateralized repurchase agreements with a defined termination date of 90 days or less, secured by a combination of cash and an authorized investment, pledged to the city, held in the city's name and deposited at the time the investment is made with the city or with a third party selected and approved by the city. A repurchase agreement is a simultaneous agreement to buy, hold for a specified time, and sell back at a future date at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The repurchase agreement shall be placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the state only after a Master Repurchase Agreement has been executed between the city and the securities dealer or the financial institution;
- (6) An investment pool to the extent and manner provided by law if the city by

CITY OF BELLAIRE INVESTMENT POLICY | 2018

rule, ordinance, order or resolution authorizes investment in the particular pool and if the investment pool has furnished to the chief financial officer an offering circular or similar disclosure document conforming to the requirements of the Act. To maintain eligibility, an investment pool must furnish to the city a confirmation of all investment transactions and a monthly report conforming to the requirements of the Act. Further, the investment pool must be continuously rated no lower than AAA or AAA-m or its equivalent by at least one nationally recognized rating service; and

(7) Such other investments as permitted by the Act and not specifically prohibited by this policy.

All investment transactions will be completed on a delivery versus payment ("DVP") basis. The investment officers are authorized to solicit bids for investments orally, in writing, electronically, or in any combination of these methods. No investment of city funds shall be authorized unless it conforms to this investment policy and the seller of the investment has executed a Certification Form in favor of the city as set forth in this policy.

When the City invests in an investment that requires a minimum rating, it must establish at the time of the investment procedures to monitor rating changes. If an investment's rating falls below the required minimum rating, it is no longer an authorized investment. The city shall take all prudent measures consistent with this policy to liquidate any investment that does not have the minimum rating.

The city shall verify prior to participation in an investment pool, that the pool's investment policy has established, satisfactory procedures for monitoring investment rating changes sufficient for the City to determine whether investments in the pool have the required minimum rating.

(i) **Prohibited investments.** The following are not authorized investments under this policy:

- (1) Obligations for which the payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and which pays no principal;
- (2) Obligations for which the payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- (3) Collateralized mortgage obligations that have a stated final maturity greater than 10 years; and

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- (4) Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to changes in a market index.

Further, the city will not invest in derivatives including instruments with embedded features that alter their character or income stream or allow holders to hedge or speculate on a market or spreads between markets that are external to the issuer, or are not correlated on a one-to one basis to the associated index or market. Prohibited derivatives include arrangements in which an investor has swapped the natural cash flows or some portion of the natural cash flows of an instrument for a different set of cash flows. (e.g., interest rate swaps), over-the counter exchange traded options or futures (e.g., option contracts or future contracts), inverse floating rate notes, range index notes, non-money market index based notes, dual index notes, index amortizing notes, inverse multi-index bonds, inverse index bonds, and stepped inverse index bonds.

(j) **Investment limits and diversification.** The asset allocation in the portfolio should be flexible and responsive to the outlook for the economy and the securities markets. Risk shall be controlled through portfolio diversification achieved by:

- (1) Limiting investments to avoid over concentration in securities from a specific issuer or business sector, U. S. Treasury securities being the only exception;
- (2) Limiting investment in securities that have higher credit risks;
- (3) Investing in securities with varying maturities; and
- (4) Maintaining the liquidity necessary to meet ongoing obligations.

The following standards shall be applied: the city shall maintain at least 10 percent of the total portfolio in investments maturing in 90 days or less; the city shall invest' no more than 50 percent of the portfolio in federal agencies or instrumentalities or in certificates of deposit; and the city may invest any amount of funds in U. S. Treasury securities or in repurchase agreements backed by U. S. Treasury securities.

(k) **Authorized broker/dealers.** The chief financial officer shall maintain a list of security broker/dealers authorized by the investment policy. All broker/dealers shall maintain complete records of all transactions conducted on behalf of the city and shall make those records available for inspection at the city's request. At least annually, the investment officers shall review the list of broker/dealers authorized to engage in investment transactions with the city and shall make a recommendation as part of the annual review of the investment policy. As part of, this process, the chief financial officer shall review the quality of service and financial stability of each broker/dealer. The chief financial officer may remove an authorized broker/dealer from the list, if in

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the opinion of the chief financial officer, the firm has not performed adequately or its financial condition has become unacceptable. Currently, the following broker/dealers are authorized to engage in investment transactions with the city: FTN Financial; Duncan-Williams, Inc.; First Southwest Company; SAMCO Capital Markets; and Vining Sparks.

Nothing in this section relieves the city of the responsibility for monitoring the investments made by the city to determine that they are in compliance with this investment policy.

(l) **Investment management.** The investment officers shall exhibit prudence and discretion in the selection and management of securities in order that no individual or group of transactions undertaken shall jeopardize the total capital of the portfolio. The city will not allow speculation (e.g., anticipating an appreciation of capital through changes in market interest rates) in the selection of any investments. The chief financial officer shall monitor financial market indicators, study financial trends, and utilize available educational tools in order to maintain appropriate managerial expertise.

Each investment transaction - exclusive of investment pool transactions - must be based upon competitive quotations received from at least three broker/dealers authorized by this policy. An exception is a new issue debenture or discount note still in the primary market. In this case, the competitive offering process is not possible because competing broker/dealers do not have access to the security or all broker/dealers have access to the security at par. For these types of securities only, investment officers are authorized to purchase the security without seeking competitive offerings if the investment is deemed to be in the best interest of the city.

While the city utilizes a buy and hold strategy, active portfolio management may from time to time dictate the sale of securities to better position the overall portfolio. The chief financial officer must approve the sale of any security prior to maturity. Any sale of a security for less than the book value of the security must be approved by the chief financial officer.

(m) **Reporting.** The investment officers shall submit to each member of the city council an investment report no less than on a quarterly basis signed by each investment officer. The report shall contain sufficient information to provide a comprehensive review of investment activity and current investments and shall address any variations noted from the investment strategy of the city. The report must contain a summary statement of each pooled fund group that states the beginning and ending market value and accrued interest for the period. It must state the maturity date, book value and market value of each separately invested asset at the end of the reporting period by type of asset and fund type invested and the fund or pooled group which acquired the investment. The chief financial officer may use any generally accepted method to monitor the market price of investments, including, but not limited to, periodic reports

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from any of the approved broker/dealers (whether or not that broker/dealer actually sold the security to the City) or nationally recognized business publications that provide daily market valuations on individual securities. Each report shall include a statement of compliance with the city's investment policy and the Act. The annual audit shall include a review of the quarterly reports and a compliance audit of management controls on investments and adherence to the city's established investment policies.

(n) **Internal controls.** A system of internal controls shall be documented in writing and shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and management of the city. Controls deemed most important shall include:

- (1) Control of collusion;
- (2) Separation of duties;
- (3) Separation of transaction authority from accounting and recordkeeping;
- (4) Custodial safekeeping;
- (5) Avoidance of bearer-form securities;
- (6) Clear delegation of authority;
- (7) Specific limitations regarding securities losses;
- (8) Written confirmation of telephone transactions; and
- (9) Limiting the number of authorized investment officials.

These controls shall be reviewed periodically by the city's independent audit firm.

(o) **Depositories.** Consistent with the requirements of the Texas Public Funds Collateral Act, V.T.C.A., Government Code Ch. 2257 as amended ("Public Funds Collateral Act"), the city shall require all depository institution deposits to be federally insured or collateralized with eligible securities. Any financial institution serving the city as a depository institution will be required to sign a depository agreement and a tri-party safekeeping agreement. The safekeeping agreement shall define the city's rights to collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations.

(p) **Collateral.** Eligible securities for collateralization of deposits are defined by the Public Funds Collateral Act and must meet the constraints of this policy. The market value of the principal portion of collateral pledged for deposits must at all times be equal to or greater than 105 percent of the total amount of deposits plus any accrued

CITY OF BELLAIRE INVESTMENT POLICY | 2018

interest, less the insurance amount provided by the Federal Deposit Insurance Corporation ("FDIC").

Depository institutions with which the city maintains collateralized deposits shall provide a monthly report of market values for the pledged securities. The chief financial officer shall monitor collateralization levels to verify market values and total collateral positions. If the value of the securities pledged falls below the required collateral level, the depository institution holding the deposit must pledge additional securities no later than the end of the next succeeding business day.

Collateralized deposits may require substitution of securities. Any depository institution requesting substitution of collateral must contact the chief financial officer for approval. Written approval is required before any pledged security is released. The value of the substituted security will be calculated and substitution approved if the substitution maintains the required collateral level.

(q) ***Custody and safekeeping.*** Investment securities purchased for the city, except investment pool funds and mutual funds, will be on a delivery versus payment basis. To protect against fraud, the cash and investments of the city shall be secured in accordance with third-party custody and safekeeping procedures approved by the city. Securities shall be held in a third-party safekeeping account at a custodian bank. A written safekeeping agreement shall be executed with each custodian bank, such bank being a permitted institution under the Public Funds Collateral Act. Upon receipt of purchased or pledged securities, the custodian bank shall promptly issue and deliver to the city a safekeeping receipt identifying and evidencing receipt of the security., • The chief financial officer or their designee shall maintain the original safekeeping receipts. All securities shall be confirmed in the name of the city and shall be held in an account naming the city as the customer. The market value of purchased or pledged securities shall be independently monitored by the custodian bank on a monthly basis and reported directly to the city. At least quarterly, the chief financial officer shall verify that all securities owned by or pledged to the city are documented and held in safekeeping in the city's account. These records shall also be subject to an annual compliance audit of management controls on investments and adherence to the city's established investment policies.

(r) ***Certification form.*** A written copy of the investment policy shall be provided to any person or organization offering to engage in an investment transaction with the city. Every seller of investments to the city must execute a certificate in favor of the city substantially in the form set out herein below, and the investment officers may not acquire or otherwise obtain any authorized investment from any seller until a signed certification form has been delivered to the city.

(s) ***Other policy considerations.*** The city is not required to liquidate investments that were authorized investments at the time of purchase.

CITY OF BELLAIRE INVESTMENT POLICY | 2018

(t) ***Annual review.*** The city council shall review this investment policy and investment strategies not less than annually. The city council shall adopt a written instrument by ordinance or resolution stating that it has reviewed the investment policy and investment strategies and the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

CITY OF BELLAIRE INVESTMENT POLICY | 2018

CERTIFICATION FORM

As required by V.T.C.A., Government Code § 2256.005(k)

CITY OF BELLAIRE, TEXAS (the city)

The undersigned hereby acknowledges and certifies as follows:

1. The undersigned is a qualified representative of _____, a business organization (the "Organization"), offering to engage in an investment transaction with the City.
2. The Organization has received and reviewed the investment policy of the City.
3. The Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the City and the Organization that are not authorized by the City's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio or requires an interpretation of subjective investment standards.

Signature

Name

Title

Date

(Ord. No. 96-020, 3-18-1996; amended by Ord. No. 98-008)

State law references: Public Funds Investment Act, V.T.C.A., Government Code § 2256.001 et seq.

Mayor and Council

Council Chamber, First Floor of City
Hall
Bellaire, TX 77401-4411



Meeting: 03/19/18 06:00 PM
Department: Development Services
Category: Specific Use Permit
Department Head: ChaVonne
Sampson
DOC ID: 2450

SCHEDULED**ACTION ITEM (ID # 2450)****Item Title:**

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, granting Specific Use Permit S-90 to Mindy Roberts Rosenthal d/b/a Let Us Play, for the purpose of operating an hourly drop-off play-care center located at 5202 Cedar Street, Bellaire, Texas, in the UV-D Zoning District - Submitted by ChaVonne Sampson, Director of Development Services.

Background/Summary:

Just as tonight's public hearing, on January 11, 2018, the Planning and Zoning Commission held a public hearing on the application from Stone & Stone, LLC, on behalf of Mindy Rosenthal, for the operation of a day care d/b/a "Let Us Play" at 5202 Cedar Street in the Urban Village Downtown (UVD) Zoning District.

During the hearing, a concern was voiced by a commercial property owner in the surrounding area about whether the granting of the specific use permit would affect his tenant's ability to obtain a liquor license in the future. Section 3-2. of the City's Code of Ordinances states that "The sale of alcoholic beverages by any dealer where the place of business of any such dealer is within 300 feet of any church, public school, or public hospital, is hereby prohibited..." Due to the fact that the code language does not specifically call out "daycare," as well as the fact that the official measurement of distance between the two properties in question is 470 feet, the granting of the application will not negatively impact the property's ability to obtain a liquor license, based on the regulations that are currently in place for both the City and the Texas Alcoholic Beverage Commission. The City has provided this property owner with documentation stating such.

On February 8th, 2018, the Commission voted 7-0 to forward the item to City Council with a favorable recommendation, based on the criteria set forth in Section 24-615, Standards Applicable to all Planned Development Amendments and Specific Use Permits. The Commission's Report and Recommendation has been included in tonight's public hearing materials.

The Comprehensive Plan's Future Land Use and Character Map identifies this site as Urban Village Downtown. Additionally, this project addresses:

Goal 5.2: A revitalized City Center area geared toward the shopping, service, and entertainment needs of Bellaire residents.

Recommendation:

The Director of Development Services concurs with the recommendation of the Planning and Zoning Commission and recommends adoption of the ordinance granting the requested specific use permit, with the condition that the applicant files with the City, on an annual

basis, a copy of any approved certification which demonstrates that "Let Us Play" is in compliance with the regulations set forth by any and all state agencies.

ATTACHMENTS:

- Granting SUP S-90 to Mindy Roberts Rosenthal dba Let Us Play - 5202 Cedar Street (DOCX)

ORDINANCE NO. 18-____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, GRANTING SPECIFIC USE PERMIT S-90 TO MINDY ROBERTS ROSENTHAL d/b/a LET US PLAY FOR THE PURPOSE OF OPERATING AN HOURLY DROP-OFF PLAY-CARE CENTER LOCATED AT 5202 CEDAR STREET, BELLAIRE, TEXAS, IN THE URBAN VILLAGE DOWNTOWN (UV-D) ZONING DISTRICT.

WHEREAS, in accordance with *Chapter 24, Planning and Zoning, Article VI, Amendatory Procedure, Section 24-607, Call of Public Hearings*, of the *Code of Ordinances of the City of Bellaire, Texas*, and upon receipt of a report and recommendation from the Planning and Zoning Commission of the City of Bellaire, Texas, the City Manager of the City of Bellaire, Texas scheduled a public hearing to be held before the City Council of the City of Bellaire, Texas, on Monday, March 19, 2018 at 6:00 p.m. in the Council Chamber, First Floor of City hall, 7008 South Rice Avenue, Bellaire, Texas, on an application and request for a specific use permit submitted by Mindy Roberts Rosenthal d/b/a Let Us Play for the purpose of operating an hourly drop-off play-care center located at 5202 Cedar Street, Bellaire, Texas, in the Urban Village Downtown (UV-D) Zoning District; and

WHEREAS, notice of said public hearing having been duly given and published as required by law, said public hearing was held on March 19, 2018, at 6:00 p.m. in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas. All persons desiring to be heard were heard on or in connection with the application and request for a specific use permit as herein described; and

WHEREAS, the report and recommendation from the Planning and Zoning Commission of the City of Bellaire, Texas ("Commission"), prepared in the form of a memorandum by Chair Dirk Stiggins dated February 18, 2018, indicated that the Commission recommended the approval of the referenced application for a specific use permit, a copy of which report and recommendation is attached hereto and marked Exhibit "A," with specific conditions to be placed on the specific use permit; and

WHEREAS, the City Council of the City of Bellaire, Texas, has duly received the report and recommendation of the Commission and has been fully informed as to the facts and circumstances of the application as submitted; **NOW, THEREFORE**,

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

1. **THAT** the recitals contained herein are found to be true and correct.
2. **THAT** Specific Use Permit S-90 is hereby granted to Mindy Roberts Rosenthal d/b/a Let Us Play for the purpose of operating an hourly drop-off play-care center located at 5202 Cedar Street, Bellaire, Texas, in the Urban Village Downtown (UV-D) Zoning District, in conformance with the application submitted by Mindy Roberts Rosenthal d/b/a Let Us Play and subject to the following additional condition:
- a) Mindy Roberts Rosenthal d/b/a Let Us Play shall file with the City, on an annual basis, a copy of any approved certification which demonstrates that Let Us Play is in compliance with the regulations set forth by any and all state agencies.
3. **THAT** the permit as granted herein shall be subject to any additional restrictions and limitations as are from time to time imposed by the City Council of the City of Bellaire, Texas.
4. **THAT** this Ordinance shall be effective immediately upon its passage and adoption.

PASSED, APPROVED and **ADOPTED** this 19th day of March, 2018.

Andrew S. Friedberg, Mayor
City of Bellaire, Texas

ATTEST:

Tracy L. Dutton, TRMC
City Clerk
City of Bellaire, Texas

APPROVED AS TO FORM:

Alan P. Petrov, City Attorney
City of Bellaire, Texas

Attachment: Granting SUP S-90 to Mindy Roberts Rosenthal dba Let Us Play - 5202 Cedar Street (2450 : Consideration-5202 Cedar SUP)

Mayor and Council

Council Chamber, First Floor of City
Hall
Bellaire, TX 77401-4411



Meeting: 03/19/18 06:00 PM
Department: Development Services
Category: Ordinance
Department Head: ChaVonne
Sampson
DOC ID: 2415

**SCHEDULED
ORDINANCE (ID # 2415)**

Item Title:

Consideration of and possible action on the adoption of a resolution of the City Council of the City of Bellaire, Texas, adopting the City's Flood Hazard Mitigation Plan - Submitted by ChaVonne Sampson, Director of Development Services.

Background/Summary:

The City of Bellaire's Flood Hazard Mitigation Plan is a planning document utilized by the Floodplain Administrator as part of the Community Rating System (CRS) requirement, and is also a requirement of FEMA in order for the City of Bellaire to remain eligible for Hazard Mitigation Grants. The Plan documents the common flood hazards specific to the City of Bellaire, based on previous flood events.

The City has made a serious commitment to mitigating the effects of flooding with the creation of a City Council approved, City Manager appointed Task Force, which has met 8 times from October 2017-March 2018.

There are 32 different mitigation efforts being recommended, with the understanding that specific funding sources are yet to be available. A link to the entire Flood Hazard Mitigation Plan is attached for review.

This draft of the Plan needs to receive "Approval Pending Adoption," indicating that once the City adopts the plan, FEMA must then review and approve it. The Flood Mitigation Task Force will continue to meet, and any future updates will be considered before council as an amendment to the attached proposed resolution.

Should the Plan be adopted, it may serve as documentation to seek a Hazard Mitigation Grant from FEMA in the future.

Previous Council Action Summary:

Council has previously approved Resolution No. 17-08 establishing a policy that the City update the Flood Hazard Mitigation Plan in accordance with the process prescribed by the Community Rating System (CRS) of the National Flood Insurance Program (NFIP), and authorized the City Manager to establish the Flood Hazard Mitigation Task Force.

Fiscal Impact:

No immediate impact.

Recommendation:

The Director of Development Services recommends adoption of the resolution.

Ordinance (ID # 2415)

Meeting of March 19, 2018

ATTACHMENTS:

- Resolution No. 18-XXX Flood Mitgation Plan (DOC)
- Click [HERE](#) for Flood Hazard Mitigation Plan



RESOLUTION NO. 18-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, ESTABLISHING A POLICY THAT THE CITY UPDATE THE FLOOD HAZARD MITIGATION PLAN IN ACCORDANCE WITH A PROCESS PRESCRIBED BY THE COMMUNITY RATING SYSTEM OF THE NATIONAL FLOOD INSURANCE PROGRAM, AND AUTHORIZE THE CITY MANAGER TO ESTABLISH A FLOOD HARARD MITIGATION TASK FORCE TO UPDATE THE AFORMENTIONED PLAN.

WHEREAS, the City of Bellaire, Texas is located within an area of Harris County, which from time to time is negatively impacted by heavy rainfall, storm water run-off, drainage, and occasional flooding; and

WHEREAS, the City of Bellaire, Texas has been certified by the Community Rating System ("CRS") since 1993 and currently has a rating of 7; and

WHEREAS, some properties within the City of Bellaire, Texas have been severely damaged due to the effects of flooding during historical rainfall events; and

WHEREAS, the City Council of the City of Bellaire, Texas, recognizing the problems associated with poor drainage and potential flooding, did establish a Citizens Advisory Task Force on Drainage Issues, which was charged with the accomplishment of specific objectives to mitigate the hazards associated with flooding; and

WHEREAS, under the Disaster Mitigation Act of 2000, the United States Federal Emergency Management Agency ("FEMA") requires that local jurisdictions have in place a FEMA-approved Hazard Mitigation Action Plan as a condition of receipt of certain future Federal mitigation funding after May 1, 2005; and

WHEREAS, a comprehensive planning process resulting in an updated Flood Hazard Mitigation Plan as prescribed by the Federal Emergency Management Agency ("FEMA") will accomplish most of the objectives of the Flood Hazard Mitigation Task Force, as well as keep the City of Bellaire, Texas, in good standing with the Community Rating System ("CRS"); **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF BELLAIRE, TEXAS:**

1. Adopts the City of Bellaire Flood Hazard Mitigation Plan.
2. **THAT** the City Manager is hereby authorized to reappoint or fill vacancy of the Flood Hazard Mitigation Task Force consisting of the following components as outlined in the Community Rating System:

Flood Hazard Mitigation Task Force

At least one stakeholder per staff member, to be selected from the following areas:

- Bellaire Homeowner (x2)
- Utility Company
- Builder/Developer
- Previous Board or Commission Member

Staff technical Advisory Team

At least one staff member from the following Departments:

- Development Services
- Public Works
- Parks, Recreation, & Facilities
- Public Safety (Police or Fire)
- City Manager's Office

Consulting Technical Advisory Team

- Flood Mitigation Consultant

3. **THAT** the Flood Hazard Mitigation Task Force be charged with the following:

- a. Update the City of Bellaire, Texas Flood Hazard Mitigation Plan; evaluate the Plan on a 3x a year basis and provide an annual evaluation report prior to the City's Community Rating System recertification. The report will cover the following:
 - i. A review of the original plan;
 - ii. A review of any flooding events that occurred the previous 12-month period;
 - iii. A review of the action items in the original plan, including how much was accomplished in the preceding 12 period; and
 - iv. Recommendations for new projects or revised action items. Such recommendations shall be subject to approval by the Council as amendments to the adopted plan.

- b. Keep the public informed of its deliberations and recommendations, and of any proposed changes to the floodplain structure for the City of Bellaire, Texas; and

4. THAT the Floodplain Administrator shall be the main point of contact for all matters relating to the reporting to CRS and FEMA, and will be responsible for submittal of all documentation needed for the application, verification, and annual recertification.

PASSED, APPROVED, and ADOPTED by the City Council of Bellaire, Texas, at its Regular Session held on August 21, 2017.

(SEAL)

ATTEST:

SIGNED:

Tracy L. Dutton, TRMC
City Clerk

Andrew S. Friedberg
Mayor

APPROVED AS TO FORM:

Alan P. Petrov
City Attorney

Mayor and Council

Council Chamber, First Floor of City
Hall
Bellaire, TX 77401-4411



Meeting: 03/19/18 06:00 PM
Department: Development Services
Category: Contract
Department Head: ChaVonne
Sampson
DOC ID: 2485

SCHEDULED**ACTION ITEM (ID # 2485)****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 City Manager and City Clerk of the City of Bellaire, Texas, to execute and attest, respectively, a Standard Form of Agreement with DATABANK IMX, LLC, for scanning services for Development Services and Human Resources paper documents in the amount of \$78,284.80 - Submitted by ChaVonne Sampson, Director of Development Services.

Background/Summary:

The storage of Development Services/Human Resource documents continues to be necessary for the City to permanently retain certain documents in accordance with the Texas State Library Retention Schedules. This creates an increase in physical storage requirements over time, which is straining available space within City facilities. With the current construction of a new City Hall, it is imperative that hard-copy documents be stored electronically, moving forward.

While several required document types will be scanned completely internally during the day-to-day operations of the department, the current volume of permanent record retention will require 3rd party scanning of prioritized City documents in order to preserve document legibility and support the office space in the new buildings. Building plan sets will continue to be outsourced to the 3rd party contractor rather than investing in equipment for large format scanning that would be used infrequently.

This ordinance would authorize a purchase made through the Texas Department of Information Resources (DIR) Cooperative Purchasing Agreement. This agency provides resources and solutions for the management of government information and communications technology to the State of Texas government, education, and local government entities to enable and facilitate the fulfillment of their core missions.

HR, IT, And Development Services Directors performed a site visit and evaluated the respective firm's document security and quality control measures, along with pricing, to determine the best value to the City. DATABANK IMX, LLC is HIPAA and SOC2 Type II compliant in Houston Imaging and has performed a site visit throughout City departments to evaluate document volumes and provide a proof of concept for both departments' scanning projects.

DATABANK IMX, LLC will provide scanning, indexing, and destruction services of department documents, as outlined in attached Scope of Work for the total expenditure amount of \$78,284.80, including a 10% contingency to address any unanticipated overages.

Fiscal Impact:

Funding for this request will come from two sources. \$19,470 is already included in the adopted FY 2018 budget as part of the Information Technology department's budget. The

remaining amount of \$58,814.80 will come from salary savings in the Development Services department due to two vacant positions yet to be filled. Historically funds have been budgeted in Development Services to fund document imaging, but with the planned move into the new facilities building more funding is needed to adequately complete the project.

Recommendation:

The Director of Development Services recommends approval of the ordinance authorizing the City Manager to execute the agreement with DATABANK IMX, LLC.

ATTACHMENTS:

- Ordinance No. 18-XXX DATABANK IMX, LLC (DOCX)
- City of Bellaire Development Services SOW - final (DOCX)
- City of Bellaire HR SOW - final (DOCX)



ORDINANCE NO. 18-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, AUTHORIZING THE CITY MANAGER 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, AN AGREEMENT FOR DOCUMENT MANAGEMENT SERVICES WITH DATBANK IMX, LLC, IN A FORM AS ATTACHED HERETO AND MARKED EXHIBIT "A," FOR SERVICES NECESSARY TO PERMANENTLY RETAIN CERTAIN DOCUMENTS IN ACCORDANCE WITH THE TEXAS STATE LIBRARY RETENTION SCHEDULES, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, THAT:

1. The City Manager and the City Clerk of the City of Bellaire, Texas, are hereby authorized to execute and attest, respectively, for and on behalf of the City of Bellaire, Texas, an Agreement for Document Management Services with DATBANK IMX, LLC, in a form as attached hereto and marked Exhibit "A," for services necessary for the enforcement of the City's Building Codes to include construction plan review and onsite provision of inspection services.

PASSED, APPROVED and ADOPTED this, the 19th day of March, 2018.

(SEAL)

ATTEST:

SIGNED:

Tracy L. Dutton, TRMC
City Clerk

Paul A. Hofmann
City Manager

APPROVED AS TO FORM:

Alan P. Petrov
City Attorney

Attachment: Ordinance No. 18-XXX DATABANK IMX, LLC (2485 : DS Document Scanning)

EXHIBIT "A"

Agreement for Document Management Services

Attachment: Ordinance No. 18-XXX DATABANK IMX, LLC (2485 : DS Document Scanning)

Statement of Work

City of Bellaire

Development Services Digitization

03/08/2018

Prepared by:

Charles Bass

Sr. Solutions Consultant

www.databankimx.com



Texas DIR Approved Vendor
Contract Number DIR-SDD-3746



Version Control

Document Attributes

Document Name	STATEMENT OF WORK
Related DataBank Services/Products	N/A
Databank Document Identifier	
Effective Date	03/08/2018
Current Revision Number	2

Revision History

Version Number	Date	Responsibility (Author)	Description
1	01/30/2018	Charles Bass	Initial Draft
2	03/08/2018	Charles Bass	Initial Final

Proprietary and Confidential Statement – DataBank acknowledges that City of Bellaire is subject to the Public Information Act and has time limits for production. City of Bellaire will maintain the confidentiality of Confidential Information in accordance with this Section to the extent allowed by the Public Information Act.

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Attachment: City of Bellaire Development Services SOW - final (2485 : DS Document Scanning)



PROJECT SUMMARY

DataBank will pick up boxes from CITY OF BELLAIRE and deliver images with corresponding data per the schedule located below. These boxes will be packed by DataBank and will contain production Engineering Drawings as viewed by DataBank during a site visit. The documents will be scanned at the plan set level with each plan set being converted into a single PDF named as the Permit Number. Data will match/merged with a data file provided by CITY OF BELLAIRE containing Permit Number, AOR, Date Issued, and Contractor. The finished images will be formatted to be loaded into the Laserfiche Management System per City of Bellaire. DataBank has worked and imported into the Laserfiche systems on numerous occasions.

PROJECT VOLUME – TOTAL VOLUME (Estimate)	Estimates: 881 total plan sets consisting of: Commercial Drawings – 14,665 Residential Drawings – 14,070 Archive Drawings – 2,100 Total Drawings – 30,385 Additional 25 boxes of Permit Files 881 Plan Sets
FILE/DOCUMENT COUNT	
ESTIMATED TURNAROUND TIMEFRAME	Eight to Twelve Weeks
RECEIPT OF DOCUMENTS	Pick-Up/Delivery Schedule TBD

PROOF OF CONCEPT

DataBank requires a POC, sampling or test be conducted to insure the project specifications are correct and that the final output meets the customer expectation and to finalize pricing. A test phase will validate the production and price assumptions documented within the proposal. We will provide an initial test deliverable to validate prior to production launch. The POC may identify changes to the project specifications and a Change Order may be required. It is customary for DataBank to make use of DataBank Online Services as a means to showcase a solution. These services directly align with our security practices and act as a temporary storage location of customer data. Data will be removed after 90 days unless other arrangements are made in writing.

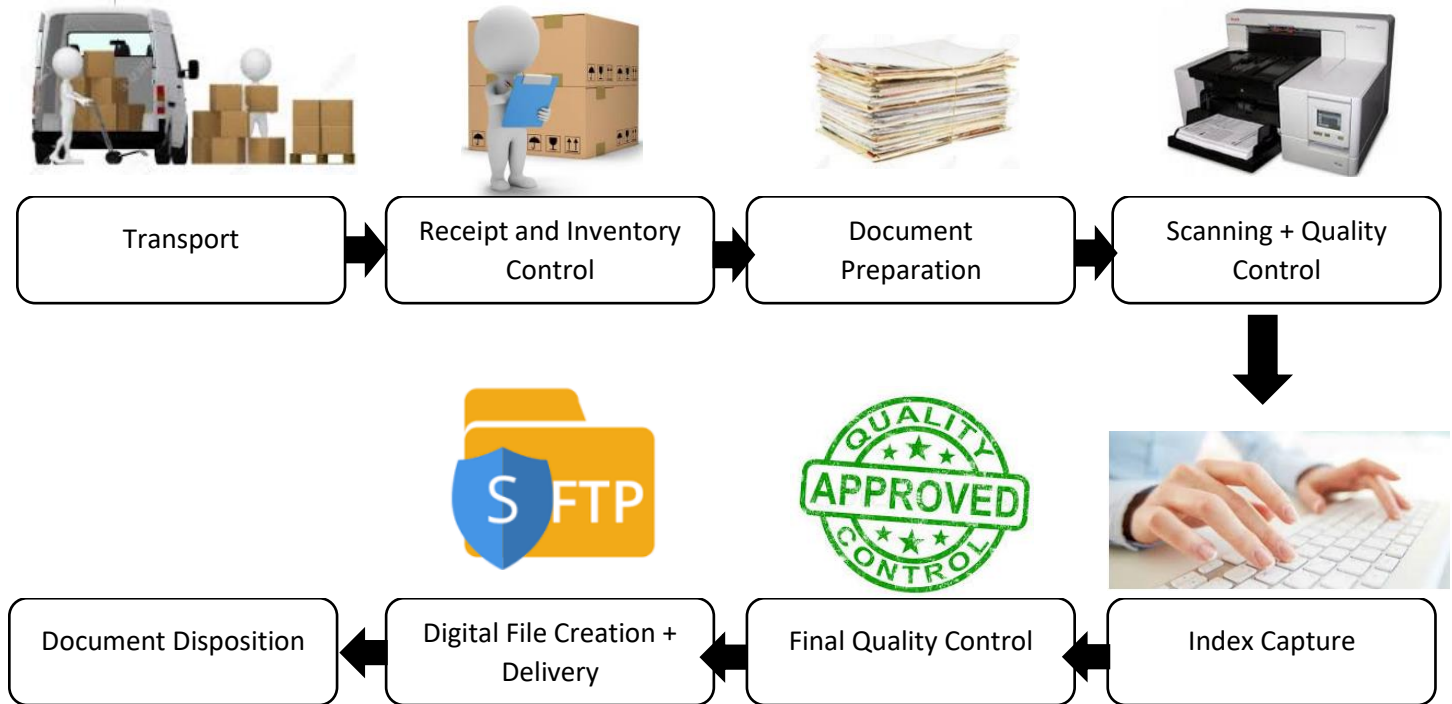
Attachment: City of Bellaire Development Services SOW - final (2485 : DS Document Scanning)



PROPOSED DOCUMENT PROCESSING SOLUTION

Below is a high-level diagram of the workflow process.

PRODUCTION CONVERSION



CHAIN OF CUSTODY

We understand the risk associated with the movement of your documents, electronic or physical. We track all documents from the initial pickup/transfer, through the production process via a documented chain of custody.

BOXING OF FILES

Boxing of all the files is the responsibility of DataBank unless they are already boxed.

CITY OF BELLAIRE will provide all document files in standard storage banker's boxes (12 x 10 x 15). Drawings will be boxed in the appropriate size boxes.

It is anticipated that all boxes will be returned to CITY OF BELLAIRE for permanent storage or destroyed by DataBank.

CITY OF BELLAIRE will provide DataBank with a manifest or listing for each box's content detailing the number of files per box and the file detail if boxed by CITY OF BELLAIRE. If boxed by DataBank, we will provide a manifest.

If preexisting labels are affixed to the boxes, DataBank labels will be placed alongside them.

Box labeling: **We provide box labels for each customer box.**

DataBank's Labels Include the following Data Elements

- Customer Name
- Project Name
- DataBank Job #
- DataBank Box #
- Date Received

TRANSPORTATION

DataBank will use company vehicles and drivers to pick up the boxes at the appropriate location(s). We will then load the boxes into the company vehicles for transportation to our processing center in Houston. No overnight transportation will be performed.

DataBank will also provide services to return all source documents, deliver images and associated data, unless the images and data are delivered electronically via our Digital Mailroom processes (email, SFTP, hard drive), as applicable.

ENTER PICK UP ADDRESS 7008 South Rice AVE	ENTER DELIVERY ADDRESS IF DIFFERENT FROM PICK UP ADDRESS.
Bellaire TX 77401 Patrice Baltuskonis 713-662-8262 pbaltuskonis@bellairetx.gov	CITY, ST, ZIP CONTACT PHONE EMAIL

DOCUMENT PREPARATION

DataBank anticipates that the documents to be converted are heavy prep in nature. DataBank defines heavy prep as:

More than 25% of the population has staples, clips, post it notes or other barriers. Prep also includes mixed paper sizes that require more handling and organizing and any projects marked "copy tagged pages only." Originals may need special handling with the possibility that photocopying prior to scanning will be needed (if applicable, copy price will be separate). DataBank will insert standard barcode and document coding sheets as needed.

SCANNING

All pages will be scanned as Black & White Group IV TIFF images at 300 dots per inch. All pages will be scanned using preferred settings for best capture methods. DataBank will incorporate electronic blank page deletion of images with an application setting size of 1KB per image. Automatic cropping to page border, double feed detection and automatic de-skewing are standard enhancements and will apply to all scanning operations.

The final output for the images will be that of searchable multipage PDFs. Each document will contain a single PDF. OCR will be run to make documents searchable. Drawing files will NOT be run through OCR processing.



SCANNING QUALITY CONTROL

DataBank shall utilize a sampling method of quality control whereby 10% of the images will be reviewed post scan for quality and accuracy. All pages will be reviewed during the scanning phase to ensure quality scanning.

REASSEMBLY

DataBank's reassembly will be limited to placing the scanned pages back into their corresponding folders. All barcoded sheets will remain within the folder and no additional reassembly will be performed.

INDEXING & QUALITY CONTROL

DataBank will utilize CITY OF BELLAIRE's provided manifest to index the documents. Barcoded document identifiers will be created based on the manifest and the corresponding identifier will be matched with its folder during the prep phase of the project. Folders that are found to not have a corresponding control sheet will be set aside for additional client review. The documents will be indexed at the plan set level with each plan set being converted into a single PDF named as the Permit Number. Data will match/merged with a data file provided by CITY OF BELLAIRE containing Permit Number, AOR, Date Issued, and Contractor. Approved City of Bellaire employees may visit the DataBank facility to perform any quality control reviews deemed necessary.

DELIVERABLES

DataBank will deliver the named images along with its corresponding data file to the client via encrypted file transfer.

DataBank will deliver all images and data in the following format(s):

The images will be delivered to the customer in the form of named searchable multipage PDF files along with a CSV file of corresponding data.

Deliverables will be compatible for loading into City of Bellaire's Laserfiche document management system.

DOCUMENT REQUESTS

It is anticipated that the customer will need access to their records when in production at DataBank. DataBank will pull and deliver requested records on a scan on demand basis. Requests will be charged as specified in the pricing section below.

Customer will provide DataBank with an authorized list of requesters. Request deliveries are made via DataBank's secure email system or other agreed upon secure method.

Requests should be submitted via email to: rreeves@databankimx.com and esoto@databankimx.com

Only requests from the authorized requestors below will be fulfilled. Any unauthorized requests will be forwarded to the project team contacts on file. The primary contact listed on the project team is responsible to provide/manage/change the authorized requestor list and communicate it to DataBank's primary team member. The list below includes a finite list of the specific requesters who are authorized.



NAME	TITLE	PHONE	EMAIL
ChaVonne Sampson	Development Service Director	713-662-8243	csampson@bellairetx.gov
Marleny Campos	Administrative Assistant	713-662-8241	mcampos@bellairetx.gov
Patrice Baltuskonis	IT Director	713-662-8262	pbaltuskonis@bellairetx.gov

Request Process:

Requested records will be scanned as a multi-page PDF file and securely emailed to the requestor or other agreed upon secure method. As an exception, the physical record can be delivered to ChaVonne Sampson.

Request Turnaround Time:

The turnaround time for record requests will be one business day from time of request. Requests must be received at DataBank by 5:00 PM Monday through Friday, excluding DataBank holidays.

In the event of an emergency request, please contact the following individuals.

NAME	TITLE	PHONE	EMAIL
Rob Reeves	Operations Director	346-543-6777	rreeves@databankimx.com

CUSTOMER RESPONSIBILITIES

1. Sign SOW
2. See above boxing section
3. Provide sample for POC
4. Sign off on POC
5. Issue Purchase Order, if applicable
6. Provide database, in specified format, if applicable
7. Provide Project Team Members full contact information
8. Assign Project Manager, when applicable
9. QC delivered data and images within 15 days of receipt. Communicate any issues to DataBank immediately for issue resolution.
10. Customer will make the records/boxes available during normal business hours of 8am to 5pm local time for DataBank to pick up records/boxes.
11. Sign off on Change Orders, as needed.
12. Any data the Customer provides for index matching will be accurate, consistent and clearly documented.
13. Customer will download files within five (5) working/business days of notification.

ASSUMPTIONS

The following assumptions apply:

- All document pages that are 11" x 17" or smaller and of suitable quality for high-speed production scanning. No flatbed scanners will be used.
- All drawings will be E size or less.
- All pages received will be scanned including envelopes, photos, Photostats etc.
- Poor Quality Targets will not be used unless specified by the customer. Poor quality original documents may result in poor quality image files. Examples of poor quality originals are:
 - Onion Skin Paper



- NCR paper
- Thermal Fax Paper
- Carbon Paper
- Pages containing a lot of folds
- Light/Worn originals
- Documents with pencil writing
- Photostats
- Previously reduced pages i.e. "E" size drawing converted to 8" x 11".
- DataBank will provide a receipt for each shipment in the form of a "Receiving Form" which will identify the number of boxes in each shipment. The document will be signed by the DataBank driver and the Customer.
- Once the records arrive at DataBank, they will be entered into DataBank's inventory and assigned a unique shipment\box number.
- All pages will be scanned in the order received.
- Any documents larger than 11" x 17" will be scanned on a large format scanner. The digital image will be delivered as a separate indexed document. Additional charges will apply.
- Barcode separation sheets will be left in the scanned files.
- All documents will be returned to the original box in the same order received, with empty folders in the back of the original box.

OCR will be performed

- OCR will not be edited and therefore not 100% accurate. Accuracy of the searchable text is dependent on the quality of the original document.
- All OCR images will be delivered based on original orientation. Mixed text, graphs and/ or charts etc. may result in an image that needs to be rotated. DataBank will not perform any manual image rotation. Note: Drawings will not be OCR'ed.

CHANGE PROCEDURE

From time to time based on changes with business processes, client objectives, and volumes it may be necessary to change or add services and specifications to the Statement of Work. The specifications outlined in Statement of Work shall govern until a "Change Order" is prepared that addresses the scope and details of the program modifications. This Change Order may result in additional data capture needs, software needs, professional service fees, increase in processing time, creation of additional reports, and increased or adjusted conversion fees. DataBank will not make any changes to the current program until the new Change Order has been mutually reviewed and approved by all organizations. The Change Order will detail all changes to the SOW. DataBank will not make any changes to the current process until the Change Order has been mutually accepted by both parties. Change Order review may halt production and affect the original timeline of the project. Even \$0 changes must have a Change Order signed and filed with this SOW.

INVESTMENT SUMMARY

#	SPECIFICATION	QTY	UOM	UNIT PRICE	EXTENDED PRICE
1	Black & White Image Capture (and misc. image processing)	125,000	Ea.	\$0.047	\$5,875
2	Document Preparation	75	Hrs	\$20.000	\$1,500
3	OCR	125,000	Ea.	\$0.015	\$1,875
4	Data Entry (Document Classification)	50	Hrs	\$24.000	\$1,200
5	Project Management	0	Ea.	\$48.000	\$0
6	Transportation: Pickup and Delivery	4	Ea.	\$0.000	\$0
	Subtotal				\$10,450
#	SPECIFICATION	QTY	UOM	UNIT PRICE	EXTENDED PRICE
1	Black & White Image Capture Drawings (and misc. image processing)	30,835	Ea.	\$1.052	\$32,438
2	Document Preparation	257	Hrs	\$20.000	\$5,140
3	Data Entry (Document Classification)	50	Hrs	\$24.000	\$1,200
4	Project Management	80	Ea.	\$48.000	\$3,840
5	Transportation: Pickup and Delivery	4	Ea.	\$0.000	\$0
6	Box Destruction	100	Ea.	\$4.00	\$400
	Subtotal				\$43,018
1	Contingency	10	Percent		\$5,346.80
	Total				\$58,814.80

The pricing listed above is based on volume estimates and instructions provided by the customer to DataBank. DataBank will bill for actual volumes received and processed. The pricing has a contingency of plus 10% of the total amount if necessary. **Pricing expires after 30 days of last published revision of this document.**

INVOICE CONSTRUCTION

DataBank IMX will invoice the customer for all work delivered bi-monthly. The invoice will contain the line items listed above in the Pricing Detail and on the Purchase Order (if applicable). Payment terms are net 30 days from invoice date.

City of Bellaire

Attn: Accounts Payable

7008 South Rice Avenue

Bellaire, TX 77401

713-662-8256

mbrownlow@bellairetx.gov

Special Line Item Details: Please note the Purchase Order Number

PRICING AND PAYMENT TERMS

Pricing is valid for thirty (30) days from the date of last revision of the Statement of Work. Each project is priced based on DataBank's understanding of the scope and volume of the requirements as presented herein. Changes in that understanding or in the underlying express and/or implicit assumptions related to it may require substantial changes in price and schedule. All changes will be made in writing and agreed to by all parties prior to commencement of billable work.

1. DataBank's services are offered based on the assumptions as defined herein. If the collection characteristics are substantially different from these assumptions, DataBank reserves the right to re-price the services.
2. Delivery schedules are based on assumptions defined herein and substantial change in these assumptions may require delivery schedule changes.
3. Failure to provide DataBank with a regular and consistent flow of materials may result in an increase in pricing and/or schedule delays.
4. Processing will be performed in accordance with the instructions set forth in this document and the addenda stated herein.
5. Pricing is offered as a comprehensive package of services. DataBank reserves the right to re-price services if the Customer decides not to have DataBank perform certain services that have been quoted.
6. Invoicing will be based on the actual number of units multiplied by its unit or hourly rate and totaled.
7. Invoicing will be issued throughout the duration of the project in a bi-weekly manner. Invoicing will include all billable work processed up to the date of the invoice, even if that work-product has not yet been delivered to the Customer.
8. Payment for DataBank services will be made to DataBank and are due within thirty (30) days from receipt of invoice.
9. In the event payment is not received within ten (10) days of its due date a late charge of one and a half percent (1.5%) per month of the overdue amount will be charged to the Customer.
10. The Customer has thirty (30) days from receipt of a delivery to identify accuracy or image file formatting issues. After this period, a service charge may be applied for corrections. This service charge accounts for reloading the data and/or images onto the system, reallocating staff, etc.



Terms and Conditions

The performance of the services described in this Statement of Work ("SOW") by DataBank IMX, LLC. ("DataBank") for the Customer referenced on the cover page of this document ("Customer") is subject to and shall be governed solely by the following terms and conditions. If this SOW is made pursuant to a Master Services Agreement ("MSA"), the terms and conditions set forth in such MSA are incorporated herein by reference and made a part of this SOW, and shall control in the event of any conflict.

This SOW is not pursuant to Master Service Agreement.



AUTHORIZATION TO COMMENCE WORK

Customer hereby authorizes DataBank to proceed with services described and specified in the foregoing Statement of Work for DataBank Services, and agrees to the terms and conditions as specified herein.

DATABANK IMX, LLC. REVIEW SIGNATURE

SIGNATURE

PRINTED NAME AND TITLE

DATE

City of Bellaire

COMPANY NAME

DATBANK IMX, LLC

COMPANY NAME

SIGNATURE

Paul A Hofmann

PRINTED NAME AND TITLE

City Manager

SIGNATURE

PRINTED NAME AND TITLE

Attachment: City of Bellaire Development Services SOW - final (2485 : DS Document Scanning)



Statement of Work

City of Bellaire

HR Record Digitization

03/08/2018

Prepared by:

Charles Bass

Sr. Solutions Consultant

www.databankimx.com



Texas DIR Approved Vendor
Contract Number DIR-SDD-3746



Attachment: City of Bellaire HR SOW - final (2485 : DS Document Scanning)

Version Control

Document Attributes

Document Name	STATEMENT OF WORK
Related DataBank Services/Products	N/A
Databank Document Identifier	
Effective Date	03/08/2018
Current Revision Number	3

Revision History

Version Number	Date	Responsibility (Author)	Description
1	01/30/2018	Charles Bass	Initial Draft
2	02/08/2018	Bill Holder	Volume update
3	03/08/2018	Charles Bass	Initial final

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Attachment: City of Bellaire HR SOW - final (2485 : DS Document Scanning)



PROJECT SUMMARY

DataBank will pick up boxes from CITY OF BELLAIRE and deliver images with corresponding data per the schedule located below. These boxes will be packed by DataBank and will contain production Human Resources Files as viewed by DataBank during a site visit conducted on 02/07/2018. The documents will be scanned at the folder level with each folder being converted into a single multipage (with doc-typing). Searchable PDF named via information provided to DataBank from CITY OF BELLAIRE in the form of a box manifest. The finished images will be formatted to be loaded into the Laserfiche Management System per City of Bellaire. DataBank has worked and imported into the Laserfiche systems on numerous occasions.

PROJECT VOLUME – TOTAL VOLUME	60 BOXES each containing an estimated 2500 images for a total of 150,000 images
FILE/DOCUMENT COUNT	Estimate of 50 pages per folder for 3000 documents
ESTIMATED TURNAROUND TIMEFRAME	Four-six weeks
RECEIPT OF DOCUMENTS	Pick-Up/Delivery Schedule TBD

PROOF OF CONCEPT

DataBank requires a POC, sampling or test be conducted to insure the project specifications are correct and that the final output meets the customer expectation and to finalize pricing. A test phase will validate the production and price assumptions documented within the proposal. We will provide an initial test deliverable to validate prior to production launch. The POC may identify changes to the project specifications and a Change Order may be required. It is customary for DataBank to make use of DataBank Online Services as a means to highlight a solution. These services directly align with our security practices and act as a temporary storage location of customer data. Data will be removed after 90 days unless other arrangements are made in writing.

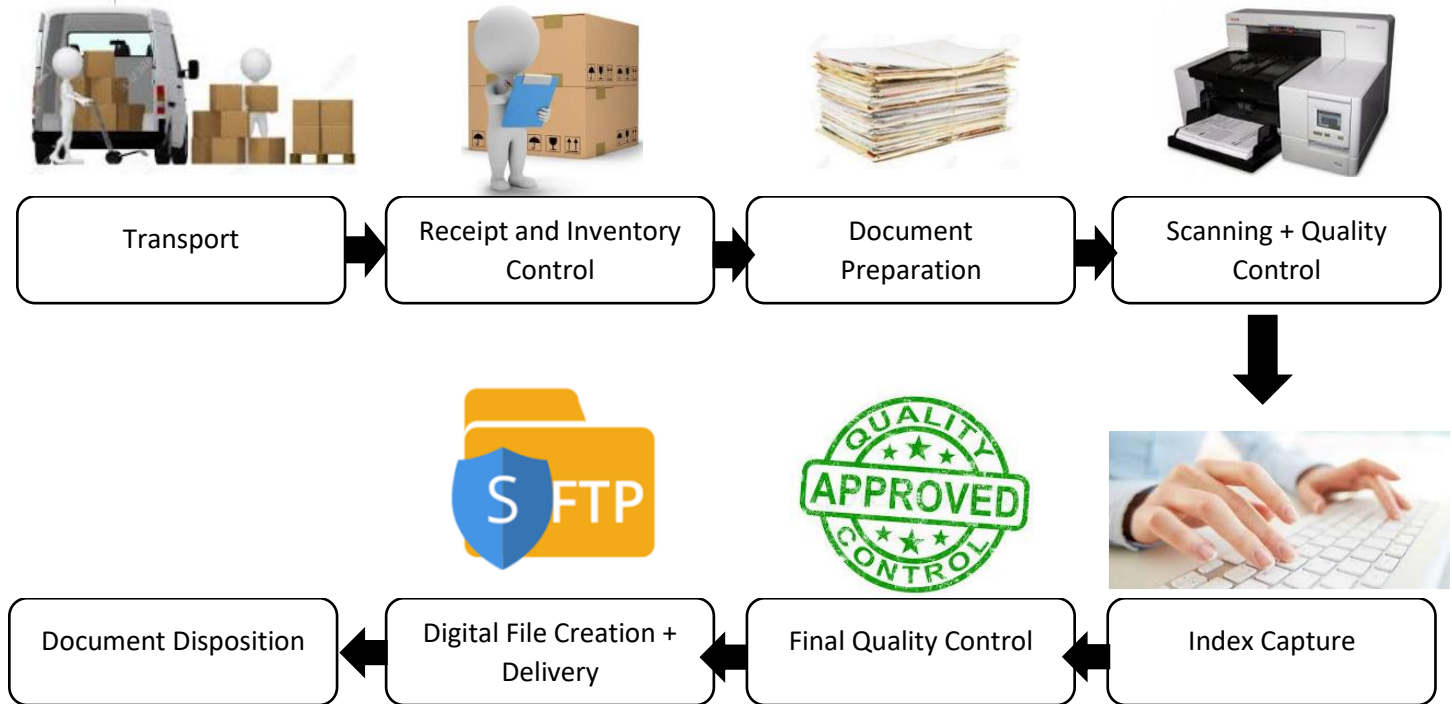
Attachment: City of Bellaire HR SOW - final (2485 : DS Document Scanning)



PROPOSED DOCUMENT PROCESSING SOLUTION

Below is a high-level diagram of the workflow process.

PRODUCTION CONVERSION



CHAIN OF CUSTODY

We understand the risk associated with the movement of your documents, electronic or physical. We track all documents from the initial pickup/transfer, through the production process via a documented chain of custody.

BOXING OF FILES

Boxing of all the files is the responsibility of DataBank unless they are already boxed.

If necessary, DataBank will provide all files in standard storage banker's boxes (12 x 10 x 15).

It is anticipated that all boxes will be returned to CITY OF BELLAIRE for permanent storage or destroyed by DataBank.

CITY OF BELLAIRE will provide DataBank with a manifest or listing for each box's content detailing the number of files per box and the file detail if boxed by CITY OF BELLAIRE. If boxed by DataBank, we will provide a manifest.

If preexisting labels are affixed to the boxes, DataBank labels will be placed alongside them.

Box labeling: **We provide box labels for each customer box.**

DataBank's Labels Include the following Data Elements

- Customer Name
- Project Name
- DataBank Job #
- DataBank Box #
- Date Received

TRANSPORTATION

DataBank will use company vehicles and drivers to pick up the boxes at the appropriate location(s). We will then load the boxes into the company vehicles for transportation to our processing center in Houston. No overnight transportation will be performed.

DataBank will also provide services to return all source documents, deliver images and associated data, unless the images and data are delivered electronically via our Digital Mailroom processes (email, SFTP, hard drive), as applicable.

ENTER PICK UP ADDRESS 7008 South Rice Ave	ENTER DELIVERY ADDRESS IF DIFFERENT FROM PICK UP ADDRESS.
Bellaire TX 77401 Patrice Baltuskonis 713-662-8262 pbaltuskonis@bellairetx.gov	CITY, ST, ZIP CONTACT PHONE EMAIL

DOCUMENT PREPARATION

DataBank anticipates that the documents to be converted are heavy prep in nature. DataBank defines heavy prep as:

More than 25% of the population has staples, clips, post it notes or other barriers. Prep also includes mixed paper sizes that require more handling and organizing and any projects marked "copy tagged pages only." Originals may need special handling with the possibility that photocopying prior to scanning will be needed (if applicable, copy price will be separate). DataBank will insert standard barcode and document coding sheets as needed.

SCANNING

All pages will be scanned as Black & White Group IV TIFF images at 300 dots per inch. All pages will be scanned using preferred settings for best capture methods. DataBank will incorporate electronic blank page deletion of images with an application setting size of 1KB per image. Automatic cropping to page border, double feed detection and automatic de-skewing are standard enhancements and will apply to all scanning operations.

The final output for the images will be that of searchable multipage PDFs. Each document will contain a single PDF. OCR will be run to make documents searchable.



SCANNING QUALITY CONTROL

DataBank shall utilize a sampling method of quality control whereby 10% of the images will be reviewed post scan for quality and accuracy. All pages will be reviewed during the scanning phase to ensure quality scanning.

REASSEMBLY

DataBank's reassembly will be limited to placing the scanned pages back into their corresponding folders. All barcoded sheets will remain within the folder and no additional reassembly will be performed.

INDEXING & QUALITY CONTROL

DataBank will utilize CITY OF BELLAIRE's provided manifest to index the documents. Barcoded document identifiers will be created based on the manifest and the corresponding identifier will be matched with its folder during the prep phase of the project. Folders that are found to not have a corresponding control sheet will be set aside for additional client review. DataBank will also identify up to 10 documents types as provided by CITY OF BELLAIRE. Approved City of Bellaire employees may visit the DataBank facility to perform any quality control reviews deemed necessary.

DELIVERABLES

DataBank will deliver the named images along with its corresponding data file to the client via encrypted file transfer.

DataBank will deliver all images and data in the following format(s):

The images will be delivered to the customer in the form of named searchable multipage PDF files along with a CSV file of corresponding data.

Deliverables will be compatible for loading into City of Bellaire's Laserfiche document management system.

DOCUMENT REQUESTS

It is anticipated that the customer will need access to their records when in production at DataBank. DataBank will pull and deliver requested records on a scan on demand basis. Requests will be charged as specified in the pricing section below.

Customer will provide DataBank with an authorized list of requesters. Request deliveries are made via DataBank's secure email system or other agreed upon secure method.

Requests should be submitted via email to: rreeves@databankimx.com and esoto@databankimx.com

Only requests from the authorized requestors below will be fulfilled. Any unauthorized requests will be forwarded to the project team contacts on file. The primary contact listed on the project team is responsible to provide/manage/change the authorized requestor list and communicate it to DataBank's primary team member. The list below includes a finite list of the specific requesters who are authorized.



NAME	TITLE	PHONE	EMAIL
Yolanda Howze	HR Director	713-662-8270	yhowze@bellairetx.gov
Shadae Martin	Senior Human Resources Generalist	713-662-8271	smartin@bellairetx.gov
Patrice Baltuskonis	IT Director	713-662-8262	pbaltuskonis@bellairetx.gov

Request Process:

Requested records will be scanned as a multi-page PDF file and securely emailed to the requestor or other agreed upon secure method. As an exception, the physical record can be delivered to Yolanda Howze.

Request Turnaround Time:

The turnaround time for record requests will be one business day from time of request. Requests must be received at DataBank by 5:00 PM Monday through Friday, excluding DataBank holidays.

In the event of an emergency request, please contact the following individuals.

NAME	TITLE	PHONE	EMAIL
Rob Reeves	Operations Director	346-543-6777	rreeves@datbankimx.com

CUSTOMER RESPONSIBILITIES

1. Sign SOW
2. See above boxing section
3. Provide sample for POC
4. Sign off on POC
5. Issue Purchase Order, if applicable
6. Provide database, in specified format, if applicable
7. Provide Project Team Members full contact information
8. Assign Project Manager, when applicable
9. QC delivered data and images within 15 days of receipt. Communicate any issues to DataBank immediately for issue resolution.
10. Customer will make the records/boxes available during normal business hours of 8am to 5pm local time for DataBank to pick up records/boxes.
11. Sign off on Change Orders, as needed.
12. Any data the Customer provides for index matching will be accurate, consistent and clearly documented.
13. Customer will download files within five (5) working/business days of notification.

ASSUMPTIONS

The following assumptions apply:

- All pages that are 11" x 17" or smaller and of suitable quality for high-speed production scanning. No flatbed scanners will be used.
- All pages received will be scanned including envelopes, photos, photostats etc.
- Poor Quality Targets will not be used unless specified by the customer. Poor quality original documents may result in poor quality image files. Examples of poor quality originals are:
 - Onion Skin Paper
 - NCR paper
 - Thermal Fax Paper
 - Carbon Paper
 - Pages containing a lot of folds
 - Light/Worn originals
 - Documents with pencil writing
 - Photostats
 - Previously reduced pages i.e. "E" size drawing converted to 8" x 11".
- DataBank will provide a receipt for each shipment in the form of a "Receiving Form" which will identify the number of boxes in each shipment. The document will be signed by the DataBank driver and the Customer.
- Once the records arrive at DataBank, they will be entered into DataBank's inventory and assigned a unique shipment\box number.
- All pages will be scanned in the order received.
- Any documents larger than 11" x 17" will be scanned on a large format scanner. The digital image will be delivered as a separate indexed document. Additional charges will apply.
- Barcode separation sheets will be left in the scanned files.
- All documents will be returned to the original box in the same order received, with empty folders in the back of the original box.

OCR will be performed

- OCR will not be edited and therefore not 100% accurate. Accuracy of the searchable text is dependent on the quality of the original document.
- All OCR images will be delivered based on original orientation. Mixed text, graphs and/ or charts etc. may result in an image that needs to be rotated. DataBank will not perform any manual image rotation.

CHANGE PROCEDURE

From time to time based on changes with business processes, client objectives, and volumes it may be necessary to change or add services and specifications to the Statement of Work. The specifications outlined in Statement of Work shall govern until a "Change Order" is prepared that addresses the scope and details of the program modifications. This Change Order may result in additional data capture needs, software needs, professional service fees, increase in processing time, creation of additional reports, and increased or adjusted conversion fees. DataBank will not make any changes to the current program until the new Change Order has been mutually reviewed and approved by all organizations. The Change Order will detail all changes to the SOW. DataBank will not make any changes to the current process until both parties have mutually accepted the Change Order. Change Order review may halt production and affect the original timeline of the project. Even \$0 changes must have a Change Order signed and filed with this SOW.

INVESTMENT SUMMARY

#	SPECIFICATION	QTY	UOM	UNIT PRICE	EXTENDED PRICE
1	Black & White Image Capture (and misc. image processing)	150,000	Ea.	\$0.047	\$7,050
2	Document Preparation	180	Hrs.	\$20.000	\$3,600
3	OCR	150,000	Ea.	\$0.015	\$2,250
4	Data Entry (Document Classification)	150	Hrs.	\$24.000	\$3,600
5	Project Management	20	Ea.	\$48.000	\$960
6	Transportation: Pickup and Delivery	4	Ea.	\$0.000	\$0
7	Box Destruction	60	Ea.	\$4.00	\$240
	Subtotal				\$17,700
8	Contingency	10	Percent		\$1,770
	Total				\$19,470

The pricing listed above is based on volume estimates and instructions provided by the customer to DataBank. DataBank will bill for actual volumes received and processed. DataBank will bill for actual volumes received and processed. The pricing has a contingency of plus 10% of the total amount if necessary. **Pricing expires after 30 days of last published revision of this document.**

INVOICE CONSTRUCTION

DataBank IMX will invoice the customer for all work delivered bi-monthly. The invoice will contain the line items listed above in the Pricing Detail and on the Purchase Order (if applicable). Payment terms are net 30 days from receipt of invoice.

City of Bellaire
 Attn: Accounts Payable
 7008 South Rice Avenue
 Bellaire, TX 77401
 713-662-8256

mbrownlow@bellairetx.gov

Special Line Item Details: Please note the Purchase Order Number



PRICING AND PAYMENT TERMS

Pricing is valid for thirty (30) days from the date of last revision of the Statement of Work. Each project is priced based on DataBank's understanding of the scope and volume of the requirements as presented herein. Changes in that understanding or in the underlying express and/or implicit assumptions related to it may require substantial changes in price and schedule. All changes will be made in writing and agreed to by all parties prior to commencement of billable work.

1. DataBank's services are offered based on the assumptions as defined herein. If the collection characteristics are substantially different from these assumptions, DataBank reserves the right to re-price the services.
2. Delivery schedules are based on assumptions defined herein and substantial change in these assumptions may require delivery schedule changes.
3. Failure to provide DataBank with a regular and consistent flow of materials may result in an increase in pricing and/or schedule delays.
4. Processing will be performed in accordance with the instructions set forth in this document and the addenda stated herein.
5. Pricing is offered as a comprehensive package of services. DataBank reserves the right to re-price services if the Customer decides not to have DataBank perform certain services that have been quoted.
6. Invoicing will be based on the actual number of units multiplied by its unit or hourly rate and totaled.
7. Invoicing will be issued throughout the duration of the project in a bi-weekly manner. Invoicing will include all billable work processed up to the date of the invoice, even if that work-product has not yet been delivered to the Customer.
8. Payment for DataBank services will be made to DataBank and are due within thirty (30) days from receipt of invoice.
9. In the event payment is not received within ten (10) days of its due date a late charge of one and a half percent (1.5%) per month of the overdue amount will be charged to the Customer.
10. The Customer has thirty (30) days from receipt of a delivery to identify accuracy or image file formatting issues. After this period, a service charge may be applied for corrections. This service charge accounts for reloading the data and/or images onto the system, reallocating staff, etc.

Terms and Conditions

The performance of the services described in this Statement of Work ("SOW") by DataBank IMX, LLC. ("DataBank") for the Customer referenced on the cover page of this document ("Customer") is subject to and shall be governed solely by the following terms and conditions. If this SOW is made pursuant to a Master Services Agreement ("MSA"), the terms and conditions set forth in such MSA are incorporated herein by reference and made a part of this SOW, and shall control in the event of any conflict.

This SOW is not pursuant to Master Service Agreement.



AUTHORIZATION TO COMMENCE WORK

Customer hereby authorizes DataBank to proceed with services described and specified in the foregoing Statement of Work for DataBank Services, and agrees to the terms and conditions as specified herein.

DATABANK IMX, LLC. REVIEW SIGNATURE

SIGNATURE

PRINTED NAME AND TITLE

DATE

City of Bellaire

COMPANY NAME

DATBANK IMX, LLC

COMPANY NAME

SIGNATURE

Paul A Hofmann

SIGNATURE

PRINTED NAME AND TITLE

City Manager

PRINTED NAME AND TITLE

Attachment: City of Bellaire HR SOW - final (2485 : DS Document Scanning)



Mayor and Council
 Council Chamber, First Floor of City
 Hall
 Bellaire, TX 77401-4411



Meeting: 03/19/18 06:00 PM
 Department: Public Works
 Category: Contract
 Department Head: Michael Leech
 DOC ID: 2388

**SCHEDULED
 ORDINANCE (ID # 2388)**

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 City Manager and the City Clerk of the City of Bellaire, Texas, to execute and attest, respectively, a Standard Form of Agreement with Ally General Solutions, LLC, for the provision of any and all services to include labor, material, transportation, tools, supplies, equipment and appurtenances necessary for the On-Call Paving and Storm Sewer Repair Services in an amount not to exceed \$750,000.00 - Submitted by Michael Leech, Director of Public Works.

Background/Summary:

On November 6, 2017, City Council awarded a contract in the amount of \$1,264,230.00 to Main Lane Industries to complete a portion of the FY17 Street and Sidewalk Pavement Management Program (PMP).

Historically the City's pavement management program has been addressed through the following:

1. Contract for paving and sidewalk services
2. Public Works Street and Drainage Division equipment and personnel.

The contract traditionally addressed streets in need of a maintenance treatment prior to their ultimate upgrade through a future bond program. The objective of this work is to maximize the useable life of the street. Plans and specifications were developed for this work by the City Engineer. In most cases, the selected treatment was an asphalt driving surface mill and overlay with base repair as needed. Public Works Street and Drainage Division personnel supplemented the services provided by the contract through put hole repair, curb repair, small concrete repairs, etc.

During the November presentation of the FY17 Street and Sidewalk Pavement Management Program, the Public Works Director discussed the need for additional street and drainage repair services. The need was driven by several factors.

1. Limited contract scope and flexibility
2. Limited Public Works equipment and manpower resources
3. Inability to spend allocated funding.

In past years, Public works has worked with prior PMP contractors to develop change orders which add additional work to their scope. The purpose of this effort was to supplement the work of Public Works personnel and to make additional repairs to the street, sidewalk and / or drainage networks. This proved to be more difficult than expected, and in cases, kept the contractor from performing the tasks for which they were originally contracted in a timely manner. Also, the capabilities of the Public Works Department Streets and Drainage Division are limited by the size of the team and its inventory of equipment.

Previous Council Action Summary:

The following table is taken from the City Council agenda item for the FY17 Street and Sidewalk Pavement Management Program which was approved by City Council on November 6, 2017. It provides detail on the remaining and available funding. Please note that the highlighted amount of \$750,000 is the amount staff recommends for award of this On-Call Paving and Storm Sewer Repair Services Contract.

PAVEMENT MANAGEMENT PROGRAM			
	General Fund	METRO Fund	Balance
Available Balance at 09/30/15		2,766,855	
FY 2016 Actual Sources	800,000	1,199,682	
FY 2016 Expenses	2,574	2,236,439	2,527,524
FY 2017 Actual Sources	800,000	1,118,199	
FY 2017 Expenses	58,084	1,621,170	2,766,469
FY 2018 Budgeted Sources		1,000,000	
FY 2018 Projected Expenses & Encumbrances			
<i>FY 2017 Striping and PMP</i>		1,407,861	
On Call PMP		750,000	
<i>FY 2018 Striping</i>		350,000	
<i>Design of Future PMP program</i>		450,000	
Total FY 2018 Expenses & Encumbrances		2,957,861	808,608

On February 8, 2017, seven proposals were received for this project. After analysis, it was determined that Ally Solutions would provide the best value for the City for the provision of these services. The analysis consisted of an evaluation of the contractors proposed unit costs, reference checks, an evaluation of the proposed project approach as well as a field interview with the contractor to discuss their approach to a variety of construction scenarios. This is the same approach for contracting used by the City in 2016 to procure electrical and mechanical repair services for water and wastewater equipment. That program has been beneficial to the department in that it has helped to expedite needed repairs and control costs. We expect to realize the same benefits through this contract.

The cost component of the evaluation compared each of the proposer's unit costs when applied to several different sample construction projects Public Works plans to tackle through this contract. As the projects are relatively small they tend to be heavy in estimated manpower hours and light on material and equipment hours. Therefore, the Ally proposal which has the lowest cost per hour for labor was lowest in each of the scenarios.

The work to be completed through this contract is from several sources of information.

1. Block inspection program / PW field inspections
2. ARKK pavement analysis
3. Citizen requests

Several projects that will be undertaken through this contract in its first few months include:

1. Holton Street - curb extension / drainage connection
2. Valerie Street - storm sewer inspection and replacement of damaged / separated joints as needed
3. Holt Street - storm sewer inspection and replacement of damaged / separated joints as needed
4. Bellaire Boulevard - removal and replacement of sunken concrete paving panels
5. Jolen Court - standing water, removal and replacement of curb and gutter sections
6. Braeburn Street - storm sewer inspection and replacement of damaged / separated joints as needed
7. Elm Street - standing water, removal and replacement of curb and gutter sections

Fiscal Impact:

FY 2018 METRO Fund - Pavement Management Program for \$750,000

City Attorney Approval:

Yes

Recommendation:

The Public Works Director recommends approval of a unit price contract with Ally Solutions in the amount not to exceed \$750,000 for the FY17 On-Call Paving and Storm Sewer Repair Services Contract. The project will be funded through the Pavement Management Program Metro Fund.

ATTACHMENTS:

- _Standard Form of Agreement - Paving - ALLY GENERAL SOLUTIONS, LLC (DOC)
- _Ordinance_On-Call Paving and Storm Sewer Repair Services_Ally General Services LLC (DOCX)
- _Lowest Bid_ Ally General Solutions (PDF)

STANDARD FORM OF AGREEMENT

STATE OF TEXAS §
 §
 COUNTY OF HARRIS §

This **AGREEMENT** is made and entered into this 19th day of March, 2018, 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 Constitution and laws of the State of Texas, acting by and through the undersigned City Manager, 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 **ALLY GENERAL SOLUTIONS, LLC.**, a corporation duly incorporated in the County of _____ and State of _____, hereinafter referred to as "**CONTRACTOR**."

WITNESSETH:

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 provide the following:

On - Call Paving and Storm Sewer Repair Services
 In an amount not to exceed \$750,000.

in accordance with the conditions and costs stated in the **CONTRACTOR'S PROPOSAL** attached hereto and marked "Attachment 1," all of which are made a part hereof, and collectively evidence and constitute the entire **Contract**.

The **CITY** agrees to pay the **CONTRACTOR** in current funds for the performance of the **Contract** in accordance with the **CONTRACTOR'S PROPOSAL** submitted therefore which forms a part of this **Contract** and to make payment on account thereof as provided therein.

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 herein stated as an officer of said corporation.

As required by Chapter 2270, Texas Government Code, **CONTRACTOR** hereby verifies that it does not boycott Israel, as defined by Chapter 808, Texas Government Code, and will not boycott Israel through the term of this Agreement.

IN WITNESS WHEREOF, the City Manager of the **CITY OF BELLAIRE, TEXAS**, as attested to by the City Clerk of the **CITY OF BELLAIRE, TEXAS**, 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.18- an Ordinance duly enacted by the City Council of the **CITY OF BELLAIRE, TEXAS**, on March 19, 2018.

CITY OF BELLAIRE, TEXAS

Paul A. Hofmann, City Manager
City of Bellaire, Texas

ATTEST:

Tracy L. Dutton, TRMC
City Clerk
City of Bellaire, Texas

APPROVED AS TO FORM:

Alan P. Petrov, City Attorney
City of Bellaire, Texas

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 corporation, and that he or she has authority to do so.

ALLY GENERAL SOLUTIONS, LLC

Printed Name:
Title:

Witness:

Printed Name:
Title:



ORDINANCE NO. 18-__

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, AUTHORIZING THE CITY MANAGER AND THE CITY CLERK OF THE CITY OF BELLAIRE, TEXAS, TO EXECUTE AND ATTEST, RESPECTIVELY, A STANDARD FORM OF AGREEMENT WITH ALLY GENERAL SOLUTIONS, LLC., IN A FORM AS ATTACHED HERETO AND MARKED EXHIBIT "A," FOR THE PROVISION OF ANY AND ALL SERVICES, TO INCLUDE LABOR, MATERIAL, TRANSPORTATION, TOOLS, SUPPLIES, EQUIPMENT AND APPURTENANCES NECESSARY FOR THE ON-CALL PAVING AND STORM SEWER REPAIR SERVICES IN AN AMOUNT NOT TO EXCEED \$750,000.

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

THAT the City Manager and the City Clerk of the City of Bellaire, Texas, are each hereby authorized to execute and attest, respectively, for and on behalf of the City of Bellaire, Texas, a Standard Form of Agreement with Ally General Solutions, LLC., in a form as attached hereto and marked Exhibit "A," for the provision of any and all services, materials and equipment necessary for the On-Call Paving and Storm Sewer Repair Services in an amount not to exceed \$750,000.

PASSED and **APPROVED** this 19th day of March, 2018.

(SEAL)

ATTEST:

Tracy L. Dutton, TRMC
City Clerk

SIGNED:

Andrew S. Friedberg
Mayor

APPROVED AS TO FORM

Alan P. Petrov
City Attorney



CSP No. 18-005

**On-Call Paving and Storm
Sewer Repair Services**

Bellaire Public Works Department

**Submittal Deadline: February 8, 2018 @ 10:00 a.m.
Bid Opening: February 8, 2018 – shortly after 10:00 a.m.**

Attachment: Lowest Bid Ally General Solutions (2388 : Award On-Call Paving and Storm Sewer Repair Services Contract)

NOTICE TO BIDDERS

Attachment: Lowest Bid Ally General Solutions (2388 : Award On-Call Paving and Storm Sewer Repair Services Contract)



**REQUEST FOR COMPETITIVE SEALED PROPOSALS FOR
ON-CALL PAVING AND STORM SEWER REPAIR SERVICES
CSP NO. 18-005**

The City of Bellaire, Texas ("City"), is requesting Competitive Sealed Proposals ("proposal") from proposers interested in providing services, to include labor, material, transportation, tools, supplies, equipment, and appurtenances, unless specifically excepted, for the satisfactory completion of a project(s) for on-call paving and storm sewer repair services in various areas within the city limits of the City of Bellaire. Services will be assigned on a project-by-project basis.

Submission of Proposal

Sealed proposals, consisting of one (1) original and three (3) copies, will be accepted by the City Clerk of the City until **10:00 a.m., CST, on Thursday, February 8, 2018**. All proposals will be publicly opened and read on that date at 10:00 a.m., CST, or shortly thereafter in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas 77401-4411.

It is the sole responsibility of the proposer to ensure that the proposal is in the office of the City Clerk of the City prior to the expiration of the time and date above first written. The City's official clock for purposes of recording receipt and acceptance of proposal documents is in the City Clerk's office. Proposals may be mailed or delivered by hand or common courier. Proposal envelopes should include the notation: **Do Not Open in Mail Room – CSP No. 18-005 Enclosed.**

It shall be each proposer's sole responsibility to inspect the sites where services are to be provided and to inform himself or herself regarding all local conditions under which the services are to be provided. It shall be understood and agreed that all such factors have been thoroughly investigated and considered in the preparation of the proposal submitted.

Proposal documents may be examined and obtained from the City's website at www.bellairetx.gov/bids.

Pre-Proposal Conference

A pre-proposal conference will be held on Thursday, February 1, 2018, at 11:00 a.m., CST, in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas 77401-4411. Although attendance at the pre-proposal conference is not mandatory, attendance is recommended.

Point-of-Contact and Deadline for Questions

For questions regarding the proposal and/or to report any discrepancies or omissions, please contact Director of Public Works Michael Leech at mleech@bellairetx.gov and include "City of Bellaire CSP No. 18-005" in the subject line of your email. Please allow at least one (1) business day for a response. All responses will be made within three (3) business days. The deadline for questions is 5:00 p.m., CST, on Monday, February 5, 2018.

City's Reservation of Rights

The City reserves the right to reject all proposals, to waive all technicalities, and to accept any proposal that it deems advantageous to it. Each proposer agrees to waive any claim it has or may have against the City and its respective employees, arising out of or relating to the administration, evaluation, or recommendation of any proposal.

Public Information

The City is subject to the Texas Public Information Act, a state law, which may require the City to make the information provided in response to this proposal available to the public upon request.

Tracy L. Dutton, TRMC
City Clerk
City of Bellaire, Texas

**PRELIMINARY PROPOSAL
TABULATION SHEET**

Attachment: _Lowest Bid_ Ally General Solutions (2388 : Award On-Call Paving and Storm Sewer Repair Services Contract)

City of Bellaire

Preliminary Proposal Tabulation Sheet

CSP No: 18-005
 CSP Title: On-Call Paving and Storm Sewer Repair Services
 Department: Public Works
 Deadline for Receipt: February 8, 2018 @ 10:00 a.m.

Bidder/Address	Date/Time Delivery Method	Normal Business Hr. Rate	Outside Business Hr. Rate	Response Time Service Calls Normal Hrs.	Response Time Emergency Normal Hrs.	Response Time Emergency O/S Bus. Hrs.	% Markup for Equipment and Materials	Maximum % Increase per Renewal Yr.
Ally General Solutions 3317 Pebble Beach Pearland, TX 77584	2/7/2018 12:30P By Hand	S: \$35.00* EO: \$25.00* L: \$17.00*	S: \$35.00* EO: \$25.00* L: \$17.00*	Less Than 1 Hour	Less Than 1 Hour	Less Than 1 Hour	20%	3%
Heneco Engineering & Consulting, LLC 16350 Park Ten Place #211 Houston, TX 77084	2/7/2018 1:41P By Hand	S: \$139.99 EO: \$69.28 L: \$58.80	S: \$197.48 EO: \$99.60 L: \$84.53	6 Hours	2 Hours	4 Hours	15%	5%
Reytec Construction Resources, Inc. 1901 Hollister Houston, TX 77080	2/8/2018 9:12A By Hand	S: \$110.00 EO: \$40.00 L: \$31.00	S: \$150.00 EO: \$50.00 L: \$40.00	3 Hours	1 Hour	1.5 Hours	15%	10%
AAA Asphalt Paving, Inc. 10526 Tanner Road Houston, TX 77041	2/8/2018 9:20A By Hand	S: \$116.60 EO: \$57.73 L: \$49.00	S: \$174.97 EO: \$86.59 L: \$73.50	6 Hours	2 Hours	4 Hours	15%	5%

City of Bellaire

Preliminary Proposal Tabulation Sheet

CSP No: 18-005
 CSP Title: On-Call Paving and Storm Sewer Repair Services
 Department: Public Works
 Deadline for Receipt: February 8, 2018 @ 10:00 a.m.

Bidder/Address	Date/Time Delivery Method	Normal Business Hr. Rate	Outside Business Hr. Rate	Response Time Service Calls Normal Hrs.	Response Time Emergency Normal Hrs.	Response Time Emergency O/S Bus. Hrs.	% Markup for Equipment and Materials	Maximum % Increase per Renewal Yr.
Teamwork Construction Services 9715 Market Street Houston, TX 77029	2/8/2018 9:21A By Hand	S: \$38.68 EO: \$27.76 L: \$22.04	S: \$58.02 EO: \$41.64 L: \$33.06	4 Hours	1 Hour	2 Hours	15%	3.50%
Main Lane Industries, LTD 14115 Luthe Road, Suite 100 Houston, TX 77039	2/8/2018 9:27A By Hand	S: \$100.00 EO: \$ 45.00 L: \$ 35.00	S: \$100.00 EO: \$ 55.00 L: \$ 43.00	8 Hours	2 Hours	15 Hours	14.50%	5%
A-1 Construction Svs. 6108 Brittmooore Road Houston, TX 77041	2/8/2018 9:30A By Hand	S: \$88.00 EO: \$66.00 L: \$48.00	S: \$176.00 EO: \$132.00 L: \$ 96.00	4 Hours	4 Hours	4 Hours	25%	2.50%

* Ally General Solutions provided ranges for rates as follows:

Supervisor (Normal Business Hours): \$30.00 - \$35.00; Supervisor (O/S Business Hours): \$30.00 - \$35.00
 Equipment Operator (Normal Business Hours): \$23.75 - \$25.00; Equipment Operator (O/S Business Hours): \$23.75 - \$25.00
 Laborer (Normal Business Hours): \$15.00 - \$17.00; Laborer (O/S Business Hours): \$15.00 - \$17.00

**LOWEST BID,
ALLY GENERAL SOLUTIONS,
LLC**

THIS PAGE MUST BE COMPLETED AND SUBMITTED AS A PART OF YOUR PROPOSAL



**CSP No. 18-005
ON-CALL PAVING AND STORM SEWER REPAIR SERVICES**

VENDOR'S CHECKLIST

Company Name: Ally General Solutions, LLC

Please indicate you have completed the following documentation; and submit them in the following order.

ITEM DESCRIPTION

- ☒ Vendor's Checklist
- ☒ Vendor's Information Form
- ☒ Vendor's Financial Proposal Form
- ☒ Vendor's Reference Form
- ☒ Execution of Proposal Form
- ☒ Proposer's Certification and Non-Collusion Affidavit
- ☒ Proof of Insurance
- ☒ Completed W-9
- ☒ Copy of Valid Business License
- ☒ Copy of Any Certifications Requested within CSP
- ☒ Conflict of Interest Questionnaire
- ☐ Additional Information from Vendor (**Optional – Not Required**)

Authorized Signature

Vice President

Title

David Worley, PE, CPM

Print Name

February 8, 2018

Date

THIS PAGE MUST BE COMPLETED AND SUBMITTED AS A PART OF YOUR PROPOSAL



**CSP No. 18-005
ON-CALL PAVEMENT AND STORM SEWER REPAIR SERVICES**

VENDOR'S INFORMATION FORM

1. Legal Business Name: Ally General Solutions, LLC
2. Street Address: 3317 Pebble Beach Lane
3. City, State & Zip: Pearland, Texas 77584
4. Type of Business: LLC State of Registration: Texas
(Association, Corporation, LLC, etc.)
5. Name & Title of Authorized Signer: David Worley, PE, CPM; Vice President
6. Primary Contact: David Worley, PE, CPM; Vice President
7. Phone: 281-989-2751 Fax: _____
8. Email: dworley@allygeneralsolutions.com
9. Company Website: www.allygeneralsolutions.com/
10. Has your company ever been debarred from doing business with any federal, state, or local agency?

Yes _____ No ☒ If YES, please state the agency name, dates, and reason for debarment.

ATTACH A COPY OF BUSINESS LICENSE AND A COMPLETED W-9 FORM

THIS PAGE MUST BE COMPLETED AND SUBMITTED AS A PART OF YOUR PROPOSAL



**CSP No. 18-005
ON-CALL PAVING AND STORM SEWER REPAIR SERVICES**

VENDOR'S FINANCIAL PROPOSAL FORM

Company Name: Ally General Solutions, LLC

A.	Rate per hour service calls <i>during normal business hours</i> (8:00 AM to 5:00 PM, Monday-Friday). <i>Outside business hours</i> (5:01PM to 7:59AM Monday through Friday) includes weekends and holidays			
		<i>During Normal Business Hour Rate:</i>		<i>Outside Business Hours Rate:</i>
	Supervisor:	\$30.00 - \$35.00	Supervisor:	\$30.00 - \$35.00
	Equipment Operator:	\$23.75 - \$25.00	Equipment Operator:	\$23.75 - \$25.00
	Laborer:	\$15.00 - \$17.00	Laborer:	\$15.00 - \$17.00
B.	State response time for service calls <i>during normal business hours</i> .			< 1 Hrs.
	State response time for EMERGENCY service calls hours <i>during normal business hours</i> .			< 1 Hrs.
	State response time for EMERGENCY service calls hours <i>outside normal business hours</i> .			< 1 Hrs.
C.	Percentage mark-up to the City of Bellaire above Vendor's cost for equipment and materials. (Documentation of Vendor's cost will be required, when applicable)			20 %
D.	Maximum % Increase per Renewal Year:			3 %
E.	Describe warranty information on work and service: Warranty for work and services will be for 1 year.			



Authorized Signature

David Worley, PE, CPM

Print Name

Vice President

Title

February 8, 2018

Date

THIS PAGE MUST BE COMPLETED AND SUBMITTED AS A PART OF YOUR PROPOSAL



**CSP No. 18-005
ON-CALL PAVING AND STORM SEWER REPAIR SERVICES**

VENDOR'S REFERENCE FORM

All references must be from customers for whom your company has completed work similar to the specifications of this bid. Attach additional page if necessary.

References for: Ally General Solutions, LLC

(Company Name)

1. Company City of Houston, Small Business Development Group

Street Address 611 Walker

City, State & Zip Houston, Texas 77002

Contact Person Name & Title Angela Aaron, Acting Director

Phone 832-395-2493

FAX _____

Email _____

Describe Scope of Work and dates of project/service:

Construction of reinforced concrete streets, reinforced monolithic curb and gutter, reinforced and doweled concrete curb. Street base repair with variety of materials, cement stabilized sand, storm sewer inlets, sidewalk, ADA ramps, driveways. Storm sewer cleaning and tree root removal services, grading, sodding, residential ditch re-grading, and traffic control. 06/2016 to Present

2. Company Harris County Engineering Department, Construction Program Division

Street Address 1310 Prairie, Suite 1105

City, State & Zip Houston, Texas 77002

Contact Person Name & Title Gary Howard, Project Manager Special Projects, Precinct 1, 2, 3, and 4

Phone 713-274-1566

FAX 713-755-4444

Email gary.howard@hcpid.org

Describe Scope of Work and dates of project/service:

Construction of new sidewalk, ADA ramps, sidewalk replacement, driveways, residential ditch re-grading, grading, sodding, irrigation repairs, bank sand, traffic control, and striping. 03/2017 to 05/2017

3. Company City of Rosenberg, Public Services

Street Address 2110 4th Street

City, State & Zip Rosenberg, Texas 77471

Contact Person Name & Title Rigo Calzoncin, Executive Director

Phone 832-595-3300

FAX 832-595-3333

Email rigo.calzoncin@rosenbergtx.gov

Describe Scope of Work and dates of project/service:

Drainage improvements, asphalt overlay, grading, hydro mulching, storm sewer replacements, and traffic control. 09/2016 to 10/2016

THIS PAGE MUST BE COMPLETED AND SUBMITTED AS A PART OF YOUR PROPOSAL



CSP No. 18-005
ON-CALL PAVING AND STORM SEWER REPAIR SERVICES

EXECUTION OF PROPOSAL

DATE: February 8, 2018

The potential Contractor certifies the following by placing an "X" in all blank spaces:

- | | |
|--------------|---|
| <u> X </u> | That this proposal was signed by an authorized representative of the firm. |
| <u> X </u> | That the potential Contractor has determined the cost and availability of all materials and supplies associated with performing the services outlined herein. |
| <u> X </u> | That all labor costs associated with this project have been determined, including all direct and indirect costs. |
| <u> X </u> | That the potential Contractor agrees to the conditions as set forth in this Competitive Sealed Proposals with no exceptions. |

Therefore, in compliance with the foregoing **Competitive Sealed Proposals**, and subject to all terms and conditions thereof, the undersigned offers and agrees, if this proposal is accepted within ninety (90) days from the date of the opening, to furnish the services for the prices quoted within the timeframe required.

Ally General Solutions, LLC

Business Name



Authorized Signature

February 8, 2018

Date

David Worley, PE, CPM; Vice President

Typed Name & Title

THIS PAGE MUST BE COMPLETED AND SUBMITTED AS A PART OF YOUR PROPOSAL



**CSP No. 18-005
ON-CALL PAVING AND STORM SEWER REPAIR SERVICES**

**PROPOSER'S CERTIFICATION AND STATEMENT OF NON-COLLUSION
AFFADAVIT**

I David Worley, PE, CPM certify that this proposal is made without prior understanding, agreement or connection with any corporation, firm or person submitting a proposal for the same services and is in all respects fair and without collusion or fraud. I understand that collusive bidding is a violation of state and Federal law and can result in fines, prison sentences and civil damages awards.

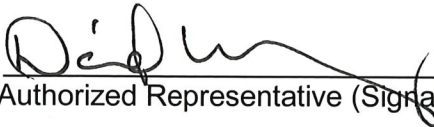
I certify that this proposal has been prepared independently and the price submitted will not be disclosed to another person.

I certify that there has been no contact or communication by the proposer or the proposer's associates with any City staff, or elected officials since the date this **CSP No. 18-004 ON-CALL WATER AND WASTEWATER UTILITY REPAIR SERVICES** was issued except: 1) through the Finance Department or 2) as provided by existing work agreement(s).

The City of Bellaire reserves the right to reject the proposal submitted by any proposer violating this provision.

I agree to abide by all conditions of this proposal and certify that I am authorized to sign this proposal.

COMPANY NAME: Ally General Solutions, LLC


Authorized Representative (Signature)

February 8, 2018

Date

David Worley, PE, CPM; Vice President
Authorized Representative/Title
(Print or Type)



CERTIFICATE OF LIABILITY INSURANCE

2.E.2.e.3
DATE (MM/DD/YYYY)
11/24/2017

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

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

PRODUCER A Troy Turner Insurance Agency Inc. 9502 N Sam Houston Pkwy E Ste. 107 Humble, TX 77396		CONTACT NAME: PHONE (A/C, No, Ext): (713) 668-3900 E-MAIL ADDRESS: aturner1@farmersagent.com FAX (A/C, No): (713) 666-7600																						
INSURED Ally General Solutions 3317 Pebble Beach Ln Pearland, TX 77584		<table border="1"><thead><tr><th colspan="2">INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr></thead><tbody><tr><td>INSURER A :</td><td>Colony Insurance</td><td>39993</td></tr><tr><td>INSURER B :</td><td>Truck Insurance Exchange</td><td>21709</td></tr><tr><td>INSURER C :</td><td>Texas Mutual Insurance Company</td><td>22945</td></tr><tr><td>INSURER D :</td><td>Admiral Insurance Company</td><td>24856</td></tr><tr><td>INSURER E :</td><td></td><td></td></tr><tr><td>INSURER F :</td><td></td><td></td></tr></tbody></table>		INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A :	Colony Insurance	39993	INSURER B :	Truck Insurance Exchange	21709	INSURER C :	Texas Mutual Insurance Company	22945	INSURER D :	Admiral Insurance Company	24856	INSURER E :			INSURER F :		
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INSURER E :																								
INSURER F :																								

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE \$ 1,000,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000
							MED EXP (Any one person) \$ 5,000
							PERSONAL & ADV INJURY \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$ 2,000,000
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						PRODUCTS - COMP/OP AGG \$ 2,000,000
	<input checked="" type="checkbox"/> OTHER: Occurance						\$
B	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident) \$
	<input checked="" type="checkbox"/> HIRED AUTOS						PROPERTY DAMAGE (Per accident) \$
	<input checked="" type="checkbox"/> SCHEDULED AUTOS						\$
	<input checked="" type="checkbox"/> NON-OWNED AUTOS						\$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB						EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> EXCESS LIAB						AGGREGATE \$ 1,000,000
	<input type="checkbox"/> DED						\$
	<input type="checkbox"/> RETENTION \$						\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						PER STATUTE
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N					OTH-ER
	If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					E.L. EACH ACCIDENT \$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
D	Professional Liability (E&O)						E.L. DISEASE - POLICY LIMIT \$ 1,000,000
							Aggregate \$ 2,000,000
							Each Claim \$ 2,000,000

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

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

Form **W-9**
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

**Give Form to the
requester. Do not
send to the IRS.**

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)

Business name/disregarded entity name, if different from above

Ally General Solutions, LLC

Check appropriate box for federal tax classification:

☐ Individual/sole proprietor ☐ C Corporation ☒ S Corporation ☐ Partnership ☐ Trust/estate

☒ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ **S**

☐ Exempt payee

☐ Other (see instructions) ▶

Address (number, street, and apt. or suite no.)

3317 Pebble Beach

City, state, and ZIP code

Pearland, Texas, 77584

List account number(s) here (optional)

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

			-		-				
--	--	--	---	--	---	--	--	--	--

Employer identification number

2	7	-	5	3	4	8	0	9	8
---	---	---	---	---	---	---	---	---	---

Part II Certification

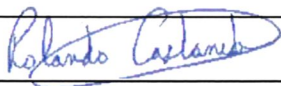
Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

**Sign
Here**

Signature of
U.S. person ▶



Date ▶ 2/6/2018

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

**Texas Board of Professional Engineers
CERTIFICATE OF REGISTRATION**

This acknowledges that

**ALLY GENERAL SOLUTIONS, LLC
dba AGS**

**has fulfilled the requirements of the Texas Board of
Professional Engineers to offer and perform
engineering services in the state of Texas**

**Registration Number
F-13574**

**Expiration Date
6/30/2018**

CONFLICT OF INTEREST QUESTIONNAIRE**FORM CIQ****For vendor doing business with local governmental entity**

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY

Date Received

1 Name of vendor who has a business relationship with local governmental entity.

NONE

2 ☐ **Check this box if you are filing an update to a previously filed questionnaire.** (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed._____
Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

☐ Yes☐ No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

☐ Yes☐ No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

6 ☐ Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7

NA

Signature of vendor doing business with the governmental entity

Date

INTRODUCTION

As part of ongoing flood mitigation efforts, the City of Bellaire is seeking qualified teams to manage the repair of deficient pavement and storm sewer infrastructure throughout the City. Headquartered in Pearland and with strong local relationships and knowledge, Ally General Solutions (AGS) is committed to delivering a successful project. With a focus on safety, streamlined communication, and minimal disruption to local residents, we believe we will add value for you on this effort.

Established in 2011, AGS is a multidiscipline construction and engineering firm specializing in construction, surveying, and civil engineering. Our capabilities include all aspects of general contract and construction management and execution. Through the utilization of today's most sophisticated computer-aided construction equipment, AGS offers our clients quality and cost-effective services in a timely manner. We are committed to documenting and applying lessons learned every year, and we bring the application of our extensive experience and knowledge to first identifying a problem and then to providing the most appropriate solution. At AGS, each of our projects is carried out with the highest degree of pride and professionalism. Our staff includes licensed professional engineers, general contractors, licensed surveyors, electricians, construction managers, business professionals, and skilled tradesmen.

Our proposed leadership team, David Worley and Rolando Castaneda, are leaders and project managers with federal, state, and local construction experience. Our clients include the City of Houston, City of Rosenberg, Harris County, TxDOT, and Uptown (Galleria).



Who We Are

AGS is first and foremost focused on delivering a successful project with minimal disruption to local residents. We offer you the benefits of quality, cost competitiveness, and the experience of a proven general contractor. We have met every contract cost, schedule, and performance requirement for every contract we've worked on. If proven performance and reliable results are important to you, the only choice is Ally General Solutions.

Point of Contact

David Worley, PE, CPM
e: dworley@allygeneralsolutions.com
t: 281-989-2751

Certifications

HUB #46935
Texas Engineering Firm: 13574
D/S/MBE certified with the City of Houston
Registered with SAM

TECHNICAL AND RELEVANT EXPERIENCE

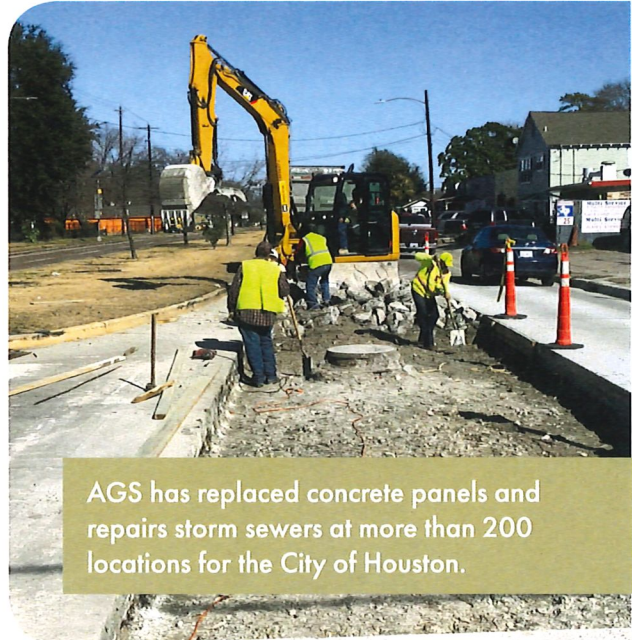
At AGS, we offer the highest degree of coordination, communication, and client contact, which is why our existing and future clients will return to our office for expertise time and again. Further, we are committed to clear and effective communication with local residents, being direct and upfront, and minimizing disruption to their daily lives.

AGS personnel have provided services to clients ranging from design and construction of freeway arterials and intersections at costs exceeding millions of dollars to minor parking lots and driveways at costs of only a few thousand dollars. Whatever the project may be, our management team's approach is to complete the project to the satisfaction of the client in as quick a timeframe as possible while still producing quality work. The staff at AGS comprises registered professional engineers and superior construction field personnel.

At AGS, we match our most highly qualified personnel with the unique requirements of each assignment and consistently achieve success by allowing them to work under the direct leadership of our principals. We know that attention to detail translates into successful projects and satisfied clients.

Relevant Firm Experience

Concrete Panel Replacement, City of Houston
Since 2015, AGS has been contracted by the City of Houston to replace concrete panels in various locations. The panels consist of 8 to 10 inches of concrete removal and replacement, including 6 inches of cement stabilized sand base material and sidewalk/wheelchair ramp improvements. The full scope of work includes construction of reinforced concrete streets, reinforced monolithic curb and gutter, and reinforced and doweled concrete curb. AGS also performed street base repair with a variety of materials. Additional services included storm sewer cleaning and tree root removal services, grading, sodding, residential ditch re-grading, and traffic control. AGS provides both construction and construction management for this project, which was extended from a 2-year contract to a 3-year contract. Our team has replaced concrete panels across the city at more than 200 different locations.



AGS has replaced concrete panels and repairs storm sewers at more than 200 locations for the City of Houston.

Construction Program Division, Harris County Engineering Department

AGS is providing construction services for the Construction Program Division at Harris County. We are responsible for new sidewalk, ADA ramps, sidewalk replacement, driveways, residential ditch re-grading, grading, sodding, irrigation repairs, bank sand, traffic control, and striping.

Schiel Ballpark Rehabilitation, Cy-Fair Sports Association

AGS was recently awarded a contract to provide construction services to Cy-Fair Sports Association for the reconstruction of baseball fields, bleachers, and two new batting cage facilities. Four fields have all new warning track, a new infield, and relocated pull-pens. Two new batting/pitching buildings will be built to house three separated cages and storage facilities. The scope also includes lighting and HVAC allowing facilities to be used year around.

Public Services, City of Rosenberg

AGS provided drainage improvements, asphalt overlay, grading, hydro mulching, storm sewer replacements, and traffic control.

Site Preparation for New Parking Lot, VA Medical Center, Houston

The project scope consisted of demolition and haul of existing crushed asphalt materials on the entry road to a new parking lot at the east side of building 122



(approximately 650 square feet). AGS prepared and stabilized subgrade to 95 percent compaction for new concrete and curbing. Poured new approximately 25L'x26W'x6D" 5000psi concrete entry just north of the new asphalt entry from Cate Terrace on the east side of building 122. Poured new 6 inch concrete curb approximately 100 feet from end of concrete slab south to Cate Terrace and tied into existing curb. Poured new 2'X12'X6" concrete island and 6-inch steel bollards filled with concrete, for new gate controllers. Stub up conduit as per gate controllers specifications for the gate controllers and stub conduit outside of pour into underground j-box, stub out conduit outside of pour for electrical and placed in an underground j-box. AGS also provided approximately 12'X12'x6" concrete island for new exit gate controller, steel bollards filled with concrete and associated equipment on the west side of building 122. Stub up conduit per gate controllers specifications for the gate controllers and stub conduit outside of pour into underground j-box.

Parking Lot at Holcombe and Ringness Avenue, Michael E. DeBakey VA Medical Center
AGS provided all design-build (DB) services necessary for complete design and construction of 180,000 square foot of land south of Holcombe Boulevard and West of Ringness Avenue for a crushed concrete/crushed asphalt parking lot for approximately 450 cars. AGS performed an existing and construction survey and geotechnical study of the entire site to determine soil and traffic flow, including laying out parking spaces, car stops, and light poles.

The project was completed in two phases: Phase 1 completed an area designated by the VA for approximately 200 cars, while Phase 2 entailed the removal of an existing adjacent 138-car lot. The

materials to be used by contractor in the remainder of the new parking lot.

Our team is committed to providing outstanding performance and customer satisfaction on every project and deliver reliable results with an experienced leadership team.

Relevant Key Personnel Experience

Our leadership team was engaged in each of the projects described in the previous section, Relevant Firm Experience. Their individual experience is described here and in the resumes below.

Construction Phase Services, Traffic Engineering Services, City of Houston
Provided construction phase services for various intersection and safety improvements.

Construction Phase Services, Ella (Wheatley) Boulevard, City of Houston
Construction Phase Services for the replacement of an existing two-lane, rural street with a new four-lane boulevard section. Construction phase services included utility coordination with Centerpoint Energy for driveways and high voltage power pole relocations at their substation.

Construction Phase Services, Traffic Engineering Services, City of Houston
Construction phase services for various intersection and safety improvements associated with the above



referenced project. This work order specifically covers construction phase services for the following locations:

S. Kirkwood Road at Meadowglen Lane

This work order required AGS to add an S-median configuration that would allow left turns from S. Kirkwood onto Meadowglen, but would restrict left turn and through movements from Meadowglen and from the access drive on the west side.

Construction Phase Services, City of Houston
Long Drive and Griggs Road Safety Improvement
AGS provided professional traffic engineering and design services associated with preparing construction plans for safety improvement measures on Long Drive and Griggs Road near railroad crossings.

Construction Phase Services, City of Houston 2012 Intersection Improvements

Provided detailed design plans consisting of general and construction notes, turn-lane design, pavement improvements, drainage, signing and pavement markings, traffic signal installation, curb, ramp and sidewalk improvements, traffic control, standard details, and all other details necessary for construction.

North Eldridge Parkway at Patterson Road

This project scope required a new right-turn lane design. AGS provided professional traffic engineering and design services associated with adding a right-turn lane to the eastbound approach of Patterson Road at North Eldridge Parkway. The project also includes widening the departure lane on Patterson Road to 16 feet. Other responsibilities included redesign of pavement markings 500 feet along Eldridge and Patterson, SWPPP, signing, temporary traffic control and drainage improvements for the intersection, located in the Addicks/Barker reservoir.

N. Houston Rosslyn at Breen

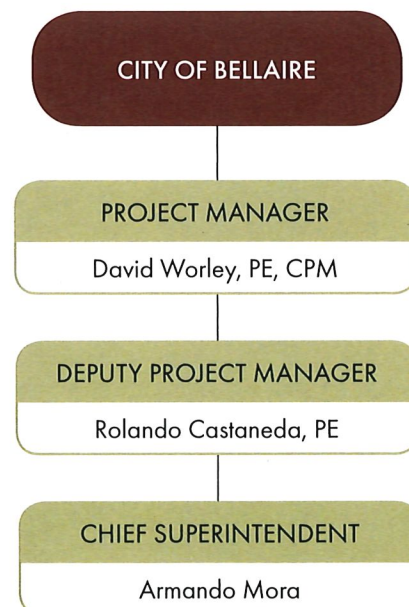
This work order included a new traffic signal; median adjustments; curb, ramp and sidewalk improvements; and intersection pavement improvements.

S. Gessner at Clarewood

This work order included eastbound left-turn lane; new traffic signal; median adjustments; and curb, ramp and sidewalk improvements.

TEAM ORGANIZATION & AVAILABILITY

AGS has assembled a team of professionals with specialized technical expertise in all of the services requested by the City. We will use our experience to successfully execute each project in your On-Call contract.



David Worley, PE, CPM

Project Manager and Single Point of Contact

Mr. Worley has provided project management and QA/QC services for all AGS projects. He has more than 20 years of experience in construction and traffic/transportation engineering. He has served as City of Houston Assistant Director of Public Works and Engineering. Mr. Worley has also held the position of Assistant Public Works Director for the City of Sugar Land and was correspondingly responsible for street improvements, drainage improvements, and overseeing construction management on all projects.

Assistant Public Works Director/City Traffic Engineer, City of Sugar Land

In these roles, Mr. Worley was responsible for managing traffic engineering and operations and street and drainage divisions comprising sidewalk, street repair and drainage, traffic management and signals, access management, signs and markings, street lights, and a 5-year intelligent transportation system operations program. He managed the CIP for each respective division and served on strategic projects, including thoroughfare master plan update, redevelopment guidelines, vision/comprehensive plan, streetscape private lighting and special events.

Assistant Director, City of Houston

Mr. Worley managed on-call engineers and work-order intersection construction contracts, including construction management. He also managed the T.E.A.M. Branch, comprising 5 PEs, 2 graduate engineers, 4 senior project managers, 3 project managers, 13 technicians, 5 inspectors, and 3 administrative staff. In this role, he was responsible for street lights, rail roads/quiet zones, neighborhood transportation program, speed hump program, school zones, signs and markings, traffic control devices, and lane and sidewalk closure program. He also administered the congested/mitigated air quality project through design and construction phases.

Education

BS in Surveying Engineering, 1995, New Mexico State University

Certified Public Manager, 2008, Sam Houston State, Huntsville, Texas

Registration

Texas PE No. 96709

Surveying Intern: New Mexico #5358

Construction Inspection Course American - Public Works Association

Traffic Signal Workshop – Northwestern University Traffic Institute

Traffic Signal Level 1 & 2 International Municipal Signal Association

Intersection Design and Channelization Workshop – Northwestern University Traffic Institute

Background

Co-author, Stevens, Tydlacka, Voigt, and Worley, "Evaluation of Lighted Pavement Marking System for Lane Delineation." Transportation Research Board 90th Annual Meeting (January 2011)

Rolando Castaneda, PE

Deputy Project Manager

Right-Turn-Lane Improvements along US 59 Northbound Frontage Road near First Colony Mall, TxDOT; Houston and City of Sugar Land

Mr. Castaneda performed construction management and inspections for the project. As Project Engineer, his responsibilities also included design of two right-turn lanes for First Colony Mall expansion and preparing PS&E for bid. The design included traffic control plans, minor drainage (inlets), storm water pollution prevention plans, signing, pavement markings, and additional turn lanes (12-inch concrete) with 10-inch base.

Management of Sanitary Sewer Rehabilitation, City of Houston

As Project Engineer, Mr. Castaneda assisted with analysis and design of small diameter sanitary sewers. He reviewed tapes to determine the rehabilitation method and assisted with quantities, specifications, and cost estimate.

SH 36, Widening of Existing Facility from Fort Bend County Line to SH 35, TxDOT, Brazoria County

Mr. Castaneda assisted in the preparation of the storm water pollution prevention plans.

Intersection Improvements at Lexington Boulevard and Williams Trace Boulevard, City of Sugar Land

As Project Engineer, Mr. Castaneda was responsible for design, improvements to the intersection and preparing PS&E for bid. Design included traffic control plans, minor storm sewer improvements, addition of right- and left-turn lanes (8-inch concrete pavement) and traffic signal modification.

SH 99 (Grand Parkway), Segment G, Harris County Toll Road Authority, Houston

Segment G from IH 45 (N) to US 59 (N) is about 13 miles in length in Harris to Montgomery Counties. It is a four-lane toll road with limited access. The scope of work encompassed schematic design and development, survey, and right-of-way mapping. The project included two directional interchanges, one at Hardy Toll Road, and one at US 59. Services performed included cost estimating, guide signing, and level of service and operational traffic analyses.

IH 10 from the Brazos River to West of Sealy, Houston and Yoakum

IH 10 is an existing four-lane rural section with two-way rural frontage roads. For this 10.2-mile section, the proposed improvements are to widen to the inside to create a six-lane barrier-separated roadway and turn the frontage roads into one-way operation. Ramp reversals, new ramps for balancing access, reconstruction of each overpass, a new overpass, and a depressed

Education

BS in Civil Engineering, Texas A&M University-Kingsville, 2001

Registration

Texas PE No. 98276

Background

Member, American Society of Civil Engineers

Member, Texas Institute of Transportation Engineers

Professional Affiliate, Houston

Hispanic Architects and Engineers, (Board Member)

frontage road under the BNSF Railroad and a local street to tie to SH 36. Both free and single toll lane options were considered. Mr. Castaneda performed cost estimating, guide signing, level of service analysis, and operational traffic analysis.

Temporary Traffic Signal Design along Imperial Valley Drive, Harris County

As Project Engineer, Mr. Castaneda was responsible for designing one temporary traffic signal for multiple phases of construction and preparing specifications and estimates for the signal. He also provided construction phase services for the signal design.

Various City of Houston On Call Contracts

Work Order 9: North Eldridge Parkway at Patterson Road, Right Turn Lane Design

Mr. Castaneda provided construction phase services associated with adding a right-turn lane to the eastbound approach of Patterson Road at North Eldridge Parkway. His project responsibilities included attending monthly meetings, field and site visits, and coordinating with utility companies.

Work Order 4: North Houston Rosslyn at Breen and South Gessner at Clarewood, Intersection improvements

Mr. Castaneda provided construction phase services associated with two design projects: (1) N. Houston Rosslyn at Breen, which included a new traffic signal, median adjustments, curb, ramp and sidewalk improvements, and intersection pavement improvements and (2) South Gessner at Clarewood, which included an eastbound left-turn lane; new traffic signal; median adjustments; and curb, ramp, and sidewalk improvements. His project responsibilities included attending monthly meetings, field and site visits, and coordinating with utility companies.

Work Order 5: Wilcrest Drive at Boone Loop Road, Median Improvements

Mr. Castaneda provided traffic engineering and design services associated with modifying the median along Wilcrest Drive at Boone Loop Road. The modified median will allow left turns from northbound Wilcrest Drive onto Boone Loop Road. This median modification has improved safety and operations at the intersection.

Work Order 6: Bennington and West Hardy Improvements

UPRR (Union Pacific Railroad) proposed to add a rail track to the west of the existing north-south trackage

at Bennington and West Hardy, which would have increased the east-west slope of the edge of radius transition beyond city standards. AGS designed a solution to shift the east side lanes of West Hardy Road westward and use up the median space (existing ROW and overhead utilities constrain the west side lanes). This would allow for a milder slope transition as the ER (Federal-Aid Highway Emergency Relief Program) approaches the proposed added track. The construction plans contained all of the required details pertaining to general and construction notes, roadway widening, drainage improvements, median addition, traffic signal modifications, signing and pavement markings, traffic control, standard details, and all other details necessary for construction.

Work Order 15: Construction Phase services for the City

Mr. Castaneda provided construction phase services for various intersection and safety improvements as part of this contract.

Armando Mora Chief Superintendent

Mr. Mora has more than 20 years of experience in general construction in the Houston area. His management and communication skills in the field ensure effective oversight and decision making. He has supervised more than 30 employees with various skills and abilities in concrete. Mr. Mora specializes in concrete placement, finish, parking lot base, parking lot asphalt, parking lot concrete, roads, sidewalks, underground drainage system and drainage work.

His representative experience includes:

- Sidewalk Rehabilitation, City of Sugar Land
- On call Drainage, City of Sugar Land
- Sidewalk Rehabilitation, City of Sugar Land (3 contracts since 2012)
- V.A. Hospital, Base Parking Lot
- Wild Life Park (Lakes), Matagorda



Attachment: _Lowest Bid_ Ally General Solutions (2388 : Award On-Call Paving and Storm Sewer Repair Services Contract)

TEAM APPROACH

Our Commitment to You

AGS is committed to comprehensive management controls, highly competitive pricing, and our bottom line commitment to quality. We will deliver the highest quality level attainable on every project we undertake. We will be on-schedule, responsive, and prompt with every request and contract requirement. We will provide fully qualified and technically capable staff. We will authorize our on-site staff to independently solve problems and develop strategies to make each project more efficient and successful. We will appropriately formulate performance metrics and an on-site organizational structure to meet the needs of each work order assignment. We will make full use of our human, financial and technical resources to achieve the performance objectives of each contract. We will communicate frequently, professionally, and effectively. We will be fair and competitive in pricing and strive to provide you with the best value on every project.

Safety

Our philosophy is to provide a staff with strong technical expertise, capable of innovative thinking, and tempered with an emphasis on the use of established, appropriate, and proven methodologies. Given the dangerous nature of construction work, all of our personnel are trained in effective communication and safety awareness. AGS ensures a safety tailgate meeting occurs at the outset of every day and each employee is empowered to call a safety time out should they feel it necessary. Their empowerment creates a responsibility and awareness within the team for each other and for the traveling public.

All AGS staff will wear appropriate PPE safety gear, and we will ensure the necessary safeguards are in place for the protection of construction personnel, construction inspectors, and of course the traveling public. All traffic control devices and signage will comply with TMUTCD requirements. We will also ensure excavation and trench safety measures are in place.

Project Management Plan

Our approach to any successful project starts with the development of a Project Management Plan (PMP). With

input from each team member, a detailed PMP will be developed outlining the following:

- Client information
- Contract information
- Project scope of work
- Technical approach
- Schedule of project milestones
- Project organization
- Communication methods and documentation
- Contact list

Throughout the project, the PMP serves as a road map for completing the project efficiently and effectively with a focus on quality.

Types of Project we Understand are included in this Contract:

- ★ Reinforced concrete street paving various thicknesses
- ★ Reinforced monolithic curb and gutter
- ★ Reinforced and doweled concrete curb
- ★ Asphalt overlay, black base install, various thicknesses
- ★ Street base repair with variety of materials, cement stabilized sand, limestone, etc.
- ★ Storm Sewer inlet construction (install additional inlets or reconstruct existing)
- ★ Sidewalk, 4" with appropriate bedding and various widths.
- ★ ADA wheel chair ramps
- ★ Driveways
- ★ Removal and replacement of storm sewer (various size and depth)
- ★ Residential ditch re-grading

Value

Good financial management systems and processes for tracking budget and resources are essential for a successful and healthy project. Once the contract is finalized, we will set up the project within our cost tracking system and develop a baseline project and earned value schedule. We will apply corrective actions if necessary to keep the project on schedule and on budget. The most critical element to long-term cost control is comprehensive planning. Budget expectations are more easily managed with an established and thorough understanding of the issues that affect costs.

Approach

AGS will employ appropriately qualified personnel for the duration of this contract and will provide all equipment, materials and labor to repair deficient pavement and storm sewer infrastructure located throughout the City of Bellaire.

AGS understands your urgency to complete the construction in a timely manner. Our team is adept at successfully meeting City deadlines and our design methods are tried and true; therefore, you will have one less "hand to hold". For any given work order, we will promptly provide a written cost and schedule estimate to the Public Works Department prior to starting the construction. The estimate will include all services with the assignment including, but not limited to the following: materials, labor, equipment, traffic control, utility locates, survey, design, etc.

AGS understands all services will be performed in City ROW and all repairs will be performed in accordance with the latest City of Houston design standards and standard construction details. Always aware of the impact of construction work on the traveling public, essential services, and emergency services, we understand the need to minimize work during peak travel hours. We commit to beginning work no earlier than 7:00 a.m. and concluding work prior to 8:00 p.m.

We understand a typical project will have the following scope of services:

1. Receive call from City staff indicating a problem requiring our engagement.
2. Visit the project site with City staff and identify a preliminary scope of services.
3. Review any drawings, specifications, reports, etc. provided by City staff on the proposed project.
4. Develop and agree on a final scope of services.
5. Provide schedule and quote for labor, material and equipment. Submit to City staff for review and approval.
6. Obtain written approval from the City for implementation of the scope of services.
7. Perform all work necessary.
8. City staff will review all work prior to final sign off. AGS will address all identified deficiencies in the work.
9. AGS will provide final documentation for all time and materials.

Communication

Clear and concise coordination and information exchange among the various stakeholders is vital to the successful completion of your project. David Worley will be your single point of contact for all work orders. He is readily available by cellphone (t: 281-989-2751) and by email (e: dworley@allygeneralsolutions.com). AGS believes in streamlined communication that suits your needs.

Clear and concise documentation of all personnel contact information will be kept within our project manual to ensure all of our team understand how and who to contact at a moment's notice.

Although we have committed to a single point of contact, as a contingency plan, we will ensure that Rolando Castaneda is always fully abreast of each project's status and briefed to answer any questions or concerns you may have.

Mayor and Council

Council Chamber, First Floor of City
Hall
Bellaire, TX 77401-4411



Meeting: 03/19/18 06:00 PM
Department: Development Services
Category: Amendment
Department Head: ChaVonne
Sampson
DOC ID: 2499

SCHEDULED**ACTION ITEM (ID # 2499)****Item Title:**

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, amending Chapter 9, Buildings, Article II, Building Codes, Section 9-17, Amendment to Building Code, of the Code of Ordinances of the City of Bellaire, Texas, by amending Section 105.1.b for the purpose of providing for the denial, revocation or suspension of a Building Contractor's License - Submitted by Alan P. Petrov, City Attorney.

Background/Summary:**Background/Summary:**

Neither the City Code of Ordinances nor the International Building Code provides a method for denying a permit to a contractor when provided with a complete application. Likewise, the Code of Ordinances calls only for a person to carry \$300,000 worth of liability insurance in order to register as a builder. Thus, to allow the City to better regulate building contractors, the current requirements for registering as a building contractor must be amended.

Attached is the amendment to the Code of Ordinances. The code has minor changes to the insurance section to require that the insurance company notify the City in writing if the policy is canceled or otherwise lapses. The amendment also allows the Building Official to suspend a builder's registration if that builder repeatedly violates city ordinances or the building code. The City will also have the ability to refuse registration to a builder who is guilty of providing false or misleading information.

Previous Council Action Summary:

N/A

Fiscal Impact:

N/A

Recommendation:

The Director of Development Services Department recommended adoption of the Ordinance.

ATTACHMENTS:

- Ordinance 18-XX Section 9-17 Amendments to Building Code Contractor Registration (DOC)

ORDINANCE NO. 18-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, AMENDING CHAPTER 9, BUILDINGS, ARTICLE II, BUILDING CODES, SECTION 9-17, AMENDMENT TO BUILDING CODE, OF THE CODE OF ORDINANCES OF THE CITY OF BELLAIRE, TEXAS ("CODE"), BY AMENDING SECTION 105.1.B. FOR THE PURPOSE OF PROVIDING FOR THE DENIAL, REVOCATION OR SUSPENSION OF A BUILDING CONTRACTOR'S LICENSE.

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

Section 1. Chapter 9, Buildings, Article II, Building Codes, Section 9-17, Amendments to Building Code, of the Code of Ordinances of the City of Bellaire, Texas, is hereby amended by amending Section 105.1.b, for the purpose of providing for the denial, revocation or suspension of a Building Contractor's License. The amended Code shall read as set out in Appendix A, attached hereto. All other portions of Chapter 9 of the City's Code not specifically amended hereby shall remain in full force and effect.

Section 2. All ordinances and parts of ordinances in conflict with this Ordinance are repealed to the extent of the conflict only.

Section 3. If any word, phrase, clause, sentence, paragraph, section or other part of this Ordinance or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, neither the remainder of this Ordinance, nor the application of such word, phrase, clause, sentence, paragraph, section or other part of this Ordinance to any other persons or circumstances, shall be affected thereby.

Section 4. The City Council officially finds, determines and declares that a sufficient written notice of the date, hour, place and subject of each meeting at which this Ordinance was discussed, considered or acted upon was given in the manner required by the Texas Open

Meetings Act, as amended, and that each such meeting has been open to the public as required by law at all times during such discussion, consideration and action. The City Council ratifies, approves and confirms such notices and the contents and posting thereof.

Section 5. This Ordinance shall be effective immediately upon its passage and adoption.

PASSED, APPROVED and ADOPTED this, the _____ day of _____, 2018.

Andrew S. Friedberg, Mayor
City of Bellaire, Texas

ATTEST:

Tracy Dutton, TRMC, City Clerk
City of Bellaire, Texas

APPROVED AS TO FORM:

Alan P. Petrov, City Attorney
City of Bellaire, Texas

Appendix A

(Language to be added shown by underline, language to be deleted shown by strike-out).

Sec. 105.1.b.

1. Building permits shall be issued only to building contractors who are currently licensed by the City of Bellaire or to persons who wish to do work on 1 and 2 family dwellings which are owned and occupied by them as a single family residence.
2. The annual fee for a building contractor's license shall be established by the City Manager or his designee. All building contractors' licenses shall expire on October 1, following the date of their issuance.
3. Application for a license as a building contractor shall be made in writing to the building official on a form furnished for that purpose.
4. No building permit shall be issued to any building contractor until he shall have arranged to carry the following insurance or, having been issued, may be revoked if such insurance is not kept in force:
 - (a) Worker's compensation insurance on each and every one of his employees and this insurance shall be in accordance with the provision of the Worker's Compensation Act of the state;
 - (b) Bodily injury liability insurance to the extent of \$300,000.00 for any one occurrence and \$300,000.00 in the aggregate;
 - (c) Property damage insurance to the extent of \$100,000.00 for any one occurrence and \$100,000.00 in the aggregate; or a combined single limit of \$300,000.00 per occurrence and in the aggregate;
 - (d) Such insurance shall be written by an admitted company under the supervision of the State Board of Insurance of the state.
 - (E) Occupants of single family homes doing work themselves shall provide a copy of their homeowner's insurance policy, and proof that the residence is their homestead.

Evidence of the compliance with the above insurance requirements shall be considered as having been met when the policy, a copy thereof or a certificate of insurance has been filed with and approved by the building official. Such policy shall include an endorsement thereon that the building official will be notified at least ten days in advance in the event the policy or policies are canceled or expire before the expiration of the license.
5. Licenses issued under the provisions hereof shall not be transferable, but the building contractor's license of any active member, officer or supervisory employee of a partnership, firm or corporation shall be sufficient to qualify the partnership, firm or corporation to engage in the business of building contracting, if the license holder is employed by that firm only and does in fact supervise and control those

installations and alterations of buildings which are required by this Code to be installed or altered by a person licensed under the provisions hereof.

6. (a) The Building Official may revoke or suspend a building contractor's license or deny a building contractor's license application if the building contractor:

(1) Has repeated or continuing violations of any laws or regulations relating to any construction work covered by this chapter, including the city's building codes, this chapter, or any of the technical codes adopted under this chapter;
or

(2) Intentionally gave false or misleading information on its licensing form, any document submitted for building permits, or any other document submitted to the city for review.

(b) A suspension or revocation of a building contractor's license may be for a period of up to one year. The Building Official will give written notice to the license holder of the Building Official's intent to revoke or suspend the license not less than ten (10) business days prior to the date of revocation or suspension. The written notice will include:

(1) A clear statement of the reason the Building Official intends to revoke or suspend the license;

(2) The date the revocation or suspension will become effective, which will not be less than ten (10) business days from the date the written notice is given;
and

(3) A statement that the license holder may file a written appeal with the Building Official of the proposed revocation or suspension within five (5) business days of the date of the notice.

(c) A denial of a building contractor's license shall be effective for one (1) year. If the Building Official denies a building contractor's application for a license, the Building Official will give written notice of the denial to the applicant as soon as reasonably possible, but not more than five (5) business days after the decision is made to deny the application for a building contractor's license. The written notice will include:

(1) A clear statement of the reason for the Building Official's denial; and

(2) A statement that the applicant may appeal the denial of the building contractor's license by filing a written notice of appeal with the Building Official within five (5) days of the effective date of the notice of denial.

(d) Appeals.

(1) A person may appeal a denial of a license, the proposed revocation of a license, or the proposed suspension of a license, by filing a completed written appeal with the Building Official setting forth the basis for the appeal, along with any required filing fee. The completed appeal must be filed within five (5) business days of the effective date of the notice of the denial, revocation, or suspension.

(2) The City Manager will hold an informal hearing on an appeal as soon as is reasonably possible, but not more than ten (10) business days after the date the appeal is properly filed. The Building Official, the person appealing, and any interested party, may present evidence and argument to the City Manager to the extent the City Manager believes the same are relevant to the appeal.

(3) After completion of the hearing, the City Manager will render a written decision on the appeal within five (5) business days. The City Manager may affirm, reverse or modify the decision of the Building Official. A copy of the written decision will be provided to the person filing the appeal.