



City of Rowlett

Work Session AMENDED Agenda

City Council

4000 Main Street
Rowlett, TX 75088
www.rowlett.com

City of Rowlett City Council meetings are available to all persons regardless of disability. If you require special assistance, please contact the City Secretary at 972-412-6115 or write 4000 Main Street, Rowlett, Texas, 75088, at least 48 hours in advance of the meeting.

Tuesday, July 14, 2015

5:30 P.M.

Annex Building – 4004 Main Street

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item herein.

The City of Rowlett reserves the right to reconvene, recess or realign the Regular Session or called Executive Session or order of business at any time prior to adjournment.

1. **CALL TO ORDER**
2. **WORK SESSION**
 - 2A. Discuss amending the Fiscal Year 2014-15 Adopted Operating and Capital Improvements Program Budget. (20 minutes)
 - 2B. Discuss allocation of funds for 2015 Plan Year Community Development Block Grant. (60 minutes)
 - 2C. Discuss Economic Development Incentive Policies & Economic Development Advisory Board. (45 minutes)
3. **EXECUTIVE SESSION**
 - 3A. The City Council shall convene into Executive Session pursuant to the Texas Government Code, §551.071 (Consultation with Attorney) to receive legal advice from the City Attorney and to consult with the City Attorney regarding the Creekside Village Project and Form-Based Code zoning.

TAKE ANY NECESSARY OR APPROPRIATE ACTION ON CLOSED/EXECUTIVE SESSION MATTERS

4. **ADJOURNMENT**

Laura Hallmark

Laura Hallmark, City Secretary

I certify that the above notice of meeting was posted on the bulletin boards located inside and outside the doors of the Municipal Center, 4000 Main Street, Rowlett, Texas, as well as on the City's website (www.rowlett.com) on the 9th day of July 2015, by 5:00 p.m.



City of Rowlett
Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75080-0099
www.rowlett.com

AGENDA DATE: 07/14/15

AGENDA ITEM: 2A

TITLE

Discuss amending the Fiscal Year 2014-15 Adopted Operating and Capital Improvements Program Budget. (20 minutes)

STAFF REPRESENTATIVE

Terri Doby, Budget Officer

SUMMARY

Regular budget amendments are an accepted practice in local government and represent a visible demonstration that the municipality manages its fiscal affairs appropriately and with transparency. City staff has completed a detailed analysis of revenues and expenditures and recommends adjustments consistent with that analysis.

May 2015 has now been recorded as the wettest single month on record in Texas and Oklahoma. As a result, greater than anticipated revenue shortfalls in the Utility Fund necessitate additional adjustments to the budget. Staff continues to monitor the budget and the cost controls established to mitigate the impact of any changes in circumstances.

BACKGROUND INFORMATION

On September 16, 2014, the City Council adopted the operating and capital improvements program budget for Fiscal Year 2015 and the Master Fee Schedule with the changes to the various rates and fees, including a surcharge on water due to the expected continuation of Stage 3 water restrictions. The surcharge was for \$6.97 per month and was intended to remain until the water restrictions were lifted.

On April 9, 2015, the North Texas Municipal Water District (NTMWD) announced that they would eliminate the Stage 3 water restrictions effective May 1, 2015. As a result, the City eliminated the monthly surcharge effective May 1st.

May 2015 has now been recorded as the wettest single month on record in Texas and Oklahoma. The official National Weather Service observation site for Dallas proper is Love Field, where 14.98 inches of rain was measured in May. That broke the May record of 13.74 inches set in 1957.

DISCUSSION

The City should proactively address the continuing revenue shortfall in the Utility Fund. Revenue projections are based on projected usage of water and sewer. Lower usage than projections are resulting from the combination of both the Stage 3 water restrictions and the record-breaking

rainfall in May. As a result, usage is down by more than 12 percent from the FY2015 budgeted projection. Currently, water revenue is 7.2 percent or \$736,386 behind projection.

City staff has completed a detailed analysis of Utility Fund expenditure budgets and recommends reducing the FY2015 budget by \$1,086,700, which is made up of \$736,386 in water revenue and \$350,314 in sewer revenue.

Operating budget:

Description	FY2015 Adopted	Change	FY2015 Revised
Revenue:			
Charges for Services	\$28,454,087	\$(1,086,700)	\$27,367,387
Other	11,976		11,976
Transfers In	139,397		139,397
Current Revenues	\$28,605,460	\$(1,086,700)	\$27,518,760
Expenses:			
Personnel Costs	\$2,184,764		\$2,184,764
Supplies	304,197	(11,950)	292,247
Purchase Services	12,296,266	(331,348)	11,964,918
Capital Outlay	287,628	(100,084)	187,544
Capital Improvements	2,800,000	(100,000)	2,700,000
Debt Service	4,712,956		4,712,956
Transfers Out	5,476,331		5,476,331
Total Expenses	\$28,062,142	\$(543,382)	\$27,518,760
Net Change*		\$(543,318)	

***Note: The City's FY2015 Adopted Budget reflected a budget surplus of \$543,318 that was primarily due to the City's strategy to sell \$5.0 million out of a possible \$10.0 million in revenue bonds. This formed a "buffer" in FY2015 against potential revenue declines and therefore, is being used in this budget amendment to absorb about half of the impact.**

Utility Cash Capital Improvements Program:

	Project Number	Title	Adjustment
Revenue decrease	n/a	Transfer From Utility Fund	(100,000)

	Project Number	Title	Adjustment
Expenditure decrease	WA2106	Capital Equipment Leasing	(100,000)

As indicated above, due to lower than projected usage during the Stage 3 water restrictions and the amount of precipitation that has fallen in the Rowlett area during the month of May, staff believes that it will be very difficult to make up enough usage in the remaining summer months to hit our target. As a result, staff is recommending a two-fold approach to the Utility Fund in FY2015 to manage this issue.

1. Amend the budget for \$1.1 million by reducing expenses and eliminating the surplus buffer budgeted in FY2015.
2. Set aside \$400,000 from the amount allocated to the Utility Fund Cash CIP. If we hit our target in the remaining months, this amount will be reinstated for ongoing projects. If the target is missed, then this amount will be used to cover any additional shortfall.

FINANCIAL/BUDGET IMPLICATIONS

As indicated, this ordinance adjusts revenues and expenditures identified for FY2015. Exhibit A to the proposed ordinance details the type and purpose for the operating budget. Exhibit B details the project reductions for the cash Capital Improvements Budget.

RECOMMENDED ACTION

City staff recommends the City Council direct staff to draft an ordinance approving the restructuring and amending of the FY2015 Adopted Budget for the next regular City Council meeting.

ATTACHMENTS

Exhibit A – Utility Fund Budget Amendment FY2015

Exhibit B – Utility Cash Capital Improvement Fund Budget Amendment FY2015

FY 2015**CITY OF ROWLETT BUDGET****UTILITY FUND**

	Adopted FY2014-15	Change	Revised Adopted FY2014-15
Revenues:			
Beginning Resources	\$ 7,608,008		\$ 4,039,203
Current Revenues:			
Tax Revenues	-		-
Franchise Fees	-		-
Licenses and Permits	-		-
Charges for Services	28,454,087	(1,086,700)	27,367,387
Fines & Forfeitures	-		-
Other	11,976		11,976
Transfers In	139,397		139,397
Current Revenues	28,605,460	(1,086,700)	27,518,760
Available Resources	36,213,468	(1,086,700)	31,557,963
Expenditures:			
Personnel Services	2,184,764		2,184,764
Supplies	304,197	(11,950)	292,247
Purchase Services	12,296,266	(331,348)	11,964,918
Capital Outlay	287,628	(100,084)	187,544
Capital Improvements	2,800,000		2,800,000
Debt Service	4,712,956		4,712,956
Transfers Out	5,476,331	(100,000)	5,376,331
Total Expenditures	28,062,142	(543,382)	27,518,760
Ending Resources	\$ 8,151,326	\$ (543,318)	\$ 4,039,203

CITY OF ROWLETT
BUDGET AMENDMENT - FY 2014-2015

BUDGET CHANGES

PROJECT NUMBER	PROJECT NAME OR ACCOUNT DESCRIPTION	ACCOUNT NUMBER	CURRENT BUDGET	INCREASE	DECREASE	REVISED BUDGET	PURPOSE
REVENUE DECREASE	Transfer to CIP	520 5020	\$2,800,000		(\$100,000)	\$2,700,000	Reduction necessary as a result of the adjustment to the UF Cash CIP transfer .
EXPENDITURE DECREASE WA2106	Capital Equipment Leasing	5208101	\$438,000		(\$100,000)	\$338,000	Utility Fund Budget Reduction



City of Rowlett Staff Report

4000 Main Street
P.O. Box 99
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AGENDA DATE: 07/14/2015

AGENDA ITEM: 2B

TITLE

Provide Council with an update, discuss and receive feedback on the Community Development Block Grant (CDBG) as it relates to the Public Facilities, Public Services and Housing Rehabilitation Program. (60 minutes)

STAFF REPRESENTATIVE

Marc Kurbansade, Director of Development Services
Erin Jones, Senior Planner

SUMMARY

Each year, the City presents the CDBG Annual Plan to City Council for approval in order to authorize transmittal to the Department of Housing and Urban Development (HUD) and allocate individual program funding. Staff will seek feedback from City Council in order to determine the allocation of funds for the upcoming 2015 plan year.

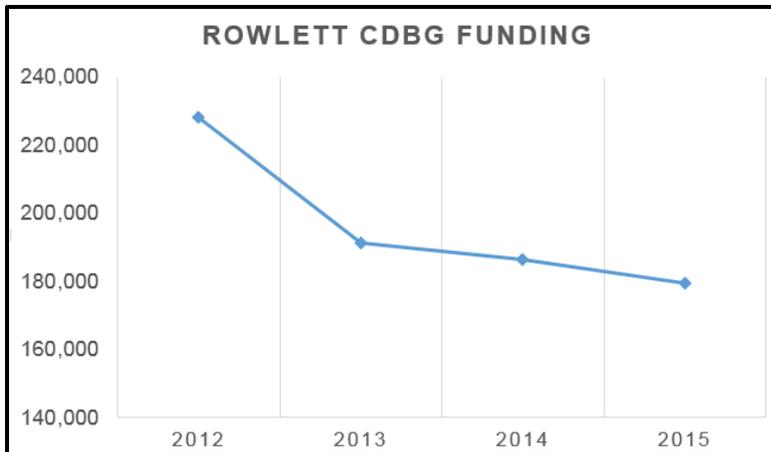
BACKGROUND INFORMATION

On August 2, 2011, the City Council approved the 2011-2015 CDBG Consolidated Plan. The 2011-2015 Consolidated Plan is the comprehensive planning document that details how the City will spend its federal funds during the five-year period. Concurrent with the adoption of the Consolidated Plan and each successive year, the City has adopted Annual Plans in 2011, 2012, 2013, and 2014. This is the last year that staff will submit an Annual Plan under the current Consolidated Plan.

In both July 2014 and December 2014, staff sought feedback from City Council regarding the Public Facilities, Public Services and Housing Rehabilitation portions of the grant. This past year, staff has been executing the grant in accordance with that feedback.

DISCUSSION

The funding amount for the CDBG 2015 plan year is \$179,427. This amount has been steadily decreasing since 2012, where we received \$228,181. We expect the funding to continue to decrease in the upcoming years.



In the 2014 plan year, staff implemented the grant in accordance with City Council direction. This included Public Facilities (32.5 percent of grant), Housing Rehabilitation (32.5 percent), and Public Services (15 percent). Administration makes up the remaining 20 percent of the grant allocation. For the upcoming 2015 plan year, staff is proposing the same allocation, with the

additional stipulation we divide the Public Services portion of the grant into a total of three sub-recipients. Below is the proposed 2015 allocation, with the 2014 allocation shown for reference.

Project Description	2014 Plan Current Allocation		2015 Plan Proposed Allocation	
	Amt (%)	Amt (\$)	Amt (%)	Amt (\$)
Housing Rehabilitation– Funding for minor repairs for housing occupied by low-income homeowners	32.5%	\$60,518	32.5%	\$58,256
Public Facilities – Improvements to public facilities, including streets, parks, water, sewage, and drainage facilities in eligible low-income areas of the City	32.5%	\$60,519	32.5%	\$58,255
Public Services – Funding for non-profit organizations to provide health and human services to low income or special need households	15%	\$27,931	15%	\$26,887
Administration – Administrative and management costs for operational expenses of the CDBG Program and projects	20%	\$37,241	20%	\$35,849
Total Grant		\$186,209		\$179,247

The remainder of this report will outline the decisions that require Council feedback for the Public Facilities Program, Public Services, and Housing Rehabilitation Program.

Housing Rehabilitation

The Housing Rehabilitation Program is a great success. If City Council decided to continue allocating the grant in the same proportion (32.5 percent), we currently have applications that would use funding through the 2020 plan year. Based on City Council direction last plan year, a

\$25,000 maximum grant per recipient will allow staff to provide two grants next year and perform approximately two emergency repairs.

Staff is requesting that City Council provide feedback whether to limit Housing Rehabilitation to only emergency repairs to assist a greater number of recipients, or continue with the current parameters.

Public Facilities

Using 2013 funds, staff installed a basketball court and a shade structure at Isaac Scruggs Park this past year. Using 2014 funds, Staff is now seeking bids to install a pavilion, fencing and landscaping at Isaac Scruggs Park. The next project staff is proposing is to install a trail throughout the park.

Staff is requesting that City Council provide feedback whether to continue with the next phase at Isaac Scruggs Park, which includes constructing a trail.

Public Services

For the past two plan years, City Council has chosen to allocate this portion of the grant solely to Life Message. Due to the feedback we received during our public meetings, staff is proposing to allocate the grant to sub-recipients as follows:

- Life Message - \$11,044 (food pantry)
- Honor Academy - \$11,043 (character training for youth)
- Senior Citizens of Rowlett - \$4,800 (Dallas Area Rapid Transit annual passes)

Staff is requesting that City Council provide feedback regarding the sub-recipient allocation of this portion of the grant.

FINANCIAL/BUDGET IMPLICATIONS

N/A

RECOMMENDED ACTION

Staff is requesting feedback from City Council.



City of Rowlett
Staff Report

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AGENDA DATE: 07/14/15

AGENDA ITEM: 2C

TITLE

Discuss Economic Development Incentive Policy & Economic Development Advisory Board. (45 minutes)

STAFF REPRESENTATIVE

Brian Funderburk, City Manager
Jim Grabenhorst, Director of Economic Development
Nathan Weber, Economic Development Specialist

SUMMARY

This discussion is a follow-up item from the Bi-annual update on the City's Economic Development five-year Strategic Plan that was held with City Council on November 11, 2014. City Council requested to have additional discussions relating to the Economic Development Incentive Policy and the Economic Development Advisory Board.

BACKGROUND INFORMATION

As a result of the Realize Rowlett 2020 process, key strategic action items were identified. This assisted in developing the basis for the Economic Development five-year Strategic Plan, which was adopted by City Council in 2013 and discussed during a work session on November 14, 2014.

DISCUSSION

This is a policy level discussion with City Council about the City's current Economic Development Incentive Policy and the role of the Economic Development Advisory Board.

FINANCIAL/BUDGET IMPLICATIONS

N/A

RECOMMENDED ACTION

This is a discussion item for City Council.

ATTACHMENT

Attachment 1 – Current Economic Development Incentive Policy



CITY OF ROWLETT, TEXAS

POLICY STATEMENT FOR ECONOMIC DEVELOPMENT INCENTIVES

I. GENERAL PURPOSE AND OBJECTIVES

The City of Rowlett is committed to the promotion of high quality development in all parts of the city and to an ongoing improvement in the quality of life for its citizens. In so far as these objectives are generally served by the enhancement and expansion of the local economy, the City of Rowlett will, on a case-by-case basis, give consideration to providing incentives as stimulation for economic development in Rowlett. It is the policy of the City of Rowlett that said consideration will be provided in accordance with the procedures and criteria in this document. Nothing herein shall imply or suggest that the City of Rowlett is under any obligation to provide incentives to any applicant. All applicants shall be considered on a case-by-case basis.

II. CRITERIA

Any request for incentives shall be evaluated based upon a subjective review of the following criteria that each applicant will be requested to address in narrative as well as an application form to be provided by the City's Economic Development Department.

Fiscal Impact

- How much real and personal property value will be added to the tax roll?
- How much direct sales tax will be generated?
- How will this project affect existing business?
- What infrastructure construction would be required?
- What is the total projected annual operating budget of this facility?

Community Impact

- What effect would the project have on the local housing market?
- What environment impact, if any, will be created by the project?
- How compatible is the project with the City's comprehensive plan?
- What effect would the project have on other taxing entities?

Employment Impact

- How many jobs will be brought to Rowlett?
- What types of jobs will be created?
- What will be the total annual payroll?

III. VALUE INCENTIVES

The subjective criteria outlined in Section II will be used in determining whether it is in the best interests of the City of Rowlett that an incentive is offered to a particular applicant. Specific considerations will include the degree to which the individual project furthers the goals and objectives of the community, as well as the relative impact of the project.

AVAILABLE INCENTIVES

The City of Rowlett may consider providing one or a combination of any of the following economic development incentives:

A. Tax Abatement

The City will consider providing tax abatements for real and/or personal property. A Cost/Benefit Analysis will be performed to determine the feasibility of the project. Once a determination has been made that a tax abatement should be offered, the subject, value and term of the abatement will be determined by referencing the following schedule:

Tax Abatement for Real and/or Personal Property

<u>Amount of Capital Investment</u>	<u>Years of Abatement</u>	<u>% of Abatement</u>
\$ 500,000 - 1,999,999	1-3	10- 50%
\$ 2,000,000 - 4,999,999	1-4	10- 75%
\$ 5,000,000 - 9,999,999	1-5	10- 75%
\$10,000,000 - 19,999,999	1-6	10-100%
\$20,000,000 - 39,999,999	1-7	10-100%
\$40,000,000 - 59,999,999	1-8	10-100%
\$60,000,000 or greater	1-10	10-100%

B. Fee Waivers

Reduction or elimination of any city fees associated with the development of the project.

C. Infrastructure Improvements

Provision of, or participation in, the extension of community infrastructure to the project site, including water, wastewater, drainage or road improvements.

D. Loans and Grants

The City may consider providing loans and grants of City funds, may underwrite or guaranty loans and financial obligations, and may acquire, purchase, convey or assign loans and grants and any rights or obligations arising thereunder, as permitted by Section 380.001 of the Texas Local Government Code.

E. Fast Track City Services

A fast track service involving all inspections, permitting and planning activities may be provided. The City's development coordinator would be assigned to assist with the progress of the project.

These incentives will be evaluated on a case-by-case basis so that the total incentive package may be designed specifically for each project as well as provide maximum flexibility for an incentive package that accommodates the unique needs of each project. The City will require a recapture provision on all incentives granted. These recapture provisions would specify requirements a company must fulfill in order to continue to receive incentives and would specify the process for recapture of incentives should a company be in default of its contract with the City. Nothing herein shall imply or suggest that the City of Rowlett is under any obligation to provide incentives to any applicant.

CITY OF ROWLETT
ECONOMIC DEVELOPMENT INCENTIVES
PROCEDURAL GUIDELINES

Any person, organization or corporation desiring that the City of Rowlett consider providing incentives to encourage location or expansion of operations within the city limits of Rowlett shall comply with the following procedural guidelines. Nothing within these guidelines shall imply or suggest that Rowlett is under any obligation to provide incentives to any applicant.

Preliminary Application Steps

- A. Applicant shall complete the attached Application for Incentives. Included in said application shall be a statement regarding the applicant's desire for consideration of available incentives listed in the Policy Statement for Economic Development Incentives.
- B. Applicant shall address all criteria questions outlined in Section II of the Incentive Policy Statement.
- C. Applicant shall prepare a plat showing the precise location of the property and all roadways within 500 feet of the site.
- D. If the property is described by metes and bounds, a complete legal description shall be provided.
- E. Applicant shall complete all forms and information and submit them to the Director of Economic Development, City of Rowlett, Texas, P.O. Box 99, Rowlett, TX 75030.

Once an application has been submitted to the Director of Economic Development, it shall be regarded as a matter of public record and will be available for inspection by the public. Any proprietary information included as a part of the application should be so indicated, marked in advance and supplied in such a manner so as to be readily separated from the remainder of the application.

Consideration of the Application

- A. The City Council of Rowlett will consider the application at a regular or called meeting(s). Additional information may be requested as needed.
- B. If a tax abatement is being considered, the City Council of Rowlett may consider a resolution calling a public hearing to consider establishment of a tax reinvestment zone and to determine whether the project is feasible and practical and would be of benefit to the land to be included in the zone and municipality.
- C. If a tax abatement is being considered, the City Council of Rowlett may consider adoption of an ordinance designating the area described in the legal description of the proposed project as a commercial/industrial tax abatement zone.
- D. If a tax abatement is being considered, the City Council of Rowlett may consider adoption of a resolution approving the terms and conditions of a contract between the City and the applicant governing the provision of the tax abatement.
- E. The final decision on any incentive application will rest with the Rowlett City Council.

APPLICATION FOR INCENTIVES

CITY OF ROWLETT, TEXAS

PROPERTY OWNER: _____

ADDRESS: _____

CITY, STATE, ZIP: _____

TELEPHONE NUMBER: _____ FAX NUMBER: _____

PROPERTY OWNER'S REPRESENTATIVE: _____

ADDRESS: _____

CITY, STATE, ZIP: _____

TELEPHONE NUMBER: _____ FAX NUMBER: _____

PROPERTY ADDRESS: _____

CITY, STATE, ZIP: _____

PROPERTY LEGAL DESCRIPTION: _____

(Provide Metes and Bounds if available)

LOCATED WITHIN:

GARLAND INDEPENDENT SCHOOL DISTRICT _____

ROCKWALL INDEPENDENT SCHOOL DISTRICT _____

DALLAS COUNTY _____

ROCKWALL COUNTY _____

DESCRIPTION OF PROPERTY: _____

PROJECTED OCCUPANCY/INITIATION OF OPERATIONS: _____

Please complete a written narrative response to the questions in Section II of the "Policy Statement for Economic Development Incentives". Please include any additional information necessary to address the criteria outlined therein.



City of Rowlett
Staff Report

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AGENDA DATE: 07/14/15

AGENDA ITEM: 3A

TITLE

The City Council shall convene into Executive Session pursuant to the Texas Government Code, §551.071 (Consultation with Attorney) to receive legal advice from the City Attorney and to consult with the City Attorney regarding the Creekside Village Project and Form-Based Code zoning.