

KENNEDALE CITY COUNCIL AGENDA
REGULAR MEETING
July 17, 2017
CITY HALL COUNCIL CHAMBERS, 405 MUNICIPAL DRIVE

WORK SESSION at 5:30 PM
REGULAR SESSION at 7:00 PM

I. CALL TO ORDER

***NOTE: Pursuant to Section 551.071, Texas Government Code, the City Council reserves the right to adjourn into Executive Session at any time during the work session or the regular session to discuss posted executive session items or to seek legal advice from the City Attorney on any item posted on the agenda.**

II. WORK SESSION

- A. Overview and updates about the Texas Open Meetings and Public Information Acts
- B. Receive a report, hold a discussion, and provide staff direction regarding an amendment to the water and sewer rate schedules
- C. Discussion of items on regular agenda

III. REGULAR SESSION

IV. ROLL CALL

V. INVOCATION

VI. UNITED STATES PLEDGE AND TEXAS PLEDGE

"Honor the Texas Flag; I Pledge Allegiance to Thee, Texas, One State under God; One and Indivisible."

VII. VISITOR/CITIZENS FORUM

At this time, any person with business before the City Council not scheduled on the Agenda may speak to the Council, provided that an official 'Speaker's Request Form' has been completed and submitted to the City Secretary prior to the start of the meeting. All comments must be directed towards the Mayor and Council, rather than individual council members or staff. All speakers must limit their comments to the subject matter as listed on the 'Speaker's Request Form.' No formal action or discussion can be taken on these items.

VIII. REPORTS/ANNOUNCEMENTS

In addition to any specific matters listed below, the city council may receive a report about items of community interest, including but not limited to recognition of individual officials, citizens or departments, information regarding holiday schedules, upcoming or attended events, etc.

A. Updates from the City Council

B. Updates from the Mayor

- Proclamation presentation in recognition of Watch Your Car Month
- Proclamation in recognition of the 100th Birthday of Loretta Hulce

C. Updates from the City Manager

IX. MONITORING INFORMATION

A. Monthly Financials – June 2017

X. INCIDENTAL ITEMS

XI. REQUIRED APPROVAL ITEMS (CONSENT)

All matters listed under required approval items (consent) have been previously discussed, require little or no deliberation, or are considered to be routine by the council. If discussion is desired, then an item will be removed from the consent agenda and considered separately.

A. Consider approval of minutes from June 19, 2017 regular meeting

B. Consider approval of minutes from July 7, 2017 special meeting

C. Approve Schedule of Investment Activity for quarter ending June 30, 2017

D. Consider authorizing City Manager to enter into a contract for Professional Auditing Services, pursuant to engagement letter

XII. DECISION ITEMS

A. Hold a Public Hearing and consider adoption of Ordinance 633, revising the rates for water service and sanitary sewer service

1. Staff presentation
2. Public hearing
3. Staff response and summary
4. Action or direction by the City Council

XIII. EXECUTIVE SESSION

A. The City Council will meet in closed session pursuant to Section 551.071 of the Texas Government Code for consultation with the City Attorney pertaining to any matter in which the duty of the City Attorney under the Texas Disciplinary Rules of Professional Conduct may conflict with the Open Meetings Act, including discussion of any item posted on the agenda.

- Texas Raceway Development Agreement
- Altom claim regarding drainage easement at 1033 and 1041 Estates Drive
- Agreement between Kennedale Economic Development Corporation and Kennedale Development Partners, Series LLC regarding a loan and reimbursement for tenant improvements in Building 1 of Kennedale TownCenter, located at 201 W Kennedale Parkway

XIV. RECONVENE INTO OPEN SESSION, AND TAKE ACTION NECESSARY PURSUANT TO EXECUTIVE SESSION, IF NEEDED

XV. ADJOURNMENT

In compliance with the Americans with Disabilities Act, the City of Kennedale will provide for reasonable accommodations for persons attending City Council meetings. This building is wheelchair accessible, and parking spaces for disabled citizens are available. Requests for sign interpreter services must be made forty-eight (48) hours prior to the meetings. Please contact the City Secretary at 817.985.2104 or (TDD) 1.800.735.2989

CERTIFICATION

I certify that a copy of the July 17, 2017, agenda was posted on the City Hall bulletin board next to the main entrance of the City Hall building, 405 Municipal Drive, of the City of Kennedale, Texas, in a place convenient and readily accessible to the general public at all times and said agenda was posted at least 72 hours preceding the schedule time of said meeting, in accordance with Chapter 551 of the Texas Government Code.

A handwritten signature in cursive script, reading "Leslie Galloway", is written over a light gray rectangular background.

Leslie Galloway, City Secretary

Staff Report to the Honorable Mayor and City Council

Date: July 17, 2017

Agenda Item No: WORK SESSION - B.

I. Subject:

Receive a report, hold a discussion, and provide staff direction regarding an amendment to the water and sewer rate schedules

II. Originated by:

George Campbell, City Manager

III. Summary:

The current rates charged to all customers of the City's water and sewer systems were established by Ordinance 608, adopted in September 2016. In March 2017, the City engaged the services of Government Resource Associates (GRA) to evaluate the Utility Fund to determine, to the extent possible, the history of rates for the system and the reason(s) that rates were required to be increased dramatically in 2016. Becky Brooks of GRA completed that evaluation in June 2017 and presented her report to the City Council in a special work session on June 10. The report conclusions and recommendations were based upon industry standards for municipal utility systems throughout the state and the consultant's extensive experience working with local government finance in Texas.

The conclusions of the GRA report included, among other findings, that:

- The prior budgets overstated the health of the water and sewer operation fund and its related working capital or fund balance amounts. The current assets as reported in the FYE 2016 audited financials are not all entirely 'liquid' or available to pay for payroll or ongoing operating expenses. The figure includes restricted stormwater, water impact, and sewer impact fees, as well as restricted funds for an outstanding lease. In addition, \$320,000 is included as a receivable from the TIRZ but is unlikely to be recovered in the near future. Once these items were removed, the net working capital was determined to be ~\$60,000 at the end of FYE 2016.
- There was a \$1.6 million math error in a prior budget which led Council and staff to believe there was greater working capital than policy required. The thought-to-be 'excess' funds were spent on capital projects when, in reality, the fund balance was spent down leading to an untenable net working capital position.
- That, although the rate increases implemented in 2016 were substantial, creating what is commonly termed 'rate shock' for many utility customers, they were still generating revenues insufficient to recover all costs of service at present policy levels. The GRA report pointed out that some combination of cost reductions and/or additional new revenues would still likely need to occur in the near future in order to maintain the financial integrity of the system and to cover operating costs, debt service, and restore the working capital to an acceptable level pursuant to industry standards (estimated at between \$800,000 and \$1.2 million).

During the June 10 work session and report presentation and at a subsequent work session on June 19, it was the consensus of the City Council that the City should indeed strive to maintain the operation and management of the Utility as an 'enterprise' fund, thus avoiding any reliance on the General Fund to 'subsidize' the utility system.

Since that time, however, members of Council have requested that the Council consider adopting a new rate schedule that would lighten the burden on ratepayers by lowering both the water and sewer rates. The impact of a new schedule on various customer classes and on total fund revenues is dependent upon the allocation of costs to base rates (minimum bills) vs. volume charges. It should be noted that a new rate study to determine actual 'cost of service' to various customer classes has not been conducted.

On June 30, 2017, Council members Joplin and Gilley met with the City Manager and Finance Director and presented a schedule of proposed rates (*Option 2, below*) to replace the existing rate schedule. This proposed rate schedule was prepared by Cathy Brown, who was also present at the meeting, as was Tom Newsom. Ms. Brown presented the rate schedule to staff. The new rates being proposed were prepared using cash flow information from the City's past CAFRs. Finance Director Brady Olsen pointed out during the meeting that the proposed rates would produce revenue insufficient to meet the City's revenue requirement (*absent any other adjustments in spending*) by \$600,000 to \$800,000. The City Manager and Finance Director did agree to review the proposal in more detail, including any assumptions being made with regard to other budgetary adjustments, including fund transfers.

In the intervening two weeks leading up to this July 17 City Council meeting, the Finance Director has developed an alternative rate structure that, while somewhat reducing base rates and increasing volume charges, would attempt to maintain the revenue to the fund required to meet needs identified in the GRA report. That plan (*Option 3, below*) has the following characteristics:

- The water fund would partially cover sewer expenses
- Higher volume customers would have a greater proportional financial burden
- Commercial customers would cover a greater share of expenses

With the goal to lower expenditures for water and sewer operations, Council and Staff have discussed several policy options. These include re-examining existing transfers, current assets, and capital financing. In order to reduce the impact of a rate reduction, the following policy scenarios are proposed. The estimated financial impact of all three rate scenarios is based on these policy assumptions.

TRANSFERS | Currently, the City's General Fund receives a combined 16% of revenues transferred from the Water and Sewer Fund (7% administrative and 9% right-of-way fee to Parks/Streets). This is in line with acceptable practices across the state. The 7% fee is to cover administrative expenses incurred by the General Fund. This is the approximate match for the actual cost to the General Fund. Staff recommends that this transfer continue, and all scenarios below include the 7% transfer. Without the transfer, the General Fund will be subsidizing water and sewer operations, placing an added financial burden on the taxpayer, as opposed to the water and sewer users.

The attached scenarios lower the 9% right-of-way fee to 5%, which would match the current charge for cable/telecom use of right-of-way. This will negatively affect the budget for streets, parks, and recreation by approximately \$150,000 to \$200,000. This item is included based on Council guidance.

\$320,000 ADVANCE TIRZ | Currently, the TIRZ owes the Water and Sewer Fund ~\$320,000 for water and sewer projects. It is unlikely the TIRZ will have the funds to repay the loan within the next couple of years. Changing the \$320,000 from a short-term to a long-term asset dramatically reduces the available working capital for the system. In order to eventually recover the working capital to a level that is consistent with the City's adopted policy of 18%-25%, more revenue must be raised. Council members have proposed having the General Fund pay the Water and Sewer Fund for the asset. This will place added stress on the General Fund. Nevertheless, the transfer of \$320,000 from the general fund to the W&S fund is included in the scenarios below, allowing for a less aggressive recovery of net working capital.

REDUCE CASH-FINANCING OF CAPITAL PROJECTS | The current five-year capital plan involves the continued cash-funding of capital projects. This places the burden of projects on the current ratepayers as opposed to being spread out to future ratepayers. It is the recommendation of staff to reduce cash funding of capital projects and fund needed capital with the issuance of long-term debt. The current proposals involve dramatically reducing planned FYE '18 capital spending from current revenues, and instead assumes the inclusion of \$150,000 yearly in additional debt expenses over the next 20 years.

IV. Fiscal Impact Summary:

OPTION 1 | The first proposal is for the continuation of the current rates until the budget process and negotiations for outside water contracts is complete. With these rates in place, the water and sewer funds are both self-supporting and could see an overall profit of \$160,000. This proposal gives the fund added resiliency in the risk of variable revenue due to a wet summer.

OPTION 2 | The base water rate on ¾" meters would be lowered from \$26 to \$20 and the 1" meter lowered from \$65 to \$33. In addition, the sewer minimum charge would be lowered from \$45 to \$25. This proposal would place the water and sewer fund at a combined yearly operating deficit of \$640,000.

To cover these expenses, the General Fund would require the equivalent of an 11-cent property tax rate increase, assuming the General Fund is expected to cover the difference. The proposed budget could then include that tax rate increase unless other funding sources are identified to cover the operating gap, potentially putting the City in a rollback rate position.

The estimates used by the citizen were made using the past several years of audited cash flow statements for the combined water and sewer enterprise fund. This fails to take in the full picture of water and sewer operating needs. The combined audited statement includes the stormwater utility, water impact fees, and sewer impact fees. This is restricted revenue and cannot be used to support water and sewer operations. In addition, the use of a cash flow statement fails to take into account capital expenditures, payables, or receivables. The cash flow statement is not meant to be singularly used for policy making decisions. Further, this option adds greater risk to the City's existing bond rating, which could hinder Council's stated inclination to issue more debt for large capital projects.

OPTION 3 | If Council desires to lower water and sewer base rates immediately, the staff alternate proposal will allow the fund to cover its expenses. As in all presented options, the staff proposal includes the same policy options mentioned above. Under this staff alternate proposal, all base rates would be lowered, while volume usage rates would be increased. Commercial entities would also have a 25% volume charge increase over corresponding residential usage. With the requested dramatic reduction in the sewer base rates, water revenue must make up some of the difference. The proposal would allow the water and sewer fund to operate with a greater degree of financial stewardship.

V. Legal Impact:

VI. Recommendation:

Alternative Actions (see below)

VII. Alternative Actions:

The City Manager and Finance Director recommend Option 1, with the current rates being left in place until the negotiations for a new water service provider are more complete.

If Council desires to immediately lower rates, the City Manager and Finance Director recommend Option 3. It is the belief of the City Manager and Finance Director that Option 2 would negatively impact the fiscal stability of the utility. Staff believes that to reduce rates to this extent is not financially sustainable for the fund and recommends against this option. Staff could not likely submit a balanced budget without identifying a source of funding to cover the gap. Staff will be prepared to present options listed in this report at the July 17 Work Session.

THERE IS ALSO A COURTESY PUBLIC HEARING ON THE AGENDA AS ITEM XII.A.

VIII. Attachments:

1.	Rate Impact Comparison	Rate+Comparison+July+2017_threeoptions.pdf
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OPTION 1: Current Rates

Inside	Res/Senior	Commercial	Industrial	Outside
Min				
3/4"	\$26.00	\$26.00	\$26.00	\$ 39.00
1"	\$65.00	\$65.00	\$65.00	\$ 97.50
1.5"	\$130.00	\$130.00	\$130.00	\$ 195.00
2"	\$208.00	\$208.00	\$208.00	\$ 312.00
3"	\$416.00	\$416.00	\$416.00	\$ 624.00
4"	\$650.00	\$650.00	\$650.00	\$ 975.00
Volume				
0-5000	\$ 2.75	\$ 2.85	\$ 2.85	\$ 5.63
5001-25000	\$ 5.36	\$ 5.30	\$ 5.30	\$ 7.03
25001+	\$ 6.70	\$ 6.94	\$ 6.94	\$ 8.79
+50001	\$ 8.38	\$ 6.94	\$ 6.94	\$ 10.99

Inside				Outside		
Minimum	Residential	Commercial	Industrial	Residential	Commercial	
Minimum	\$45.00	\$60.72	\$60.72	\$67.50	\$60.72	
Volume	\$2.90	\$6.72	\$4.50	\$4.35	\$10.08	

Water Revenue Generated:	\$ 2,594,908
Water Revenue Needed	\$ 2,432,963
Difference	\$ 161,944
Sewer Revenue Generated:	\$ 1,962,101
Sewer Revenue Needed:	\$ 1,962,112
Difference	\$ (11)
Total Generated:	\$ 4,557,009
Total Needed:	\$ 4,395,075
Difference:	\$ 161,934

Admin Fee	7%
Right of Way Fee	5%

Assumptions:

- Keeping current administrative transfer to cover actual costs
- Reduce Street Transfer from 9%-5%
- Send \$320,000 receivable to GF, allows for a less aggressive payout schedule to recover Working Capital
- Reduce Cash capital expenditures by \$1.5 million from 5 year capital plan
- Include additional \$150,000/year for debt to cover needed capital

OPTION 2: Citizen Proposal

Inside	Res/Senior	Commercial	Industrial	Outside	Res/Comm
Min					
3/4"	\$20.00	\$26.00	\$26.00	\$ 39.00	
1"	\$33.00	\$65.00	\$65.00	\$ 97.50	
1.5"	\$130.00	\$130.00	\$130.00	\$ 195.00	
2"	\$208.00	\$208.00	\$208.00	\$ 312.00	
3"	\$416.00	\$416.00	\$416.00	\$ 624.00	
4"	\$650.00	\$650.00	\$650.00	\$ 975.00	
Volume					
0-5000	\$ 2.75	\$ 2.85	\$ 2.85	\$ 5.63	\$ 2.75
5001-25000	\$ 5.36	\$ 5.30	\$ 5.30	\$ 7.03	\$ 5.36
25001+	\$ 6.70	\$ 6.94	\$ 6.94	\$ 8.79	
+50001	\$ 8.38	\$ 6.94	\$ 6.94	\$ 10.99	

Inside				Outside		
Minimum	Residential	Commercial	Industrial	Residential	Commercial	
Minimum	\$25.00	\$60.72	\$60.72	\$67.50	\$60.72	
Volume	\$2.90	\$6.72	\$4.50	\$4.35	\$10.08	

Water Revenue Generated:	\$ 2,314,828
Water Revenue Needed	\$ 2,356,194
Difference	\$ (41,366)
Sewer Revenue Generated:	\$ 1,328,261
Sewer Revenue Needed:	\$ 1,929,210
Difference	\$ (600,950)
Total Generated:	\$ 3,643,089
Total Needed:	\$ 4,285,405
Difference:	\$ (642,316)

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OPTION 3: Staff Alternative

Inside	Res/Senior	Commercial	Industrial	Outside	Res/Comm
Min					
3/4"	\$25.00	\$25.00	\$25.00	\$ 39.00	
1"	\$41.68	\$41.68	\$41.68	\$ 97.50	
1.5"	\$83.25	\$83.25	\$83.25	\$ 195.00	
2"	\$133.25	\$133.25	\$133.25	\$ 312.00	
3"	\$250.00	\$250.00	\$250.00	\$ 624.00	
4"	\$416.75	\$416.68	\$416.68	\$ 975.00	
Volume					
0-5000	\$ 4.50	\$ 5.63	\$ 5.63	\$ 5.63	\$ 2.75
5001-25000	\$ 5.63	\$ 7.03	\$ 7.03	\$ 7.03	\$ 5.36
25001+	\$ 7.03	\$ 8.79	\$ 8.79	\$ 8.79	
+50001	\$ 8.79	\$ 10.99	\$ 10.99	\$ 10.99	

Inside				Outside		
Minimum	Residential	Commercial	Industrial	Residential	Commercial	
Minimum	\$30.00	\$60.00	\$60.00	\$67.50	\$60.72	
Volume	\$4.50	\$7.00	\$7.00	\$4.35	\$10.08	

Water Revenue Generated:	\$ 2,797,805
Water Revenue Needed	\$ 2,419,388
Difference	\$ 378,417
Sewer Revenue Generated:	\$ 1,597,594
Sewer Revenue Needed:	\$ 1,956,294
Difference	\$ (358,700)
Total Generated:	\$ 4,395,399
Total Needed:	\$ 4,375,682
Difference:	\$ 19,717

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- Send \$320,000 receivable to GF, allows for a less aggressive payout schedule to recover Working Capital
- Reduce Cash capital expenditures by \$1.5 million from 5 year capital plan
- Include additional \$150,000/year for debt to cover needed capital



KENNEDALE
You're Here, Your Home
www.cityofkennedale.com

Staff Report to the Honorable Mayor and City Council

Date: July 17, 2017

Agenda Item No: WORK SESSION - C.

I. Subject:

Discussion of items on regular agenda

II. Originated by:

Leslie Galloway, City Secretary & Communications Coordinator

III. Summary:

At this time Council may choose to discuss any item on the agenda.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

VII. Alternative Actions:

VIII. Attachments:



Staff Report to the Honorable Mayor and City Council

Date: July 17, 2017

Agenda Item No: REPORTS/ANNOUNCEMENTS - A.

I. Subject:

Updates from the City Council

II. Originated by:

Leslie Galloway, City Secretary & Communications Coordinator

III. Summary:

Updates and information from Council members.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

VII. Alternative Actions:

VIII. Attachments:



Staff Report to the Honorable Mayor and City Council

Date: July 17, 2017

Agenda Item No: REPORTS/ANNOUNCEMENTS - B.

I. Subject:

Updates from the Mayor

- Proclamation presentation in recognition of Watch Your Car Month
- Proclamation in recognition of the 100th Birthday of Loretta Hulce

II. Originated by:

Leslie Galloway, City Secretary & Communications Coordinator

III. Summary:

Updates and information from the Mayor

- Proclamation for The Texas Automobile Burglary and Theft Prevention Authority's "Watch Your Car Month"
- Proclamation in recognition of the 100th Birthday of Loretta Hulce

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

VII. Alternative Actions:

VIII. Attachments:

1.	Proclamation - Watch Your Car Month	Watch your Car Month.pdf
2.	Proclamation_LorettaHulce	Loretta Hulce Day Proclamation.pdf

PROCLAMATION

Watch Your Car Month

July 2017

WHEREAS, Texans suffered almost \$1 Billion in losses in 2016 due to motor vehicle burglary and theft, with July representing one of the months with the most prolific reports of motor vehicle burglary and theft; unlocked vehicles, keys in vehicles and property left out in plain sight contribute to the majority of motor vehicle thefts and burglaries in Kennedale, Texas, and

WHEREAS, the Tri-County Auto Theft Task Force is funded by a grant from the Texas Automobile Burglary and Theft Prevention Authority as well as local support including the Kennedale Police Department, and

WHEREAS, The Texas Automobile Burglary and Theft Prevention Authority's slogan is "Watch Your Car" and it has designated July 2017 as "Watch Your Car Month" in Texas, and

NOW THEREFORE BE IT RESOLVED, that the City of Kennedale joins with Texas Automobile Burglary and Theft Prevention Authority in designating the month of July 2017 as Watch Your Car Month to raise awareness to automobile burglary and prevention.

Now, I **Brian Johnson**, Mayor of the City of Kennedale, do hereby proclaim the month of July 2017, as

~ Watch Your Car Month ~

Dated this 17th day of July, 2017

Mayor, Brian Johnson

PROCLAMATION

Loretta Hulce Day

JULY 22, 2017

WHEREAS, Loretta Elaine Thompson was the third of six children born to Ben and Evelyn Thompson on July 22, 1917, in Westlake, Wisconsin; and

WHEREAS, she married Harold Hulce in Michigan, on April 20, 1938; and

WHEREAS, they had two sons, Harold, born in 1939 and Michael, born in 1941; and

WHEREAS, during World War II, they lived in Milwaukee, Wisconsin, where Loretta worked in a defense plant while Harold proudly served in the U.S. Army; and

WHEREAS, after the war, on April 2, 1946, they moved to Parker County, Texas, to help an Army buddy run his ranch, and the family farmed and worked the dairy until the drought of the 1950s; and

WHEREAS, Loretta was the housekeeper for the Priest at St. Stephen Catholic Church in Weatherford, Texas, for many years; and

WHEREAS, Loretta loved gardening and did so well into her 80s, and drove until the age of 95, when she voluntarily gave up her driver's license; and

WHEREAS, she and Harold were blessed with four grandchildren, and six great-grandchildren and lived happily together until Harold's passing on March 10, 2001; and

WHEREAS, Loretta moved to Pecan Manor in Kennedale, Texas, in September 2012, where she still resides and is known for her great sense of humor; and

WHEREAS, Loretta Elaine Hulce will turn one hundred years old on July, 22, 2017;

THEREFORE, NOW be it proclaimed by me, Brian Johnson, Mayor of the City of Kennedale, Texas, that Saturday, July 22, 2017, is hereby proclaimed Loretta Hulce Day, in honor of her 100th Birthday.

Dated this day 17th of July 2017

MAYOR BRIAN JOHNSON



Staff Report to the Honorable Mayor and City Council

Date: July 17, 2017

Agenda Item No: REPORTS/ANNOUNCEMENTS - C.

I. Subject:

Updates from the City Manager

II. Originated by:

Leslie Galloway, City Secretary & Communications Coordinator

III. Summary:

Updates and information from City Manager, if any.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

VII. Alternative Actions:

VIII. Attachments:

Staff Report to the Honorable Mayor and City Council

Date: July 17, 2017

Agenda Item No: MONITORING INFORMATION - A.

I. Subject:

Monthly Financials – June 2017

II. Originated by:

Brady Olsen, Finance Director

III. Summary:

Overview of the City's revenues and expenditures for all funds compared to budget and previous year.

This month continues to include more detailed information on sales tax returns, including a taxpayer breakdown by industry, a chart with 12- and 36-month rolling averages, and a 'heat map' (where red indicates greater economic activity).

Of note, the City was incorrectly paid approximately \$85,000 over the past four years by a business that is no longer in the city limits. The city is now required to remit this figure, and staff has decided to have it deducted from a future sales tax payment from the state.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

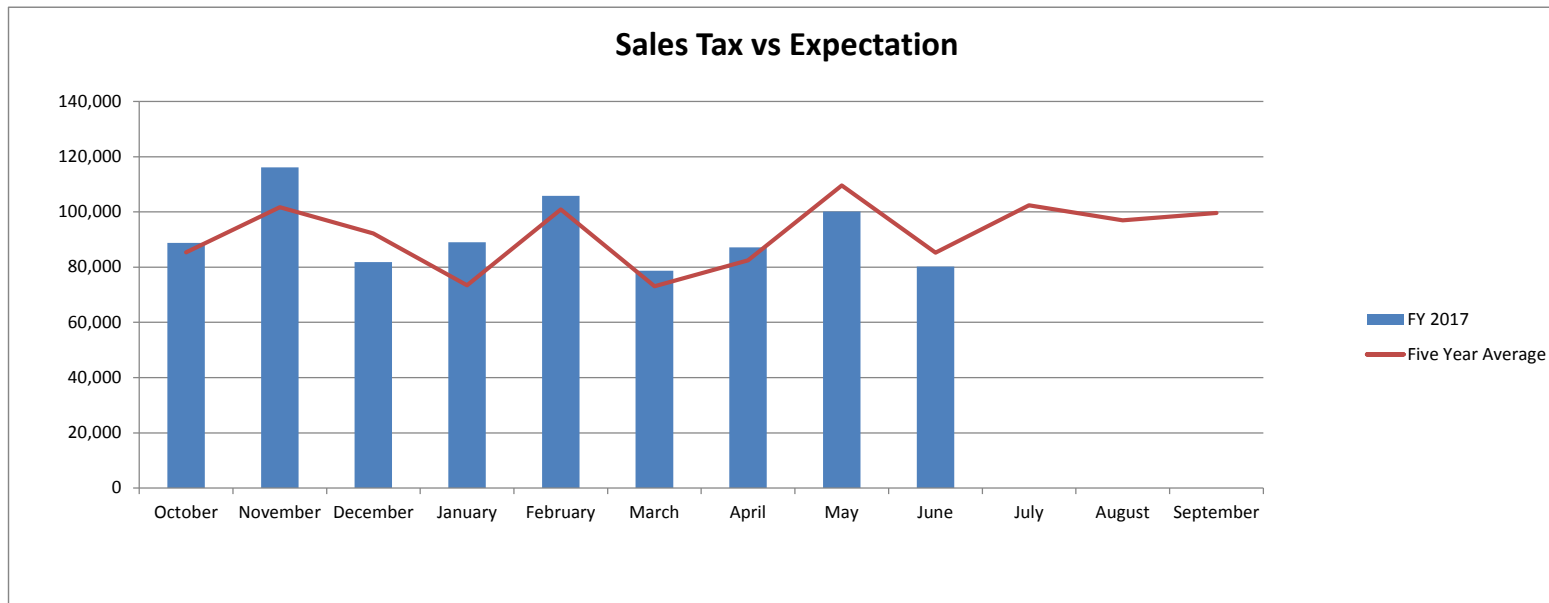
VII. Alternative Actions:

VIII. Attachments:

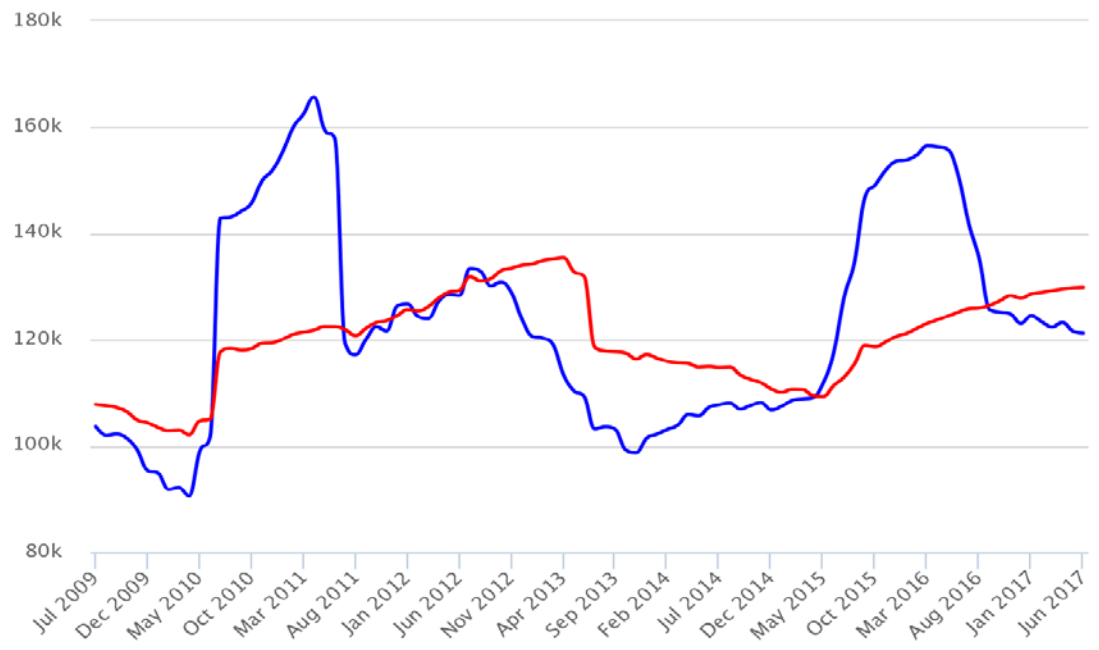
1.	Budget Update	Sales Tax Update- June.pdf
2.	Sales Tax Update	Sales Tax Update- June.pdf

Sales Tax By Month

Year	October	November	December	January	February	March	April	May	June	July	August	September	Total
FY2017	\$ 88,748	\$ 116,156	\$ 81,855	\$ 88,956	\$ 105,794	\$ 78,644	\$ 87,130	\$ 100,121	\$ 80,241	\$ -	\$ -	\$ -	\$ 827,643
FY2016	\$ 93,137	\$ 119,137	\$ 97,985	\$ 75,878	\$ 116,006	\$ 87,589	\$ 79,516	\$ 114,543	\$ 83,718	\$ 84,586	\$ 87,693	\$ 91,377	\$ 1,131,165
FY2015	\$ 71,955	\$ 94,438	\$ 82,545	\$ 73,782	\$ 107,571	\$ 72,312	\$ 81,193	\$ 119,350	\$ 128,463	\$ 165,756	\$ 146,297	\$ 177,697	\$ 1,321,359
FY2014	\$ 65,971	\$ 89,600	\$ 94,982	\$ 67,373	\$ 97,781	\$ 69,685	\$ 79,236	\$ 93,957	\$ 77,496	\$ 71,927	\$ 86,597	\$ 67,978	\$ 962,584
FY2013	\$ 100,850	\$ 93,890	\$ 70,338	\$ 60,406	\$ 90,009	\$ 62,374	\$ 60,955	\$ 96,061	\$ 63,409	\$ 67,304	\$ 83,919	\$ 78,075	\$ 927,591
FY2012	\$ 94,619	\$ 111,587	\$ 115,048	\$ 89,778	\$ 92,977	\$ 73,453	\$ 111,689	\$ 123,691	\$ 73,106	\$ 122,489	\$ 80,038	\$ 82,836	\$ 1,171,313

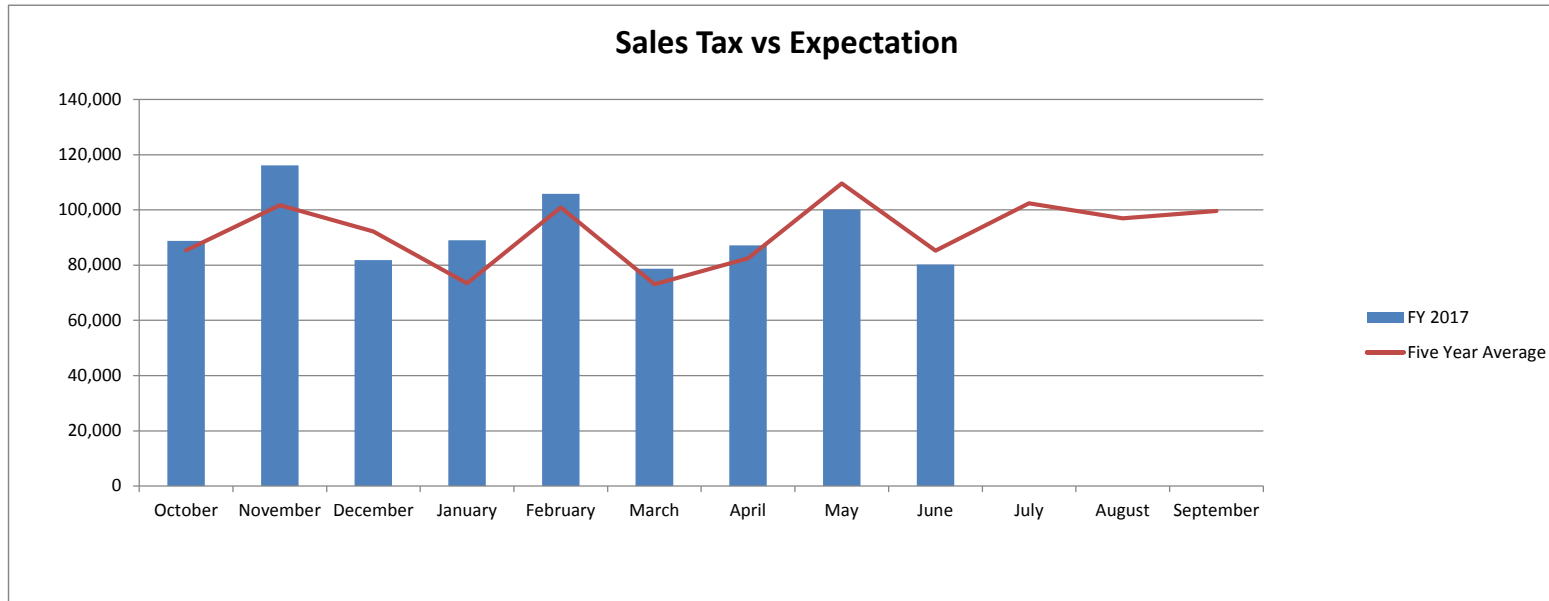


Industry	Amount	% Change	YTD	FYTD
Retail	\$24,460.14	16.10%	\$148,689.24	\$243,189.03
General Services	\$24,300.89	-17.82%	\$175,813.11	\$264,306.42
Wholesale	\$19,914.49	-22.29%	\$140,221.45	\$207,072.80
Professional Services	\$15,833.00	-17.58%	\$114,087.99	\$178,924.73
Food	\$8,318.50	49.09%	\$58,831.98	\$81,936.15
Manufacturing	\$6,708.77	-11.27%	(\$42,852.13)	(\$18,973.87)
Agricultural	\$453.29	-69.64%	\$11,314.25	\$12,790.17
Miscellaneous	\$179.22	-90.90%	\$2,716.83	\$18,702.13
Accomodation	\$0.00	0.00%	\$0.00	\$0.00

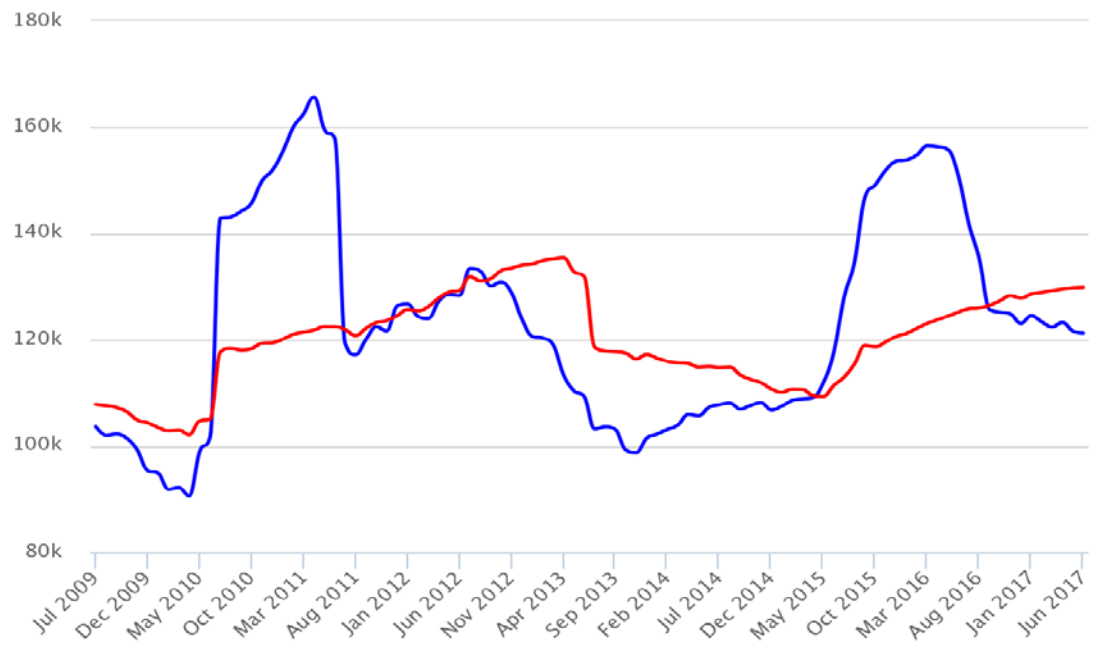


Sales Tax By Month

Year	October	November	December	January	February	March	April	May	June	July	August	September	Total
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Industry	Amount	% Change	YTD	FYTD
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General Services	\$24,300.89	-17.82%	\$175,813.11	\$264,306.42
Wholesale	\$19,914.49	-22.29%	\$140,221.45	\$207,072.80
Professional Services	\$15,833.00	-17.58%	\$114,087.99	\$178,924.73
Food	\$8,318.50	49.09%	\$58,831.98	\$81,936.15
Manufacturing	\$6,708.77	-11.27%	(\$42,852.13)	(\$18,973.87)
Agricultural	\$453.29	-69.64%	\$11,314.25	\$12,790.17
Miscellaneous	\$179.22	-90.90%	\$2,716.83	\$18,702.13
Accomodation	\$0.00	0.00%	\$0.00	\$0.00



Staff Report to the Honorable Mayor and City Council

Date: July 17, 2017

Agenda Item No: REQUIRED APPROVAL ITEMS (CONSENT) - A.

I. Subject:

Consider approval of minutes from June 19, 2017 regular meeting

II. Originated by:

Leslie Galloway, City Secretary & Communications Coordinator

III. Summary:

Please see the attached minutes for your approval.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

Approve

VII. Alternative Actions:

VIII. Attachments:

1.	Minutes2017_06.19	Minutes_City Council Regular Meeting June 19.pdf
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KENNEDALE CITY COUNCIL MINUTES
REGULAR MEETING | June 19, 2017
CITY HALL COUNCIL CHAMBERS, 405 MUNICIPAL DRIVE
WORK SESSION at 5:30 PM | REGULAR SESSION at 7:00 PM

I. CALL TO ORDER

Mayor Johnson called the meeting to order at 5:06 p.m.

II. WORK SESSION

A. Review and discuss applications of potential candidates for the 2017-18 Youth Advisory Council (YAC)

City Manager George Campbell noted that there were the same number of applicants as positions to fill. There was no further discussion.

B. Discuss and provide staff direction regarding the Water Utility Fund Study performed by GRA; including a discussion of finance and budget policies as provided in the report

Mayor Johnson stated that, in January, Council approved City Manager George Campbell's request to hire an independent consultant to provide an analysis of the Water Utility Fund and propose policy considerations that might serve to protect the financial health of the fund going forward. Becky Brooks of Government Resources Associates (GRA) began this assessment in late March and presented her findings to City Council at the Saturday, June 10 Special Session.

City Manager George Campbell stated that staff was seeking Council's preferences on these policy and procedure considerations, which will help to shape the FY2017-18 budget.

Finance Director Brady Olsen presented current adopted policies, staff recommendation, and a summary of how the City of Kennedale's policies compare to the prevailing local trends.

City Council discussed the following policy considerations at length:

- Should the Water and Sewer Fund be self-sufficient?
- Should Governmental Funds subsidize the Water and Sewer Fund or vice-versa?
- What transfers are acceptable; and at what level?
- Should the system be priced so that revenues match expenditures?
- Should the system be priced to encourage water conservation?
- What are the goals for the working capital balance?
- What should be funded by cash vs. debt?
- What level of service should we aim to provide?

Following the discussion, City Manager George Campbell stated that he understood Council's desires to be: reducing costs in the water and wastewater department; increasing the fund's working capital reserves; funding more projects through debt issuance rather than cash;

continuing to operate the Water and Sewer Utility Fund as an enterprise fund; and minimizing the need for administrative and impact fee transfers.

Council member Jan Joplin stated that Council needs to more fully understand how any adjustment in the rates might affect different types of households before making any changes.

Council member Rockie Gilley stated that there are two groups currently being affected most — those with larger or double meters and those living on lower- or fixed-incomes.

City Manager George Campbell stated that this report would be very beneficial to staff and Council when making policy decisions aimed at protecting the financial health of the Water and Sewer Utility Fund.

C. Discussion of items on regular agenda

Mayor Johnson requested a discussion of items XI.F and XI.G. Public Works

Superintendent Larry Hoover stated that these projects were included in the FY2016-17 budget and are an extension of the current CDBG project, approved by Council earlier this year.

Mayor Johnson requested a discussion of item XI.E. Police Chief Tommy Williams stated that staff was disappointed in the service provided by our previous alarm company. He noted that Stanley Security is a BuyBoard approved company and their bid came in at a similar cost.

Mayor Johnson requested a discussion of item XI.I. City Manager George Campbell stated that this denial resolution is an attempt to protect citizens from the proposed Oncor rate increase that the steering committee has determined would be higher than necessary; and that the case must be denied by Council by August 19, 2017.

III. REGULAR SESSION

Mayor Johnson opened the regular session at 7:00 p.m.

IV. ROLL CALL

Present: Mayor Brian Johnson, Rockie Gilley (Place 1), Sandra Lee (Place 3), Jan Joplin (Place 5)

Absent: Liz Carrington (Place 2) , Kelly Turner (Place 4)

Staff: *City Manager George Campbell, City Secretary & Communications Coordinator Leslie Galloway, Fire Chief Mike McMurray, Finance Director Brady Olsen, Community Development Director Rachel Roberts, Public Works Superintendent Larry Hoover, Streets & Parks Crew Chief Ron Taylor*

V. INVOCATION

Pastor Greg Adams of Covenant Life Baptist Church provided the invocation.

VI. UNITED STATES PLEDGE AND TEXAS PLEDGE

VII. VISITOR/CITIZENS FORUM

Linda Graddy, 5917 Walden Trail in Arlington, stated that she believes the time is right to start a community theatre program in TownCenter Park, and that she was seeking Council support.

VIII. REPORTS/ANNOUNCEMENTS

A. Updates from the City Council

- Council member Rockie Gilley stated that he attended cyber security training.
- Council member Sandra Lee stated that she attended the Memorial Day flag planting at Emerald Hills Funeral Home with BSA Troop 35.
- Council member Jan Joplin stated that she attended the Council's Special Meeting on Saturday, June 7, as well as meeting with several department heads and citizens.

B. Updates from the Mayor

1. Proclamation presentation in recognition of Linda Graddy Day

Mayor Johnson stated that he attended The Tarrant County Mayors' Council and was appointed Secretary/Treasurer.

C. Updates from the City Manager

There were no updates from the City Manager at this time.

IX. MONITORING INFORMATION

A. Monthly Financials – May 2017

There was no discussion at this time.

X. INCIDENTAL ITEMS

A. Appoint slate of members for the 2017-2018 Youth Advisory Council (YAC)

Mayor Johnson made a motion that the members be approved as a slate. Council agreed.

Motion to approve the slate of 2017-18 YAC members, as presented. **Action** Approve,

Moved By Mayor Brian Johnson

Motion passed Unanimously

B. Recognition of the 2016-17 Youth Advisory Council (YAC) members

XI. REQUIRED APPROVAL ITEMS (CONSENT)

A. Consider approval of minutes from May 15, 2017 election business meeting

B. Consider approval of minutes from May 15, 2017 regular meeting

C. Consider approval of minutes from the June 10, 2017 special meeting

D. Consider approval of contract award to Quick Roofing LLC for the Steep-Sloped Roof Replacement RFP 2017-52, and authorize the City Manager to sign the agreement

E. Consider approval of contract for security monitoring of city facilities, and authorize the City Manager to sign the agreement

F. Consider approval of a construction project with BSK-USA LLC for sanitary sewer improvements for the 300-400 block of Dick Price Road

G. Consider approval of a construction project with William J. Schultz, Inc. dba Circle C Construction Company for sanitary sewer improvements for Paula Lane and Magnolia Drive

H. Consider approval of tax collection contract with Tarrant County

I. Consider approval Resolution 512 to deny the rate application and consolidation proposed by Oncor Electric Delivery LLC

Motion To approve all required approval items on consent agenda. **Action** Approve, **Moved By** Jan Joplin, **Seconded By** Sandra Lee.

Motion passed Unanimously

XII. DECISION ITEMS

A. Consider appointment of a Mayor Pro Tem

Mayor Johnson stated that Mayor Pro Tem is an honorary position, typically filled by the most senior member of Council, which is currently Kelly Turner, Place 4.

Motion To appoint Jan Joplin as Mayor Pro Tem. **Action** Approve, **Moved By** Sandra Lee, **Seconded By** Rockie Gilley.

Motion passed Unanimously

B. Discuss and consider approval of an amendment to the current contract with Waste Connections, regarding the proposed 2017 rate adjustment for residential and commercial solid waste collection, transport, disposal, and recycling services **(Tabled on May 15, 2017)**

City Manager George Campbell stated that the staff report includes answers to Council member questions from the previous meeting.

Norm Bulaich of Waste Connections (Progressive Waste) stated that there had not been a rate increase since 2014, and that Progressive was now asking for Council approval of a \$0.33 per home increase, due to increased costs of doing business. The new cost would be \$12.82 per month, reflecting a 2% increase in the cost of curbside recycling and a 3% increase in the cost of twice-weekly rubbish collection.

Council member Jan Joplin stated that the staff report showed that 52% of Kennedale customers were recycling. She added that Council is in a difficult position regarding this request, as it would increase the utility bill.

Council member Rockie Gilley stated that he believes the request is reasonable.

Motion To postpone item until the Regular September City Council Meeting.

Action Postpone, **Moved By** Jan Joplin, **Seconded By** Sandra Lee.

Motion passed with a vote of 2-1; with Rockie Gilley voting against approval.

C. CASE # PZ 17-07 to hold a public hearing and consider approval of Ordinance 630 regarding an amendment to the Unified Development Code, as amended, to amend the

schedules of uses to allow solar energy equipment as an accessory use in all commercial, industrial, and employment center zoning districts; and to amend Section 5.2.F “Other Uses” of Article 5 Village Districts to allow solar energy equipment as an accessory use in Village districts.

Community Development Director Rachel Roberts stated that this ordinance does not address solar farms, but would allow a business to implement solar energy for their own use. She added that the fire department has already received training and the City already has building codes in place regulating the percentage of roof that can be taken up by solar panels. She stated that the fire department has not expressed any concerns with this ordinance.

Public Hearing | Mayor Johnson opened the Public Hearing; there was no one present requesting to speak. Mayor Johnson closed the Public Hearing.

Motion To approve Ordinance 630, amending the Unified Development Code.

Action Approve, **Moved By** Jan Joplin, **Seconded By** Sandra Lee.

Motion passed Unanimously

XIII. EXECUTIVE SESSION

There was no Executive Session at this time.

XIV. RECONVENE INTO OPEN SESSION, AND TAKE ACTION NECESSARY PURSUANT TO EXECUTIVE SESSION, IF NEEDED

No action taken.

XV. ADJOURNMENT

Motion To adjourn. **Action** Adjourn, **Moved By** Jan Joplin, **Seconded By** Sandra Lee.

Motion passed Unanimously

The meeting was adjourned at 7:30 p.m.

APPROVED:

ATTEST:

BRIAN JOHNSON, MAYOR

LESLIE GALLOWAY, CITY SECRETARY



Staff Report to the Honorable Mayor and City Council

Date: July 17, 2017

Agenda Item No: REQUIRED APPROVAL ITEMS (CONSENT) - B.

I. Subject:

Consider approval of minutes from July 7, 2017 special meeting

II. Originated by:

Leslie Galloway, City Secretary & Communications Coordinator

III. Summary:

Please see the attached minutes for your approval.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

Approve

VII. Alternative Actions:

VIII. Attachments:

1.	Minutes2017_07.07	Minutes_City Council Special Meeting July 7.pdf
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KENNEDALE CITY COUNCIL MINUTES

SPECIAL MEETING | July 7, 2017

**KENNEDALE PUBLIC LIBRARY COMMUNITY CENTER, 316 W 3RD STREET
REGULAR SESSION at 8:00 AM**

I. CALL TO ORDER

Mayor Johnson called the meeting to order at 8:12 a.m.

II. ROLL CALL

Present: Mayor Brian Johnson, Rockie Gilley (Place 1), Sandra Lee (Place 3), Kelly Turner (Place 4), Mayor Pro Tem Jan Joplin (Place 5)

Absent: Liz Carrington (Place 2)

Staff: *City Manager George Campbell, City Secretary & Communications Coordinator Leslie Galloway, Human Resources Director Kelly Cooper, Finance Director Brady Olsen, Community Development Director Rachel Roberts, (Library Director Amanda King in audience)*

III. LONG RANGE PLANNING AND GOAL SESSION

A. Presentation and discussions regarding the City's long range plans and establishing goals, objectives and priorities pertaining to current and future issues affecting the city, including but not limited to the following:

- Budget priorities;
- Water and sewer rates;
- Development and growth objectives;
- Race tracks; and
- Alternate sources of water.

City Manager George Campbell stated that staff needs to understand the current Council's desired direction for the community so that they can effectively move toward those goals.

Karen Walz, founder of Strategic Government Solutions, stated that this meeting was an opportunity for Council and staff to discuss the future of the community by: discussing issues, vision, and direction for the City; focusing on selected issues that are Council priorities for long-term success; reaching a common understanding about operations issues, roles, and responsibilities; and agreeing on a set of next steps.

She added that these objectives would be sought through the following tasks: defining and understanding our starting point; collaborating on long-term issues; discussing of effective leadership in a Council-Manager form of government; and defining of constructive communications between Council and staff.

Council and staff defined and discussed the unique strengths, weaknesses, opportunities, and threats (SWOT) facing the City:

STRENGTHS | growing tax base; quality of staff and department heads; location; size (small in a large Metroplex); regional partnerships (e.g., Tarrant County); development opportunities; diversity; citizens' sense of community; quality of the library; resilience; emergency protection (police and fire departments); and citizens' desire to see Kennedale become a thriving city

WEAKNESSES | loss of institutional knowledge; relating to the citizens as a whole; a small staff and high turnover leads to stress and uncertainty; being a small community in such a large metro area means residents sometimes expect a more robust service and program delivery than is feasible; low staff morale; lack of affordable housing; lack of citizen involvement; long-term financial stability; staff wears many hats; lack of 'economy of scale'; and limited land means there is limited opportunity for strategic growth

OPPORTUNITIES | increased sales tax revenue; City has built a good regional reputation over past decade, leading to opportunities to learn about and participate in regional programs or grants; new participants in government (council, staff, citizens); attracting more businesses; redevelopment; location in DFW; many highly skilled people in area; community events; transit; and the large number of cities to look to for best practices

THREATS | racetracks; salvage yards; infrastructure collapse; rising intergovernmental costs; rising tax burden on residents; forgetting what Kennedale means to residents; large cities on borders overwhelming us; sharing borders with areas with depressed economies; outside interests can influence a City that lacks a defined direction or plan; centralized planning; and regional population growth causes continually increased costs of limited resources (e.g., water)

Council and staff focused on the roles and responsibilities of the Mayor and Council, the staff, and the community in their efforts to build on these perceived strengths and opportunities and address the weaknesses and threats. Discussion also included the development of 'ground rules' for constructive communication, decision-making, and agreement-building.

IV. EXECUTIVE SESSION

There was no Executive Session at this time.

V. RECONVENE INTO OPEN SESSION, AND TAKE ACTION NECESSARY PURSUANT TO EXECUTIVE SESSION, IF NEEDED

No action taken.

VI. ADJOURNMENT

The meeting was adjourned at 3:55 p.m.

APPROVED:

ATTEST:

BRIAN JOHNSON, MAYOR

LESLIE GALLOWAY, CITY SECRETARY



Staff Report to the Honorable Mayor and City Council

Date: July 17, 2017

Agenda Item No: REQUIRED APPROVAL ITEMS (CONSENT) - C.

I. Subject:

Approve Schedule of Investment Activity for quarter ending June 30, 2017

II. Originated by:

Brady Olsen, Finance Director

III. Summary:

In accordance with Public Funds Investment Act (PFIA), the investments should be reported quarterly. This is for the third quarter of FY '17, and going forward will be presented for each quarter to Council to stay current with PFIA.

After budget season, staff will make a concerted effort to reevaluate the current investment mix.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

Approve

VII. Alternative Actions:

VIII. Attachments:

1.	Investment Update	June 30 2017 Qtrly Investment Report.pdf
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City of Kennedale, Texas

SCHEDULE OF INVESTMENT ACTIVITY

For The Quarter Ending June 30, 2017

CITY OF KENNEDALE, TEXAS
INVESTMENT REPORT
FOR QUARTER ENDING June 30, 2017

The Quarterly Investment Report provides the City's investment portfolio position as of the report period indicated above. Fund of the City are invested in accordance with the City of Kennedale Investment Policy as originally adopted on September 13, 2001 and subsequently reviewed on October 19, 2015.

SUMMARY OF INVESTMENTS FOR THE QUARTER

99.3% of the City of Kennedale's investments are owned by the Pooled Cash Fund. The remaining .7% goes to the \$2.0M 2010 CO Bond Fund, \$1.7M TX Leverage Fund, and Clearing Funds. As of the reporting quarter, 65.23% of the City's investments are in investment pools, and 34.77% are invested in money market savings accounts.

INVESTMENT STRATEGIES

The City's main objectives in managing the portfolio are as follows: suitability, preservation & safety of principal, liquidity, marketability, diversification, and yield.

INVESTMENT PORTFOLIO ALLOWABLE BREAKDOWN

Certificates of Deposit (25%), Investment Pools (100%)*, Money Market Mutual Funds (100%)*, Repurchase Agreements (50%)*, Government Obligations (25%), US Treasury & US Agency Callables (25%), US Government Agencies & Instrumentalities (100%), and US Treasury Notes/Bills (100%)
 *(no more than 50% in any individual pool, fund, or repurchase agreement)

MONTHLY BALANCES- INVESTMENTS

Investment Pool	Account Name	Interest Rate	April 2017	May 2017	June 2017	Interest Earned
Texas Daily	Consolidated Cash	0.04%	\$ 31,598.43	\$ 31,618.84	\$ 31,640.88	\$ 61.86
TexStar	Consolidated Cash	0.03%	329,054.15	329,264.74	329,498.31	637.13
TexPool	\$2.0M CO Bond	0.03%	29,619.20	29,638.54	29,660.02	58.14
TexPool	Central Deposit	0.01%	2,258,614.93	2,191,417.59	2,578,895.64	4,601.39
TOTAL INVESTMENT POOLS			\$ 2,648,886.71	\$ 2,581,939.71	\$ 2,969,694.85	\$ 5,358.52

MONTHLY BALANCES- WELLSFARGO

Bank	Account Name	Interest Rate	April 2017	May 2017	June 2017	Interest Earned
Wellsfargo	Consolidated Cash	N/A	\$ 1,411,522.87	\$ 1,523,501.47	\$ 1,582,743.94	\$ -
Wellsfargo	Payroll Clearing	0.04%-0.05%	39,551.43	192.15	192.73	1.87
Wellsfargo	Section 125 Flex	0.04%-0.05%	356.23	-	-	-
Wellsfargo	Dick Price Rd	0.005%	-	-	-	-
Wellsfargo	Health Reimbursement	0.00%	-	-	-	-
Wellsfargo	Employee Health Benefit Trust	0.00%	2.79	3.02	3.39	1.08
TOTAL WELLSFARGO			\$ 1,451,433.32	\$ 1,523,696.64	\$ 1,582,940.06	\$ 2.95

TOTAL MONTHLY BALANCES- ALL	\$ 4,100,320.03	\$ 4,105,636.35	\$ 4,552,634.91	\$ 5,361.47
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TRANSACTION ACTIVITY- INVESTMENTS

Investment Pool	Account Name	Balance 3/31/2017	Deposits	Withdrawals	Interest	Balance 6/30/2017
Texas Daily	Consolidated Cash	\$ 31,579.02	\$ -	\$ -	\$ 61.86	\$ 31,640.88
TexStar	Consolidated Cash	328,861.18	-	-	637.13	329,498.31
TexPool	\$2.0M CO Bond	29,601.88	-	-	58.14	29,660.02
TexPool	Central Deposit	2,354,879.69	1,043,839.39	(824,424.83)	4,601.39	2,578,895.64
TOTAL INVESTMENT POOLS		\$ 2,744,921.77	\$ 1,043,839.39	\$ (824,424.83)	\$ 5,358.52	\$ 2,969,694.85

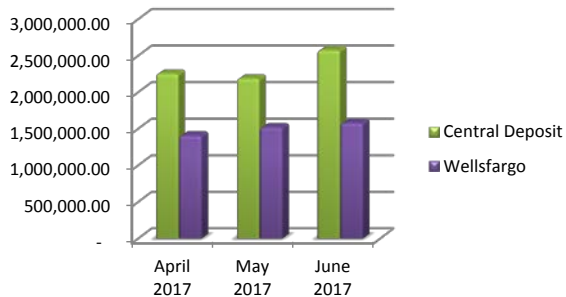
TRANSACTION ACTIVITY- WELLSFARGO

Bank	Account Name	Balance 3/31/2017	Deposits	Withdrawals	Interest	Balance 6/30/2017
Wellsfargo	Consolidated Cash	\$ 1,478,384.78	\$ 2,897,651.01	\$ (2,793,291.85)	\$ -	\$ 1,582,743.94
Wellsfargo	Payroll Clearing	37,292.74	833,409.87	(870,509.88)	1.87	192.73
Wellsfargo	Section 125 Flex	-	2,137.38	(2,137.38)	-	-
Wellsfargo	Health Reimbursement	-	8,001.00	(8,001.00)	-	-
Wellsfargo	Employee Health Benefit Trust	2.31	136,758.07	(136,756.99)	1.08	3.39
TOTAL WELLSFARGO		\$ 1,515,679.83	\$ 3,877,957.33	\$ (3,810,697.10)	\$ 2.95	\$ 1,582,940.06

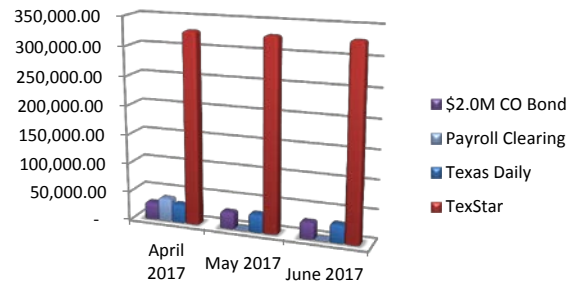
CASH BREAKDOWN BY FUND

	April 2017	May 2017	June 2017
01- General Fund	\$2,223,611.50	\$2,047,039.94	\$1,939,370.49
02- Debt Service Fund	\$61,312.43	\$49,383.02	\$79,318.15
04- Capital Project Fund	\$77,602.66	\$77,633.77	\$92,059.03
05- Capital Replacement Fund	\$139,601.46	\$132,336.96	\$129,466.13
07- Storm Drainage Utility Fund	\$185,670.94	\$171,211.51	\$76,377.85
10- Water/Sewer Fund	\$354,484.22	\$501,944.76	\$523,695.40
12- Court Security Fund	\$12,661.96	\$13,101.57	\$13,469.63
13- Capital Bond Fund	\$ -	\$ -	\$440,159.33
14- Park Dedication Fund	\$195,998.98	\$196,077.57	\$234,578.52
15- Economic Development Fund	(\$109,781.61)	(\$95,189.97)	(\$78,065.28)
16- Court Technology Fund	\$5,959.51	\$2,920.60	\$1,794.45
17- Streets Improvement Fund	\$283,371.99	\$293,097.00	\$366,747.36
18- Juvenile Case Manager Fund	\$22,757.85	\$22,679.55	\$22,549.33
19- EDC4B Capital Bond Fund	\$ -	\$ -	\$ -
21- TIF #1 New Hope Fund	(\$2,569.20)	(\$2,569.20)	(\$5,797.92)
31- Police Seizure Fund	\$ -	\$ -	\$ -
32- Library Building Fund	\$10,453.42	\$10,110.58	\$10,336.17
34- LEOSE Fund	\$1,801.09	\$1,801.81	\$1,802.66
41- Park Rec/Other Donation Fund	\$6,960.27	\$12,501.38	\$12,038.77
45- Roadway Impact Fee Fund	\$100,654.20	\$104,704.35	\$111,436.66
61- Water Impact Fee Fund	\$185,305.39	\$220,627.37	\$231,505.23
62- Sewer Impact Fee Fund	\$124,500.49	\$126,166.43	\$129,625.77
65- Water Improvement Fund	\$ -	\$ -	\$ -
83- Tree Reforestation Fund	\$68,012.02	\$68,039.29	\$68,071.19
85- Unclaimed Property Fund	\$1,990.24	\$1,990.24	\$1,990.24
95- EDC Reserve Fund	\$120,341.02	\$120,389.28	\$120,445.73
TOTAL ALL FUNDS	\$ 4,070,700.83	\$ 4,075,997.81	\$ 4,522,974.89

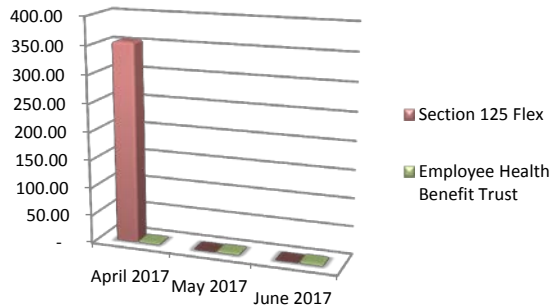
Main Accounts



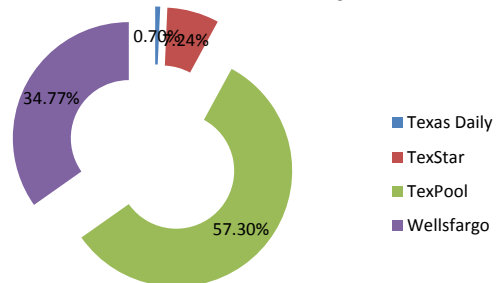
Other Accounts



Holding Accounts



Distribution of Money



Staff Report to the Honorable Mayor and City Council

Date: July 17, 2017

Agenda Item No: REQUIRED APPROVAL ITEMS (CONSENT) - D.

I. Subject:

Consider authorizing City Manager to enter into a contract for Professional Auditing Services, pursuant to engagement letter

II. Originated by:

Brady Olsen, Finance Director

III. Summary:

The City of Kennedale's Charter requires that Council engage an independent certified public accounting firm to conduct an annual external audit of both the City and Kennedale Economic Development Corporation (EDC), and then report the results of those audits to Council.

The City's contract with Patillo, Brown & Hill for these services expired following the completion of the FY2015/2016 audit. Last year, the City was assigned a new lead auditor by Patillo, Brown & Hill, who performed professionally, finding several prior period adjustments to land and capital.

Due to the recent turnover in the finance department, staff requests that Council postpone the full RFP process by approving the extension of the contract with Patillo, Brown & Hill for one year. This would allow a smoother transition for the upcoming audit with a professional staff familiar with the City. Additionally, a full RFP would take several months, placing the City behind in the audit process, thus risking a late CAFR report.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

Approve

VII. Alternative Actions:

VIII. Attachments:

1.	2017 Audit Engagement Letter	Kennedale 2017 Engagement Letter (2).pdf
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P A T T I L L O , B R O W N & H I L L , L L P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

July 5, 2017

City of Kennedale, Texas
405 Municipal Dr.
Kennedale, Texas 76060

The following represents our understanding of the services we will provide City of Kennedale, Texas.

You have requested that we audit the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Kennedale, Texas, as of September 30, 2017, and for the year then ended and the related notes to the financial statements, which collectively comprise City of Kennedale, Texas' basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis.
- Budgetary Comparison Information.
- Schedule of Changes in Net Pension Liability and Related Ratios.
- Schedule of Contributions.

WACO, TX
401 West Highway 6
Waco, Texas 76710
254.772.4901
www.pbhpa.com

HOUSTON, TX
281.671.6259
RIO GRANDE VALLEY, TX
956.544.7778

TEMPLE, TX
254.791.3460
ALBUQUERQUE, NM
505.266.5904


Governmental Audit
Quality Center

Supplementary information other than RSI will accompany City of Kennedale, Texas' basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

- Combining Statements and Schedules.

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the financial statements:

- Introductory Section.
- Statistical Section.

The Objective of an Audit

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in accordance with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

General Audit Procedures

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and, in accordance with *Government Auditing Standards*, and/or any state or regulatory audit requirements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements. 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.

Internal Control Audit Procedures

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS, and in accordance with *Government Auditing Standards*, and/or any state or regulatory audit requirements.

In making our risk assessments, we consider 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. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

Compliance with Laws and Regulations

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of City of Kennedale, Texas' compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
3. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
4. For including the auditor's report in any document containing financial statements that indicates that such financial statements have been audited by the entity's auditor;

5. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities; and
6. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

With respect to any nonattest services we perform, such as preparation of financial statements and related note disclosures. The entity's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

Reporting

We will issue a written report upon completion of our audit of City of Kennedale, Texas' basic financial statements. Our report will be addressed to the governing body of City of Kennedale, Texas. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

Other

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

Our firm may transmit confidential information that you provided us to third parties in order to facilitate delivering our services to you. For example, such transmissions might include, but not be limited to investment information. We have obtained confidentiality agreements with all our service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the work provided by any third-party service providers used under this agreement. By your signature below, you consent to having confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Provisions of Engagement Administration, Timing and Fees

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The timing of our audit will be scheduled for performance and completion as follows:

Document internal control and preliminary tests	September 2017
Mail confirmations	October 2017
Perform year-end audit procedures	January/February 2018
Issue audit reports	February/March 2018

Paula Lowe is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Pattillo, Brown & Hill, L.L.P.'s services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees for these services will be at our standard hourly rates plus out-of-pocket cost (such as reports reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$30,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services

for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional cost.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Pattillo, Brown & Hill, L.L.P. and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulatory agencies pursuant to authority given to them by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Pattillo, Brown & Hill, L.L.P.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation. The regulatory agency may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,
Pattillo, Brown & Hill, L.L.P.

A handwritten signature in cursive script that reads "Paula Lowe".

Paula Lowe, CPA
Waco, Texas

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of City of Kennedale, Texas by:

Name: _____

Title: _____

Date: _____



CPAs & Advisors

SYSTEM REVIEW REPORT

October 21, 2016

To the Partners of
Pattillo, Brown & Hill, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Pattillo, Brown & Hill, LLP (the firm) in effect for the year ended May 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, and audits performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of Pattillo, Brown & Hill, LLP in effect for the year ended May 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Pattillo, Brown & Hill, LLP has received a peer review rating of *pass*.

Haddox Reid Eubank Betts PLLC



Staff Report to the Honorable Mayor and City Council

Date: July 17, 2017

Agenda Item No: DECISION ITEMS - A.

I. Subject:

Hold a Public Hearing and consider adoption of Ordinance 633, revising the rates for water service and sanitary sewer service

1. Staff presentation
2. Public hearing
3. Staff response and summary
4. Action or direction by the City Council

II. Originated by:

George Campbell, City Manager

III. Summary:

Refer to staff report for Work Session item B.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

VII. Alternative Actions:

VIII. Attachments:

1.	O633 Option2	O633 Water Sewer Rates.2017-option 2.pdf
2.	O633 Option 3	O633 Water Sewer Rates.2017-option 3.pdf

ORDINANCE NO. 633

AN ORDINANCE OF THE CITY OF KENNEDALE, TEXAS, REVISING THE RATES FOR WATER SERVICE AND SANITARY SEWER SERVICE; PROVIDING AN EFFECTIVE DATE FOR THE RATES CONTAINED HEREIN; PROVIDING A PENALTY FOR PROVIDING FALSE INFORMATION TO OBTAIN A DISCOUNT ON WATER OR SEWER RATES; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR PUBLICATION IN THE OFFICIAL NEWSPAPER; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Kennedale, Texas is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code; and

WHEREAS, the City Council has adopted ordinances establishing rates for water service and sanitary sewer service within and outside the city limits of Kennedale in compliance with Sections 23-52 and 23-79 of the Code of Ordinances of the City of Kennedale; and

WHEREAS, in accordance with the provisions of Sections 23-52 and 23-79 of the Code of Ordinances of the City of Kennedale, the City Council has determined that it is in the best interests of the City of Kennedale to appropriate money to meet the funding requirements necessary to operate the water and sewer system by adopting a revised rate schedule for water and sewer rates within the city limits, as provided herein.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS, THAT:

SECTION 1. WATER RATES

In accordance with the provisions of Section 23-52 of the Code of Ordinances, the City Council hereby adopts water rates to fund the expenditures necessary to operate and maintain the water system and for payment of debt related to the provision of such service. The following rate schedule is hereby adopted for monthly residential and commercial/industrial water usage within the city limits of Kennedale. The total monthly charge shall include a base rate plus a volume charge for water usage.

A. For service within the city limits:

1. Base Rate:

METER SIZE	BASE RATE RESIDENTIAL	BASE RATE COMMERCIAL/ INDUSTRIAL	BASE RATE SENIOR/DISABLED	MULTIPLE RESIDENTIAL UNITS ON SINGLE METER
¾"	\$20.00	\$26.00	\$20.00	\$20.00/Per Unit
1"	\$33.00	\$65.00	\$33.00	\$20.00/Per Unit
1.5"	\$130.00	\$130.00	\$130.00	\$20.00/Per Unit
2"	\$208.00	\$208.00	\$208.00	\$20.00/Per Unit
3"	\$416.00	\$416.00	\$416.00	\$20.00/Per Unit
4"	\$650.00	\$650.00	\$650.00	\$20.00/Per Unit

*For senior/disabled rate, a credit of \$7.50 per month/billing cycle will apply towards the applicable meter size for water service.

2. Volume Charge:

VOLUME	RESIDENTIAL RATE	COMMERCIAL/ INDUSTRIAL RATE	SENIOR/DISABLED RATE
First 5,000 Gallons	\$2.75 Per 1000 Gallons	\$2.85 Per 1000 Gallons	\$2.75 Per 1000 Gallons
5,001-20,000 Gallons	\$5.36 Per 1000 Gallons	\$5.30 Per 1000 Gallons	\$5.36 Per 1000 Gallons
20,001-50,000 Gallons	\$6.70 Per 1000 Gallons	\$6.94 Per 1000 Gallons	\$6.70 Per 1000 Gallons
Over 50,000 Gallons	\$8.38 Per 1000 Gallons	\$6.94 Per 1000 Gallons*	\$8.38 Per 1000 Gallons

*For commercial/industrial rate, 3rd and 4th tier volume charge is the same.

Note: For multiple residential units on a single water meter, the volume charge shall be calculated on a per unit basis by dividing the total volume of water used by the number of residential units.

SECTION 2. SEWER RATES

In accordance with the provisions of Section 23-79 of the Code of Ordinances, the City Council hereby adopts sewer rates to fund the expenditures necessary to operate and maintain the sewer system and for payment of debt related to the provision of such service. The following rate schedule is hereby adopted for monthly residential and commercial/industrial sewer usage within the city limits of Kennedale. The total monthly charge shall include a base rate plus a volume charge based on water usage.

A. For service within the city limits:

	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	SENIOR/DISABLED RATE
Min. Base Rate	\$25.00	\$60.72	\$60.72	\$25.00*
Volume	\$2.90/1000 Gallons	\$6.72/1000 Gallons	\$4.50/1000 Gallons	\$2.90/1000 Gallons

*For senior/disabled rate, a credit of \$7.50 per month/billing cycle will apply towards the applicable meter size for water service.

SECTION 3.

The rate schedule for water and sewer usage outside the city limits of Kennedale is unchanged.

SECTION 4.

Chapter 23, Water, Sewers and Sewage Disposal, Article II, Municipal Water System, Division 2, Rates and Charges is amended by adding a new Section 23-55 to read as follows:

Sec. 23-55. – False information.

Providing and/or verifying false information presented to the City for purposes of obtaining a discount on water or sewer rates is hereby declared a misdemeanor. A person convicted of verifying and/or providing false information to obtain a discount on water rates or sewer rates shall be punished by a fine not exceeding two hundred dollars (\$200.00).

**SECTION 5.
RATE EFFECTIVE DATE**

The rates established in this ordinance shall supersede all prior adopted rates and shall become effective upon entering the rates in the City's water and sewer billing system or _____, whichever occurs first.

**SECTION 6.
CUMULATIVE CLAUSE**

This Ordinance shall be cumulative of all provisions of all existing ordinances and of the Kennedale City Code (1991), as amended, and shall not repeal any of the provisions of such ordinances except in those instances where provisions of such ordinances are in direct conflict with the provisions of this ordinance. The criteria for

qualifying senior citizen and disabled individual credits adopted in Ordinance No. 611 shall remain in effect.

**SECTION 7.
SEVERABILITY CLAUSE**

It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs, and sections of this Ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this Ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance, since the same would have been enacted by the City Council without the incorporation in this Ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

**SECTION 8.
PUBLICATION CLAUSE**

The City Secretary of the City of Kennedale is hereby directed to publish in the official newspaper of the City of Kennedale the caption, Section 4, the penalty clause and effective date clause of this ordinance two (2) days as authorized by section 52.013 of the Local Government Code.

**SECTION 9.
SAVINGS CLAUSE**

All rights and remedies of the City of Kennedale are expressly saved as to any and all violations of the Code of Ordinances of the City of Kennedale, as amended, or any other ordinance regarding the regulation of water and sewer rates that have accrued at the time of the effective date of this ordinance; and, as to such accrued violations and all pending litigation, both civil and criminal, whether pending in court or not, under such ordinances, same shall not be affected by this ordinance but may be prosecuted until final disposition by the courts.

**SECTION 10.
EFFECTIVE DATE**

This Ordinance shall be in full force and effect from and after its passage and publication as required by law, and it is so ordained.

PASSED AND APPROVED ON THIS 17th DAY OF JULY, 2017.

CITY OF KENNEDALE:

Mayor, Brian Johnson

ATTEST:

City Secretary, Leslie Galloway

EFFECTIVE DATE:_____

APPROVED AS TO FORM AND LEGALITY:

City Attorney, Wayne Olson

ORDINANCE NO. 633

AN ORDINANCE OF THE CITY OF KENNEDALE, TEXAS, REVISING THE RATES FOR WATER SERVICE AND SANITARY SEWER SERVICE; PROVIDING AN EFFECTIVE DATE FOR THE RATES CONTAINED HEREIN; PROVIDING A PENALTY FOR PROVIDING FALSE INFORMATION TO OBTAIN A DISCOUNT ON WATER OR SEWER RATES; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR PUBLICATION IN THE OFFICIAL NEWSPAPER; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Kennedale, Texas is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code; and

WHEREAS, the City Council has adopted ordinances establishing rates for water service and sanitary sewer service within and outside the city limits of Kennedale in compliance with Sections 23-52 and 23-79 of the Code of Ordinances of the City of Kennedale; and

WHEREAS, in accordance with the provisions of Sections 23-52 and 23-79 of the Code of Ordinances of the City of Kennedale, the City Council has determined that it is in the best interests of the City of Kennedale to appropriate money to meet the funding requirements necessary to operate the water and sewer system by adopting a revised rate schedule for water and sewer rates within the city limits, as provided herein.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS, THAT:

SECTION 1. WATER RATES

In accordance with the provisions of Section 23-52 of the Code of Ordinances, the City Council hereby adopts water rates to fund the expenditures necessary to operate and maintain the water system and for payment of debt related to the provision of such service. The following rate schedule is hereby adopted for monthly residential and commercial/industrial water usage within the city limits of Kennedale. The total monthly charge shall include a base rate plus a volume charge for water usage.

A. For service within the city limits:

1. Base Rate:

METER SIZE	BASE RATE RESIDENTIAL	BASE RATE COMMERCIAL/ INDUSTRIAL	BASE RATE SENIOR/DISABLED	MULTIPLE RESIDENTIAL UNITS ON SINGLE METER
3/4"	\$25.00	\$25.00	\$25.00	\$25.00/Per Unit
1"	\$41.68	\$41.68	\$41.68	\$25.00/Per Unit
1.5"	\$83.25	\$83.25	\$83.25	\$25.00/Per Unit
2"	\$133.25	\$133.25	\$133.25	\$25.00/Per Unit
3"	\$250.00	\$250.00	\$250.00	\$25.00/Per Unit
4"	\$416.75	\$416.68	\$416.75	\$25.00/Per Unit

*For senior/disabled rate, a credit of \$7.50 per month/billing cycle will apply towards the applicable meter size for water service.

2. Volume Charge:

VOLUME	RESIDENTIAL RATE	COMMERCIAL/ INDUSTRIAL RATE	SENIOR/DISABLED RATE
First 5,000 Gallons	\$4.50 Per 1000 Gallons	\$5.63 Per 1000 Gallons	\$4.50 Per 1000 Gallons
5,001-20,000 Gallons	\$5.63 Per 1000 Gallons	\$7.03 Per 1000 Gallons	\$5.63 Per 1000 Gallons
20,001-50,000 Gallons	\$7.03 Per 1000 Gallons	\$8.79 Per 1000 Gallons	\$7.03 Per 1000 Gallons
Over 50,000 Gallons	\$8.79 Per 1000 Gallons	\$10.99 Per 1000 Gallons	\$8.79 Per 1000 Gallons

Note: For multiple residential units on a single water meter, the volume charge shall be calculated on a per unit basis by dividing the total volume of water used by the number of residential units.

SECTION 2. SEWER RATES

In accordance with the provisions of Section 23-79 of the Code of Ordinances, the City Council hereby adopts sewer rates to fund the expenditures necessary to operate and maintain the sewer system and for payment of debt related to the provision of such service. The following rate schedule is hereby adopted for monthly residential and commercial/industrial sewer usage within the city limits of Kennedale. The total monthly charge shall include a base rate plus a volume charge based on water usage.

A. For service within the city limits:

	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	SENIOR/DISABLED RATE
Min. Base Rate	\$30.00	\$60.00	\$60.00	\$30.00*
Volume	\$4.50/1000 Gallons	\$7.00/1000 Gallons	\$7.00/1000 Gallons	\$4.50/1000 Gallons

*For senior/disabled rate, a credit of \$7.50 per month/billing cycle will apply towards the applicable meter size for water service.

SECTION 3.

The rate schedule for water and sewer usage outside the city limits of Kennedale is unchanged.

SECTION 4.

Chapter 23, Water, Sewers and Sewage Disposal, Article II, Municipal Water System, Division 2, Rates and Charges is amended by adding a new Section 23-55 to read as follows:

Sec. 23-55. – False information.

Providing and/or verifying false information presented to the City for purposes of obtaining a discount on water or sewer rates is hereby declared a misdemeanor. A person convicted of verifying and/or providing false information to obtain a discount on water rates or sewer rates shall be punished by a fine not exceeding two hundred dollars (\$200.00).

**SECTION 5.
RATE EFFECTIVE DATE**

The rates established in this ordinance shall supersede all prior adopted rates and shall become effective upon entering the rates in the City's water and sewer billing system or _____, whichever occurs first.

**SECTION 6.
CUMULATIVE CLAUSE**

This Ordinance shall be cumulative of all provisions of all existing ordinances and of the Kennedale City Code (1991), as amended, and shall not repeal any of the provisions of such ordinances except in those instances where provisions of such ordinances are in direct conflict with the provisions of this ordinance. The criteria for qualifying senior citizen and disabled individual credits adopted in Ordinance No. 611 shall remain in effect.

**SECTION 7.
SEVERABILITY CLAUSE**

It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs, and sections of this Ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this Ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance, since the same would have been enacted by the City Council without the incorporation in this Ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

**SECTION 8.
PUBLICATION CLAUSE**

The City Secretary of the City of Kennedale is hereby directed to publish in the official newspaper of the City of Kennedale the caption, Section 4, the penalty clause and effective date clause of this ordinance two (2) days as authorized by section 52.013 of the Local Government Code.

**SECTION 9.
SAVINGS CLAUSE**

All rights and remedies of the City of Kennedale are expressly saved as to any and all violations of the Code of Ordinances of the City of Kennedale, as amended, or any other ordinance regarding the regulation of water and sewer rates that have accrued at the time of the effective date of this ordinance; and, as to such accrued violations and all pending litigation, both civil and criminal, whether pending in court or not, under such ordinances, same shall not be affected by this ordinance but may be prosecuted until final disposition by the courts.

**SECTION 10.
EFFECTIVE DATE**

This Ordinance shall be in full force and effect from and after its passage and publication as required by law, and it is so ordained.

PASSED AND APPROVED ON THIS 17th DAY OF JULY, 2017.

CITY OF KENNEDALE:

Mayor, Brian Johnson

ATTEST:

City Secretary, Leslie Galloway

EFFECTIVE DATE:_____

APPROVED AS TO FORM AND LEGALITY:

City Attorney, Wayne Olson

Staff Report to the Honorable Mayor and City Council

Date: July 17, 2017

Agenda Item No: EXECUTIVE SESSION - A.

I. Subject:

The City Council will meet in closed session pursuant to Section 551.071 of the Texas Government Code for consultation with the City Attorney pertaining to any matter in which the duty of the City Attorney under the Texas Disciplinary Rules of Professional Conduct may conflict with the Open Meetings Act, including discussion of any item posted on the agenda.

- Texas Raceway Development Agreement
- Altom claim regarding drainage easement at 1033 and 1041 Estates Drive
- Agreement between Kennedale Economic Development Corporation and Kennedale Development Partners, Series LLC regarding a loan and reimbursement for tenant improvements in Building 1 of Kennedale TownCenter, located at 201 W Kennedale Parkway

II. Originated by:

III. Summary:

At this time the City Council will meet in Executive Session.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

VII. Alternative Actions:

VIII. Attachments:

1.	Staff Report	Staff Report for EDC_KDP Agreement.pdf
2.	KPD Agreement	Kennedale Development Partners Reimbursement Agreement_CONF.pdf