



AGENDA

**CITY COUNCIL WORK SESSION
City of Garland
Duckworth Building, Goldie Locke Room
217 North Fifth Street
Garland, Texas
August 4, 2014**

6:00 p.m.

DEFINITIONS:

Written Briefing: Items that generally do not require a presentation or discussion by the staff or Council. On these items the staff is seeking direction from the Council or providing information in a written format.

Verbal Briefing: These items do not require written background information or are an update on items previously discussed by the Council.

Regular Item: These items generally require discussion between the Council and staff, boards, commissions, or consultants. These items are often accompanied by a formal presentation followed by discussion.

**[Public comment will not be accepted during Work Session
unless Council determines otherwise.]**

NOTICE: The City Council may recess from the open session and convene in a closed executive session if the discussion of any of the listed agenda items concerns one or more of the following matters:

(1) Pending/contemplated litigation, settlement offer(s), and matters concerning privileged and unprivileged client information deemed confidential by Rule 1.05 of the Texas Disciplinary Rules of Professional Conduct. Sec. 551.071, TEX. GOV'T CODE.

(2) The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.072, TEX. GOV'T CODE.

(3) A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.073, TEX. GOV'T CODE.

(4) Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Sec. 551.074, TEX. GOV'T CODE.

(5) The deployment, or specific occasions for implementation of security personnel or devices. Sec. 551.076, TEX. GOV'T CODE.

(6) Discussions or deliberations regarding commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay, or expand in or near the territory of the City and with which the City is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect of the sort described in this provision. Sec. 551.087, TEX. GOV'T CODE.

(7) Discussions, deliberations, votes, or other final action on matters related to the City's competitive activity, including information that would, if disclosed, give advantage to competitors or prospective competitors and is reasonably related to one or more of the following categories of information:

- generation unit specific and portfolio fixed and variable costs, including forecasts of those costs, capital improvement plans for generation units, and generation unit operating characteristics and outage scheduling;
- bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies;
- effective fuel and purchased power agreements and fuel transportation arrangements and contracts;
- risk management information, contracts, and strategies, including fuel hedging and storage;
- plans, studies, proposals, and analyses for system improvements, additions, or sales, other than transmission and distribution system improvements inside the service area for which the public power utility is the sole certificated retail provider; and
- customer billing, contract, and usage information, electric power pricing information, system load characteristics, and electric power marketing analyses and strategies. Sec. 551.086; TEX. GOV'T CODE; Sec. 552.133, TEX. GOV'T CODE]

1. Written Briefings:

**a. TxDOT Selective Traffic Enforcement Program –
2015 Comprehensive Grant**

Council is requested to consider authorizing the acceptance of a Texas Department of Transportation (TxDOT) Selective Traffic Enforcement Program (STEP) – Comprehensive Grant. The Garland Police Department has successfully participated in STEP enforcement grants for many years. The purpose of the grant is to save lives, reduce motor vehicle accidents and injuries, and change behavior related to driving habits. This is accomplished by aggressively enforcing the laws of the State of Texas related to red light and intersection violations, seatbelt violations, speed violations, and driving while intoxicated. This item is scheduled for formal consideration at the August 5, 2014 Regular Meeting.

b. Radio System Upgrade Request for Proposal

The IT Department staff is preparing a Request for Proposal (RFP) for the acquisition and implementation of a public safety/public works radio system in partnership with the City of Mesquite. The RFP is expected to be released within the next two weeks. Council members may be approached by individuals who may directly or indirectly represent a system vendor. Council and City staff are requested to direct all questions or communication to the City's Purchasing Department. The Purchasing Department has processes in place to properly address questions while maintaining the integrity of the purchasing process.

c. Change Order – Dairy Road Construction

Council is requested to consider authorizing a change order in the amount of \$363,811.62 to the construction contract with Tri-Con Services for the Dairy Road reconstruction project (Celeste to Broadway). During the construction project, a drainage issue on Hardy Drive near the intersection of Dairy Road, failed paving on Dairy Road just north of the construction area, and additional replacement/lowering of the North Texas Municipal Water District 30" and 36" water main and the City's 16" water main warranted additional work. This item is scheduled for formal consideration at the August 5, 2014 Regular Meeting.

d. Neighborhood Vitality Matching Grant

Proposition 6 was approved by Garland voters in May 2004 and included \$5,000,000 for the Neighborhood Vitality Matching Grant Program. The Community Services Committee reviewed three applications and recommended that Council consider approval of all three. Preliminary bids obtained by the applicants total \$84,071. The funding requests total \$63,934 with the difference of \$20,137 coming from matching funds provided by the applicants. If Council concurs, this item will be scheduled for formal consideration at the August 19, 2014 Regular Meeting.

e. West Avenue C Parking Restrictions

Residents east of Garland High School made a request to establish parking restrictions on W. Avenue C between Tenth Street and Eleventh Street. The proposed restrictions would be from 7 to 9 a.m. and 2 to 4 p.m. on school days only. If Council concurs, this item will be scheduled for formal consideration at the August 19, 2014 Regular Meeting.

f. Campbell Road/PGBT Land Use & Entitlement Study

Council is requested to consider authorizing a change order in the amount of \$49,905 to the consultant contract with Gateway Planning for the land use and entitlement study for the property located around the intersection of Campbell Road and President George Bush Turnpike. This change order is required in order to complete the first phase of this project. This item is scheduled for formal consideration at the August 5, 2014 Regular Meeting.

g. City Center Arts Plaza Conceptual Design

The City Center Project includes redesigning the driveway approaches from Austin Street to the Granville Performing Arts Center and the Atrium, creating an elegant entryway. Staff plans to proceed with the Arts Plaza design concept recommended by the Garland Cultural Arts Commission.

h. Recyclables Processing and Marketing Agreement

Republic Services (formerly Allied Waste Systems, Inc.) has proposed changes to the current Recyclables Processing and Marketing Agreement that are not financially advantageous to the City of Garland. Republic Services agreed to extend the agreement expiration period from May 2014 to July 2014. Council is requested to authorize the City Manager to enter into a month-to-month Recyclable Processing and Marketing Agreement with Republic Services not to exceed six months in order to avoid any disruption in the processing of recyclable materials. Staff will initiate a process to receive Request for Proposals from vendors and, after evaluation, secure a new Recyclable Processing and Marketing Agreement.

| Item | Key Person |
|------|------------|
|------|------------|

2. Verbal Briefings:

a. Small Area Development Concepts

Athas

At the request of Mayor Douglas Athas, Mr. Monte Anderson with Options Real Estate will brief Council on small area development concepts.

b. Community Services Committee Report

Goebel

Council Member Anita Goebel, chair of the Community Services Committee, will provide a committee report on the following items:

- *Illegal sales on abandoned commercial property*
- *Review of the definition of “junk vehicle” in Section 32.81*
- *Preliminary approval of three Neighborhood Vitality grant projects*
- *Preliminary approval of an ordinance updating Sec. 26.01 related to unattended vehicles in public places*

c. Transportation Report

Dean/Schaffner

Dean International, the City’s transportation consultant, will update Council on the following:

- *Project Updates*
 - *IH-635*

- IH-30
- SH-78
- Stakeholder Forums
 - IH-635 East Recap
 - IH-30
 - SH-78
- Advocacy Group Update
- Strategic Missions (2014/15) Update
- Updates
 - Texas Transportation Commission
 - TEX-21
 - THSRTC
 - DRMC
 - RTC
 - Federal Policy
 - State Update
 - Texas Legislature
 - TxDOT

d. Resolution No. 10117 Supporting the High-Speed Rail **Athas**

At the request of Mayor Douglas Athas, Council is requested to discuss Resolution No. 10117 that was approved by Council on August 6, 2013 supporting the seamless interconnectivity of high-speed rail into the operating terminal areas of the Dallas/Fort Worth International Airport.

e. Blacklands Corridor **Athas**

At the request of Mayor Douglas Athas, Council is requested to discuss the Blacklands Corridor.

f. Industrial Focus **Cahill/LeMay**

At the request of Mayor Pro Tem Jim Cahill and Council Member Scott LeMay, Council is requested to discuss and provide direction regarding the Industrial Focus.

g. 5th Annual TEX-21 Fact-Finding Mission **Stanley/Dodson**
Trip to Panama

At the request of Council Members Stephen Stanley and Lori Barnett Dodson, Council is requested to discuss Council's participation in the 5th

Annual TEX-21 Fact-Finding Mission trip to Panama that is scheduled for August 13 – 17, 2014.

h. Retirement Stability Fund Proposal by the Garland Fire Fighters Association **Riggs/Shupe**

Representatives of the Garland Fire Fighters Association (GFFA), David Riggs and Lucas Shupe, will make a presentation to Council on the GFFA's proposal for the Retirement Stability Fund.

i. Report on NLC Transportation Infrastructure and Services Committee Meeting **Stanley**

Council Member Stephen Stanley will provide a report on his attendance at the NLC Transportation Infrastructure and Services (TIS) Committee meeting at the 2014 Summer Policy Forum for NLC's Policy and Advocacy Steering Committees that was held July 24-26 in St. Paul, Minnesota.

3. Regular Items:

a. Financial Condition Report **Schuler**

Staff will present the Financial Condition Report. The report compares the audited results of operation over a five-year period, from fiscal year 2008-09 through fiscal year 2012-13. The data presented in the report is taken from the City of Garland Comprehensive Annual Financial Reports.

b. Preview of the 2014-15 Proposed Budget **Young**

Staff will provide an overview of the City Manager's Proposed Budget for FY 2014-15. The FY 2014-15 Proposed Budget document will officially be presented to Council at the August 5, 2014 Regular Meeting.

4. Discuss Appointments to Boards and Commissions **Council**

Garland Youth Council

- Araseli Lara – (District 1)
- Zaria Dickson – (District 2)

- *Britney Fernandez – (District 2)*
- *Devin Brown – (District 3)*
- *Kylie Beene – (District 3)*
- *Summer Davis – (District 4)*
- *Kelsy Kenison – (District 7)*
- *Leah Gattus – (District 7)*
- *Diane Ly – (District 8)*
- *Elizabeth Sinclair – (District 8)*

Board of Adjustment

- *Arlene Beasley – (District 2)*
- *Jim Bookout – (District 4)*

Citizens Environmental and Neighborhood Advisory Committee

- *Frances Smith – (District 4)*

Community Multicultural Commission

- *Dr. Shibu Samuel – (District 4)*

Garland Cultural Arts Commission

- *Claudia Porras – (District 2)*
- *Blanca Sanchez – (District 4)*

Housing Standards Board

- *Rodney Blount – (District 2)*
- *David Perry – (District 4)*

Library Board

- *Lynnell Patricia Boone – (District 2)*
- *CorSharra Jackson – (District 4)*

Parks and Recreation Board

- *Sharon Carstens – (District 2)*
- *Davis Cecil Williams II – (District 4)*

Plumbing and Mechanical Codes Board

- *Dwight Dee Nichols – (District 2)*

Senior Citizens Advisory Committee

- Gwendolyn Daniels – (District 4)
- Wayne Wilmany – (District 2)

TIF – I-30 South

- Jonathan Kelly – (District 4)

5. Consider the Consent Agenda Council

A member of the City Council may ask that an item on the consent agenda for the next regular meeting be pulled from the consent agenda and considered separate from the other consent agenda items. No substantive discussion of that item will take place at this time.

6. Announce Future Agenda Items Council

A member of the City Council, with a second by another member, or the Mayor alone, may ask that an item be placed on a future agenda of the City Council or a committee of the City Council. No substantive discussion of that item will take place at this time.

7. Council will move into Executive Session Council

**EXECUTIVE SESSION
AGENDA**

- 1. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. [Sec. 551.072 TEX.GOV'T]**
 - *Consider the purchase of property in central Garland for GP&L uses.*
 - *Consider the purchase of property located in central Garland for general municipal purposes.*
- 2. Discussions, deliberations, voting on, and taking final action with regard to any competitive matter, that being a utility-related matter that is related to the City's competitive activity, including commercial information, and would, if disclosed, give advantage to competitors or prospective competitors**

including any matter that is reasonably related to the following categories of information:

- (A) generation unit specific and portfolio fixed and variable costs, including forecasts of those costs, capital improvement plans for generation units, and generation unit operating characteristics and outage scheduling;
- (B) bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies;
- (C) effective fuel and purchased power agreements and fuel transportation arrangements and contracts;
- (D) risk management information, contracts, and strategies, including fuel hedging and storage;
- (E) plans, studies, proposals, and analyses for system improvements, additions, or sales, other than transmission and distribution system improvements inside the service area for which the public power utility is the sole certificated retail provider; and
- (F) customer billing, contract, and usage information, electric power pricing information, system load characteristics, and electric power marketing analyses and strategies;

[Sec. 551.806; Sec. 552.133, TEX. GOV'T CODE]

- *Consider the approval of a renewable energy power purchase agreement.*

8. Adjourn

Council



Meeting: Work Session

Date: August 4, 2014

Policy Report

**TEXAS DEPARTMENT OF TRANSPORTATION (TxDOT)
SELECTIVE TRAFFIC ENFORCEMENT PROGRAM (STEP)
2015 COMPREHENSIVE GRANT**

ISSUE

Council is requested to consider accepting a Texas Department of Transportation (TxDOT) – Selective Traffic Enforcement Program (STEP) – Comprehensive Grant.

OPTIONS

1. Accept TxDOT STEP grant funding.
2. Do Not Accept TxDOT STEP Grant Funding.

RECOMMENDATION

Option 1: Accept TxDOT Grant Funding for the Selective Traffic Enforcement Program (STEP) Comprehensive Grant for FY 2014-2015. This item is scheduled for formal consideration at the August 5, 2014 Regular Meeting.

COUNCIL GOALS

Safe, Family-Friendly Neighborhoods
Financially Stable Government

BACKGROUND

The Garland Police Department has successfully participated in STEP enforcement grants for many years. The purpose of this grant is to save lives, reduce motor vehicle crashes and injuries, and change behavior related to driving habits. This is accomplished by aggressively enforcing the laws of the State of Texas related to red light and intersection violations, seat belt violations, speed violations and driving while intoxicated violations.

**TEXAS DEPARTMENT OF TRANSPORTATION SELECTIVE TRAFFIC
ENFORCEMENT COMPREHENSIVE GRANT**

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The enforcement activities will also be supplemented by additional public information and education campaigns conducted throughout the enforcement period. These efforts will be focused throughout the City of Garland.

CONSIDERATION

The grant for FY 2014-2015 is in the amount of \$393,719.00. If accepted, TxDOT will reimburse the City of Garland \$249,889.80. The grant requires the City to provide \$143,829.20 in matching funds. This will be accomplished in part through fringe benefits expenditures, TMRS contributions, vehicle mileage costs, and administrative time spent on grant related paperwork. Consequently, the City can satisfy the contractual match requirements without expending any additional funds.

ATTACHMENT

None

Submitted By:

Mitchel L. Bates
Chief of Police

Date: July 23, 2014

Approved By:

William E. Dollar
City Manager

Date: July 23, 2014



Meeting: Work Session

Date: August 4, 2014

Policy Report

RADIO SYSTEM UPGRADE REQUEST FOR PROPOSAL

ISSUE

City IT Staff is preparing a request for proposal (RFP) for the acquisition and implementation of a public safety / public works radio system in partnership with the City of Mesquite. The RFP is expected to be released within the next two weeks.

The vendors that market radio systems are very aggressive and persistent. Council members may be approached by individuals who may directly or indirectly represent a system vendor.

RECOMMENDATION

IT Staff respectfully recommends that Council Members direct all questions or communication to the City's Purchasing Department. Likewise, City Staff will direct communication with the vendors and vendor representatives to Purchasing. The Purchasing Department has processes in place to properly address questions while maintaining the integrity of the purchasing process.

COUNCIL GOAL

Financially Stable Government with Tax Base that Supports Community Needs

BACKGROUND

The City's radio communications system provides radio communications for over 2000 radio units used by Police, Fire and numerous public works departments within the cities of Garland, Rowlett and Sachse and for GISD. The other agencies pay fees for system usage.

The core components of the current system were installed in 1990 and the system was expanded to provide additional coverage in 2006 utilizing the same technology. Critical components of the system, the system controllers, reach "end of support" from the vendor at the end of 2016. There is no remaining upgrade path for the existing system.

In 2013, the City engaged a radio communications consulting firm to perform an assessment of the City's current radio communications needs. Council was briefed on

RADIO SYSTEM UPGRADE RFP

Page 2

the results of the assessment during the CIP presentations in January. A CIP request was approved for the current phase of the project which includes detailed system design, development of the RFP, vendor selection and negotiation. The RFP that is being developed seeks vendor proposals to meet the needs that were identified in the assessment. Pending future Council action, the projected timeline estimates that the replacement radio system could be operational in 3Q of 2016.

ATTACHMENT

None

Submitted By:

Steven Niekamp
Chief Information Officer
Information Technology

Date: 7/23/2014

Approved By:

William E. Dollar
City Manager

Date: 7/23/14



Meeting: Work Session

Date: August 4, 2014

Policy Report

CHANGE ORDER – DAIRY ROAD CONSTRUCTION CELESTE TO BROADWAY

ISSUE

Consider a change order to the construction contract for the Dairy Road project in the amount of \$363,811.62.

OPTIONS

- A. Authorize staff to pay Tri-Con Services, Inc. for the additional work.
- B. Take no action

RECOMMENDATION

Staff recommends Option A. If Council concurs, this item will be scheduled for formal consideration at the August 5, 2014 Council Agenda.

COUNCIL GOAL

Financially Stable Government with Tax Base that Supports Community Needs
Consistent Delivery of Reliable City Services

BACKGROUND

In December 2013, the City entered into a construction contract with Tri-Con Services, Inc. for the Dairy Road reconstruction project (Celeste to Broadway) in the amount of \$2,959,016.50.

Part of the construction included the lowering of two sections of existing North Texas Municipal Water District 30-inch and 36-inch water main located in Broadway and Dairy to allow for the installation of new storm sewer. Due to unanticipated field conditions, additional work was required to correctly relocate and lower the water main. This included additional concrete paving and water main installation.

Also, current record drawings of old City water mains do not accurately reflect actual field conditions. As a result, the existing 16 inch water main had to be lowered to install

the new storm drainage system. Additional water line and concrete paving quantities were required.

The change order also includes additional paving, storm sewer, and water on Hardy Drive. It was decided to extend these an additional 150 feet to address a neighborhood drainage issue.

Finally, the change order also includes removal and replacement of two sections of failed concrete pavement in Dairy Road between Linda Lane and Wallace Drive. Settling has occurred in this area around the drainage structure under the pavement.

The \$363,811.62 is a 12.30% overage from the \$2,959,016.50 contract price.

CONSIDERATION

Staff seeks the Council's approval to pay Tri-Con Services, Inc. \$363,811.62 for the additional work.

ATTACHMENT

A. Change Order

Submitted By:

Michael C. Polocek, P.E.
Director of Engineering

Date: July 30, 2014

Approved By:

William E. Dollar
City Manager

Date: July 30, 2014



GARLAND

PURCHASE AWARD RECOMMENDATION

DATE: 07/28/14

TO: PURCHASING

FROM: DIRECTOR OF Engineering DEPT. NO.: 1400 BID NO.: 3347-13

DESCRIPTION: Change Order to PO 21531, Dairy Road Improvements from Celeste Drive to Broadway Blvd.

| Award Recommendation | Item Number | Amount |
|------------------------|-------------|--------------|
| Tri-Con Services, Inc. | 1 | \$363,811.62 |
| | | |
| | | |
| | | |
| | Total | \$363,811.62 |

CHARGE TO ACCOUNT NUMBER(S) AND/OR W.O. NUMBER(S):

| Account #(s) | W.O. #(S) | Item #(s) | Capital/CIP: |
|------------------|-----------|-----------|--------------|
| CA4263-GO-4-9001 | | | Yes |
| | | | Select: |
| | | | Select: |
| | | | Select: |

AWARD BASED ON: Change Order - Change in spec/qty/price.

ADDITIONAL AWARD INFORMATION: Please see attached Dairy Road Improvement Contract Change Order

APPROVALS:

| | |
|--|-------|
| _____ | _____ |
| Department Head <i>(up to \$25k)</i> | Date |
| _____ | _____ |
| Managing Director <i>(up to \$50K or Sole Source/Emergency)</i> | Date |
| _____ | _____ |
| Purchasing Director | Date |
| _____ | _____ |
| Budget Director/Analyst <i>(CIP and/or Capital)</i> | Date |
| _____ | _____ |
| Deputy City Manager <i>(up to \$75K)</i> or City Manager <i>(up to \$100K)</i> | Date |

CITY OF GARLAND - ENGINEERING DEPARTMENT
CONTRACT CHANGE ORDER

To: Tri-Con Services, Inc.
 3010 W. Main Street
 Rowlett, Texas 75088

Change Order No.: 1
P.O. No.: 21531
Account No.:
Page: 1 of 1

RE: Dairy Road Improvements
 Celeste Drive to Broadway Boulevard

Effective Date: July 28, 2014

You are hereby authorized to make the changes described below in connection with your contract dated January 2, 2014 for Dairy Road Improvements from Celeste Drive to Broadway Boulevard

The changes described herein are to be performed subject to the same conditions in the above mentioned original contract as fully as if such conditions were repeated in this Change Order.

Description of Changes:

1. Bid Item No. 144.0000 - Additional Quantities of water pipe removal.
2. Bid Item No. 331.0600 - Additional Quantities of Driveway Pavement Class C Construct
3. Bid Item No. 342.0700 - Additional Quantities of 7" Street Paving.
4. Bid Item No. 342.1001 - Additional Quantities of 10" High Early Strength Concrete Street Paving.
5. Bid Item No. 403.3020 - Additional Quantities of 30" RCCP Water Pipe.
6. Bid Item No. 403.3620 - Additional Quantities of 36" RCCP Water Pipe.
7. Additional Cost to Install Type B Combination Sidewalk Retaining Wall .
8. Additional Cost to Lower existing 16-in. and 6-inch Water line at Broadway Blvd. in conflict with Storm Sewer Box

Monetary Consideration:

| <u>Item</u> | <u>Description</u> | <u>Price</u> |
|--------------|--|---------------------|
| 1. | 394 LF of Water Pipe Removal & Disposal @ \$ 100.00 / LF | \$39,400.00 |
| 2. | 1,805.04 SY of 6" Driveway Pavement @ \$45.00 / SY | \$81,226.00 |
| 3. | 779.44 SY of 7" Street Paving @ \$37.00 / SY | \$28,839.28 |
| 4. | 285.52 SY of 10" HES Street Paving @ \$100.00 / SY | \$28,552.00 |
| 5. | 28.50 LF of 30" RCCP Water Pipe @ \$650.00 / LF | \$18,525.00 |
| 6. | 21.9 LF of 36" RCCP Water Pipe @ \$800.00 / LF | \$17,520.00 |
| 7. | 89.90 CY of Type B Combination Sidewalk/Retaining Wall @ \$618.00 / CY | \$55,558.20 |
| 8. | 1 Each Lump Sum Amount to Lower existing 16-in. & 6 in. Water Line at Broadway Boulevard @ \$94,191.14 | \$94,191.14 |
| TOTAL | | \$363,811.62 |

Contract Summary:

| | <u>\$ Amount</u> | <u>Work Days</u> |
|--------------------------------|---------------------|------------------|
| Original Contract Amount: | \$2,959,016.50 | 200 |
| Previous Contract Adjustments: | \$0.00 | 0 |
| Amount of this Change Order: | <u>\$363,811.62</u> | 0 |
| Total Adjusted Contract: | \$3,322,828.12 | 200 |

Change Order No. 1 represents a 12.30 % increase to original contract amount.

Accepted:

Unit Pricing Based on Existing Bid Prices In Contract
 (Contractor)

 (City Manager)

Date: 7-28-2014

Date:



Meeting: Work Session

Date: August 4, 2014

Policy Report

NEIGHBORHOOD VITALITY MATCHING GRANT

ISSUE

Review Neighborhood Vitality applications

OPTIONS

1. Approve applications as submitted.
2. Approve applications with modifications
3. Deny approval of applications

RECOMMENDATION

The Community Services Committee recommends approval of the three applications submitted for consideration. Unless Council directs otherwise, staff will place an item on the August 19, 2014 agenda for formal approval of these applications.

COUNCIL GOAL

Safe, Family-Friendly Neighborhoods

BACKGROUND

Proposition 6 was approved by Garland voters in May 2004 and included \$5,000,000 for the Neighborhood Vitality Matching Grant Program. Council has previously indicated that funds would be made available annually for neighborhood improvement projects. The Community Services Committee reviewed three applications on July 14, 2014. Preliminary bids obtained by the applicants total \$84,071. Of this amount, funding requests total \$63,934 with the difference of \$20,137 coming from matching funds provided by the applicants. Costs may vary after awards are made and final bids are received.

CONSIDERATIONS

1. According to the program guidelines, approximately \$500,000 will be available annually for the grant program. These funds will be appropriated as part of the annual Capital Improvement Program for approved Neighborhood Vitality projects.

NEIGHBORHOOD VITALITY MATCHING GRANT

Page 2

2. Staff has reviewed the applications to ensure compliance with the program guidelines. Issues identified during the review process are indicated on the project summary sheets.
3. The Community Services Committee met on July 14, 2014 to review the applications. After discussion, members recommended funding approval of all projects. Applicants will be responsible for obtaining required permits and submittal of required project detail.

ATTACHMENT(S)

Project Summaries

Submitted By:

Felisa Conner
Neighborhood Vitality Manager

Date: July 24, 2014

Approved By:

Anita Russelmann
Director of Planning

Date: July 25, 2014

William E. Dollar
City Manager

Date: July 28, 2014

Neighborhood Vitality Matching Grant

Project Summary

Association/Group: Ridgewood Park Neighborhood Association

Project Name: Purchase and Installation of Sign Toppers

Project Cost: \$2,252

Fund Request: \$1,126

Match: \$1,126

Council District: 4

Project Description

The applicant proposes to enhance the neighborhood by installing sign toppers at six main intersections and their cross streets for a total of 19 mounted sign toppers and 1 spare. The sign toppers will add cohesiveness for all the residents in Ridgewood Park 1.

Comments

Transportation has approved the sign topper design.

Staff Recommendation

The project is eligible for funding.

Neighborhood Vitality Matching Grant

Project Summary

Association/Group: Place One HOA
Project Name: Neighborhood Playground
Project Cost: \$72,194

Fund Request: \$54,145.50
Match: \$18,048.50

Council District: 6

Project Description

The applicant plans to install a playground area in the common area. The project includes the installation of playground equipment and a fall area for safety. Additionally, the applicant would like to install six ADA compliant ramps.

Comments

Applicant is responsible for securing appropriate permits prior to start of work.

Staff Recommendation

The project is eligible for funding.

Neighborhood Vitality Matching Grant

Project Summary

Association/Group: Town North Village HOA

Project Name: Additional Lighting Installation

Project Cost: \$9,625.00

Fund Request: \$8,662.50

Match: \$962.50

Council District: 6

Project Description

The applicant proposes to enhance the neighborhood's safety by installing 5 additional lights to their 3 common areas: 1 in the center commons, 2 in the east commons and 2 in the west commons area.

Comments

Garland Power & Light has given the estimate and will install the additional lighting.

Staff Recommendation

The project is eligible for funding.



Meeting: Work Session

Date: August 04, 2014

Policy Report

W. AVENUE C PARKING RESTRICTIONS

ISSUE

The residents have requested no stopping, standing, or parking restrictions on W. Avenue C between Tenth Street and Eleventh Street. The proposed restriction will be from 7:00 a.m. to 9:00 a.m. and 2:00 p.m. to 4:00 p.m. on school days only.

OPTIONS

- A. Establish no stopping, standing or parking restrictions from 7 a.m. to 9 a.m. and 2 p.m. to 4 p.m. school days only.
(Attachment A)
- B. Establish different restrictions.
- C. Take no action.

RECOMMENDATION

Staff recommends Option A. If Council concurs, this item will be scheduled for formal consideration at the August 19, 2014 regular meeting.

COUNCIL GOAL

Safe, Family-Friendly Neighborhoods

BACKGROUND

A request was made by Louis Moore on behalf of the residents east of Garland High School to establish parking restrictions on W. Avenue C between Tenth Street and Eleventh Street to discourage the dropping off of students at Garland High School.

These restrictions will be the same as those recently implemented on 11th street.

The residents adjacent to Avenue C are requesting these changes.

ATTACHMENT

Attachment A: Parking Restrictions Map

Submitted By:

Paul Luedtke
Director of Transportation

Date: July 22, 2014

Approved By:

William E. Dollar,
City Manager

Date: July 22, 2014.

W. Avenue C Proposed Parking Restriction



0 60 120 ft.

Map center: 32° 54' 36.8" N, 96° 38' 38.0" W



Scale: 1:1,013

This map is a user generated static output from an Internet mapping site and is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.



Meeting: Work Session

Date: August 4, 2014

Policy Report

CAMPBELL ROAD/PGBT LAND USE & ENTITLEMENT STUDY

ISSUE

Consideration of a change order to the consultant contract with Gateway Planning

OPTIONS

- 1) Approve the change order
- 2) Do not approve the change order

RECOMMENDATION

Staff recommends approval of the change order. An item has been placed on the August 5th Council agenda for consideration of the approval.

BACKGROUND

In October of 2013, Gateway Planning was engaged to prepare a conceptual master plan for the area generally bound by President George Bush Turnpike, Holford Road and the city limits. The need for this plan resulted from the conflict between the desire of the property owners to develop the entire area with residential uses and the City's interest in preserving the area for nonresidential development as shown on the Comprehensive Plan.

Since their engagement, Gateway has facilitated several meetings with all of the affected property owners, their representatives and City staff. The initial meetings were to gather ideas and thoughts regarding the possible development of the area and to review previous market studies. Based on these discussions, the consultant prepared a framework plan for the overall development which was presented to the parties involved on April 28, 2014. These concept and framework plans were generally agreed to by all of the participants.

In order to enact the presented ideas it will be necessary to rezone the property in a manner which will codify the proposed concepts. It is envisioned that the City would initiate a zoning change on all of the affected property, thereby placing the area under one master zoning ordinance that would guide the ultimate development. By so doing, each of the owners in the area would be assured of overall continuity in development

CAMPBELL ROAD / PGBT LAND USE & ENTITLEMENT STUDY

Page 2

standards for the entire area which would aid in the marketing of individual tracts. The City would benefit by having zoning and standards in place which would assure high quality development to protect the City's best long-term interest.

Taking that next step to prepare the zoning ordinance requires that the scope of services of the existing contract be amended.

CONSIDERATION

1. The original contract amount was \$49,895 which was subsequently amended to add \$12,611 for a total of \$62,506. The budget proposed by Gateway to complete the additional tasks is \$49,905, bringing the total contract to \$112,411. The proposed work is outside the scope of services identified in the original contract.
2. With this additional work, the project will be completed and the intent is for a City-initiated zoning to begin using the zoning ordinance created by the consultant.

Submitted By:

Neil Montgomery
Senior Managing Director

Date: July 28, 2014

Approved By:

William E. Dollar
City Manager

Date: July 28, 2014



Meeting: Work Session

Date: August 4, 2014

Policy Report

CITY CENTER ARTS PLAZA CONCEPTUAL DESIGN

ISSUE

Staff plans to proceed with the Arts Plaza design concept recommended by the Garland Cultural Arts Commission.

RECOMMENDATION

This report is for information purposes only.

COUNCIL GOAL

Sustainable Quality Development and Redevelopment
Fully Informed and Engaged Citizenry

BACKGROUND

The City Center project includes redesigning the driveway approaches from Austin Street to the Granville Performing Arts Center and the Atrium, creating an elegant entryway. On July 22, 2014, Staff presented concept plans to the Garland Cultural Arts Commission, receiving a unanimous vote in favor of the attached conceptual plan.

CONSIDERATION

The recommended concept maintains the existing driveway configuration, while enhancing the area with hardscape and landscape improvements consistent with Garland's Downtown Urban Design Standards.

ATTACHMENTS

- Conceptual Perspective Rendering at Dusk
- Conceptual Site Plan

Submitted By:

Martin E. Glenn
Deputy City Manager

Date: July 30, 2014

Approved By:

William E. Dollar
City Manager

Date: July 30, 2014

GARLAND CITY CENTER

GARLAND • TEXAS



CONCEPT PLAN

PREPARED FOR:
CITY OF GARLAND DEVELOPMENT SERVICES
800 Main Street
Garland, TX 75040
Tel: (972) 205-2447 Fax: (972) 205-2474

ARCHITECT:
VAI ARCHITECTS INCORPORATED
16000 North Dallas Parkway, Suite 200
Dallas, TX 75248
Tel: (972)934-8888 Fax: (972) 458-2323

LANDSCAPE ARCHITECT:
DAVID C. BALDWIN INC.
730 East Park Boulevard, Suite 100
Plano, TX 75074
Tel: (972) 509-1266 Fax: (972) 509-1269

JULY 2014

DAVID C.
BALDWIN
INCORPORATED



LANDSCAPE
ARCHITECTURE
PLANNING



Policy Report

RECYCLABLES PROCESSING AND MARKETING AGREEMENT

ISSUE

Republic Services (formerly Allied Waste Systems, Inc.) has proposed changes to the current Recyclables Processing and Marketing Agreement that are not financially advantageous to the City of Garland. Republic Services agreed to extend the Agreement expiration period from May 2014 to July 2014. Staff has held a number of meetings in an attempt to negotiate with Republic Services representatives regarding their proposed changes to the Agreement but to no avail.

OPTIONS

- A. Authorize City Manager or designee to enter into a month to month Recyclable Processing and Marketing Agreement with Republic Services not to exceed six (6) months under the new terms and conditions proposed to avoid any disruption in the processing of recyclable materials. In addition, Staff will initiate a process to receive Request for Proposals (RFP) from vendors and after evaluation secure a new Recyclable Processing and Marketing Agreement.
- B. Take no action

RECOMMENDATION

If Council concurs, staff will proceed with Option A – authorize the City Manager to enter into a month to month Recyclable Processing and Marketing Agreement with Republic Services not to exceed six months.

COUNCIL GOAL

Financially Stable Government with Tax Base that Supports Community Needs
Consistent Delivery of Reliable Services

BACKGROUND.

The City of Garland entered into a Recyclables Processing and Marketing Agreement in May 2012 with Republic Services for the transporting, processing, and marketing of recovered materials collected by the City from its Residential/Commercial Recycling Programs, Drop – Off Recycling Center, and City Workplace Recycling Program.

The term of this Agreement is for a period of one year from the effective date. The City and Republic Services have the option to extend this Agreement for up to four additional one-year periods upon the same terms and conditions upon written agreement no later than 120 days prior to the end of any extended period.

The Agreement was renewed in May 2013. Upon the request for a second renewal option in May 2014, Republic Services proposed seven changes to this Agreement. The changes proposed were not advantageous to the City overall and projected to impact the City's annual recycling revenue negatively by approximately \$180,000.

The following is a summary of the seven proposed changes to the Agreement:

Proposed Change (1) - Section 2.2.2 – Contractors General Responsibilities

Republic Services currently furnishes compactors and receiver boxes necessary to accommodate the volume of recyclable material collected at City locations prior to transport to their Recycling Processing Facility. Republic Services is proposing to charge for this equipment.

Proposed Change (2) Section 2.4 – Hours of Operation

Republic Services proposes to change the operating hours of their Recycling Processing Facility from 7:00 a.m.-7:00 p.m. to 7:00 a.m-6:00 p.m. Staff does not anticipate any negative impact to operations with this proposed change.

Proposed Change (3) - Section 3 – Term

Republic Services is proposing to negotiate the terms of current Agreement.

Proposed Change (4) Section 5.1 - Revenue Sharing as a Percentage of Gross Revenues

Currently, the City and Republic Services are operating under an eighty/twenty (80/20) revenue split. Republic Services receives 20% of Gross Revenues from the sale of recyclables and the City receives 80%. The proposed change would entail the City receiving 65% of the split and Republic Services receiving 35%. This change would result in a decrease of approximately \$125,000 based on current year receipts.

Proposed Change (5) Section 5.2 – Processing Fee

The current processing fee is \$61.12 per ton. Under the proposed change, the processing fee would change to \$50 per ton excluding glass, which would be \$80 per ton. Further Republic proposes to charge an additional processing fee of \$30 per ton for contamination greater than 10%. Overall, this change will potentially decrease processing fees by approximately \$64,000 based on current year receipts.

Proposed Change (6) Section 5.3 – Fuel/Transportation

Currently the City is paying Republic Services a fuel/transportation fee of \$1,000 per month during the term or any extension of this Agreement; provided, however, that no such fee shall be due for any month when the average weekly price per gallon of diesel fuel for that month, as reflected in the U.S. Energy information Administrations Weekly Retail On-highway diesel Prices listing (<http://tonto.eia.dow.gov/oog/info/whop/diesel>) (Gulf Coast), was less than \$3 per gallon. Republic Services proposes to implement a fee of \$130 per haul of its receiver boxes or open top containers, plus a fuel surcharge. The surcharge will fluctuate based on weekly diesel prices. Based on an average of 76.5 hauls per month at a rate of \$130 per haul, the City would see a negative impact of approximately \$119,000 annually. The impact of the fuel surcharge is unknown at this time.

Proposed Change (7) Section 7(a) – Audits

Currently the Agreement calls for quarterly audits to demonstrate the residual rate of materials received at the Materials Recovery Facility (MRF), with City and Republic Services representatives being present at the audits. The proposed change would call for monthly table top audits by Republic Services only, with the monthly audits averaged together on a quarterly basis to determine commodity mix and percentage of residual material. The financial impact is unknown with Republic Services performing table top audits randomly on selected loads.

The discussions and negotiations between Staff and Republic Services representatives regarding proposed adverse changes to the current Agreement have not been successful.

Attachment(s): Proposed Changes by Republic Services to Recyclables Processing and Marketing Agreement Matrix

Submitted by:

Lonnie R. Banks
Managing Director
Environmental Waste Services

Date: July 30, 2014

Approved by:

William E. Dollar
City Manager

Date: July 30, 2014

Proposed Changes by Republic Services to Recyclables Processing and Marketing Agreement Matrix

| | Current Agreement Revenue / Expenses | Proposed Changes to Current Agreement Revenues / Expenses | *Estimated Financial Impact |
|---|---|---|--------------------------------|
| Revenue Sharing as a Percent of Gross Revenue | \$460,055 | \$335,348 | (\$124,707) |
| Processing Fee | \$353,051 | \$288,818 | \$64,233 |
| Fuel and Transportation | \$0 | \$119,340 | (\$119,340) |
| | | | Total: (\$179,814) |

**Estimated financial impact does not include proposed fuel surcharges, equipment rental charges, and other unknown related variables at this time.*



City Council Item Summary Sheet

Work Session

Date: August 4, 2014

Agenda Item

Small Area Development Concepts

Summary of Request/Problem

At the request of Mayor Douglas Athas, Mr. Monte Anderson with Options Real Estate will brief Council on small area development concepts.

Recommendation/Action Requested and Justification

Council discussion.

Submitted By:

Approved By:

William E. Dollar
City Manager



City Council Item Summary Sheet

Work Session

Date: August 4, 2014

Agenda Item

Community Services Committee Report

Summary of Request/Problem

Council Member Anita Goebel, chair of the Community Services Committee, will provide a committee report on the following items:

- Illegal sales on abandoned commercial property
- Review of the definition of “junk vehicle” in Section 32.81
- Preliminary approval of three Neighborhood Vitality grant projects
- Preliminary approval of an ordinance updating Sec. 26.01 related to unattended vehicles in public places.

Recommendation/Action Requested and Justification

Council discussion.

Submitted By:

Richard Briley
Managing Director of Health &
Code Compliance

Approved By:

William E. Dollar
City Manager



City Council Item Summary Sheet

Work Session

Date: August 4, 2014

Agenda Item

Transportation Report

Summary of Request/Problem

Dean International, the City's transportation consultant, will update Council on the following:

- Project Updates
 - IH-635
 - IH-30
 - SH-78
- Stakeholder Forums
 - IH-635 East Recap
 - IH-30
 - SH-78
- Advocacy Group Update
- Strategic Missions (2014/2015) Update
- Updates
 - Texas Transportation Commission
 - TEX-21
 - THSRTC
 - DRMC
 - RTC
 - Federal Policy
 - State Update
 - Texas Legislature
 - TxDOT

Recommendation/Action Requested and Justification

Council discussion.

Submitted By:

Approved By:

William E. Dollar
City Manager

DEAN INTERNATIONAL, INC.
PUBLIC POLICY CONSULTANTS

TWO NORTHPARK
8080 PARK LANE, SUITE 600
DALLAS, TEXAS 75231-5911

214.750.0123
214.750.0124 Fax
E-mail: rschaffner@dean.net

MEMORANDUM

To: Martin Glenn, Deputy City Manager, City of Garland

CC: Paul Luedtke, Director of Transportation, City of Garland
David Dean, President/CEO, Dean International, Inc.

From: Russell Schaffner, Sr. Public Policy Consultant, Dean International, Inc.

Date: July 30, 2014

Subject: Report for August 4, 2014 Work Session

I. IH-635 East

- Wednesday, August 6, 2014; 10:00 AM, Ribbon Cutting Event
- TxDOT has reached substantial completion on the IH-635 East service road project from Centerville to Northwest Highway.

II. IH-30

- The development of the IH-30 project within the City of Garland, called the Eastern Gateway project, is beginning to come into focus. With the upcoming Stakeholder's Form on IH-30 in August 28, Garland will play a leadership role in the development of the Eastern Gateway Project.
- The Council will also be briefed on the opportunity and need for a resolution in support of the IH-30 Eastern Gateway Project

III. SH 78

- The consultant creating the update to the City's thoroughfare plan will also be developing options for SH 78. These options are expected in August or September and will be presented at the SH 78 Stakeholder's Forum.

IV. Annual Missions – 2014, 2015

- Austin, TX 2014 Mission
 - Coordinate with NLC 2014 Congress of Cities and Exposition (Austin, TX) - November 18-22, 2014
 - Dean International, Inc. Coordinated Dates Recommendation: November 20-21, 2014

- NOTE: Texas Transportation Commission Meeting will be on November 20, 2014 at 9:00 AM
- Washington, DC 2014 Mission (3 days, 2 nights)
 - Dean International, Inc. Coordinated Dates Recommendation: December 3-5, 2014
 - Depart Wednesday, December 3rd on 6:30 AM (AA 2456)
 - Return Friday, December 5th in the afternoon
- Austin, TX 2015 Mission (2 days, 1 night)
 - Coordination with Garland Chamber Legislative Committee
 - Tentative Date Range: February 24-26, 2015
 - Dean International, Inc. Coordinated Meetings Recommendation: February 25-26, 2014
 - NOTE: Texas Transportation Commission Meeting will be on February 26, 2015 at 9:00 AM
- Washington, DC 2015 Mission
 - Coordinating with NLC 2015 Congressional City Conference (Washington, DC) - March 7-11, 2015
 - Dean International, Inc. Coordinated Dates Recommendation: March 8-10, 2014
 - March 11, 2014 is the Capitol Hill Day (avoid)

V. Strategic Events Update

- Confirmed Location: Richland College: 520 N Glenbrook Dr, Garland, TX 75040; Conference Room A
- IH-635 East – an update on the IH-635 East project and stakeholders forum
- IH-30 – Thursday, August 28, 2014; 2:00 PM – 5:00 PM
- SH 78 – Thursday, September 25, 2014; 2:00 – 5:00 PM

VI. Updates:

- Texas Transportation Commission
 - Update on the July 31, 2014 Texas Transportation Commission Meeting
- TEX-21
 - Updates on the activities of the TEX-21 organization
- THSRTC
 - Updates on the activities of the THSRTC organization
- DRMC
 - Updates on the activities of the DRMC
- Federal Policy
 - Highway Trust Fund Update
 - MAP-21 Reauthorization Update
- State Update
 - Texas Legislature
 - TxDOT



City Council Item Summary Sheet

Work Session

Date: August 4, 2014

Agenda Item

Resolution No. 10117 Supporting the High-Speed Rail

Summary of Request/Problem

At the request of Mayor Douglas Athas, Council is requested to discuss Resolution No. 10117 that was approved by Council on August 6, 2013 supporting the seamless interconnectivity of high-speed rail into the operating terminal areas of the Dallas/Fort Worth International Airport.

Recommendation/Action Requested and Justification

Council discussion.

Submitted By:

Approved By:

William E. Dollar
City Manager

RESOLUTION NO. 10117

A RESOLUTION OF THE GARLAND CITY COUNCIL SUPPORTING THE SEAMLESS INTERCONNECTIVITY OF HIGH-SPEED RAIL IN TO THE OPERATING TERMINAL AREAS OF THE DALLAS/FORT WORTH INTERNATIONAL AIRPORT, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the decisions surrounding the implementation, alignments, and stations for true high-speed intercity passenger rail service in the State of Texas and specifically the Dallas/Fort Worth Metroplex (the Metroplex) are some of the most important decisions our generation faces; and

WHEREAS, high-speed rail intercity passenger rail, in excess of 220 miles per hour, properly implemented through private sector funding initiatives - not sharing already congested freight rail corridors, decreasing the speed, efficiency, and safety of the endeavor - will mitigate congestion, create economic development incentives, and open up the State to new opportunities; and

WHEREAS, the Dallas/Fort Worth International Airport is the third busiest airport in the world, with thousands of developer acres, and is the greatest regional economic engine benefiting all citizens, businesses and municipalities throughout the region and Texas; and

WHEREAS, DFWIA has over 150,000 passengers per day passing through on route to other destinations, many of them traveling to cities that would be served by the Texas High-Speed Rail System, the presence of the HSR terminal at the airport would provide an additional traveling option for them, thus increasing the ridership which will further ensure the success of the High-Speed Rail venture; and

WHEREAS, the 2014 expiration of the Wright Amendment governing air travel in the Metroplex will likely usher in significant reductions in short-haul air travel services, it becomes imperative to build and complete the High-Speed Rail system at the earliest possible date; and

WHEREAS, the City of Garland indirectly benefits from the influence and impact of the DFW International Airport and the investments into the area, being located in the eastern portion of the Metroplex and along I-30 where potential high-speed rail investment would greatly increase commerce along the corridor and where commuters to and from the airport would frequent I-30 and the rail connecting the region further east and the Dallas/Fort Worth International Airport; and

WHEREAS, cities, counties, the Metroplex, the State of Texas, and the Federal Government have spent billions of dollars investing in projects of regional significance to maximize the connectivity of the region to the airport, including but not limited to the DFW Connector Project, the SH 183 CDA, the LBJ Express Project, the President George Bush Turnpike the North Tarrant Express Project, the TRE Commuter Rail Service, the DART Orange Line, and the forthcoming TEX Rail and Cotton Belt projects; and

WHEREAS, the direct connection of high-speed rail to the central terminal if the Dallas/Fort Worth International Airport and other airports around the state will enhance the transportation system of the region and Texas; and

WHEREAS, the HSR will be a new venture for the Texas traveling community, providing more options to help make the system economically viable and thus succeed for the long term, it is imperative that business risks be minimized by installing the system at the lowest possible cost, with access to the greatest number of potential passengers; and

WHEREAS, Texas State Senators representing the Dallas/Fort Worth Metroplex have stated strongly their position in favor of having the Dallas/Fort Worth International Airport be the regional hub for all modes of transportation through the seamless connection of high-speed rail to the airport, as the station for the region; and

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GARLAND, TEXAS:

Section 1

That the City of Garland fully supports and applauds the efforts of Senator Bob Deuell, Senator John Carona, Senator Jane Nelson, Senator Ken Paxton, and Senator Kelly Hancock to make the right decision for the region by having the connection of high-speed rail for the region be at the Dallas/Fort Worth International Airport.

Section 2

That the Dallas/Fort Worth Metroplex should be connected to the State of Texas through the seamless interconnection of high-speed rail to the terminal areas A and B of the Dallas/Fort Worth International Airport, thereby providing seamless intermodal connectivity not only to the airlines served by the Airport, but also the regional rail system.

Section 3

That the Board of Directors, Management, and Owner Cities of the Dallas/Fort Worth International Airport make every effort to insure that high-speed rail connects to the terminal area A and B of the airport, along the SH 360 corridor from south to north, and take a leadership position in greater regional and statewide discussion concerning high-speed rail service, alignments, and station placement.

Section 4

That the Texas Department of Transportation Commission, Management, and Staff, as well as the North Texas Regional Tollway Authority, the Dallas Area Rapid Transit, the Fort Worth Transportation Authority, and the Regional Transportation Council, should make every effort, through existing high-speed rail study funds, to insure direct high-speed rail connection to the terminal areas of the Dallas/Fort Worth International Airport and supply a truly regional transportation system.

Section 5

That this resolution be adopted and circulated to the Texas Congressional Delegation, the Governor of Texas, members of the Texas Legislature, the Texas Transportation Commission, the Texas Department of Transportation, Cities, Counties, Chambers of Commerce, Economic Development Corporations and Metropolitan Planning Organizations along the federally designated South Central and Gulf Coast High-Speed Rail Corridors, and to the media and others, as is accordingly so ordered.

That this Resolution shall be and become effective immediately upon and after its adoption and approval.

PASSED AND APPROVED this the 6th day of August, 2013.

THE CITY OF GARLAND, TEXAS



Douglas Athas, Mayor

ATTEST:



Lisa Palomba, City Secretary



City Council Item Summary Sheet

Work Session

Date: August 4, 2014

Agenda Item

Blacklands Corridor

Summary of Request/Problem

At the request of Mayor Douglas Athas, Council is requested to discuss the Blacklands Corridor.

Recommendation/Action Requested and Justification

Council discussion.

Submitted By:

Approved By:

William E. Dollar
City Manager



City Council Item Summary Sheet

Work Session

Date: August 4, 2014

Agenda Item

Industrial Focus

Summary of Request/Problem

At the request of Mayor Pro Tem Jim Cahill and Council Member Scott LeMay, Council is requested to discuss and provide direction regarding the Industrial Focus.

Recommendation/Action Requested and Justification

Council discussion and direction.

Submitted By:

Approved By:

William E. Dollar
City Manager



City Council Item Summary Sheet

Work Session

Date: August 4, 2014

Agenda Item

5th Annual TEX-21 Fact-Finding Mission Trip to Panama

Summary of Request/Problem

At the request of Council Members Stephen Stanley and Lori Barnett Dodson, Council is requested to discuss Council's participation in the 5th Annual TEX-21 Fact-Finding Mission trip to Panama that is scheduled for August 13 – 17, 2014.

Recommendation/Action Requested and Justification

Council discussion.

Submitted By:

Approved By:

William E. Dollar
City Manager



City Council Item Summary Sheet

Work Session

Date: August 4, 2014

Agenda Item

Retirement Stability Fund Proposal by the Garland Fire Fighters Association

Summary of Request/Problem

Representatives of the Garland Fire Fighters Association (GFFA), David Riggs and Lucas Shupe, will make a presentation to Council on the GFFA's proposal for the Retirement Stability Fund.

Recommendation/Action Requested and Justification

Council discussion.

Submitted By:

Approved By:

William E. Dollar
City Manager



City Council Item Summary Sheet

Work Session

Date: August 4, 2014

Agenda Item

Report on NLC Transportation Infrastructure and Services Committee Meeting

Summary of Request/Problem

Council Member Stephen Stanley will provide a report on his attendance at the NLC Transportation Infrastructure and Services (TIS) Committee meeting at the 2014 Summer Policy Forum for NLC's Policy and Advocacy Steering Committees that was held July 24 – 26 in St. Paul, Minnesota.

Recommendation/Action Requested and Justification

Council discussion.

Submitted By:

Approved By:

William E. Dollar
City Manager



City Council Item Summary Sheet

Work Session

Date: August 4, 2014

Agenda Item

Financial Condition Report

Summary of Request/Problem

Staff will present the Financial Condition Report. The Report compares the audited results of operation over a five-year period, from fiscal year 2008-09 through fiscal year 2012-13. The data presented in the Report is taken from the City of Garland Comprehensive Annual Financial Reports.

From the Financial Condition Report, Staff has selected the following charts for discussion:

- Page 9 - Liquidity ratio – Water Utility Fund
- Page 15 – General Fund Revenue and Other Financing Sources
- Page 21 – General Fund Operating Expenditures per Capita
- Page 27 – Debt per Capita – Tax Supported

- Page 23 – Introduction to Unfunded Liabilities
- Page 24 – Texas Municipal Retirement System
- Page 25 – Other Post-Employment Benefits

Recommendation/Action Requested and Justification

The 2013 Financial Condition Report is presented to inform the Council.

Submitted By:

David Schuler
Managing Director for Financial Services

Approved By:

William E. Dollar
City Manager

CITY OF GARLAND, TEXAS FINANCIAL CONDITION REPORT

ANALYSIS AND DISCUSSION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2013



CITY HALL



WALNUT PEDESTRIAN CORRIDOR



CITY CENTER



GARLAND
TEXAS MADE HERE

**CITY OF GARLAND, TEXAS
FINANCIAL CONDITION REPORT
SEPTEMBER 30, 2013**

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Introduction

The City of Garland strives to keep the City Council and interested parties informed on the City's financial standing with monthly and annual reports. Examples of such efforts include the Management Dashboard Reports, Investment Portfolio Reports, Quarterly Budget Reports, Comprehensive Annual Financial Report (CAFR), and periodic briefings. This year, prompted by a desire to increase financial transparency, a report of the City's fiscal sustainability has been developed. This first annual Financial Condition Report is an analysis and discussion of various data reported in the City of Garland, Texas, Comprehensive Annual Financial Reports for fiscal years 2009 through 2013. Financial indicators contained in the Financial Condition Report have been identified by governmental associations and credit rating agencies as factors most relevant in determining the financial sustainability and condition of a local government. The sound financial condition of the City of Garland depends on its ability to balance the demands for service with available financial resources. Monitoring the financial condition allows City leadership to identify existing and emerging financial concerns and develop solutions in a timely manner. Effective monitoring can also provide additional information for the annual budget process, give City Council a wider context for decision-making, and establish a starting point for setting financial policies and goals.

In a broader sense, financial condition means a government's ability over the long term to pay all the costs of conducting business, including expenditures that normally appear in each annual budget as well as those that will appear in future years when they must be paid. An example is accrued costs for pensions and health benefits which are liabilities that will require payment at some point in the future. The CAFR reports financial information on a year-by-year basis and has a short-term focus. It is inadequate for determining long-term trends in financial condition.

This report compares the City of Garland's finances over a five-year period, from fiscal year 2008-09 through fiscal year 2012-13. Data presented in the tables and in the charts is from City of Garland Comprehensive Annual Financial Reports (CAFR). The data has not been adjusted for inflation.

The methodology used in this report is based on accepted financial indicators which evaluate financial condition and sustainability of a local government. No universally accepted definition of fiscal sustainability exists. According to the Governmental Accounting Standards Board (GASB), however, the term goes hand-in-hand with the idea of inter-generational equity or fairness, which considers the degree to which future generations of taxpayers and ratepayers will have to address the fiscal consequences of current policies. GASB's definition of fiscal sustainability is as follows:

Fiscal sustainability is a government's ability and willingness to generate inflows of resources necessary to honor current service commitments and to meet financial obligations as they come due, without transferring financial obligations to future periods that do not result in commensurate benefits.

A fiscally sustainable city is able to meet its financial obligations and support public services on an ongoing basis. Fiscally sustainable cities can withstand economic disruptions when they occur, and they are able to respond to changes in the underlying environment in which they operate. It must collect enough revenue to pay short-term and long-term expenses and finance major infrastructure needs without shifting disproportionate costs to future generations.

The City of Garland provides diverse municipal services. The major service areas include the General Fund, Electric Utility, and Water and Sewer Utilities. The City's major revenues, expenditures, and liabilities are discussed and evaluated in this report. Non-major service areas and activities are excluded. The CAFR is the source of information for all financial activities of the City.

The City of Garland Financial Condition Report has not been audited by the City's independent auditor nor do they express an opinion on this report. Analysis in this report is not intended to guide prospective investors in securities offered by the City of Garland, and no decision to invest in such securities should be made without referring to the City's CAFR and the offering documents relating to the securities.

Elected Officials and Staff

Elected Officials

City Council

Douglas Athas
Marvin "Tim" Campbell, Deputy Mayor Pro Tem
Anita Goebel
Stephen W. Stanley
B.J. Williams
Billy Mack Williams
Lori Barnett Dodson
Scott LeMay
Jim Cahill, Mayor Pro-Tem

District

Mayor
District 1
District 2
District 3
District 4
District 5
District 6
District 7
District 8

Selected Administrative Staff

Name

William E. Dollar
Martin Glenn
Bryan Bradford

Position

City Manager
Deputy City Manager
Assistant City Manager

Financial Services Department

David Schuler, Managing Director
Steve Anderson
Tana Daniels
Don Daugherty
Lucy De Laplata
Nancy Guerra
Robin Hayles

Judy Hearne
Laura Hendershot
Jose Mendoza
Elizabeth Morales
Kathryn Ritchie
Debbie Smith
Donna Smith

Executive Summary

Liquidity

Liquidity is a measure of short-term financial condition, generally less than one year. Liquidity is measured by combining the liquid assets such as cash, investments, and accounts receivable and subtracting current liabilities.

- General Fund – favorable. The most recent two fiscal years report a modest upward trend.
- Electric Utility – favorable. The Utility has executed strategic initiatives in recent years to capitalize on its strong liquidity.
- Water Utility – favorable. The modest declining trend is due to the need to balance significant cost and rate pressures.
- Wastewater Utility – favorable. The Utility is very stable and operates within a very tight liquidity range.

Net Assets to Total Assets

Net Assets to Total Assets measures long-term financial strength and solvency. The Net Assets indicator measures the difference between what is owned (assets) and what is owed (liabilities). This indicator is very useful in monitoring several years of change. It indicates how much the financial position has improved or worsened as a result of events or transactions over time.

- General Fund – favorable. Improvement from fiscal year 2011 has been made in the last two fiscal years.
- Electric Utility – favorable. Large debt issues in fiscal years 2010 and 2013 related to Texas Municipal Power Agency (TMPA) and transmission projects have caused modest declines.
- Water Utility – favorable. A gradual decline is occurring due to increased long-term debt.
- Wastewater Utility – favorable. The modest rise in the trend is the result of a reduction in long-term debt.

Operating Revenues

Revenues determine the capacity of the City to provide services, fund infrastructure, pay debt service, and maintain adequate reserves.

- Total General Fund Revenues – neutral. Revenues are experiencing modest increases in fiscal years 2012 and 2013.
- Property Tax Revenue per Capita – unfavorable. The per capita trend reflects a steady decline during the last five years.
- Top 5 Taxpayers – favorable. Top taxpayers are well diversified and not concentrated by industry.
- Property Tax Levy and Collections – favorable. Collection of current year levies is consistently high.
- Sales Tax per Capita – unfavorable. Modest upward trend in the two most recent years is indicative of the subdued recovery from the economic downturn. Significant growth is required to be comparable to other DFW Metroplex cities.
- Intergovernmental Revenue – favorable. Intergovernmental revenues comprise only a small portion of total revenue.

Expenditures

Expenditures measure the City’s service output and infrastructure improvements.

- General Fund Operating Expenditures per Capita – favorable. Expenditures are very consistent year to year and conform to current economic circumstances.
- Total Capital Expenditures Tax-Support projects funded through the annual CIP have declined in response to declining property tax revenues.

Unfunded Liabilities

An Unfunded Liability is the current value of future payments for which reserves have not been set aside – primarily pension and retiree health care costs. At some future date, the liability will have to be paid or benefits altered. Significant improvements in the retirement system liability are attributable to major changes by both TMRS and the City. Despite changes and proactive steps taken by the City in 2009, the OPEB liability is increasing steadily. The trend for the OPEB liability is unfavorable.

- Introduction to Unfunded Liabilities is included on Page 23.
- Retirement System – favorable. Significant funding progress has been made in the most recent three fiscal years.
- Other Post-Employment Benefits – unfavorable. The unfunded liability is rising steadily.

Long-Term Debt

The City borrows money in the markets to pay for capital items ranging from buildings and streets to Electric, Water, and Wastewater Utility improvements. By City policy, debt is not used to fund current operations. The City’s debt program is guided by a strategy which utilizes fixed and variable debt. In addition, short-term Commercial Paper programs for tax-supported and Electric Utility improvements are cost-efficient mechanisms which lower total borrowing costs.

- Debt per Capita – stable. Strong revenue streams provide sufficient debt service capacity.
- Tax-Supported Debt per Capita – favorable. The per capita trend is very consistent.
- Electric Utility Debt per Account – favorable. The Utility has a solid financial profile, and long-term debt is well managed.
- Water Utility Debt per Capita – unfavorable. Debt service has approached the upper limit in terms of maintaining its credit rating analysis. The amount of debt issuance is projected to decrease in fiscal year 2017.
- Wastewater Utility Debt per Capita – very stable. Debt requirements will decline for several years until new regulatory requirements will mandate capital spending for the treatment plants.
- Future Debt Service – stable. The debt service trend line is gradually declining.
- Underlying Ratings for Outstanding Debt – favorable. The City has a solid financial profile.

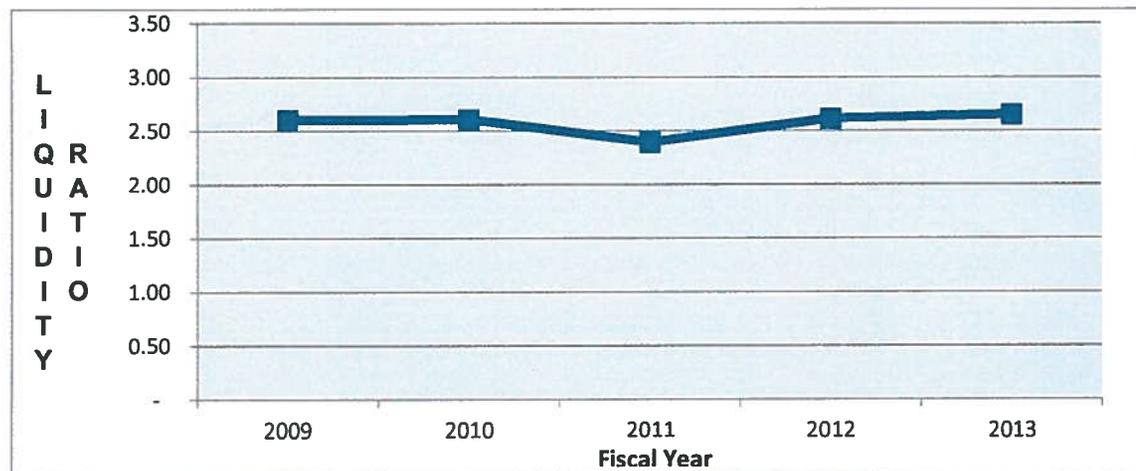
Summary

In the final analysis, “Is the City better off financially than it was last year?” In most respects, the Financial Condition Report reflects favorable indicators for the fiscal year ended September 30, 2013. Liquidity and financial reserves are at levels that demonstrate financial strength. During the five-year period since the 2008 economic downturn, the City has weathered material financial challenges and is now experiencing sustained recovery. Financial resources have been efficiently managed in order to deliver public services at reasonable costs. Furthermore, credit ratings are favorable which allows for low borrowing costs for adding infrastructure and utility system improvements and extensions.

City of Garland, Texas
Liquidity - General Fund

| | September 30 | | | | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Cash & Cash Equivalents | \$ 14,530,176 | \$ 14,906,028 | \$ 12,613,353 | \$ 9,890,355 | \$ 9,246,724 |
| Marketable Securities | 3,639,651 | 5,601,226 | 7,904,738 | 11,440,576 | 17,754,937 |
| Accounts Receivable | 12,504,147 | 12,256,148 | 12,758,914 | 14,383,060 | 11,965,329 |
| Total Current Assets | \$ 30,673,974 | \$ 32,763,402 | \$ 33,277,005 | \$ 35,713,991 | \$ 38,966,990 |
| Current Liabilities | \$ 11,799,039 | \$ 12,558,878 | \$ 13,902,511 | \$ 13,650,470 | \$ 14,703,120 |
| Liquidity Ratio | 2.60 | 2.61 | 2.39 | 2.62 | 2.65 |

Liquidity Ratio - General Fund



Commentary

The City's General Fund liquidity ratio is stable and demonstrates a favorable financial condition.

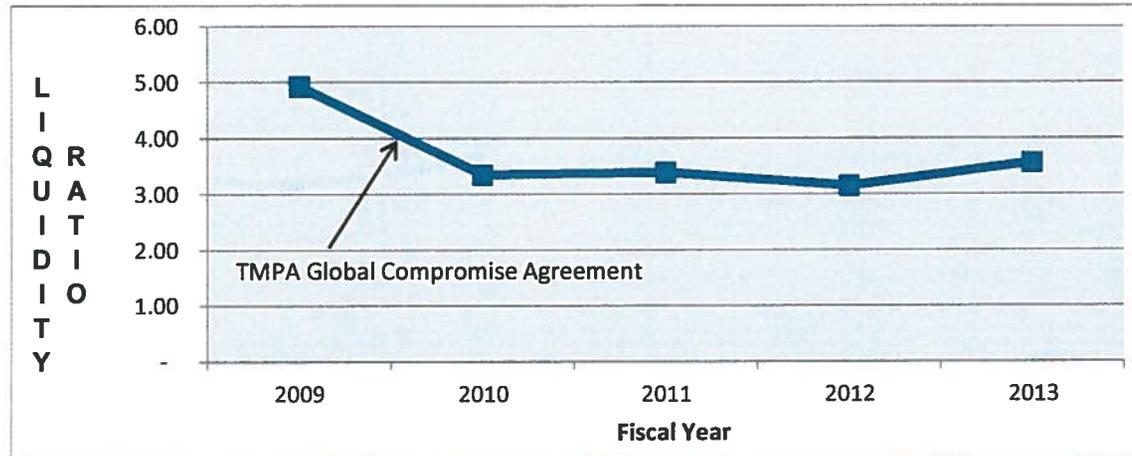
Liquidity is a good measure of the City's short-term financial condition. Poor liquidity is associated with insufficient cash to pay obligations like payroll and accounts payable that are due within one year. A liquidity ratio above 1 is considered to be a positive factor. The liquidity ratio is the ratio of cash, short-term investments, and accounts receivable to current liabilities. A low or declining liquidity ratio is a warning sign that may preclude long-term financial stress.

Since 2011, the General Fund liquidity ratio is indicating a modest upward trend. The liquidity ratio is a lagging indicator. Fiscal years 2012 and 2013 are reflecting a recovery from the economic downturn. A variety of revenue sources are showing improvement which results in higher cash and cash equivalent balances in current assets.

City of Garland, Texas
Liquidity - Electric Utility Fund

| | September 30 | | | | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Cash & Cash Equivalents | \$ 47,496,272 | \$ 32,159,999 | \$ 26,489,898 | \$ 20,262,212 | \$ 16,786,643 |
| Marketable Securities | 11,883,140 | 12,285,576 | 15,395,078 | 23,594,185 | 30,979,650 |
| Accounts Receivable | 28,782,353 | 29,303,290 | 32,666,607 | 37,373,122 | 60,681,407 |
| Total Current Assets | \$ 88,161,765 | \$ 73,748,865 | \$ 74,551,583 | \$ 81,229,519 | \$ 108,447,700 |
| Current Liabilities | \$ 17,906,546 | \$ 22,039,044 | \$ 22,026,966 | \$ 25,813,966 | \$ 30,464,032 |
| Liquidity Ratio | 4.92 | 3.35 | 3.38 | 3.15 | 3.56 |

Liquidity Ratio - Electric Utility Fund



Commentary

The Electric liquidity ratio is very favorable and trending higher.

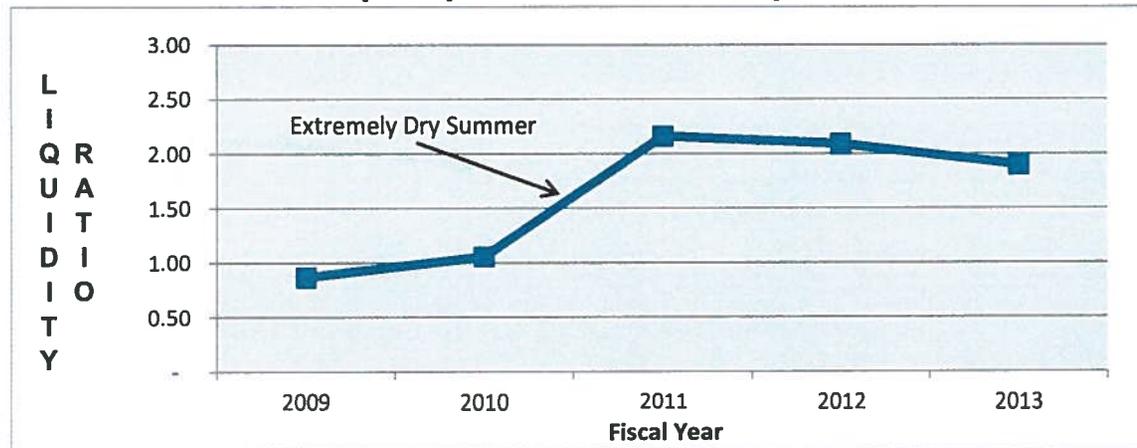
The Electric liquidity ratio experienced a decline in fiscal year 2010. The indicator has since stabilized and reflects a modest improvement in 2013. The drop since 2009 is the result of several factors. First, the TMPA Global Compromise Settlement Agreement in 2010 has resulted in additional debt being reported in current liabilities. Also, Off-System Sales related to additional customers has increased expenditures. Expenditures that have been incurred but not yet paid have increased current liabilities. The modest increase in fiscal year 2013 is again due to Off-System Sales activity. Invoices pending payment for these services have increased the accounts receivable in current assets.

Because of sufficient liquidity, the Utility has been able to execute strategic initiatives. The Compromise Agreement improved the financial condition of TMPA. Also, the Utility is marketing their services which will continue to expand revenue opportunities.

City of Garland, Texas
Liquidity - Water Utility Fund

| | September 30 | | | | |
|-----------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Cash & Cash Equivalents | \$ 194,115 | \$ 183,522 | \$ 4,577,880 | \$ 4,167,840 | \$ 3,110,197 |
| Marketable Securities | 66,602 | 69,843 | 2,658,466 | 4,711,455 | 5,973,319 |
| Accounts Receivable | 4,609,674 | 5,566,252 | 7,228,166 | 6,540,952 | 6,932,667 |
| Total Current Assets | \$ 4,870,391 | \$ 5,819,617 | \$ 14,464,512 | \$ 15,420,247 | \$ 16,016,183 |
| Current Liabilities | \$ 5,624,129 | \$ 5,512,610 | \$ 6,688,513 | \$ 7,378,861 | \$ 8,435,320 |
| Liquidity Ratio | 0.87 | 1.06 | 2.16 | 2.09 | 1.90 |

Liquidity Ratio - Water Utility Fund



Commentary

The Water Utility liquidity ratio is favorable.

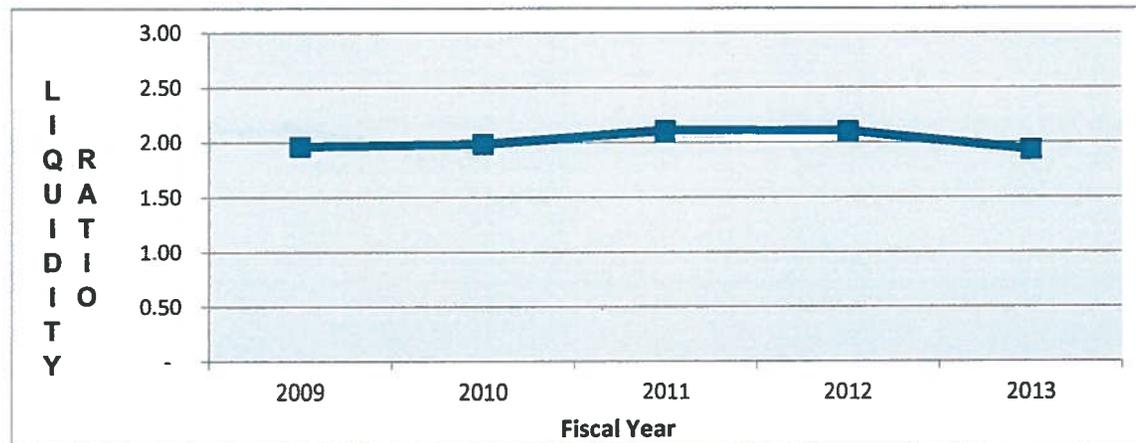
The Water Utility liquidity ratio is experiencing a slight declining trend over the past two fiscal years. The trend is not alarming, but it is another indication that the utility is experiencing several structural issues. The water system has been issuing greater amounts of long-term debt to address the maintenance needs of an aging infrastructure. Additional debt service requirements has caused cash reserves to level off. Also, the current portion of debt has increased the current liabilities balance. While water rates have risen, the additional operating revenues have been offset by higher expenditures. The Utility's largest expenditure, the NTMWD "take-or-pay" demand charge, has risen due to NTMWD's capital requirements. The Utility has refrained from increasing water rates that would fully recover the NTMWD increases. Also, Garland water customers have responded to conservation initiatives. As a result, the Utility anticipates it will continue to pay for a larger quantity of water than it will sell.

Although the Water Utility is in a strong financial condition, strategic initiatives, primarily in capital financing practices, are being put in place to address areas of marginal strain. Practices include bond refundings to lower debt service costs and the establishment of a Commercial Paper program.

City of Garland, Texas
Liquidity - Wastewater Utility Fund

| | September 30 | | | | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Cash & Cash Equivalents | \$ 10,625,204 | \$ 10,923,000 | \$ 10,720,736 | \$ 8,476,014 | \$ 5,867,068 |
| Marketable Securities | 2,648,153 | 4,171,946 | 6,229,979 | 9,585,573 | 11,273,255 |
| Accounts Receivable | 4,182,356 | 4,400,450 | 4,492,648 | 4,253,121 | 4,495,021 |
| Total Current Assets | \$ 17,455,713 | \$ 19,495,396 | \$ 21,443,363 | \$ 22,314,708 | \$ 21,635,344 |
| Current Liabilities | \$ 8,895,871 | \$ 9,831,060 | \$ 10,183,622 | \$ 10,620,318 | \$ 11,194,356 |
| Liquidity Ratio | 1.96 | 1.98 | 2.11 | 2.10 | 1.93 |

Liquidity Ratio - Wastewater Utility Fund



Commentary

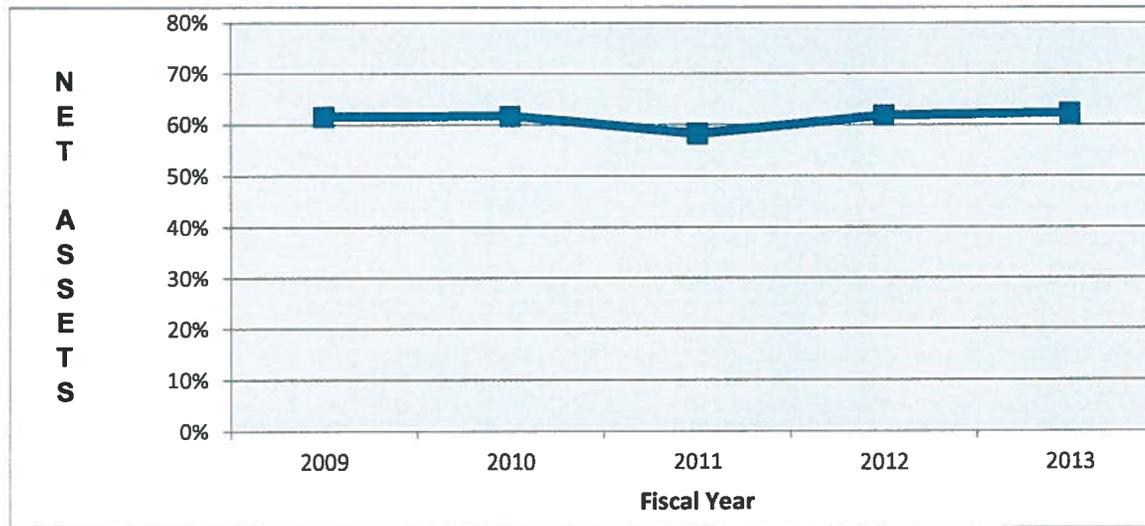
The Wastewater Utility liquidity ratio is very favorable.

The Wastewater Utility liquidity ratio is very stable and favorable over the five years being analyzed. The Utility has sufficient resources to absorb increased debt service requirements. Increased debt service is related to significant capital investments in the Utility's two Wastewater Treatment Plants and system infrastructure.

**City of Garland, Texas
Net Assets to Total Assets
General Fund**

| | September 30 | | | | |
|----------------------------|---------------------|---------------|---------------|---------------|---------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Net Assets to Total Assets | 61.53% | 61.67% | 58.22% | 61.78% | 62.27% |
| Net Assets | \$ 18,874,935 | \$ 20,204,524 | \$ 19,374,494 | \$ 22,063,521 | \$ 24,263,870 |
| Total Assets | \$ 30,673,974 | \$ 32,763,402 | \$ 33,277,005 | \$ 35,713,991 | \$ 38,966,984 |

Net Assets to Total Assets - General Fund



Commentary

The financial condition of the City of Garland General Fund is stable. The City is able to weather economic challenges if and when they occur.

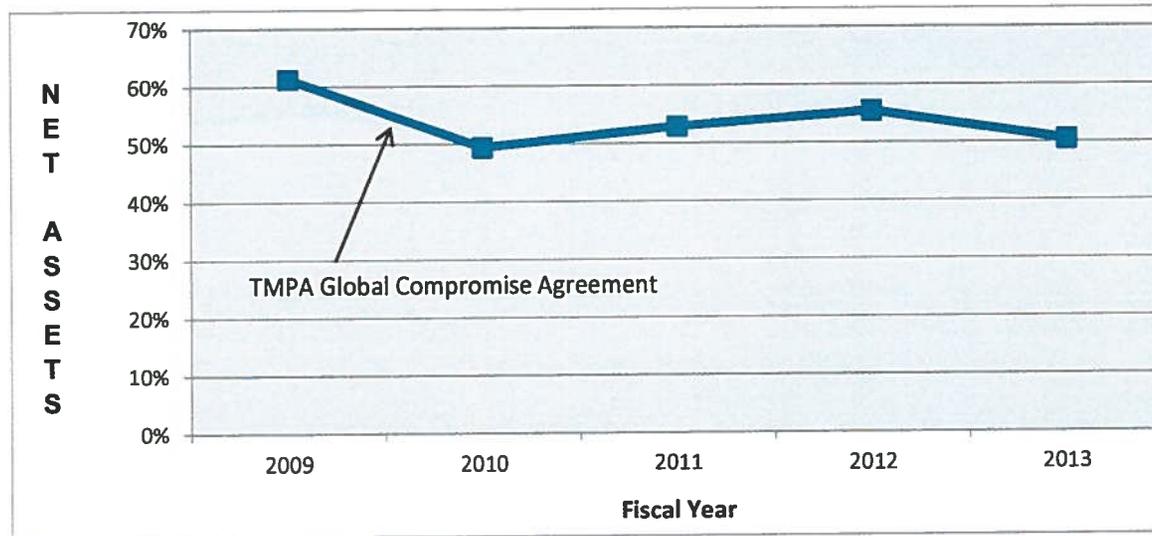
The Net Assets to Total Assets ratio measures long-term financial strength and solvency. Sufficient resources are essential for the City to withstand financial challenges resulting from economic slowdowns, natural disasters or the loss of a major tax payer. The Net Assets ratio is calculated by dividing Total Net Assets by Total Assets. Net Assets are the remaining financial resources after all liabilities have been offset. In private entities, the ratio is often referred to as "Shareholder Equity to Total Assets ratio."

The Net Assets to Total Assets ratio for the General Fund has remained stable over the most recent five-year period with the exception of fiscal year 2011. The one-year decline represents the impact of the economic slowdown that began in 2008. This ratio is a lagging indicator. Therefore, it is important to monitor trends in this indicator instead of the results for a single year.

**City of Garland, Texas
Net Assets to Total Assets
Electric Utility Fund**

| | <u>September 30</u> | | | | |
|----------------------------|---------------------|----------------|----------------|----------------|----------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Net Assets to Total Assets | 61.28% | 49.35% | 52.85% | 55.40% | 50.45% |
| Net Assets | \$ 286,422,741 | \$ 306,298,114 | \$ 348,840,309 | \$ 388,125,808 | \$ 395,007,398 |
| Total Assets | \$ 467,417,202 | \$ 620,611,594 | \$ 660,004,961 | \$ 700,543,146 | \$ 782,901,640 |

Net Assets to Total Assets - Electric Utility Fund



Commentary

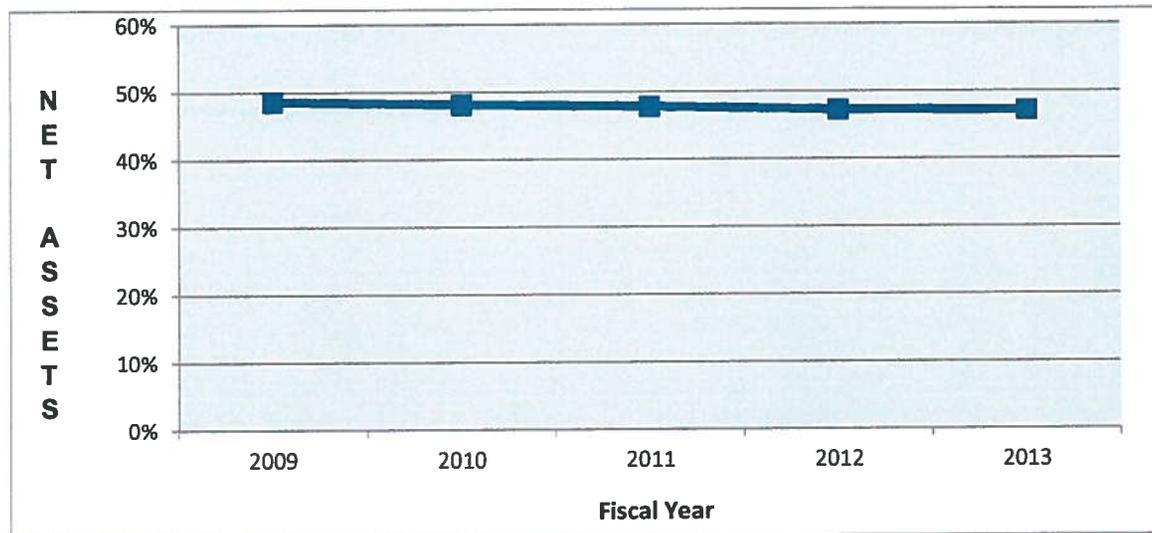
The City of Garland Electric Utility Net Assets to Total Assets indicates a strong financial condition. The Electric Utility is able to execute strategic initiatives without straining current operations.

The Net Assets to Total Assets for the Electric Utility Fund has remained relatively stable, with one exception. The noticeable decrease from 2009 to 2010 was related to the TMPA Global Compromise Settlement Agreement. In March 2010, the Electric Utility issued approximately \$127 million in long-term debt. The debt proceeds, along with proceeds from other TMPA member cities, were used to fund improvements at Gibbons Creek. As a result of the transaction, the Electric Utility reported a large increase in total assets causing the Net Assets ratio to decline. The 20-year amortization of the debt will allow the Electric Utility to maintain a healthy financial position. The modest decline in fiscal year 2013 results from the additional short-term debt that is financing the Competitive Renewable Energy Zone transmission lines.

**City of Garland, Texas
 Net Assets to Total Assets
 Water Utility Fund**

| | September 30 | | | | |
|----------------------------|---------------------|----------------|----------------|----------------|----------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Net Assets to Total Assets | 48.62% | 48.13% | 47.83% | 47.25% | 47.17% |
| Net Assets | \$ 75,435,451 | \$ 78,077,570 | \$ 86,031,813 | \$ 88,384,764 | \$ 91,252,144 |
| Total Assets | \$ 155,168,297 | \$ 162,232,815 | \$ 179,857,271 | \$ 187,061,914 | \$ 193,471,507 |

Net Assets to Total Assets - Water Utility Fund



Commentary

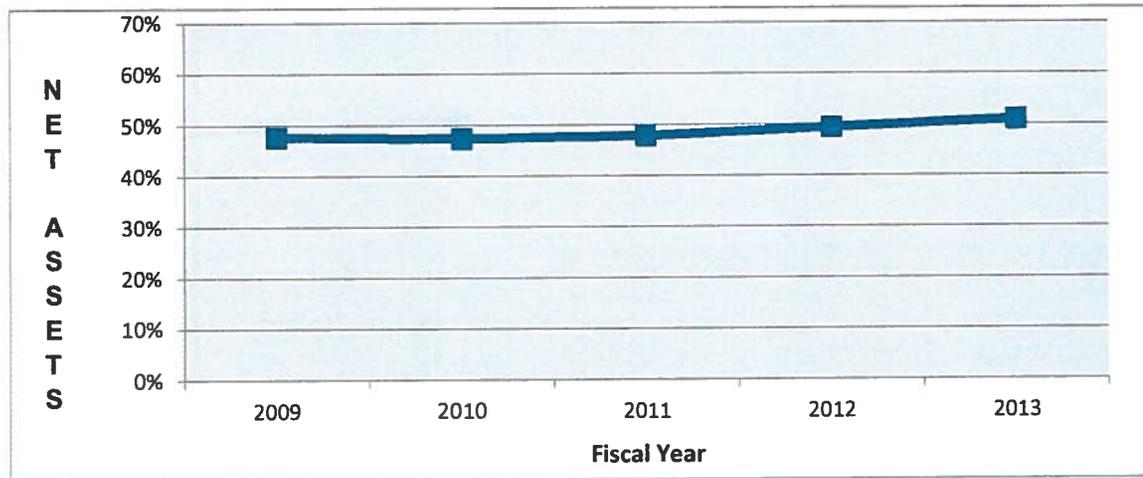
The Water Utility Net Assets to Total Assets is very stable.

The Net Assets to Total Assets ratio for the Water Utility Fund indicates a very gradual declining slope. The primary cause is the issuance of long-term debt. To fund required system improvements and replacements, the Utility is currently issuing greater amounts of debt annually than what is being repaid through debt service. The ability to adequately cover debt service requirements is a measure closely monitored by the credit rating agencies. Water Utility debt management practices are being enhanced by staff.

**City of Garland, Texas
 Net Assets to Total Assets
 Wastewater Utility Fund**

| | <u>September 30</u> | | | | |
|----------------------------|---------------------|----------------|----------------|----------------|----------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Net Assets to Total Assets | 47.64% | 47.34% | 47.87% | 49.39% | 50.99% |
| Net Assets | \$ 147,028,074 | \$ 148,685,716 | \$ 151,269,380 | \$ 152,154,704 | \$ 153,005,018 |
| Total Assets | \$ 308,600,260 | \$ 314,099,300 | \$ 316,013,720 | \$ 308,093,869 | \$ 300,068,796 |

Net Assets to Total Assets - Wastewater Utility Fund



Commentary

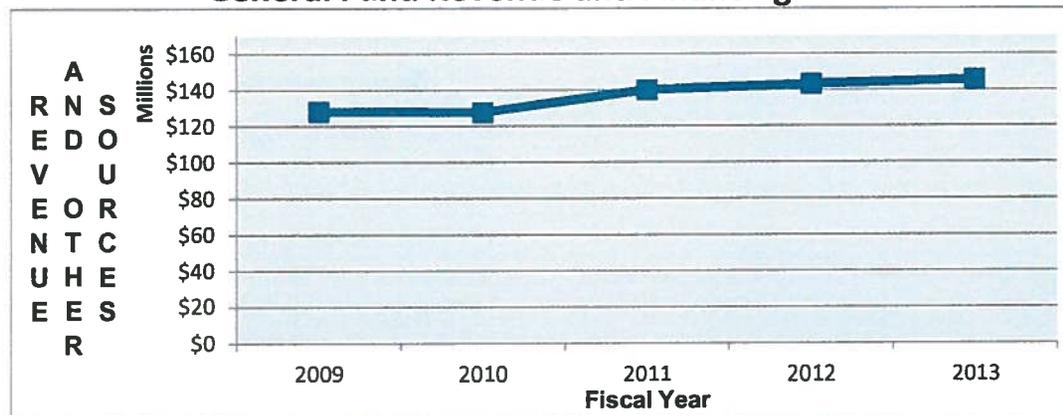
The Wastewater Utility Net Assets indicator reports a very stable financial condition. The upward trend is attributed to a decline in long-term debt.

Net Assets to Total Assets for the Wastewater Utility Fund indicates a stable financial position. Annual revenues and cash flows are sufficient to meet ongoing operating expenses and long-term debt service requirements.

City of Garland, Texas
General Fund Revenue and Other Financing Sources

| | Fiscal Year | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Taxes | \$ 73,523,922 | \$ 71,536,534 | \$ 70,635,376 | \$ 70,696,279 | \$ 71,900,836 |
| Service Charges | 17,537,722 | 16,929,426 | 18,102,510 | 20,411,968 | 20,239,605 |
| Licenses and Permits | 2,566,182 | 3,085,185 | 2,893,000 | 3,751,589 | 3,393,137 |
| Earnings on Investments | 660,299 | 207,698 | 211,524 | 240,654 | 213,732 |
| Intergovernmental | 512,162 | 818,723 | 725,320 | 1,073,364 | 1,190,211 |
| Intragovernmental | 7,324,102 | 7,430,975 | 7,871,534 | 8,010,474 | 7,973,376 |
| Fines and Forfeits | 6,064,644 | 5,627,058 | 5,097,867 | 6,110,138 | 6,955,299 |
| Rents and Concessions | 1,088,743 | 947,809 | 763,023 | 788,504 | 804,298 |
| Other Financing Sources | 18,933,054 | 21,183,803 | 33,739,051 | 32,032,990 | 32,980,062 |
| Total General Fund Rev. & Financing Sources | \$ 128,210,830 | \$ 127,767,211 | \$ 140,039,205 | \$ 143,115,960 | \$ 145,650,556 |
| Year-Over-Year Percentage Change | N/A | -0.35% | 9.60% | 2.20% | 1.77% |

General Fund Revenue and Financing Sources



Commentary

General Fund revenues are trending up, but at a slow rate. The indicator is neutral.

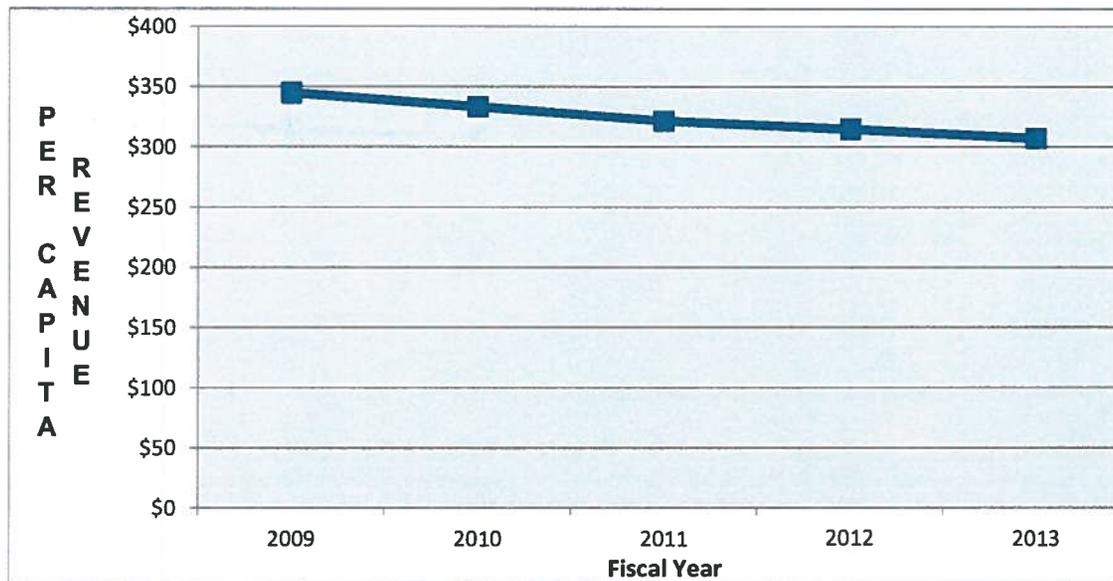
Considering only the Revenue components and excluding Other Financing Sources, General Fund revenues have increased a modest \$3.4 million from 2009 to 2013. As of the end of FYE 2013, the City had not fully returned to the revenue levels of the pre-economic downturn years.

Other Financing Sources reports the net of Transfers In and Transfers Out. Transfers to the General Fund include budgeted transfers in support of various activities, general and administrative charges, and return on investment. The large increase in Other Financing Sources in fiscal year 2011 was due to a required accounting and reporting change. Per the implementation of an accounting pronouncement, the City is required to combine the Infrastructure Fund with the General Fund for financial statement purposes.

**City of Garland, Texas
Property Tax Revenue Per Capita**

| | Fiscal Year | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Property Tax Revenue per Capita | \$ 345 | \$ 333 | \$ 322 | \$ 315 | \$ 307 |
| Total Property Tax Revenue | \$ 77,869,371 | \$ 75,591,153 | \$ 72,960,307 | \$ 71,712,486 | \$ 71,160,273 |
| City of Garland Population | 225,865 | 226,876 | 226,915 | 227,730 | 231,618 |

Property Tax Revenue per Capita



Commentary

This lagging indicator is unfavorable. Increases to assessed values are needed from new development and from higher appraisals of existing property.

The trend in Property Tax Revenue per Capita is downward sloping over the entire five-year period of analysis. Of the total property tax revenue, the largest portion is for the operations and maintenance expenditures in the General Fund. The remainder is directed to the General Obligation Interest & Sinking Fund for the payment of tax-supported debt.

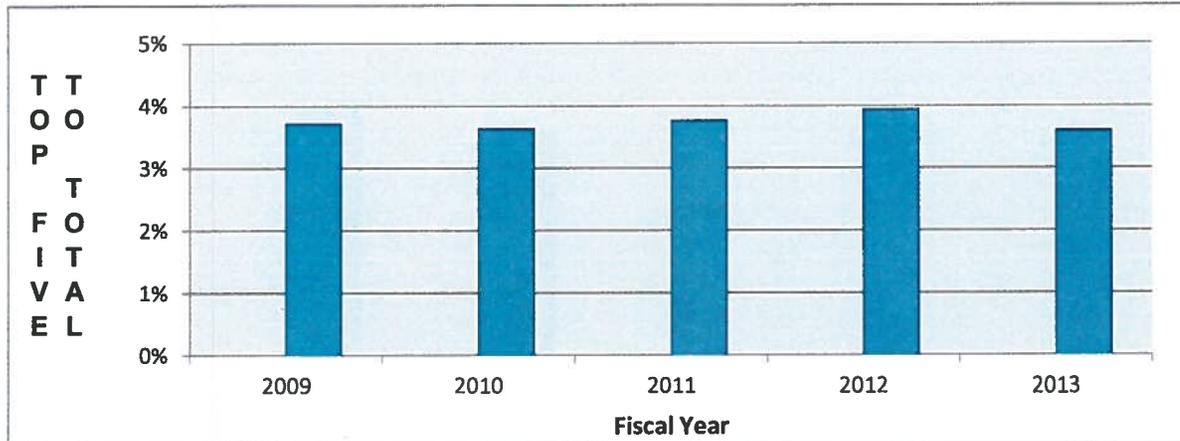
The City's assessed values have declined since 2008 due to the economic downturn. The certified property tax base increased modestly for fiscal year 2014. It is possible that the Property Tax Revenue per Capita trend will turn positive as the economy improves.

City of Garland, Texas

Top Five Taxpayers to Total Assessed Taxable Value

| | Fiscal Year | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Wal-Mart/Sam's Club | \$ 90,857,510 | \$ 112,306,930 | \$ 104,150,300 | \$ 98,978,610 | \$ 101,184,920 |
| Simon Property Group | 132,818,770 | 109,659,400 | 99,254,710 | 87,740,860 | 91,341,710 |
| Plastipak Packaging | 65,169,734 | 67,353,519 | 66,999,904 | 69,557,943 | 70,419,400 |
| SST Truck Company | - | - | - | - | 53,064,990 |
| Valspar/Engineered Polymer | 59,742,723 | - | - | - | - |
| Kraft Foods, Inc. | 55,316,531 | - | - | - | - |
| Verizon | - | 58,436,130 | - | 58,905,920 | 48,829,930 |
| Westdale Property Group | - | 55,549,270 | 56,281,510 | - | - |
| Atlas Copco Drilling Solutions | - | - | 80,921,790 | - | - |
| Sears, Roebuck and Co. | - | - | - | 48,399,482 | - |
| Top Five Taxpayers Taxable Value | \$ 403,905,268 | \$ 403,305,249 | \$ 407,608,214 | \$ 363,582,815 | \$ 364,840,950 |
| Total Assessed Taxable Value | \$ 11,121,794,061 | \$ 10,718,283,371 | \$ 10,352,070,835 | \$ 10,120,032,899 | \$ 9,969,442,009 |
| Top Taxpayers to Total Assessed | 3.63% | 3.76% | 3.94% | 3.59% | 3.66% |

Top Five Taxpayers to Total Assessed



Commentary

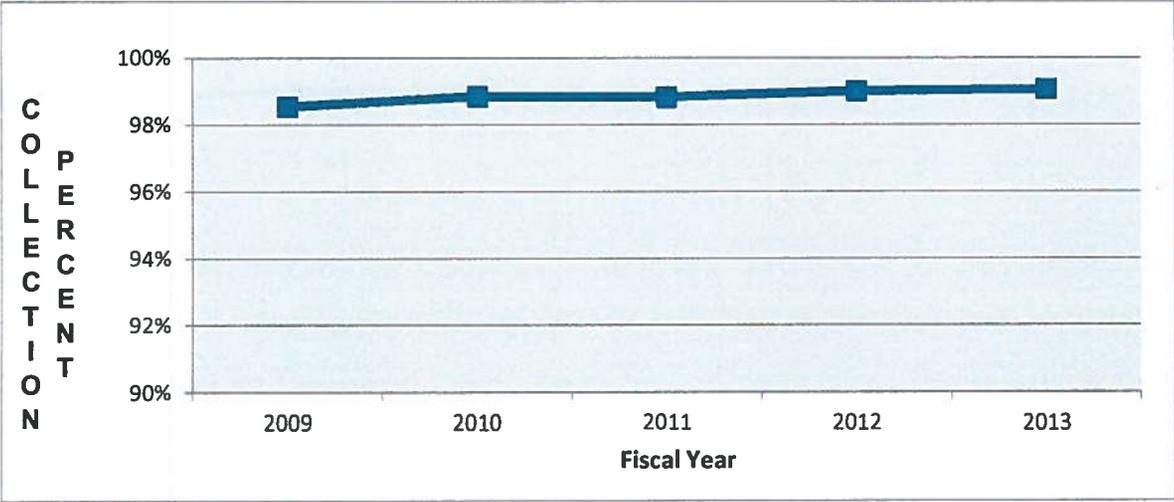
The City's ratio of Top Taxpayers to Total Assessed Value is very favorable. Top taxpayers in the city are well diversified and not concentrated by industry type.

Property Tax is a major revenue source for the City. It is favorable to have a diversified tax base that is not concentrated within a single industry or service sector. It is also very favorable when the group of leading taxpayers comprise a small portion of the total assessed tax base.

**City of Garland, Texas
Property Tax Levy and Collections**

| | Fiscal Year | | | | |
|---------------------------------------|--------------------|---------------|---------------|---------------|---------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Collection Percent | 98.54% | 98.84% | 98.82% | 99.00% | 99.05% |
| Collections for Current Year Tax Levy | \$ 76,842,208 | \$ 74,800,032 | \$ 72,238,056 | \$ 70,589,967 | \$ 70,130,748 |
| Property Tax Levy | \$ 77,977,700 | \$ 75,678,090 | \$ 73,103,186 | \$ 71,301,935 | \$ 70,801,851 |

Property Tax Collection Percent



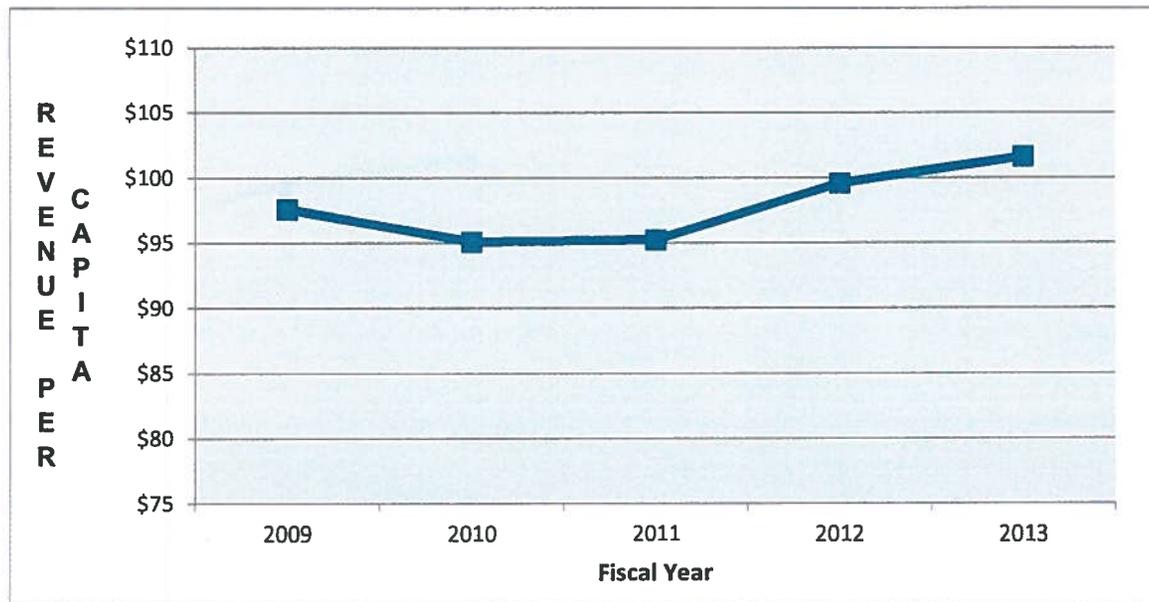
Commentary
The collection of Property Taxes is very favorable.

The current year collections of the Property Tax Levy is consistently high. The City's Tax Department is responsible for the billing and collection of current year tax levy and delinquent accounts.

**City of Garland, Texas
Sales Tax Revenue Per Capita**

| | Fiscal Year | | | | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Sales Tax Revenue per Capita | \$ 97.59 | \$ 95.09 | \$ 95.23 | \$ 99.61 | \$ 101.62 |
| Total Sales Tax Revenue | \$ 22,041,066 | \$ 21,573,549 | \$ 21,609,756 | \$ 22,684,164 | \$ 23,537,389 |
| City of Garland Population | 225,865 | 226,876 | 226,915 | 227,730 | 231,618 |

Sales Tax Revenue per Capita



Commentary

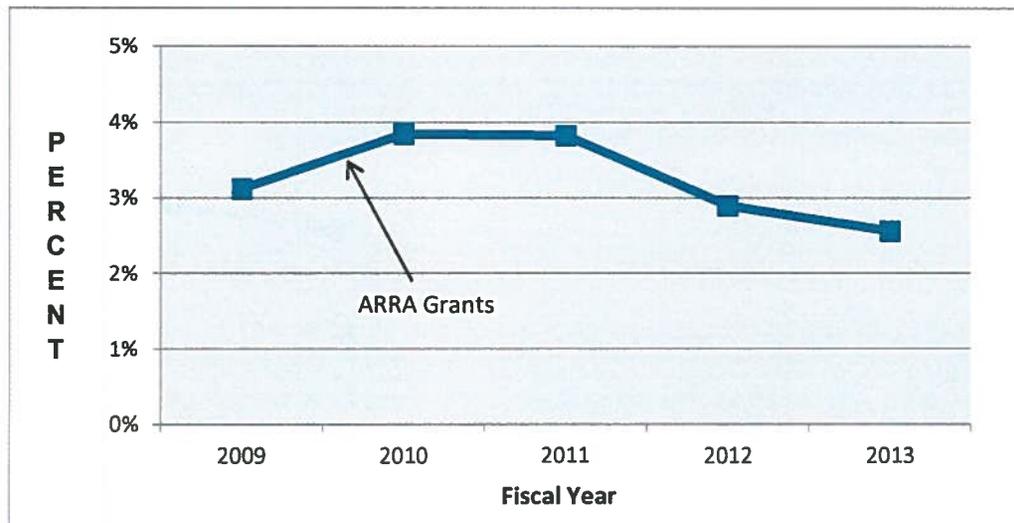
Sales Tax Revenue for the City is indicating a favorable upward trend.

The Sales Tax Revenue per Capita indicator reports improvement for the last two years, up modestly from the economic downturn years experienced in 2010 and 2011. Although Sales Tax Revenue is on an upward trend, Revenue per Capita remains below the high of a prior year. The high for Sales Tax Revenue per Capita is \$104.77 recorded in 2008. Total revenue is significantly below other DFW Metroplex cities. A framework for economic development initiatives is in place to bolster improvements that will result in increased Sales Tax Revenue per Capita.

**City of Garland, Texas
Intergovernmental Revenue**

| | Fiscal Year | | | | |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Intergovernmental Revenue Percent | 3.12% | 3.84% | 3.82% | 2.89% | 2.56% |
| Total Intergovernmental Revenue | \$ 15,427,694 | \$ 19,185,096 | \$ 19,571,449 | \$ 14,499,683 | \$ 14,889,614 |
| Total Revenue | \$ 494,996,409 | \$ 499,062,424 | \$ 511,813,260 | \$ 500,865,233 | \$ 581,485,274 |

Intergovernmental Revenue to Total Revenue



Commentary

The City's reliance on Intergovernmental Revenue is favorable because it provides only a small portion of total revenues. The City can manage a possible reduction in Intergovernmental Revenues if that occurs.

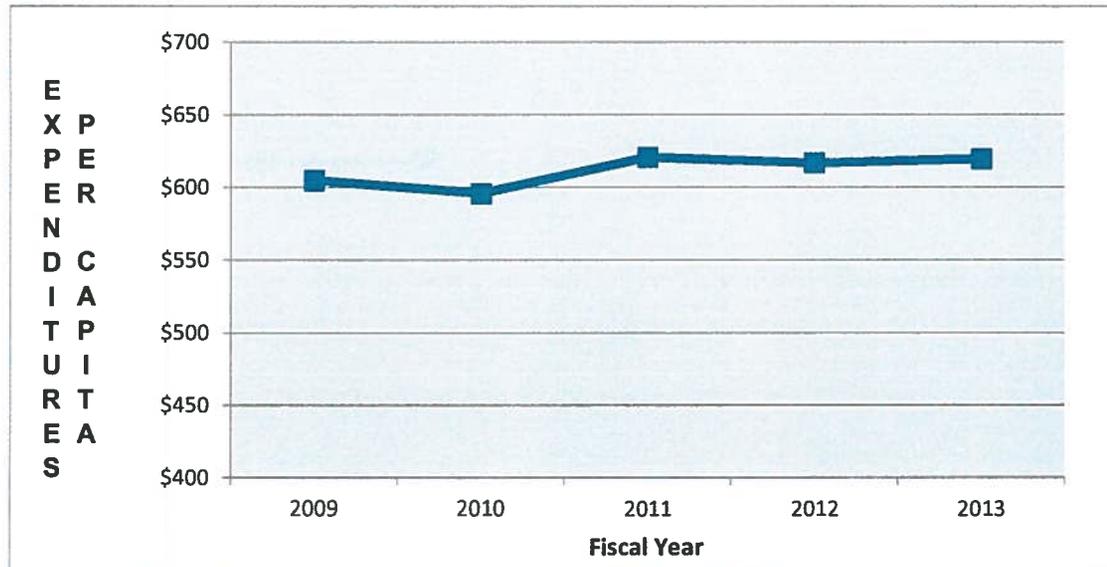
The amount of Intergovernmental Revenue received from other governmental entities indicates the City's reliance upon external funding sources to support services. A high or increasing reliance on Intergovernmental Revenues can be unfavorable. If this revenue source is reduced or withdrawn, the City must deal with the economic or social consequences of increasing taxes or eliminating services. Also, the City must consider the conditions that are attached to the revenues. Quite often, Intergovernmental Revenues will fully fund only the first year of a program and then provide a decreasing amount in subsequent years.

Intergovernmental Revenues increased substantially in 2010 and remained elevated in 2011 due to the American Recovery and Reinvestment Act (ARRA) and increases in other Federal grants. The recent declines reflect the reductions in those revenues. Also, in 2013, substantial increases in Electric Utility revenues increased total revenues while Intergovernmental Revenues saw minor growth.

**City of Garland, Texas
General Fund Operating Expenditures per Capita**

| | Fiscal Year | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Operating Expenditures per Capita | \$ 605 | \$ 596 | \$ 621 | \$ 617 | \$ 619 |
| General Government | \$ 10,033,725 | \$ 9,691,138 | \$ 9,137,993 | \$ 9,083,662 | \$ 9,679,317 |
| Public Safety | 75,268,367 | 74,890,153 | 77,463,425 | 77,639,802 | 78,338,393 |
| Public Works | 18,901,854 | 17,422,849 | 19,151,977 | 18,457,911 | 17,391,246 |
| Culture and Recreation | 12,550,200 | 12,641,150 | 13,245,845 | 12,794,896 | 13,218,113 |
| Public Health | 2,893,506 | 3,189,738 | 3,174,073 | 3,364,592 | 3,579,737 |
| Non-Departmental | 16,941,189 | 17,315,649 | 18,695,922 | 19,086,070 | 21,243,401 |
| Total General Fund Operating Expenditures | \$ 136,588,841 | \$ 135,150,677 | \$ 140,869,235 | \$ 140,426,933 | \$ 143,450,207 |
| City of Garland Population | 225,865 | 226,876 | 226,915 | 227,730 | 231,618 |

Operating Expenditures per Capita



Commentary

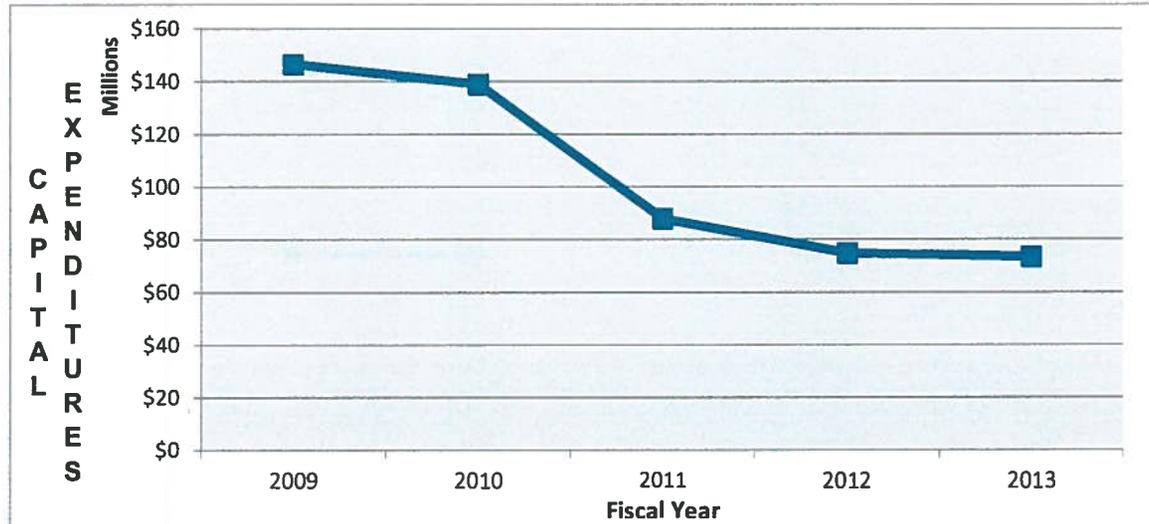
The General Fund Operating Expenditures per Capita indicator is favorable and stable.

General Fund Expenditures per Capita is consistent within a tight range. Expenditures are budgeted annually and managed to meet current economic circumstances. Non-departmental expenditures represent expenses that do not apply to a specific General Fund department. Non-departmental expenditures include charges for insurance, technology, and facilities maintenance.

City of Garland, Texas
Total Capital Expenditures

| | Fiscal Year | | | | |
|----------------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Tax-Supported | \$ 30,522,494 | \$ 29,899,003 | \$ 29,728,854 | \$ 18,745,889 | \$ 19,210,715 |
| Electric Utility | 41,323,401 | 32,850,780 | 19,023,252 | 29,702,102 | 13,578,924 |
| Water Utility | 7,579,479 | 23,433,853 | 12,318,257 | 10,920,090 | 14,481,650 |
| Wastewater Utility | 61,542,998 | 12,703,771 | 13,445,147 | 7,129,745 | 16,663,634 |
| Non-Major Enterprise Funds | 1,109,586 | 1,189,114 | 1,751,949 | 2,935,484 | 2,338,362 |
| Internal Service Funds | 4,482,127 | 38,834,336 | 11,608,118 | 5,301,736 | 7,048,397 |
| Total Capital Expenditures | <u>\$ 146,560,085</u> | <u>\$ 138,910,857</u> | <u>\$ 87,875,577</u> | <u>\$ 74,735,046</u> | <u>\$ 73,321,682</u> |

Total Capital Expenditures



Commentary

The Capital Expenditures indicator is unfavorable. Fewer public assets are being replaced or improved.

Total Capital Expenditures reflects the annual amount of funds spent on completed and functioning assets. Asset additions include new equipment and infrastructure as well as refurbishment of existing infrastructure. The majority of the assets are authorized by the Capital Improvement Program, and financing is obtained in the capital markets. The remainder of the assets are budgeted in the Annual Budget.

The declining five-year trend indicates Management's strategic adjustment to the economic downturn. Projected lower revenues required reductions in spending.

Introduction to Unfunded Liabilities

Unfunded Liabilities are liabilities earned and incurred as part of current operations but which will be paid in the future. While reserves are typically set aside to meet future obligations, the unfunded portion of this liability is the portion that has no reserves set aside. An Unfunded Liability is determined by a complex actuarial study. Actuarial studies are performed periodically, generally once every two years if the assumptions for the study do not change dramatically. More frequent actuarial studies have been performed recently for the City's two major Unfunded Liabilities because of significant changes in assumptions.

The two major Unfunded Liabilities of the City are pension benefits offered through Texas Municipal Retirement System (TMRS) and Other Post-Employment Benefits (OPEB). Both Unfunded Liabilities are, in essence, forms of deferred compensation to employees.

Texas Municipal Retirement System – TMRS is an entity created in 1947 by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Government Code, as a retirement system for municipal employees in the state of Texas. TMRS is a public trust fund governed by a Board of Trustees with a professional staff responsible for administering the System in accordance with the TMRS Act. The System bears a fiduciary obligation to the State of Texas, TMRS cities, members, retirees, and beneficiaries. With over 830 participating entities, the System covers more than 135,000 employees and retirees statewide. When a city joins TMRS, all of its eligible employees become members of the System. An employee who works at least 1,000 hours per year is an eligible employee and is required to be a member of TMRS. The City contributes 14% of gross employee pay, while employees contribute 7%.

City of Garland TMRS members vest after 5 years of service. A member becomes eligible for retirement based upon one of the following two combinations of age and service:

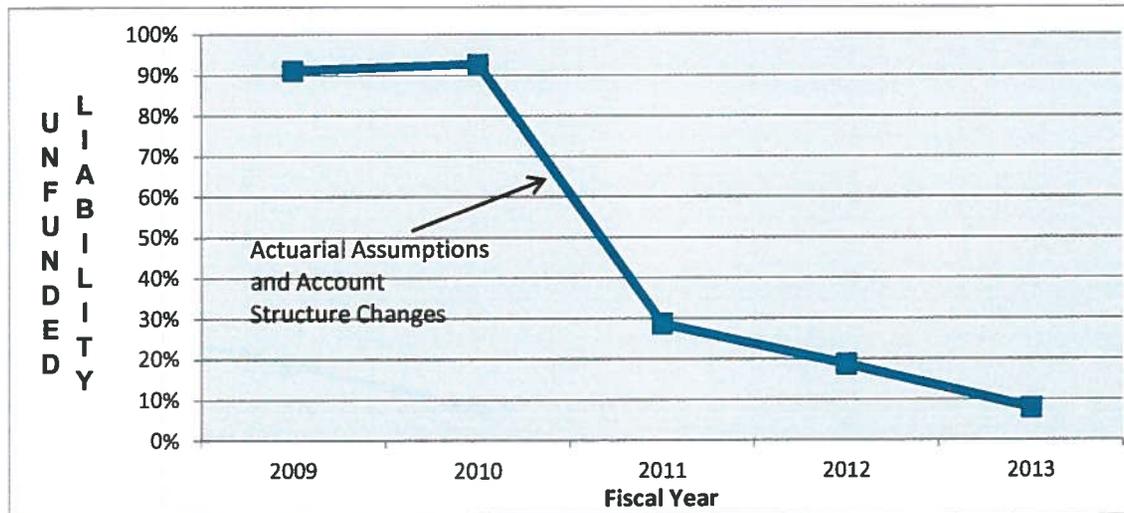
- Age 60 with 5 years of service
- Any age with 20 years of service

Other Post-Employment Benefits – OPEB includes health care benefits such as medical, dental, vision, and hearing for retirees as well as all other retiree benefits that are not a part of a pension plan. While OPEB costs have traditionally been accounted for and budgeted on a pay-as-you-go (PAYGO) basis, they are now treated for accounting purposes on an accrual basis like pensions. Reporting standards mandated by generally accepted accounting principles require certain pension and OPEB disclosures in the City's audited financial reports.

**City of Garland, Texas
Unfunded Liabilities
Texas Municipal Retirement System**

| | September 30 | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Unfunded Liability as % of Payroll | 91.13% | 92.66% | 28.75% | 18.67% | 7.88% |
| Unfunded Liability | \$ 108,518,723 | \$ 116,632,505 | \$ 34,687,310 | \$ 22,722,703 | \$ 9,797,444 |
| Total Covered Payroll (Actuarial) | \$ 119,081,305 | \$ 125,871,786 | \$ 120,641,657 | \$ 121,677,308 | \$ 124,371,393 |
| Actuarial Value of Plan Assets | \$ 347,564,834 | \$ 366,884,729 | \$ 621,330,352 | \$ 661,956,058 | \$ 704,046,535 |

TMRS Unfunded Liability as Percent of Payroll



Commentary

At the current funding level, the TMRS Unfunded Liability is very manageable from a budgetary and financial condition perspective.

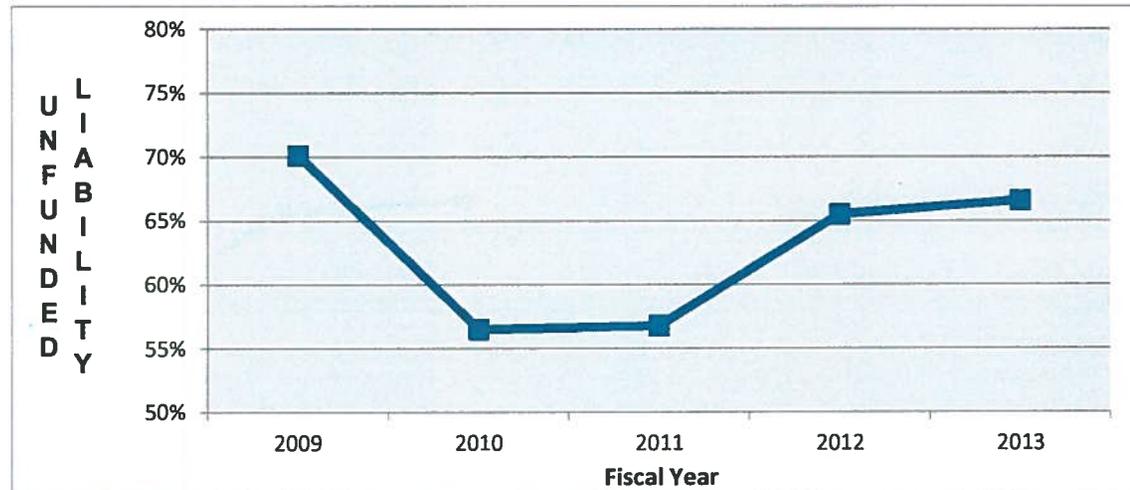
Texas Municipal Retirement System is the statewide retirement system which administers retirement benefits for Garland retirees. The City is required to pay the annual required contribution to TMRS for the benefits that are offered. Significant changes to the system occurred between 2008 and 2011. In addition, the City eliminated the Cost-of-Living Adjustment (COLA) on January 1, 2009. The combined effect of the system changes and the benefit changes on the City's funding obligation is significant. Since 2011, the funding status has improved greatly and the declining trend line is very favorable.

It should be noted that the reported TMRS Unfunded Liability is for the entire City. Information for each fund (General, Electric Utility, Water Utility, Wastewater Utility, etc.) is not determined. The appropriate fund is identified and charged when the payment becomes due.

**City of Garland, Texas
 Unfunded Liabilities
 Other Post-Employment Benefits**

| | September 30 | | | | |
|------------------------------------|---------------------|----------------|----------------|----------------|----------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Unfunded Liability as % of Payroll | 70.14% | 56.49% | 56.76% | 65.53% | 66.60% |
| Unfunded Liability | \$ 83,522,196 | \$ 69,203,450 | \$ 72,318,244 | \$ 82,174,426 | \$ 86,053,136 |
| Total Covered Payroll (Actuarial) | \$ 119,081,305 | \$ 122,500,000 | \$ 127,400,000 | \$ 125,400,000 | \$ 129,200,000 |
| Actuarial Value of Plan Assets | \$ 0 | \$ 260,541 | \$ 516,134 | \$ 604,234 | \$ 762,697 |

OPEB Unfunded Liability



Commentary

With a growing retiree population, increases in life expectancy, and increasing health care costs, the OPEB Liability will continue its upward trend. The upward trend line for OPEB is not sustainable in the long term. An Unfunded Liability which is steadily increasing is unfavorable to the City's long-term financial condition and sustainability.

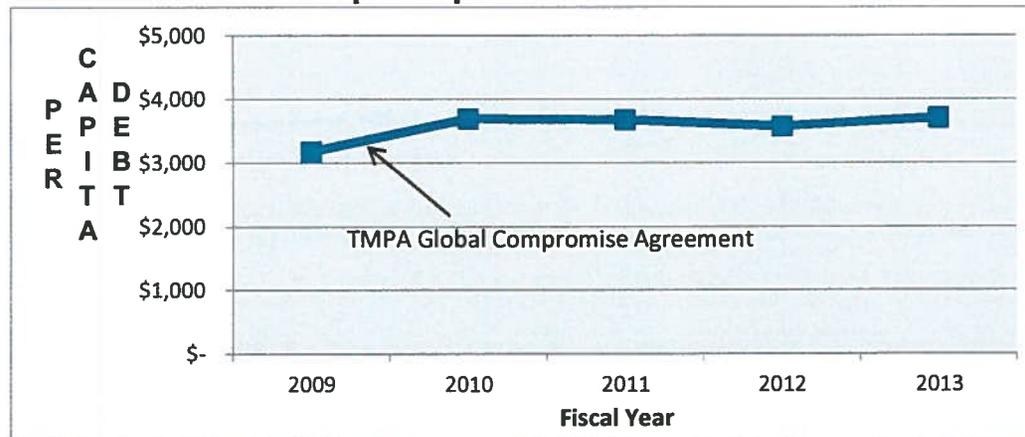
The Other Post-Employment Benefits (OPEB) Liability is the future cost of health care for retirees. The Liability is determined by an actuarial study and is based upon the City's policy of contributing toward retiree health care insurance. The City adopted significant policy changes in February 2008 to control the growth of the Liability. In 2009, a trust fund was established to accumulate a financial reserve to fund future requirements. Since creating the trust fund, the City has been financially unable to pay the entire annually required contributions. Instead, modest deposits have been made into the trust. At September 30, 2013, the funded reserve was \$763,000 and the net Unfunded Liability was \$86 million.

It should be noted that the reported OPEB Unfunded Liability is for the entire City. Information for each fund (General, Electric Utility, Water Utility, Wastewater Utility, etc.) is not developed. The appropriate fund is identified and charged when the payment becomes

City of Garland, Texas
Debt per Capita
Total Combined Debt

| | September 30 | | | | |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| <u>Debt by Type</u> | | | | | |
| Tax-Supported | \$ 281,386,725 | \$ 275,370,088 | \$ 272,471,620 | \$ 260,655,092 | \$ 252,734,450 |
| Electric Utility | 165,860,835 | 283,802,997 | 280,975,000 | 279,064,335 | 338,555,000 |
| Water Utility | 73,965,289 | 79,548,817 | 87,567,614 | 91,485,000 | 94,275,000 |
| Wastewater Utility | 153,704,813 | 158,671,618 | 157,957,386 | 147,155,000 | 138,315,000 |
| Internal Service Funds | 42,612,000 | 40,404,000 | 38,075,000 | 36,335,000 | 34,905,000 |
| Total Combined Debt | \$ 717,529,662 | \$ 837,797,520 | \$ 837,046,620 | \$ 814,694,427 | \$ 858,784,450 |
| | | | | | |
| Population | 225,865 | 226,876 | 227,726 | 228,060 | 231,618 |
| | | | | | |
| Total Debt per Capita | \$ 3,177 | \$ 3,693 | \$ 3,676 | \$ 3,572 | \$ 3,708 |

Debt per Capita - Total Combined



Commentary

Debt per Capita is stable. Strong and reliable revenue streams support the Debt Service.

Rising debt can be an unfavorable trend. On the other hand, a low debt profile may result in an under-investment in capital facilities and infrastructure. An entity must rely upon capital financing when it does not have an exceptionally high revenue stream from Property Taxes and Sales Taxes.

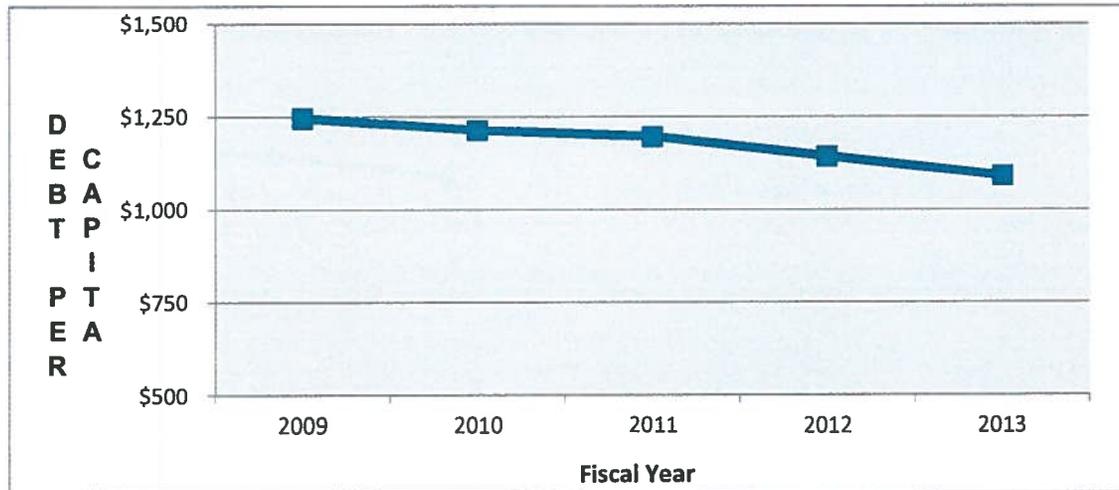
The Combined Debt includes Tax-Supported, Electric Utility, Water Utility, Wastewater Utility, and Internal Service Debt. The substantial increase in 2010 was the result of the TMPA member cities issuing debt in conjunction with the Global Compromise Settlement Agreement.

Debt per Capita increased modestly in 2013. The increase is attributed to the Commercial Paper notes issued during the year to finance the Competitive Renewable Energy Zone transmission lines for the Electric Utility. Revenues beginning in 2015 will provide the Debt Service for this debt.

**City of Garland, Texas
Debt per Capita
Tax-Supported**

| | September 30 | | | | |
|-------------------------------|---------------------|----------------|----------------|----------------|----------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Total Tax-Supported Debt | \$ 281,386,725 | \$ 275,370,088 | \$ 272,471,620 | \$ 260,655,092 | \$ 252,734,450 |
| Population | 225,865 | 226,876 | 227,726 | 228,060 | 231,618 |
| Tax-Supported Debt per Capita | \$ 1,246 | \$ 1,214 | \$ 1,196 | \$ 1,143 | \$ 1,091 |

Debt per Capita - Tax-Supported



Commentary

Garland's Tax-Supported Debt per Capita indicator is very favorable and is managed within a narrow range.

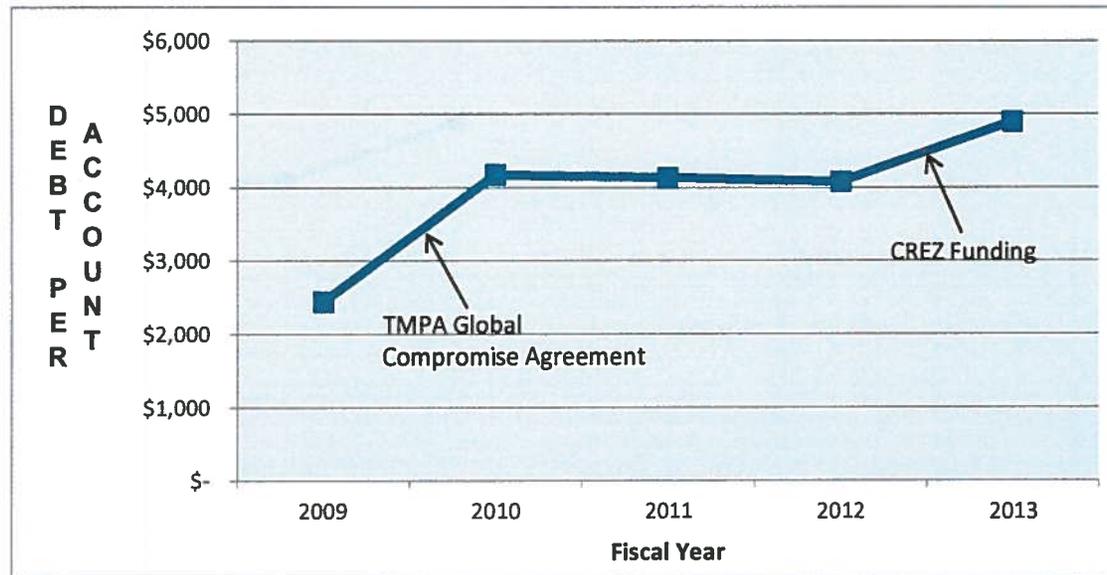
The I & S portion of the Ad Valorem Tax rate is the primary source for the repayment of Tax-Supported Debt. The City's population growth is modest; therefore, debt levels and the tax rate are closely managed to maintain an acceptable Debt Service level. The ability to repay debt without incurring a Property Tax increase is an important criterion in a favorable credit rating. The City maintains adequate reserves, and its financial policies are prudent.

The Debt per Capita trend has experienced a modest decline during the five-year period from 2009 to 2013. This reflects the City's efficient use of Commercial Paper in funding the Capital Improvement Program (CIP). Commercial Paper allows the City to issue debt precisely when it is required. In addition, the Tax-Supported CIP has been pared back for several years to avoid a tax increase.

**City of Garland, Texas
Debt per Account
Electric Utility**

| | September 30 | | | | |
|-----------------------------|---------------------|----------------|----------------|----------------|----------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Total Electric Utility Debt | \$ 165,860,835 | \$ 283,802,997 | \$ 280,975,000 | \$ 279,064,335 | \$ 338,555,000 |
| Number of Electric Accounts | 67,956.00 | 68,001.00 | 68,034.00 | 68,396.00 | 69,126.00 |
| Debt per Account | \$ 2,440.71 | \$ 4,173.51 | \$ 4,129.92 | \$ 4,080.13 | \$ 4,897.65 |

Debt per Account - Electric Utility



Commentary

The debt for each Garland Electric Utility account is \$4,898 in 2013.

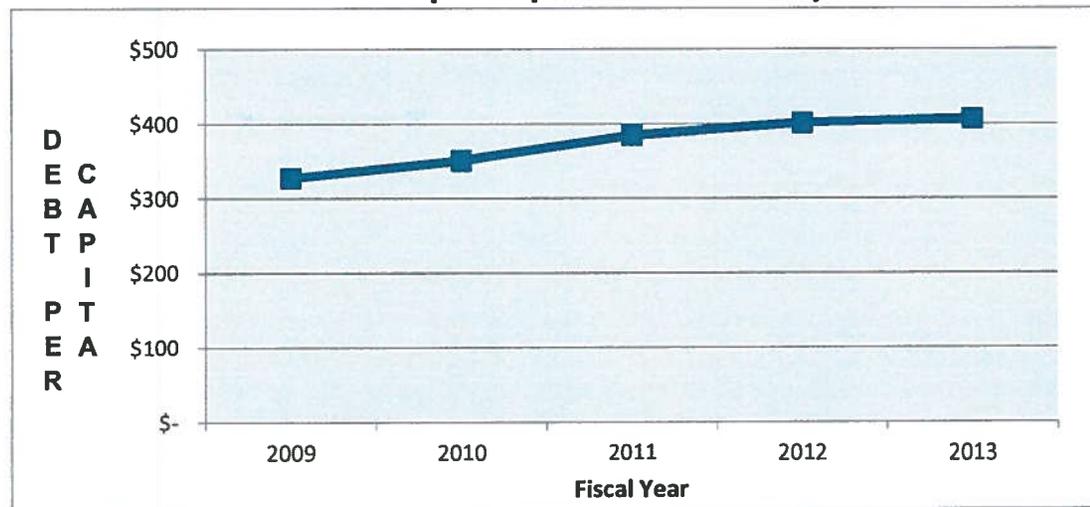
The Electric Utility issues debt to finance various system improvements. As a member of the Texas Municipal Power Agency, the City issued \$126,885,000 in 2010 in connection with the Global Compromise Settlement Agreement. The debt is being amortized over a 20-year period.

The Electric Utility has a very sound financial profile. The effects of the increased debt is being managed with liquidity provided by the Rate Mitigation Fund. The service territory is diverse, and the base load power supply is sound.

**City of Garland, Texas
Debt per Capita
Water Utility**

| | September 30 | | | | |
|---------------------------------|---------------------|---------------|---------------|---------------|---------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Total Water Utility Debt | \$ 73,965,289 | \$ 79,548,817 | \$ 87,567,614 | \$ 91,485,000 | \$ 94,275,000 |
| Population | 225,865 | 226,876 | 227,726 | 228,060 | 231,618 |
| Debt per Capita - Water Utility | \$ 327 | \$ 351 | \$ 385 | \$ 401 | \$ 407 |

Debt per Capita - Water Utility



Commentary

The rising trend in Debt per Capita for the Water Utility is unfavorable.

The Water Utility issues debt to finance Utility System improvements and replacements. The Utility's major projects are the rehabilitation and replacement of pump stations to meet regulatory and mandated requirements. Resources are also dedicated to strategically address transmission line reliability and capacity issues which are related to the Utility's aging system.

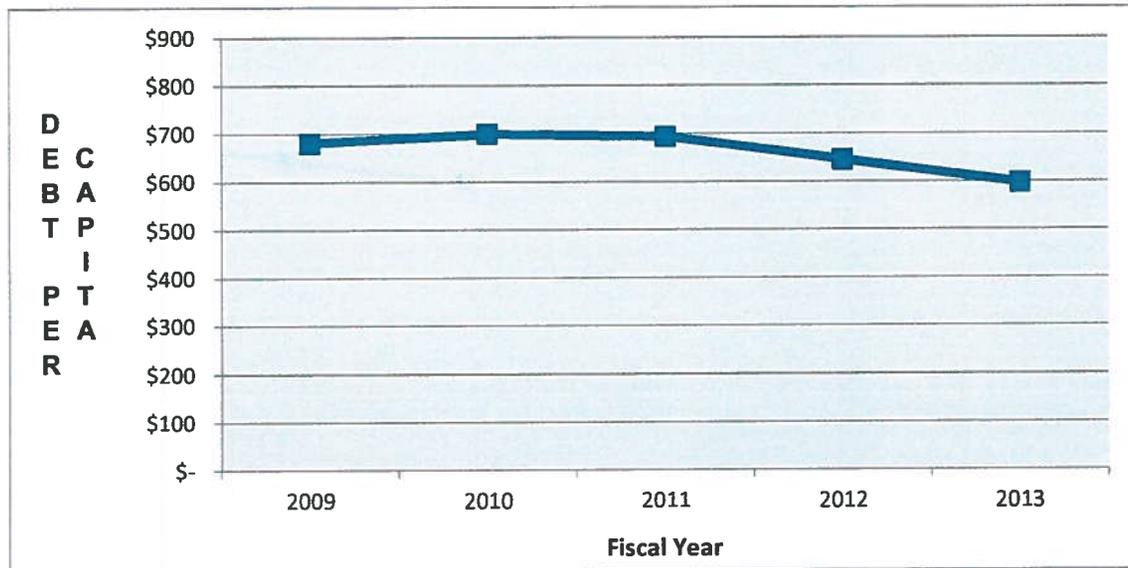
A 2013 credit report indicates that an above average debt profile can diminish overall financial flexibility. Concerns center upon the Utility's ability to maintain key financial metrics which are associated with the assigned credit rating. Specifically, a decline in the Debt Service coverage ratio relative to the net revenues of the system is occurring. Water rates have been increased annually to maintain financial performance. However, rates are now at the upper limit of an acceptable range.

Credit analysis is performed on a combined Water and Wastewater System basis. From that perspective, overall financial position is sound. Management's financial practices focus on a combined Water and Wastewater System approach.

**City of Garland, Texas
Debt per Capita
Wastewater Utility**

| | September 30 | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Total Wastewater Utility Debt | \$ 153,704,813 | \$ 158,671,618 | \$ 157,957,386 | \$ 147,155,000 | \$ 138,315,000 |
| Population | 225,865 | 226,876 | 227,726 | 228,060 | 231,618 |
| Debt per Capita - Wastewater Utility | \$ 681 | \$ 699 | \$ 694 | \$ 645 | \$ 597 |

Debt per Capita - Wastewater Utility



Commentary

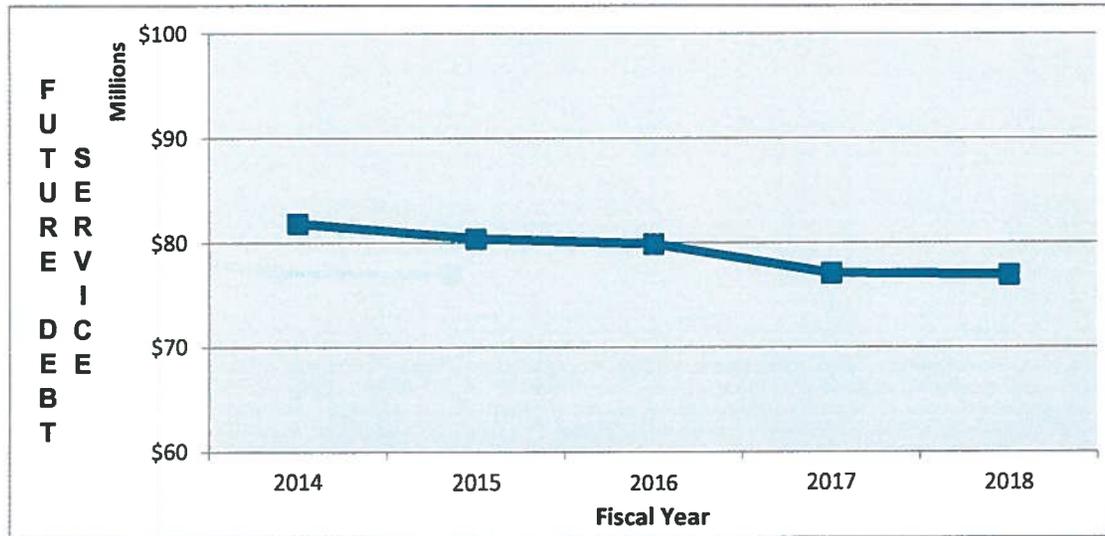
The Wastewater Utility Debt per Capita trend is favorable due to the decline from the recent peak.

The Wastewater Utility issues debt to fund improvements and replacements to the system. A significant portion of funding is used to comply with State and Federal environmental regulations and requirements. Recent major enhancements have been made to the Duck Creek Treatment Plant to improve reliability and capacity while addressing TCEQ regulations. Another major project was the Duck Creek Interceptor which unifies the Rowlett Creek and Duck Creek Treatment Plants. Per Capita Debt will continue to decline for several more years until the funding for anticipated regulatory improvements are required in the future.

**City of Garland, Texas
 Future Annual Debt Service, Principal and Interest
 Total Combined Debt**

| <u>Debt by Type</u> | <u>Fiscal Year</u> | | | | |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| Tax-Supported | \$ 29,345,298 | \$ 27,541,221 | \$ 26,502,952 | \$ 24,654,658 | \$ 25,237,019 |
| Electric Utility | 23,287,284 | 23,353,399 | 23,945,864 | 23,961,436 | 23,953,318 |
| Water Utility | 9,130,778 | 9,166,811 | 9,239,071 | 9,089,155 | 8,952,893 |
| Wastewater Utility | 15,062,789 | 15,562,178 | 15,615,102 | 15,009,144 | 14,744,853 |
| Internal Service Funds | 5,002,462 | 4,749,189 | 4,594,320 | 4,372,039 | 4,044,817 |
| Total Debt Service | \$ 81,828,611 | \$ 80,372,798 | \$ 79,897,309 | \$ 77,086,432 | \$ 76,932,900 |

Future Annual Debt Service



Commentary

The future Debt Service trend is favorable.

Bonded debt is sold to finance public assets which have a multi-year life. Debt does not finance current operating expenses. Debt is sold upon the City Council's adoption of the Capital Improvement Program. An asset is financed by debt over a period equal to the life of the asset.

A strategic long-term plan is in place for each debt type. Debt is managed to achieve a level repayment schedule. Unusually large increases or decreases are avoided.

City of Garland, Texas
Underlying Ratings for Outstanding Debt

| <u>Credit Type</u> | <u>Rating Agency</u> | <u>Credit Rating</u> | <u>Outlook</u> | <u>Date of Last Rating</u> |
|-------------------------------------|----------------------|----------------------|----------------|----------------------------|
| Tax-Supported | Fitch Ratings | AAA | Stable | May 13, 2014 |
| | Standard & Poor's | AA + | Stable | May 12, 2014 |
| GO Commercial Paper | Fitch Ratings | F1 + | - | February 14, 2012 |
| | Standard & Poor's | A1 + | - | January 13, 2014 |
| Electric Utility System | Fitch Ratings | AA - | Stable | May 14, 2014 |
| | Standard & Poor's | A + | Stable | May 12, 2014 |
| Electric Commercial Paper | Fitch Ratings | | | |
| | 2012A SMBC | F-1 | - | December 13, 2012 |
| | 2012B Wells Fargo | F-1 | - | December 13, 2012 |
| | Standard & Poor's | | | |
| | 2012A SMBC | A-1 | - | November 27, 2012 |
| | 2012B Wells Fargo | A-1 + | - | November 27, 2012 |
| Water and Wastewater Utility System | Fitch Ratings | AA + | Negative | May 13, 2014 |
| | Standard & Poor's | AA - | Stable | May 12, 2014 |

Commentary

The credit ratings for the City are very favorable.

The credit-worthiness of the City is measured periodically by Fitch Ratings and Standard & Poor's. Both rating services assess the City's financial condition and sustainability at the time new debt is issued. The City is active in the capital markets, so a rating is issued at least annually. Both rating agencies conduct annual surveillance of the City's two Commercial Paper programs since an authorized program can span multiple years.

The City has a solid financial profile and history of strong financial management. Revenue streams are reliable and diverse. Liquidity and adequate reserves are identified strengths. The Electric Utility and the Water Utility have reliable sources for energy and potable water.



City Council Item Summary Sheet

Work Session

Date: August 4, 2014

Agenda Item

Preview of 2014-15 Proposed Budget

Summary of Request/Problem

Staff will provide an overview of the City Manager's Proposed Budget for FY 2014-15. The FY 2014-15 Proposed Budget document will officially be presented to Council at the August 5, 2014 Regular Meeting.

Recommendation/Action Requested and Justification

Preview only for the Proposed Budget – questions and discussion will occur at future Budget Work Sessions after Council has received the Budget document.

Submitted By:

Ron Young
Director of Budget & Research

Approved By:

William E. Dollar
City Manager